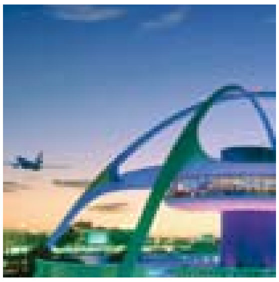
Autogrill Group Reports and Accounts 2006

AUTOGRILL



Autogrill Group worldwide >

>

Our brand portfolio includes over 350 proprietary and licensed brands: the main ones form the border of the map.

Legend

- Airports
- Airports served by Aldeasa
- Motorways
- Railway Stations
- Shopping Malls, City Centres and Trade Fairs
- Palaces and Museums served by Aldeasa
- Ports
- Ports served by Aldeasa

Notes

Paris-Louvre (France), Portland (USA) and Mumbai (India) are locations for which new concessions were awarded in early 2007. The concession in Bangalore (India) was awarded in 2006 but this location is not yet operational. The map shows the situation as at 12 March 2007.

Reports and Accounts 2006

Letter from the Chairman

Shareholders,

Autogrill continues to grow constantly year after year.

In 2006 our significant results included: double-digit revenue growth, as I foresaw last year; new or renewed concessions worth over €7 billion – a trend which has continued into early 2007; a more than 17% increase in net profit; the extension of our product portfolio from food & beverage to include retail & duty-free, the latter now accounting for around 30% of our revenue; further expansion in Europe, where we believe there is still ample room for growth; and burgeoning business in Asia following the opening of an operational base in Singapore.

Not least in view of the increase in net profit, our shareholders will share in this result receiving a higher dividend in addition to the positive trend of the share price.

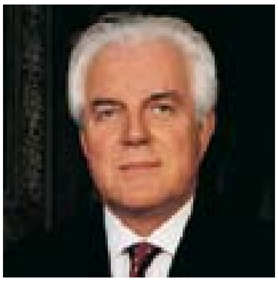
This is the result of balanced management between geographical areas, product sectors and business segments, in the last of which airports have overtaken motorways in the last two years. Since 1999 the airport segment has seen a 75% rise in revenue – from €1,092 million to €1,910 million – and now accounts for 49% of Group income.

In line with current developments, Edizione Holding's shareholding in Autogrill has been transferred to Schematrentaquattro (itself wholly owned by Edizione Holding) in order to continue and consolidate our growth in new, more distant markets through strong and significant alliances. We are thinking of investors who are as interested as we are in developing Autogrill's business in the long term.

The Company's approach remains that of an industrial concern which aims to create value through good operational management and synergy, in the belief that this way of doing business will continue to be rewarding.

Autogrill intends to reinforce organic growth by means of carefully chosen acquisitions. We are convinced that the Group's capital strength and financial solidity will enable us to make further acquisitions with the necessary competitive edge, whether industrial or financial, in the near future.

Finally, I would like to emphasize the twofold commitment that will mark the Company's continuing progress. First, we are committed to maintaining our success rate in bidding for concessions, which has risen in line with the expansion of our product sectors and geographical coverage. Secondly, the Shareholder is committed to investing considerable resources – whether in food & beverage or retailing – whenever the right opportunities arise.



Gilberto Benetton
Autogrill Chairman

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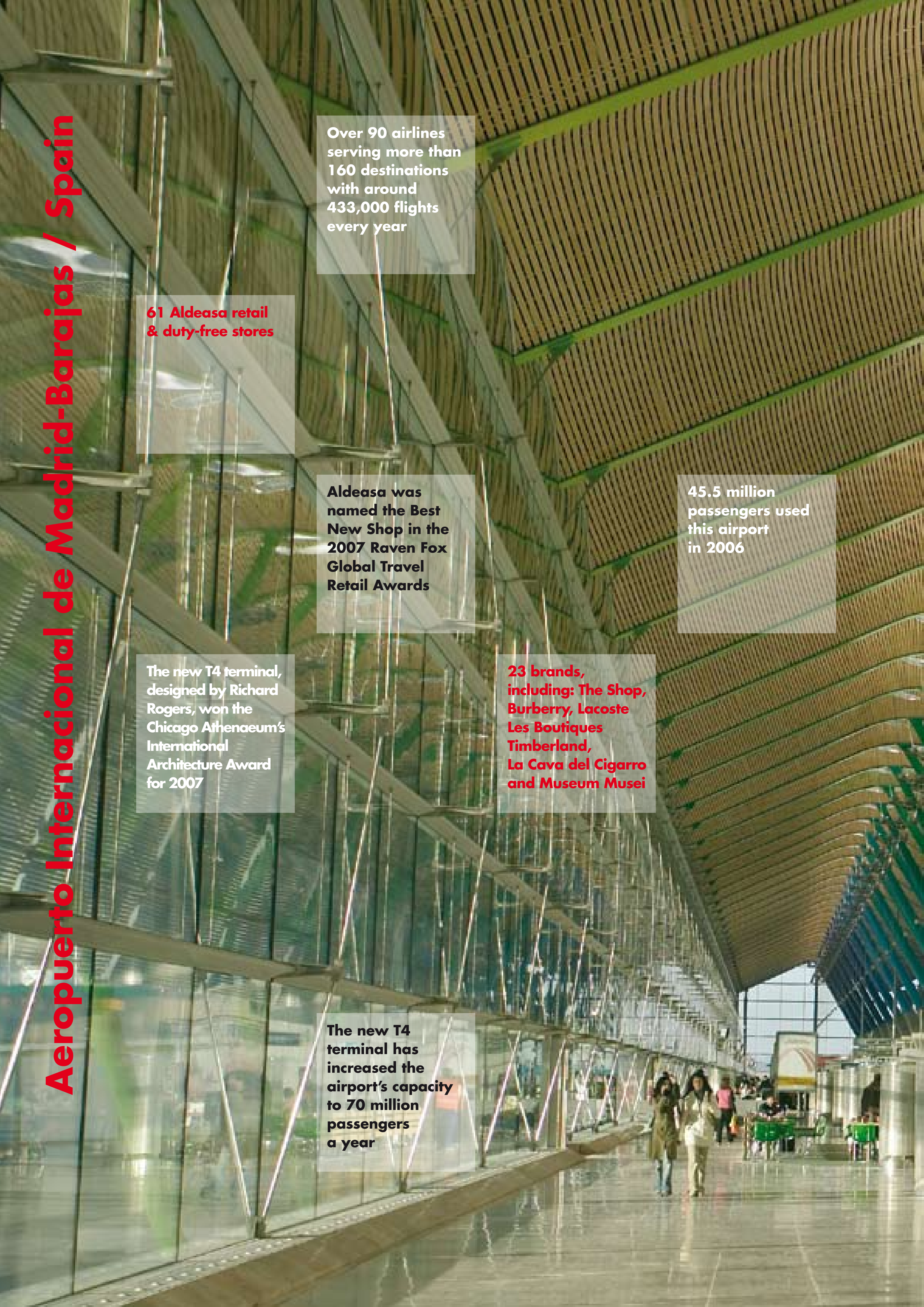
The Reports and Accounts 2006 have been translated into English from the original version in Italian.
The Consolidated and Parent Company Accounts have been prepared in accordance with IFRS, which may not conform with generally accepted accounting principles in other countries.

Report on Operations

Aeropuerto Internacional de Madrid-Barajas / Spain



Over 90 airlines serving more than 160 destinations with around 433,000 flights every year

61 Aldeasa retail & duty-free stores

Aldeasa was named the Best New Shop in the 2007 Raven Fox Global Travel Retail Awards

45.5 million passengers used this airport in 2006

The new T4 terminal, designed by Richard Rogers, won the Chicago Athenaeum's International Architecture Award for 2007

23 brands, including: The Shop, Burberry, Lacoste Les Boutiques Timberland, La Cava del Cigarro and Museum Musei

The new T4 terminal has increased the airport's capacity to 70 million passengers a year


THE SHOP

1.1 Introductory Note

The figures given in these Reports and Accounts refer to the Group's operations. About half the Group's business is carried on in countries where the functional currency is not the euro. This mainly concerns the US and Canada, as well as Switzerland.

Since each country's operations are markedly local, the denomination currency of revenue is generally identical to the denomination currency of costs. Additionally, the Group has a policy of managing currency risk by financing the main net assets in each non-euro currency using indebtedness in that currency or by undertaking forex transactions that have the same result.

This does not however neutralise currency risk in the conversion of individual items of the Accounts.

The size of fluctuations in the €/US$ exchange rate, together with the size and importance of the operations of Autogrill Overseas Inc. and its subsidiaries, usually makes Group figures not strictly comparable with those of the previous year.

In 2005 and 2006 the average €/US$ exchange rate was $1.244 in 2005 and $1.256 in 2006 (i.e., the US dollar depreciated by about 1% against the euro). The impact of the €/US$ exchange rate on profit and loss figures was therefore low.
By contrast, balance sheet figures denominated in US dollars were sharply affected by the weakening of the US dollar against the euro from $1.179 at 31 December 2005 to $1.317 at 31 December 2006.

To enable proper comparison of balance sheet figures and to ensure that economic and financial information is complete, this Report contains summary tables showing figures at both current and constant exchange rates. Where material, the commentary also details changes at both current and constant exchange rates.

Aldeasa – the 50/50 joint venture with Altadis S.A. – was consolidated proportionately for the full year 2006; in 2005 it contributed to Group results starting from 1 May.

In the Report on operations, operating revenue does not include sales of fuel. It is referred to as 'revenue'. Cost ratios are calculated on this measure.

Unless otherwise stated, figures given in the Report on Operations are in millions of euros (abbreviated as €m) or US dollars (abbreviated as $m). Figures given in the Notes to the Accounts are in thousands of euros (abbreviated as €k) or US dollars (abbreviated as $k).

1.2 Highlights

(€m)	2006	2005	Change At current exch. rates	Change At constant exch. rates
Revenue	4,002.6	3,599.9	11.2%	14.0%
Operating Revenue[1]	3,929.4	3,528.9	11.3%	11.9%
EBITDA[2]	514.1	475.3	8.2%	8.7%
as % of revenue	13.1%	13.5%		
Operating Profit (EBIT)[3]	324.6	294.9	10.1%	10.6%
as % of revenue	8.3%	8.4%		
Net Pofit (attr. to Group)	152.5	130.1	17.2%	17.8%
as % of revenue	3.9%	3.7%		
Capital Expenditure[4]	213.9	195.0	9.7%	16.2%
EPS (in € cents)				
- basic	59.9	51.1		
- diluted	59.4	50.6		

(1) Operating Revenue does not include sales of fuel, which were €73.3m in 2006 and €71m in 2005.

(2) Earnings before interest, extraordinary losses/gains, tax, depreciation and amortisation.

(3) Earnings before interest, extraordinary losses/gains and tax.

(4) Does not include investments in financial assets or equity stakes.

2006 was a very good year for Autogrill; the Company was able to take full advantage of the generally favourable economic conditions driven by high rates of growth in both China and the US. The presence in 32 countries and well-diversified offer enabled to attain good results in all its geographical areas and business segments, which showed that the business portfolio is well balanced and that the prospects for the future are most encouraging.

The ability to maintain over time a level of service that meets the needs of consumers and landlords enabled the Group to win renewals and new concessions worth a cumulative turnover of €7bn over the life of all the concessions in 2006. These wins enabled Autogrill to expand its motorway and airport network in Europe and confirmed that there is still ample room for growth in North America.

In 2006 the Group also initiated expansion into Asia with the entry of HMSHost into Bangalore's new international airport in India, followed by Aldeasa's entry to the Mumbai hub at the beginning of 2007. To coordinate and manage operations in this area, where previously the Group operated in Kuala Lumpur airport only, a base in Singapore will be shortly set up.

Autogrill saw marked growth in consolidated revenue in 2006 – reaching €3,929.4m, an increase of 11.3% over the 2005 figure of €3,528.9m – to which all geographical and organisational areas contributed. The increase also reflects the inclusion of Aldeasa for the whole year and the contribution of the newly acquired businesses of A.T.R. and Carestel in the fourth quarter.

In North America and the Pacific Area, HMSHost division reported a 7.5% increase in revenue (6.5% when converted to euros) despite a fall in passenger volume due to route rationalisation by the airlines to combat rising fuel costs. In Europe the 10.4% increase was mainly due to development of the network and of the offering of services in Italy and Spain, as well as Carestel's contribution in the fourth quarter. Aldeasa's 11.9% revenue increase was mainly due to operations outside Spain. Thanks to the combined effects of revenue growth and a longer period of inclusion in Group accounts Aldeasa's contribution to Group revenue advanced by 52.9% in 2006.

In terms of turnover by business segment, airport business was boosted by Aldeasa, A.T.R. and Carestel and produced revenue of €1,910m – an advance of 15.7% over the 2005 figure of €1,650m – which increased the contribution of airports to 48.6% of total revenue from 46.5% in 2005. The motorway segment produced sales of €1,659.9m (43.1% of consolidated revenue) – an advance of 7.6% over the 2005 figure of €1,576.1m (44.7% of consolidated revenue).

In terms of sectors, retail & duty-free business benefited from Aldeasa's contribution and strong growth in retail business in Italy, which increased the sector's share of total revenue to 29.3% on sales of €1,150m, vis-à-vis 27% on sales of €950.5m in 2005.

>

> 2006 EBITDA for the Group was €514.1m, an increase of 8.2% over the 2005 figure of €475.3m. In addition to the improvement in operating results, this figure reflects a capital gain realised on the sale of non-commercial property by Aldeasa which produced €11.7m (in 2005 sub-letting of city space produced €7.3m). The greater share of retail & duty-free, which has smaller margins than food & beverage, brought about a dilution of the EBITDA margin, which was 13.1% vis-à-vis 13,5% in 2005. 2006 EBIT grew by 10.1% to €324.6m vis-à-vis €294.9m in 2005. The retail & duty-free sector's lower capital expenditure requirement and corresponding lower depreciation made it possible to contain the dilution effect on the EBIT margin, which was 8.3%, broadly in line with 2005's 8.4%.

Autogrill's net profit attributable to the Group grew by 17.2% to €152.5m from €130.1m in 2005, after net interest expenses of €48.3m (€46.2m in 2005) and tax of €114.2m (€110.5m in 2005). The tax rate fell from 44.2% to 41.2% inter alia as a result of incorporation of Aldeasa into Retail Airport Finance S.L. (which then took the Aldeasa name).

1.3 Group Profile

Autogrill Group is the world's leading food & beverage and retail company for people on the move and one of Italy's most important multinationals.

The Group operates in 5 continents and 32 countries and is market leader in North America and Italy.

In 2006 70% of the Group's turnover was generated outside Italy and 40% in North America.

The Group is active chiefly in the motorway, airport, and railway station business segments, but also operates in shopping malls, town centres and trade fairs.

Autogrill has an extensive brand portfolio which comprises 350 proprietary and licensed brands with international, national or local markets.

The Group operates in 1,062 locations worldwide, offering food & beverage and retail & duty-free services through over 4,800 stores, and 51,000 employees.

In 2006 the number of locations grew markedly with new concessions won during the year and the contribution of the acquisition of Carestel (operating in 6 European airports and 19 locations along motorways in Belgium and Luxembourg) and A.T.R. (operating in 11 Canadian airports, 4 of which are new to the Group).

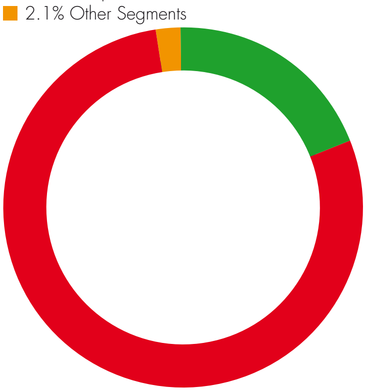
Every day more than 2.4 million people were served in an Autogrill outlet, which gave a total of some 890 million customers in the year.

Autogrill S.p.A. has been listed on the Milan Stock Exchange since 1997 and is controlled by Edizione Holding S.p.A. – the Benetton family's investment arm, which holds 57.09% of share capital (through Schematrentaquattro S.r.l., a wholly-owned subsidiary of Edizione Holding S.p.A.).

Geographical Presence at end-2006

HMSHost

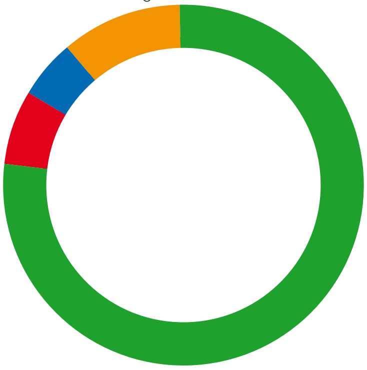
Turnover
19.9% Motorways
78.0% Airports
2.1% Other Segments



	Locations	Turnover (€m)
Motorways	111	368.0
Airports	92	1,442.7
Other Segments	7	41.2
Total	210	1,851.9

Europe

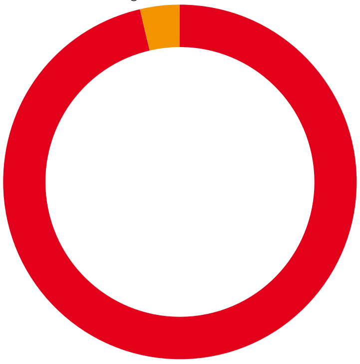
Turnover
77.3% Motorways
6.8% Airports
5.3% Railway Stations
10.6% Other Segments



	Locations	Turnover (€m)
Motorways	578	1,327.6
Airports	29	117.2
Railway Stations	37	90.3
Other Segments	121	180.6
Total	765	1,715.7

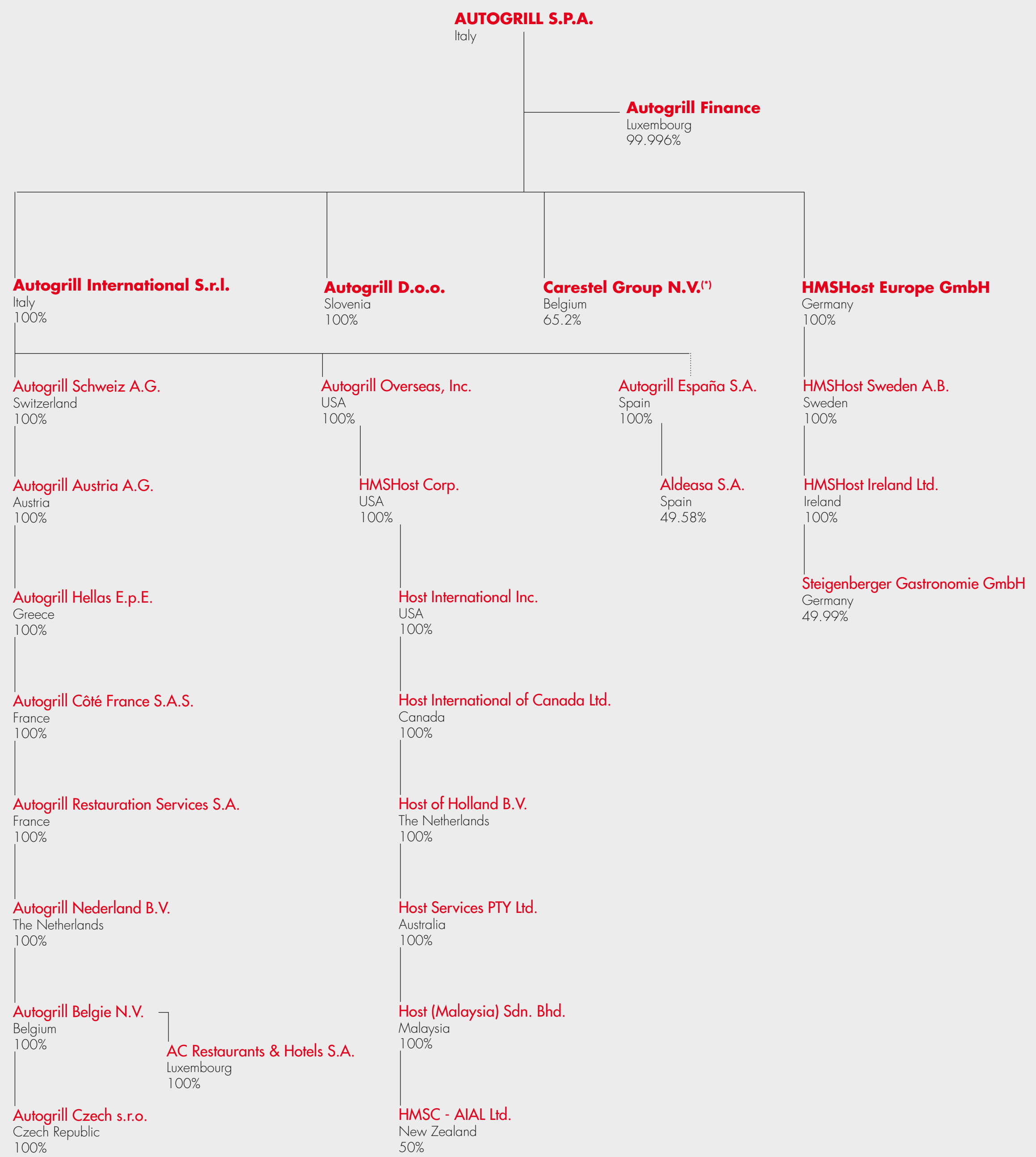
Aldeasa

Turnover
96.3% Airports
3.7% Other Segments



	Locations	Turnover (€m)
Airports	44	348.4
Other Segments	45	13.4
Total	89	361.8

1.4 The Group's Main Operating Companies



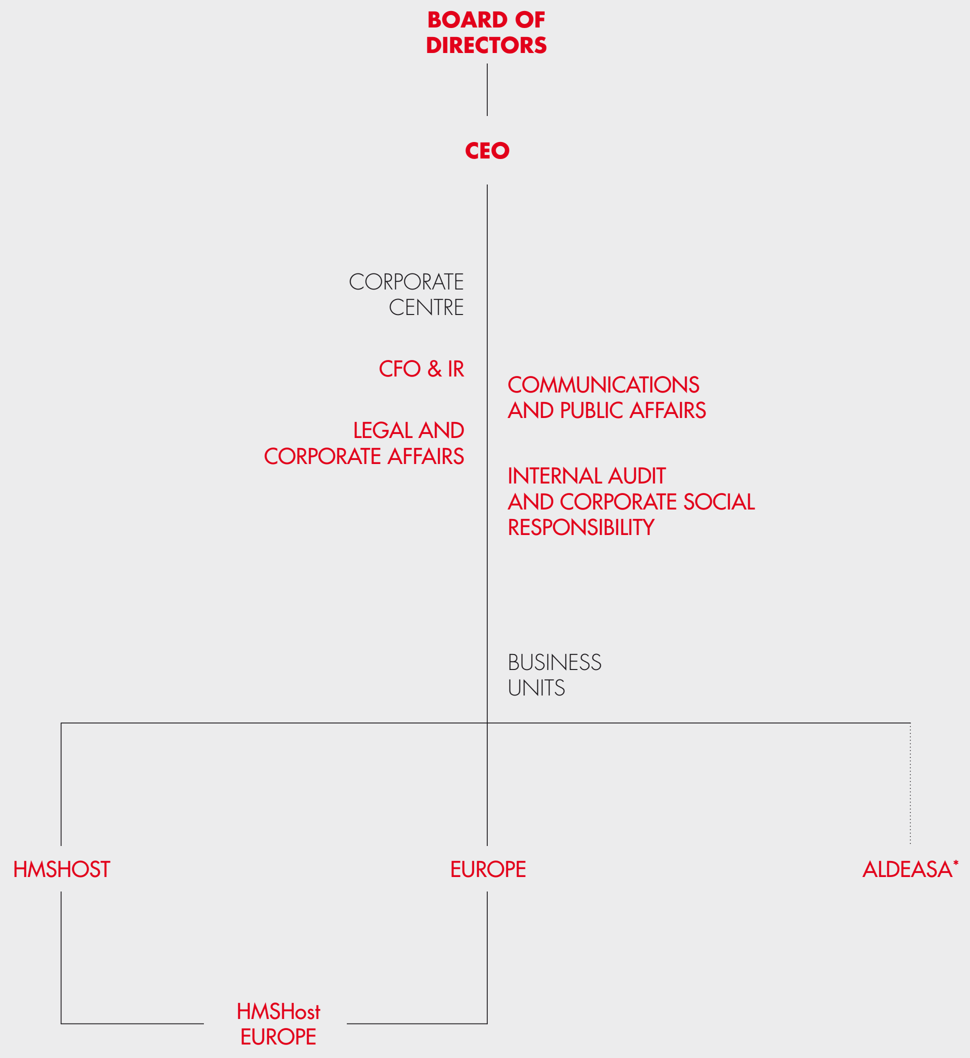
(*) Since 2 February 2007 Carestel Group has been wholly-owned by Autogrill and has been delisted from the Brussels Stock Exchange.

This chart shows the geographical distribution of the Group's main operating companies as at 31 December 2006.
Carestel Group N.V. is also present as a caterer in the UK, at London City Airport.

In 2006 the Group continued its expansion into Central European motorways: operations began in the Czech Republic through Autogrill Czech. This followed the entry to the Slovenian market in 2005 through Autogrill D.o.o..

Each country has a certain number of operating companies; these always operate under the direction of a local HQ. The acquisition of Cara Operations Limited's A.T.R. division by Host International of Canada Ltd. was by means of an asset deal.

1.5 Group Organisational Chart



(*) 50/50 Joint Venture with Altadis S.A. and Autogrill

The Autogrill Group is organised in business units, usually by geographical area, with responsibility for all operational management, in accordance with objectives and guidelines laid down by central management.

HMSHost – whose HQ is in Bethesda, Maryland (USA) – manages North American operations as well as the Pacific Area and Schiphol Airport, The Netherlands.

In Europe operations are run by distinct organisations, but there is a common coordination of international operations.

HMSHost Europe is the unit charged with developing European airports. Currently it operates across the various countries and runs the Group's business in the following airports: Schiphol (The Netherlands), Zurich (Switzerland), Stockholm (Sweden) and Cork (Ireland), as well as the partnership in Frankfurt (Germany).

1.6 Group Strategy

Autogrill intends to continue consolidating its travel retail and travel catering businesses by:

- maintaining existing concessions;
- extending their life;
- increasing its presence in locations where it already operates;
- winning new concessions or acquiring other businesses in the market.

The investment in Aldeasa in 2005 enabled Autogrill to add the retail & duty-free business model to its food & beverage operation. This gave the Group the chance to enrich and diversify its offering of services to travellers and at the same time to extend its international operations.

Autogrill's strategic lines include:

- increased presence in high growth-rate areas;
- further expansion in the airport segment and consolidation of the Group's position in the motorway segment, in line with international economic trends and traffic growth rates;
- further growth in the retail & duty-free business alongside food & beverage with balanced growth as between geographical areas and business segments aiming at creating sustainable value, while fully respecting the cultural diversity of all the places where the Group operates.

1.7 Key Success Factors

Continuous improvements in performance are based on various key success factors:

- the ability to understand and satisfy the needs of customers and landlords;
- the ability to change sales formats over time with innovative ideas;
- a broad and diversified brand portfolio, designed to satisfy the needs of customers and landlords in the various geographical areas, sectors and business segments;
- a high quality product range and/or the best value-for-money trade-off in the market;
- excellence in the way the points of sale are run;
- systematic and proactive control of investment projects and operating performance;
- continuous investment in people in terms of continuing education, training, skills enhancement and increasing individual responsibility;
- constant updating of IT systems in support of business and control;
- a corporate governance model which takes the needs of all stakeholders into account;
- a proactive approach to corporate communication, using all available media and addressing all types of audience;
- the ability to extend key success factors to all the Group's new acquisitions.

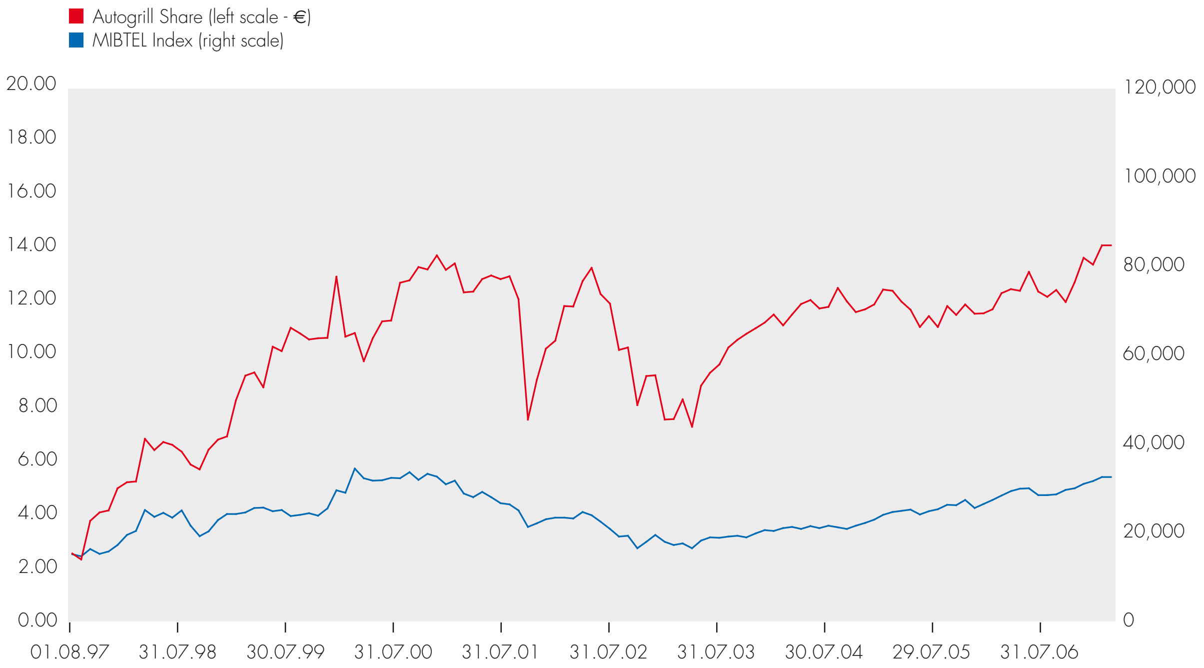
1.8 The Growth: 1996–2006

	1996	2006	Change
Revenue (€m)	875	3,929	4.5 x
EBITDA (€m)	73	514	7.1 x
Capital Expenditure (€m)	34	214	6.3 x
Concessions Portfolio (1997 = 100)	100	620	6.2 x
Brand Portfolio	15	350	23.3 x
Locations served	475	1,062	2.2 x
Countries of operation	4	32	8.0 x
Customers served (millions)	337	890	2.6 x
Employees	8,085	over 51,000	6.3 x
Suppliers	1,000	14,000	14.0 x

1.9 The Autogrill Share

Autogrill has been listed on the Italian Stock Exchange since 1 August 1997, and included in the S&P-MIB basket of shares, which contains the main listed companies by capitalisation and sector (blue chips), since 2 September 2004.

Since listing the Autogrill share price has gone from €2.2 to €14.3 (as at 9 February 2007) giving average annual growth of 20.1%. In 2006 the price rose by 20.5%, vis-à-vis the MIBTEL index's 19.1% rise.



The number of share in issue has not changed since 1997.

The main Stock Exchange figures

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
No. of shares making up company capital (in millions)	254.4	254.4	254.4	254.4	254.4	254.4	254.4	254.4	254.4	254.4
Average price for the year in (€)	2.20	6.19	9.73	11.93	11.40	10.50	9.39	11.70	11.59	12.49
Year-end price in (€)	4.90	6.84	12.77	13.01	10.39	7.47	11.36	12.30	11.55	13.93
Year-end market cap. (€ m)	1,245.5	1,739.4	3,247.4	3,310.5	2,643.2	1,899.1	2,887.7	3,126.6	2,938.3	3,543.3

1.10 Autogrill's History

1928
The Motta Bar in Galleria Vittorio Emanuele, Milan, opened its doors.

1947-49
A kiosk was set up beside the Milan-Novara motorway – the forerunner of Autogrill's future motorway restaurants. In 1962 it was replaced by a bridge building over the motorway. Here the name autogrill Pavesi was born.

1977
The Pavesi, Motta and Alemagna motorway restaurants were absorbed into a new company, Autogrill S.p.A., controlled by SME (a sub-holding of IRI, the State holding company).

1993
Expansion outside Italy began. In France Autogrill acquired 100% of the restaurant company Les 4 Pentes (Elitair Group); in Spain it bought 50% of the restaurant company Procace from Cepsa, Spain's second-largest petroleum company.

1995-96
Autogrill was privatised: Edizione Holding, the investment arm of the Benetton family, became the majority shareholder.
International expansion continued with entry to Greece's motorways.

1997-98
Autogrill was listed on the Milan Stock Exchange. The Group began operating on an increasingly European scale with its acquisitions in the travel catering sector in France (Sogerba, 100%), Belgium and The Netherlands (AC Restaurant, 100%), and Austria (Wienerwald, motorways sector).

1999
Autogrill made a public offering to purchase the shares of Host Marriott Services, formerly the catering division of the Host Marriott Group. This transaction gave Autogrill control of 100% of HMSHost. In France the Group acquired 100% of Frantour Restauration and further strengthened its presence in Spain.

2001
Autogrill acquired Passaggio, the second-largest Swiss catering concern, and strengthened its presence in German-speaking areas.

2002
In Spain 70% of the shares in Receco – a company operating in high-speed train stations – were acquired. HMSHost announced its takeover of SMSI Travel Centres Inc., which managed food and beverage business along Highways 400 and 401, which are Ontario, Canada's two main motorways.

2003
The option to buy a controlling stake in Anton Airfood Inc., the third-largest airport caterer in North America, was exercised. HMSHost Europe was formed to develop the Group's airport catering business in Europe.

2005
Autogrill entered into an equal-shares joint venture with Altadis to buy the Spanish company Aldeasa S.A., which then operated in retail & duty-free sector of Spain and Portugal, South America, North Africa and the Middle East. In the same year the Group bought 49.9% of Steigenberger Gastronomie GmbH, which operates in the food & beverage sector in Frankfurt Airport.
The expansion of the European airport segment continued: the Group's presence in Spain, Austria and Italy was further strengthened and Autogrill also entered Northern Europe, opening facilities in Ireland and Sweden. In the motorway segment, operations started in Slovenia.

2006
The Group's expansion continued with the purchase of A.T.R., the airport division of Cara Operations Ltd., Canada's largest integrated caterer, and of Carestel Group, the largest Belgian concession caterer.
Autogrill consolidated its presence in Northern Europe, entering Copenhagen Airport, and extended its operations in Italy with new facilities in Catania, Florence, Bari and Brindisi Airports. At the same time it launched development in Asia.

Pratteln, A3 Basel-Bern / Switzerland

Motorway service area subject to a substantial renovation in 2005

About 4 million clients a year use the Group's stores

Overall there are 15 food & beverage and retail stores

Passaggio Restaurant and Passaggio Caffé the concepts inspiring the renovation

There are 13 retail stores including jewellers', florists and boutiques with smokers' articles

Bread is baked on the spot every day in the wood-fired oven

The façade of the building was created in 1978 by Casoni&Casoni, architects (Basel)

1.11 Autogrill's Market

"People on the move"

Autogrill's industry is directly linked with personal mobility and the products and services associated with it.

Although there is a connection with the economic situation, personal mobility continues to grow steadily.

This increase in personal mobility is largely due to Western life style, work and consumption models, which are increasingly influencing the behaviour of people elsewhere in the world.

Together with the rise in per capita income, this cultural phenomenon is producing marked growth in passenger flows; these will in the future require ever-increasing quantities of goods and services.

The increase in mobility changes the concept of closeness (or distance). Daily travelling time is on the increase in the West, as are the average distances travelled by each individual in the course of the day, due not only to increased commuter travel to and from large industrial towns and cities, but also to the fact that aircraft have become a means of transport in daily use.

Travel is no longer limited to holidays and week-ends; it has become a way of life.

In this context, Autogrill's customers have on the one hand greater needs to be satisfied, and on the other less time: they therefore try to exploit their travel time to the utmost.

Autogrill – in its more than one thousand locations around the world – meets the needs of people on the move by offering a wide range of products and services.

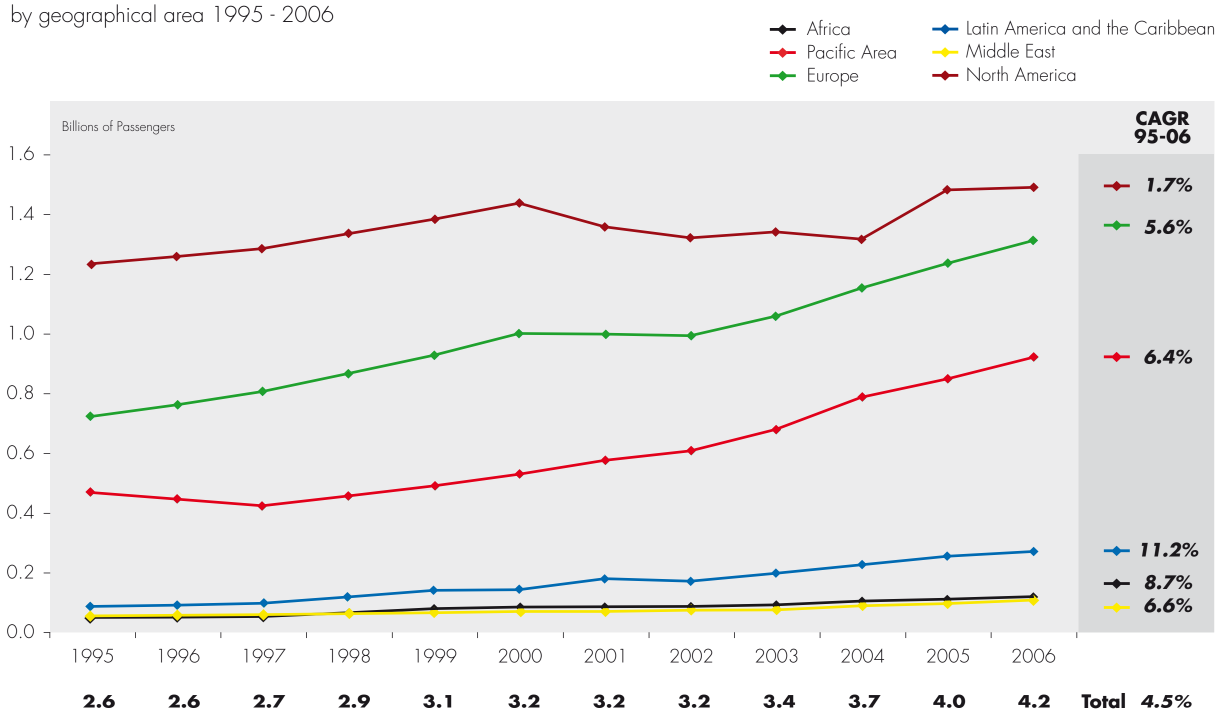
Airports

In 2006 total demand for air travel was measured as 4.2 billion passengers (departures plus arrivals), according to ACI (Airport Council International) – an increase of 5.1% over 2005. Over 88% of world passenger traffic is concentrated in North America, Europe and Asia-Pacific.

This industry has seen the largest increase in traffic in recent years – over 4% annually between 1995 and 2006 according to the ACI (Airport Council International) – in the US and Europe.

The increase in world airport traffic was also due to significant growth in supply – the entry of low-cost carriers to the market.

Total growth of passengers traffic
by geographical area 1995 - 2006



Source: Airport Council International (ACI monthly worldwide airport traffic report).

This caused greater competition on price, greater choice on the same routes and an increase in the number of destinations.

This sharp growth in passenger traffic is forecast to grow further, mainly on account of Asia's rapid economic development.

Motorways

The car is the most-used means of transport. Specifically it is the preferred form of transport on account of its flexibility and significant cost savings compared to the alternatives.

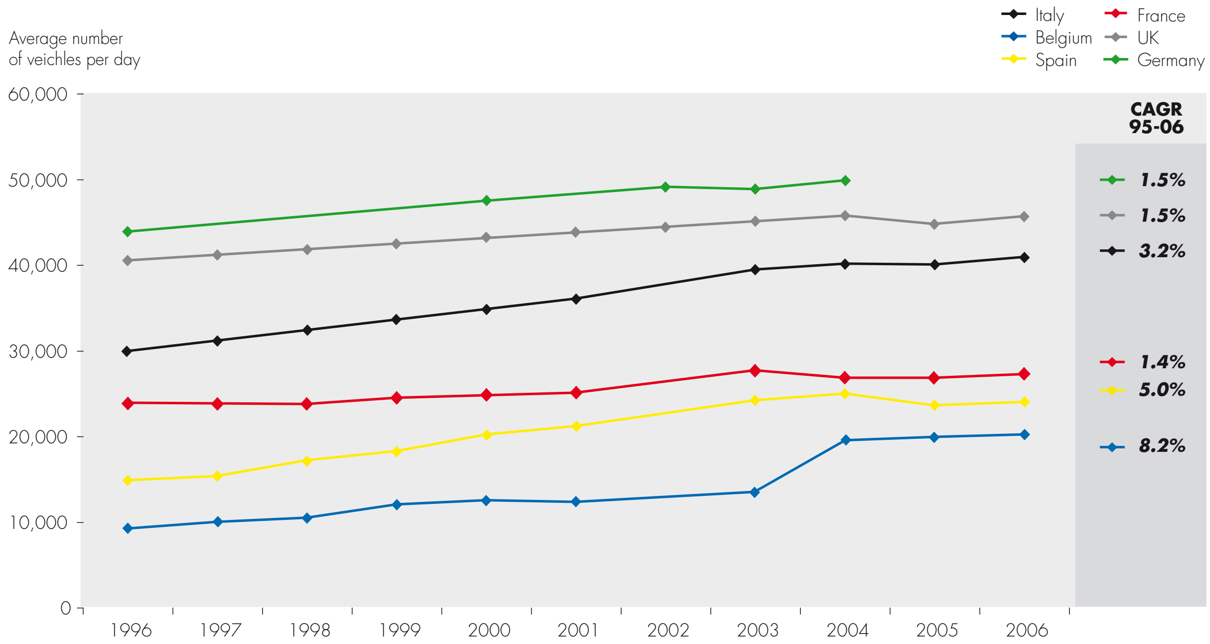
Motorways are of prime importance for a country's economic development. Western countries have a country-wide motorway network, while developing countries like India and China still have limited networks and they and Eastern Europe are making considerable investments, both domestic and foreign, in the development of this infrastructure.

Motorways are used by a large number and variety of travellers – widely different in terms of culture, habits, social status and journey purpose, whether for work reasons, holiday and leisure, or to reach places of learning.

The increase in mobility on the motorways is second only to that of air traffic. Estimates of vehicle traffic carrying passengers and goods confirm this trend. For over twenty years private car travel on the great continental motorways have been an important feature for several sectors: hotels, food & beverage and retail.
In Europe growth is stimulated by the fact that the great majority of journeys – about 80% – involve a motor vehicle, which is largely due to Europe's smaller distances compared to other continents, to extensive motorway coverage, and to the absence or inadequacy of alternative forms of transport which might remove car traffic from the motorways.

In the last ten years the highest growth rates have been seen in Spain (5%) and Italy (3.2%), whose development has occurred somewhat later than in Germany, France and the UK, where growth was more modest at around 1.5% according to ASECAP (Association Européenne des Concessionaires d'Autoroutes et d'ouvrage à Péage). In the US and Japan, too, growth in motorway traffic over the last ten years followed a positive trend, though at lower rates than those seen in Europe.

Average daily motorway traffic
by Country 1996 - 2006



Source: Association Européenne des Concessionaires d'Autoroutes et d'ouvrages à Péage (ASECAP).

Railway Stations

Railways account for about 8% of the demand for transport in Europe.

Railways expanded rapidly in the first half of the 20th century thanks to their ability to transport people and large quantities of goods safely and rapidly. Subsequently this development was overtaken by the creation and development of infrastructure for motor vehicles, which came to replace the train for medium-short journeys (up to 700 km or 450 miles).
This happened at the same time as the growth of economic well-being, which led people to buy their first family car.

Over the last twenty years, however, there has been a gradual recovery in rail transport in the larger countries of Europe, due to city-centre congestion and consequent commuting for tens of thousands. Increasing difficulties experienced on Europe's roads have also induced a growing number of travellers to opt for the train as a means of transport. Travel is increasingly rapid and punctual and seats can be booked in advance: these factors make the railway an attractive alternative to the car.

In the last ten years in Europe rail passenger traffic has increased by 1% annually according to ATOC (the Association of Train Operating Companies). The UK has seen the fastest growth – 3.4% annually – due to travel in the Midlands and the South-East of the country. Others have also experienced growth: France 2.6%, Spain 2.3% and Germany 1.5%. Some of the growth in European rail travel was due to the important development of high-speed trains, which often replace the plane or the car. In this area Italy still lags behind. US railways have run counter to the general growth trend, due to the fact that owners are in the private sector and have over time closed no longer profitable routes. This factor, together with the vastness of the land, has meant that the rail network is fragmented and thus of less use to the traveller. The effect has been that both the propensity to choose the train over alternative carriers and the economic viability of the choice have suffered.

The business model

In its markets of operation Autogrill runs its food & beverage and retail businesses mainly under a number of agreements known as concessions, given the fact that the landlord is often a government entity.

Agreements come in many and various forms but in common they have the relationship between the tenant who is authorised to exercise his trade for a certain period of time, in exchange for rental, which may be fixed or proportionate to revenue or a mixture of the two.

The tenant often additionally undertakes to make investments with the aim of conserving and adding value to the commercial unit it runs.

The average life of concessions varies according to the business segment: from 5-10 years for airport locations to 10-25 years for motorway venues, which require more demanding rebuilding works and maintenance.

According to local legislation the concession can be put out to tender or negotiated directly. In any case, each offer must include: information on the applicant (annual sales, brands, certification and international presence), a description of the business proposition (concept, brand and product range), a description of the technical project, staff organisation and marketing policy.

In a tender the landlord's main selection criteria are:
- the quality of the business proposition,
- the design and layout of the venues,
- applicant's know-how and track-record,
- the financial undertakings assumed in terms of investment and rental, whether variable or with a guaranteed minimum amount.

Each Autogrill investment project is incorporated in an assessment process which leads to the drawing-up of a business plan with profit projections and a forecast as to compliance with authorisation criteria. The parameter used for the concession business when selecting investment projects is the IRR (internal rate of return) on expected cash flow for the entire useful life of the concession.

After the investment has been made, a regular post-audit checks actual profit and financial results in order to analyse any variance in respect of planned cash flow and where necessary take appropriate corrective action.

1.12 The Group's Business Segments

Autogrill is world leader in airport food & beverage services and the number one motorway caterer on toll roads in the US and Europe. The Group also operates in the railway stations of five great European countries. In the cities the Group has restaurants in prestigious locations such as the Empire State Building in New York, the Prado and the Royal Palace in Madrid, the gardens of Versailles, Via del Corso in Rome and Piazza Duomo in Milan.

Over time Autogrill has steadily reduced its initial dependence on the Italian market, by pursuing growth and diversification: now most of its business is done outside Italy, above all in North America, and in 2006 organic growth and full-year consolidation of Aldeasa caused the airport business segment to become the Group's flagship with a 49% share of turnover, vis-à-vis the motorway segment's 43%.

Airports

Thanks to its US subsidiary HMSHost, Autogrill has over 30 years of experience in this business. The Group operates in 163 airports in 27 countries around the world, including 17 of the top 20 US airports in terms of passenger traffic including Atlanta, Chicago, Los Angeles, Dallas, Las Vegas and New York.

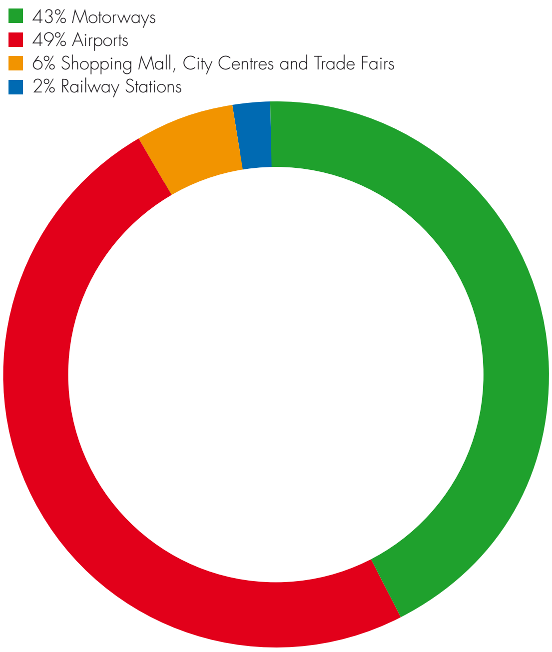
With the acquisition of joint control of Aldeasa S.A. in 2005, the Group further strengthened its business in the airport segment both geographically – gaining a presence in 9 new countries – and in terms of the service to customers, adding retail & duty-free to food & beverage.

Over the last 18 months there has been parallel expansion of the airport business in Europe, which has accelerated considerably following entry to Northern Europe and further openings in countries already covered.

Including the airports where Aldeasa S.A. has facilities, the Group is now present in 50 European airports in Spain, Italy, Portugal, France, Austria, Switzerland, Germany, The Netherlands, Greece, Sweden, Ireland, Belgium, the UK and Denmark, vis-à-vis a mere 13 at the beginning of 2005.

This result was achieved thanks to the Group's ability to co-operate effectively with airport authorities in transforming airport areas into dynamic venues with high quality products and services.

Revenue by Business Segment in 2006



Highlights

Countries of operation:	**27**
Locations	163
- North America	86
- Europe	50
- Pacific Area	5
- South America, North Africa and the Middle East	22
2006 Turnover	**€1,910.0m**
Segment Share of Group Revenue	*49%*
North America and Pacific Area *(o/w Canada 5.2% and Pacific Area 1%)*	71.7%
Europe	10.0%
Aldeasa	18.3%

Motorways

Autogrill has accumulated significant know-how in motorway food & beverage, which has made it possible to attain the highest service and quality levels in this segment not only in Italy – where the business was born - but also in France, Spain and North America.

Autogrill currently runs 689 service areas around the world.

In 2006 the Group has won significant concession renewals in the US along the Pennsylvania Turnpike – with forecast sales of over $2 bn - and the Maine Turnpike – with forecast sales of $0.5 bn.

Highlights

Countries of operation:	**12**
Locations	689
- Europe	578
- North America	111
2006 Turnover	**€1,695.9m**
Segment Share of Group Revenue	*43%*
Europe	78.3%
North America	21.7%

Railway Stations

Autogrill operates in 37 railway stations in France, Italy, Switzerland, Spain and Belgium.
Some 60% of this segment's turnover is generated in France, where Autogrill has been operating since 1999 and has focused on high-speed train stations such as the Gare du Nord in Paris, the Part-Dieu in Lyon, Avignon and Grenoble. The contribution of Spanish stations (Madrid, Toledo, Cordoba and Seville) is increasingly significant, both in terms of operating results and on account of the validity of the offer model developed for the high-speed train user.

European railway stations are gradually transforming themselves into multi-function centres, while preserving a sense of the need for speedy service, to be used by non-passenger customers attracted by the higher value-added food & beverage facilities (but not just these), who experience a station as a place to meet people and shop, not just as somewhere to pass through.

