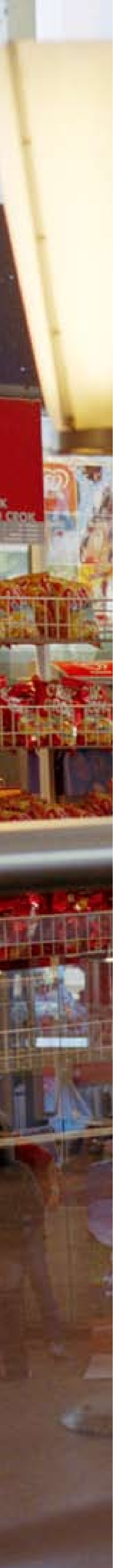


Autogrill Group

Reports and Accounts 2005

2005

Consolidated and Parent Company Accounts

In 2005 we carried out an intensive strategic refocusing of our business

The future promises us solid growth and a high return on capital invested

Letter from the Chairman

Dear Shareholders,

I am especially gratified by Autogrill's renewed achievements in 2005. The Group marks itself out in our industry by its ability to consistently obtain planned results and, among Italian businesses, by its leadership in international markets.

Continuing the work done in previous years, in 2005 we carried out an intensive strategic refocusing of our concession business. The most important corporate transaction was the investment in Aldeasa with our Franco-Spanish partners Altadis, which was done with a view to synergy and complementarity. It enabled us to add a new business model, retail and duty-free, thus giving the Group an opportunity to open a further route to growth, while maintaining its specialisation of providing services to travellers. There was one immediate result: we were awarded two new contracts, respectively in Canada and Kuwait. These extended Aldeasa's international footprint, since until now it has operated mainly in Spain.

At the same time the geographical expansion plan was further developed in the airport segment: we consolidated our presence in countries already covered - in Italy (Bergamo and Brescia), in Spain (Madrid and Palma de Mallorca), in Greece (Athens), and in Austria (Vienna) – and entered Northern European markets (the largest and most dynamic for our industry) for the first time, winning concessions in airports that until now had been exclusively run by other groups, viz. Frankfurt, Stockholm and Cork.

In the motorway segment the Group strengthened its business in North America - with the extension of the New York Thruway contract and the award of a new concession on the Indiana Turnpike - and began expanding into Eastern Europe, one of our strategic areas for future growth, by entering into significant contracts in Slovenia.

These achievements, taken together, increased the value of our concession portfolio in terms of both extension and duration, thanks not least to our investment in development, which has increased in the last four years from 60% to 80% of total capital expenditure. In particular we accelerated investment in areas in which we are strongest and most profitable by following a brand and location enhancement policy which is further improving our profitability.

Our 2005 profit figures continued the favourable trend: operating profit rose by more than 16% and our consolidated net profit for the year was 40% up on 2004.

Cash flow from operations grew by over 25%, and this made it possible to maintain expansion through acquisitions, without impairing the remuneration of our Shareholders.

In 2005 our main priorities - quality, innovation and pricing - were joined by greater attention to social responsibility and good governance.

Autogrill intends to maintain its strategy and performance by exploiting continuing growth in travel as well as its proven capabilities.

The future promises us solid growth and continuous refinement of our business models with their high return on capital invested.

Gilberto Benetton
Chairman of Autogrill

Contents

Approved by the Board of Directors on 15 March 2006.

This publication is available on our website www.autogrill.com

The Reports and Accounts 2005 have been translated into English from the original version in Italian. The consolidated and Parent Company Accounts have been prepared in accordance with IFRS and with the Italian GAAP respectively, which may not conform with generally accepted accounting principles in other countries.

General Information

Board of Directors and Board of Statutory Auditors

(1) Appointed by the Shareholders' Meeting held on 27 April 2005, in office until approval of the 2007 Accounts.

(2) Appointed by the Board of Directors on 27 April 2005.

(3) Invested with all legal and corporate powers including legal representative of the Company and sole signatory on behalf of the Company.

(4) PInvested with