Highlights

Countries of operation:	**5**
Locations	37
2006 Turnover	**€90.3m**
Segment Share of Group Revenue	*2%*
France	56.7%
Italy	16.6%
Spain	14.2%
Switzerland and Belgium	12.2%

Shopping Malls, Town and City Centres and Trade Fairs

In 70 years or so, since 1928 when the Motta Bar was opened in Milan's Galleria Vittorio Emanuele, Autogrill extended its presence in the main city centres, shopping malls and Italian trade fairs.

In 2005, following its acquisition of joint control of Aldeasa, the Group acquired numerous prestigious locations in museums and historic European palaces.

Highlights

Countries of operation:	**10**
Locations	173
- Europe	162
- USA	7
- Other Countries	4
2006 Turnover	**€233.2m**
Segment Share of Group Revenue	*6%*
Europe	76.8%
North America and Pacific Area	17.5%
Aldeasa	5.7%

1.13 The Group's Sectors

The Autogrill Group operates in the food & beverage, and retail & duty-free sectors.

While food & beverage is the Group's core business – in 2006 it accounted for 69% of total sales – retail is increasing its strategic importance. Retail business is carried on in motorway plaza stores using specific waylines or corners and in 200-plus airport outlets.

The acquisition of joint control of Aldeasa S.A. – the largest airport travel retail & duty-free undertaking in Spain and a world leader in its sector with outlets in the Mid-East, various Latin American countries, North Africa and now also in the US – increased the retail & duty-free sector's share of total revenue, which in 2006 reached 29% thus furthering the diversification process.

Food & Beverage

The offering includes a large number of proprietary and licensed dining formulas, which reflect world travellers' changing needs, food preferences and consumer habits:

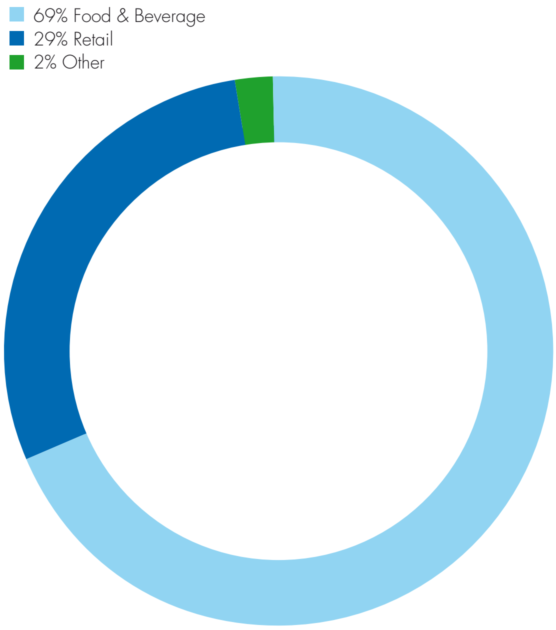
- bar-snack and coffee-shop (Acafé, Côté Café, Cafés Debout, Starbucks Coffee and Puro Gusto);
- casual dining (Chili's Too, José Cuervo Tequilería, Casa Bacardi, Romano's Macaroni Grill, Ozone, O'Conway'S, La Barrila and Bubbles);
- quick service (Spizzico, Burger King, Pizza Hut, Sbarro, Brioche Dorée Café, Pains à la ligne, KFC Express, and CPK ASAP);
- free-flow restaurants (Ciao, Côté France and Passaggio Restaurant);
- table service (La Galleria, Bleu Olive, Brasserie Flo, Rincones Autogrill and Asador El Hinojo).

Each format has a brand portfolio which is able to fully satisfy the needs of both customers and landlords. In the coming years Western Europe's catering industry (which currently accounts for some 29% of consumer spending on food and beverages) has the potential for further growth, up to the level of meals taken outside the home seen in the US, which exceeds 45% of spending.

Retail & duty-free

Autogrill already operated in the travel retail sector when joint control of Aldeasa S.A. was acquired and its business in this market was further developed. The fundamentals of Autogrill's brand equity – in a perspective of synergy and exchange of know-how – were useful in developing a new model based on the model that has been perfected over the years in the food & beverage sector, viz.:

Revenue by Sector in 2006



- providing a range and quality of products that will attract new customer segments, at diversified, affordable price levels;
- designing the store and its layout to support the new mission of the premises.

In this sector, too, the Group has internationally-known brands such as Field and Stream, Erwin Pearl Jeweler, TUMI, Johnston & Murphy, Lands End and The Coca Cola Station, alongside brands of a specifically local character, such as Atlanta Emporium, British Columbia and Beyond, Destination LA-LA Edge, Elements, Gifts of the Raven, Sport Scene, and La Bottegaccia.
In the locations run by Autogrill and HMSHost the merchandise is typical of travel retail: gadgets, garments, luggage, books and CDs, often concentrated in a single store with many different kinds of merchandise according to the one-stop shopping concept. In its US airport locations the Group has also introduced information and communication technology – in Fox NewsChannel Newsstands and CNN Newsstands, which were conceived together with primary media groups – to meet the needs of business travellers.

Aldeasa stores sell typical retail & duty-free products such as perfume, cosmetics, food, tobacco products, alcoholic beverages and luxury brands.
This sector is expected to grow by 20% over 5 years; the offering will evolve in line with emerging customer profiles.

1.14 Acquisitions in 2006

Carestel

After the acquisition of 65.2% of the shares of Carestel Group N.V. (listed on Euronext in Brussels), which closed on 20 October 2006, Autogrill launched a public cash offer in December for the remaining shares in circulation and since 2 February 2007 has held 100% of the shares and at the same time obtained delisting from the Stock Exchange.

Carestel is the leading concession caterer in Belgium. In 2006 it reported sales of €78.2m (of which airport business was 65% and motorway sales 35%) and EBITDA of €8m, while employing some1,100 people.

It operates under its proprietary brand Carestel and under other licensed brands such as Pizza Hut, Java and Quick, the latter through the joint venture CaresQuick.

Carestel serves food and beverages in:
- 6 European airports: Brussels, Hamburg, Stuttgart, London City, Basel-Mullhouse-Freiburg and Lille;
- 19 locations along the motorways of Belgium and Luxembourg.

Following this transaction Autogrill is now present in Brussels airport, the 20th largest European airport with over 16 million passengers in 2006, and has extended its presence in Germany by adding Hamburg (70 airlines serving 120 global destinations) and Stuttgart (60 airlines and 400 flights a day) to the joint-venture in Frankfurt airport. This acquisition also enabled Autogrill to operate in London City airport – the only airport close to central London, at 16 km (10 miles) from Westminster and 10 km (6 miles) from the City – Basel-Mullhouse-Freiburg and Lille.

At the same time, with the addition of the new locations, the acquisition of Carestel also extended the Group's motorway restaurant network in Belgium.

A.T.R.

In 2006 HMSHost, the Group's North American division, further consolidated its operations in Canada by acquiring Air Terminal Restaurants (A.T.R.), the concession division of Cara Operations Ltd., Canada's leading integrated caterer, which has been in business since 1883 and was the first historic Canadian restaurant company providing table service; it recorded sales of CAN$1.8 bn in 2005 and employs over 40,000 people.

In 2005 A.T.R. reported sales of CAN$74m (€49m equiv.) and EBITDA of CAN$9m (€6m equiv.). A.T.R. employs about 1,000 people and runs over 90 food & beverage and retail outlets with the most extensive brand portfolio in Canada.

Its main licensed brands include Sbarro's, ToAst!, Second Cup and Tim Horton's, and its most famous proprietary brands are Kelsey's, Milestones, Swiss Chalet and Harvey's.

This transaction enabled HMSHost to access four more Canadian airports – Ottawa, Winnipeg, Kamloops and Saskatoon – and to generate significant synergies in locations where it already operated, viz. Edmonton, Calgary, Montreal, Toronto and Vancouver.

1.15 New Concessions, Renewals and Extensions

Airports

Location	Service Offered	New Concession or Extension	Term of Concession	Estimated Revenue over Concession Life	Business Unit
Oakland International Airport	food & beverage + retail	New	12 years	0.5 €bn	HMSHost
Ft. Myers	food & beverage	Extension	12 years	0.3 €bn	HMSHost
Salt Lake City International Airport	food & beverage + retail	Extension	5 years	0.2 €bn	HMSHost
Nashville	food & beverage	New	13 years	0.1 €bn	HMSHost
Other Airports				0.5 €bn	
Sub-Total				1.6 €bn	

Motorways

Location	Service Offered	New Concession or Extension	Term of Concession	Estimated Revenue over Concession Life	Business Unit
Pennsylvania Turnpike	food & beverage	Extension	30 years	2.7 €bn	HMSHost
Maine Turnpike	food & beverage	Extension	30 years	0.8 €bn	HMSHost
Other Motorways				1.9 €bn	
Sub-Total				5.3 €bn	

Other Segments

Location	Service Offered	New Concession or Extension	Term of Concession	Estimated Revenue over Concession Life	Business Unit
Telefónica Headquarter	food & beverage	New	10 years	0.2 €bn	Spain
Others				0.1 €bn	
Sub-Total				0.3 €bn	

Total				7.2 €bn	

In 2006 the Group's ability to respond to customers' and landlords' needs enabled the Group to win new concessions, renewals and extensions worth over €7 bn – i.e. , the estimated cumulative sales over the life of the contract (at an exchange rate of €1=US$1.30 for the US contracts) – in addition to €0.8bn to be generated by the concession portfolios of Carestel and A.T.R..

Almost half of this figure relates to US motorway catering concessions, whose term testifies to the Group's reputation for commercial effectiveness and long-term reliability.

Since acquisition Aldeasa has won new international concessions worth €1.2 bn.

Its success to date leads the Group to believe that Aldeasa can win a geographically diversified concession portfolio in a relatively short time and thus become a world leader in retail & duty-free.

>

> Within Spain, Aldeasa is bidding to renew its airport retail & duty-free concessions, which expired on 31 December 2006 and generated revenue of about €300m in 2006.

Pending termination of concession awards by AENA (Aeropuertos Españoles y Navigación Aérea), the landlord, these concessions are currently managed under an extension.

Paris Gare du Nord / France

Façade constructed out of great stone slabs and decorated with 23 statues representing the various destinations

9 brands including Alize Restaurant, Côte Café, Acafé, Il Caffé di Roma, Grignotin and Spizzico

Station used by more than 180 million travellers a year

17 stores offering table, self and quick service

More than 2.8 million customers a year visit an Autogrill Group store

One of France's main high-speed trainstations

Station opened on 14 June 1846

Métro

2.1 Operating Results

2006 Condensed Consolidated Statement[1]

(€m)	2006	% of Revenue	2005	% of Revenue	Change At current exch. rates	Change At constant exch. rates
Operating Revenue	3,929.4	100.0%	3,528.9	100.0%	11.3%	11.9%
Other operating income	104.4	2.7%	88.8	2.5%	17.6%	17.7%
Total Income	4,033.8	102.7%	3,617.7	102.5%	11.5%	12.0%
Cost of raw materials, items for use and merchandise	(1,376.8)	35.0%	(1,203.2)	34.1%	14.4%	14.9%
Payroll and Benefits	(1,106.4)	28.2%	(1,017.0)	28.8%	8.8%	9.4%
Rents, concessions e royalties	(588.8)	15.0%	(514.4)	14.6%	14.5%	15.1%
Other operating costs	(447.7)	11.4%	(407.8)	11.6%	9.8%	10.3%
EBITDA	514.1	13.1%	475.3	13.5%	8.2%	8.7%
Depreciation and Amortisation	(189.5)	4.8%	(180.4)	5.1%	5.0%	5.6%
Operating Profit (EBIT)	324.6	8.3%	294.9	8.4%	10.1%	10.6%
Net interest expenses	(48.3)	1.2%	(46.2)	1.3%	4.5%	5.3%
Revaluation of financial assets	1.2	0.0%	1.3	0.0%	-7.7%	-7.2%
Profit before tax	277.5	7.1%	250.0	7.1%	11.0%	11.5%
Tax	(114.2)	2.9%	(110.5)	3.1%	3.3%	3.7%
Net Profit	163.3	4.2%	139.5	4.0%	17.1%	17.6%
- attributable to the Group	152.5	3.9%	130.1	3.7%	17.2%	17.8%
- attributable to minorities	10.8	0.3%	9.4	0.3%	14.9%	15.7%

(1) The main items of the above Condensed Consolidated Income Statement are taken direct from the Accounts tables, with the commentary contained in the Notes to the Income Statement.

Revenue

In 2006 Autogrill generated consolidated revenue of €3,929.4m, an increase of 11.3% (11.9% at constant exchange rates) over 2005 to which all geographical areas – North America and Pacific Area, Europe and Aldeasa – all made positive contributions.

This increase was also due to the fact that Aldeasa was consolidated for the full year in 2006 and to the acquisition of Carestel Group N.V. (Belgium) and of the A.T.R. business unit (Canada) from Cara Operations Ltd., both consolidated in Q4 2006.

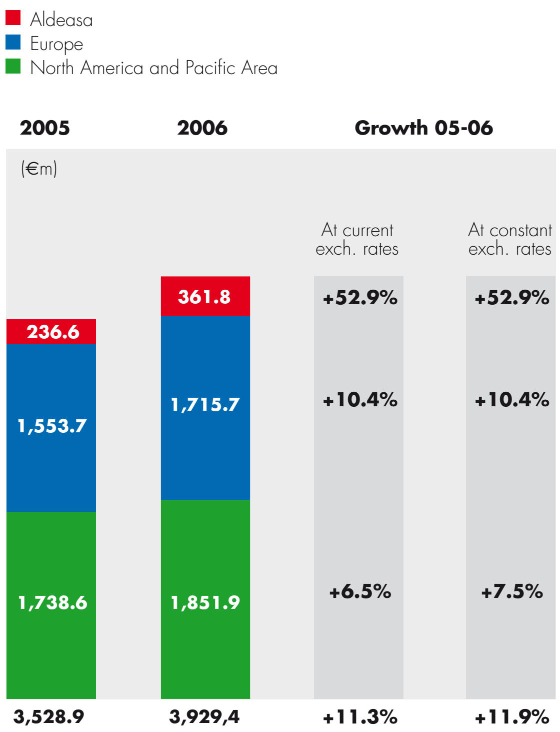
The HMSHost division increased its revenue by 7.5% at constant exchange rates (6.5% in euro terms, i.e. to €1,851.9m) despite the slight downturn in airport traffic (down by 0.5% according to ATA, the Airport Traffic Association) due to the measures taken by the airlines in order to maximise their load factor and to recover the cost of fuel by raising their tariff.

In Q4 2006 traffic recovered markedly and the long-term growth trend was resumed.

In Europe growth was even more marked: an increase in turnover of 10.4% to €1,715.7m mainly due to development of the operating network and of the range of services offered in Italy and Spain. The acquisition of Carestel added €18.6m to the European revenue.

The greatest progress in terms of revenue was achieved in the Aldeasa business area, where full-year consolidation magnified the already significant year-on-year increase. In 2006 Aldeasa contributed €361.8m to consolidated revenue, an increase of 52.9% over 2005 (Aldeasa is consolidated proportionately, so that – unless otherwise stated – the figure given is 50% of actual revenue).

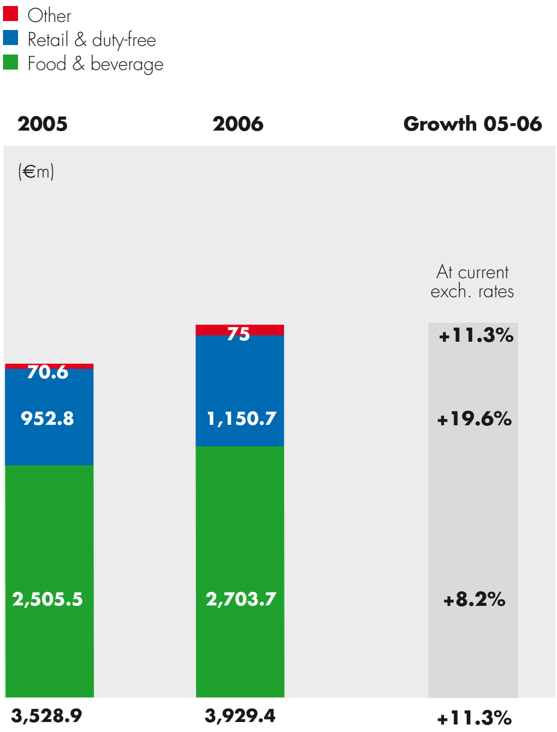
Revenue Growth by Geographical or Organisational Macro-Area



Aldeasa's increased contribution (concentrated in airport retail) and strong growth in retail business in Italy caused an increase in the share of 'retail & duty-free', which rose to 29% in 2006 from 27% in 2005.

As discussed below, this different sales mix influenced the consolidated EBITDA margin significantly due to the smaller margin on sales in this sector as opposed to 'food & beverage'.

Revenue Growth by Sector



In terms of business segment, airports recorded the largest increase with total turnover of €1,910m (up by 15.7% over 2005) and a share of 48.6% of consolidated revenue vis-à-vis 46.8% in 2005.

As noted above this segment's growth also benefited from:

- full-year consolidation of Aldeasa;
- the acquisition of A.T.R., which only operates in airports and contributed revenue of $17.9m (€13.9m);
- The acquisition of Carestel, which contributed €12.3m to segment revenue.

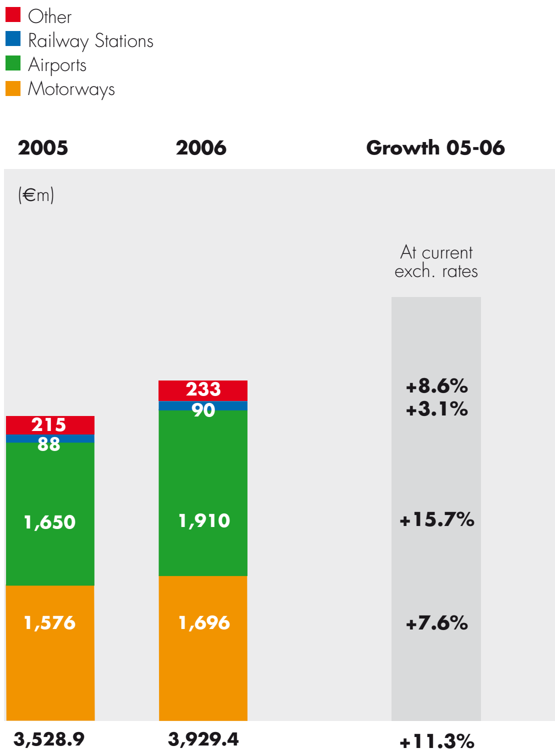
At constant exchange rates the increase was 16.5%.

The motorway segment recorded a 7.6% (7.8% at constant exchange rates) increase in revenue, which was €1,695.9m and benefited from €6.3m contributed by Carestel.

The railway station segment grew by 3.1% over 2005; revenue growth was limited by the continuing extensive restructuring works at some French stations in which the Group operates.

In other business segments there was significant growth in turnover – of 8.6% – not least thanks to the excellent results achieved by the points of sale set up to serve the Winter Olympics held in Turin, Italy.

Revenue Growth by Business Segment



Operating Costs

The cost of raw materials, items for use and merchandise was €1,376.8m. The increased share of retail & duty-free business was the main growth factor not least in relation to the increase in this item as a percentage of sales, from 34.1% in 2005 to 35.0% in 2006.

The same factor also contributed to a reduction in payroll cost as a percentage of sales from 28.8% in 2005 to 28.2% in 2006.

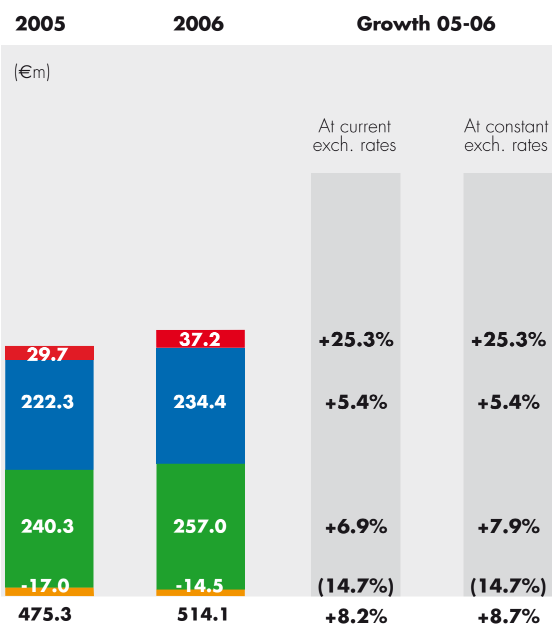
Other cost items (Rents, royalties and other operating costs) were €1,036.5m in 2006, up by 12.4% over 2005 and were 26.4% of sales (26.1% in 2005). This increased ratio to sales over 2005 was mainly due to a 14.5% increase in rents and royalties and greater utilities costs.

EBITDA

In 2006 the Group achieved EBITDA of €514.1m, an increase of 8.2% (8.7% at constant exchange rates) over 2005.

EBITDA by Geographical area

Aldeasa
Europe
North America and Pacific Area
Corporate Centre and extraordinary income



The HMSHost division increased EBITDA by 6.9% (7.9% at constant exchange rates) to €257.0m with a slight improvement in EBITDA margin.

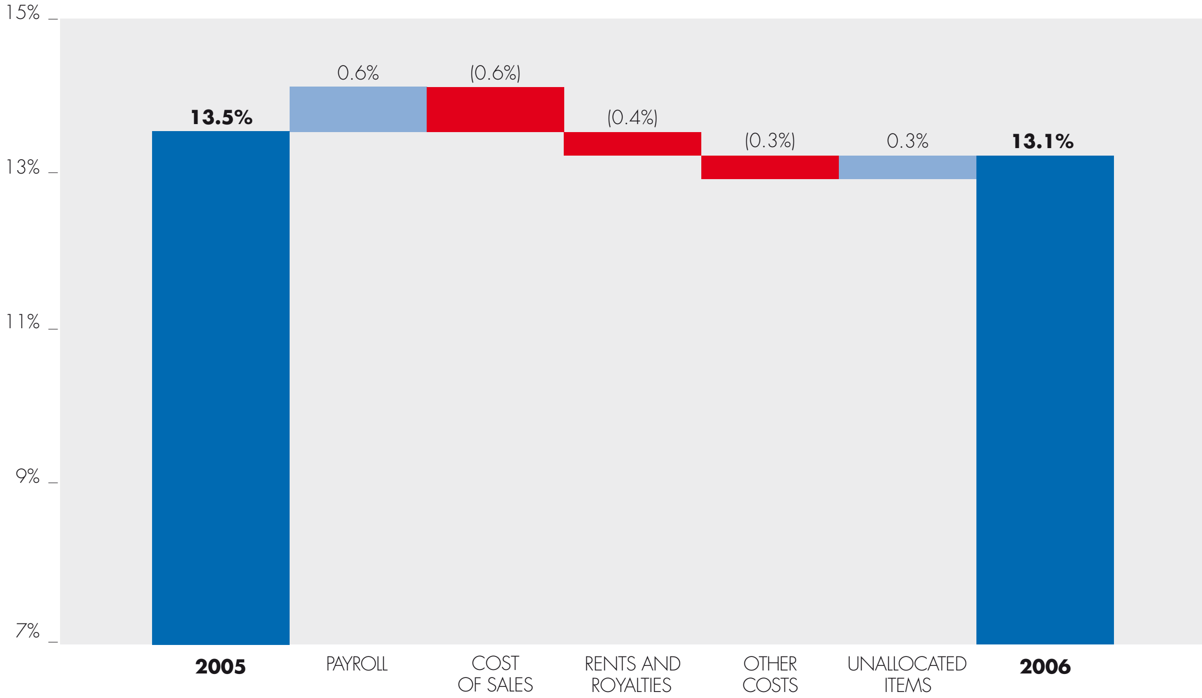
In Europe EBITDA growth was 5.4% to €234.4m with a dilution of the margin due to the increased share of retail and intensive development activity including start-ups in new countries and business segments as well as a greater number of store renovations).

Aldeasa's contribution of €37.2m to Group EBITDA was a 25.3% increase over 2005, largely due to full-year consolidation (only 8 months in 2005).

Unallocated items were negative €14.5m vis-à-vis €17m in 2005. This item includes €11.7m of capital gains which were realised on the sale of non-strategic property by Aldeasa.

The net result of the above performances was a reduction of the EBITDA margin from 13.5% in 2005 to 13.1% in 2006.

EBITDA Margin Components



The reduction of the EBITDA margin was largely due to the following factors:

- in 2005 Aldeasa was consolidated from May to December only, i.e., excluding the early months of the year which are those of seasonal reduction in revenue and profitability;
- Carestel was consolidated in Q4 2006 and in this period recorded EBITDA substantially equal to zero, due to seasonal factors as well as integration costs;
- the increased share of 'retail & duty-free' – due to the increased weight of Aldeasa and the progress made in this sector in Italy – which has lower unit margins than 'food & beverage'.

Depreciation, Amortisation and Write-downs

Depreciation and amortisation rose from €180.4m to €189.5m while their ratio to sales fell from 5.1% to 4.8%. This lower ratio was largely due to the increased contribution from Aldeasa in 2006, given that its business has a lower requirement for structural capex.

This item includes €6.3m in write-downs of investments vis-à-vis €5.6m in 2005.

EBIT by Geographical Area

	2006	2005	Change	
(€m)			At current exch. rates	At constant exch. rates
North America and Pacific Area	161.7	143.6	12.6%	13.7%
% of Operating Revenue	8.7%	8.3%		
Europe	147.9	146.8	0.7%	0.7%
% of Operating Revenue	8.6%	9.0%		
Aldeasa	29.6	25.3	17.0%	17.0%
% of Operating Revenue	8.2%	10.7%		
Unallocated items	(14.7)	(20.8)	(29.3%)	(29.3%)
Consolidated	324.6	294.9	10.1%	10.6%
% of Operating Revenue	8.3%	8.4%		

EBIT

Given the lower capex required by 'retail & duty-free', EBIT grew at a rate more closely aligned with that of revenue recording an increase of 10.1% (10.6% at constant exchange rates) over 2005.
The EBIT margin was 8.3% in 2006, more or less in line with the 2005 figure of 8.4%.

Net interest expenses

Net interest expenses were €48.3m, up from €46.2m in 2005. Given the fact that average annual borrowings were stable, this figure reflects the increase in euro interest rates.

With regard to exposure to interest rate fluctuations, the borrowings that finance the Group's business in the US (58% of the total) are entirely at fixed rates; the fixed–rate component is 25% of the borrowings in euros.

Movements in market interest rates and the composition of the Group's borrowings brought about a rise in the Group's base cost of borrowing of about 0.8%. However, thanks to IRS hedging and higher yields on invested liquidity, the actual rise was 0.25% approximatively.
Due to this rise, the average cost of borrowings in 2006 was 5.25% vis-à-vis 5.00% in 2005.

Tax

The Group's tax rate fell from 44.2% to 41.2% thanks to the international business generating a larger share of income which is on average taxed at a proportionately lower rate than in Italy, as well as the part-deductibility of the merger deficit arising from the absorption of Aldeasa S.A. into Airport Finance S.L. (the joint-venture of Autogrill and Altadis) which was finalised in August 2006.

Net Profit

Net profit attributable to the Group for 2006 was €152.5m, an increase of 17.2% (17.8% at constant exchange rates) over the 2005 figure of €130.1m. Besides the profit generated by the Group's operations, this increase in the net result mainly reflects the capital gains realised on the disposal of property by Aldeasa and the lower tax rate, as described above.

2.2 Capital Expenditure

Capex by Business Segment

(€m)	2006		2005	
Motorways	69.5	32.5%	57.9	29.7%
Airports	90.2	42.2%	98.0	50.3%
Railway Stations	3.0	1.4%	2.8	1.4%
Others	24.5	11.5%	23.8	12.2%
Unallocated	26.7	12.5%	12.5	6.4%
Total	213.9	100.0%	195.0	100.0%

Capex by purpose

(€m)	2006		2005	
Development / Renovation	161.8	75.6%	160.4	82.3%
Maintenance	34.6	16.2%	25.0	12.8%
Information & Communication Technology	17.5	8.2%	9.6	4.9%
Total	213.9	100.0%	195.0	100.0%

Capital expenditure rose by 9.7%, from €195m in 2005 to €213.9m in 2006, with a small reduction of the ratio to sales from 5.5% to 5.4%, due to the larger share of the business held by 'retail & duty-free', which requires less capex than 'food & beverage'.

The business segment that attracted most capex was airports at more than €90.2m. The conversion of the predominant US component caused an apparent contraction as compared with 2005.

Motorways saw intensive capex, especially in Europe, totalling €69.5m, an increase of 20%.

In 2006 there was also a strong increase in ICT expenditure targeted at the constant upgrading of the business functionalities and efficiency of business and control systems.

2.3 Financial Management

Consolidated Balance Sheet[1]

(€m)	2006	2005	Change At current exch. rates	Change At constant exch. rates
Intangible assets	1,121.5	1,136.9	(15.4)	38.3
Property, plant and equipment	768.4	795.5	(27.1)	11.4
Financial investments	32.2	22.8	9.4	10.3
A) Total non-current assets	**1,922.1**	**1,955.2**	**(33.1)**	**60.0**
Inventory	137.6	133.0	4.6	8.6
Accounts receivable	60.1	51.8	8.3	8.8
Other assets	112.3	146.4	(34.1)	(26.2)
Accounts payable	(469.5)	(437.3)	(32.2)	(41.6)
Other liabilities	(289.1)	(257.1)	(32.0)	(43.2)
B) Working capital	**(448.6)**	**(363.2)**	**(85.4)**	**(93.6)**
C) Capital invested, net of current liabilities	**1,473.5**	**1,592.0**	**(118.5)**	**(33.6)**
D) Other non-financial non-current assets and liabilities	**(156.5)**	**(181.9)**	**25.4**	**23.9**
E) Disposal groups held for sale	**21.4**	**0.0**	**21.4**	**21.4**
F) Net capital invested	**1,338.4**	**1,410.1**	**(71.7)**	**11.7**
Shareholders' equity attributable to the Group	524.5	451.8	72.7	97.7
Shareholders' equity attributable to minorities	33.5	30.8	2.6	4.5
G) Shareholders' Equity	**557.9**	**482.6**	**75.3**	**102.2**
H) Convertible Bonds	**39.4**	**38.7**	**0.7**	**0.7**
Medium/long term financial liabilities	772.6	1,002.4	(229.8)	(171.2)
Medium/long term financial assets	(9.0)	(130.5)	121.5	121.5
I) Medium/long term financial indebtedness	**763.6**	**871.9**	**(108.3)**	**(49.7)**
Short-term financial liabilities	214.3	176.7	37.6	43.7
Cash and short-term financial assets	(236.8)	(159.8)	(77.0)	(85.2)
L) Net short-term financial position	(22.5)	16.9	(39.4)	(41.5)
Net financial position (H + I + L)	**780.5**	**927.5**	**(147.0)**	**(90.5)**
M) Total, as per F)	**1,338.4**	**1,410.1**	**(71.7)**	**11.7**

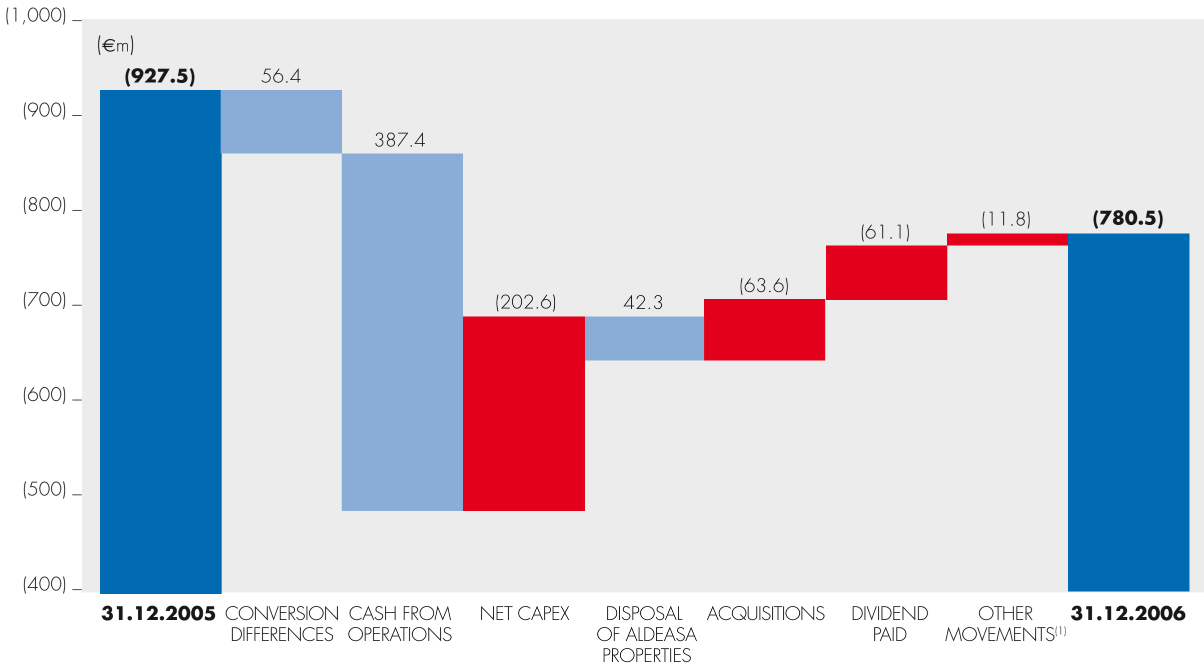
(1) The main Consolidated Balance Sheet items are directly inferable from the Accounts tables taken together with the Notes to the Accounts.

As this table shows, working capital, which is structurally negative, has mainly grown in line with business volumes. Changes in non-current other assets and liabilities largely reflects a revision of the effective horizon of deferred tax.

The increase in liquidity was caused by a decision not to prepay medium-long term loans obtained in the previous two years, in order to mantain the entire margin of financial flexibility allowed by the senior lines of credit entered into.

Net financial fixed assets of €9.4m included a guarantee deposit of €16.3m lodged in support of the public offer to purchase the remaining 34.8% of the capital of Carestel Group N.V. This public offer was successful and following the squeeze-out, since February 2007 this company has been wholly owned by Autogrill.

Cash Flow and Net Financial Position



(1) Includes mainly dividend paid to minorities, net changes in non-current financial assets not included in the net financial position, and small acquisitions.

In 2006 operations generated cash flow of €387.4m, in line with the 2005 figure of €383.8m.

This made it possible to self-finance the Group's capital expenditure (€213.9m, vis-à-vis €195.0m in 2005). Acquisitions and disposals (largely relating to the sale of some of Aldeasa's property holdings for €42.3m) more or less off-set each other.

Free cash flow generated in 2006 was €184.8m, which reduces to €112.5m net of €61.1m dividend payable to Autogrill S.p.A. shareholders and €11.7m dividend payable to minorities (mainly in the US).

The net gain arising from cash flow in 2006, together with the translation effect of debt denominated in US dollars (which reduced its value by €56.4m in 2006), led to a reduction in net debt of €147m.

As a consequence of the changes described, the amount of net debt of the Group was €780.5m at 31.12.2006 as compared to €927.5m at 31.12.2005.

The overall average life of the debt was reduced from 5.5 years at end-2005 to 4.5 years at end-2006. A sufficient margin of financial flexibility was retained through unutilised committed lines of credit.

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

Net debt originally or synthetically denominated in US dollars amounted to $690.5m at end-2006, or 58% of total net debt.

2.4 Results by Main Business Area

The following is an analysis of the Group's results by geographical or organisational area, as well as the Unallocated components.

2.4.1 North America and Pacific Area

($m)	2006	2005	Change
Revenue	2,325.0	2,163.0	7.5%
EBITDA	322.7	299.0	7.9%
% of Revenue	13.9%	13.8%	
Depreciation, Amortisation and Write-downs	119.5	120.3	(0.6%)
Capex	124.4	124.2	0.2%

As noted above, in 2006 HMSHost acquired the Airport Terminal Restaurant Division (A.T.R.) from Cara Operations Ltd. A.T.R. runs over 90 outlets in 11 Canadian airports and in 2005 generated sales of CAN$74m; however A.T.R. was consolidated from Q4 2006 and contributed to the area's results for 2006 with sales of US$17.9m (under 0.8% of the area total). Since these figures were not material, they are not shown separately.

Revenue

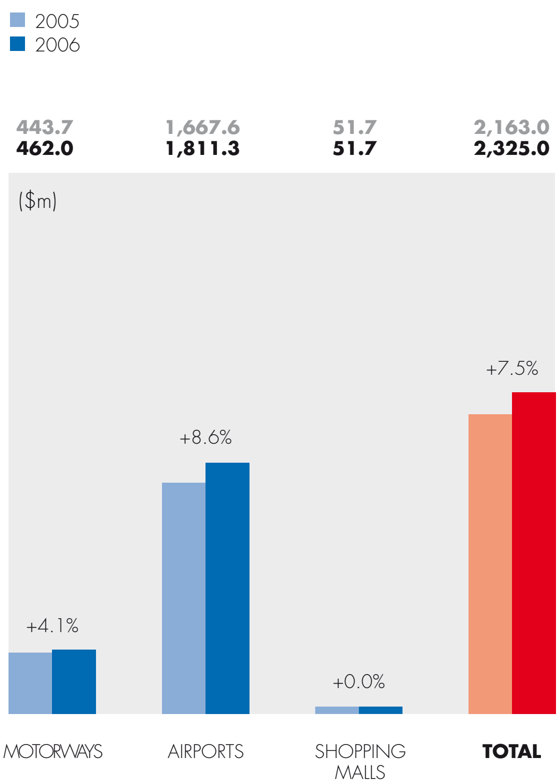
Revenue achieved by HMSHost division – which along side the US and Canada also includes Australia, Malaysia, New Zealand and Schiphol airport in the Netherlands – increased by 7.5% (in US dollar terms) to $2,325m vis-à-vis $2,163m in 2005.

The motorway business segment generated revenue of $462m, up 4.1% on the 2005 figure of $443.7m; new openings in Illinois, Indiana and Pennsylvania and investments in the New York Thruway, the Ohio Turnpike and the Pennsylvania Turnpike were the main contributors to these good results.

The airport business segment's revenue was $1,811.3m, up 8.6% over the 2005 figure of $1,667.6m – despite a 0.5% decline in air traffic according to ATA (the Airport Traffic Association – as of 29.01.2007) mainly due to the substantial reorganisation of the airline industry in the US. The Group's results were mainly due to longer opening hours, constant development of the branded offering and optimisation of operational management.

The shopping malls segment recorded sales of $51.7m, the same figure as that of 2005.

Revenue Growth by Business Segment



EBITDA

EBITDA increased by 7.9% and reached $322.7m vis-à-vis $299.0m in 2005. The EBITDA margin was 13.9%, a small improvement over 2005's 13.8%.

An improvement in terms of the cost of sales more than off-set a slightly higher rents and royalties cost. Payroll cost was stable in 2006 in terms of the ratio to sales, but this was the result of productivity gains achieved in the presence of rising unit costs, in line with the general increase in US labour costs in this phase of the economic cycle.

Capital Expenditure

Capex was $124.4m, more or less the same figure as for 2005; the ratio to sales fell from 5.7% in 2005 to 5.4% in 2006.

The Group strives continuously to extend and improve its offering by enhancing the units it manages. The significant new concessions and extensions won in 2006 will lead to an intensification of investment in development in 2007.

In 2006 the renovation work carried out in Oakland, Minneapolis-St. Paul, Seattle, Boston, Spokane, Las Vegas and New York JFK airports, as well as the opening of new travel plazas along the Pennsylvania Turnpike and the New York Thruway, was particularly significant. Mention is also made of expenditure on information systems and the new HQ building.

2.4.2 Europe

(€m)	2006	2005	Change At current exch. rates	Change At constant exch. rates
Revenue	1,715.7	1,553.7	10.4%	10.4%
EBITDA	234.4	222.3	5.4%	5.4%
% of Revenue	13.7%	14.3%		
Depreciation, Amortisation and Write-downs	86.5	75.5	14.6%	14.6%
Capex	105.1	86.6	21.4%	21.4%

In 2006 Autogrill S.p.A. acquired control of Carestel Group N.V.. In 2006 the concessions managed by Carestel, which operates in 6 European airports and through 19 stores along the motorways of Belgium and Luxembourg generated sales of €78.3m. However the company was consolidated as from Q4 2006 and its contribution to the sales and results of the area was therefore very limited: sales of €18.6m (1.1% of the total) and EBITDA virtually zero. Since these figures were not material, they are not shown separately.

Revenue

Europe (not including Aldeasa, which is reported as an area in its own right) generated revenue of €1,715.7m in 2006 vis-à-vis €1,553.7m in 2005, an increase of 10.4%.

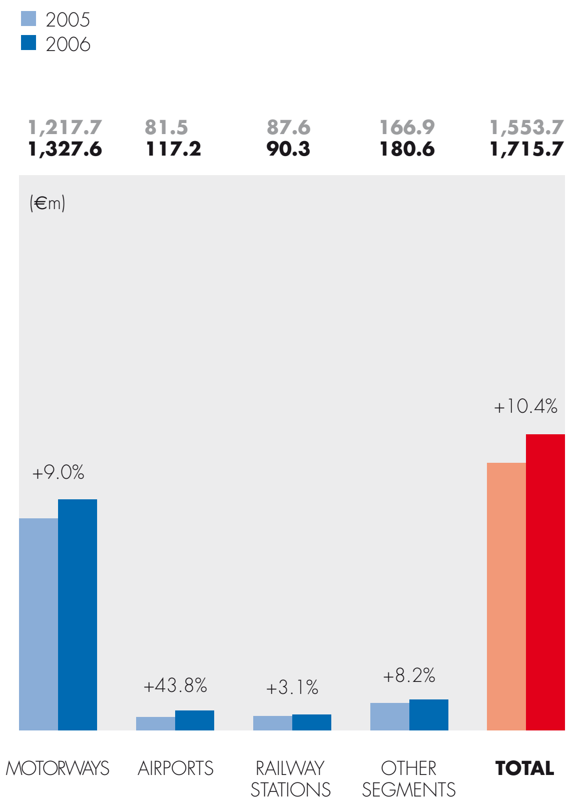
In the motorway segment growth was 9.0%, total revenue being €1,327.6m in 2006 vis-à-vis €1,217.7m in 2005.

In the airport segment 2006 sales were €117.2m, an increase of 43.8% over 2005. This business segment showed the greatest overall progress, due not only to the contribution of the airports run by Carestel (€12.3m), but also and mainly to significant development in Italy and new openings in Cork in Ireland; Stockholm in Sweden and Madrid and Palma de Majorca in Spain; as well as a general improvement of the offering.

The railway station segment saw growth of 3.1% in 2006, lower than the other segments, mainly on account of the large-scale works being carried out in French railway stations (the most important ones for the Group).

Significant growth of 8.2% was recorded in the other segments, not least thanks to the outlets set up during the Winter Olympics in Turin.

Revenue Growth by Business Segment



EBITDA

EBITDA increased by 5.4% and reached €234.4m vis-à-vis €222.3m in 2005, the EBITDA margin being 13.7%, down from 2005's 14.3%.

The slower growth of the EBITDA margin compared to sales was largely due to:

- the increased share of retail products compared to those of food and beverage in Italy, due to strong growth in low-margin retail sales;
- start-ups in new locations (Sweden, Ireland, Slovenia, Czech Republic, Greece and the Telefónica HQ building in Madrid);
- renovation work in French railway stations and road works on the motorways of Belgium and Switzerland;
- consolidation of Carestel in a seasonally slack period.

Capital Expenditure

Capex carried out in Europe in 2006 was worth €105.1m, a sharp increase over the 2005 figure of €86.6m, which testifies to the Group's significant commitment to development of its European business. The ratio of capex to sales in this area was 6.1% vis-à-vis 5.6% in 2005.

These resources were mainly directed at:

- renovation of motorway catering units in Italy, France, Austria, the Netherlands and Belgium;
- development of the trade fair and shopping mall segments in Italy, Switzerland and Spain (Telefónica HQ building);
- development in Cork and Stockholm airports.

2.4.2.1 Italy

(€m)	2006	2005	Change
Revenue	1,165.1	1,040.4	12.0%
EBITDA	178.5	164.9	8.2%
% of Revenue	15.3%	15.8%	
Depreciation, Amortisation and Write-downs	43.9	38.4	14.3%
Capex	61.5	58.2	5.7%

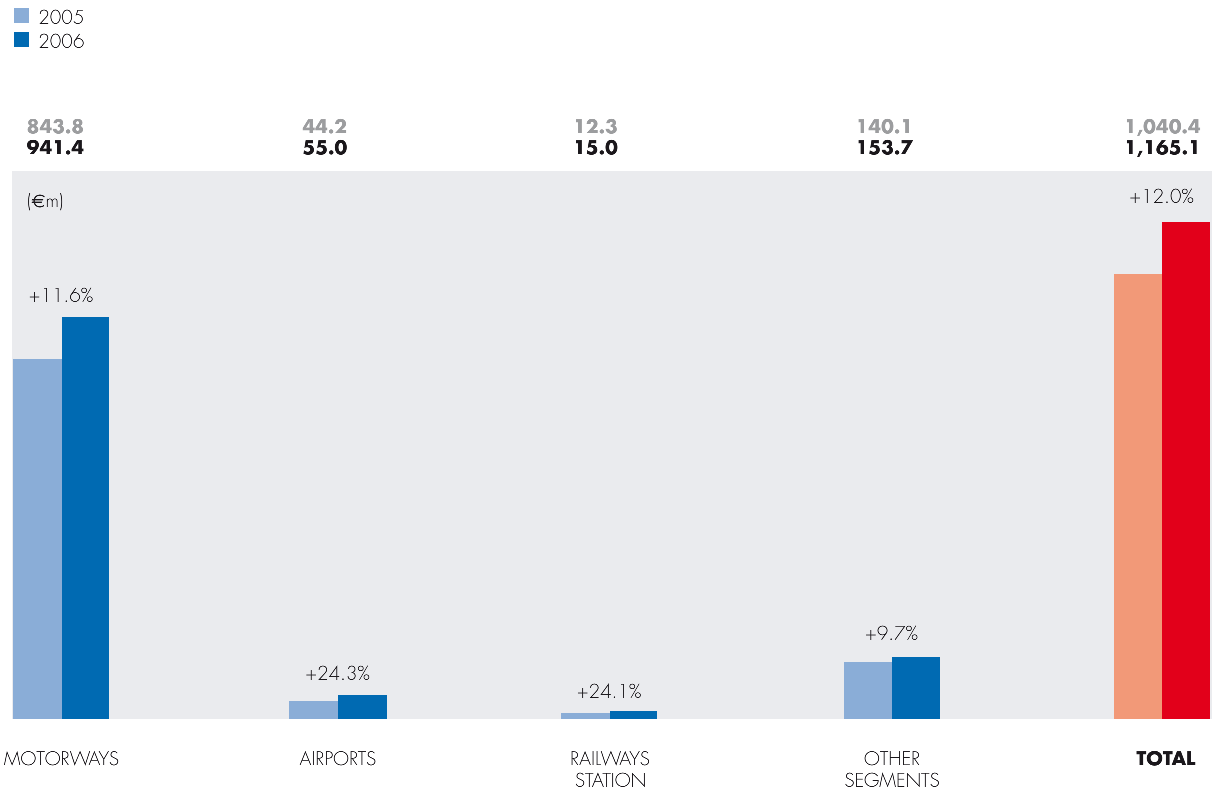
Revenue

Total revenue was €1,165.1m in 2006 vis-à-vis €1,040.4m in 2005, an increase of 12.0%.

In the motorway segment growth was 11.6%, total revenue being €941.4m in 2006 vis-à-vis €843.8m in 2005. This increase compared with traffic growth of 3.1% according to 2006 AISCAT (Associazione Italiana Società Concessionarie Autostrade e Trasporti) figures. This result was largely achieved by enriching the offering and increasing the sale of retail products (especially games and lottery tickets).

In the airport segment 2006 sales were €55m, an increase of 24.3% over 2005. This result was partly due to airport traffic growth of 8.5%, according to the ACI (Airport Council International), but also to new openings and an improvement of the offering.

Revenue Growth by Business Segment



EBITDA

EBITDA increased by 8.2% and reached €178.5m vis-à-vis €164.9m in 2005.

The slower growth of EBITDA compared to sales was largely due to changes in the sales mix, i.e. the increased share of retail products. Sales of lottery tickets and tobacco products grew markedly; these are products with much thinner margins than the average of the 2005 sales mix. Lottery tickets and tobacco do however contribute positively to EBITDA, even if the margin is lower in percentage terms.

Capital Expenditure

Capex carried out in Italy in 2006 was worth €61.5m (5.3% of sales), vis-à-vis the 2005 figure of €58.2m (5.6% of sales).

This increase referred to shopping mall development in Beinasco and Paderno, the creation of catering units in the new out-of-town site of the Milan Trade Fair and in the Rome Trade Fair, the realisation of a store in the Cadorna metro station in Milan and the renovation of two motorway units, Giovi Est and Sillaro.

2.4.2.2 Rest of Europe

(€m)	2006	2005	Change
Revenue	550.6	513.3	7.3%
EBITDA	55.9	57.4	-2.6%
% of Revenue	10.2%	11.2%	
Depreciation, Amortisation and Write-downs	42.6	37.1	14.8%
Capex	43.6	28.4	53.5%

Revenue

Total revenue was €550.6m in 2006, an increase of 7.3% over 2005.

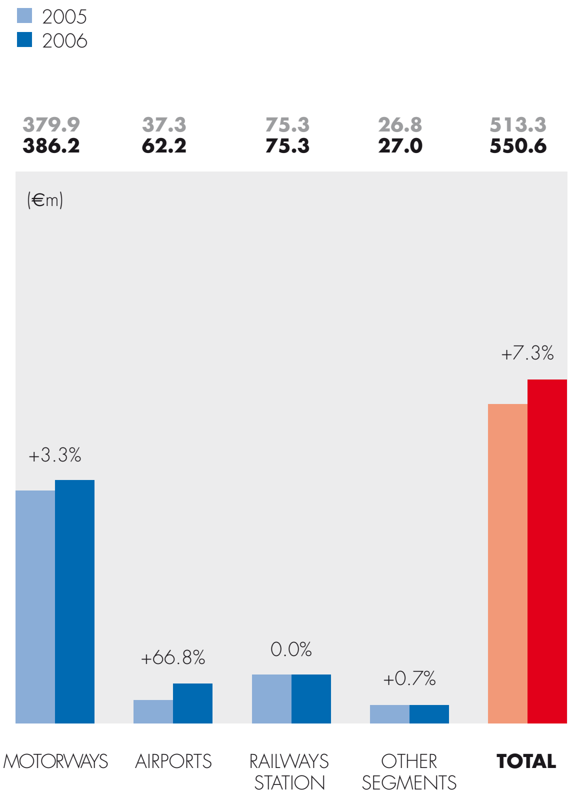
In the motorway segment revenue was in line with 2005 due to greater sensitivity of traffic to fuel price rises and the competition of low-cost air travel and high-speed trains. The increase of 3.3% benefited from the acquisition of Carestel's stores, without which growth would have been 1.6%.

In the airport segment 2006 sales showed a significant increase of 66.8% benefiting from the acquisition of Carestel as well as the development of airports run by HMSHost Europe (Cork and Stockholm) and the new openings in Spain, Palma de Mallorca and Madrid.

As a benchmark, it is worth mentioning that airport traffic growth in 2006 was 6.4% according to ACI (Airport Council International).

Railway stations saw a small decline in revenue, mainly due to the works still continuing in some important Parisian stations, viz.: Paris Est, Paris Nord and St. Lazare.

Revenue Growth by Business Segment



EBITDA

EBITDA declined by 2.6% from 2005 at €55.9m vis-à-vis €57.4m in 2005 and a margin of 10.2% as compared to 11.2% in 2005.

The acquisition of Carestel contributed practically zero in terms of EBITDA, given the seasonality of the period of consolidation. However, Carestel had good results for the full year 2006, revenue increased by 7.4% over 2005 and EBITDA was €8m compared to €5.5m in 2005, before provisions for integration costs.

This EBITDA result should be seen in the light of:
- considerable investment projects causing several units to be closed with the loss of sales and margins as a consequence;
- start-ups in four new countries (Ireland, Sweden, Czech Republic and Slovenia);
- renovation and restructuring work continuing in the French railway stations and along the motorways of Belgium and Switzerland, which have seriously impaired the performance of Group units in these locations.

Capital Expenditure

Capex was €43.6m, an increase of 53.5% over 2005, and the ratio of capex to sales rose from 5.5% in 2005 to 7.9% in 2006.

The most significant projects are listed in section 2.2.

2.4.3 Aldeasa

(€m)	2006	2005	Change
Revenue	723.6	646.8	11.9%
EBITDA	74.4	70.8	5.1%
% of Revenue	10.3%	10.9%	
Depreciation, Amortisation and Write-downs	15.2	11.6	31.4%
Capex	28.4	8.5	

Revenue

Aldeasa's total revenue was €723.6m in 2006, an increase of 11.9% over 2005 (12 months).

The airport segment is by far the largest component of the company's business; the sales of the other segments (mainly those of the Palaces and Museums division) are worth little more than 3% of the total.

Aldeasa's 2006 airport sales were €700.3m, an increase of 12.3% over 2005 (12 months). Aldeasa's 2006 airport sales included in Autogrill consolidation were therefore €350.2m, an increase of 53.2% over 2005 (8 months, May-December).

This excellent result was especially due to Madrid airport coming on stream and sales growth in international airports, due both to the good performance of established airport units, and to the start of business in Kuwait City airport.

EBITDA

Aldeasa's 2006 EBITDA reached €74.4m – excluding gains on disposal of property amounting to €23.5m – vis-à-vis €70.8m in 2005.

The EBITDA margin was 10.3% in 2006, down from 10.9% in 2005, due to the start-ups in Kuwait City and the new Madrid Barajas terminal, as well as the preliminary expense for the start of business in Vancouver, as well as one-off costs relating to the transfer of company HQ.

Capital Expenditure

Capex carried out by Aldeasa in 2006 was worth €28.4m vis-à-vis the 2005 figure of €8.5m. This increase referred mainly to the mentioned new stores set up in Kuwait City airport and Terminal 4 of Madrid Barajas. Capex was also undertaken in Palma de Mallorca and Barcelona, as well as the locations in Chile.

The impact of Aldeasa on Autogrill's consolidated figures

(€m)	2006	2005	Change
Revenue	361.8	236.6	52.9%
EBITDA	37.2	29.7	25.3%
% of Revenue	10.3%	12.5%	
Depreciation, Amortisation and Write-downs	7.6	4.3	75.1%
Capex	14.2	3.1	

2.4.4 Unallocated Items

The cost of the corporate centre functions as described in the Group organisational chart and any profit and loss components concerning individual areas that would distort the comparability of performance over time are not allocated to macro-areas. The total cost of the corporate centre functions was €26.2m (0.7% of Group turnover) vis-à-vis €24.3m in 2005.

The other Unallocated profit and loss components were:
- in 2006, gains realised by Aldeasa on disposal of property, which had an effect on consolidated figures of about €11.7m;
- in 2005, rental received for part sub-lease of two commercial units in the centre of Milan amounting to about €7.3m.

2.5 Fourth Quarter 2006

(€m)	Q4 2006	Q4 2005	Change At current exch. rates	Change At constant exch. rates
Revenue	1,105.4	1,012.2	9.2%	14.0%
Operating Revenue(1)	1,089.3	996.3	9.3%	14.0%
EBITDA(2)	115.4	102.1	13.0%	19.1%
% of Revenue	10.6%	10.2%		
Operating Profit (EBIT)(3)	49.1	43.8	12.1%	19.6%
% of Revenue	4.5%	4.4%		
Net Profit attributable to the Group	12.5	11.8	5.9%	15.2%
% of Revenue	1.2%	1.2%		
Capital Expenditure(4)	84.2	65.3	28.9%	35.0%
EPS (€ cents)				
- basic	4.9	4.6		
- diluted	4.9	4.6		

(1) Does not include fuel sales: €16.1m in 2006, €15.9m in 2005.
(2) Earnings before interest, extraordinary losses/gains, tax, depreciation and amortisation.
(3) Earnings before interest, extraordinary losses/gains and tax.
(4) Does not include financial investments or equity investments.

The contribution of the acquisitions of A.T.R. and Carestel – both consolidated starting from October 2006 – obviously had the most marked effect of the fourth quarter compared to the year as a whole. Q4 figures confirmed the strong performance of the preceding 9 months, but were affected by the sharp depreciation of the US dollar, in comparison to Q4 2005.

In Q4 2006 Autogrill's consolidated revenue was €1,089.3m – an increase of 9.3% over the Q4 2005 figure of €996.3m – including the contribution of A.T.R. and Carestel amounting to €32.8m.

North America and Pacific Area revenue rose sharply to $722.6m, an increase of 12.8% over the Q4 2005 figure of $640.7m, which benefited from a recovery of embarkation numbers in the final months of the year. In Europe, where seasonality is more marked, revenue increased by 13.5% to €435.8m vis-à-vis the Q4 2005 figure of €384.1m (and by 8.6% not including Carestel's contribution of €18.6m), with strong gains in Italy (up by 11.3%) and Spain (up by 12.2%). Aldeasa also had a double-digit increase of 12.3%, Q4 2006 revenue being €89.2m vis-à-vis the Q4 2005 figure of €79.4m, recouping the effect of the regulations concerning the transport of liquids on aircrafts.

Sales by segment showed growth of 11.3% in airport locations to €574.2m from €515.9m in Q4 2005, driven by the revenue of the new Aldeasa concepts in Kuwait City airport, the acquisition of A.T.R. and Carestel, and the expansion of business in Europe, while an increase of 8.5% in motorways, which achieved €428.1m vis-à-vis €394.5m in Q4 2005, was generated by outlets in Italy and, to a lesser extent, the acquisition of Carestel.

In Q4 2006 the Group's EBITDA grew by 13% to €115.4m from €102.1m in Q4 2005. The Group's EBITDA margin also improved from 10.2% to 10.6%, benefiting principally from strong revenue growth in North America.

EBIT was €49.1m vis-à-vis €43.8m in Q4 2005 – an increase of 12.1%.

The Group's net profit for Q4 2006 was €12.5m, up by 5.9% over the Q4 2005 figure of €11.8m.

Capex amounted to €84.2m in Q4 2006, an increase of 28.9% over the Q4 2005 figure of €65.3m.

Q4 2006 Consolidated Income Statement

	Q4 2006	% of Revenue	Q4 2005	% of Revenue	Change		
					Total		Net of acquisition
(€m)					At current exch. rates	At constant exch. rates	At constant exch. rates
Operating Revenue	1,089.3	100%	996.3	100.0%	9.3%	14.0%	9.3%
Other operating income	27.0	2.5%	22.6	2.3%	19.7%	19.5%	19.7%
Total Income	1,116.3	102.5%	1,018.9	102.3%	9.6%	14.2%	9.6%
Cost of raw materials, items for use and merchandise	(380.6)	34.9%	(344.8)	34.6%	10.4%	14.2%	10.4%
Payroll and Benefits	(317.8)	29.2%	(297.9)	29.9%	6.7%	11.6%	6.7%
Rents, concessions and royalties	(167.6)	15.4%	(151.3)	15.2%	10.8%	16.0%	10.8%
Other operating costs	(134.9)	12.4%	(122.8)	12.3%	9.9%	14.1%	9.9%
EBITDA	115.4	10.6%	102.1	10.2%	13.0%	19.1%	13.0%
Goodwill amortisation	(66.3)	6.1%	(58.3)	5.9%	13.7%	18.7%	13.7%
Operating Profit (EBIT)	49.1	4.5%	43.8	4.4%	12.1%	19.6%	12.1%
Net interest expenses	(12.3)	1.1%	(13.5)	1.4%	(8.9%)	(1.9%)	-8.9%
Revaluation of financial assets	0.7	0.1%	0.2	0.0%	n.s.	n.s.	n.s.
Profit before tax	37.5	3.4%	30.5	3.1%	23.0%	30.7%	23.0%
Tax	(23.2)	2.1%	(16.7)	1.7%	38.9%	45.3%	38.9%
Net Profit	14.3	1.3%	13.8	1.4%	3.6%	12.6%	3.6%
- attributable to the Group	12.5	1.1%	11.8	1.2%	5.9%	15.2%	9.3%
- attributable to minorities	1.8	0.2%	2.0	0.2%	(10.0%)	(2.6%)	(30.0%)

Revenue

Revenue by Geographical and Organisational Macro-Area

Growth in Q4 2006 showed, first, that the macro-area North America and Pacific Area had returned to fast growth, the US$ terms increase being 12.8%. This was an important figure, since it re-aligned this area with the other two and absorbed the slowdown seen in Q3 2006.

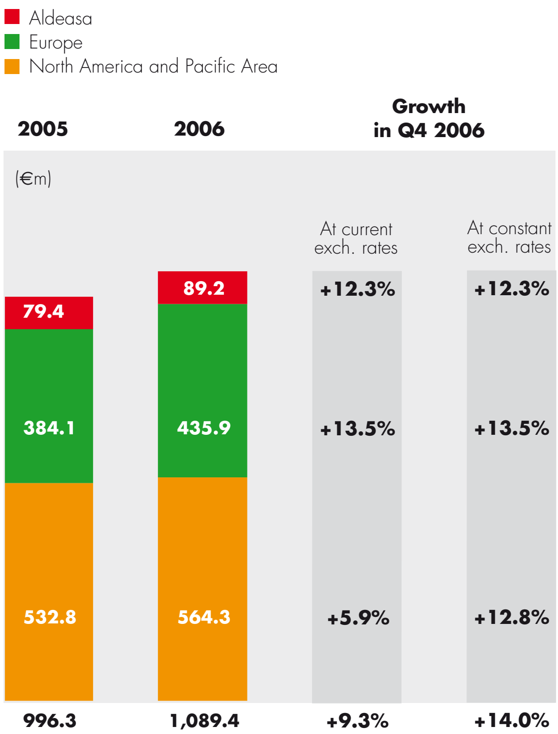
Marked growth of 13.5% in Europe (over Q4 2005) confirmed:

- high rates of growth in Italy, where operating revenue rose by 11.3% over Q4 2005;
- a strong performance in Spain, where sales rose by 12.2% over Q4 2005, mainly due to the new airport openings in Madrid and Palma de Mallorca (not operational in 2005) and the start-up of the Telefónica HQ Building unit;
- consolidation of Carestel (sales of €18.6m in Q4).

Excluding Carestel's contribution this area's growth would have been 8.6%.

Aldeasa's sales growth of 12.3% over Q4 2005 consolidated the 2006 trend and absorbed the slight slowdown seen in Q3 due to the effect of the regulations concerning the transport of liquids on aircrafts.

Revenue Growth by Geographical Area



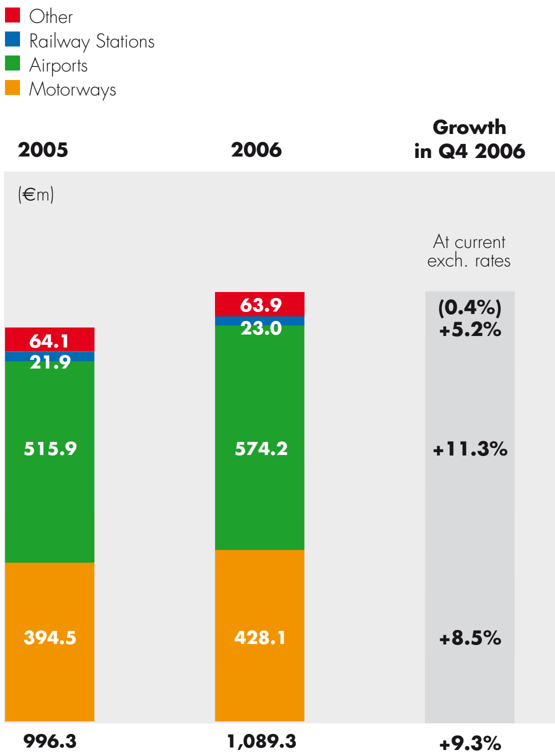
Revenue by Business Segment

Airports and motorways recorded the largest increases, respectively of 11.3% and 8.5% over Q4 2005.

Airport segment growth was driven by sales at the new location in Kuwait City airport (not operational in Q4 2005), by start-up in the new Madrid terminal, by entry to the Spokane airports, by the consolidation of A.T.R. and Carestel and by business expansion in Italy and rest of Europe.

Motorway segment growth was stimulated by strong performance in Italian motorway stores. The consolidation of Carestel contributed sales of €6.3m in the period.

Revenue Growth by Business Segment



EBITDA

(€m)	Q4 2006	Q4 2005	Change At current exch. rates	Change At constant exch. rates
North America and Pacific Area	73.8	67.5	9.3%	15.2%
% of Revenue	13.1%	12.7%		
Europe	39.1	33.5	16.7%	16.7%
% of Revenue	9.0%	8.7%		
Aldeasa	9.2	10.3	(10.7%)	(10.7%)
% of Revenue	10.3%	13.0%		
Unallocated	(6.6)	(9.2)	(28.3%)	(28.3%)
Consolidated	**115.4**	**102.1**	**13.0%**	**19.1%**
% of Revenue	10.6%	10.2%		

In Q4 2006 the Group's EBITDA was very gratifying at €115.4m, an increase of 13% over the Q4 2005 figure of €102.1m.

The EBITDA margin also improved from 10.2% in Q4 2005 to 10.6%. The improvement of the margin in North America was influenced by a sharp increase in sales in an off-peak period, which improved labour productivity as a result.

In Europe the EBITDA margin increased strongly – in Italy it rose from 10.8% in Q4 2005 to 12.2% – partly off-set by a lower contribution from the other countries of the macro-area.

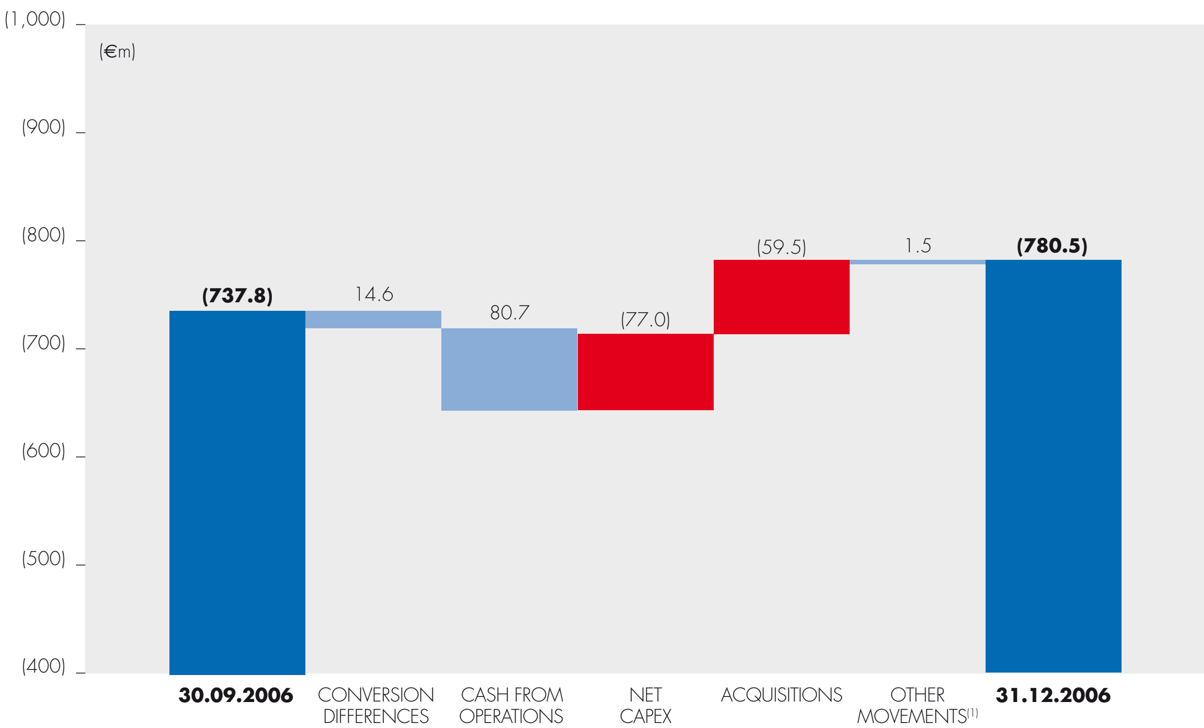
Capital Expenditure

(€m)	Q4 2006		Q4 2005	
Motorways	26.3	31.2%	24.3	37.2%
Airports	32.3	38.4%	24.1	36.9%
Railway Stations	3.5	4.2%	1.8	2.8%
Others	10.9	12.9%	7.0	10.7%
Unallocated	11.2	13.3%	8.1	12.4%
Total	84.2	100.0%	65.3	100.0%

In Q4 2006 Group capital expenditure accelerated markedly.

Total capex rose by 28.9%, from €65.3m in Q4 2005 to €84.2m.

Cash Flow and Net Financial Position



(1) Includes mainly dividend paid to minorities, net changes in non-current financial assets not included in the net financial position, and small acquisitions.

In Q4 2006 operations generated cash flow of €80.7m, down from the Q4 2005 figures of €101.2m.
The difference is largely attributable to the higher advance income tax payments made in the quarter.

The 2005 financial year benefited from Autogrill joining the tax consolidation scheme of its controlling entity Edizione Holding S.p.A.. Tax paid in 2006 was in any case considerably lower than it would have been had the Group remained outside the scheme as an individual tax payer.

This cash flow made it possible to self-finance the Group's capital expenditure (€84.9m, vis-à-vis €65.3m in Q4 2005).

Payment was made in the period in respect of the acquisitions of A.T.R. and the controlling stake in Carestel, which – net of €9.6m cash in Carestel – involved an outflow of €59.5m. Dividends were paid to (mainly US) minorities in the amount of €1.6m. Net cash flow in Q4 2006 was therefore negative in the amount of €57.3m. The translation effect on US$-denominated debt resulted in a reduction of €14.3m and restricted the increase in net debt to €42.7m.

2.6 Parent Company

Since 1 January 2006 Autogrill has adopted the IFRS issued by the International Accounting Standard Board (IASB) and endorsed by the EU for the preparation of its Accounts.

For comparison purposes, 2005 figures have been restated in line with International Financial Reporting Standards (IFRS).

2006 Condensed Income Statement

(€m)	2006	% of revenue	2005	% of revenue	Change
Revenue	1,160.4	100.0%	1,035.6	100.0%	124.8
Other operating income	63.8	5.5%	67.9	6.6%	(4.1)
Total Income	**1,224.2**	**105.5%**	**1,103.5**	**106.6%**	**120.6**
Cost of raw materials, items for use and merchandise	(541.7)	(46.7%)	(463.8)	(44.8%)	(78.0)
Payroll and Benefits	(273.0)	(23.5%)	(255.0)	(24.6%)	(17.9)
Rents, concessions and royalties	(125.5)	(10.8%)	(114.6)	(11.1%)	(10.9)
Other operating costs	(129.7)	(11.2%)	(121.8)	(11.8%)	(7.8)
EBITDA	**154.3**	**13.3%**	**148.3**	**14.3%**	**6.0**
Depreciation, amortisation and write-downs	(44.0)	(3.8%)	(42.1)	(4.1%)	(2.0)
Operating Profit (EBIT)	**110.2**	**9.5%**	**106.3**	**10.3%**	**4.0**
Net interest expenses	40.5	3.5%	37.7	3.6%	2.7
Profit before tax	**150.7**	**13.0%**	**144.0**	**13.9%**	**6.7**
Tax	(55.4)	(4.8%)	(48.4)	(4.7%)	(7.0)
Net Profit	95.3	8.2%	95.6	9.2%	(0.3)

Revenue

(€m)	2006	2005	Change
Food & Beverage and Retail	1,117.0	999.2	11.8%
Sales to affiliates and others	43.4	36.4	19.4%
Total revenue	1,160.4	1,035.6	12.1%

In 2006 revenue increased by 12.1% over 2005. In terms of sectors of business, the retail sector saw particularly strong revenue growth.

This was a gratifying result from the point of view of management, since it showed that the company was able to expand the range of products offered and satisfy consumer needs which do not elide, but are added to those relating to the food and beverage sector. However these increased sales bear a smaller margin than catering services, which dilutes the overall margin on sales.

Revenue by Sector

	2006	2005	Change
Food & Beverage	58.6%	60.7%	8.0%
Retail	41.4%	39.3%	17.6%
Food & Beverage and Retail Revenue	100.0%	100.0%	11.8%

The dominant business segment remains the motorway segment, which grew strongly by 11.3% in 2006 and continued to account for more than 80% of total revenue. However, both the airport segment, which saw a 26.6% rise in sales, and shopping malls, with an increase of 15.7% over 2005, made significant progress.

The breakdown by segment shows that all segments improved with the exception of town and city centres, which suffered from the closure of the store in San Babila, Milan.

Revenue by Business Segment

(€m)	2006	2005	Change
Motorways	904.7	812.9	11.3%
Airports	49.0	38.7	26.6%
Railway Stations	14.7	12.1	21.7%
Town and City Centres	57.8	61.2	(5.6%)
Shopping Malls	66.4	57.4	15.7%
Trade Fairs	24.4	17.0	43.8%
Total revenue from food & beverage and retail	1,117.0	999.3	11.8%

Motorways
The segment recorded an 11.3% increase in revenue. On a constant business basis sales of food and beverages grew by 4.9%. Business volume increases were also drive by retail sales, which grew – as before, on a constant business basis – by 15.1% (16.6% taking the total figure).

Non-toll-roads saw significant development with the opening of 18 new outlets.

Airports
Strong growth of 26.6% was the fruit of a good overall performance by concessions, to which development activity was added. New openings in Bari and Florence airports are worthy of note.

New concessions have been won in the already served Naples "Capodichino", Turin "Caselle" and Milan "Malpensa" airports, which will enable the Group to extend its offering to the public.

Trade Fairs
Catering units set up at the 2006 Winter Olympics held in Turin yielded revenue of about €7m, contributing to the growth of this segment.

Mention is made of the Group's success in winning the concession awarded by the Rome Municipality in Rome's Trade Fair.

Autogrill finalised the installations at Milan's out-of-town Trade Fair site in Rho-Pero.

Shopping Malls and City Centres
Shopping malls saw above-average growth of 15.7% over 2005 and reached a 6% share of total revenue, mainly thanks to openings in four new shopping malls.

The town and city centre segment was strongly penalised by the closure of the store in Piazza San Babila, Milan.

EBITDA

In 2006 the Company achieved EBITDA of €154.3m, an increase of 6% over 2005. The EBITDA margin declined from 14.3% in 2005 to 13.3% in 2006.

Rentals rose in line with main sales growth and the opening of new outlets.

The rise in Other operating costs was due to rises in utilities costs – the cost of electricity rose by 24% over 2005, of which 17.2% was due to tariff increases – cleaning and drainage, due inter alia to extraordinary measures. There were also rises in consultancy costs in relation to implementation of IT applications, as well as mergers and acquisitions.

EBIT

Net of depreciation and amortisation amounting to €40.5m vis-à-vis €37.7m in 2005, the 2006 operating result was €110.2m, an increase of €4m over the 2005 figure of €106.3m.

Net interest expenses

In 2006 dividend received from subsidiaries – the main component of the Company's financial income – increased slightly from €38m to €40m. Net income arising from intercompany loans was stable at €5m. This item includes a financial charge for TFR (the Italian severance pay scheme) in the amount of €3.8m and bank charges of €1m.

Net Profit

Net profit was stable at €95.3m vis-à-vis €95.6m in 2005 after a €55.4m tax charge increased from €48.4m in 2005 on account of IRAP (a Regional tax on productive activity) which reflects tax increases in several Regions where the Company operates, as well as the newly introduced non-deductibility of costs relating to company cars.

Balance Sheet and Financial Position

(€m)	31.12.2006	31.12.2005	Change
A) Non-current Assets			
Intangible assets	89.2	87.0	2.2
Property, plant and equipment	165.3	151.3	14.1
Financial investments	595.7	549.1	46.6
B) Working Capital			
Inventory	44.3	43.1	1.3
Accounts receivable	40.5	37.3	3.2
Other assets	32.3	33.9	(1.7)
Accounts payable	(265.7)	(252.4)	(13.4)
Provisions	(29.3)	(31.7)	2.4
Other liabilities	(99.2)	(81.0)	(18.2)
C) Capital invested, net of current liabilities	573.2	536.7	36.5
D) TFR and non-financial non-current liabilities	(115.8)	(105.4)	(10.4)
E) Net capital invested	457.3	431.3	26.0
F) Shareholder's Equity	609.3	575.1	34.2
G) Medium-long term debt			
Medium-long term financial liabilities	(370.5)	(674.4)	303.9
Medium-long term financial assets	419.4	357.6	61.8
H) Net liquid assets			
Short-term financial liabilities	(166.3)	(109.5)	(56.9)
Cash and short-term financial assets	269.4	570.1	(300.7)
Net financial position (G + H)	152.0	143.8	8.2
I) Total, as per E)	457.3	431.3	26.0

The €26m increase in net capital invested was due to the acquisition of Carestel and the net financial position remaining broadly unchanged (€152m vis-à-vis €143.8m in 2005).

Please see page 169 for the cash flow statement, which discloses the following:

- an increase in net cash flow from operations from €188m to €190.7m;
- higher income tax payments (€45.2m vis-à-vis €18.8m in 2005, when the Company enjoyed the maximum benefit from joining the tax consolidation scheme of Edizione Holding S.p.A;
- lower equity investments than in 2005, when Autogrill International S.r.l.'s capital was increased by €100m.

With regard to finance, in 2006 Retail Airport Finance fully repaid the loan granted to it in 2005 in relation to the acquisition of Aldeasa.

The Company subsequently repaid its outstandings under its senior bank lines and thus substantially increased its financial flexibility.

Capital Expenditure

The Company's 2006 capex amounted to €59.4m vis-à-vis €63.6m in 2005, distributed as follows:

Development costs were €33.5m of which €19.5m for new openings with special emphasis on the shopping mall segment. Costs relating to concession renewals in the motorway segment amounted to €14m.

Purpose (€m)	**Amount**	**% of total**
Development of commercial network	33.5	56.4%
Maintenance of commercial network	18.4	31.0%
Information technology	5.2	8.8%
Other	2.2	3.8%
Total	59.4	100.0%

Business Segment (€m)	**Amount**	**% of total**
Motorways	34.1	57.4%
Airports	2.7	4.5%
Railway Stations	1.3	2.2%
Town and City Centres	3.5	6.0%
Shopping Malls	5.9	9.9%
Trade Fairs	4.4	7.5%
Other	7.5	12.6%
Total	59.4	100.0%

Personnel and Organisation

At the end of 2005 staff numbers were 11,323 an increase of 474 people over 2005, mainly employed in sales.

The Italy Area HQ and the Corporate Centre had 440 employees at end-2006 – an increase of 4 over end-2005.

The Main Subsidiaries of the Parent Company

Autogrill International S.r.l.

Autogrill International S.r.l. is responsible for directing, co-ordinating and developing the Group's international business.

In 2006 it formed Autogrill Czech s.r.o. to run motorway facilities in the Czech Republic.

Its 2006 result was a profit of €5.6m, mainly attributable to dividends received from subsidiaries.

Autogrill Finance S.A.

This company provides financial and administrative services for Group companies. It reported a break-even result for 2006.

Autogrill D.o.o.

This company manages motorway sales in Slovenia which began in 2005 and continued in 2006 under a multi-year contract with the Austrian oil company OMV. In 2006 it reported a loss of €0,9m due to the start-up costs of the two outlets that opened during the year.

HMSHost Europe GmbH

This company is the vehicle for the development of airport food and beverage concepts in Europe. It reported a profit for the year of €0.1m. Its shareholdings include:

- partnership in the Steigenberger Gastronomie GmbH joint venture, which operates in Frankfurt airport (Germany);
- HMSHost Sweden AB, which operates in Stockholm's Arlanda Airport (Sweden);
- HMSHost Ireland ltd., which launched operations in Cork airport (Ireland) in H1 2006.

Carestel Group N.V.

This company manages the Group's motorway catering business in Belgium and airport catering in Belgium (Brussels), France (Lille), Germany (Hamburg and Stuttgart), Switzerland (Basel-Mullhouse-Freiburg) and the UK (London City).

A 65.2% stake was acquired on 20 October 2006. Following a public offering and subsequent squeeze-out, the Group's shareholding rose to 100% on 2 February 2007.

Post-acquisition, the off-peak season and the start of the integration process caused a net loss of €2m.

Cantagallo, A1 Bologna-Florence / Italy

Autogrill's largest motorway service area in the Italian network

There are 7 food & beverage and retail concepts including Bar Snack, Ristorante Ciao and Market 24

Over 4 million customers are served here under the Auogrill sign every year

More than 22 million vehicles use the motorway under the bridge every year

The original design of the bridge was by the architect Melchiorre Bega

After a fire on the bridge, reconstruction was supervised by the architect Gregorio Caccia Dominioni

When still a Motta restaurant, it was much used for wedding breakfasts


AUTOGRILL

2.7 Corporate Governance

Code of Ethics

The Autogrill Group's Code of Ethics (the "Code of Ethics") was approved by the Board of Directors at its meeting of 6 November 2002 and subsequently supplemented at its meeting of 12 November 2003.

It details the principles and values on which is based the behaviour to which all members of the organisation are required to conform.

The Code of Ethics was introduced gradually and adopted with some necessary adaptation by all Group entities. It indicates the goals and values referred to the main stakeholders with which Group companies interact.

The principles contained in the Code of Ethics are an addition to the general duties of fidelity, honesty and carrying out one's employment contract.
Observance of the rules contained in the Code of Ethics is a duty deriving from the employer-employee relationship, with consequential contractual and legal implications.

To ensure effectiveness and its obligatory nature, the Code was published on the website www.autogrill.com and on company notice-boards; it is also given to all recruits and employees starting from the selection process and distributed to all counterparties with a relationship with Autogrill.

Sustainability Report

In 2006 the Company published its second Sustainability Report, which was checked for compliance by the auditing firm KPMG S.p.A..
This document has the aim of maintaining a regular dialogue with the stakeholders, inter alia on the subject of corporate social responsibility and sustainable development, as well as that of spreading and sharing the culture of sustainability at all levels of the organisation.

The Sustainability Report is published on the website www.autogrill.com and hard copies of the Report may be obtained from: Autogrill S.p.A. – Direzione Comunicazione e Affari Istituzionali – Centro Direzionale Milanofiori – Strada 5 Palazzo Z – 20089 Rozzano – Milan – Tel. +39 0248261.

Organisational and Business Model pursuant to Italian Legislative Decree 231/01

In order to ensure that the Group's business is carried on in a correct and transparent manner, Autogrill has adopted a Model in line with LD 231/01 which was approved by the Board of Directors on 9 July 2003 and subsequently adapted in line with later amendments to the legislation.

The Parent Company took steps to record the activity for which each organisational structure was responsible, to identify the corporate functions involved in activity most exposed to the risks detailed in LD 231/01 as amended and supplemented, and to set up a corporate archive of 'sensitive' activities. For each sensitive activity identified a risk assessment schedule was prepared containing:
(i) details of the possible offences and the ways in which they could be committed;
(ii) details of the existing preventive measures;
(iii) an assessment of the adequacy of these measures.

Accordingly the Model includes policies and measures designed to ensure that the business is conducted legally and to identify and eliminate situations at risk, and also to penalise failure to observe its prescriptions.

A periodic check leading to changes to the Model where necessary is envisaged when there is evidence of risk, including potential risk, that its prescriptions might not be observed or when changes are made to the organisation or its business or to the relevant legislation or regulations.

On 23 February 2005 the Board of Directors updated the Model to cover new offences, applicable under LD 231/01, in accordance with Confindustria guidelines.

On 27 June 2006 the Board of Directors further updated the Model in line with the new rules contained in Community Law 2004 on market abuse and introduced a specific company policy on relations with government and local authorities.

At the same meeting , the Board designated the Corporate Affairs Manager to be a member of the LD 231 Supervisory Body, in place of the Chairman of the Board of Statutory Auditors.
The Supervisory Body has an expense budget and its current members include a member of the Audit and Corporate Governance Committee, Alfredo Malguzzi

and the Head of Internal Auditing and CSR, Silvio De Girolamo, and the Head of Group Corporate Affairs, Diego Salvador.

In 2006, the Supervisory Body met 5 times and monitored:
- actual implementation of the Model and its subsequent amendments;
- the training programme for employees which focused on the Code of Ethics and the Model (in particular the new rules on market abuse and manipulation and monitoring sensitive activities with the highest risk that an offence should be committed, within the framework of relations with public bodies);
- the tasks carried out by Internal Auditing to check actual implementation of the Model and corporate processes.

Compliance with the new Corporate Governance Code

Autogrill S.p.A. has adhered to the Corporate Governance Code for Italian Listed Companies, published by Borsa Italiana S.p.A., March 2006 edition.
At its meetings held in November and December 2006 and January 2007, the Board of Directors adopted certain measures by way of implementation of the principles contained in the new Corporate Governance Code, expressing its intention to complete the process of adaptation in 2007 and subsequent years.
In this report it is noted that the measures already taken to come into line with the Corporate Governance Code and those that are planned for the future.

The Company reports annually on its corporate governance system and observance of the Corporate Governance Code by drawing up a report on corporate governance which shows to what extent the principles and criteria to be applied under the Corporate Governance Code and international best practices have been complied with.

This report is given to shareholders with the AGM papers and sent to the market regulator, which holds the report available for the general public; it is also published in the website www.autogrill.com.

In the Company's Annual and First-Half Reports a chapter is devoted to a description of the system and the corporate governance recommendations applied as it has evolved.

The corporate governance system, the recommendations of the Corporate Governance Code and the plan of application are described below.

Role of the Board of Directors

At its meetings held on 19 December 2006 and 18 January 2007 the Board of Directors updated the issues relating to its role, with the favourable opinion of the Internal Audit and Corporate Governance Committee.

The activity of the Board of Directors and the Company – including relations with other Group companies – is based on principles of correct corporate and business management and on the principles contained in the Corporate Governance Code as well as the principles and values laid down in the Code of Ethics.

The Board of Directors' role is to direct and control the activity of the Parent Company and the Group and the conduct of business by taking the necessary decisions to carry out the corporate object.

The Board of Directors, as well as the powers that can be delegated by law or under the Articles of Association, also has the following exclusive attributions:
1. Review of strategic, industrial and financial plans drawn up by the Parent Company and the Group.
2. Review of the budgets and investment plans of the Parent Company and the Group.
3. Review and prior authorisation of significant transactions in terms of strategy, profitability, finance or capital adequacy to be carried out by the Parent Company paying special attention to situations in which any Director has an interest on her/his own or others' behalf and to related-party transactions. Specifically:
   - investments, acquisitions, disposals, disinvestment of equity interests in companies or lines of business, formation of joint-ventures and bidding under tenders for restaurant and market concessions with a value in excess of €3 million;
   - borrowing transactions with medium/long-term credit institutions;
   - issue of guarantees and security of amounts in excess of €3 million.
4. Prior review of all transactions under (3) above concerning Group companies.
5. Drawing up the basic rules of corporate governance for the Parent Company and the guidelines for the corporate governance of subsidiaries.

6. Assessment of the adequacy of the organisational and administrative structure of the Parent Company and its main subsidiaries as put in place by the Managing Director.
7. Drawing up the policies of and checking periodically the sufficiency and effectiveness of the system of internal controls, ensuring that the main corporate risks are identified, measured, managed and monitored appropriately and laying down the criteria of compatibility with sound and correct management.
8. Setting up the supervisory body required by Legislative Decree 231/01.
9. Conferring and revoking delegated functions and powers of the Directors and the Executive Committee, if any, determining the limits, the procedure and the frequency – at least quarterly – with which the delegated parties or bodies should report to the Board of Directors and the Board of Statutory Auditors on their activity and the manner in which their authority and powers have been exercised.
10. Having considered the proposals of the Remuneration Committee and consulted the Board of Statutory Auditors: fixing the compensation and rewards of the Managing Director, the Deputy Chairman and other Directors with particular responsibilities, and, if necessary, dividing up collective compensation due to individual Directors and Committee members pursuant to specific resolutions.
11. Reviewing the compensation criteria for senior managers and long-term or annual incentive plans for managers of the Parent Company and the Group as proposed by the Managing Director and the Remuneration Committee.
12. Assessment of general business performance, specifically on the basis of information received from the Managing Director and the Executive Committee, if any, by regularly comparing the results achieved with budget.
13. Review, assessment and approval of accounting documents prepared periodically as required by prevailing legislation.

At its meetings held on 8 November 2006, 19 December 2006 and 18 January 2007, the Board of Directors reviewed and assessed the adequacy of the organisational and administrative structure of the Parent Company and its main subsidiaries, as well as the internal control system, as extensively documented by the Managing Director, and concluded that they were adequate for the needs and size of the Company and the Group. The Chairmen of the Remuneration Committee and the Audit and Corporate Governance Committee proposed and the Board approved a expense budget for each committee for 2007.

Membership of the Board of Directors

The Board of Directors shall be made up of one or more executive Directors (i.e., the Managing Director and the Chairman when they are granted operational authority, as well as the Directors that have management functions in the Company) and non-executive Directors.
The current Board of Directors will remain in office until after approval of the 2007 Accounts and was elected by the Shareholders' Meeting held on 27 April 2005, by list vote, pursuant to Article 10 of the Articles of Association.
Two lists were presented: one by the majority shareholder Edizione Holding S.p.A. proposing 8 Directors, subsequently elected by the Shareholders' Meeting; the other by a group of minority shareholders, who proposed 3 Directors, subsequently elected by the Shareholders' Meeting.

The current Board of Directors consists of 11 members of whom one is an executive director – Gianmario Tondato da Ruos, Managing Director – and 10 are non-executive: Gilberto Benetton (Chairman), Alessandro Benetton, Giorgio Brunetti, Antonio Bulgheroni, Marco Desiderato, Sergio De Simoi, Sergio Erede, Gianni Mion, Gaetano Morazzoni and Alfredo Malguzzi. The curriculum vitae of each candidate for election to the Board, together with an indication of her/his suitability to be an independent Director[1], is placed at the disposal of shareholders at the registered office 15 days prior to the date of the Shareholders' Meeting called to elect Directors.

This Report contains annexes showing the number of appointments held by each Director or Statutory Auditor in other companies listed on regulated markets (including those outside Italy), or in finance companies, banks, insurance companies or large concerns, as well as a full description of the office held and the name of the Company.

The Board of Directors considered it necessary to analyse the matter and decide on the maximum number of Directorships or Auditorships in the above companies which may be considered compatible with effective performance of the duties of a Director of the Company.

The Board of Directors decided to avail itself of the assistance of a specialised company outside the Group and to set up self-assessment within the Board and the Board of Statutory Auditors, in line with the recommendations of the Corporate Governance Code (under the principle 1.C.1 (g)).

To this end the Board asked two independent Directors to coordinate the self-assessment programme. The results will be reviewed in 2007.

Independent Directors

The Board of Directors assesses the independence of the Directors annually on the basis of information supplied by the Directors themselves and informs the market of its assessment.

In 2006 the Board of Directors decided to continue to assess the independence of the Directors – in view of the fact that they will remain in office until after the approval of the 2007 Accounts – on the basis of the requisites indicated in § 3 of the July 2004 edition of the superseded Corporate Governance Code ("Codice Preda") pending approval in 2007 of § 3 of the new Corporate Governance Code.

At its meeting held on 19 December 2006 the Board of Directors collectively deemed that the following are independent Directors on the basis of the requisites specified by the superseded Codice Preda: Giorgio Brunetti, Antonio Bulgheroni, Marco Desiderato, Gaetano Morazzoni and Alfredo Malguzzi.

At the same meeting the Board decided to designate Giorgio Brunetti lead independent director with the functions specified in the application principle 2.C.3 of the current Corporate Governance Code. The functions are those suggested by international best practice and will in any event be more clearly defined in a forthcoming resolution of the Board.

Delegated Powers

The Board of Directors is a unitary and balanced body in which the delegated management powers entrusted to the Managing Director, Gianmario Tondato Da Ruos[2], are balanced by the responsibilities of executive and non-executive Directors in order to promote efficient discussion leading to decisions in line with the interests of the Company.
At every Board meeting and in any case within the term prescribed by law, the Managing Director and all Directors who have received special powers provide appropriate information to the Board and the Board of Auditors on the manner in which these powers have been exercised.

The Chairman

The Chairman is vested with legal powers and those specified in the Company's Articles, and has no executive powers. She/he is responsible for the functioning of the Board of Directors, for providing information to the Directors and for coordinating that activity of the Board, as well as proposing measures or projects that she/he considers necessary with the aim of augmenting the Directors' familiarity with the Company and its operations. The Chairman shall – with the assent of the other Directors – invite senior managers of the Company or of subsidiaries, or consultants, to attend meetings of the Board to describe certain transactions or technical and operational matters concerning the Company and the Group to the Board.

Meetings of the Board of Directors

Given inter alia the regularity with which its meetings are held (13 in 2006 and 10 already planned for 2007), the Board is able to act in a timely and effective manner and its membership is such that its decisions will always be based on the interests of the Company. In connection

(1) Phrase inserted by the Board of Directors at its meeting held on 5 August 2004 as required by the Corporate Governance Code issued by Borsa Italiana S.p.A. in July 2004.

(2) The Managing Director has general management powers, some of which are to be exercised within the following limits: a) Investments: up to €3,000,000; b) Purchase and sale and trade-in of machinery, plant, equipment, materials, and motor vehicles: up to €3,100,000 per transaction; c) Consultancy, intellectual and professional services in general: up to €1,000,000 per fixed-term contract; d) Acquisitions and/or disposals of companies or businesses: up to €1,000,000, gross of all charges and liabilities; e) Leases and subleases of buildings and similar units of property, leasing or subleasing of businesses, provided that the initial period of lease or sublease is not in excess of 9 years or if longer within terms fixed by the Board; the 9-year limit is not applicable to lease or sublease of businesses or property leases or subleases within shopping malls; f) Purchase, sale or underwriting of shares, equity interests or consortium shares: amounts not in excess of €100,000 per transaction; g)Credit agreements or facilities in general, financings or credit mandates, including those contracted in the interest of subsidiaries: up to €3,100,000 ; h) Applications - including in the interest of subsidiaries – for bank or insurance guarantees, issuance of letters of guarantee and undertakings in general, avals or letters of patronage: up to €3,100,000 for each transaction; i) Nomination of arbitrators, including amicable negotiators: up to €1,000,000 per dispute, but without limit on the value where the Company is a passive party to arbitration proceedings. Transactions exceeding these limits shall be submitted to the Board.

with the discussion of certain matters senior managers of the Company or the Group with specific know-how and responsibilities regarding questions under discussion are invited to attend Board meetings.

On 15 January 2006, as required by the Corporate Governance Code § 2.6.2 1(c), the company notified the market regulator of its annual calendar of corporate events for 2006.

At its meeting held on 27 April 2004, the Board of Directors deemed that the Company was not subject to the prerequisites as defined by the Italian Civil Code § 2497bis indicating that it was under the direction and coordination of its controlling entity, Edizione Holding S.p.A..
Subsequently, following transfer by Edizione Holding S.p.A. of its entire shareholding of 57.09% of Autogrill S.p.A.'s share capital to Schematrentaquattro S.r.l., which is wholly owned by Edizione Holding S.p.A., at its meeting held on 18 January 2007 the Board deemed that the Company was not subject to the prerequisites as defined by the Italian Civil Code § 2497bis indicating that it was under the direction and coordination of its controlling entity, Schematrentaquattro S.r.l..

Corporate Information Management

At its meeting of 15 March 2006 the Board of Directors adopted a Group procedure for transmitting inside information to the market pursuant to Law 62/2005 ("Community Law 2004") on market abuse.

The aim of this procedure is to govern internal management and external communication of inside information (i.e. information regarding Autogrill or one of its subsidiaries, or its share or financial instruments issued by it which is not in the public domain and, if made public, might materially affect the price of the share). Inside information is transmitted to the market as soon as it reaches a reasonable degree of certainty to ensure equality of information to all investors.

The Company has also set up a register containing the names of all individuals or legal entities who on account of their work or profession or the functions they perform in Autogrill or its subsidiaries have or may have access, regularly or occasionally, to inside information.
On inclusion in the register each name is required to sign an undertaking in which it declares that it is aware of its obligations and of the criminal or administrative sanctions with which the crimes of abuse of inside information and market manipulation are punished.

The Head of Group Corporate Affairs is responsible for keeping and updating this register.

The Company also constantly applies the principles contained in Borsa Italiana S.p.A.'s Guide to Market Information, which supplement existing legal measures and regulations.

Board Committees: Formation and Function

The Audit Committee

Since 24 April 2002 the Company has had an Audit or Internal Control Committee, whose members are non-executive, independent Directors, to consult and propose and with a mandate to analyse the problems and collect the elements underlying important decisions to be taken on the control of corporate operations.

On 27 April 2005 the Board appointed the following Directors to the Audit Committee: Giorgio Brunetti, Marco Desiderato and Alfredo Malguzzi, under the chairmanship of Giorgio Brunetti.

On 19 December 2006 the Board of Directors invested the Audit Committee with proposing and consultative functions in relation to the adoption of corporate governance rules by the Company and the Group. At the same meeting the committee was renamed Audit and Corporate Governance Committee.

On 18 January 2007 the Board of Directors reviewed and assessed the internal control system on the basis of extensive documentation submitted by the Managing Director and concluded that the system was adequate to the needs and size of the Group.

At the same meeting the Board up-dated the Committee's Regulations, the rules for the appointment, membership and function of the Committee, incorporating the indications of the Corporate Governance Code. The Regulations are available in the Company website www.autogrill.com.

The Committee's current mandate is to assist the Board of Directors with consultation and proposals, and specifically:
(a) to formulate internal control system policies, such that the main corporate risks are identified, measured, managed and monitored appropriately and to lay down the criteria of compatibility with sound and correct management;

(b) to nominate an executive director charged with supervising the internal control system;
(c) to describe the essential features of the internal control system in its Corporate Governance Report and assess its overall adequacy, effectiveness and actual workings;
(d) to ensure that the corporate governance rules are adopted in the Company and the Group.

The Audit and Corporate Governance Committee shall also
(a) on request by the Board of Directors, express an opinion on the appointment or removal of one or more persons responsible for internal auditing and determine their remuneration in line with Company policy;
(b) on request by the executive director appointed for the purpose, give its opinion on aspects of the identification of the main corporate risks and the planning, performance and management of the internal control system;
(c) assess, together with the company's heads of administration and the external auditors, the adequacy of the accounting principles in use and their uniformity for the purposes of the preparation of the consolidated accounts;
(d) oversee the effectiveness of the external auditing process;
(e) review the work-plan prepared by the Head of Internal Auditing and quarterly (or more frequent) reports on the auditing performed;
(f) review the negative findings noted in internal audit reports, or advised by the Board of Statutory Auditors or individual Statutory Auditors, or contained in the independent auditors' reports or management letter;
(g) evaluate the auditing firms' proposals in relation to the appointment by the Board and the Shareholders' Meeting of an independent auditor and oversee the independent auditor's work; assess the audit plan prepared for the external audit, the results disclosed in the recommendation letter and in general the independent auditor's performance, inter alia in terms of independence of judgement;
(h) review requests to use the appointed independent auditor for extra-audit services that are allowed and approve the procedure for applying for prior authorisation;
(i) carry out any further tasks assigned to it by the Board of Directors, with special reference to relations with the external auditor;
(j) report to the Board of Directors, at least half-yearly, on the occasion of the approval of the annual Accounts and half-yearly Report, on the activity undertaken and the adequacy of the internal control system.

In 2006 the Audit and Corporate Governance Committee met 7 times and reviewed inter alia:

- the method used to draw up the 2006 Audit Plan, prepared on the basis of an analysis of risk in all the Group's activities;
- the reports issued by Internal Auditing during 2006;
- the adequacy of accounting principles, in concert with the Group Administration, Finance and Taxation Manager, the Board of Statutory Auditors and the independent auditors;
- the process of identification, selection and appointment of the independent auditors, on the basis of technical, organisational and cost factors, for the years 2006-11;
- the market abuse and market manipulation prevention project which enables compliance with current legislation;
- the method of appointment of a co-sourcer (a firm other than the one appointed to carry out external auditing) to assist the Internal Auditing Department;
- the actions taken by the Company to comply with the Corporate Governance Code.

Appointment of Directors

The Board of Directors has seen as yet no reason – not least in light of the Corporate Governance Code principle 6.P.2 – to set up a Directors appointment committee, since it has never been difficult for the shareholders to suggest candidates for election nor has the Board itself ever had difficulty co-opting Directors pursuant to the Italian Civil Code § 2386 and the Company's Articles of Association § 10.

Remuneration of Directors

Since 15 May 2001, the Company has had a Remuneration Committee to better align the compensation system with the creation of value.

The Remuneration Committee is charged with proposing the Managing Director's remuneration and that of Directors with special responsibilities to the Board, as well as multi-year and annual monetary incentive plans linked to the attainment of certain results and specific objectives, and with monitoring the implementation of the Board's decisions. To ensure that the compensation system is in line with the market, when indicated by the Managing Director the Committee reviews criteria for remuneration and multi-year or annual incentive plans for managers of the Company and the Group, which are to be submitted to the Board for final decision.

The Remuneration Committee, in line with the recommendations of the Corporate Governance Code, is made up of non-executive Directors of which the majority are independent; some of its current members were appointed on 27 April 2005 and some on 18 January 2007 in compliance with the Corporate Governance Code; they are the following Directors: Alfredo Malguzzi (Committee Chairman), Gianni Mion and Antonio Bulgheroni.

In 2006 the Remuneration Committee met 3 times to review and propose to the Board, which approved them, (i) the Managing Director's rewards and remuneration, of which the essential financial detail is given in the appropriate note to the 2006 Accounts; (ii) the retention plan regarding the Managing Director and the top managers of the Company and the Group, (iii) certain changes to the 2004-2006 monetary incentive plan for management and the 2007-2009 monetary incentive plan linked to profit/financial targets and role objectives for the individual manager.

The Internal Control System

Responsibility for the internal control system rests with the Board of Directors, which lays down policy for internal auditing and risk management. The Managing Director – pursuant to a resolution of the Board taken at its meeting held on 18 January 2007 and the Corporate Governance Code application principle 8.C.5 – is tasked with supervising the workings of the internal control system. The Board periodically checks the effectiveness of the internal control system with the assistance of the Audit and Corporate Governance Committee and the Internal Auditing Department.

The internal control system is the sum of the rules, procedures and organisational structures designed to promote – by means of an appropriate system of identification, measurement, management and monitoring of the main risks – company management that is sound, correct and in line with objectives.

The system works through:

- 'primary line controls' of its processes by each unit and Group company. The responsibility for these controls lies with management and is an integral part of each process.
- the Internal Auditing Department, identified in the Head of Internal Auditing (independent of line managers, it reports direct to the Managing Director and presents its findings to the Audit and Corporate Governance Committee and the Board of Statutory Auditors) analyses risk across all the operations and processes mapped within each Group company, monitors primary line controls by means of specific audits and follows up corrective action recommended during an audit which will help to improve the internal control system.

Within the Company's internal control system there are staff functions charged with monitoring the factors that are useful to ensure continuous information on economic and market trends and events in order to be able to manage potential risk and intercept opportunities.

The area of reference is everywhere the Group operates, with special focus on emerging markets.

The findings of all internal audits are promptly brought to the attention of the Managing Director, senior management and, on a quarterly basis, the Audit and Corporate Governance Committee and the Board of Statutory Auditors, who are required by Legislative Decree 58/98 (Single Finance Act), §149, to monitor the adequacy of the internal control system.

In 2007 the Board will review and assess – as proposed by the Managing Director – adoption of Corporate Governance Code sub-principle 8.C.5 (c) in respect of the appointment and remuneration of the Head of Internal Auditing.

Directors' Interests and Related-Party Transactions

The Board of Directors at its meeting of 24 January 2006 approved the related-party transaction procedure, which governs both related-party transactions conducted in the normal run of business by the Parent Company which do not evince critical issues (Usual Transactions) and those outside the normal business of the Parent Company (Significant Transactions or Significant and Relevant Transactions).

The Board of Directors is properly informed at each meeting of all related-party transactions, including those carried out within delegated powers. Related-party transactions (as defined in IAS 24, introduced to the Group's regulations by CONSOB's 2005 resolution 14990) and intercompany transactions are settled at arm's length, i.e., on terms that would have applied between two independent counterparties in observance of principles of substantive and procedural correctness. Usual Transactions, including intercompany transactions, are reported to the Autogrill S.p.A. Board for information purposes.

Significant Transactions or Significant and Relevant Transactions are submitted to the Autogrill S.p.A. Board for prior assessment.

When the Board is in the process of adopting a resolution, any Director with an interest in the transaction (including potential and indirect interests) shall promptly inform the Board of the existence and details of the interest and leave the meeting when the resolution is taken, unless this impairs the quorum, in which case the Director concerned will not speak to the resolution and will abstain from voting.

Where the nature, the amount or other characteristics of a related-party transaction require it, in order to prevent the transaction being concluded under terms and conditions different from those that would have been agreed with unrelated parties, the Board may call in independent experts to express a technical, financial or legal opinion; different experts may be used for the parties in the more significant cases.

Significant and Relevant Transactions – i.e., those that might have a significant impact on company equity or the completeness and accuracy of information relating to Autogrill S.p.A. including accounts data – shall, once approved by the Board, be made public by means of an information memorandum or press release.

Related-party transactions are reported in a specific section of the report on operations included in the annual report and accounts.

At the time of writing there have been no related-party transactions – including transactions carried out through subsidiaries – which by reason of purpose, price, methods used or time-scale would be included among those requiring to be notified to the market pursuant to CONSOB resolution 11971 §71bis and subsequent amendments.

It is also noted that the contractual relationships connected with the award of catering and retail concessions along the motorways managed by the Autostrade Group are conducted according to competitive and transparent procedures managed by an independent advisor as required by the Italian anti-trust authority (Autorità Garante della Concorrenza e del Mercato).

The Internal Dealing Procedure

At its meeting of 15 March 2006, the Board of Directors adopted an Internal Dealing Procedure in compliance with Law 62/05 (the "2004 Community Law"), which replaces the Internal Dealing Code originally adopted on 6 November 2002 and subsequently amended.

Under this new procedure the Relevant Persons definition has been narrowed to include only the Directors and Statutory Auditors of Autogrill, their close family members and the controlling entity Autogrill S.p.A., who are obliged to notify the market of any transactions they carry out involving the Company's shares and any other financial instruments it has issued. The transaction amount below which notification is not required has been lowered to €5,000. Relevant Persons may make the prescribed notification either direct or through the Company.

Relevant Persons are prohibited from trading Parent Company financial instruments in certain periods of the year leading up to approval of Accounts for the period.

The person designated to receive, manage and distribute the information required under the Procedure is the Head of Group Corporate Affairs.

The Board of Statutory Auditors

Pursuant to the rules laid down in Legislative Decree 58/98 (Single Finance Act) the Company has included in its Articles of Association provisions designed to enable a member of the Board of Statutory Auditors to be elected on a list vote.

The lists of candidates for the office of Statutory Auditor together with exhaustive information as to their personal and professional characteristics, at least fifteen days prior to the date of the Shareholders' Meeting.
The lists together with information as to the candidates' characteristics are published in the Company website www.autogrill.com.

The current Board of Statutory Auditors was elected by list vote at the Shareholders' Meeting held on 27 April 2006 pursuant to the Company's Articles § 19 and will remain in office until approval of the 2008 Accounts. The Board's members are: Luigi Biscozzi (Chairman), Gianluca Ponzellini and Ettore Maria Tosi (Standing Auditors) and Giorgio Silva and Graziano

Gianmichele Visentin (Alternate Auditors).
Pursuant to Decree 162/00, Section 3, as issued by the Justice Minister in concert with the Treasury Minister, the Board has ascertained that the current members of the Board of Statutory Auditors are in possession of the requisites laid down in §§ 1 and 2 of the Decree. Specifically, the Statutory Auditors are enrolled in the register of revisori contabili and have exercised the profession for at least 3 years.

At its meeting held on 17 January 2007 the Board of Statutory Auditors noted the process of adaptation and adoption of the rules of corporate governance in line with the new Corporate Governance Code.

At the same meeting the Board of Statutory Auditors – bearing in mind that the legally prescribed three-year period of office does not permit advance renewal – ascertained that all its members were in possession of the requisites of independence pursuant to the superseded Preda Code § 3.

The Independent Auditors

On 29 July 2005 the Board of Directors adopted a Group-wide procedure for the selection of independent auditors of Autogrill and its subsidiaries. The procedure ensures that the Parent's external auditing firm is also responsible for audits of subsidiaries of Autogrill S.p.A. Use of firms other than that indicated by the Parent shall be properly justified and agreed in advance with the Audit and Corporate Governance Committee.

The procedure also aims to guarantee the independence of the auditing firm in respect of the appointing auditee. To this end mandates for services incompatible with the audit role may not be given to the independent auditors, pursuant to current regulations. The first application of this procedure occurred at the Shareholders' Meeting held on 27 April 2006, which appointed KPMG S.p.A. as the Company's independent auditors for the six-year period 2006-2011.

Shareholders' Relations

In order to facilitate shareholder attendance at annual meetings, the Company publishes appropriate information in accordance with the legally prescribed timetable.

In 2006 one Shareholders' Meeting was held, on 27 April, to resolve inter alia on the appointment of the Statutory Auditors, the appointment of the external auditors for the six-year period 2006-2011 and the authorisation to buy and possibly later sell Autogrill S.p.A. shares within the terms and conditions of the explanatory note prepared by the Directors.

The Rules for Shareholders' Meetings were adopted in order to conduct the meetings in an orderly and efficient manner and are published in the website www.autogrill.com.

In 2006 the Company's website www.autogrill.com was completely reorganised and extended to include specific sections dedicated to corporate governance. Shareholders thus have access online to the Accounts, corporate documents, financial news, the Company's procedures and codes and all other information on the Company.

Investor Relations

The Company set up its investor relations unit in 1997 with the aim of maintaining a continuous dialogue with shareholders in general and in particular institutional investors and analysts.

This department has the means and skill to carry out its duties in line with top management's decisions inter alia by making requested information available to the public as well as prompt notification of significant corporate events and continuous telephone contact and periodical meetings with investors and analysts.

In 2006 investor relations conducted:
- more than 200 one-to-one meetings with investors;
- 11 road-shows;
- 1 analysts' meeting for the presentation of the 2005 Accounts;
- 3 conference calls on publication of quarterly and half-yearly results.

Publication of quarterly results and shareholders' meetings – attendance at which is strongly encouraged and facilitated – are, in the Company's opinion – crucial occasions for exchanges between shareholders and the Board of Directors.

The following meetings of corporate bodies are
planned for 2007:

12.03.2007	Board Meeting: review and approval of the Autogrill Group's consolidated Accounts and the draft Annual Report of Autogrill S.p.A. at 31 December 2006
24.04.2007/ 02.05.2007	Shareholders' Meeting to approve the 2006 Accounts (1st and 2nd convocation)
10.05.2007	Board Meeting: review and approval of the Quarterly Report at 31 March 2007
11.09.2007	Board Meeting: review and approval of the First Half Report at 30 June 2007
09.11.2007	Board Meeting: review and approval of the Quarterly Report at 30 September 2007

Schedules

The following are given below:

1) Membership of the Board of Directors and Board Committees

2) List of offices held by Directors

3) Board of Statutory Auditors

4) List of offices held by Statutory Auditors

5) Other provisions of the Corporate Governance Code

Membership of the Board of Directors and Board Committees

Office	Members	Executive	Non executives	Independent	Number of other offices held **	Audit and Corporate Governance Commitee	Remuneration Comitee
Board of Directors							
Chairman	Benetton Gilberto		•		10		
Managing Director	Tondato Da Ruos Gianmario	•			3		
Director	Benetton Alessandro		•		7		
Director	Brunetti Giorgio*		•	•	4	•	
Director	Bulgheroni Antonio		•	•	6		•
Director	Desiderato Marco*		•	•	7	•	
Director	De Simoi Sergio		•		7		
Director	Erede Sergio		•		10		•
Director	Mion Gianni		•		11		•
Director	Malguzzi Alfredo*		•	•	10	•	
Director	Morazzoni Gaetano		•	•	5		

Reasons for not yet setting up a directors appointment committee:

The Board of Directors has seen as yet no reason – not least in light of the Corporate Governance Code principle 6.P.2 – to set up a Directors appointment committee, since it has never been difficult for the shareholders to suggest candidates for election nor has the Board itself ever had difficulty co-opting Directors pursuant to the Italian Civil Code 2386 and the Company's Articles of Association 10.

		Board of Directors		Audit and Corporate Governance Committee		Remuneration Committee	
Number of meetings held in Financial Year 2006			**13**		**7**		**3**
Chariman	Benetton Gilberto	13	100%				
Managing Director	Tondato Da Ruos Gianmario	13	100%				
Director	Benetton Alessandro	9	69.2%				
Director	Brunetti Giorgio*	13	100%	7	100%		
Director	Bulgheroni Antonio	6	46.2%			3	100%
Director	Desiderato Marco*	13	100%	7	100%		
Director	De Simoi Sergio	12	92.3%				
Director	Erede Sergio	11	84.6%			3	100%
Director	Mion Gianni	12	92.3%			3	100%
Director	Malguzzi Alfredo*	13	100%	7	100%		
Director	Morazzoni Gaetano	12	92.3%				

(*) Director elected in the minority list.
(**)Offices held by Directors or Statutory Auditors in other companies listed in regulated markets, including non-Italian companies, or in finance companies, banks, insurance companies or large concerns.

List of Offices held by Directors

Director	Office	Company
Gilberto Benetton	Chairman	Edizione Holding S.p.A.
	Vice Chairman	Olimpia S.p.A.
	Vice Chairman	Telecom Italia S.p.A.
	Director	Autostrade S.p.A.
	Director	Benetton Group S.p.A.
	Director	Lloyd Adriatico S.p.A.
	Director	Mediobanca S.p.A.
	Director	Pirelli e C. S.p.A.
	Director	Schemaventotto S.p.A.
	Chairman	Sintonia S.p.A.
Gianmario Tondato Da Ruos	Director	Aldeasa S.A.
	Lead independent Director	Lottomatica S.p.A.
	Director	Guala Closures S.p.A.
Alessandro Benetton	Director and Vice Chairman	NordEst Merchant S.p.A.
	Vice Chairman and member of the Executive Committee	Benetton Group S.p.A.
	Director and Chairman	21 Partners SGR S.p.A.
	Member of the Supervisory Board	21 Centrale Partners S.A.
	Chairman	21, Investimenti Partners S.p.A.
	Chairman	21, Investimenti S.p.A.
	Director	Edizione Holding S.p.A.
Giorgio Brunetti	Director	Carraro S.p.A.
	Director	Messaggerie Libri S.p.A.
	Director	Messaggerie Italiane S.p.A.
	Director	Benetton Group S.p.A.
Antonio Bulgheroni	Chairman and Managing Director	Lindt & Sprüngli S.p.A.
	Chairman	Caffarel S.p.A.
	Chairman	Ferro Tubi Lamiere Rossi S.p.A.
	Chairman	Banca Popolare Commercio e Industria S.p.A.
	Director and member of the Executive Committee	Chocoladefabriken Lindt & Sprüngli A.G.
	Director	Banche Popolari Unite S.c.r.l.
Marco Desiderato	Chairman	Millennium Sim S.p.A.
	Director	Lames S.p.A.
	Director	Istituto Ligure Mobiliare S.p.A.
	Director	Capitalimpresa S.p.A.
	Director	Ligurcapital S.p.A.
	Director	Fidimpresa Liguria S.c.r.l.
	Director	Lertora & Partners Insurance Brokers S.r.l.
Sergio De Simoi	Director	Autostrade S.p.A.
	Director	21, Investimenti S.p.A.
	Director	21, Investimenti Partners S.p.A.
	Director	Schemaventotto S.p.A.
	Director	Sintonia S.A.
	Director	Sintonia S.p.A.
	Statutory Auditor	Olimpia S.p.A.
Sergio Erede	Director	Manifatture Lane Gaetano Marzotto & Figli S.p.A.
	Director	Interpump Group S.p.A.
	Director	Manuli Rubber Industries S.p.A.
	Director	Carraro S.p.A.
	Director	Società Italo Britannica L. Manetti – H. Roberts S.p.A.
	Director	Luxottica Group S.p.A.
	Director	Valentino Fashion Group S.p.A.
	Director	Gruppo Editoriale L'Espresso S.p.A.
	Director	BNL Progetto S.p.A.
	Vice Chairman	Banca Nazionale del Lavoro S.p.A.

Director	Office	Company
Gianni Mion	Director	21, Investimenti S.p.A.
	Director	Autostrade S.p.A.
	Director	Benetton Group S.p.A.
	Managing Director	Edizione Holding S.p.A.
	Director	Olimpia S.p.A.
	Director	Schemaventotto S.p.A.
	Director	Telecom Italia S.p.A.
	Director	Luxottica Group S.p.A.
	Director	Cartiere Burgo S.p.A.
	Director	Aeroporti di Roma S.p.A.
	Managing Director	Sintonia S.p.A.
Alfredo Malguzzi	Director	Locman S.p.A.
	Director	Borgo Scopeto e Caparzo S.r.l. Società Agricola
	Director	FinecoBank S.p.A.
	Sole Director	Nebula S.r.l.
	Chairman Board of Auditors	Cargoitalia S.p.A.
	Chairman Board of Auditors	Consilium SGR S.p.A.
	Statutory Auditor	Egidio Galbani S.p.A.
	Statutory Auditor	Gruppo Lactalis Italia S.p.A.
	Statutory Auditor	biG S.r.l.
Gaetano Morazzoni	Chairman	Spea Ingegneria Europea S.p.A.
	Director	Autostrada Autocamionale della Cisa S.p.A.
	Vice Chairman	Fondazione Fiera Milano S.p.A.
	Director	Aeroporti di Firenze S.p.A.
	Chairman	Autoparco Brescia Est S.r.l.

Board of Statutory Auditors

Office	Members	Per cent. meetings attended	Number of other offices held**
Chairman	Biscozzi Luigi*	100%	–
Standing Auditor	Ponzellini Gianluca	100%	2
Standing Auditor	Tosi Ettore Maria	100%	–
Alternate Auditor	Giorgio Silva*	=	
Alternate Auditor	Visentin Graziano Gianmichele	=	

Meetings held in Financial Year 2006: 8.

Quorum required for the presentation of lists by minority shareholders to elect one or more standing auditors (under TUF - Single Finance Act - 148): 3%.

(*) Statutory Auditor elected on a minority shareholders' list.
(**) Offices held in other companies listed in Italian regulated markets.

List of Offices held by Statutory Auditors

Statutory Auditor	Office	Company
Luigi Biscozzi	Chairman of Board of Auditors	Costa Crociere S.p.A.
	Chairman of Board of Auditors	Fire S.p.A.
	Chairman of Board of Auditors	New Mood S.p.A.
	Standing Auditor	Polimeri Europa S.p.A.
	Standing Auditor	Syndial S.p.A.
	Standing Auditor	Touring Editore S.r.l.
	Standing Auditor	Touring Servizi S.r.l.
	Standing Auditor	Touring Vacanze S.r.l.
	Standing Auditor	Touring Viaggi S.r.l.
Gianluca Ponzellini	Standing Auditor	Banca Caboto S.p.A.
	Supervisory Board Member	Intesa San Paolo S.p.A.
	Chairman of Board of Auditors	Banca Intesa Private banking S.p.A.
	Standing Auditor	Casa Editrice Universo S.p.A.
	Chairman of Board of Auditors	De Longhi S.p.A.
	Chairman of Board of Auditors	De Longhi Capital Services S.p.A.
	Chairman of Board of Auditors	Dì per dì S.r.l.
	Standing Auditor	GS S.p.A.
	Chairman of Board of Auditors	ECS International Italia S.p.A.
	Standing Auditor	Euromobiliare Asset Management SGR
	Chairman of Board of Auditors	Luisa Spagnoli S.p.A.
	Standing Auditor	Paravia Bruno Mondadori Edit. S.p.A.
	Director	Schemaventotto S.p.A.
	Chairman of Board of Auditors	Autogrill International S.r.l.
	Standing Auditor	Alfa S.p.A.
	Standing Auditor	AMPS ENERGIE S.r.l.
	Standing Auditor	Caretti & Associati S.p.A.
	Standing Auditor	Casa Damiani
	Standing Auditor	Didieffe Editoriale S.p.A.
	Standing Auditor	Del Duca Editori S.r.l.
	Standing Auditor	Edizioni del Duca S.p.A.
	Standing Auditor	Edizioni Bruno Mondatori S.p.A.
	Standing Auditor	Etnastore S.p.A.
	Chairman of Board of Auditors	Finmar S.p.A.
	Chairman of Board of Auditors	MAR S.p.A.
	Chairman of Board of Auditors	Nuova C.V. S.r.l.
	Chairman of Board of Auditors	Nuova D.M. S.r.l.
	Chairman of Board of Auditors	Nuova D.P. S.r.l.
	Chairman of Board of Auditors	Nuova DSL S.r.l.
	Chairman of Board of Auditors	Nuova S.D. S.r.l.
	Standing Auditor	Pegaso S.p.A.
	Chairman of Board of Auditors	Spaim S.p.A.
	Chairman of Board of Auditors	Spama S.r.l.
	Chairman of Board of Auditors	Spapi S.r.l.
	Standing Auditor	SSC S.r.l.
	Chairman of Board of Auditors	Sviluppo Alimentare S.r.l.
	Standing Auditor	Tre D Editoriale S.p.A.
	Standing Auditor	Unimedia S.r.l.
	Standing Auditor	Unistar S.r.l.
	Standing Auditor	Unitop S.r.l.
	Standing Auditor	Universo Pubblicità S.r.l.
	Standing Auditor	Universo S.p.A.
	Standing Auditor	World Servizi Editoriali S.p.A.
	Chairman	Metodo S.r.l.
	Managing Director	Senatus S.r.l.

Statutory Auditor	Office	Company
Ettore Maria Tosi	Standing Auditor	Alenia Aermacchi S.p.A.
	Standing Auditor	Autogrill International S.r.l.
	Standing Auditor	Dasit S.p.A.
	Standing Auditor	Hay Group S.r.l.
	Standing Auditor	IBT S.p.A.
	Standing Auditor	Logic S.p.A.
	Standing Auditor	Edilmarket
	Standing Auditor	Santanna S.r.l.
	Standing Auditor	Xilon S.r.l.
	Standing Auditor	Draba S.r.l.
	Standing Auditor	Fidecos S.p.A.
	Standing Auditor	Zaira S.r.l.
	Standing Auditor	Finanziaria Tre Gigli S.p.A.

Other provisions of the Corporate Governance Code

	YES	NO	Brief explanation of reasons for non-compliance with Code recommendations
Directors' Powers and Related-Party Transactions			
Has the Board of Directors delegated powers and defined their:			
a) limits	•		
b) use	•		
c) and frequency of reporting?	•		
Has the Board of Directors retained the power to review and authorise transactions of particular importance in terms of profitability, capital adequacy and financial management (including related-party transactions)?	•		
Has the Board of Directors laid down guidelines and criteria for identifying 'significant' transactions?	•		
Are these guidelines and criteria described in the report?	•		
Has the Board of Directors laid down specific procedures for the review and authorisation of related-party transactions?	•		As of today there have been no related-party transactions – including transactions carried out through subsidiaries – which by reason of purpose, price, methods used or time-scale would be included among those requiring to be notified to the market pursuant to CONSOB resolution 11971 §71bis and subsequent amendments.
Are the procedures for authorisation of related-party transactions described in the?	•		
Procedures for most recent Director and Statutory Auditor appointments			
Were the Directorship candidates' names lodged at least ten days in advance?	•		
Were the Directorship candidates' names accompanied by exhaustive information?	•		
Were the Directorship candidates' names accompanied by an indication as to whether they would qualify as independent directors?	•		
Were the Statutory Auditorship candidates' names lodged at least ten days in advance?	•		
Were the Statutory Auditorship candidates' names accompanied by exhaustive information?	•		
Shareholder's Meetings			
Has the Company approved Shareholders' Meeting Regulations?	•		
Are these Regulations attached to the report (or is there an indication of where they may be obtained or downloaded?	•		
Internal Control			
Has the Company designated those responsible for Internal Auditing?	•		
Are these officers hierarchically independent of line managers?	•		
Unit charged with internal auditing (as per CGC § 9.3)			DIREZIONE INTERNAL AUDIT & CSR
Investor relations			
Has the Company designated a head of investor relations?	•		
Unit name and contact details (address/tel./fax/e-mail) of head of the of investor relations			INVESTOR RELATIONS – Elisabetta Cugnasca Centro Direzionale Milanofiori – Strada 5 Palazzo Z Tel: 02-48263246 – Fax: 02-48266246 e-mail: elisabetta.cugnasca@autogrill.net

Personal Data Protection

The Parent has drawn up and in 2006 up-dated a Security Plan (known as DPS) as required by the personal data protection legislation, prepared in accordance with the Company's special needs.
In 2006 the Parent continued to ensure that current rules were complied with and specifically:

(i) special training courses were held for those handling personal data;
(ii) databases containing sensitive information were newly inventoried;
(iii) security procedures were adopted with special reference to personal data handling and storage when held in hard copy;
(iv) existing security procedures were enforced with special regard to computer access points in stores;
(v) customer and visitor information on data protection and video-surveillance was updated.

As required by the Legislative Decree 58/98's enabling Regulation § 79, as adopted by CONSOB resolution 11971 dated 14 May 1999, it is stated that no persons holding office as Directors, Statutory Auditors or General Managers in 2006, or part thereof, hold Shares in Autogrill S.p.A. and subsidiaries.

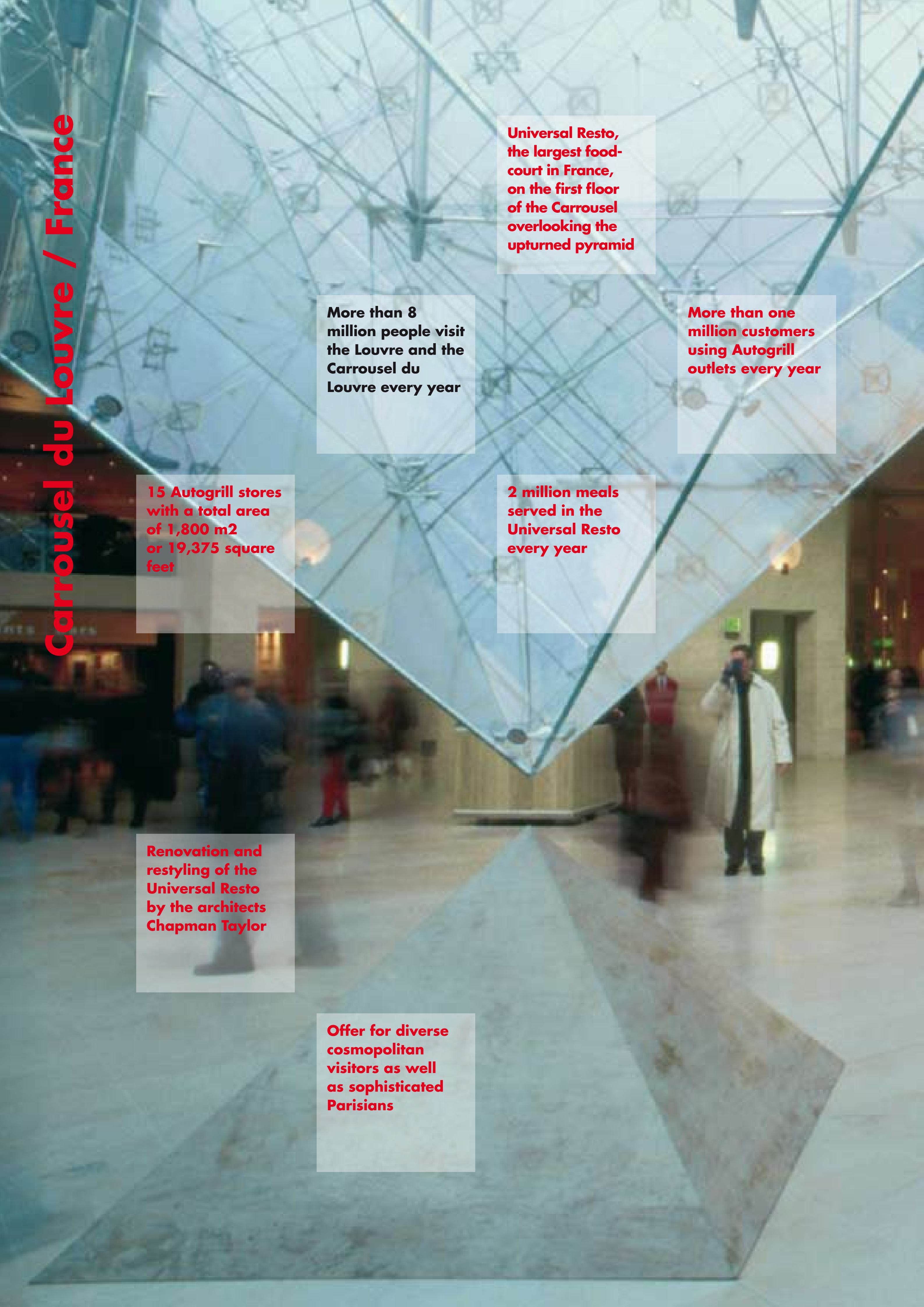
Shares in Autogrill S.p.A. and Subsidiaries held by Directors, Statutory Auditors and General Managers

As required by the Legislative Decree 58/98's enabling Regulation § 79, as adopted by CONSOB resolution 11971 dated 14 May 1999, it is stated that no persons holding office as Directors, Statutory Auditors or General Managers in 2006, or part thereof, hold Shares in Autogrill S.p.A. and subsidiaries.

Treasury Shares

As at 31 December 2006 neither the Parent nor any company consolidated by the Group, held treasury shares or shares in controlling entities or subsidiaries, nor did they purchase or dispose of such shares in 2006 whether directly or indirectly or through a fiduciary company or nominee.

Carrousel du Louvre / France



Universal Resto, the largest food-court in France, on the first floor of the Carrousel overlooking the upturned pyramid

More than 8 million people visit the Louvre and the Carrousel du Louvre every year

More than one million customers using Autogrill outlets every year

15 Autogrill stores with a total area of 1,800 m2 or 19,375 square feet

2 million meals served in the Universal Resto every year

Renovation and restyling of the Universal Resto by the architects Chapman Taylor

Offer for diverse cosmopolitan visitors as well as sophisticated Parisians

3.1 Global Economic Prospects

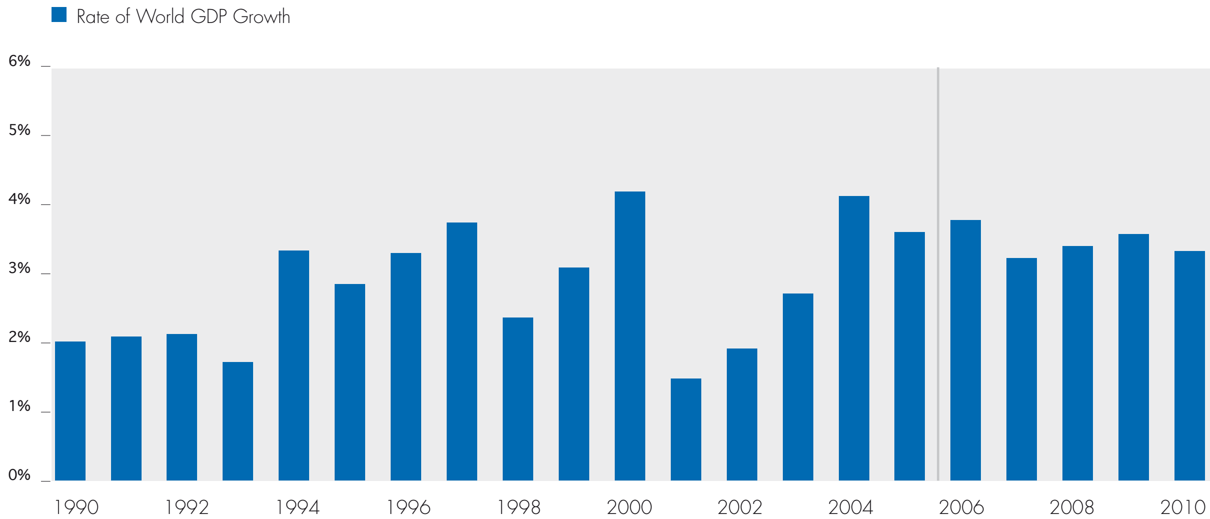
In 2006 world GDP grew by 3.4% with varying growth rates in individual economies:

- strong growth in China (8.5%), the Russian Federation (5.5%) and in European emerging economies (5.8%);
- significant growth in the other Asian economies including India of 5%;
- good growth in the US (3.5%) and Japan (3.2%);
- moderate growth in western European countries of 2.2%.

This performance was accompanies by a significant increase in utilities prices due to oil price rises.

The world economy's growth prospects are still good, even though this will be at lower rates than those seen in 2006.

Macroeconomic Overview
The Prospective Scenario 2007-2009



Source: Prometeia; European Central Bank; Global Insight Inc.

3.2 Prospects in the Main Business Segments of the Group

3.2.1 Airports

Over the next 10 years it is expected that there will be large investments in extensions to the main airports of the world (over $120bn in the top 40 international airports in terms of traffic, based on future traffic growth as forecast).

In Asia the top twelve airports' passenger traffic is 0.35 billion PAX annually and investment is forecast to be $50bn.

Significant capex is also forecast for mid-size airports (i.e., those with airport traffic in the range of 5-10 million PAX annually).

On the demand side, households are spending ever-increasing amounts on travel.

Over the next three years world passenger traffic growth is forecast at around 4% – 5%, according to ACI (Airport Council International).

Investment in the main airports of the World

(~$120bn in the five-year period 2006 - 2010)

North America

Number of airports (>25m Passengers)	22
Annual Traffic* (Billion Passengers)	0.9
Forecast Investment ($ billion)	~40

Europe

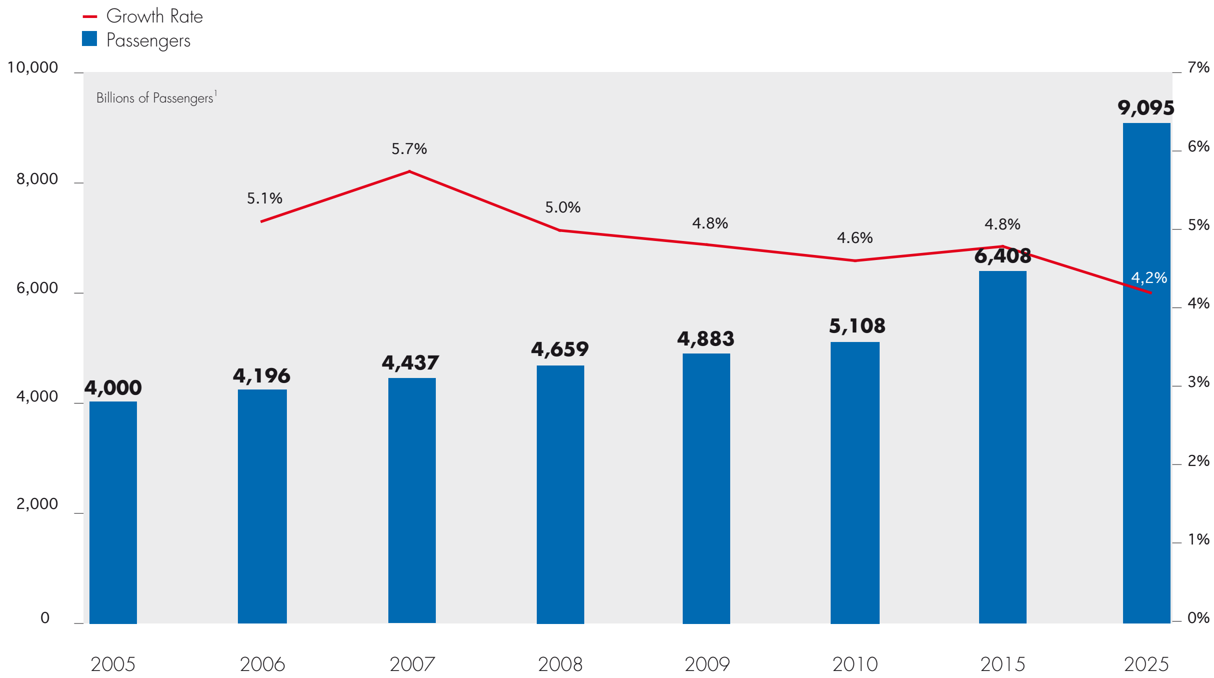
Number of airports (>25m Passengers)	10
Annual Traffic* (Billion Passengers)	0.4
Forecast Investment ($ billion)	~32

Asia

Number of airports (>25m Passengers)	12
Annual Traffic* (Billion Passengers)	0.35
Forecast Investment ($ billion)	~50

Sources:
North America: Top 20 Airports master plan/competitive plan.
Europe: Mintel 2006.
Asia: Center for Aviation 2006.
(*) Worldwide Airport Traffic Statistics - December 2005.

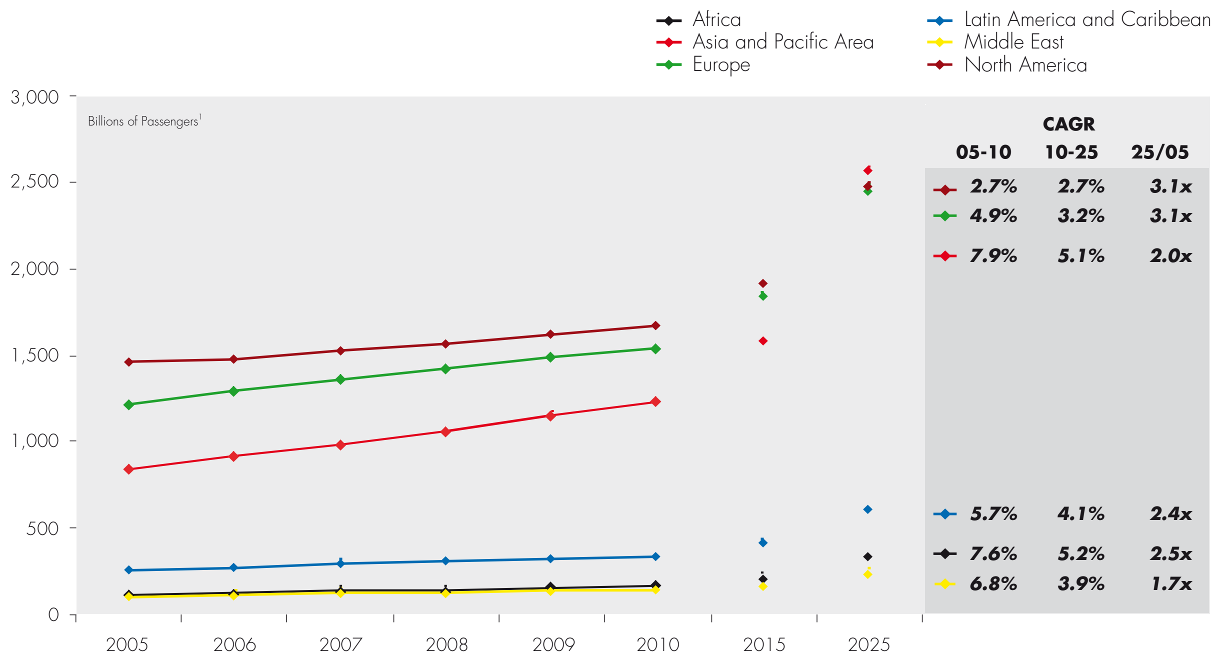
Projections of World Passenger Traffic



(1) Passengers = Departures + Arrivals - Source: Airport Council International, ACI 2006-2025.

Higher growth rates are forecast for the Pacific, Latin America and the Middle East. Up to 2010 growth of 2.7% is forecast for North America and 4.9% for Europe (due to the later entry of low-cost airlines than in the US).

Passenger Traffic Growth by Geographical Area 2005-2025



(1) Passengers = Departures + Arrivals - Source: Airport Council International, ACI 2006-2025.

3.2.2 Motorways

In the coming years investment to upgrade the main motorways of the largest Western countries will continue (i.e. the North-South and East-West corridors in Europe and the planned investment in the larger countries of Eastern Europe), as it will in emerging economies such as certain Asian countries.

Frequently these works are carried out without closing the network, which can sometimes worsen traffic conditions and the desire to stop.

However the basic trend is expected to be one of constant growth. Motorway traffic is forecast to increase in the next 3-4 years in all of the Autogrill Group's reference areas (North America and Europe) at rates of 1% to 2%.

Furthermore, the up-dating of the offering of motorway service areas – in Europe as in the US – will continue, in order to serve commuters and short-haul travellers better, a group which is expected to grow steadily.

Against this background the Autogrill Group has an opportunity to significantly extend its area of operations as well as consolidating its coverage of the markets where it already operates.

3.3 Outlook for the Group

Principal Concessions won and Acquisitions in the early months of 2007

Aldeasa's development in international markets continues. After the concessions won in 2005 in Kuwait City and Vancouver, in early 2007 Aldeasa finalised a concession for retail & duty-free concepts in Atlanta airport – the largest in the world in terms of passenger traffic.

At the end of February 2007 Aldeasa – in joint-venture with the ITDC (Indian Tourism Development Corporation, a Government holding company for holiday concerns and the main duty-free concern in India for the last 40 years, which also controls hotel chains and travel agencies) – won a tender for the management of four duty-free stores in Mumbai's Chatrapati Shivaji international airport, the largest in India in terms of passenger traffic. This transaction signals further progress in the Autogrill Group's expansion into Asia, where it already operates through its US division HMSHost in Kuala Lumpur, Malaysia and Bangalore, India airports.

In early 2007 in North America the US division HMSHost signed two renewals and three new concessions in five important airports: Honolulu, Portland, Port Columbus, Jacksonville and Providence. The extension in Honolulu (where HMSHost has operated since 1978) was concluded over two years in advance and extends the concession to 2014. This operation will generate aggregate cumulative turnover of over \$300m in the period 2007-2014.
At the same time HMSHost has strengthened its presence in Portland (Oregon) airport, where it has operated since 2002, by winning two new concessions to run five new food and beverage stores (in addition to the current two) which, over the ten-year life of the concession, will generate forecast cumulative turnover of about \$45m.
In Port Columbus (Ohio), where it has operated since 1997, HMSHost has renewed its catering concession in 10 concepts in the airport three years in advance, until 2016. This concession will generate forecast cumulative turnover of about \$120m in the period January 2007 – December 2016.
Renewal of the concession in Jacksonville, Florida and a new concession in Providence, Rhode Island airport will generate forecast aggregate cumulative turnover of over \$430m in the period 2007-2022.
At the beginning of February 2007 the Group took over the catering business at the Carrousel du Louvre in Paris. This is the first time the Group has entered the museum and shopping mall business segment in France.

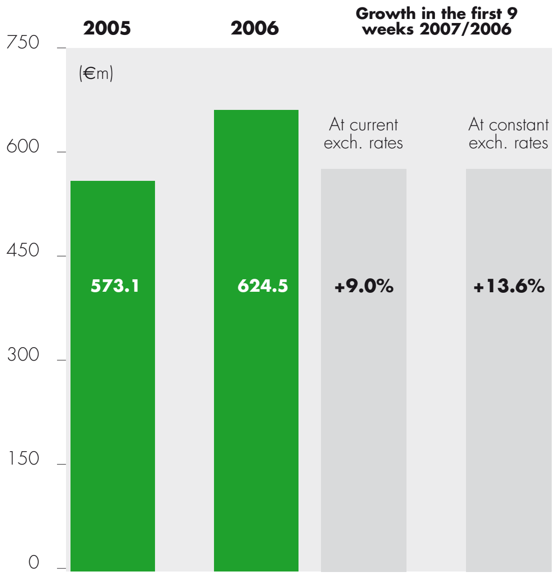
Results of the first nine weeks of 2007 and Business Outlook

Group revenue grew by 9% despite the unfavourable US dollar exchange rate. At constant exchange rates growth was 13.6%.

The 9-week period is in any case too short and seasonally unrepresentative to be able to extrapolate a trend for the full year.

However, the Group is confident that its results will be above those of 2006.

Revenue in the first 9 weeks 2006



Consolidated Accounts

Los Angeles International Airport / United States

Airlines serving 69 international destinations

More than 10 million customers are served under the Group's signs every year

43 food & beverage and retail stores run by HMSHost

The airport's Imperial Hill area is famous for commercial aircraft spotting and watching take-offs and landings

More than 61 million travellers used this airport in 2006

17 brands including Starbucks, Burger King, Gordon Biersch, CK ASAP and Brioche Dorée Café

657,000 inward and outward flights a year

4.1 Consolidated Balance Sheet

Notes	(€k)	31.12.2006	31.12.2005	Change
I	Cash and cash equivalents	216,810	144,162	72,648
II	Other financial assets	19,989	15,658	4,331
III	Income tax credits	2,552	7,132	(4,580)
IV	Other receivables	87,816	91,927	(4,111)
V	Trade receivable	60,035	51,846	8,189
VI	Inventory	137,609	132,960	4,649
	Total current assets	**524,811**	**443,685**	**81,126**
VII	Property, plant and equipment	768,435	795,498	(27,063)
VIII	Goodwill	1,060,580	1,080,872	(20,292)
IX	Other intangible assets	60,903	56,015	4,888
X	Equity Investments	5,272	4,293	979
XI	Other financial assets	35,861	18,563	17,298
XII	Loans	-	130,537	(130,537)
XIII	Deferred tax assets	98,479	121,828	(23,349)
XIV	Other credits	10,267	11,640	(1,373)
	Total non-current assets	**2,039,797**	**2,219,246**	**(179,449)**
XV	**Assets held for sales**	**21,442**	**-**	**21,442**
	Total assets	2,586,050	2,662,931	(76,881)
XVI	Accounts payable	469,563	437,416	32,147
XVII	Income tax liabilities	7,887	12,553	(4,666)
XVIII	Other liabilities	270,534	239,455	31,079
XIX	Due to banks	192,068	149,359	42,709
XX	Other financial liabilities	22,212	27,331	(5,119)
XXV	Provisions	10,518	5,158	5,360
	Total current liabilities	**972,782**	**871,272**	**101,510**
XXI	Other liabilities	34,838	10,835	24,003
XXII	Borrowings (net of current portion)	492,599	690,012	(197,413)
XXIII	Bonds	319,409	351,089	(31,680)
XIII	Deferred tax liabilities	44,897	65,863	(20,966)
XXIV	Severance pay and other employee benefits	113,447	108,288	5,159
XXV	Provisions	50,134	82,931	(32,797)
	Total non-current liabilities	**1,055,324**	**1,309,018**	**(253,694)**
	Total liabilities	2,028,106	2,180,290	(152,184)
	Shareholders' equity	557,944	482,641	75,303
XXVI	- attributable to the Group	524,467	451,760	72,707
	- attributable to minorities	33,477	30,881	2,596
	Total liabilities and shareholders' equity	2,586,050	2,662,931	(76,881)

4.2 Consolidated Income Statement

Notes	(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
XXVII	Revenue	1,105,409	1,012,177	93,232	4,002,648	3,599,900	402,748
XXVIII	Other operating income	26,302	21,853	4,449	101,200	85,123	16,077
	Total income	**1,131,711**	**1,034,030**	**97,681**	**4,103,848**	**3,685,023**	**418,825**
XXIX	Cost of raw material, items for use and merchandise	395,977	360,009	35,968	1,446,872	1,270,536	176,336
XXX	Payroll and benefits	317,767	297,928	19,839	1,106,440	1,017,050	89,390
XXXI	Rents, concessions and royalties	167,556	151,243	16,313	588,774	514,338	74,436
XXXII	Other operating costs	134,978	122,799	12,179	447,662	407,850	39,812
XXXIII	Depreciation and amortisation	59,983	52,634	7,349	183,160	174,734	8,426
XXXIV	Impairment losses on intangible assets and property, plant and equipment	6,350	5,653	697	6,350	5,653	697
	Operating profit	**49,100**	**43,764**	**5,336**	**324,590**	**294,862**	**29,728**
XXXV	Gains (losses) on financial transactions	3,849	11,033	(7,184)	10,873	20,059	(9,186)
XXXVI	Net interesrest expenses	(16,186)	(24,464)	8,278	(59,144)	(66,206)	7,062
X	Value adjustments on financial assets	742	240	502	1,152	1,323	(171)
	Profit before tax	**37,506**	**30,573**	**6,933**	**277,471**	**250,038**	**27,433**
XXXVII	Tax	(23,178)	(16,757)	(6,421)	(114,177)	(110,550)	(3,627)
	Net profit	**14,328**	**13,816**	**512**	**163,294**	**139,488**	**23,806**
	- Attributable to the Group	12,552	11,818	734	152,503	130,092	22,411
	- Attributable to minorities	1,776	1,998	(222)	10,791	9,396	1,395

	Earnings per share (in euro cents)						
	Basic	4.9	4.6		59.9	51.1	
	Diluted	4.9	4.6		59.4	50.6	

4.3 Analysis of Changes in Shareholders' Equity

(€k)	Share Capital	Legal Reserve	Reserve from valuation of derivative hedging instruments	Conversion reserve	Other reserves and retained 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 1.1.2005	-	-	(15,130)	-	6,481	-	(8,649)	-
Allocation of 2004 profit:								
- to Reserves	-	3,858	-	-	38,506	(42,364)	-	-
- Dividends	-	-	-	-	-	(50,880)	(50,880)	(817)
Conversion difference and other changes	-	-	-	23,633	-	-	23,633	-
Change in the fair value of the derivative hedging instruments	-	-	11,095	-	(4,158)	-	6,937	-
Change in the fair value of the option to convert Autogrill Finance convertible bonds in Autogrill shares 1999-2014	-	-	-	-	125	-	125	-
Profit for the period	-	-	-	-	-	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
Allocation of 2005 profit:								
- to Reserves	-	4,510	-	-	64,526	(69,036)	-	-
- Dividends	-	-	-	-	-	(61,056)	(61,056)	(11,247)
Conversion difference and other changes	-	-	-	(24,912)	3,181	-	(21,731)	(2,028)
Change in the fair value of the derivative hedging instruments	-	-	4,430	-	(1,568)	-	2,862	-
Change in the fair value of the option to convert Autogrill Finance convertible bonds in Autogrill shares 1999-2014	-	-	-	-	129	-	129	-
Effect of purchase of equity stakes of <100%	-	-	-	-	-	-	-	5,080
Profit for the period	-	-	-	-	-	152,503	152,503	10,791
31.12.2006	132,288	10,755	395	(22,783)	251,309	152,503	524,467	33,477

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)	2,862	7,794
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 S.p.A. shares(2)	129	125
Gains (losses) recognised directly in the conversion reserve	(21,731)	23,633
Gains (losses) recognised directly in Shareholders' Equity attributable to the Group	(18,740)	22,903
Transfer from the hedging instrument valuation reserve	-	(857)
Gains (losses) of the period attr. to the Group	(18,740)	22,046

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

4.4 Consolidated Cash Flow Statement

(€m)	2006	2005
Cash and cash equivalents at the beginning of the financial year	75.7	235.4
Profit before tax and net financial cost for the period (including minorities)	325.6	296.2
Amortisation, depreciation and impairment losses on fixed assets net of revaluation	189.5	180.4
Value adjustments and (gains)/losses on disposal of financial assets	(1.2)	(1.3)
(Gains)/losses on disposal of fixed assets	(12.7)	(2.0)
Movements in working capital(1)	49.1	26.3
Net change in non-current non-financial assets and liabilities	(25.1)	(14.8)
Cash flows from operating activities	525.3	484.8
Tax paid	(92.9)	(54.5)
Interest paid	(45.0)	(46.5)
Net cash flows from operating activities	387.4	383.8
Expenditure on property, plant and equipment and intagible fixed assets	(213.9)	(195.0)
Proceeds from disposal of fixed assets	62.7	11.3
Acquisition of consolidated equity investments(2)	(63.6)	(359.4)
Net change in non-current financial assets	(9.1)	0.4
Cash flows from investing activities	(223.9)	(542.7)
Medium/long-term financings procured	132.6	366.3
Repayments of instalments of medium/long-term financings	(226.0)	-
Repayments of short-term loans net of new borrowing	(24.7)	(140.2)
Payment of dividends	(61.1)	(50.9)
Other flows(3)	125.7	(198.0)
Cash flows from financing activities	(53.5)	(22.7)
Cash flows for the period	109.9	(181.6)
Exchange differences on liquid assets	(4.1)	21.9
Cash and cash equivalents at the end of the financial year	181.6	75.7

(1) Includes the conversion difference on profit items.
(2) The amount is net of liquid assets at the acquisition date, equal to €6.2m.Furthermore, refers, as to €40.2m, to the acquisition of a branch.
(3) In 2006 refers mainly to repayment of the minorities' portion of the loan granted by Autogrill S.p.A. to Aldeasa S.A. (formerly Retail Airport Finance); also includes dividend paid to minorities.

Reconciliation of cash and other net liquid assets

(€m)	2006	2005
Cash and cash equivalents at the beginning of the financial year:	75.7	235.4
Cash and cash equivalents	144.2	256.5
Current account debit balances	(68.5)	(21.1)
Cash and cash equivalents at the end of the financial year:	181.6	75.7
Cash and cash equivalents	216.8	144.2
Current account debit balances	(35.2)	(68.5)

Arnwiesen, A2 Südautobahn / Austria

Besides the offering of local food, the best sandwiches of Autogrill's top ten

More than 400,000 customers are served under the Group's signs every year

More than 23 million vehicles use this motorway every year

Retail stores and self-service restaurants, as well as bar-snack concepts

The building was designed and decorated by Karl Hodina an exponent of 'fantastic realism'

Service Area near Graz, the capital of Steiermark and the European cultural capital in 2003

Many works by the Viennese artist and composer are on show at this location


AUTOGRILL

5.1 Accounting Policies and Consolidation Methods

General Policies

Following effectiveness of EU Regulation 1606 dated 19 July 2002, on 1 January 2005 Autogrill adopted IFRS as issued by the IASB and endorsed by the EU for the preparation of its annual and interim accounts.

It is presumed that application of IFRS not yet endorsed by the EU will not have significant consequences in respect of the Group's accounts.

The accounting policies and consolidation methods adopted are consistent with those used for the 2005 accounts.

The Consolidated Accounts were prepared on a going-concern basis using the euro as the unit of disclosure.
The figures given in the tables are in thousands of € except for the Cash-Flow Statement where they are in millions of €.

Structure, Format and Content of the Accounts

Accounts formats as at and for the year ended 31 December 2006 are as prescribed by IAS 1 and 7, as follows:

- Balance Sheet: assets and liabilities divided between current and non-current items;
- Income Statement: classification by cost type;
- Breakdown of changes in Shareholders' Equity;
- Cash-Flow Statement: operating cash flow determined 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 each foreign subsidiary with a functional currency other than the euro are converted into euros at the rate ruling on 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. 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 December	**Current at 30 September**	**Average of the period**	**Average Q4 2006**	**Current at 31 December**	**Current at 30 September**	**Average of the period**	**Average Q4 2006**
US dollar	1.3170	1.2660	1.2555	1.2887	1.1797	1.2042	1.2441	1.1886
Canadian dollar	1.5281	1.4136	1.4237	1.4669	1.3725	1.4063	1.5093	1.3962
Swiss franc	1.6069	1.5881	1.5729	1.5928	1.5551	1.5561	1.5483	1.5473

To improve disclosure, Income tax credits (formerly 'Tax credits') contains only current tax on income for the year and no other tax credits, which are disclosed in Other credits (current assets). The comparable 2005 item amounted to €6,354k was reclassified accordingly. 'Tax liabilities' were similarly renamed Income tax liabilities and similarly reclassified as to the 2005 figure of €27,401k which was moved to Other liabilities.

Equally with the aim of improving disclosure of accounts and cash-flow items, the following 2005 figures have been reclassified:
- the amounts of €24,962k and €2,415k respectively from *Accounts payable* and *Other liabilities* to *Due to banks*;
- €8,431k from *Other liabilities* to *Accounts payable*;
- tax liabilities of €27,758k due to the controlling entity Edizione Holding S.p.A. under the tax consolidation scheme to which Autogrill S.p.A. and its Italy-based subsidiaries belong, from *Accounts payable* to *Other liabilities*.

Finally, again with the aim of improving disclosure:
- hire and lease costs of movables were reclassified from *Rents, concessions and royalties* to *Other operating costs*. These items amounted to €8,924k in 2005 and €3,063k in Q4 2005;
- 2005 suppliers' bonuses of €8,135k, previously classified as promotion contributions, were reclassified from *Other operating income* reducing *Cost of raw materials, items for use and merchandise*.

Scope and Methods 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, consolidated synthetically i.e. valued at equity). Companies included in consolidation are listed in the Annex section.

Specifically, the Consolidated Accounts include the Accounts at 31 December 2006 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 Sorebo S.A., Soberest S.A., Volcarest 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 management of the business.

There are two joint ventures: Aldeasa S.A. 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. 2006 Consolidated accounts therefore include accounts referring to the period 31 December 2005 - 29 December 2006 and the comparable period is 1 January-30 December 2005.

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, i.e., by recognising the full amount of each asset, liability, income and expense item of the individual company and eliminating the carrying value of the consolidated equity investments held by the Parent Company as being their Shareholders' Equity.

Minority interests in the net assets of consolidated subsidiaries is identified separately from Group Shareholders' Equity. Minority interests are determined on the basis of their percentage share of the fair value of the assets and liabilities recognised at the date of acquisition (see *Business Combinations* below) and changes in Shareholders' Equity after that date.

Unrealised gains and losses, provided they are not immaterial, arising out of transactions between consolidated companies are eliminated, as are all liabilities and claims, income and expense, between Group companies. These adjustments, like the other consolidation adjustments, take into account, where applicable, any related deferred tax effect.

As compared to 31 December 2005 scope of consolidation has changed as follows:
- consolidation of Autogrill D.o.o. and HMSHost Sweden A.B., which manage respectively the outlets along the Slovenian motorways and in Cork and Stockholm airport. 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 recognised at cost in 2005 as being of negligible significance, since they only began operations in December 2005;

- acquisition of 100% Emme Emme Cadorna S.a.s. on 22 February 2006 and 100% of Bar del Porto di Nuova Estral S.r.l. S.n.c. on 27 June 2006 - however with marginal effects on the consolidated Accounts. These concerns run restaurants, the former in a Milan subway station and the latter in the port of Piombino;
- acquisition of 65.2% of the shares in circulation of Carestel Group N.V. on 20 October 2006; this company is the leader in Belgium in concession catering and was listed on the Brussels Stock Exchange (CARB BB);
- acquisition of Air Terminal Restaurant (A.T.R.) on 10 October 2006, which was the concession division of Cara Operations Ltd., Canada's leading integrated caterer.

Accounting Principles and Valuation Criteria

Business Combinations

The acquisition of subsidiaries is accounted for under the acquisition method. Purchase price is calculated as the sum of the current values 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, i.e., the amount by which the purchase price exceeds the Group's share of the current value of the identifiable 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 changeover 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.

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, as indicated below.

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, the Aldeasa Group and Steigenberger Gastronomie GmbH are joint ventures: both were fully consolidated using the proportionately to Autogrill Group's 50% shareholding.

Recognition of Income and Expense

Income from services is recognised when the service is rendered; transactions with affiliated companies are governed by specific agreements between the parties. 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.
Net interest expenses are recognised in the Income Statement on an accruals basis and is not capitalised.

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 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. Actuarial gains and losses are taken directly to the income statement under Payroll and benefits as for the allocation accruing in the period, while the financial component is entered to net interest expenses. The Group - with reference to the severance pay ("TFR") system that applies to Italian-law companies - has applied IAS 19 as from the 2006 Accounts in light of the interpretative clarification subsequent to the innovations made to the rules in 2006, and has opted not to use the corridor method. There were no significant effects as compared to the previous accounting method.

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 S.p.A., together with its wholly-owned Italian subsidiaries (Autogrill International S.r.l., Nuova Sidap S.r.l. and Nuova Estral S.r.l.), joined the domestic tax consolidation scheme of Edizione Holding S.p.A., 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 S.p.A.

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 price or production cost including additional charges and amortized over their useful life.

If impairment losses arise - determined in accordance with the principle Impairment losses on *intangible assets and property, plant and equipment* - 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 amortized	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 and whenever there is evidence that the asset is impaired.

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 were retained in the Accounts on changeover to IFRS, as being permitted by IFRS 1.

Property, plant and equipment are systematically depreciated every year on a straight-line 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 year-end. 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 reasonably estimated and 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 component 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 the 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 effectively 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, Intangible Assets and Associates
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 property, plant and equipment or its intangible 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, plant and equipment used in the sales network, this minimum aggregation unit is the point of sale or points of sale covered by a single concession agreement. 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 (post-tax for goodwill) which 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.

Other Assets and Liabilities

Inventory

Inventory is valued at the lower of the purchase price 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 amortized cost using the effective interest rate method or at acquisition cost where there is no fixed due date, in both cases 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 amortized 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 and post offices, 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.

- *Borrowings, 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 amortized 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 and therefore the value disclosed in the Accounts using this method is close to amortized cost.

- *Equity Instruments*
  Equity instruments issued by the Company 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. Group companies make no use of derivatives for trading purposes.
  See the policy described in § 5.6.
  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.
  - *Cash flow 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.
  - *Hedge of net investment*
    If a derivative is designated as a hedge of a net investment in a foreign operation, including a hedge of a monetary amount which is accounted for as being part of the net investment, the effective portion of gains or losses on the hedge is recognised in equity, through changes to the appropriate equity items, and the ineffective portion is recognised in the Income Statement. On disposal of the foreign operation, the realised gains and losses on the effective portion of the hedge recognised in equity will be 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 instead.
Derivatives are initially recognised at cost and adjusted to fair value at each subsequent end of an accounting period.

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 settle the obligation. Provisions are made on the basis of the best estimate of the cost of settling 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.

5.2 Acquisitions of Companies and Businesses

In 2006 the Group acquired Carestel Group N.V. of Belgium, and the business division of Air Terminal Restaurants (A. T.R.) of Cara Operations Ltd., Canada.
These transactions were recognised in accordance with IFRS 3, as detailed below.

Carestel Group N.V.

On 20 October 2006 Autogrill acquired 65.2% of the ordinary shares in circulation of Carestel Group N.V., the leading concession caterer in Belgium and a company listed on the Brussels Stock Exchange (CARB BB).
The transaction concerned 5,793,085 shares (out of a total of 8,882,601 shares) at a price of €5.00 each giving a total price of €28.9m, held by Assart N.V., Megafood Participations S.à r.l. and GIMV N.V.

Previously the Belgian arm of Autogrill Finance S.A. (100% Autogrill S.p.A. purchased €10,959 bonds issued by Carestel Group N.V. maturing in 2009 for a nominal amount of €10,959k).

- *The Tender Offer*
  After the acquisition of 65.2% of the shares of Carestel Group N.V. Autogrill S.p.A. launched a tender offer of cash for the remaining 34.8% of the shares at the same price of €5.00 each as well as all options and warrants, valued accordingly.

  The offer period expired on 12 January 2007 and Autogrill's stake rose to 95.95%, which made it possible to proceed to a squeeze-out of the remaining shares in Carestel Group N.V. and delisting from the Brussels Stock Exchange on 2 February 2007.

- *Business*
  Carestel operates through two concerns, Restair and Carestel Motorway Services, respectively responsible for the airport business (65% of turnover) and motorway sales (35%). It operates in 6 European airports and at 19 locations on the motorways of Belgium and Luxembourg. The Carestel Group operates under its proprietary brand Carestel and under other licensed brands such as Pizza Hut, Java and Quick, through the joint venture CaresQuick and has about 1,100 employees.

  In 2006 the Carestel Group reported sales of €78.2m, EBITDA of €8m and a break-even net result after reorganisation costs of €1m.

  At the end of 2006 the management of the Autogrill Group's business in Belgium and Luxembourg was unified.

- *Consolidation*
  Carestel was fully consolidated as from 1 October 2006 recognising minorities in the accounts.

  It contributed to the consolidated results for 2006 with sales of €18.6m, or 0.5% of the total and with net result attributable to the Group of negative €1.3m, which reflects seasonally slow business and integration costs of about €1m.

  The following is the detail of the assets and liabilities acquired and recognised at fair value on acquisition date. The surplus of the purchase price over Autogrill's interest in these values was recognised as goodwill under non-current assets. These values were determined provisionally, as permitted by IFRS 3 §§ 61 and 62 and will therefore be subject to adjustment as prescribed by the standard.

(€m)	Carestel Group N.V.	Adjustments to the acquisition Accounts	Carestel Group N.V. Adjusted
Intangible assets	0.3	12.0	12.3
Property, plant and equipment	12.1		12.1
A) Total non-current assets	12.4	12.0	24.4
Inventories	0.8		0.8
Accounts receivable	2.8		2.8
Other receivables	3.1		3.1
Accounts payable	(12.1)		(12.1)
Other payables	(9.1)		(9.1)
B) Working capital	(14.5)		(14.5)
C) Capital invested, net of current liabilities	(2.1)	12.0	9.9
D) Other non-financial non-current assets and liabilities	(1.1)		(1.1)
E) Net capital invested	(3.2)	12.0	8.8
F) Shareholders' equity	2.6	12.0	14.6
G) Medium/long term financial indebtedness	8.5		8.5
H) Net short-term financial position	(14.3)		(14.3)
Net financial position (G + H)	(5.8)		(5.8)
I) Total, as in E)	(3.2)	12.0	8.8
Acquisition cost (65.2%)			28.9
Goodwill			19.4

Group Carestel subsidiaries have losses to be carried forward of about €40m.

Airport Terminal Restaurants (A.T.R.)

On 10 October 2006 Host International of Canada, Inc. acquired Air Terminal Restaurants (A.T.R.), the concession division of Cara Operations Ltd., Canada's leading integrated caterer.

The transaction closed at an enterprise value of CAN$62m and enabled HMSHost to acquire A.T.R.'s concessions in nine Canadian airports: Calgary, Edmonton, Kamloops, Montreal, Ottawa, Saskatoon, Toronto, Vancouver and Winnipeg.

In 2005 A.T.R. reported revenue of CAN$74m (€49.1m equiv.) and EBITDA of CAN$9m (€6m equiv.). A.T.R. employs about 1,000 people and runs over 90 restaurant and retail outlets with an extensive brand portfolio.

• *Consolidation*
A.T.R. was consolidated from 1 October 2006 and contributed to the consolidated results for 2006 with sales of €14.2m, or 0.4% of the total and with net result attributable to the Group of €0.6m. Since A.T.R. was a business of Cara Operations Ltd., full year results for 2006 were not available.

The following is the detail of the assets and liabilities acquired and recognised at fair value on acquisition date. The surplus of the purchase price over these values was recognised as goodwill under assets.

(€m)	**A.T.R.**
Intangible assets	3.1
Property, plant and equipment	15.5
A) Total non-current assets	18.6
Inventories	0.7
Accounts receivable	0.2
Other receivables	0.3
Accounts payable	(1.2)
Other payables	(0.6)
B) Working capital	(0.6)
C) Capital invested, net of current liabilities	18.0
D) Net capital invested	18.0
E) Cash and cash equivalents	0.4
F) Total	18.4
Acquisition cost	40.2
Goodwill	21.8

5.3 Notes to the Balance Sheet

Current Assets

I. Cash and Cash Equivalents

(€k)	31.12.2006	31.12.2005	Change
Banks and post offices deposits	132,257	100,584	31,673
Cash and valuables on hand	84,553	43,578	40,975
Total	216,810	144,162	72,648

Bank and post office deposits mainly consist of time deposits bearing interest at rates very close to LIBOR or EURIBOR.

Cash and valuables on hand included both the normal cash amounts held at each outlet and amounts being credited which vary according to the frequency with which they are deposited.

Treasury surpluses were maintained at year-end given the usual high cash requirement in Q1, and thus no prepayments of previous-year medium-term borrowings were made.

Newly consolidated entities contributed €17,230k; conversion differences amounted to negative €7,288k.

II. Other Financial Assets

(€k)	31.12.2006	31.12.2005	Change
Fair value of exchange rate hedging instruments	11,952	5,268	6,684
Due to associates	4,661	8,902	(4,241)
Fair value of interest rate hedging instruments	2,604	961	1,643
Other financial assets	772	527	245
Total	19,989	15,658	4,331

Fair value of exchange rate hedging instruments includes the market valuation of the exchange rate hedges outstanding at the year-end, which related mainly to the purchase of notional yen37,023m and SwFr105m.

The increase over 2005 related to changes in the underlying exposure denominated in US dollars.

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

Fair value of interest rate hedging instruments includes the market valuation of interest rate swaps outstanding at the year-end for a nominal value of €50m. The increase over 2005 was the effect of interest-rate rises in the period.

III. Income tax Credits

Income tax credits amount to €2,552k, down by €4,580k from 31 December 2005 and refer to prepaid tax and other credits towards the Italian tax authorities.

IV. Other Receivables

(€k)	31.12.2006	31.12.2005	Change
Suppliers	28,927	31,517	(2,590)
Credit card receipts	10,634	7,845	2,789
Lease and concession rents	10,935	14,453	(3,518)
Tax authorities and public administration	9,416	7,132	2,284
Sub-licensees	2,587	4,157	(1,570)
Advances to landlords for capital expenditure	1,755	3,257	(1,502)
Staff	3,178	3,086	92
Other assets	20,384	20,480	(96)
Total	87,816	91,927	(4,111)

The item change was mainly due to:
- increased Suppliers, mainly comprising bonuses to be received;
- increased credit-card receipts in line with revenue;
- a reduction in lease and concession rent credits, i.e. prepaid rents or one-off amounts paid on entry to new concessions.

Other assets refers mainly to commission receivable on business generating commission, and to receivables with insurance companies.

Newly consolidated entities contributed €3,223k; conversion differences amounted to negative €3,862k.

V. Trade Receivable

(€k)	31.12.2006	31.12.2005	Change
Due from others	63,660	56,323	7,337
Amounts disputed	5,229	4,840	389
Bad debt provion	(8,854)	(9,317)	463
Total	60,035	51,846	8,189

Trade receivable from others refers mainly to catering service agreements and accounts with affiliated concerns.

VI. Inventory

(€k)	31.12.2006	31.12.2005	Change
Food & beverage and retail	133,735	129,270	4,465
Merchandise and various articles	3,874	3,690	184
Total	137,609	132,960	4,649

Inventory is shown net of the provision for losses on inventory amounting to €2,424k (€3,519k at 31 December 2005), which was set aside to account for the obsolescence valuation of slow-rotating stocks. The allocation for the year was €1,822k and use was €2,836k.

Conversion differences amounted to negative €3,964k. Newly consolidated entities contributed €1,465k.

Non-Current Assets

VII. Property, Plant and Equipment

	31.12.2006			31.12.2005		
(€k)	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Land and commercial and industrial buildings	117,941	(54,767)	63,174	163,809	(53,419)	110,390
Leasehold improvements	849,205	(604,654)	244,551	881,331	(617,295)	264,036
Plant and machinery	185,827	(129,897)	55,930	180,734	(125,410)	55,324
Industrial and commercial equipment	584,971	(444,194)	140,777	569,961	(436,565)	133,396
Assets to be transferred free of charge	450,436	(298,533)	151,903	407,966	(274,154)	133,812
Other	53,766	(44,164)	9,602	53,884	(42,352)	11,532
Construction in progress and down-payments	102,498	-	102,498	87,008	-	87,008
Total	2,344,644	(1,576,209)	768,435	2,344,693	(1,549,195)	795,498

An analysis of the types of capital expenditure undertaken is given in the Report on Operations, section 2.2
There is a specific table detailing changes to individual items.

Impairment losses were €4,871k in 2006 (€2,907k in 2005) determined as 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. The discount rate used was gross of tax and varied between 5.3% and 7.5% according to the cost of money and the specific business risks associated with each country of operation.

Leasehold improvements 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.
Construction in progress refer to works under way in the US (worth €72,141k - €66,325k at end-2005), Europe and Aldeasa (€30,357k - €20,683k at end-2005), mainly in the motorway and airport segments.

Newly consolidated entities contributed €27,199k to the item; conversion differences amounted to negative €34,053k.

The Group uses other parties' assets worth €1,423k and has leased businesses with assets of €14,581k.

The items included in the following table include, according to the method used to disclose them, the contractual value of all property, plant and equipment held under a finance lease.

	31.12.2006			31.12.2005		
(€k)	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Land and industrial buildings	7,259	(3,485)	3,774	4,703	(1,948)	2,755
Plant and machinery	688	(180)	508	688	(42)	646
Assets to be transferred free of charge	11,319	(6,107)	5,212	15,123	(7,295)	7,828
Total	19,266	(9,772)	9,494	20,514	(9,285)	11,229

The financial debt incurred under these transactions was €10,375k and is recognised under *Other financial liabilities (current)* as to €1,044k (€2,518k at end-2005) and *Other financial liabilities (non-current)* as to €9,331k (€8,610k at end-2005). Future rents payable were €10,544k.

VIII. Goodwill

Conversion differences (North America and Switzerland) causing a reduction of €52,639k, and new goodwill on acquisitions accounted for most of the change - from €1,080,872k to €1,060,580k - recognised as prescribed by IFRS 3 following the transactions described under Acquisitions above, being the surplus of purchase price over the acquirer's interest in the fair value of the assets, liabilities and contingent liabilities identifiable on the acquisition date. The item increased by the following amounts:

- €19,444k - purchase of the Carestel Group as described under Acquisitions;
- €21,834k - purchase of Air Terminal Restaurants (A.T.R.), the concession division of Cara Operations Ltd., as described under Acquisitions;
- €3,178k - purchase of two Italy-based catering concerns, Emme Emme Cadorna S.a.s. and Bar del Porto di Nuova Estral S.r.l. S.n.c..

(€k)	31.12.2006	31.12.2005	Change
North America	441,327	469,052	(27,725)
Italy	78,115	74,937	3,178
Switzerland	92,358	95,438	(3,080)
Spain	20,203	20,203	-
France	60,936	60,816	120
Netherlands	22,161	22,161	-
Belgium	32,128	12,684	19,444
Germany	2,630	2,283	347
Aldeasa	310,722	323,298	(12,576)
Total	1,060,580	1,080,872	(20,292)

Goodwill was tested for impairment (recoverable value) in respect of each operational unit, i.e., generally a geographical area, possibly divided by business segment if significant, and treating Aldeasa as a single unit.

These tests use estimated cash flow based on detailed three-year profit and financial projections including assumptions as to contract renewal and medium-term profitability, diversified by operational unit. These assumptions do not take account of planned efficiency gains over Group standards or achievable through corporate reorganisation of individual concerns.

Projections made for Aldeasa incorporated the significant new international business won by the company since acquisition, with total revenue of €1.2 bn.

Success so far achieved demonstrate Aldeasa's ability to leverage its skills and know-how to take further significant opportunities for development at home and around the world.

Aldeasa is about to re-tender for the retail & duty-free concessions in Spanish airports which expired on 31 December 2006 (the Madrid Barajas concession expires in 2012) and which brought in revenue of about €300m in 2006. These concessions are currently being managed under an extension pending contract award by the landlord, AENA.

The discount rate used was net of tax and varied according to the cost of money and the specific business risks associated with unit, varying between 5.2% and 7%.

No impairment losses on goodwill were recognised in 2006, since the mentioned tests confirmed the recoverability of its value.

IX. Other Intangible Assets

(€k)	31.12 2006	31.12 2005	Change
Concessions, licences, brands and similar assets	35,379	25,531	(9,848)
Construction in progress and down-payments	6,939	6,585	354
Other	18,585	23,899	(5,314)
Total	60,903	56,015	4,888

These items have a defined useful life and are therefore amortised accordingly.
In 2006 there were impairment losses of €1,479k, recognised following the results of tests of future cash flow in respect of individual outlets or concessions.

Concessions, licences, brands and similar assets includes €11,000k referring to Carestel Group intangible assets, identified under IFRS 3. This amount, as mentioned above under section 5.2. concerning acquisitions, was determined provisionally as permitted by IFRS 3, §§ 61 and 62.

Intangible assets	**31 December 2005**			**Change in gross value**					
(€k)	**Gross value**	**Amortisation**	**Net value**	**Change in scope**	**Exchange differences**	**Increase in historic cost**	**Decrease**	**Other movements**	**Total**
Intellectual property rights	204	(204)	-	-	-	-	(204)	-	(204)
Concessions, licences, brands and similar assets	61,095	(35,564)	25,531	15,083	(1,601)	2,666	(15,429)	74	(793)
Goodwill	1,080,872	-	1,080,872	41,278	(52,639)	4,593	(13,524)	-	(20,292)
Construction in progress and down-payments	6,585	-	6,585	-	-	3,453	(335)	(2,764)	354
Other	46,561	(22,662)	23,899	350	(6)	3,797	(1,560)	(6,527)	(3,946)
Total	1,195,317	(58,430)	1,136,887	56,711	(54,246)	14,509	(31,052)	(9,217)	(23,295)

Property, plant and equipment	**31 December 2005**			**Change in gross value**					
(€k)	**Gross value**	**Depreciation**	**Net value**	**Change in scope**	**Exchange differences**	**Increase in historic cost**	**Decrease**	**Other movements**	**Total**
Civil and industrial land and buildings	163,809	(53,419)	110,390	-	(1,405)	5,253	(34,988)	(14,728)	(45,868)
Leasehold improvements	881,331	(617,295)	264,036	16,106	(68,127)	20,330	(36,431)	35,996	(32,126)
Plant and machinery	180,734	(125,410)	55,324	190	(2,384)	14,028	(8,524)	1,783	5,093
Industrial and commercial equipments	569,961	(436,565)	133,396	147	(31,156)	29,608	(24,109)	40,520	15,010
Assets returnable free of charge	407,966	(274,154)	133,812	12,122	(231)	13,700	(3,129)	20,008	42,470
Other	53,884	(42,352)	11,532	52	(675)	3,378	(2,311)	(562)	(119)
Construction in progress and down-payments	87,008	-	87,008	-	(6,759)	117,641	(150)	(95,242)	15,490
Total	2,344,693	(1,549,195)	795,498	28,617	(110,737)	203,938	(109,642)	(12,225)	(50)

The balance of *Other Movements* refers to a reclassification to *Assets held for sale* being property belonging to Aldeasa S.A., which will be disposed of in 2007.

Change in the scope includes values acquired with Air Terminal Restaurants, a division of Cara Operations Ltd..

Change in scope	Exchange differences	Amortisation/Write-downs: Increase – Amortisation	Increase – Write-downs	Decrease	Total	31 December 2006: Gross value	Amortisation	Net value
-	-	-	-	204	204	-	-	-
-	3,018	(7,045)	(1,308)	14,390	9,055	61,888	(26,509)	35,379
-	-	-	-	-	-	1,060,580	-	1,060,580
-	-	-	-	-	-	6,939	-	6,939
(33)	4	(2,676)	(171)	1,508	(1,368)	42,615	(24,030)	18,585
(33)	3,022	(9,721)	(1,479)	16,102	7,891	1,172,022	(50,539)	1,121,483

Change in scope	Exchange differences	Depreciation/Write-downs: Increase – Depreciation	Increase – Write-downs	Decrease	Total	31 December 2006: Gross value	Depreciation	Net value
-	740	(4,414)	(43)	2,369	(1,348)	117,941	(54,767)	63,174
-	49,283	(70,821)	(1,349)	35,528	12,641	849,205	(604,654)	244,551
-	1,635	(13,971)	(170)	8,019	(4,487)	185,827	(129,897)	55,930
-	24,385	(54,585)	(1,092)	23,663	(7,629)	584,971	(444,194)	140,777
-	68	(25,554)	(1,775)	2,882	(24,379)	450,436	(298,533)	151,903
(10)	573	(4,094)	(442)	2,161	(1,812)	53,766	(44,164)	9,602
-	-	-	-	-	-	102,498	-	102,498
(10)	76,684	(173,439)	(4,871)	74,622	(27,014)	2,344,644	(1,576,209)	768,435

X. Equity Investments

Essential Information

Company name (€k)	Notes	Registered Office	Country	%	Currency /000	Revenue	Profit/ (loss) of the	Total assets	Total liabilities	Net book value
Associates										
Estación Aduanera de Zaragoza S.A.	(a)	Zaragoza	Spain	31%	Euro	3	(31)	1,160	62	413
Creuers del Port de Barcelona S.A.	(b)	Barcelona	Spain	23%	Euro	12,608	5,464	28,802	14,845	1,512
Dewina Host Sdn Bhd		Kuala Lumpur	Malaysia	49%	MYR	508	249	3,140	2,878	98
HMSC-AIAL Ltd.		Auckland	New Zeland	50%	NZD	957	479	6,067	1,230	1,839
TGIF National Restaurant JV		Texas	USA	25%	USD	n.a.	15	n.a.	n.a.	397
Others						n.a.	n.a.	n.a.	n.a.	534
Subsidiaries										480

(a) Figures as of 31 December 2005 - (b) Figures as of 31 October 2006 - n.a.: not available

Any surplus of an equity investment's carrying value over pro-rata shareholders' equity represents future profitability inherent in the investment. Using the net equity method, value adjustments of €1,152k were recognised in the Income Statement as *Value adjustments to financial assets*.

XI. Other Financial Assets

(€k)	31.12.2006	31.12.2005	Change
Guarantee deposits	20,826	2,869	17,957
Third parties bearing funds	6,063	5,659	404
Receivables with associates	346	357	(11)
Other financial credits with other counterparties	8,627	9,678	(1,051)
Total	35,861	18,563	17,298

Guarantee deposits increased following lodgement of a deposit of €16,209k to guarantee the tender offer made by Autogrill S.p.A. in December 2006 for the remaining shares in circulation, and options and warrants on the shares, of Carestel Group N.V.

Other financial credits with other counterparties was reduced by conversion differences of €679k mainly refers to credits US joint ventures have with their partners.

XII. Loans

The item was zeroed in 2006 (from €130,537k at end-2005) following total repayment, on 18 August 2006, of the arm's length loan granted by Autogrill S.p.A. to Retail Airport Finance S.L. in relation to the acquisition of Aldeasa S.A.

XIII. Deferred Tax Assets

Deferred tax assets are disclosed net of off-settable deferred tax liabilities and amount to €98,479k, down by €23,349k from 31 December 2005. The reduction included conversion differences of negative €6,165k.

They mainly refer:

- as to €61,242k (€55,542k at 31 December 2005): to the Group's US units, generated mostly due to the different depreciation period of leasehold improvements and provisions in respect of concession rents with deferred deductibility;
- as to €17,327k: to the Aldeasa Group, mainly due to tax assets connected with the realisation of tax losses to be brought forward and the recognition under purchase accounting of provisions for concession rentals deductible on payment (see Note XXIV for greater detail).

Tests of the recoverability of tax assets, based on projections of future taxable income generated by the companies involved, have caused write-downs totalling €8,521k.

At 31 December 2006 non off-settable deferred tax liabilities were €44,897k - a reduction of €20,966k from 2005. This liability was mainly due to temporary differences relating to property, plant and equipment belonging to Dutch, Spanish and Italian units and to tax on profit retained by Italian units and Aldeasa.

Net deferred tax at 31 December 2006 was €53,582k (down by €15,909k from 2005) and broke down as follows:

	2006		**2005**	
(€k)	**Temporary differences amount**	**Tax effect**	**Temporary differences amount**	**Tax effect**
Due from customers	6,919	2,283	6,802	2,245
Other receivables	21,703	7,596	-	-
Property, plant and equipment, and intangible assets	(82,708)	(23,603)	58,108	25,319
Temporary differences on assets	(54,086)	(13,724)	64,910	27,564
Other liabilities	(91,776)	(35,737)	48,615	12,955
Severance pay and other employee benefits	1,160	383	-	-
Provisions for risks and charges	(76,070)	(26,532)	(55,243)	(20,785)
Profit brought forward	1,709	567	(31,373)	(10,362)
Temporary differences on liabilities and shareholders' equity	(164,977)	(61,319)	(38,001)	(18,192)
Temporary differences balance		47,595		45,756
Defferred tax on tax losses carried forward		5,987		10,210
Net deffered tax		53,582		55,965

XIV. Other Credits

Non-current other assets of €10,267k (virtually unchanged from 2005) refer to receivables with suppliers (bonus payments to be received) of €1,616k) and concession rents paid in advance (€8,651k).

XV. Assets Held for Sale

Entirely referred to property belonging to Aldeasa S.A. to be disposed of in 2007, as indicated above under changes to *Property, plant and equipment.*

Current Liabilities

XVI. Accounts Payable

The item increase was related to increased turnover.
Newly consolidated entities contributed €13,101k; conversion differences caused a reduction of €9,520k.

XVII. Income tax Liabilities

The item was €7,887k - down by €4,666k from 2005 - and refers to liabilities to the Italian tax authorities in respect of tax accrued during 2006.

XVIII. Other Liabilities

(€k)	31.12.2006	31.12.2005	Change
Due to staff	122,145	108,003	14,142
Suppliers for capital expenditure	32,246	27,891	4,355
Indirect tax	21,728	17,052	4,676
Various foreign social security organisations	19,083	17,769	1,314
INPS and other Italian pension providers	18,354	15,798	2,556
Deferred expense and accrued liabilities	13,028	11,237	1,791
Withholding tax	10,514	10,349	165
Other liability items	33,436	31,356	2,080
Total	270,534	239,455	31,079

The increase in *Due to staff* relates - in addition to €4,859k referring to Carestel Group - larger bonuses and incentive payments to be paid at the beginning of 2007.

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

Other liability items includes €29,539k (€27,758k in 2005) being the net liability for corporate tax ("IRES") transferred to Edizione Holding S.p.A. under the Italian tax consolidation scheme.

XIX. Due to Banks

(€k)	31.12.2006	31.12.2005	Change
Unsecured bank borrowings	156,799	80,747	76,052
Overdraft on current accounts	35,269	68,481	(33,212)
Secured bank borrowings	-	131	(131)
Total	192,068	149,359	42,709

These borrowings were made under short-term lines of credit and increased over 2005 due to the addition of the newly current portion of long-term loans.

XX. Other Financial Liabilities

(€k)	31.12.2006	31.12.2005	Change
Accrued liabilities of loan interest	8,466	8,337	129
Due to other lenders	3,255	1,649	1,606
Fair value of interest rate hedging instruments	1,731	5,116	(3,385)
Due to other lessors	1,044	2,518	(1,474)
Fair value of exchange-rate hedging instruments	2,747	6,393	(3,646)
Other accrued financial liabilities	4,969	3,318	1,651
Total	22,212	27,331	(5,119)

Fair value of interest-rate hedging instruments comprises the fair value of IRSs outstanding at 31 December 2006 referring to the division headed by Autogrill Overseas, Inc. (with a notional amount of $310m). The reduction from 2005 was due to interest rate movements in the period.

Accrued liabilities of loan interest comprises mainly the half-yearly coupon due on private placement bonds issued by HMSHost Corp. (a subsidiary of Autogrill Overseas, Inc.) which is payable in January and July.

Fair value of exchange-rate hedging instruments comprises the fair value of the notional amounts of exchange-rate hedges outstanding at end-2005, mainly concerning the forward sale of yen37,023m and US$50m.

Non-Current Liabilities

XXI. Other Liabilities

This item rose from €10,835k to €34,838k principally due to reclassification of Aldeasa S.A.'s liabilities towards AENA which, while awaiting the conclusion of current negotiations, had been recognised as *Provisions* when the acquisition of Aldeasa S.A. was accounted for. The final agreement signed in Q2 2006 contains terms that broadly confirm the estimates the Autogrill Group had made under purchase accounting.
The original amount of €30,000k was reduced to €24,259k due to part settlement of previous liabilities amounting to €5,741k, of which €4,299k in 2006.
The amount will be eliminated during the remaining life of the agreement, which expires on 31 December 2012.

This item also contains liabilities to staff relating to long-term incentive plans.

XXII. Borrowings (net of current portion)

(€k)	31.12.2006	31.12.2005	Change
Unsecured medium-term borrowings	483,190	679,928	(196,738)
Secured medium-term borrowings	-	1,169	(1,169)
Total bank debt	**483,190**	**681,097**	**(197,907)**
Debt under leases	9,331	8,610	721
Other debt	78	305	(227)
Total	492,599	690,012	(197,413)

Long-term bank debt at 31 December 2006 comprised the following:

- a loan of €200m - bullet repayment on maturity (June 2015);
- amounts totalling €170m (out of €291.7m of amortising tranches) due after 2007 under a syndicated loan entered into in March 2004. The first half-yearly repayments were made on time in September 2006, being equal to one-sixth of the original amount of €350m;
- the consolidated 50% portion of a €330m loan maturing in July 2011 granted to Aldeasa S.A. in August 2006, which was used as to €220m at end-2006.

At 31 December 2006 the Group's bank lines of credit maturing beyond one year were about 60% utilised. Bank borrowings pay floating-rate interest. The average life of bank debt, including unutilised lines, is about 4.5 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 31 December 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.

XXIII. Bonds

(€k)	31.12.2006	31.12.2005	Change
Bonds	280,942	313,638	(32,696)
Convertible bonds	39,385	38,718	667
Issuing fees	(918)	(1,267)	349
Total	319,409	351,089	(31,680)

Bonds are private placements issued on 19 January 2003 by HMSHost Corp. for a total of $370m. The issue was guaranteed by Autogrill S.p.A. 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.

As with multi-year bank borrowings, this private placement includes covenants requiring periodical monitoring of financial ratios (debt coverage, interest coverage and leverage). At 31 December 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 item change is solely due to conversion differences.

Convertible bonds include the residual amount of a convertible bond (Lyon) issued by Autogrill Finance S.A. 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 €6,551k. 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. Redemption of these bonds, which mature in 2014, is guaranteed by the Parent.

The item change was due to capitalisation of implicit interest (an increase of €796k) and a reduction of €129k in the fair value of the option to convert into Autogrill S.p.A. shares.

XXIV. Severance Pay and Other Employee Benefits

Group companies provide post-employment benefits through defined-contribution and defined-benefit plans.

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. For defined-contribution plans Group companies pay contributions to public and private insurance companies in compliance with legal contractual requirements or voluntarily. The companies fulfil all their obligations by paying the contributions. Liabilities for contributions payable are included in *Other liabilities* and charges relating to contributions are taken to the Income Statement when borne.

Defined-benefit plans can be unfunded or entirely or partly funded by the contributions paid by the company and sometimes by its employees to a company or fund which is legally separate from the company paying the benefits to the employees.

The liability relating to defined-benefit plans is determined actuarially using the projected unit credit method and recognised net of the fair value of any assets used in the plan. If this fair value exceeds the value of the liability it is recognised as an asset. The actuarial assessment is entrusted to independent actuaries. Additionally, as noted above under *Accounting Policies and Consolidation Methods*, the Group does not use the corridor method to recognise actuarial gains and losses determined when calculating the liability relating to these plans.

The following table shows the detail of employee benefit funds recognised as *TFR and Other Employee Benefits* in the amount of €113,447k (€108,288k in 2005):

(€k)	**31.12.2006**	**31.12.2005**	**Change**
Defined benefit plans:			
- Severance Pay	91,806	89,654	2,152
- Health care plans	304	339	(35)
- Other	2,723	1,012	1,711
Total defined benefit plans	94,833	91,005	3,828
Other employees provisions:	18,614	17,283	1,331
Total	113,447	108,288	5,159

The actuarial assumptions used to calculate defined-benefit plans are summarised in the following table:

Discount rate	4% - 5.8%
Salary increase rate	1.75 - 4.5%
Inflation rate	2.00%
Average rate of health care cost	10.00%
Expected return on plan assets	3.86%

The following is a reconciliation of liabilities recognised in the Balance Sheet.

(€k)	
Defined benefit plans 31/12/2005	91,005
Service cost	10,662
Interest cost	3,648
Severance pay	(10,482)
Actuarial (gains)/losses	-
Defined benefit plans 31/12/2006	94,833

Interest cost is recognised in the Income Statement as *Net interest expenses*, while post-employment benefit cost, including all actuarial gains and losses, is recognised under *Payroll and Benefits*.

XXV. Provisions

(€k)	Balance at 31.12.2005	Other change	Allocation	Uses	Balance at 31.12.2006
Current tax	4,183	(394)	292	(229)	3,852
Various risks	888	2,209	12,692	(9,244)	6,545
Disputes with other parties	87	-	75	(41)	121
Total current provisions	5,158	1,815	13,059	(9,514)	10,518
Non current tax	754	-	-	(754)	-
Various risks	66,351	(33,856)	3,211	(3,208)	32,498
Disputes with other parties	3,870	1,276	1,146	(1,275)	5,017
Refurbishment costs of assets to be transferred free of charge	3,719	752	-	(363)	4,108
Refurbishment of leased assets	3,721	647	-	(409)	3,959
Onerous contracts	4,516	-	561	(685)	4,392
Restructuring	-	153	-	7	160
Total non-current provision	82,931	(31,028)	4,918	(6,687)	50,134

Current tax provision

The item refers mainly to disputes regarding US companies' indirect tax obligations (€3,532k).

Various risks

This provision mainly concerns:

- as to €17,341: a *Self-insurance provision* which was set aside to cover deductibles on third-party liability as per insurance plan. In 2006 an allocation of €12,100k was made and uses for claims were €9,176k;
- as to €19,336k: provisions for concession renewal costs, disputes with employees and social security bodies set aside by the Parent;
- as to €1,989k: integration costs relating to the Group's operations in Belgium.

As shown in the Other Change column of *Various (non-current)* risks in the above table, the item reduction of €24,259k was mainly due to the final agreement reached on the dispute between Aldeasa S.A. and AENA and the consequent reclassification to liabilities of the relevant liabilities arising out of previous-year rentals due recognised on acquisition of Aldeasa S.A.

Disputes with 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 as well as revised estimates.

Refurbishment costs

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 2006 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.

Onerous contracts

This item includes allocations to cover loss-making units.
The allocations made in 2006 refer to estimated irreducible losses on the basis of the budgets of certain loss-making outlets in France and Spain which were tested for the capacity to generate sufficient margins to cover lease rentals under multi-year leases from which the Group cannot withdraw.

XXVI. Shareholder's Equity

Autogrill S.p.A.'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 shares are held as to 57.093% by Schematrentaquattro S.r.l., a 100% subsidiary of Edizione Holding S.p.A., in turn controlled as to 99.24% of its shares by Ragione di Gilberto Benetton & C. S.a.p.A.
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 S.A., 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 S.p.A. shares have been traded on the screen-based Italian Stock Exchange since 1 August 1997.
At the time of writing neither the Parent Autogrill S.p.A. nor any of its subsidiaries possess - whether directly or indirectly or through a nominee - any Autogrill S.p.A. shares or any shares in its controlling entities.

Changes in Shareholders' Equity items during 2005 are shown in the specific table.

The following changes are worthy of note:
- a reduction of €61,056k following payment of the dividend approved by the Shareholders' Meeting held on 26 April 2006 (a dividend of €0.24 per share);
- a reduction of €24,912k due to conversion differences of Accounts in currencies other than the euro;
- an increase of €3,181k recognised in off-set of recognition of the tax benefit connected with Autogrill Overseas Inc.'s long-term incentive plan recognised under *Other liabilities*;
- an increase of €2,862k relating to the change in the hedging instrument valuation reserve (increase of €4,430k, net of the related €1,568k tax effect);
- an increase of €129k relating to the changed fair value of the Autogrill S.p.A. share conversion option under the Autogrill Finance S.A. convertible bonds;
- an increase due to consolidated net profit (€152,503k). Information as to earnings per share (undiluted and diluted) is given below the Income Statement. In the calculation of this ratio the numerator is Group net profit (€152,503k in 2006 and €130,092k in 2005) and the denominator is, respectively, the above number of ordinary shares and respectively 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*.

5.4 Notes to the Income Statement

The Report on Operations contains a detailed commentary on performance and results; comments on the main profit and loss items are given below.

Please also note that the comparable period - fiscal 2005 - included only 8 months' results for the Aldeasa Group, since it entered consolidation on 1 May 2005. In Q4 2006 - and thus for the whole year - consolidation of Carestel Group N.V. and the acquisition of Cara Operations Ltd.'s Air Terminal Restaurants (A.T.R.) division affected Income Statement items. The effect of both these new entities' entry to the consolidated accounts is noted below.

XXVII. Revenue

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Food & beverage	759,072	702,404	56,668	2,703,661	2,514,474	189,187
Retail	327,339	291,476	35,863	1,224,049	1,021,478	202,571
Hotels	4,558	5,451	(893)	21,221	20,539	682
Sales to other entities and affiliates	14,440	12,846	1,594	53,717	43,409	10,308
Total	1,105,409	1,012,177	93,232	4,002,648	3,599,900	402,748

As noted above the change in this item was mainly due to non-consolidation of four months of Aldeasa S.A.'s 2005 revenue (vs. €98,773k in the first four months of 2006) and a €32,805k contribution from the newly acquired entities (Carestel and A.T.R.).

The change also included a negative conversion effect of €42,750k for the year and €17,800k for Q4.

Retail includes €73,272k relating to fuel sales mainly in Swiss and Italian motorway service areas (€70,992k in 2005). In the summarised results given in the Report on Operations this revenue is reclassified as *Other income*, net of purchase costs.

XXVIII. Other Operating Income

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Suppliers' contributions to promotions	11,453	10,555	898	44,889	38,721	6,168
Capital gains on disposals of property, plant and equipment	1,005	-	1,005	12,930	2,232	10,698
Rents under business leases	2,833	2,455	378	12,333	9,925	2,408
Affiliation fees	1,267	998	269	4,947	4,839	108
Other income items	9,745	7,845	1,900	26,102	29,406	(3,304)
Total	26,302	21,853	4,449	101,200	85,123	16,077

Capital gains on disposal of property, plant and machinery mainly refers to the disposal of most of the Aldeasa S.A.'s property (€11,748k).

Other income items includes principally fees relating to operations yielding commission and capital gains.

The impact of the Aldeasa Group's different period of consolidation on the item change was €3,141k, while that of the newly consolidated entities was €1,471k.

XXIX. Cost of raw materials, items for use and merchandise

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Food & beverage and retail purchases	390,819	361,669	29,150	1,455,486	1,311,349	144,137
Changes in inventory	5,158	(1,660)	6,818	(8,614)	(40,813)	32,199
Total	395,977	360,009	35,968	1,446,872	1,270,536	176,336

The impact of Aldeasa S.A. and subsidiaries' different period of consolidation on the item change was €51,108k, while that of the newly consolidated entities was €3,782k.

The change also included a negative conversion effect of €5,257k for the year and €12,000k in Q4.

XXX. Payroll and benefits

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Salaries	247,784	237,659	10,125	872,608	808,253	64,355
Social security	47,095	40,253	6,842	159,369	141,549	17,820
Severance pay and similar employee benefits	4,933	4,166	767	20,544	18,638	1,906
Other costs	17,956	15,850	2,106	53,920	48,610	5,310
Total	317,767	297,928	19,839	1,106,440	1,017,050	89,390

The impact of Aldeasa S.A. and subsidiaries' different period of consolidation on the item change was €12,110k, while that of the newly consolidated entities was €13,074k.

The change also included a negative conversion effect of €5,494k for the year and €13,733k in Q4.

Average staff numbers in FTE (full time equivalent) terms were 39,073 (37,935 in 2005).

XXXI. Rents, Concessions and Royalties

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Rents and concessions	151,384	135,180	16,204	533,004	461,932	71,072
Royalties for use of brands	16,171	16,063	108	55,769	52,406	3,363
Total	167,556	151,243	16,313	588,774	514,338	74,436

Aldeasa S.A.'s consolidated cost for the first four months of 2006 was €24,329k; that of the newly consolidated entities was €3,323k.

The change also included a negative conversion effect of €2,873k for the year and €7,725k in Q4.

XXXII. Other Operating Costs

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Water and energy utilities	22,422	19,449	2,973	77,637	66,784	10,853
Maintenance costs	16,652	16,734	(82)	56,247	54,474	1,773
Cleaning and disinfestation services	10,544	10,337	207	37,575	35,495	2,080
Consultancy and professional services	14,561	11,166	3,395	40,557	31,805	8,752
Advertising and market research	4,415	4,051	364	16,356	15,162	1,194
Travel costs	7,446	7,321	125	24,234	20,799	3,435
Logistic costs	4,656	4,524	132	17,359	15,864	1,495
Insurance	1,084	1,343	(259)	5,010	4,948	62
Commission on payments by credit card	5,309	5,511	(202)	19,129	17,137	1,992
Postal and telephone charges	3,674	3,424	250	13,060	12,042	1,018
Secure transportation	1,155	1,220	(65)	4,389	4,132	257
Surveillance	2,013	1,717	296	6,923	5,287	1,636
Bank charges for services	1,129	1,203	(74)	4,439	4,266	173
Equipment hire and lease charges	2,788	3,063	(275)	9,953	8,924	1,029
Other costs for materials	8,422	7,009	1,413	28,036	24,844	3,192
Contingent assets	(3,213)	-	(3,213)	(3,341)	(523)	(2,818)
Other services	15,118	13,454	1,664	42,220	40,095	2,125
Cost of material and external services	**118,175**	**111,526**	**6,649**	**399,782**	**361,535**	**38,247**
Write-downs of receivables	**1,272**	**(546)**	**1,818**	**2,120**	**77**	**2,043**
Tax provision	95	(182)	277	292	1,309	(1,017)
Disputes provision	612	47	565	1,220	1,101	119
Onerous contracts provision	561	1,940	(1,379)	561	1,940	(1,379)
Other risks provision	8,018	5,841	2,177	15,904	15,574	330
Total allocations to provisions	**9,286**	**7,646**	**1,640**	**17,977**	**19,924**	**(1,947)**
Indirect taxes and duties	**5,276**	**5,555**	**(279)**	**18,015**	**19,483**	**(1,468)**
Cash differences	1,033	720	313	3,041	2,577	464
Losses on disposals	331	-	331	1,670	-	(224)
Contingent assets	(2,904)	(3,143)	239	(4,082)	(3,783)	(299)
Other costs	2,510	1,041	1,469	9,139	8,037	2,996
Other operating costs	**969**	**(1,382)**	**2,351**	**9,767**	**6,831**	**2,936**
Total	134,978	122,799	12,179	447,662	407,850	39,812

The impact of Aldeasa S.A. and subsidiaries' different period of consolidation on the item change was €7,842k, while that of the newly consolidated entities was €4,596k.

The change also included a negative conversion effect of €1,856k for the year and €4,441k in Q4.

The main changes were connected with energy and water tariff increases both in Europe and in North America and increased consultancy costs which - in an amount of about €3m - refer to advice received in respect of merger and acquisition projects that were not completed.

Other services include costs for various services, e.g., sanitary inspections, PR, general services and staff recruitment and training.

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

XXXIII. Depreciation and Amortisation

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Intangible fixed assets	4,160	3,909	251	9,721	10,051	(330)
Property, plant and equipment	47,524	44,136	3,388	147,885	146,020	1,865
Property, plant and equipment to be transferred free of charge	8,300	4,589	3,711	25,554	18,663	6,891
Total	59,983	52,634	7,349	183,160	174,734	8,426

The impact of Aldeasa S.A. and subsidiaries' different period of consolidation on the item change was €2,299k, while that of the newly consolidated entities was €1,664k.

The change also included a negative conversion effect of €955k for the year and €2,355k in Q4.

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

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Intangible assets	1,479	2,746	(1,267)	1,479	2,746	(1,267)
Property, plant and equipment	3,096	2,638	458	3,096	2,638	458
Property, plant and equipment to be transferred free of charge	1,775	269	1,506	1,775	269	1,506
Total	6,350	5,653	697	6,350	5,653	697

The impact of the newly consolidated entities on the item change was €261k.

Impairment losses were recognised on the basis of tests of future profitability on individual outlets or concessions and based on forecast cash flow.
See Notes VII and IX for details of test assumptions and criteria.

XXXV. Gains (Losses) on Financial Transactions

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Interest differentials on exchange-rate hedges	579	2,111	(1,532)	579	5,682	(5,103)
Interest differentials on interest-rate hedges	118	2,882	(2,764)	-	-	-
Bank interest receivable	354	999	(645)	2,505	3,383	(878)
Fair value of derivative instruments	-	26	(26)	-	2,262	(2,262)
Positive exchange differences	1,253	2,675	(1,422)	1,677	3,154	(1,477)
Gains (losses) on financial transactions	1,546	2,340	(794)	6,112	5,578	534
Total	3,849	11,033	(7,184)	10,873	20,059	(9,186)

Other gains (losses) on financial transactions includes interest on Autogrill S.p.A.'s loan to Aldeasa S.A. (repaid in full on 18 August 2006) in the amount of €3,077k, and €991k interest on securities.

XXXVI. Net interest expenses

(€k)	Q4 2006	Q4 2005	Change	2006	2005	Change
Interest payable on bank borrowings	7,002	6,985	17	28,895	24,552	4,343
Interest payable on bonds	5,425	5,757	(332)	18,120	18,273	(153)
Interest differentials on interest-rate hedges	-	-	-	599	8,420	(7,821)
Interest differentials on exchange-rate hedges	796	-	796	4,648	-	4,648
Commission and fees	327	2,226	(1,899)	1,262	3,789	(2,527)
Discount of long-term financial liabilities	2,487	945	1,542	4,699	2,453	2,246
Fair value of derivative instruments	-	882	(882)	-	882	(882)
Other net interesrest expensess	149	7,669	(7,520)	921	7,837	(6,916)
Total	16,186	24,464	(8,278)	59,144	66,206	(7,062)

XXXVII. Tax

Of the total amount of €114,177k (€110,550k in 2005) current tax was €102,049k (€73,651k in 2005) and deferred tax was €12,128k (€21,204k in 2005). *IRAP* (regional tax on productive activity), which is payable on productive activity in Italy and is basically levied on the total of operating profit and the cost of labour, was €16,679k (€15,694k in 2005).

In 2006 the Group's tax rate, excluding *IRAP*, was 35.2%.
Below is a reconciliation of the tax charge as recognised in the consolidated 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)	
Theorical income tax	102,610
Reduced tax due to direct taxation of minority partners in fully consolidated US joint-ventures	(3,620)
Tax benefit from Aldeasa merger	(14,784)
Write-off of deferred tax asset related to tax losses carried forward	9,050
Other permanent differences	4,242
Tax recognised in the Accounts excl. IRAP	**97,499**
IRAP	16,679
Tax recognised in the Accounts	114,177

5.5 Financial Position

The following is a breakdown of the position as at 31 December 2006 and 31 December 2005.

Notes	(€k)	31.12.2006	31.12.2005	Change
I	A) Cash	84,553	43,578	40,975
I	B) Cash equivalents	132,257	100,584	31,673
	C) Liquid assets (A) + (B)	216,810	144,162	72,648
II	D) Current Financial credits	19,989	15,658	4,331
XIX	E) Due to banks	192,068	149,359	42,709
XX	F) Other debt	4,299	4,167	132
XX	G) Other financial liabilities	17,913	23,614	(5,251)
	H) Current financial indebtedness (E) + (F) + (G)	214,280	176,690	37,590
	I) Current financial indebtness, Net (H) - (D) - (C)	(22,519)	16,870	(39,389)
XII	J) Non-current financial credits	8,972	130,537	(121,565)
XXII	K) Due to banks	483,190	681,097	(197,907)
XXII	L) Other liabilities	9,409	8,915	494
XXIII	M) Bond issued	319,409	351,089	(31,680)
	N) Non-current financial Indebtedness (K) + (L) + (M)	812,008	1,041,101	(229,093)
	O) Non-current financial Indebtedness, Net (N) - (J)	803,036	910,564	(107,528)
	P) Net financial Indebtedness (I) + (O)	780,517	927,434	(146,917)

Please see the notes to each item above for commentary.

At 31 December 2006 and 31 December 2005 there were no loans to or borrowings from related parties.

5.6 Management of Interest Rate and Exchange Rate Fluctuations

Group financial policy attributes particular importance to the 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 net interest expenses if interest rates rise) or a fixed rate (which means that lower interest rates do not bring about a reduction in net interest expenses);
(b) exchange rate risk in translation (i.e., the risk on conversion to euros in the Parent Company's accounts or its subsidiaries' accounts 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 net interest expenses within a risk limit, i.e., a range of variability of the amount of liabilities and/or the net interest expenses itself. This entails - through a mix of fixed- and floating-rate liabilities - the predetermination of a portion of net interest expenses 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) Currency 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 (i.e., 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 $762m. Some $370m of this was in the form of fixed-rate bonds. Interest-rate risk on the remaining debt was covered by IRSs with a notional amount of $310m and €50m with an average life of 3.5 years.

The contract details are as follows:

Counterparty	Notional Amount (€k)	Date negotiated	Start date	Expiry	Fixed rate	Floating rate	Fair value (€k)
Goldman Sachs	25,000	6.09.2005	11.10.2005	24.06.2015	3.08%	3m €ur Euribor	1,709
Mediobanca	25,000	6.09.2005	11.10.2005	24.06.2015	3.10%	3m €ur Euribor	1,676

Counterparty	Notional Amount ($k)	Date negotiated	Start date	Expiry	Fixed rate	Floating rate	Fair value ($k)
JP Morgan	100,000	13.01.2005	16.10.2003	16.10.2009	5.05%	3m Usd Libor	(50)
JP Morgan	210,000	13.01.2005	16.10.2003	16.10.2009	5.398%	3m Usd Libor	(2,174)

When applying the policy and procedures described above, interest rate risk management instruments were accounted for as cash flow hedging instruments and thus recognised as financial liabilities in off-set to the *Hedging instruments valuation reserve* in equity. With regard to the instruments that tested effective in 2006 the change of €4,430k was recognised in the equity reserve mentioned above.

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 2006.

The average cost of borrowing, including interest differentials on hedges, was about 5.25% in 2006.

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 off-set of corresponding changes in the value of the hedged assets and liabilities. The fair value of these instruments is detailed in the notes relating to *Other financial assets* and *Other financial liabilities.*

5.7 Segment Reporting

The Group segments its business in two ways: by geographical 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 segment 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 material) discrepancy between this segmentation and the geographical segments given below is the operation of the HMSHost division - controlled by Autogrill Overseas, Inc. - in Amsterdam Schiphol Airport (The Netherlands), which however is included in the 'Rest of Europe' in the tables given below.

In the following tables the figures relating to Aldeasa S.A. and its subsidiaries - consolidated proportionately as to 50% since 1 May 2005 - are shown separately on account of the different (exclusively retail) business they carry on, and the different form of shareholding and control - joint venture - as compared to the other subsidiaries included in the geographical areas.

	2006						
Geographical Area (€k)	**Italy**	**US and Canada**	**Rest of Europe**	**Aldeasa**	**Not attributable**	**Elisions**	**Consolidated results**
Revenue	1,214,008	1,777,350	649,471	361,819	-	-	4,002,648
Other income	56,806	1,412	17,445	10,045	15,492	-	101,200
Inter-segment revenue	1,887	456	14	3	958	(3,318)	-
Total revenue and other income	1,272,701	1,779,218	666,930	371,867	16,450	(3,318)	4,103,848
Depreciation and impairment losses on property, plant and equipment and intangible fixed assets	43,940	90,991	46,813	7,551	215	-	189,510
Operating profit	134,569	151,933	23,176	29,631	(14,719)	-	324,590
Capital expenditure	61,487	94,549	43,619	14,199	-	-	213,854
Total assets	798,930	691,956	375,358	258,487	464,851	(3,531)	2,586,050
Total liabilities	(486,489)	(213,529)	(231,154)	(20,254)	(1,080,211)	3,531	(2,028,106)

	2005						
Geographical Area (€k)	**Italy**	**US and Canada**	**Rest of Europe**	**Aldeasa**	**Not attributable**	**Elisions**	**Consolidated results**
Revenue	1,085,105	1,654,094	624,063	236,638	-	-	3,599,900
Other income	56,527	-	12,495	7,866	8,235	-	85,123
Inter-segment revenue	739	-	1,407	-	2,465	(4,611)	-
Total revenue and other income	1,142,371	1,654,094	637,965	244,504	10,700	(4,611)	3,685,023
Depreciation and impairment losses on property, plant and equipment and intangible fixed assets	38,452	91,585	42,209	4,314	3,827	-	180,387
Operating profit	130,209	133,175	31,473	25,367	(25,361)	-	294,862
Capital expenditure	58,193	105,262	28,359	3,147	-	-	194,960
Total assets	583,850	772,587	453,909	136,562	717,225	(1,202)	2,662,931
Total liabilities	(457,257)	(254,493)	(127,305)	(71,045)	(1,271,392)	1,202	(2,180,290)

Business Segment (€k)	2006 Motorways	Airports	Railway Stations	Shopping Malls	Other	Not attributable	Consolidated results
Total revenue and other income	1,832,654	1,932,965	91,399	138,933	103,069	4,828	4,103,848
Depreciation and impairment losses on property, plant and equipment and intangible fixed assets	77,579	91,230	4,790	7,401	7,044	1,467	189,510
Operating profit	148,409	187,054	2,311	8,741	3,152	(25,077)	324,590
Capital expenditure	69,466	90,284	2,983	7,849	16,612	26,659	213,854
Total assets	673,553	638,413	30,870	40,632	60,445	1,142,138	2,586,050

Business Segment (€k)	2005 Motorways	Airports	Railway Stations	Shopping Malls	Other	Not attributable	Consolidated results
Total revenue and other income	1,694,649	1,664,970	88,790	129,927	94,716	11,972	3,685,023
Depreciation and impairment losses on property, plant and equipment and intangible fixed assets	75,509	84,242	5,253	5,182	6,493	3,707	180,387
Operating profit	141,060	163,246	2,177	9,348	3,822	(24,792)	294,862
Capital expenditure	57,806	97,964	2,834	10,486	13,368	12,503	194,960
Total assets	734,197	622,738	34,821	46,174	54,890	1,170,112	2,662,931

5.8 The Seasonality of the Business

The Group's business volume is closely related to the flow of travellers.
The following table gives 2006 quarterly figures for each of the key performance indicators: this shows that the Group's 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. Seasonality is even more evident in cash flow, which is concentrated in Q3.

(€m)	2006 Q1	H1	First nine months	Full Year
Revenue	822.8	1,768.3	2,840.0	3,929.4
% of full year result	20.9%	45.0%	72.3%	100.0%
EBITDA	72.9	204.1	398.7	514.1
% of full year result	14.2%	39.7%	77.6%	100.0%
EBIT	31.8	121.4	275.5	324.6
% of full year result	9.8%	37.4%	84.9%	100.0%
Net profit of the Group	7.5	49.5	140.0	152.5
% of full year result	4.9%	32.5%	91.8%	100.0%

5.9 Guarantees given, Commitments and Contingent Liabilities

Guarantees

At 31 December 2006 the guarantees given by the Group amounted to €83,145k and referred to guarantees and personal guarantees issued to landlords and other business counterparties; additionally Aldeasa granted guarantees to airport landlords in the amount of €6m and VAT guarantees to the tax authority in the amount of €3.2m.

Commitments

Commitments outstanding at 31 December 2006 referred to:
- an amount still payable 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 (€1,423k);
- the value of capital goods in leased businesses (€14,581k);
- the value of sale-or-return motorway toll cards held at Parent Company premises (€4,875k).

Contingent Liabilities

To maintain continuity of information, it is useful to remind of the favourable judgment passed by a Brussels court in the matter of a claim for damages, which the Belgian subsidiary resisted, made by the party that sold the subsidiary its catering business in shopping malls 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 no specific provision against the claimant's claim of €10m have been made. However, contrary to expectations, an appeal was lodged, but the court confirmed the original judgment eliminating any liability on the Belgian subsidiary.

This matter is now considered closed in favour of the Autogrill Group.

Again to maintain continuity of information, it is reported that on 22 January 2007 Michigan's Department of Treasury cancelled its Notice of Intent to Assess notified to Michigan Host, Inc. (a company wholly owned by the Group) in 2004, in relation to the initiation of a process of assessment of state taxes on sales of cigarettes in periods prior to 31 March 2002, the date on which the business ceased. The total value indicated in the notices including fines ($1.1m) and interest ($3.0m), amounted to $9.6m.

In October 2004, the previous majority shareholders of Receco S.L. 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 S.L. be carried out, and simultaneously that the amount of €6.5m be paid and that a bank guarantee be issued in favour of Autogrill Partecipationes S.L. for the amount of the guarantee that has been fixed. On 15 January 2007 the sellers were again requested to honour their obligations to the Autogrill Group, but did not attend the meeting. 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 €24.1m.

5.10 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:

Access Concession
Ownership of the land and buildings along the motorway is in the hands of a private firm (e.g., Autogrill) which negotiates access rights with the motorway company with the commitment to sell fuel and lubricants or food & 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.

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.

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 & 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.

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 & beverage products. In some cases the company consists of an authorisation to operate and an administrative licence. In these cases 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.

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 malls, according to the business objectives of the owner of the property.

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

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 & 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 2006, under all the operating leases (of the types described above) currently held by the Group as lessee.

(€k)	**Operating Leases**	**Subleasing[1]**
2007	277,877	13,591
2008	270,046	11,921
2009	238,494	9,567
2010	205,285	6,606
2011	163,435	4,860
> 2011	819,916	8,656
Total	1,975,053	55,201

(1) Related to subtenants arrangments of the American subsidiary, according to the contract with the landlord.

5.11 Other Information

Transactions with Related Parties

Related party transactions are detailed below; these were undertaken solely in the interest of the Group and the Parent, Autogrill S.p.A., in carrying out the transaction.

Transactions with the Controlling Entity

Edizione Holding S.p.A.

(€k)	31.12.2006	31.12.2005	Δ
Income Statement			
Revenue from sales of goods and services	3	3	-
Cost of services received	65	58	7
Balance Sheet			
Accounts receivable	3	3	-
Accounts payable	55	55	-
Other liabilities	29,539	27,758	1,781

As is evident from this table, the amounts involved in transactions with the controlling entity Edizione Holding S.p.A. are of marginal significance in terms of the Income Statement and Balance Sheet with the exception of *Other (current) liabilities* which were 10.9% of total consolidated other liabilities as at 31 December 2006 (11.6% at 31 December 2005). These percentages go up to 30.1% and 34.5% in FY 2006 and FY 2005, respectively, if referred to 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 compensation to one of its Directors for his membership of the Board, ordinarily payable after approval of the relevant annual Accounts.

Other liabilities refers to net liability in respect of IRES (corporate tax) due following the joint of the fiscal consolidation scheme. All liabilities are entirely current.

Transactions with Edizione Holding Group Companies

	Benetton Group S.p.A.			Olimpias S.p.A.			Union Services S.a.r.l.		
(€k)	31.12.2006	31.12.2005	Δ	31.12.2006	31.12.2005	Δ	31.12.2006	31.12.2005	Δ
Income Statement									
Revenue from sales of goods and services	-	2	(2)	-	-	-	-	-	-
Other income	-	1	(1)	-	-	-	-	-	-
Purchases	-	-	-	187	-	187	127	81	46
Cost of services received	-	-	-	-	-	-	-	38	(38)
Cost of use of others' property	41	28	13	-	-	-	-	-	-
Balance Sheet									
Accounts payable	7	5	2	225	-	225	14	5	9
Accounts receivable	-	3	(3)	-	-	-	12	-	12

(follows)

	Bencom S.r.l.			Fabrica S.p.A.			Verde Sport S.p.A.		
(€k)	31.12.2006	31.12.2005	Δ	31.12.2006	31.12.2005	Δ	31.12.2006	31.12.2005	Δ
Income Statement									
Revenue from sales of goods and services	-	-	-	-	-	-	60	66	(6)
Other income	255	2,968	(2,713)	-	-	-	1	1	-
Cost of services received	-	-	-	35	28	7	55	60	(5)
Balance Sheet									
Accounts payable	-	-	-	20	49	(29)	-	-	-
Accounts receivable	1,089	1,194	(105)	-	-	-	2	27	(25)

As is evident from this table, the amounts involved in transactions with Edizione Holding S.p.A. Group Companies are of marginal significance in terms of the overall Income Statement and Balance Sheet with the exception of Bencom S.r.l. accounts payable, which were 1.8% of the consolidated figure at 31 December 2006 (2.3% at 31 December 2005) and the other income received from this company in 2005 (3.5%).
If referred to the Parent, Autogrill S.p.A., as opposed to the Group, these percentages were 2.7% and 3.2% at 31 December 2006 and at 31 December 2005, respectively, for accounts payable, and 4.5% of 2005 income, in respect of other income.

In detail, in 2006:

- *Benetton Group S.p.A.: Cost of use of others' property* refers to hire of conference-rooms for the Shareholders' meeting and for other meetings.

- *Olimpias S.p.A.:* These costs refer to purchase of uniforms for sales staff.

- *Union Services S.a.r.l.:* this company manages the sharing of the costs of the "Group Service" promotion among Group companies. *Purchases* refer to promotion services supplied to Autogrill S.p.A. in the period. *Other income* refers to the reimbursement of Union Services' portion of the mentioned insurance programme's costs.

- *Bencom S.r.l.:* The sub-lease of premises in Via Dante in Milan continues.
  Other Income refers to rent and related costs accrued at 31 December 2006.
  The Account receivable refers to a portion of the sub-lease cost to be paid in instalments over the life of the lease.

- *Fabrica S.p.A.:* the transactions referred to graphic design consultancy provided to the Group.

- *Verde Sport S.p.A.: Revenue from sales of goods and services* and *Accounts receivable* refer to sales of food & 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 S.p.A..

All *Accounts payable* are current, while the claim on Bencom S.r.l. will be settled in instalments over the life of the sub-lease.

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., it is appropriate, and in line with the aim to be as transparent as possible, to supply information on these transactions.

Transactions and Balances at 31 December 2006 (with Autogrill S.p.A. only):

	Autostrade Group			Grandi Stazioni S.p.A.		
(€k)	31.12.2006	31.12.2005	Δ	31.12.2006	31.12.2005	Δ
Income Statement						
Revenue from sales of goods and services	17	18	(1)	-	-	-
Other income	760	866	(106)	-	-	-
Cost of services received	2,972	2,707	265	-	-	-
Cost of use of others' property	41,592	36,338	5,254	1,197	1,176	21
Balance Sheet						
Accounts payable	25,477	22,569	2,908	363	324	39
Accounts receivable	972	1,427	(455)	-	-	-

Autostrade Group: with reference to stores on the motorways, *cost of use of others' property* refers to concession rents and related additional costs, besides maintenance costs. *Other income* refers to commission on sale of Viacards (prepaid motorway toll-cards) and contributions for promotions held during the year.

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

All *Accounts payable* are current.

Below are the percentages of these values as a proportion of the total items for the Autogrill Group and the Parent, Autogrill S.p.A.:

	Autostrade Group		Grandi Stazioni S.p.A.	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Income Statement				
Revenue from sales of goods and services	0.0%	0.0%		
Other income	0.8%	1.0%		
Cost of services received	0.7%	0.7%		
Cost of use of others' property	7.1%	7.1%	0.2%	0.2%
Balance Sheet				
Accounts payable	5.4%	5.2%	0.1%	0.1%
Accounts receivable	1.6%	2.8%		

Reconciliation of the Parent's Shareholders' Equity and Net Profit to the same items of the Consolidated Accounts

As required by CONSOB resolution 15519 and Notice DEM/6064293, the following reconciliation is provided.

(€k)	Shareholders' equity as of 31.12.2005	Changes in Shareholders' equity	2006 net profit	Shareholders' equity as of 31.12.2006
Autogrill S.p.A. Balance Sheet	575,096	(61,017)	95,258	609,337
Effect of consolidation of subsidiaries Financial Statement and related tax effect	(123,754)	3,142	57,245	(63,367)
Changing in fair value of the convertible bond option to convert shares	1,615	129	-	1,744
Conversion reserve	2,129	(24,912)	-	(22,783)
Hedging instrument valuation reserve [1]	(3,326)	2,862	-	(464)
Group Consolidated Balance Sheet	**451,760**	**(79,796)**	**152,503**	**524,467**
Shareholders' equity - third parties	**30,881**	**(8,195)**	**10,791**	**33,477**
Total Consolidated Shareholders' equity	482,641	(87,991)	163,294	557,944

(1) Net of tax effect

Non-recurring Significant Events and Transactions

There were no significant non-recurring events or transactions in FY 2006 or FY 2005 as defined by CONSOB'S resolution 15519 and notice DEM/6064293.

Positions and Transactions arising out of Untypical or Unusual Business

No untypical or unusual business, as defined by CONSOB'S notice DEM/6037577 and notice DEM/6064293 dated 28 July 2006, was transacted in FY 2006.

5.12 Subsequent Events

In the opening months of 2007 the Aldeasa Group's international expansion continued and the process of balancing its concession portfolio as between domestic and international business was begun. After the awards obtained in Kuwait City and Vancouver in 2005, Aldeasa also entered the US by winning a large duty-free area in Atlanta International Airport, the biggest airport in the world in terms of passenger traffic. In India too Aldeasa will run a duty-free area of 2,100 square metres (22,600 sq feet) in Mumbai Airport, the leading airport in the country in terms of passenger traffic.

Autogrill's tender offer for the shares of Carestel Group N.V. was concluded with success in January 2007 bringing Autogrill's stake to 95.95%. Autogrill then undertook a squeeze-out of the remaining shares and the delisting of Carestel Group N.V., which was cancelled from Euronext's list in Brussels on 2 February 2007.

After the year-end, the Group won the following renewals and new contracts:

Country	Date	New or Renewed	Business Segment	Business Sector	Contract Life	Expected Cumulative Turnover
USA - Honolulu	January	Renewed	Airports	food & beverage	8 years	$300m
USA - Portland	January	New	Airports	food & beverage	10 years	$45m
USA - Port Columbus	January	Renewed	Airports	food & beverage	10 years	$120m
UE - Paris Carrousel de Louvre	February	New	Museums	food & beverage	n.a.	n.a.
USA - Atlanta	February	New	Airports	duty-free	8 years	$260m
ASIA - Mumbai	February	New	Airports	duty-free	3 years	$300m
USA - Jacksonville	March	Renewed	Airports	food & beverage	15 years	$242m
USA - Providence	March	Renewed + New	Airports	food & beverage	14 years	$190m

Authority to Publish these Accounts

The Board of Directors authorised the publication of these Accounts at its meeting held on 12 March 2007.

Annex

List of Consolidated Companies and other Equity Investments

Company name	Head Office	Currency	Share Capital	%	Holding company
Parent Company					
Autogrill S.p.A.	Novara	€	132,288,000	57.093	Edizione Holding S.p.A.
Subsidiaries					
Autogrill International S.r.l.	Novara	€	4,951,213	100.000	Autogrill S.p.A.
Aviogrill S.r.l.	Bologna	€	10,000	51.000	Autogrill S.p.A.
Nuova Estral S.r.l.	Novara	€	10,000	100.000	Autogrill S.p.A.
Bar del Porto di Nuova Estral S.r.l. S.n.c.	Piombino	€	74,303	100.000	Nuova Estral S.r.l.
Nuova Sidap S.r.l.	Novara	€	10,000	100.000	Autogrill S.p.A.
Autogrill Austria A.G.	Gottlesbrunn	€	7,500,000	100.000	Autogrill International S.r.l.
HMSHost Europe GmbH	Munchen	€	205,000	100.000	Autogrill S.p.A.
HMSHost Ireland Ltd.	Dublin	€	1	100.000	HMSHost Europe GmbH
HMSHost Sweden A.B.	Stockholm	SEK	2,500,000	100.000	HMSHost Europe GmbH
Autogrill España S.A.	Madrid	€	1,800,000	100.000	Autogrill International S.r.l.
Autogrill Participaciones S.L.	Madrid	€	6,503,006	100.000	Autogrill Espana S.A.
Restauracion de Centros Comerciales S.A. (RECECO)	Madrid	€	108,182,18	85.000	Autogrill Participaciones S.L.
Autogrill Finance S.A.	Luxembourg	€	250,000	99.996	Autogrill S.p.A.
				0.004	Autogrill Europe Nord-Ouest S.A.
Autogrill D.o.o.	Lubjana	SIT	73,920,000	100.000	Autogrill S.p.A.
Autogrill Hellas E.P.E.	Avlona Attikis	€	1,696,350	99.99	Autogrill International S.r.l.
				0.01	Autogrill S.p.A.
Autogrill Europe Nord-Ouest S.A.	Luxembourg	€	41,300,000	99.999	Autogrill International S.r.l.
				0.001	Autogrill Finance S.A.
Autogrill Belgie N.V.	Antwerpen	€	26,250,000	99.999	Autogrill Europe Nord-Ouest S.A.
				0.001	Ac Restaurants & Hotels S.A.
Ac Restaurants & Hotels Beheer N.V.	Antwerpen	€	7,851,186	99.999	Autogrill Belgie N.V.
				0.001	Ac Restaurants & Hotels S.A.
Ac Restaurants & Hotels S.A.	Grevenmacher	€	500,000	99.995	Autogrill Belgie N.V.
				0.005	Ac Restaurants & Hotels Beheer N.V.

Company name	Head Office	Currency	Share Capital	%	Holding company
Autogrill Nederland B.V.	Breukelen	€	41,371,500	100.000	Autogrill Europe Nord-Ouest S.A.
Maison Ledeboer B.V.	Zaandam	€	69,882	100.000	Autogrill Nederland B.V.
Ac Holding N.V.	Breukelen	€	150,000	100.000	Maison Ledeboer B.V.
The American Lunchroom Co B.V.	Zaandam	€	18,151	100.000	Ac Holding N.V.
Ac Apeldoorn B.V.	Apeldoorn	€	45,378	100.000	The American Lunchroom Co B.V.
Ac Bodegraven B.V.	Bodegraven	€	18,151	100.000	The American Lunchroom Co B.V.
Ac Heerlen B.V.	Heerlen	€	23,142	100.000	The American Lunchroom Co B.V.
Ac Hendrik Ido Ambacht B.V.	Hendrik Ido Ambacht	€	2,596,284	100.000	The American Lunchroom Co B.V.
Ac Holten B.V.	Holten	€	34,033	100.000	The American Lunchroom Co B.V.
Ac Leiderdorp B.V.	Leiderdorp	€	18,151	100.000	The American Lunchroom Co B.V.
Ac Meerkerk B.V.	Meerkerk	€	18,151	100.000	The American Lunchroom Co B.V.
Ac Nederweert B.V.	Weert	€	34,033	100.000	The American Lunchroom Co B.V.
Ac Nieuwegein B.V.	Nieuwegein	€	18,151	100.000	The American Lunchroom Co B.V.
Ac Oosterhout B.V.	Oosterhout	€	18,151	100.000	The American Lunchroom Co B.V.
Ac Restaurants & Hotels B.V.	Breukelen	€	90,756	100.000	The American Lunchroom Co B.V.
Ac Sevenum B.V.	Sevenum	€	18,151	100.000	The American Lunchroom Co B.V.
Ac Vastgoed B.V.	Zaandam	€	18,151	100.000	The American Lunchroom Co B.V.
Ac Vastgoed I B.V.	Zaandam	€	18,151	100.000	The American Lunchroom Co B.V.
Ac Veenendaal B.V.	Veenendaal	€	18,151	100.000	The American Lunchroom Co B.V.
Ac Zevenaar B.V.	Zevenaar	€	57,176	100.000	The American Lunchroom Co B.V.
Holding de Participations Autogrill S.a.s.	Marseille	€	84,581,920	99.999	Autogrill Europe Nord-Ouest S.A.
				0.001	Autogrill S.p.A.
Autogrill Aeroports S.a.s.	Marseille	€	1,368,000	99.999	Holding de Participations Autogrill S.a.s.
Autogrill Côté France S.a.s.	Marseille		31,579,526	99.999	Holding de Participations Autogrill S.a.s.
Société Berrichonne de Restauration S.A.A. (Soberest S.A.A.)	Marseille	€	288,000	49.995	Autogrill Coté France S.a.s.

Company name	Head Office	Currency	Share Capital	%	Holding company
Société de la Porte de Champagne S.A. (SPC)	Auberives	€	153,600	51.900	Autogrill Coté France S.a.s.
Société de Restauration Autoroutière Dromoise S.a.s. (SRAD)	Marseille	€	1,136,000	49.994 49.998	Autogrill Coté France S.a.s. SRSRA S.A.
Société de Restauration de Bourgogne S.A. (Sorebo S.A.)	Marseille	€	144,000	50.000	Autogrill Coté France S.a.s.
Société de Restauration de Troyes-Champagne S.A. (SRTC)	Marseille	€	1,440,000	70.000	Autogrill Coté France S.a.s.
Société Régionale de Saint Rambert d'Albon S.A. (SRSRA)	St Rambert d'Albon	€	515,360	50.000	Autogrill Coté France S.a.s.
Volcarest S.A.	Champs	€	1,050,144	50.000	Autogrill Coté France S.a.s.
Societè de Gestion de Restauration Routieère (SGRR S.A.)	Marseille	€	879,440	100.000	Autogrill Coté France S.a.s.
SCI Vert Pre Saint Thiebaut	Nancy	€	457	99.900 0.100	SGRR S.A. Autogrill Coté France S.a.s.
S.n.c. TJ2D	Chaudeney Sur Moselle	€	1,000	99.000 1.000	SGRR S.A. Autogrill Coté France S.a.s.
Autogrill Restauration Services S.a.s.	Marseille	€	15,394,500	99.999	Holding de Participations Autogrill S.a.s.
Autogrill Gares Province S. a r.l.	Marseille	€	274,480	100.000	Autogrill Restauration Services S.a.s.
Autogrill Gares Metropoles S. a r.l.	Marseille	€	17,396,850	100.000	Autogrill Restauration Services S.a.s.
Autogrill Schweiz A.G.	Olten	CHF	10,000,000	100.000	Autogrill International S.r.l.
Autogrill Pieterlen A.G.	Pieterlen	CHF	2,000,000	100.000	Autogrill Schweiz A.G.
Autogrill Pratteln A.G.	Pratteln	CHF	3,000,000	95.000	Autogrill Schweiz A.G.
Autogrill Basel Airport S.a.s. (in liquidation)	St. Louis	CHF	40,000	100.000	Autogrill Schweiz A.G.
Restoroute de Bavois S.A.	Bavois	CHF	2,000,000	70.000	Autogrill Schweiz A.G.
Restoroute de la Gruyère S.A.	Avry devant Pont	CHF	1,500,000	54.300	Autogrill Schweiz A.G.
Autogrill Czech Sro	Praga	PSC	2,000,000	100.000	Autogrill International S.r.l.
Autogrill Overseas Inc.	Wilmington	USD	39,866,106	100.000	Autogrill International S.r.l.
Autogrill Group Inc.	Bethesda	USD	225,000,000	100.000	Autogrill Overseas Inc.
HMSHost Corp.	Delaware	USD	-	100.000	Autogrill Group Inc.
HMSHost Europe Inc.	Wilmington	USD	-	100.000	Autogrill Group Inc.
HMSHost International Inc.	Wilmington	USD	-	100.000	HMSHost Corp.
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 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	4,600,000	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 Canada L.P.		CAD	-	100.000	Host International Inc.
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 zo o, in liquidation	Warsaw	PLN	6,557,600	100.000	Host International Inc.
Host of Holland B.V.	Haarlemmermeer	€	90,756	100.000	Host International Inc.
Horeca Exploitatie Maatschappij Schiphol B.V.	Schiphol	€	45,378	100.000	Host of Holland B.V.
Host Services (France) S.a.s. in liquidation	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.
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	95.000	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.

Company name	Head Office	Currency	Share Capital	%	Holding company
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 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.
Palm Springs AAI Inc.	Washington	USD	1,000	100.000	Anton Airfood Inc.
Anton Airfood of Boise, Inc.	Washington	USD	n.a.	100.000	Anton Airfood Inc.
Anton Airfood of Tulsa, Inc.	Washington	USD	n.a.	100.000	Anton Airfood Inc.
AAI Islip, Inc.	Washington	USD	n.a.	100.000	Anton Airfood Inc.
Fresno AAI, Inc.	Washington	USD	n.a.	100.000	Anton Airfood Inc.
Anton Airfood of Newark, Inc.	Washington	USD	n.a.	100.000	Anton Airfood Inc.
Anton Airfood of Seattle, Inc.	Washington	USD	n.a.	100.000	Anton Airfood Inc.
Providence Airport Restaurant Joint Venture	Rhode Island	USD	n.a.	100.000	Anton Airfood, Inc.
Carestel Group N.V.	Merelbeke	€	10,000,000	65.200	Autogrill S.p.A.
Carestel Motorway Services N.V.	Merelbeke	€	6,000,000	99.900	Carestel Group N.V.
Restair N.V.	Merelbeke	€	6,078,935	99.900	Carestel Group N.V.
Carestel Service Center N.V., in liquidation	Merelbeke	€	62,000	99.900	Carestel Group N.V.
Carestel Beteiligungs GmbH & Co.	Echterdingen	€	25,000	99.900	Carestel Group N.V.
Carestel Commercial Catering France S.A.	Saint Louis	€	2,916,480	99.900	Carestel Group N.V.
Carestel Nord S.a.r.l.	Saint Louis	€	76,225	99.900	Carestel Commercial Catering France S.A.
Carestel Trois Frontières S.a.r.l.	Saint Louis	€	621,999	99.900	Carestel Commercial Catering France S.A.
Carestel Commercial Catering Germany GmbH & Co KG	Echterdingen	€	n.a.	100.000	Restair N.V.
Restair UK Ltd.	London	GBP	1	100.000	Restair N.V.
Carestel A.B., in liquidation	Stockolm	SEK	6,000,000	100.000	Carestel Motorway Services N.V.

Companies consolidated proportionately

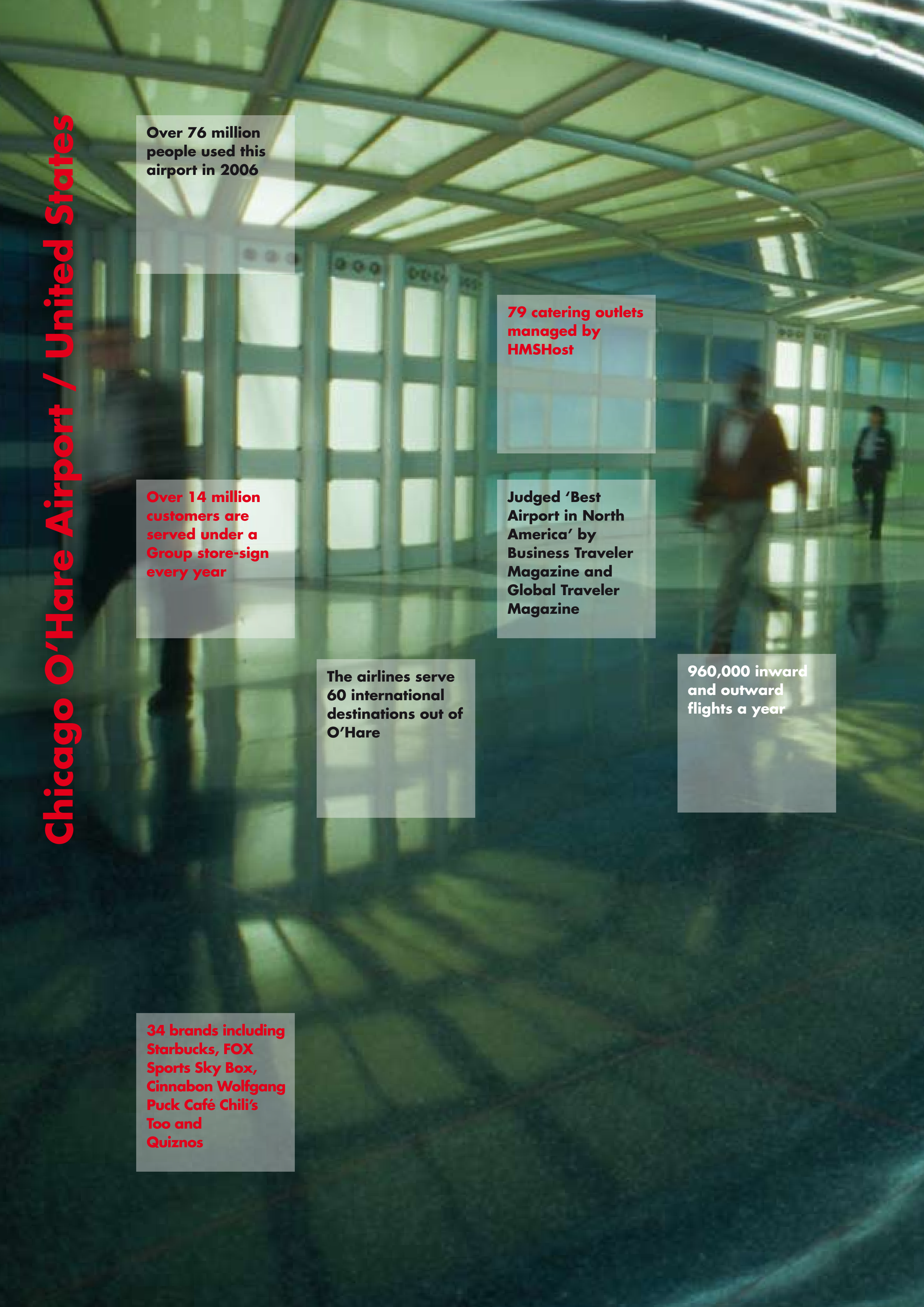
Company name	Head Office	Currency	Share Capital	%	Holding company
Aldeasa S.A.	Madrid	€	10,795,112	49.850 49.850 0.300	Autogrill España S.A. Altadis S.A. Altri
Aldeasa Internacional S.A.	Madrid	€	5,409,000	100.000	Aldeasa S.A.
Aldeasa Chile Ltda.	Santiago de Chile	USD	1,854,154	99.990	Aldeasa S.A.
Sociedad de Distribución Aeroportuaria de Canarias S.L.	Las Palmas	€	6,689,100	60.000	Aldeasa S.A.
Aldeasa Colombia Ltda.	Cartagena de Indias	COP	966,441	99.990	Aldeasa S.A.
Aldeasa México S.A. de C.V.	Cancun	MXN	7,390,815	99.990	Aldeasa S.A.
Transportes y Suministros Aeroportuarios S.A.	Madrid	€	1,202,000	100.000	Aldeasa S.A.
Foodlasa S.L.	Madrid	€	1,710,000	50.000	Aldeasa S.A.
Ciro Holdings S.A.	Geneve	CHF	56,336,347	100.000	Aldeasa S.A.
Aldeasa Cabo Verde S.A.	Sal Island	CVE	54,490	99.990	Aldeasa S.A.
Prestadora de Servicios en Aeropuertos S.A. de C.V.	Crucero	USD	6,462	99.990	Aldeasa S.A.
Panalboa S.A.	Panama	USD	125,623	80.000	Aldeasa S.A.
Audioguiarte Servicios Culturales S.L.	Madrid	€	251,000	100.000	Aldeasa S.A.
Aldeasa Servicios Aeroportuarios Ltda.	Santiago de Chile	USD	8,134,652	99.990	Aldeasa S.A.
Aldeasa Projects Culturels SAS	Paris	€	800,000	100.000	Aldeasa S.A.
Vancouver Uno S.L.	Madrid	CAD	3,010	100.000	Aldeasa S.A.
Steigenberger Gastronomie GmbH	Frankfurt	€	750,000	49.900	HMSHost Europe GmbH
Caresquick N.V.	Bruxelles	€	2,500,000	50.000	Carestel Group N.V.

Associates accounted for at net equity

Company name	Head Office	Currency	Share Capital	%	Holding company
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	100.000	Anton Airfood, Inc.
Estación Aduanera Zaragoza, S.A.	Zaragoza	EUR	1,670,153	31.260	Aldeasa S.A.
Souk al Mouhajir, S.A.	Tangiers	DIRHAM	587,665	35.850	Aldeasa S.A.
Creuers del Port de Barcelona, S.A.	Barcelona	EUR	3,005,061	23.000	Aldeasa S.A.
Lanzarote de Cultura y Ocio, S.A.	Tias	EUR	180,304	30.000	Aldeasa S.A.

Independent Auditors’ Report

Chicago O'Hare Airport / United States



Over 76 million people used this airport in 2006

79 catering outlets managed by HMSHost

Over 14 million customers are served under a Group store-sign every year

Judged 'Best Airport in North America' by Business Traveler Magazine and Global Traveler Magazine

The airlines serve 60 international destinations out of O'Hare

960,000 inward and outward flights a year

34 brands including Starbucks, FOX Sports Sky Box, Cinnabon Wolfgang Puck Café Chili's Too and Quiznos

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998

To the shareholders of
Autogrill S.p.A.

1 We have audited the consolidated financial statements of the Autogrill Group as at and for the year ended 31 December 2006, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto. These financial statements are the responsibility of the parent'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 consolidated financial statements are free of material misstatement and are, as a whole, reliable. 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 directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report of other auditors dated 3 April 2006 for their opinion on the prior year consolidated financial statements, which included the prior year figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the Autogrill Group as at and for the year ended 31 December 2006 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38 of 28 February 2005. Therefore, they are clearly stated and give a true and fair view of the financial position of the Autogrill Group as at 31 December 2006, the results of its operations, changes in its equity and its cash flows for the year then ended.

Milan, 5 April 2007

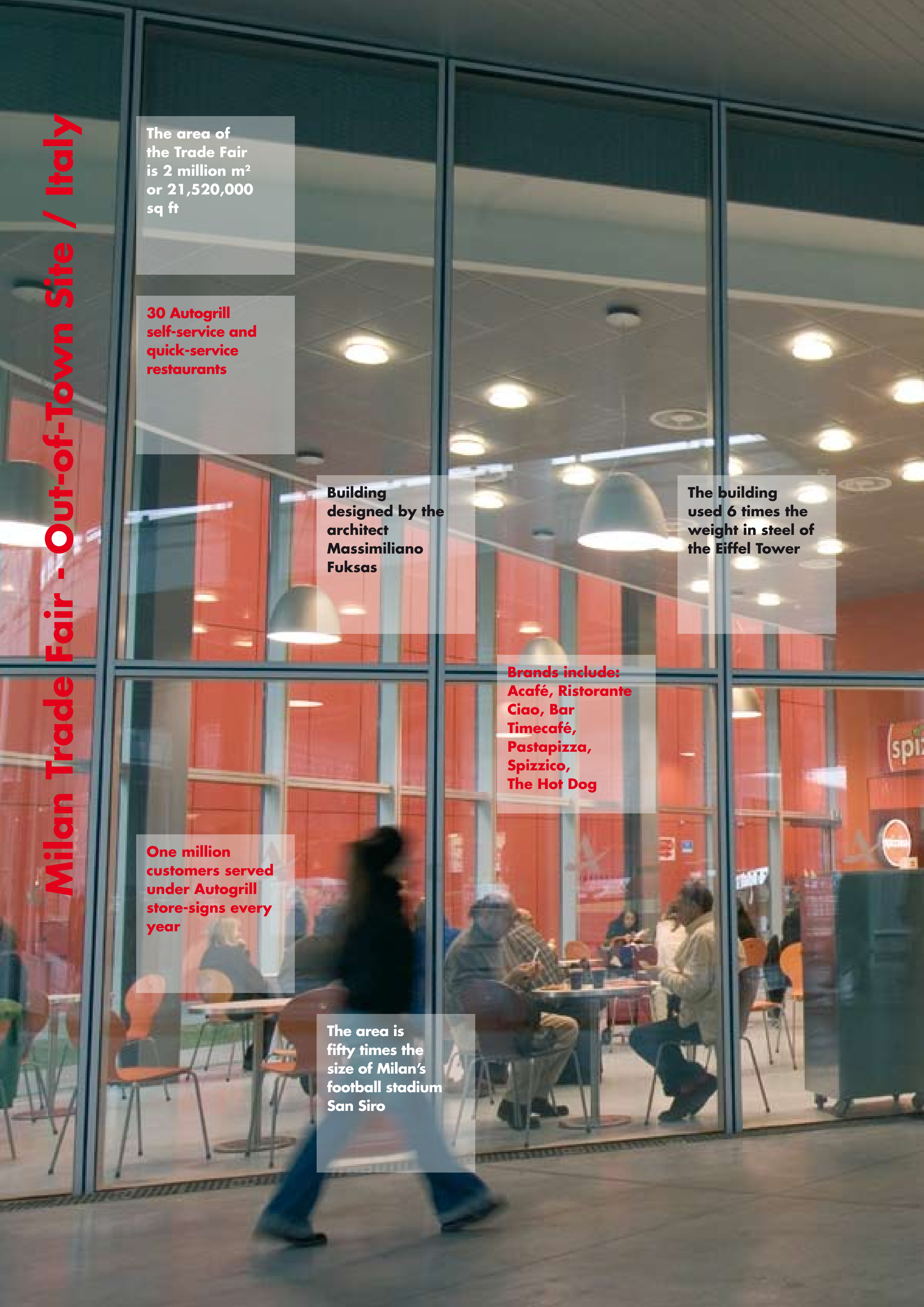
KPMG S.p.A.

(Signed on the original)

Giovanni Rebay
Director of Audit

Parent Company Accounts

Milan Trade Fair - Out-of-Town Site / Italy



The area of the Trade Fair is 2 million m² or 21,520,000 sq ft

30 Autogrill self-service and quick-service restaurants

Building designed by the architect Massimiliano Fuksas

The building used 6 times the weight in steel of the Eiffel Tower

Brands include: Acafé, Ristorante Ciao, Bar Timecafé, Pastapizza, Spizzico, The Hot Dog

One million customers served under Autogrill store-signs every year

The area is fifty times the size of Milan's football stadium San Siro

6.1 Balance Sheet - Autogrill S.p.A.

Notes	(€k)	31.12.2006	31.12.2005	Change
I	Cash and cash equivalents	108,507	33,994	74,513
II	Other financial assets	160,894	536,076	(375,182)
	Income tax credits	1,246	1,560	(314)
III	Other receivables	31,024	32,364	(1,340)
IV	Trade receivable	40,539	37,321	3,218
V	Inventory	44,340	43,075	1,265
	Total current assets	**386,550**	**684,390**	**(297,840)**
VI	Property, plant and equipment	165,323	151,273	14,050
VII	Goodwill	76,170	74,367	1,803
VIII	Other intangible assets	13,039	12,676	363
IX	Equity Investments	572,132	542,166	29,966
X	Other financial assets	419,420	357,620	61,800
XI	Loans	23,590	6,909	16,681
	Total non-current assets	**1,269,674**	**1,145,011**	**124,663**
	Total assets	1,656,224	1,829,401	(173,177)
XII	Accounts payable	265,747	252,357	13,390
	Income tax liabilities	840	506	334
XIII	Other liabilities	98,357	80,482	17,875
XIV	Due to banks	152,394	102,252	50,142
XV	Other financial liabilities	13,934	7,211	6,723
	Total current liabilities	**531,272**	**442,808**	**88,464**
XVI	Borrowings (net of current portion)	370,483	674,412	(303,929)
XVII	Deferred tax liabilities	24,022	15,769	8,253
XVIII	Severance pay and other employee benefits	91,806	89,654	2,152
XIX	Provisions	29,304	31,662	(2,358)
	Total non-current liabilities	**515,615**	**811,497**	**(295,882)**
	Total liabilities	1,046,887	1,254,305	(207,418)
	Shareholders' equity	609,337	575,096	34,241
	Total liabilities and shareholders' equity	1,656,224	1,829,401	(173,177)

6.2 Income Statement - Autogrill S.p.A.

Notes	(€k)	2006	2005	Change
XX	Revenue	1,209,159	1,080,682	128,477
XX	Other Operating Income	62,141	66,333	(4,192)
	Total Income	1,271,300	1,147,015	124,285
XXI	Cost of raw material, items for use and merchandise	588,870	507,285	81,585
XXII	Payroll and benefits	272,956	255,010	17,946
XXIII	Rents, concessions and royalties	125,524	114,591	10,933
XXIV	Other operating costs	129,672	121,834	7,838
XXV	Depreciation	44,028	42,055	1,973
	Operating Profit	110,250	106,240	4,010
XXVI	Gains (losses) on financial transactions	72,508	69,681	2,827
XXVII	Net interest expenses	(32,054)	(31,973)	(81)
	Profit before tax	150,703	143,948	6,755
XXVIII	Tax	(55,446)	(48,398)	(7,048)
	Net profit	95,258	95,550	(292)

6.3 Analysis of Changes in Shareholder's Equity

Description (€k)	**Share Capital**	**Legal Reserve**	**Treasury shares purchase reserve**	**Other reserves and retained profits**	**Profit for the period**	**Total**
Balance at 31 December 2004	132,288	2,387		318,590	77,165	530,428
Allocation of profit for 2004		3,858		22,427	(77,165)	(50,880)
Setting up treasury shares purchase reserve			28,000	(28,000)		-
Other movements				(2)		(2)
Profit for 2005					95,550	95,550
Balance at 31 December 2005	132,288	6,245	28,000	313,015	95,550	575,096
Allocation of profit for 2005		4,500	2,000	27,994	(95,550)	(61,056)
Other movements				39		39
Profit for 2006					95,258	95,258
Balance at 31 December 2006	132,288	10,745	30,000	341,048	95,258	609,337

6.4 Cash Flow Statement - Autogrill S.p.A.

(€m)	**2006**	**2005**
Cash and cash equivalents at the beginning of the financial year	8.9	55.3
Profit before tax and net financial cost for the period	110.2	106.1
Amortisation, depreciation and impairment losses on fixed assets	44.0	42.2
Value adjustments and (gains)/losses on disposal of financial assets	-	0.2
(Gains)/losses on disposal of fixed assets	-	(1.6)
Movements in working capital	26.5	27.9
Net change in non-current non-financial assets and liabilities	10.0	13.2
Cash flows from operating activities	190.7	188.0
Tax paid	(45.2)	(18.8)
Interest paid	5.4	1.0
Net cash flows from operating activities	150.9	170.2
Expenditure on property, plant and equipment and intagible fixed assets	(61.2)	(63.6)
Net proceeds from assets sales	0.5	1.9
Net change in financial assets	(46.6)	(99.7)
Cash flows from investing activities	(107.3)	(161.4)
Medium/long-term financings procured	-	257.3
Repayments of instalments of medium/long-term financings	(148.2)	(49.3)
Repayments of short-term loans net of new borrowing	(77.1)	46.0
Payment of dividends	(61.1)	(50.9)
Dividends cash-in	0.2	38.0
Other flows	331.5	(296.3)
Cash flows from financing activities	45.3	(55.2)
Cash flows for the period	88.9	(46.4)
Cash and cash equivalents at the end of the financial year	97.8	8.9

Reconciliation of cash and other liquid assets

(€m)	**2006**	**2005**
Cash and cash equivalents at the beginning of the financial year:	8.9	55.3
Cash and cash equivalents	34.0	49.6
Current account debit balances	(25.1)	5.7
Cash and cash equivalents at the end of the financial year:	97.8	8.9
Cash and cash equivalents	108.5	34.0
Current account debit balances	(10.7)	(25.1)

7.1 The Business of Autogrill S.p.A.

The Company operates in Italy and through its subsidiaries in other countries in the travel catering and travel retail sectors. In Italy its specialisation is in catering for people on the move and in quick-service restaurants in locations where there is high passenger traffic and consumer presence.

Motorway service area stores, principally, also sell food and non-food products to the public.

7.2 Accounting Principles and Valuation Criteria

General Principles

Autogrill S.p.A.'s 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).

Since the Company has adopted IFRS for the first time in preparing its 2006 company accounts, having adopted them for its consolidated accounts at 31 December 2005, the assets and liabilities recognised in the company accounts prepared under IFRS at 1 January 2005 are the same values as those contained in the consolidated accounts of the same date, except of course for equity investments and other items that are eliminated on consolidation. It follows that on changeover to IFRS the decisions made in application of IFRS 1.13 and 1.26 in the consolidated accounts at 1 January 2004 (the changeover date applying to the consolidated accounts) were maintained for the purposes of the company accounts' changeover to IFRS.

These Accounts were prepared on the historic cost principle, except for the valuation of certain financial instruments at fair value.

These Accounts were prepared prospectively using the euro as the unit of account and the figures given in the tables are in thousands of euros (€k) or millions of euros (€m).

Structure, Format and Content of the Accounts

As stated above, the Accounts at 31 December 2006 are the first Company Accounts to be prepared under IFRS; reconciliations and explanatory notes as required by IFRS 1 on first adoption of IFRS are given in a special section of these Notes.

The accounts include the Balance Sheet, Income Statement, changes in Shareholders' Equity and Cash Flow Statement, as well as these Notes.

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.

Monetary assets and liabilities in currencies other than the euro were converted at exchange rates ruling on the balance-sheet date, the related adjustment being recognised in the Income Statement.

The Main Effects of the Adoption of IFRS

Details concerning the adoption of IFRS together with reconciliation tables are given in 7.10 of these Notes. The main effects of adoption were as follows:

Goodwill (IAS 38 and IFRS 3)
This is no longer regularly amortized, but is subject to regular impairment test.
Under this principle €28,199k of prior-year amortisation was reversed at 31 December 2005 (€13,815k at 1 January 2005).

In 2006 no impairment was recognised, on the contrary the test results showed higher values than those recognised under goodwill.

Equity Investments (IAS 27 and 28)
These were previously valued at net equity; in the company accounts they are now valued at cost, if necessary adjusted for impairment; this entailed reversing off reductions in carrying value totalling €357,926k at 1 January 2005 and €343,066k at 31 December 2005.

Dividends (IAS 18)
Dividends paid by subsidiaries or associates are recognised in the financial year in which the right of the shareholders to receive dividend is established and not in the year of accrual.
On changeover to IFRS dividend previously recognised under the latter principle was deferred to the following financial year. This reduced shareholders' equity by €37,973k at 1 January 2005 and by €40,322k at 31 December 2005.

The consequent tax effects were also recognised.

The reconciliation under Italian GAAP and IFRS of Shareholders' Equity at 1 January 2005 (changeover date) and 31 December 2005 and 2005 Profit for the years is as follows:

(€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
Adjustments				
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

The IFRS adopted by the Company are those endorsed by the EU at the current date. The theoretical effect on Autogrill S.p.A.'s accounts of adopting the further IFRS not yet endorsed by the EU would not be significant.

Valuation Criteria

Recognition of Income and Expense

Income from services is recognised when the service is rendered; 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 reduction of the related cost.

Net interest expenses are recognised in the Income Statement on an accruals basis and are not capitalised.

Employee Benefits

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

In respect of defined-benefit plans 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. Actuarial gains and losses are taken directly to the income statement under *Payroll and benefits* as to the allocation accruing in the period.

With regard to T.F.R. (the Italian severance pay scheme), starting with the 2006 Accounts the Company took the entire gain or loss resulting from the actuarial valuation of this liability to the Income Statement. Specifically, the *Service Cost* and *Actuarial gain or loss* components were included in *Payroll and benefits*, while the *Interest Cost* component was entered to *Net interest expenses*.

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 and items that will never be taxable or deductible. Current tax liability is calculated using prevailing or actual tax rates ruling on the balance sheet date.

Starting from the 2004 tax year, Autogrill S.p.A., together with its wholly-owned Italian subsidiaries (Autogrill International S.r.l., Nuova Sidap S.r.l. and Nuova Estral S.r.l.), joined the domestic tax consolidation scheme of Edizione Holding S.p.A., pursuant to the Single Income Tax Act 117, 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 and not the *Revenue* (Inland Revenue).

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 at the time they occur. Deferred tax liabilities are recognised in respect of taxable temporary differences relating to equity investments in subsidiaries, associates or joint ventures, unless the Company 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 Company intends to settle current tax assets and liabilities on a net basis.

Non-Current Assets

Property, Plant and Equipment

Property, plant and equipment 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 price or production cost including additional charges and direct or indirect costs according to the share that can reasonably be attributed to the asset, and in some cases revalued under monetary revaluation rules.

On changeover to IFRS these revaluations were retained in the accounts in so far as they were in accordance with IFRS 1.

Property, plant and equipment are systematically depreciated every year on a straight-line basis according to technical and economic rates in relation to each asset's residual useful life. The Company reviews the useful life of each asset at every year-end. 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 with the usual frequency. 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 component 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 buildings	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 amortisation 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 the following principle - regardless of depreciation already recognised 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.

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 effectively transfer all the risks and benefits to the lessee. All other leases are operating leases.

Assets leased under finance leases are recognised by the Company 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.

Other Intangible Assets

Other 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 price or production cost including additional charges and amortized over their useful life.

If impairment losses arise - determined in accordance with the following principle - 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 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 amortized	5 years, or the life of the underlying contract

The Company reviews the useful life of intangible assets at least every year-end.

Equity Investments

Equity investments in subsidiaries are measured using the cost method adjusted for impairment losses as described below.

Impairment Losses on Property, Plant and Equipment, Other Intangible Assets and Equity Investments

At each balance sheet date or on drawing up an interim statement of condition, the Company 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 concession agreement. The minimum aggregation unit for other fixed assets (intangible, tangible or goodwill) is the business segment 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 the 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 flows) 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.

Current Assets and Liabilities

Inventory

Inventory is valued at the lower of the purchase price 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 Company under the contractual clauses of the instrument, has legal title to the asset or assumes the contractual obligations of the liability.

Accounts receivable

Accounts receivable are disclosed at amortized cost using the effective interest method or at purchase cost when there is no specified due date, in both cases reduced by an appropriate write-down to reflect losses on accounts receivable.

Other 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 amortized 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.

- *Borrowings, Bank Loans and Bank Overdrafts*
  Interest-bearing borrowings and bank loans and overdrafts are recognised on the basis of the amounts borrowed less transaction costs, and subsequently valued at amortized cost, using the effective interest-rate method.

- *Accounts payable*
  Accounts payable are recognised at face value, since the financial effect of payment deferral is not material so the carrying value is close to the amortized cost value.

- *Derivative Instruments and Hedge Accounting*
  In line with the requirements of IAS 39, derivatives may be accounted for under hedge accounting if and only if, at the origination of the hedge: (i) 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.

- *Cash flow 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.

- *Hedge of net investment* - If a derivative is designated as a hedge of a net investment in a foreign operation, including a hedge of a monetary amount which is accounted for as being part of the net investment, the effective portion of gains or losses on the hedge is recognised in equity, through changes to the appropriate equity items, and the ineffective portion is recognised in the Income Statement. On disposal of the foreign operation, the realised gains and losses on the effective portion of the hedge recognised in equity will be taken to the Income Statement.

If hedge accounting cannot be applied, the gains or losses arising from measurement at fair value of the financial derivative are immediately recognised in the Income Statement under IAS 39.

Derivatives are initially recognised at cost and adjusted to fair value at each subsequent end of an accounting period.

Provisions

Provisions are recognised in the Accounts when the Company 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 settling 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 Company'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, amortisation, impairment losses on assets, employee benefits, tax, and other provisions. Estimates and assumptions are periodically reviewed and the effect of any change is immediately taken to the Income Statement.

7.3 Guarantees Given, Commitments and Contingent Liabilities

At 31 December 2006 the Company's guarantees given and commitments outstanding amounted to €479,517k, a €25,049k reduction from 2005, broken down as follows:

(€k)	31.12.2006	31.12.2005	Change
Guarantees given in respect of Company obligations	80,065	68,085	11,980
Guarantees given in respect of subsidiaries	376,837	415,526	(38,689)
Other commitments and guarantees	22,615	20,955	1,660
Total	479,517	504,566	(25,049)

Guarantees given in respect of Company obligations were issued to business counterparties in the normal course of business. The increase was mainly due to new leases or catering or retail concessions won.

Guarantees given in respect of subsidiaries were issued to bondholders who financed our direct or indirect subsidiaries. The most significant items amounted to €280,941k and €47,860k and refer respectively to the $370m private placement debt issued on 23 January 2003 by Autogrill Group, Inc. (USA) and the convertible bond issued by Autogrill Finance S.A..

Other commitments and guarantees refer to the value of others' property used by the Company. The increase was mainly due to the value of motorway toll-cards held for sale.

7.4 Operating Leases

For the purposes of these Accounts, operating leases are defined as the various kinds of contract by which the Company carries on its 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. In the trade-fair/shopping mall/city-centre segment the commonest contract is a property lease or business lease.

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 forms of contract are the following:

- *access Concession:* ownership of the land and buildings along the motorway is in the hands of a private firm (e.g., Autogrill) which negotiates access rights with the motorway company with the commitment to sell fuel and lubricants or food & 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.

- *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 back to the landlord (the motorway company).

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

- *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 back to the landlord (the motorway company).

  Service concessions are also used in airport terminals where the contractor is authorised to sell food & 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 the structures and equipment used for provision of services back to the landlord on expiry of the concession is not common, but not impossible.

- *business lease and commercial lease:* leasing a business or parts thereof confers use of rights and/or buildings, equipment etc. for the service of food & beverage products. In some cases the company consists of an authorisation to carry on business and a local authority licence. In these cases the lessee undertakes the necessary capital expenditure and provides the service. In other cases, a firm leases a company consisting of both the authorisations 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.

  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 malls, according to the business objectives of the owner of the property.

Business lease is preferred by shopping mall management companies and sometimes in other business segments, with the aim of fixed duration which, together with other rights (e.g., pre-emption and loss of goodwill), may be stipulated in commercial leases or to ensure co-ordinated management of the local authority licences to trade.

- *contract:* this kind of business agreement has been used inter alia by the Milan trade fair company. The restaurateur carries on the business of preparing and serving food & 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 2006, under all the operating leases currently held by the Company as lessee.

(€m)	**Amounts**
2007	51.4
2008	50.7
2009	47.3
2010	43.7
2011	41.6
following years	230.6
Total	465.3

7.5 Financial Position

The following table gives the net financial position at 31 December 2006, at 31 december 2005, and changes from 2005:

Notes	(€k)	31.12.2006	31.12.2005	Change
I	A) Cash	43.0	30.0	13.0
I	B) Cash equivalents	65.5	4.0	61.5
	C) Liquid assets (A) + (B)	108.5	34.0	74.5
II	D) Current Financial credits	160.9	536.1	(375.2)
XIV	E) Due to banks - current	10.7	25.1	(14.4)
XIV	F) Non-current financial Indebtedness - current portion	141.7	77.2	64.5
XV	G) Other financial liabilities	13.9	7.2	6.7
	H) Current financial indebtedness (E)+(F)+(G)	166.3	109.5	56.9
	I) Current financial indebtness, Net (H)-(D)-(C)	(103.1)	(460.6)	357.5
X	J) Non-current financial credits	419.4	357.6	61.8
XVI	K) Due to banks - non-current	370.5	674.4	(303.9)
	N) Non-current financial Indebtedness (K) + (L) + (M)	370.5	674.4	(303.9)
	O) Non-current financial Indebtedness, Net (N) - (J)	(48.9)	316.8	(365.7)
	P) Net financial Indebtedness (I) + (O)	(152.0)	(143.8)	(8.2)

Please see the notes specified in the table for commentary.

7.6 Other Information

Transactions with related parties

All the above transactions were carried out in the interest of the Company and at arm's length.

Transactions with the Controlling Entity

In 2006 Edizione Holding S.p.A. transferred its controlling stake in Autogrill S.p.A. to Schematrentaquattro S.r.l., which it controls as to 100%.

No transactions with the latter occurred in 2006 and there were no accounts with it, whereas transactions with Edizione Holding S.p.A. continued.

Edizione Holding S.p.A.

(€k)	31.12.2006	31.12.2005	Δ
Income Statement			
Revenue from sales of goods and services	3	3	-
Cost of services received	65	58	7
Balance Sheet			
Accounts receivable	3	3	-
Accounts payable	55	55	-
Other liabilities	29,539	27,758	1,781

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

Accounts payable refers to compensation to one of its Directors for his membership of our Board, to be paid normally after approval of the Accounts relating to the year in question.

Other liabilities refers to our liability following our joining the fiscal consolidation scheme and is the liability for *IRES* (corporate tax).

All the liabilities are current.

At the time of writing and at 31 December 2006 the ultimate holding company of Autogrill S.p.A. was Ragione di Gilberto Benetton & C. S.p.A..
Schematrentaquattro S.r.l., Edizione Holding S.p.A. and Ragione di Gilberto Benetton & C. S.a.p.A. are all based in Treviso and entered to the Treviso Companies Register.

Transactions and Year-end Balances with Edizione Holding S.p.A. Subsidiaries

	Benetton Group S.p.A.			Olimpias S.p.A.			Union Services S.à.r.l.		
(€k)	31.12.2006	31.12.2005	Δ	31.12.2006	31.12.2005	Δ	31.12.2006	31.12.2005	Δ
Income Statement									
Revenue from sales of goods and services	-	2	(2)	-	-	-	-	-	-
Other income	-	1	(1)	-	-	-	-	-	-
Purchases	-	-	-	187	-	187	127	81	46
Cost of services received	-	-	-	-	-	-	-	38	(38)
Cost of use of others' property	41	28	13	-	-	-	-	-	-
Balance Sheet									
Accounts payable	7	5	2	225	-	225	14	5	9
Accounts receivable	-	3	(3)	-	-	-	12	-	12

	Bencom S.r.l.			Fabrica S.p.A.			Verde Sport S.p.A.		
(€k)	31.12.2006	31.12.2005	Δ	31.12.2006	31.12.2005	Δ	31.12.2006	31.12.2005	Δ
Income Statement									
Revenue from sales of goods and services	-	-	-	-	-	-	60	66	(6)
Other income	255	2,968	(2,713)	-	-	-	1	1	-
Purchases	-	-	-	-	-	-	-	-	-
Cost of services received	-	-	-	35	28	7	55	60	(5)
Balance Sheet									
Accounts payable	-	-	-	20	49	(29)	-	-	-
Accounts receivable	1,089	1,194	(105)	-	-	-	2	27	(25)

In detail, in 2006:
Benetton Group S.p.A.: *Cost of use of others' property* refers to hire of the hall for the AGM and other meeting-rooms.

Olimpias S.p.A.: Costs refer to purchase of sales staff uniforms.

Union Services S.à.r.l.: this company manages the sharing of the costs of the "Group Service" promotion which the Company benefits from, among main Group companies operating in Europe. *Purchases* refer to promotion services supplied to Autogrill S.p.A. in the period. *Other income* refers to the reimbursement of Union Services' portion of the mentioned insurance programme's cost.

Bencom S.r.l.: sub-lease of premises in Via Dante in Milan. *Other Income* refers to rent and related costs accrued at 31 December 2006. The account receivable refers to a portion of the sub-lease rental to be paid in instalments over the life of the lease.

Fabrica S.p.A.: the transactions referred to graphic design consultancy provided to the Group.

Verde Sport S.p.A.: *Revenue from sales of goods and services* and *Accounts receivable* refer to sales of food & 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 S.p.A..

All *Accounts payable* are current except the instalment credit towards Bencom S.r.l..

Transactions with Subsidiaries and Associates

(€k)	Autogrill Group, Inc.	Autogrill Overseas Inc.	Autogrill Finance S.A.	Autogrill Belgie N.V.	Autogrill Nederland B.V.	Host of Holland B.V.	Autogrill España S.A.U.	Aldeasa S.A.	HMSHost Europe GmbH
Income Statement									
Sales of products				2	2	2	45		
Other income and recoveries for the year	84		12	30	41	120	119	254	
Financial income	2,569	1,224	3,051				7,837	6,157	9
Net interest expenses	81		73				19		2
Purchase of assets									
Service costs									
Balance Sheet									
Accounts payable				67	36		120		
Financial liabilities			7,537				19		7
Accounts receivable	20		12	82	119	229	84	94	1
Financial assets	160,363	76,421	72,405				186,916		25

Autogrill Austria A.G.	Autogrill Czech S.r.o.	Autogrill Hellas E.P.E.	Autogrill Schweiz A.G.	Autogrill Côtè France S.A.S.	Nuova Sidap S.r.l.	Nuova Estral S.r.l.	Bar del Porto di Nuova Estral S.r.l. S.n.c.	Autogrill International S.r.l.	Aviogrill S.r.l.	Autogrill D.o.o.	HMSHost Ireland Ltd.	HMSHost Sweden Ltd.
137	1	104	6		175				1,500	28		
325		34	247	1,196	29	2		1,804	322	5	6	4
131					2	69		998		37	137	3
						18			18			
				14	12	53	42					
26		30	8	175								
							45		324			
196	1	73	264	605	84	2		458	193	7	12	6
3,735					487	1,117		67,622		854		167

Transactions and Balances with the Autostrade Group and Grandi Stazioni S.p.A.

Given the volume and frequency of transactions of Autogrill S.p.A. with companies belonging to the Autostrade Group and Grandi Stazioni S.p.A., we supply information on these transactions in 2006.

	Autostrade Group			Grandi Stazioni S.p.A.		
(€k)	31.12.2006	31.12.2005	Δ	31.03.2006	31.12.2005	Δ
Income Statement						
Revenue from sales of goods and services	17	18	(1)	-	-	-
Other income	760	866	(106)	-	-	-
Cost of services received	2,972	2,707	265	-	-	-
Cost of use of others' property	41,592	36,338	5,254	1,197	1,176	21
Balance Sheet						
Accounts payable	25,477	22,569	2,908	363	324	39
Accounts receivable	972	1,427	(455)	-	-	-

Since Autogrill S.p.A. has a number of travel catering concessions granted by the Autostrade Group in motorway service areas, costs refer to rentals and related additional charges as well as maintenance of premises and plant and equipment. *Other income* refers to commission on distribution of Viacards (prepaid motorway toll cards) and the contribution to promotions undertaken in 2005.

Autogrill S.p.A. leases certain commercial units located in Rome Termini station from Grandi Stazioni S.p.A.. *Costs* refer to lease rentals and related additional costs.

All accounts payable are current.

Directors', Statutory Auditors' and General Managers' Compensation

Name	Position	Appointment	Compensation	Cash Emoluments	Bonus and other incetives	Other Emoluments
Gilberto Benetton	Chairman	01.01-31.12.06	47,800	-	-	-
Gianmario Tondato da Ruos	Manging Director	01.01-31.12.06	400,323		2,410,000	350,356
Alessandro Benetton	Director	01.01-31.12.06	45,400	-	-	-
Giorgio Brunetti	Director	01.01-31.12.06	58,800	-	-	-
Antonio Bulgheroni	Director	01.01-31.12.06	51,600	-	-	-
Marco Desiderato	Director	01.01-31.12.06	58,800	-	-	-
Sergio De Simoi	Director	01.01-31.12.06	47,200	-	-	-
Sergio Erede	Director	01.01-31.12.06	54,600	-	-	-
Gianni Mion	Director	01.01-31.12.06	55,200	-	-	-
Gaetano Morazzoni	Director	01.01-31.12.06	47,200	-	-	-
Alfredo Malguzzi	Director	01.01-31.12.06	58,800	-	-	-
Total Directors' Compensation			925,723	-	2,410,000	350,356
Luigi Biscozzi	Chairnan of Statutory Auditors	27.04-31.12.06	63,004	-	-	-
Gianluca Ponzellini	Statutory Auditors	01.01-31.12.06	43,936	-	-	20,142
Marco Reboa	Statutory Auditors	01.01-27.04.06	967	-	-	13,750
Ettore Maria Tosi	Statutory Auditors	01.01-31.12.06	44,903	-	-	13,750
Total Statutory Auditors' Compensation			152,810	-	-	47,642
Total			1,078,533	-	2,410,000	397,998

The Managing Director received a bonus on attainment of pre-established objectives relating to 2006 and the three-year period 2004-2006 as well as emoluments referring to his employment by the Company, disclosed under *Other Emoluments*.

The Statutory Auditors receive compensation for performing the same role in Autogrill International S.r.l., also disclosed under *Other Emoluments*.

Significant Non-Recurring Events and Transactions

There were no significant non-recurring events or transactions in 2006 as defined by CONSOB'S resolution 15519 and notice DEM/6064293.

Positions and Transactions arising out of Untypical or Unusual Business

No untypical or unusual transactions, as defined by CONSOB'S notice DEM/6037577 dated 28 April 2006 and notice DEM/6064293, were performed in 2006.

The Seasonality of the Business

The Company's business volumes are closely related to the flow of travellers.
The following table gives 2006 half-yearly income figures and shows that our business volume is concentrated in the second half of the fiscal year, due to summer holiday traffic flows mainly on the motorways. This concentration is attenuated by growth of business volumes in other segments.

	2006	
	H1	**Full year**
Revenue	562.4	1,209.2
% of full year result	46.5%	100.0%
EBITDA	67.2	154.3
% of full year result	43.6%	100.0%
EBIT	49.8	110.2
% of full year result	45.2%	100.0%

Segment Reporting

The Group segments its business primarily by geographical area. This is not significant for Autogrill S.p.A. by reason of its business location in Italy.

The Company analyses its results by business segment, i.e. the physical environment through which people on the move travel (the Group's 'secondary' segmentation), as follows:

(€k)	**Motorways**	**Airports**	**Other**	**Elisions**	**Total**
Revenue	990,135	50,495	168,529	-	1,209,159
Other operating income	46,559	1,952	7,370	6,260	62,141
Total Revenues	1,036,694	52,447	175,900	6,260	1,271,300
Amortization	(24,985)	(1,804)	(11,575)	(5,664)	(44,028)
Operating profit	156,869	6,487	17,405	(70,512)	110,250
Capital expenditure	34,095	2,656	15,170	7,474	59,396

Direction and Coordination by the Controlling Entity

At its meeting held on 27 April 2004, the Board of Directors deemed that the Company did not conform to the prerequisites defined by the Italian Civil Code § 2497*bis* indicating the status of being under the direction and coordination of a controlling entity (Edizione Holding S.p.A.).

Subsequently, following transfer by Edizione Holding S.p.A. of its entire shareholding of 57.09% of Autogrill S.p.A.'s share capital to Schematrentaquattro S.r.l., which is wholly owned by Edizione Holding S.p.A., at its meeting held on 18 January 2007 the Board deemed that the Company did not conform to the prerequisites defined by the Italian Civil Code § 2497*bis* as indicating that it was under the direction and coordination of its controlling entity.

7.7 Subsequent Events and Business Outlook

After the year-end no events occurred such as to have a significant impact on the accounts at 31 December 2006.

In February, on expiry of the period of the public offer to purchase and the subsequent squeeze-out, Autogrill S.p.A. acquired all of the share capital of Carestel Group N.V., of which it obtained control in October 2006 with a stake of 65%.

In January 2007 twelve Autogrill stores were closed on the A22 Brenner Motorway, following a tender prepared by the landlord which produced an artificial rise in the contractual rentals and made this specific stretch of the motorway uncompetitive, indeed structurally loss-making, it is believed, for any firm operating in this sector. The effects of this process induced the Italian Government to legislate urgently in order to prevent outcomes of this kind in the future.

The Company continued however to focus on both motorway segment development and expansion in its other businesses.

Specifically - besides continuing its action in upgrading and strengthening its network's offering - it entered into a preliminary purchase contract with Trentuno S.p.A., the leading commercial catering chain in the Trentino Region, with 14 outlets in shopping malls and town centres, which also extends into the Veneto, Lombardy, Friuli Venezia Giulia and Emilia Romagna.

Closing is expected in Q2 2007 and is subject to due diligence and official authorisation.

The business trend of the early months of 2007 - if projected over the whole year and unless there is a sharp change in travel plans and consumption - indicates that whole-year performance will be better than 2006 in terms of both sales and profitability.

Authorisation to publish the Accounts

These Accounts were approved for publication at the meeting of the Board of Directors held on 12 March 2007.

7.8 Notes to the Balance Sheet

Current Assets

I. Cash and cash equivalents

This item increased by €74,512k over 2005 mainly due to the use of liquidity arising out of the full repayment in August 2006 of the loan granted to our subsidiary Retail Airport Finance S.L. in 2005 for the purpose of the acquisition of Aldeasa S.A.. Please see the Cash Flow Statement for further details. A breakdown of the item follows.

(€k)	31.12.2006	31.12.2005	Change
Banks	578	4,187	(3,609)
Short term bank deposits	65,514	-	65,514
Cash in transit	36,659	25,523	11,136
Cash at points of sale	5,675	4,263	1,412
Other	81	21	60
Total	108,507	33,994	74,513

Other refers mainly to phone cards and the balance of the stamp machine.

II. Other financial assets

The item breaks down as follows:

(€k)	31.12.2006	31.12.2005	Change
Due to subsidiaries	150,691	532,503	(381,812)
Fair value of exchange rate hedging instruments	10,122	3,569	6,553
Accrued income for other financial income - interest income on loans	81	4	77
Total	160,894	536,076	(375,182)

Due to subsidiaries reduced mainly due to prepayment of the mentioned 2005 loan to Retail Airport Finance S.L..

Fair value of exchange-rate hedging instruments refers to derivatives outstanding at the year-end with a total notional value of yen37,023m.

The increase in value in 2006 corresponds exactly to the reduction in the equivalent value of the borrowings covered.

III. Other receivables

The item amount was €31,024k and breaks down as follows:

(€k)	31.12.2006	31.12.2005	Change
Due from suppliers	17,501	16,688	813
From tax authorities, social securuty bodies and public administratin bodies	210	183	27
Due from personnel	2,589	2,548	41
Sundry items	5,146	7,435	(2,289)
Accrued Income and prepaid expense	5,577	5,510	67
Total	31,024	32,364	(1,341)

Due from suppliers refers mainly to credit notes to be received for merchandise (€ 7,750k) and advance payments to suppliers of services (€8,461k).

IV. Trade receivable

The item amount was €40,539k and breaks down as follows:

(€k)	31.12.2006	31.12.2005	Change
Due from others	40,275	38,173	2,102
Amounts disputed	4,883	4,739	144
Due from subsidiaries	2,541	1,501	1,040
Due from associates	7	-	7
Due from controlling companies	3	3	-
Bad debt provision	(7,170)	(7,095)	(75)
Total	40,539	37,321	3,218

Due from others refers mainly to catering service agreements, accounts with affiliated concerns and suppliers' promotion payments.

It also includes invoices to be issued in an amount of €18,176k. *Amounts disputed* refer to debtors subject to ongoing legal action to recover the amount due.

The bad debt provision is considered sufficient since debtors overdue by more than 60 days were 12.7% of total debtors.

The Company has received guarantees from affiliates totalling €7,630k.

V. Inventory

The item breaks down as follows:

(€k)	31.12.2006	31.12.2005	Change
Stock:			
- products to be served and sold	28,807	29,439	(632)
- state monopoly merchandise, lotteries and newspapers	12,831	11,027	1,804
- fuel and lubrificants	1,426	1,262	164
- merchandise and varoius articles	1,276	1,347	(71)
Total	44,340	43,075	1,265

State monopoly merchandise, lotteries and newspapers increased over 2005 in line with augmented sales and an increase in the national lottery ticket price. Lottery tickets grew by €1,665k.

Non-Current Assets

VI. Property, Plant and Equipment

	31.12.2006				31.12.2005			
(€k)	Historic Cost	Accumulated Depreciation	Write-downs	Net carrying value	Historic Cost	Accumulated Depreciation	Write-downs	Net carrying value
Land	170	-	-	170	219	-	-	219
Land and industrial buildings	34,277	(18,616)	(70)	15,591	32,555	(17,560)	(27)	14,968
Plant and machinery	40,208	(30,447)	(379)	9,382	35,982	(28,291)	(209)	7,482
Commercial and industrial equipment	217,659	(170,398)	(3,580)	43,681	201,233	(159,497)	(2,582)	39,154
Assets to be transferred free of charge	167,759	(134,236)	(22)	33,501	161,820	(126,705)	(22)	35,093
Other assets	24,501	(20,503)	(130)	3,868	22,993	(19,147)	(106)	3,740
Construction in progress and down-payments	16,411	-	-	16,411	11,780	-	-	11,780
Leasehold improvements	158,358	(112,400)	(3,238)	42,720	147,156	(106,098)	(2,221)	38,837
Total	659,343	(486,600)	(7,419)	165,324	613,738	(457,298)	(5,167)	151,273

The accumulated depreciation provision increased by €2,252k over 2005 due to tests of the recoverability of the value of some items in use in stores which showed negative profitability. The other changes are due to the normal capex pattern.

VII. Goodwill

Goodwill was €76,170k vis-à-vis the 2005 figure of €74,367k. The €1,803k increase referred to the acquisition of a business division in 2006.
There was no impairment of goodwill recognised in 2006, not least on account of the fact that the Company's profitability more than covers total goodwill in the balance sheet.

VIII. Other intangible assets

	31.12.2006				31.12.2005			
(€k)	Historic Cost	Accumulated Depreciation	Write-downs	Net carrying value	Historic Cost	Accumulated Depreciation	Write-downs	Net carrying value
Concessions, licences, brands and similar assets	11,255	(8,649)	(222)	2,384	10,048	(7,292)	(116)	2,640
Construction in progress and down-payments	6,934	-	-	6,934	6,272	-	-	6,272
Other	26,481	(21,372)	(1,388)	3,721	24,837	(19,689)	(1,384)	3,764
Total	44,670	(30,021)	(1,610)	13,039	41,157	(26,981)	(1,500)	12,676

Concessions, licences, brands and similar assets refers mainly to licences for the sale of State monopoly products, the change being due as to €19k to new licences and reductions of €275k amortisation.

Construction in progress and down-payments refers to premises not yet brought into use.

Other refers mainly to software created as part of the Company's information system development.

Other than goodwill, no items with an indefinite useful life are recognised in the accounts.

IX. Equity Investments

Equity Investments totalled €572,132k at 31 December 2006 (€542,166k at 31 December 2005) and referred as to €572,114k to subsidiaries, the 2006 increase being due to the acquisition of a controlling stake in Carestel Group N.V. (Belgium) and a capital increase in Autogrill D.o.o. (Slovenia). Details of subsidiaries at 31 December 2006 were as follows:

Company name (€k)	Registered office	Currency	Share Capital	No. of shares (000)	Shareholders' equity at 31.12.2006	Profit (loss) 2006	%	Net carrying value
Autogrill International S.r.l.	Novara	Euro	4,951	-	179,153	5,619	100.0	530,556
Autogrill Finance S.A.	Luxembourg	Euro	250	25	780	391	100.0	249
HMSHost Europe GmbH	Munchen	Euro	205	-	10,609	136	100.0	10,410
Aviogrill S.r.l.	Bologna	Euro	10	10	766	741	51.0	778
Autogrill D.o.o.	Lubiana	Euro	308	-	177	(937)	100.0	1,114
Carestel Goup N.V.	Merelbeke	Euro	10,000	8,883	5,231	(1,146)	65.2	28,965
Other companies		Euro					100.0	42
Total								572,114

Where the carrying value is less than pro-rata shareholders' equity, this is due to the future income expected from the subsidiary in question.
The acquisition of the controlling stake (65.2%) in Carestel Group N.V. occurred in October 2006, and the remaining portion of company capital was bought on 2 February 2007, as a result of the public offer to purchase launched in December 2006.
The residual amount of Equity Investments was €42k, broadly in line with 2005.

X. Other financial assets

This item comprises long-term loans to Group companies as follows:

	31.12.2006	31.12.2005	Change
Autogrill Overseas Inc.	76,142	83,981	(7,839)
Autogrill Group Inc.	159,778	173,639	(13,861)
Autogrill España S.A.U.	180,174	99,174	81,000
Fair value of interest rate hedging instruments	3,326	826	2,500
Total	419,420	357,620	61,800

Loans to Autogrill España S.A.U. mature in 2015; those to Autogrill Overseas Inc. and Autogrill Group Inc. in 2009.

Fair value of interest-rate hedging instruments discloses the fair value of the IRSs with a notional amount of €50m outstanding at 31 December 2006. These instruments synthetically transform the fixed-rate interest on the 2005 long-term loan to Autogrill España S.A.U. for the same amount, into floating-rate. The change in the fair value of the loan included in *Other financial assets* therefore corresponds exactly to the change in the fair value of these IRSs.

XI. Non-current credits

The item totalled €23,590k, vis-à-vis €6,909k at 31 December 2005. The increase of €16,681k was due as to €16,209k to a guarantee deposit lodged in respect of the public offer to purchase the minority shares in Carestel Group N.V. launched in December 2006.

Summary of Changes in Non-Current Assets

	31 December 2005			Change in gross value			
Intangible assets	**Gross value**	**Amortisation and Write-downs**	**Net value**	**Increase**	**Decrease**	**Other movements**	**Total**
Concessions, licences, brands and similar assets	10,048	(7,408)	2,640	1,195	(163)	175	1,207
Other	24,837	(21,073)	3,764	1,758	(587)	473	1,644
Construction in progress and down-payments	6,272	-	6,272	3,448	(335)	(2,451)	662
Total	41,157	(28,481)	12,676	6,401	(1,085)	(1,803)	3,513

	31 December 2005			Change in gross value			
Property, plant and equipment	**Gross value**	**Depreciation and Write-downs**	**Net value**	**Increase**	**Decrease**	**Other movements**	**Total**
Land	219	-	219	-	(49)	-	(49)
Industrial land and buildings	32,555	(17,587)	14,968	1,165	(26)	583	1,722
Plant and machinery	35,982	(28,500)	7,482	3,831	(247)	642	4,226
Industrial and commercial equipments	201,233	(162,079)	39,154	16,600	(2,886)	2,712	16,426
Assets returnable free of charge	161,820	(126,727)	35,093	5,690	(1,340)	1,589	5,939
Other	22,993	(19,253)	3,740	1,351	(33)	190	1,508
Construction in progress and down-payments	11,780	-	11,780	10,683	(42)	(6,010)	4,631
Leasehold improvements	147,156	(108,319)	38,837	13,675	(4,570)	2,097	11,202
Total	613,738	(462,465)	151,273	52,995	(9,193)	1,803	45,605

	31 December 2005			Change in gross value			
Financial assets	**Gross value**	**Amortisation and Write-downs**	**Net value**	**Increase**	**Decrease**	**Other movements**	**Total**
Equity investments in subsidiaries	542,149	-	542,149	29,965	-	-	29,965
Equity investments in other companies	18	-	18	-	-	-	-
Accounts receivable from others	6,909	-	6,909	16,682	(1)	-	16,681
Total	549,076	-	549,076	46,647	(1)	-	46,646

Accumulated amortisation				31 December 2006			
Increase	Decrease	Other movements	Total	Gross value	Write-downs	Amortisation	Net value
(1,488)	137	-	(1,351)	11,255	(112)	(8,759)	2,384
(2,271)	588		(1,683)	26,481	(4)	(22,756)	3,721
-	-	-	-	6,934	-	-	6,934
(3,759)	725	-	(3,034)	44,670	(116)	(31,515)	13,039

Accumulated depreciation				31 December 2006			
Increase	Decrease	Other movements	Total	Gross value	Write-downs	Depreciation	Net value
-	-	-	-	170	-	-	170
(888)	26	(195)	(1,057)	34,277	(42)	(18,644)	15,591
(2,513)	617	(259)	(2,155)	40,208	(171)	(30,655)	9,382
(13,456)	2,566	(12)	(10,902)	217,659	(997)	(172,981)	43,681
(8,707)	1,152	24	(7,531)	167,759	-	(134,258)	33,501
(1,383)	28	(1)	(1,356)	24,501	(24)	(20,609)	3,868
-	-	-	-	16,411	-	-	16,411
(10,721)	3,976	443	(6,302)	158,358	(1,018)	(114,621)	42,719
(37,668)	8,365	-	(29,303)	659,343	(2,252)	(491,767)	165,323

Write-downs and Revaluations				31 December 2006		
Write-downs	Revaluation changes	Other movements	Total	Gross value	Net Write-downs	Net value
-	-	-	-	572,414	-	572,114
-	-	-	-	18	-	18
-	-	-	-	23,590	-	23,590
-	-	-	-	595,722	-	595,722

Current Liabilities

XII. Accounts payable

The item amount was €265,747k, broken down as follows:

(€k)	31.12.2006	31.12.2005	Change
Due to suppliers	265,230	251,762	13,468
Due to subsiadiaries	463	541	(78)
Due to controlling companies	54	54	-
Total	265,747	252,357	13,390

Due to suppliers increased in line with business expansion.

XIII. Other Liabilities

The item amount of €98,357k included: liabilities to the controlling entity Edizione Holding S.p.A. of €29,593k, almost totally related to the tax liability transferred to it under fiscal consolidation; deferred compensation of personnel of €34,213k; costs and contributions relating to payroll amounting to €18,261k; withholding tax on salary paid to personnel of €10,177k; and compensation due to directors and statutory auditors of €682k.

XIV. Due to Banks

The item amount of €152,394k refers to overdrafts on current account amounting to €10,729k and the short-term portion of medium-term finance granted by credit institutions. These borrowings all bear variable interest.

XV. Other Financial Liabilities

The item amount of €13,934k included liabilities to the subsidiary Autogrill Finance S.A. of €7,500k and other accrued financial liabilities of €4,843k.

Non-Current Liabilities

XVI. Borrowings net of current portion

The item refers to drawings under a syndicated loan which is being repaid and a Mediobanca financing maturing in 2015, both of which bear variable interest.

The main multi-year loans include covenants requiring periodical monitoring of financial ratios relating to debt coverage, interest coverage and, for the syndicated loan signed in 2004, net debt to equity. At 31 December 2006, as in all previous observation periods, these covenants were fully satisfied and there was no reason to believe that they would not be so in the future.

XVII. Deferred Tax Liabilities

The item amount was €24,022k, broken down as follows:

(€k)	2006 Temporary differences amount	2006 Tax effect	2005 Temporary differences amount	2005 Tax effect
Accounts receivable	6,919	2,283	6,728	2,220
Property, plant and equipment, and intangible assets	(71,992)	(25,016)	(59,482)	(22,156)
Equity interests	(47,483)	(15,676)	(26,041)	(8,601)
Temporary differences on assets	**(112,556)**	**(38,409)**	**(78,795)**	**(28,537)**
Other liabilities	19,214	6,341	13,567	4,502
Severance pay and other employee benefits	(1,160)	(383)		
Provisions for risks and charges	27,852	9,191	27,816	10,039
Profit brought forward	(2,308)	(762)	(4,760)	(1,773)
Temporary differences on liabilities and shareholders' equity	**43,598**	**14,387**	**36,623**	**12,768**
Temporary differences		(24,022)		(15,769)

XVIII. Severance pay and Other Employee Benefits

This item refers only to T.F.R. (the severance pay scheme for Italian resident employees), which changed as follows:

(€k)	**31.12.2006**	**31.12.2005**	**Change**
Opening balance	89,654	86,530	3,124
Allocations made during the year	12,067	12,190	(123)
Uses and reversals for the year	(10,087)	(10,371)	284
Revaluation	1,465	2,453	(988)
Pension fund/Supplementary pension fund amount	(1,293)	(1,148)	(145)
Closing balance	**91,806**	**89,654**	**2,152**

The Severance pay is an indemnity required by Italian legislation which accrues during the individual's working life and is paid out when the employee leaves employment, or in certain cases is in part advanced to the employee while still employed by the company. It is an unfunded defined-benefit plan

Defined-benefit plans may be unfunded or entirely or in part funded by contributions paid by the employer and sometimes the employee to an entity which is legally distinct from the company paying the benefit.
This liability is determined actuarially using the projected unit credit method. The corridor method is not applied to recognise actuarial gains and losses arising from the calculation of the liability referring to the plan. External actuaries are used to calculate actuarial figures.

The assumptions used to calculate the benefit plan were as follows:

Discount rate	4.25%
Salary increase rate	3%-4.5%
Inflation rate	2.00%
Average rate of personnel leaving	8.00%
Average rate of advances to personnel	2.00%
Mortality tables	ISTAT 2000
Yearly serevance pay increase rate	3.00%

Reconciliation of the liability disclosed in the Balance Sheet:

(€k)	
Defined benefit plans 31.12.2005	**89,654**
Service cost	8,447
Interest cost	3,540
Severance pay	9,835
Defined benefit plans 31.12.2006	**91,806**

Interest cost is recognised in the Income Statement under *Net interest expenses* and the cost of contributions includes actuarial gains and losses and is recognised under *Payroll and benefits*.

XIX. Provisions

The item amount of €29,304k was reduced by €2,358k from 2005:

(€k)	**Balance at 31.12.2005**	**Other movements**	**Allocation**	**Uses**	**Balance at 31.12.2006**
Tax	325	(325)	-	-	-
Other provisions:					
- for charges:					
Refurbishment costs of assets to be transferred free of charge	1,814	(43)	157		1,928
Refurbishment of leased assets	3,721	647	-	(410)	3,958
Motorway/town maintenance	9,649	336	-		9,985
Other	12,356	(2,199)	1,191	(1,661)	9,687
- for risks:					
Disputes	3,735	476	805	(1,269)	3,746
Other	62	-	-	(62)	-
Total other provisions	**31,337**	**(783)**	**2,153**	**(3,402)**	**29,304**
Total	31,662	(1,108)	2,153	(3,402)	29,304

Other provisions for charges amounting to €9,687k mainly refers to costs relating to compliance with regulations.

Provisions for disputes risks amounting to €3,746k (€3,735k at 31 December 2005) refer to disputes with employees and business counterparties.

Shareholders’ Equity

Shareholders’ Equity was €609,339k at 31 December 2006. The Shareholders’ Meeting held on 26 April 2006 resolved to appropriate part of the net profit for 2005 of €90,007.974k as a dividend of €0.24 per share to each of the 254,400,000 shares, i.e., €61,056k.

The Shareholders’ Meeting also resolved to revoke, effective the date of the Meeting, the resolution authorising the purchase and sale of treasury shares taken at the Shareholders’ Meeting of 27 April 2005 and to authorise the purchase and possible subsequent sale, in one or more lots and at any time, of a maximum quantity of 2,000,000 treasury shares (Autogrill S.p.A. ordinary shares of par value €0.52 each) pursuant to the Italian Civil Code, § 2357 et seq., and DL 58/98, § 132 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 (€30,000k) and within the limits laid down by law and thus of the free reserves as disclosed in the latest approved Accounts. The amount of the increase in 2005 net profit due to adoption of IFRS, i.e. €5,542k, as shown in a specific section of these Notes, is disclosed under *Other reserves and Retained profit*.

Changes in Shareholders’ Equity are as follows:

Description (€k)	**Share Capital**	**Legal Reserve**	**Treasury shares purchase reserve**	**Other reserves and retained profits**	**Profit for the period**	**Total**
Balance at 31 December 2004	132,288	2,387		318,590	77,165	530,428
Allocation of profit for 2004		3,858		22,427	(77,165)	(50,880)
Setting up treasury shares purchase reserve			28,000	(28,000)		-
Other movements				(2)		(2)
Profit for 2005					95,550	95,550
Balance at 31 December 2005	132,288	6,245	28,000	313,015	95,550	575,096
Allocation of profit for 2005		4,500	2,000	27,994	(95,550)	(61,056)
Other movements				39		39
Profit for 2006					95,258	95,258
Balance at 31 December 2006	132,288	10,745	30,000	341,048	95,258	609,337

Disclosure required under the Italian Civil Code, Article 2427, 7bis (not including current year profit)

Type / description (€k)	**Amount**	**Use possibility**	**Available portion**	**Uses** for loss covering	for other reason
Share Capital:	132,288				
Profit reserve:					
Legal reserve	10,745				
Treasury shares purchase reserve	30,000				
Other reserves and Profit brought forward	341,048	A,B,C	341,048		
Total			341,048		
Portion not to be distributed					
Residual portion to be distributed			341,048		

Legend:
A: for capital increase
B: for loss covering
C: for distribution to the shareholders

Shares

Company capital, fully underwritten and paid in at 31 December 2006, consisted of 254,400,000 ordinary shares with a par value of €0.52. The item was unchanged from end-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 €471.055k 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 2,478,000. The holder has the option of converting the bond at any time prior to maturity.

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

Legal Reserve

This reserve totalled €10,745k, the increase being due to the appropriation of 5% of net profit for 2005 as resolved by the Shareholders' Meeting held on 27 April 2006.

Reserve for purchase of treasury shares

Amounting to €30,000k it was created in 2005 and increased by €2,000k by a resolution of the Shareholders' Meeting held on 27 April 2006.
No purchases or sales of treasury shares were made up to 31 December 2006.

Other reserves and Retained profit

The item amount was €343,048k and included the IFRS adoption reserve as shown in a specific section of these Notes.

7.9 Notes to the Income Statement

XX. Revenue and Other Operating Income

Revenue and other operating income grew overall by 10.8% over 2005 to €1,271m.
Revenue - reflecting the Company's main business - was €1,209m, up by 11.9% over 2005, broken down as follows:

(€k)	2006	2005	Change %
Food & Beverage and Retail	1,116,878	999,083	11.8%
Fuel	48,766	45,047	8.3%
Sales to other entities and affiliates	43,515	36,552	19.0%
Total	1,209,159	1,080,682	11.9%

Growth in comparable units (i.e. premises existing in 2005 and with an unchanged offering) was 8.5% due to high growth in complementary products (tobacco products, newspapers and lottery tickets) and 4% growth in food & beverage and retail.

Business segment results, shown below, indicate high growth rates in the other travel segments as well as the motorway segment, while the 'town and city' segment contracted due to closures.

(€m)	2006	2005	Change %
Motorways	990.1	888.3	11.5%
Airports	50.5	40.1	26.0%
Railway stations	15.0	12.2	23.5%
Towns and Cities	58.4	61.9	(5.7%)
Shopping malls	70.7	61.3	15.4%
Trade Fairs	24.4	17.0	43.8%
Total	1,209.1	1,080.7	11.9%

Other operating income consisted of rents paid by affiliates amounting to €62m (2005: €66.3m).

(€k)	2006	2005	Change
Royalties and rents	13,661	13,035	626
Suppliers' contribution to promotions	35,968	33,819	2,149
Other income	12,512	19,479	(6,967)
Total	62,141	66,333	(4,192)

In 2005 this item included €7.5m being the price paid for part sub-lease of commercial units in the centre of Milan.

XXI. Cost of raw material, items for use and merchandise

(€k)	2006	2005	Change
Total purchase referred to income from food & beverage and retail sales	551,599	476,891	74,708
- products and raw materials to be served and sold	256,694	238,129	18,565
- state monopoly merchandise, lotteries and newspapers	247,779	195,264	52,515
- fuel to be sold	47,127	43,499	3,628
Products to be sold to affiliates, third parties and controlling companies	36,156	30,169	5,987
Purchase of other products	1,116	225	891
Total	588,870	507,285	81,585

The item includes inventory changes at 31 December 2006 over end-2005 amounting to €1,265k.

XXII. Payroll and Benefits

The item amount was €272,956k, up by 7% over 2005, broken down as follows:

(€k)	2006	2005	Change
Wages and Salaries	202,108	183,886	18,222
Severance Pay	9,476	12,190	(2,714)
Social security	60,699	58,348	2,351
Temporary Personnel	673	587	87
Total	272,956	255,010	17,945

Wages and salaries includes additional months, bonuses and rewards to employees paid in the year.

Severance pay comprises the service costs and actuarial gains for the year determined under IAS 19.

The average cost per employee increased by 3.9% in 2006 reflecting the effects of the renewal of the Supplementary Company Labour Contract, ratified in September 2006 and expiring on 31 December 2009, and a greater proportion of variable compensation.

As shown below, average staff numbers on an FTE basis grew by 342 people over 2005.

	2006	2005
Managers	56	50
Managerial staff	446	434
Clerks	1,018	1,030
Other staff	6,931	6,595
Total	8,451	8,109

Below are the numbers and categories of staff at end-2006, showing the number of part-time workers - a typical feature of our business.

	31 December 05			31 December 06		
	Full time	**Part-time**	**Total**	**Full time**	**Part-time**	**Total**
Managers	54		54	57		57
Managerial staff	430	4	434	451	6	457
Clerks	910	189	1,099	894	179	1,073
Other staff	3,323	5,939	9,262	3,368	6,247	9,615
Total	4,717	6,132	10,849	4,770	6,432	11,202

The above figures include 10 clerical workers and five senior managers seconded to Italian subsidiaries, and three managers and five senior managers seconded to Group companies operating outside Italy.

XXIII. Rents, Concessions and Royalties

The cost of rents, concessions and royalties grew by €10.9m over 2005 and broke down as follows:

(€k)	2006	2005	Change
Property and business leases and related costs	41,861	40,931	930
Concessions	79,249	66,680	12,569
Licences and brands	1,148	1,072	76
Other rents	3,266	5,908	(2,642)
Total	125,524	114,591	10,933

The increase of *Concessions* was mainly due to contracts for new units and contract renewals in 2006 and 2005.

XXIV. Other Operating Costs

The item broke down as follows:

(€k)	2006	2005	Change
Water and energy utilities	27,801	22,874	4,927
Consultancy	15,763	10,862	4,901
Cleaning costs	13,035	11,220	1,815
Maintenance costs	11,876	11,794	82
Advertising and promotions	7,024	6,661	363
Other materials	5,336	4,066	1,270
Employees travel costs	5,278	4,679	599
Labour costs	5,110	5,161	(51)
Other operating costs	4,608	4,703	(95)
Rental equipment	4,473	3,866	607
Local tax	4,137	3,879	258
Other operating costs	3,211	1,654	1,557
Postal and telephone charges	3,128	3,288	(160)
Logistic costs	3,011	2,444	567
Provisions	2,895	13,927	(11,032)
Suppliers' contributions to promotions	2,390	3,486	(1,096)
Surveillance	2,067	1,699	368
Insurance	1,886	1,862	24
Sundry costs	6,644	3,709	2,935
Total	129,673	121,834	7,839

The main changes were:
- *water and energy utilities* rose by 22% mainly due to tariff increases;
- the increase in *Consultancy* expense mainly referred to implementation of IT applications and development of Group business;
- *cleaning* costs rose due to an increase in the number of outlets managed and the store renovation programme;
- *provisions* returned to their natural level: in 2006 they referred to liabilities in respect of compliance with safety and environmental regulations and legal disputes.

XXV. Depreciation

The item amount of €44,028k broke down as follows:

	2006	2005	Change
Amortization of intangible assets	4,114	5,664	(1,550)
Depreciation of property, plant and equipment	37,313	34,689	2,624
Total amortisation and depreciation	41,427	40,353	1,074
Write-downs	2,601	1,702	899
Total	44,028	42,055	1,973

Write-downs refer solely to property, plant and equipment.

XXVI. Gains (losses) on financial transactions

The item amount was €72,508k, up by €2,827k over 2005, and comprised mainly dividends of €40,561k, interest receivable from subsidiaries (€22,224k), differentials on currency hedges (€8,077k) and income from investment of liquidity (term deposits and current account) amounting to €1,156k.

XXVII. Net interest expenses

The item amount of €32,054k was practically unchanged from 2005 and comprised mainly interest payable on borrowings and overdrafts amounting to €25,941k, loan fees of €1,061k and the financial component of Severance pay, which amounted to €3,792k.

XXVIII. Tax

Tax totalled €55,446k, comprising IRES (corporate tax) of €30,646k, IRAP (Regional tax on productive activity) of €16,545k and deferred tax totalling €8,255k.

Reconciliation of tax for 2006 and theoretical tax:

	IRES	IRAP	TOTAL
Theorical rate	**33%**	**4.25%**	**37.25%**
Profit before tax			150,704
Theorical tax	49,732	6,405	56,137
Permanent differences			
- Labour cost		10,868	10,868
- Dividends (Interests and Other gains/(losses) on financial transactions, net for IRAP)	(13,298)	(1,719)	(15,017)
- Other	2,056	185	2,241
Regional rate increase		1,218	1,218
Temporary differences return from previous years	(11,427)	142	(11,285)
Temporary differences taxed and deductable in the following years	3,583	(553)	3,030
Current tax	30,646	16,545	47,191
Change in defferred tax	7,844	411	8,255
Tax recognised in profit or loss	38,490	16,956	55,446

7.10 Reconciliation of Italian GAAP 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, § 81 'First-Half Reports' - Autogrill S.p.A took account of IFRS in preparing its separate interim accounts at 30 June 2006.

Autogrill S.p.A.'s balance sheet and income statement tables, given in an annex to the half year report as at 30 June 2006, were accompanied by the information required under IFRS 1, First-time Adoption of IFRS, with special reference to the reconciliations required by paragraphs 39 and 40 of the standard, which are given below.

The following tables are provided:
- reconciliation of prior year shareholders' equity and net profit under Italian GAAP to the same items under IFRS;
- reconciliations as required by paragraphs 39 and 40 of IFRS 1, First-time Adoption of IFRS (as interpreted by Implementation Guidance paragraph 63), together with explanatory notes on accounting principles and the items in the reconciliation tables and the relevant 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.

The figures contained in the reconciliations were audited as required by Consob Notice DEM/5025723 dated 15 April 2005.

Further changes were not necessary, no new announcements or interpretations having been issued by the IASB or the IFRIC that would have applied to the Company's Accounts.

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 for the preparation of the consolidated accounts as at 31 December 2005 - which you should 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 changeover date to IFRS (1 January 2005, according to 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 at 1 January 2004 (the changeover date) was kept unchanged.

As required by IFRS 1, the effect of adjustments made on first adoption 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 in line with IFRS 1 requirements.

- *Business combinations*: 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 changeover to IFRS, which were determined on the basis of the previous principles, i.e. Italian GAAP.

The principles relating to hedge accounting detailed in IAS 39 were adopted as from 1 January 2005 and the estimates used to restate comparative figures are in line with those used for the preparation of balance sheets under Italian GAAP.

Reconciliation of Italian GAAP to IFRS - shareholders' equity at 1 January and 31 December 2005 and net profit for 2005

	(€k)	Shareholder's Equity at 01.01.2005	Net Profit 2005	Other changes	Shareholder's Equity at 31.12.2005
	Under Italian GAAP	218,765	90,008	(37,428)	271,345
	Adjustments				
1	Reversal of goodwill amortisation (IAS 38)	13815	14384		28,199
2	Effect of the cost method (IAS 27)	357926	(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 net 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 net 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 a loss of €37,973k and a loss of €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 chiefly 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 fair value hedges. The use of these instruments is regulated by Group 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 strategy. 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 (cash flow hedges) are recognised against a specific equity reserve.

In application of this standard, derivative contracts entered into by the Company in 2005 which were considered fair value hedges were recognised in these 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.

Currency hedges are recognised in these separate accounts when the contract is entered into. The item *Fair value of currency hedging instruments* recognises the fair value of the notional amounts of currency hedges existing at the balance-sheet date.

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 discounted 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.

Finance 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 the Balance Sheet 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. Net interest expenses are 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. Construction in progress and down-payments

The net residual value of construction in progress and down-payments, 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 €30,566k represent this at 1 January and 31 December 2005 respectively; the effect on 2005 net profit was €5,592k.

Autogrill S.p.A. Balance Sheet at 1 January 2005 - Reconciliation under Italian GAAP and IFRS

	(€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	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	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
	Severance pay 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 *Construction in progress and down payments* of €129k.

3. Goodwill

Under IFRS goodwill is not amortised systematically, but is subject to periodical tests 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 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 IFRS 1 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	**Historical cost, net of impairment losses**	**Net book value**	**Effect of changes in evaluation method**			
			Net book value	**Taxable base**	**Deferred tax**	**Shareholders' equity**
				16%	**33%**	
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 España 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 E.P.E.	2,791	1,848	943	151	50	893
Aviogrill S.r.l.	779	894	(115)	-	-	(115)
Other smaller 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 €24,971k presents this and was classified as reducing non-current assets by the original balance of €10,380k and, in respect of the surplus, 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 discounted 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.

Adoption of this standard as at 1 January 2005 reduced provisions by €1,914k. In addition, the residual value of *Construction in progress and down payments* 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.

Autogrill S.p.A. Balance Sheet at 31 December 2005 [1]

	(€k)	31.12.2005 Italian GAAP	IAS/IFRS adjustments	31.12.2005 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**
2-6-7	Property, plant and equipment	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	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
	Severance pay 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**

[1] For the sake of continuity, the same tables are shown here as were used in the First Half Report 2006. Certain items were however reclassified in Autogrill S.p.A.'s 2006 full-year Accounts to improve presentation.

Explanatory Notes

1. Other Financial Assets

As prescribed by IAS 18 accounts payable by subsidiaries in respect of the recognition of dividends 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 fair value 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 a financing extended to a subsidiary, in an amount and with a maturity equivalent to the debt converted to fixed rate by the mentioned derivatives.

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 *Construction in progress and down-payments* of €52k.

3. Goodwill

Under IFRS goodwill is not amortised systematically, but is subject to a periodical test to identify possible impairment losses.

The adjustment shown therefore referred 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 tests 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 adjustment 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 of 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 subsidiaries' and associates' retained profit (taken to profit and loss). Both referred chiefly 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 represents 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 a 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 discounted 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 *Construction in progress and down payments* 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.

Autogrill S.p.A. 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**	**-**	**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	Amortisation and 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	Net interest expenses	(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 reclassified the revaluation component of the liability as an interest cost in the amount of €2,453k.

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. Amortisation and depreciation
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 *Construction in progress and down- payments* as per IAS 20, and increased by €221k on recognition of depreciation of finance-leased property used in the business.

4. Gains (losses) on financial transactions
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. Net interest expenses
The adjustment balances the reclassification described in Note 1 (reduction of €3,258k), as well as the recognition of the effect of discounting provisions (€28k) and interest on financial liabilities connected with the recognition of a finance lease relating to property used in the business (reduction of €19k).

6. Value adjustments on financial assets
The adjustment refers wholly to the reversal of profit made by subsidiaries and associates - chiefly 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 IFRS adoption on Autogrill S.p.A.'s net financial position as at 1 January and 31 December 2005

	Net financial position (€k)	1.01.2005	31.12.2005	Change
	Under Italian GAAP	203.0	161.1	(41.9)
	Adjustments			
1	Effect of dividend recognition on approval (IAS 18)	(38.0)	(40.3)	(2.3)
1	Valuation of hedging instruments (IAS 39)	-	0.8	0.8
1	Valuation of fixed interest rate loans (IAS 39)	-	(0.8)	(0.8)
6	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 notes above for a description of these adjustments to the net financial position.

7.11 Key Information on Consolidated Companies

Company name	Head office	Country	Currency
Subsidiaries			
Autogrill Finance S.A.	Luxembourg	Luxembourg	Euro
Nuova Estral S.r.l.	Novara	Italy	Euro
Nuova Sidap S.r.l.	Novara	Italy	Euro
Autogrill Europe Nord-Ouest S.A.	Luxembourg	Luxembourg	Euro
Aviogrill S.r.l.	Bologna	Italy	Euro
Bar del Porto di Nuova Estral S.r.l. S.n.c.	Piombino	Italy	Euro
Autogrill International S.r.l.	Novara	Italy	Euro
Autogrill Austria A.G.	Gottlesbrunn	Austria	Euro
Autogrill Participaciones S.L.	Madrid	Spain	Euro
Restauracion de Centros Comerciales S.A.	Madrid	Spain	Euro
Autogrill Belgie N.V.	Antwerpen	Belgium	Euro
AC Restaurants & Hotels Beheer N.V.	Antwerpen	Belgium	Euro
AC Restaurants & Hotels S.A.	Grevenmacher	Luxembourg	Euro
HMSHost Europe GmbH	Munich	Germany	Euro
Steigenberger Gastronomie GmbH	Frankfurt	Germany	Euro
HMSHost Sweden A.B.	Stockholm	Sweden	SEK
HMSHost Ireland Ltd.	Dublin	Ireland	Euro
Autogrill D.o.o.	Ljubljana	Slovenia	SIT
Autogrill Czech Sro	Praga	Czech Rep.	PSC
Autogrill España S.A.	Madrid	Spain	Euro
Autogrill Hellas E.P.E.	Avlona Attikis	Greece	Euro
Autogrill Nederland B.V.	Breukelen	Netherlands	Euro
Maison Ledeboer B.V.	Zaandam	Netherlands	Euro
AC Holding N.V.	Breukelen	Netherlands	Euro
The American Lunchroom Co B.V.	Zaandam	Netherlands	Euro
AC Vastgoed B.V.	Zaandam	Netherlands	Euro
AC Vastgoed I B.V.	Zaandam	Netherlands	Euro
AC Bodegraven B.V.	Bodegraven	Netherlands	Euro
AC Leiderdorp B.V.	Leiderdorp	Netherlands	Euro
AC Oosterhout B.V.	Oosterhout	Netherlands	Euro
AC Meerkerk B.V.	Meerkerk	Netherlands	Euro
AC Sevenum B.V.	Sevenum	Netherlands	Euro
AC Veenendaal B.V.	Veenendaal	Netherlands	Euro
AC Nieuwegein B.V.	Nieuwegein	Netherlands	Euro
AC Apeldoorn B.V.	Apeldoorn	Netherlands	Euro
AC Zevenaar B.V.	Zevenaar	Netherlands	Euro
AC Heerlen B.V.	Heerlen	Netherlands	Euro
AC Hendrik Ido Ambacht B.V.	HI Ambacht	Netherlands	Euro
AC Nederweert B.V.	Weert	Netherlands	Euro
AC Holten B.V.	Holten	Netherlands	Euro
AC Restaurants & Hotels B.V.	Breukelen	Netherlands	Euro
Holding de Participation Autogrill S.a.s.	Marseille	France	Euro
Autogrill Côté France S.a.s.	Marseille	France	Euro
Société Berrichonne de Restauration S.a.s. (Soberest S.a.s.)	Marseille	France	Euro
Société de Restauration de Bourgogne S.A. (Sorebo S.A.)	Marseille	France	Euro
Société de la Porte de Champagne S.A. (SPC)	Auberives	France	Euro

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

Share Capital	Shareholders' equity	Profit (loss) of the period	Percetage held at 31.12.2006 directly	indirectly	Net Book Value (in Euro) (*)
250,000	679,719	391,248	99.996%	-	249,600
10,000	18,891	8,171	100.00%	-	12,436
10,000	(105,947)	(129,996)	100.00%	-	27,492
41,300,000	24,024,921	1,988,026	-	100.00%	18,880,781
10,000	766,013	740,865	51.00%	-	778,609
74,303	66,174	(8,129)	-	100.00%	1,400,000
4,951,213	178,673,240	5,139,114	100.00%	-	530,556,064
7,500,000	6,900,000	(376,000)	-	100.00%	9,144,317
6,503,006	(2,448,660)	(1,237,603)	-	100.00%	4,553,384
108,182	4,257,395	1,472,352	-	85.00%	17,725,671
26,250,000	8,578,038	(669,915)	-	100.00%	1,204,351
7,851,186	4,732,000	81,000	-	100.00%	17,800,000
500,000	319,000	2,000	-	100.00%	496,000
205,000	10,609,475	135,525	-	100.00%	10,409,871
750,000	2,322,551	272,335	-	49.90%	3,674,461
2,500,000	1,986,467	(12,369,399)	-	100.00%	1,820,268
1	(1,196,554)	(1,178,217)	-	100.00%	1
73,920,000	46,072,822	(220,982,441)	100.00%		1,114,432
2,000,000	588,000	(1,412)	-	100.00%	71,788
1,800,000	(24,171,939)	(13,694,490)	-	100.00%	10,578,797
1,696,350	2,239,620	369,980	0.01%	99.99%	1,848,171
41,371,500	37,003,270	(177,120)	-	100.00%	8,217,473
69,882	8,808,293	(451,186)	-	100.00%	34,905,886
150,000	25,811,185	307,407	-	100.00%	29,355,547
18,151	16,933,110	239,328	-	100.00%	16,711,537
18,151	274,274	97,237	-	100.00%	202,622
18,151	(1,346,678)	(32,755)	-	100.00%	(1,295,772)
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%	18,151
18,151	99,343	-	-	100.00%	245,437
18,151	170,419	-	-	100.00%	312,304
45,378	596,864	-	-	100.00%	716,501
57,175	2,558,841	67,810	-	100.00%	2,547,723
23,142	896,554	-	-	100.00%	(150,147)
2,596,284	957,242	-	-	100.00%	965,333
34,033	1,292,331	-	-	100.00%	34,034
34,033	1,905,776	-	-	100.00%	2,128,620
90,756	8,989,708	2,574,938	-	100.00%	908,575
84,581,920	87,613,786	2,560,062	0.01%	99.99%	(5,805,116)
31,579,526	41,001,637	2,638,365	-	100.00%	114,760,266
288,000	1,335,877	185,263	-	50.01%	518,418
144,000	433,895	255,128	-	50.00%	68,602
153,600	1,679,764	85,244	-	51.90%	343,447

Company name	**Head office**	**Country**	**Currency**
Société de Restauration Autoroutière Dromoise S.a.s. (SRAD)	Marseille	France	Euro
Société de Restauration de Troyes-Champagne S.A. (SRTC)	Marseille	France	Euro
Autogrill Restauration Services S.a.s.	Marseille	France	Euro
Volcarest S.A.	Champs	France	Euro
Autogrill Gares Metropoles S.a.r.l.	Marseille	France	Euro
Societè Règionale de Saint Rambert d'Albon S.A. (SRSRA)	Saint Rambert d'Albon	France	Euro
Autogrill Gares Province S.a.r.l.	Marseille	France	Euro
Autogrill Aeroports S.a.s.	Marseille	France	Euro
Societè de Gestion de Restauration Routieère SGRR S.a.s.	Marseille	France	Euro
SNC TJ2D	Chaudeney sur Moselle	France	Euro
SCI Vert Pre Saint Thiebaut	Nancy	France	Euro
Autogrill Overseas Inc.	Wilmington	USA	USD
Autogrill Group, Inc.	Bethesda	USA	USD
HMS Host Corp.	Bethesda	USA	USD
HMSHost Tollroads, Inc.	Bethesda	USA	USD
Host International, Inc.	Bethesda	USA	USD
Sunshine Parkway Restaurants, Inc.	Bethesda	USA	USD
Cincinnati Terminal Services, Inc.	Bethesda	USA	USD
Cleveland Airport Services Inc.	Bethesda	USA	USD
SMSI Travel Centres, Inc.	Toronto	Canada	CAD
Host International of Canada (RD), Ltd.	Toronto	Canada	CAD
HMSHost Europe, Inc.	Wilmington	USA	USD
HMSHost International, Inc.	Wilmington	USA	USD
Host International (Poland) Sp zo, in liquidation	Warsaw	Poland	PLN
Shenzen Host Catering Company, Ltd.	Shenzen	China	USD
HMS-Airport Terminal Services, Inc.	Bethesda	USA	USD
HMS B&L, Inc.	Bethesda	USA	USD
HMS Holdings, Inc.	Bethesda	USA	USD
HMS Host Family Restaurants, Inc.	Bethesda	USA	USD
HMS Host Family Restaurants, LLC	Bethesda	USA	USD
Gladieux Corporation	Bethesda	USA	USD
Host (Malaysia) Sdn Bhd	Kuala Lumpur	Malaysia	MYR
Host Gifts Inc.	Bethesda	USA	USD
Host International of Canada Ltd.	Vancouver	Canada	CAD
Host International of Kansas Inc.	Bethesda	USA	USD
Host International of Maryland Inc.	Bethesda	USA	USD
HMS Host USA Inc.	Bethesda	USA	USD
Host Gifts Inc.	Bethesda	USA	USD
Host of Holland B.V.	Haarlemmermeer	Netherlands	Euro
Horeca Exploitatie Maatschappij Schiphol B.V.	Schiphol	Netherlands	Euro
Host Services (France) S.A.S. (in liquidation)[1]	Paris	France	Euro
Host Services, Inc.	Bethesda	USA	USD
Host Services of New York, Inc.	Bethesda	USA	USD
Host Services Pty Ltd.	North Cairns	Australia	AUD
Las Vegas Terminal Restaurants, Inc.	Bethesda	USA	USD
Marriott Airport Concessions Pty Ltd.	Tullamarine	Australia	AUD
Michigan Host Inc.	Bethesda	USA	USD

(1) Figures as at al 31 December 2001

Share Capital	Shareholders' equity	Profit (loss) of the period	Percetage held at 31.12.2006 directly	indirectly	Net Book Value (in Euro) (*)
1,136,000	1,937,900	245,212	-	99.99%	3,007,038
1,440,000	2,048,633	464,128	-	70.00%	960,429
15,394,500	10,514,656	(1,602,999)	-	100.00%	10,514,657
1,050,144	4,155,540	943,777	-	50.00%	1,329,303
17,396,850	(2,896,666)	(4,764,782)	-	100.00%	4,057,000
515,360	4,610,103	531,815	-	50.00%	3,310,000
274,480	3,325,495	(343,414)	-	100.00%	4,474,000
1,368,000	1,099,848	(621,246)	-	100.00%	2,867,936
879,440	798,009	(161,410)	-	100.00%	4,025,614
1,000	75,788	74,788	-	100.00%	1,000
457	(90,748)	623	-	100.00%	1,489
39,866,106	209,821,499	(8,049,740)	-	100.00%	31,991,893
225,000,000	438,186,166	(21,985,961)	-	100.00%	332,715,389
n.a.	443,765,476	-	-	100.00%	336,951,007
125,000,000	16,074,882	(3,709,524)	-	100.00%	12,205,680
125,000,000	(49,195,347)	42,341,427	-	100.00%	(37,354,098)
125,000,000	(294,757)	-	-	100.00%	(223,809)
125,000,000	(505,187)	-	-	100.00%	(383,589)
125,000,000	(312)	-	-	100.00%	(237)
1	4,334,659	(2,087,588)	-	100.00%	3,818,910
1	4,931,176	1,722,448	-	100.00%	4,344,452
n.a.	n.a.	n.a.	-	100.00%	n.a.
n.a.	n.a.	n.a.	-	100.00%	n.a.
6,557,600	-	-	-	100.00%	-
2,500,000	-	-	-	100.00%	-
125,000,000	(304,536)	-	-	100.00%	2,311,721
125,000,000	(4,023,984)	(40,350)	-	100.00%	(3,055,417)
125,000,000	336,931,555	-	-	100.00%	255,832,616
125,000,000	29,534,903	22,294,498	-	100.00%	22,425,894
125,000,000	(11,716,527)	4,617,795	-	100.00%	(8,896,376)
125,000,000	(82,878,830)	-	-	100.00%	(62,930,015)
100,000	(46,395)	18,692	-	100.00%	46,395
125,000,000	(880,789)	-	-	100.00%	668,784
4,600,000	51,368,104	1,145,739	-	100.00%	51,368,104
125,000,000	(1,912)	-	-	100.00%	1,452
125,000,000	76,744	-	-	100.00%	58,272
125,000,000	(44,678,060)	3,512,799	-	100.00%	(33,924,115)
125,000,000	(880,789)	-	-	100.00%	668,784
18,151	6,690,750	6,749,061	-	100.00%	6,690,750
1,000	4,299,317	7,037,933	-	100.00%	4,299,317
38,110	-	-	-	100.00%	-
125,000,000	961,567	2,031,201	-	100.00%	730,119
125,000,000	(1,497,986)	1,200,625	-	100.00%	(1,137,423)
12	250,066	(138,320)	-	100.00%	240,653
125,000,000	(21,433,171)	334,283	-	100.00%	(16,274,238)
999,998	1,297,483	(289,353)	-	100.00%	124,879
125,000,000	458,577,591	43,747,984	-	100.00%	348,198,627

Company name	Head office	Country	Currency
The Gift Collection Inc.	Bethesda	USA	USD
Turnpike Restaurants Inc.	Bethesda	USA	USD
Autogrill Schweiz A.G.	Olten	Switzerland	CHF
Autogirll Pratteln A.G.	Pratteln	Switzerland	CHF
Restoroute de la Gruyère S.A.	Avry devant-Pont	Switzerland	CHF
Restoroute de Bavois S.A.	Bavois	Switzerland	CHF
Autogrill Pieterlen A.G.	Pieterlen	Switzerland	CHF
Autogrill Basel Airport S.a.s. (in liquidation)	St Louis	Switzerland	CHF
AAI Investments, Inc.	Washington	USA	USD
Airport Architects, Inc.	Washington	USA	USD
AAI Terminal 7, Inc.	Washington	USA	USD
Anton Airfood of Ohio, Inc	Washington	USA	USD
Anton Airfood of Cincinnati, Inc.	Washington	USA	USD
Anton Airfood, Inc.	Washington	USA	USD
Anton Airfood of Texas, Inc.	Washington	USA	USD
Anton Airfood of Newark, Inc.	Washington	USA	USD
Anton Airfood JFK, Inc.	Washington	USA	USD
Anton Airfood of New York, Inc.	Washington	USA	USD
Anton Airfood of Minnesota, Inc.	Washington	USA	USD
Anton Airfood of Virginia, Inc.	Washington	USA	USD
Palm Springs, AAI Inc.	Washington	USA	USD
Anton Airfood of Road Island, Inc.	Washington	USA	USD
Anton Airfood of North Carolina, Inc.	Washington	USA	USD
AAI/Terminal One, Inc.	Washington	USA	USD
Anton Airfood of Boise, Inc.	Washington	USA	USD
Fresno AAI, Inc.	Washington	USA	USD
Consolidation Corp. AAI/Anton	Washington	USA	USD
Anton Airfood of Seattle, Inc.	Washington	USA	USD
Anton Airfood of Tulsa, Inc.	Washington	USA	USD
Islip AAI, Inc.	Washington	USA	USD
Anton Airfood of Bakersfield, Inc., in liquidation	Washington	USA	USD
Lee Airport Concession, Inc.	Washington	USA	USD
Providence Airport Restaurant Joint Venture	Rhode Island	USA	USD
Host Canada L.P.		Canada	CAD
RDU JV	Releigh, North Caroline	USA	USD
Carestel Group N.V.	Merelbeke	Belgium	Euro
Carestel Motorway Services N.V.	Merelbeke	Belgium	Euro
Restair N.V.	Merelbeke	Belgium	Euro
Caresquick N.V.	Bruxelles	Belgium	Euro
Carestel Service Center N.V. (in liquidation)	Merelbeke	Belgium	Euro
Carestel Beteiligungs GmbH & Co.	Echterdingen	Germany	Euro
Carestel Commercial Catering France S.A.	Saint Louis	France	Euro
Carestel Nord S.a.r.l.	Saint Louis	France	Euro
Carestel Trois Frontières S.a.r.l.	Saint Louis	France	Euro
Carestel Commercial Catering Germany GmbH & Co KG	Echterdingen	Germany	Euro
Restair UK Ltd.	London	UK	GBP
Carestel A.B., in liquidation	Stockolm	Sweden	SEK
Carestel Sud S.a.r.l.		France	Euro
Aldeasa S.A.	Madrid	Spain	Euro
Aldeasa Internacional S.A.	Madrid	Spain	Euro

Share Capital	Shareholders' equity	Profit (loss) of the period	Percetage held at 31.12.2006 directly	indirectly	Net Book Value (in Euro) (*)
125,000,000	(713,887)	6,875	-	100.00%	(542,055)
125,000,000	(202,298)	-	-	100.00%	(153,605)
10,000,000	1,330,354	10,092,642	-	100.00%	91,000,000
3,000,000	13,473,017	2,097,510	-	95.00%	7,517,580
1,500,000	5,025,552	157,329	-	54.30%	653,432
2,000,000	2,207,906	78,335	-	70.00%	871,243
2,000,000	1,360,712	(27,242)	-	100.00%	1,244,633
40,000	(4,360,429)	-	-	100.00%	37,837
100,000,000	152,720,969	4,194,818	-	100.00%	115,961,252
1,000	(397,034)	(510)	-	95.00%	(301,468)
1,000	946,223	415,330	-	95.00%	718,468
1,000	6,633,535	1,103,506	-	95.00%	5,036,853
1,000	(1,342,536)	(41,839)	-	95.00%	(1,019,390)
1,000	24,358,673	(1,140,816)	-	95.00%	18,495,576
100,000	788,761	195,568	-	95.00%	598,907
n.a.	(312,414)	338,770	-	95.00%	(237,216)
1,000	(2,233,144)	317,231	-	95.00%	(177,027)
1,000	297,466	196,117	-	95.00%	225,866
10	5,906,126	862,801	-	95.00%	4,484,529
1,000	6,137,905	626,784	-	95.00%	4,660,520
1,000	1,120,687	489,309	-	95.00%	850,939
1,000	5,780,371	965,728	-	95.00%	4,389,044
10	2,715,415	684,780	-	95.00%	2,061,819
200	1,998,774	525,356	-	95.00%	1,517,672
n,d,	(744,472)	(104,270)	-	95.00%	(565,279)
n,d,	(74,998)	67,381	-	95.00%	(56,946)
n,d,	100,928,245	-	-	n.a.	76,634,962
n,d,	(774,752)	(291,412)	-	n.a.	(588,270)
n,d,	315,632	45,159	-	n.a.	239,660
n,d,	(1,072,738)	(384,427)	-	n.a.	(814,532)
1,000	-	-	-	95.00%	-
1,600	762,091	211,525	-	95.00%	578,657
n.a.	(1,282)	-	-	100%	(974)
-	67,032,725	1,351,298	-	100%	67,032,725
n.a.	1,391,700	-	-	100%	1,857,118
10,000,000	5,231,076	(1,145,549)	65.20%		28,965,425
6,000,000	1,797,748	(765,196)	-	99.90%	4,501,280
6,078,935	5,838,385	587,539	-	99.90%	6,078,935
2,500,000	436,419	(66,730)	-	50.00%	625,000
62,000	41,797	3,190	-	99.90%	62,000
25,000	20,731	(1,647)	-	100.00%	30,000
2,916,480	758,727	(55,902)	-	99.98%	1,656,785
76,225	185,582	(32,928)	-	99.90%	144,336
621,999	285,664	2,856	-	99.90%	624,000
n.a.	431,034	(26,799)	-	100.00%	1,525,000
1	(2,570,496)	104,194	-	100.00%	2
6,000,000	684,596	13,464	-	100.00%	58,910
840,167	25,720	43,480	-	100.00%	-
25,200,000	248,947,182	(17,580,657)	-	49.85%	147,976,147
5,409,000	514,935	35,003	-	100.00%	5,912,090

Company name	Head office	Country	Currency
Aldeasa Chile Ltda.	Santiago de Chile	Chile	USD
Sociedad de Distribución Aeroportuaria de Canarias S.L.	Las Palmas	Gran Canaria	Euro
Aldeasa Colombia Ltda.	Cartagena de Indias	Colombia	COP
Aldeasa México S.A. de C.V.	Cancun	Mexico	MXN
Transportes y Suministros Aeroportuarios S.A.	Madrid	Spain	Euro
Foodlasa S.L.	Madrid	Spain	Euro
Ciro Holdings S.A.	Geneva	Switzerland	CHF
Aldeasa Cabo Verde S.A.	Sal Island	Cape Verde	CVE
Prestadora de Servicios en Aeropuertos S.A. de C.V.	Crucero	Mexico	USD
Panalboa S.A.	Panama	Panama Rep.	USD
Audioguiarte Servicios Culturales S.L.	Madrid	Spain	Euro
Aldeasa JV	Vancouver	Canada	CAD
Aldeasa Servicios Aeroportuarios Ltda.	Santiago de Chile	Chile	USD
Aldeasa Projects Culturels S.a.s.	Paris	France	Euro
Vancouver Uno S.L.	Madrid	Spain	CAD
Aldeasa Jordan Airports Duty Free Shops (AJADFS)	Amman	Jordan	USD
Aldeasa Curacao N.V.	Curacao	Netherland Antilles	USD

Key Information on Consolidated Companies*

Company name	Head office	Country	Currency
Dewina Host Sdn Bhd	Kuala Lumpur	Malaysia	MYR
HMSC-AIAL Ltd.	Auckland	New Zeland	NZD
TGIF National Restaurant JV	Texas	USA	USD
Estación Aduanera Zaragoza, S.A.	Zaragoza	Spain	Euro
Souk al Mouhajir, S.A.	Tangiers	Morocco	DIRHAM
Creuers del Port de Barcelona, S.A.	Barcellona	Spain	Euro
Lanzarote de Cultura y Ocio, S.A.	Tias	Lanzarote	Euro

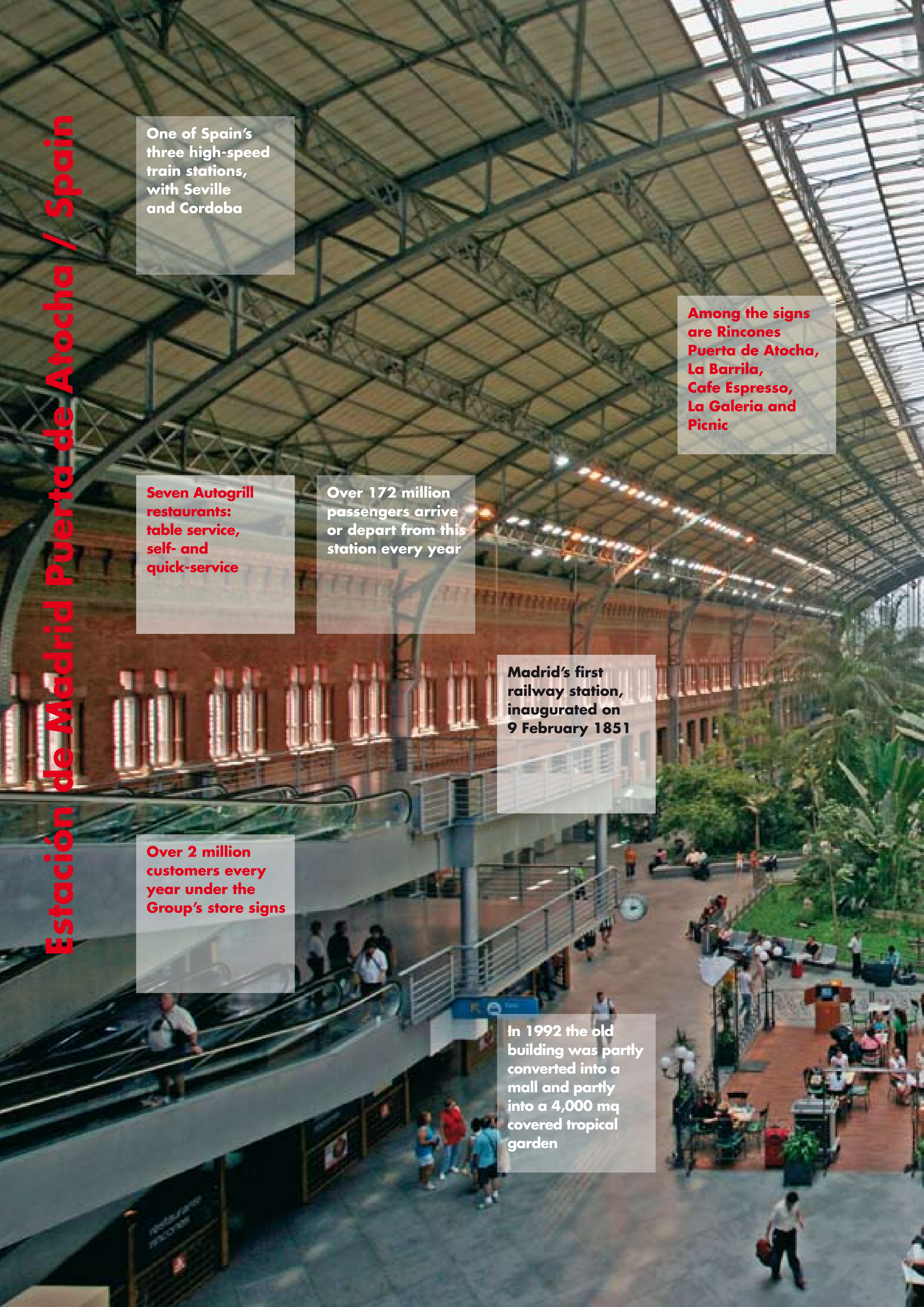
(*) Italian Civil Code, Article 2429 (3).

Share Capital	Shareholders' equity	Profit (loss) of the period	Percetage held at 31.12.2006		Net Book Value (in Euro) (*)
			directly	indirectly	
1,854,154	775,655	1,312,731	-	99.99%	8,814,970
6,689,100	133,422	180,089	-	60.00%	7,040,620
966,441	(299,963)	15,837	-	99.99%	231
7,390,815	(2,487,828)	1,397,416	-	99.99%	995,285
1,202,000	-17,57	18,114	-	100.00%	1,202,024
1,710,000	(418,385)	532,606	-	50.00%	746,372
56,336,347	(28,835,976)	13,998,841	-	100.00%	51,067,802
54,490	221,869	186,968	-	99.99%	3,064
6,462	16,859	34,649	-	99.99%	11,777
125,623	(14,738)	64,454	-	80.00%	120,198
251,000	52,207	86,803	-	100.00%	350,013
107,713	n.a.	n.a.	-	62.38%	70,488
8,134,652	(465,047)	155,280	-	99.99%	6,032,481
800,000	(146,755)	(160,882)	-	100.00%	492,364
3,010	-	(681)	-	100.00%	1,523
705,000	16,114,000	16,905,000	-	100.00%	55,796,000
500,000	302,000	(43,000)	-	100.00%	229,000

Share Capital	Shareholders' equity	Profit (loss) of the period	Percetage held at 31.12.2006		Net Book Value (in Euro) (*)
			directly	indirectly	
34,692	128,324	248,956	-	49.00%	36,352
38,682	2,422,162	478,652	-	50.00%	1,703,507
n.a.	523,207	14,731	-	25.00%	397,272
1,670,153	(501,436)	(38,683)	-	31.26%	826,264
587,665	446,823	120,829	-	35.85%	25,250
3,005,061	5,487,912	5,463,772	-	23.00%	2,112,742
180,304	(7,526)	-	-	30.00%	51,833

Independent Auditors’ Report

Estación de Madrid Puerta de Atocha / Spain



One of Spain's three high-speed train stations, with Seville and Cordoba

Among the signs are Rincones Puerta de Atocha, La Barrila, Cafe Espresso, La Galeria and Picnic

Seven Autogrill restaurants: table service, self- and quick-service

Over 172 million passengers arrive or depart from this station every year

Madrid's first railway station, inaugurated on 9 February 1851

Over 2 million customers every year under the Group's store signs

In 1992 the old building was partly converted into a mall and partly into a 4,000 mq covered tropical garden

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI

Telefono 02 6763.1
Telefax 02 67632445
e-mail it-fmauditaly@kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998

To the shareholders of
Autogrill S.p.A.

1 We have audited the separate financial statements of Autogrill S.p.A. as at and for the year ended 31 December 2006, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto. 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. These are the first set of separate financial statements prepared in accordance with the International Financial Reporting Standards endorsed 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 separate financial statements are free of material misstatement and are, as a whole, reliable. 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 directors. We believe that our audit provides a reasonable basis for our opinion.

The separate financial statements present the prior year corresponding figures for comparative purposes prepared using consistent accounting policies. Furthermore, note 12 to the separate financial statements discloses the effects of the adoption of the International Financial Reporting Standards endorsed by the European Union and includes the disclosures on the IFRS reconciliation schedules required by IFRS 1. Such schedules, which had already been approved by the board of directors and published as an appendix to the half year report at 30 June 2006, were audited by other auditors who issued their report thereon on 11 September 2006.

3 In our opinion, the separate financial statements of Autogrill S.p.A. as at and for the year ended 31 December 2006 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38 of 28 February 2005. Therefore, they are clearly stated and give a true and fair view of the financial position of Autogrill S.p.A. as at 31 December 2006, the results of its operations, changes in its equity and its cash flows for the year then ended.

Milan, 5 April 2007

KPMG S.p.A.

(Signed on the original)

Giovanni Rebay
Director of Audit

Resolutions to be put to the Shareholders' Meeting

Resolutions to be put to the Shareholders' Meeting

Ordinary Meeting

1. Approval of the Accounts and Appropriation of Net Profit for the Year

Shareholders:
Net profit for the year ended 31 December 2006 was €95,258,505.
Your Board of Directors proposes distribution of a dividend, before any withholdings required by law, of €0.40 per share.

Proposed Resolution

Shareholders:
If you are in agreement with our proposal, we ask you to pass the following resolution:
"The Ordinary Meeting of the Shareholders:
- having taken note of the Board of Statutory Auditors' Report and the External Auditors' Report by KPMG S.p.A.;
- having examined the Accounts at 31 December 2006 which show a net profit for the year of €95,258,505;

resolves

- to approve:
  (i) the Directors' Report on Operations;
  (ii) the Balance Sheet, the Income Statement and the Notes to the Accounts of the financial year ended 31 December 2006 which show a net profit for the year of €95,258,505;
- to appropriate the net profit for the year of €95,258,505 as follows:
  (i) 5% to legal reserves, i.e., the amount of €4,762,925;
  (ii) €90,495,580 for payment of a dividend;
- to pay a dividend amounting to €101,760,000 (of which €90,495,580 from profits and €11,264,420 from free reserves) at €0.40 per share;
- to fix the dividend payment date as from 24 May 2007, the share to go ex-dividend on 21 May 2007."

2. Proposal to Purchase Treasury Shares

Shareholders:
We advise that under the resolution taken by the Ordinary Meeting of the Shareholders on 27 April 2006 no purchases or sales of treasury shares were made.

We submit for your approval (i) the revocation of that resolution and (ii) authorisation to purchase and sell treasury shares under Article 2357 of the Italian Civil Code and LD 58/98, Section 132, and Section 144 bis of Consob Regulations as adopted by resolution 11,971/99 as amended ("Consob Regulations") and give the following description of the method and terms of the transaction pursuant to Section 73 and annex 3A of Consob Regulations.

1) *Reasons for which your authorisation to purchase and sell treasury shares is sought.*
To continue to have an option that might be useful inter alia to intervene if the share price fluctuated outside its normal range connected with market movements, and also to support the share's liquidity.

2) *Maximum quantity, type and par value of the shares for which your authorisation to trade is sought.*
The maximum quantity of the shares it is proposed to purchase and subsequently sell, on one or more occasions, is not to exceed a total of 2,000,000 (two million), or in any case the legal limit, of ordinary shares in the Company with a par value of €0,52 (fifty-two euro cents).

3) *Relevant information to enable you to determine fully whether the transaction would be compliant with Article 2357, para. 3, of the Italian Civil Code.*
The maximum quantity of the shares for which authorisation to trade is sought is equal to about 0.8% of the 254,400,000 ordinary shares that make up Company capital, and is therefore well within the limit laid down by Article 2357 of the Italian Civil Code. As of today neither the Company nor any subsidiary owns ordinary shares in the Company. For the purposes of the proposed transaction(s) the latest approved Company Accounts show that there

are free reserves of €323,791,712 (three hundred and twenty-three million seven hundred and ninety-one thousand seven hundred and twelve euros). A Reserve for the purchase of Treasury Shares will be set aside in the Accounts in the amount of €35,000,000 (thirty-five million euros).

4) *Period for which your authorisation is sought.*
The period for which your authorisation is sought is 18 (eighteen) months from the date on which the Shareholders' Meeting passes the relevant resolution. During this time we will undertake the transactions described herein on one or more occasions.

5) *Minimum and maximum prices and the market valuation on which these will be based.*
The minimum price including purchase costs at which we propose to be able to purchase the shares shall be no lower than 15% below the reference price of the share during the session of the Stock Exchange of the day prior to each transaction and the maximum price shall be no higher than 15% over the said reference price. The minimum price at which the shares may be sold shall be no lower than 10% below the reference price of the share during the session of the Stock Exchange of the day prior to each transaction and the maximum price at which they may be sold shall be no higher than 10% over the said reference price.

6) *Procedure for purchase and sale of the shares.*
Purchases and sales will be carried out in regulated markets in accordance with the operating procedures laid down in the organisation and management regulations of those markets, which do not allow bids to be directly matched with predetermined offers to sell, pursuant to Section 144bis para.1(b) of Consob Regulations as adopted by resolution 11971 as amended.

7) *Information regarding the purchase of treasury shares in order to reduce Company capital.*
No purchase shall be used to reduce Company capital by cancelling the treasury shares purchased.

Proposed Resolution

Shareholders:
If you are in agreement with our proposal, we ask you to pass the following resolution:
"The Ordinary Meeting of the Shareholders of Autogrill S.p.A.:
• having examined the explanatory account of the Board of Directors;
• considering the Accounts at 31 December 2006 approved by today's Ordinary Meeting of the Shareholders;
• having taken note of the favourable opinion of the Board of Statutory Auditors;

resolves

- to revoke, with effect from the date of the resolution of the Meeting, the resolution authorising the purchase and sale of treasury shares taken by the Ordinary Meeting of the Shareholders on 27 April 2006;
- to authorise, pursuant to Articles 2357 et seq of the Italian Civil Code and LD 58/98, Section 132, for a period of 18 (eighteen) months from the date of this resolution in General Meeting, the purchase and possible subsequent sale, on one or more occasions and at any time, of Autogrill S.p.A. ordinary shares with a par value of €0,52 (fifty-two euro cents) in the maximum quantity of 2,000,000 (two million). The minimum price including purchase costs at which it is proposed to be able to purchase the shares shall be no lower than 15% below the reference price of the share during the session of the Stock Exchange of the day prior to each transaction and the maximum price shall be no higher than 15% over the said reference price.
  The minimum price at which the shares may be sold shall be no lower than 10% below the reference price of the share during the session of the Stock Exchange of the day prior to each transaction and the maximum price at which they may be sold shall be no higher than 10% over the said reference price. Purchase(s) of treasury shares will be made within the maximum allocation of the Reserve for the purchase of Treasury Shares of €35,000,000 (thirty-five million euros) and in any case within the legal limit and therefore that of free reserves as shown in the latest approved Accounts. Purchases and sales shall be carried out in regulated markets in accordance with the operating procedures laid down in the organisation and management regulations of those markets, which do not allow bids to be directly matched with predetermined offers to sell, pursuant to Article 144bis para.1(b) of Consob Regulations as adopted by resolution 11971 as amended;

- to mandate the Board of Directors to identify, in accordance with legal requirements as to the full availability of existing reserves, the reserves to be used to set aside the unavailable reserve as required by the last paragraph of Article 2357ter of the Italian Civil Code;
- to establish that, in the event of disposal of treasury shares, the reserve set up under the last paragraph of Article 2357ter of the Italian Civil Code should be reduced pro quota so that the reserves thus made available may be used again for further purchases within the limits and at the conditions specified in this resolution;
- to give the Chairman of the Board of Directors and the Managing Director a mandate, to be exercised singly and if desired through empowered persons appointed by them, to carry out the transactions specified in this resolution, and to this end to make all necessary valuations and checks, to enter into the relevant contracts and to ensure the performance of all necessary duties, compliance and formalities, without exclusion."

Extraordinary Meeting

1. Proposed Changes to the Articles of Association

Shareholders:
This Extraordinary Meeting has been called to discuss and resolve on a proposal to change the Articles of Association as indicated in the Agenda.

The changes we submit for your consideration aim principally to bring the Articles into line with Law 262/2005 known as the 'Savings Act', as amended by D.L. 303/2006 known as the 'Coordinating Decree'.

The Articles of Association, attached to this paper, show the current wording and the proposed amendments in bold.

The proposed changes - none of which entails the shareholders' right to withdraw - are, with some semantic adjustments to the wording of certain Articles, as follows:

Article 7 - Convocation, Right to Attend and Vote, and Proxies at Shareholders' Meetings
- To comply with the new Act, we propose to order the Shareholders' option of adding items to the Agenda of the Shareholders' Meeting and to better specify the term within which the certificates required for attendance at Shareholders' Meetings should be presented.

Article 9 - Chairmanship of Shareholders' Meetings
- To increase clarity, the wording of the rule regarding the selection of the Secretary from within the office of the chairman of the Shareholders' Meeting has been changed.

Article 10 - Board of Directors
- In order to enable a greater number of minority Shareholders to take part in appointments to corporate bodies di we believe it is necessary to reduce the current minimum shareholding required to present a list of candidates for Directorships.
- We propose to simplify the procedure for the election of Directors, who will be selected from the two lists that have obtained the largest number of votes in the Shareholders' Meeting; the minority list shall have the right to elect two Directors. We also propose - in the event of resignations of Directors elected on the minority list - a mechanism whereby the Board may co-opt and the Shareholders' Meeting may replace them and thus maintain the number of minority-list Directors on the Board.

Article 13 - Meetings of the Board of Directors
- To comply with the new Act, we propose to give each Statutory Auditor the power to call a Board Meeting.

Article 15 - Powers of the Board of Directors
- We propose to simplify the Article that specifies the attributions of the Board of Directors by eliminating the fixed list in order to enable greater flexibility in the matters to be brought before the Board in light of the evolution of the Company's business, but also to be able to be constantly in line with the recommendations on this point contained in the Corporate Governance Code, to which your Company adheres.

Article 18 - Senior Management responsible for preparing Company Accounts

- We propose this new Article describing the role of a senior manager to be appointed to prepare the Company's accounts, and laying down how this manager should be appointed and what her or his professional requisites should be.

Article 20 - Statutory Auditors

- As well as bringing the Articles into line with the Act's stipulation as to the maximum number of offices that may be held in other companies, we propose to align the rules governing the election of Statutory Auditors with those proposed for Directors. In this way - inter alia - the rights of minority Shareholders will be extended by giving more of them the possibility of taking part in the election of the Board of Statutory Auditors.

Proposed Resolution

Shareholders:
If you are in agreement with our proposal, we ask you to pass the following resolution:
"The Ordinary Meeting of the Shareholders of Autogrill S.p.A.
- having noted the Report of the Board of Directors;
- and the favourable opinion of the Board of Statutory Auditors;

resolves

- to adopt Articles 4, 7, 9, 10, 13, 15, 18 (new Article) and 19 of the Articles of Association in the new wording given in the Report of the Board of Directors;
- to give the Chairman of the Board of Directors and the Managing Director all necessary powers without exception or exclusion, to be exercised singly and if desired through empowered persons appointed by them, to execute this resolution, and the explicit power to perform all that is required, necessary and useful to obtain legal approval of the resolution and make all notices as required by current regulations, including compliance with any requests by the competent authorities and to specify, and if necessary bring into line with any amendments to regulations, the descriptive report and the Articles to be presented to the Shareholders in Extraordinary Meeting."

Board of Statutory Auditors’ Report

Kuala Lumpur International Airport / Malaysia

HMSHost has been the airport's leading food & beverage provider since 1998

One of Asia's most important airports: 24 million passengers used it in 2006

Won the ACI Airport Service Quality Award for the best airport with between 15 and 25 million annual passengers

HMSHost has brought international brands like Burger King, Sbarro and Cheers to the airport

In this airport there are 13 restaurants managed by HMSHost

130,000 flights in and out of the airport every year

More than 2 million customers eat under the store signs managed by our Group every year

Board of Statutory Auditors' Report

Shareholders,

during the financial year ended 31 December 2006, 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 No. 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 2006 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 expressed our favourable opinion in respect of the appointment of KPMG S.p.A. as external auditor for the period 2006-2011 with the duty of checking throughout the year that the accounts of the Company are properly conducted and that its bookkeeping is correctly performed, as well as verifying that the annual Accounts of Autogrill S.p.A. and the Consolidated Accounts for the financial years 2006-2011 give a true and fair picture of the accounts and the results of the audit, and comply with the relevant regulations;
- 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 firm KPMG S.p.A.;
- 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 and fair 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 audits of the correctness of the Company's accounting and bookkeeping procedures. No untoward fact or event emerged;
- we verified compliance with legal requirements concerning the drawing up of the Company's Accounts and the Consolidated Accounts, and the reports 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. We ascertained that the operating procedures of the Company and its subsidiaries ensure a regular flow of the information necessary to comply with legal requirements.
5. The Report of the auditing firm KPMG S.p.A. on the Consolidated Accounts as at 31.12.2006 of the Autogrill S.p.A. Group, issued on 5 April last, does not contain any significant findings. Equally, the report by KPMG S.p.A. on Autogrill S.p.A.'s Accounts as at 31.12.2006 does not contain any significant findings.
6. No reports were made to this Board of Statutory Auditors pursuant to the Italian Civil Code, Section 2408, during 2006.
7. No representations were made to this Board of Statutory Auditors during 2006.
8. No significant matters needing to be reported emerged from our contacts with the corresponding bodies of the subsidiaries.
9. During 2006 the External Auditors KPMG S.p.A. assisted the Company with the project of compliance with Law 262/2005 "Measures to safeguard savers and order financial markets" for which they received a fee of two hundred and eight thousand euros, and with the certification of the Sustainability Report, for which they received a fee of eighty-eight thousand euros.

- We also note that Autogrill S.p.A.'s subsidiaries mandated persons "connected to KPMG S.p.A. by permanent contracts" to carry out certain tasks other than that of auditing the financial statements, summarised as follows:

Subsidiary	**Mandate**	**Fee accrued in 2006 (€k)**
Autogrill Europe Nord-Ouest S.A.	Tax advice	5.6
Autogrill Finance S.A.	Tax advice	6.0
Autogrill Schweiz AG, Olten	Tax advice	0.9
Autogrill België NV	Tax advice	9.0
Autogrill Group Inc.	Planning CARA Income and Finance data	26.5
	Checks on behalf of landlords	16.4

- We report that no information or situations emerged that could compromise the independence of the auditing firm.

10. In 2006 there were 13 meetings of the Board of Directors and 7 meetings of the Audit Committee. There were also 8 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 to be in the interests of the company.
12. In 2006 work continued to systematically adapt the entire organisational structure, both with regard to the positions of greatest responsibility, and in light of the new operational requirements that emerged; specifically: an AFC and Information Systems Manager was appointed; the Administration and Control area for Italy was redesigned; a new Organisation and Change Management Department was created (to support the management of the Group in Europe); the area structures in France, Belgium, The Netherlands and Luxembourg were revised; extra staff were appointed to the function responsible for the consolidation of the Group's accounts data; a Group Corporate Affairs Department was set up; and the administrative organisation of HMSHost Europe was strengthened.

- 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. As more fully described in the Corporate Governance Report, risk management and control activity continued, through the up-dating of procedures, the Organisational and Management Model pursuant to DL 231/01, and, as mentioned above, development of the organisational structure, as well as through the activity of the Group Internal Auditing Department.
14. Systematic meetings between this Board of Statutory Auditors and the External Auditors, pursuant to LD 58/1998 Section 150 para. 2, did not bring to notice any matters that would need to be reported.
15. The activity of adapting and bringing into force the rules of corporate governance continued in accordance with the corporate governance code issued by borsa italiana in march 2006, which the company adopted by a resolution of the board dated 19 december 2006.

16. 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 2006 together with the Report on Operations as presented by the Board of Directors, and the consequent proposed appropriation of net profit as put forward by the Board.

Milan, 6 April 2007
The Board of Statutory Auditors

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€ 132,288,000 fully paid in

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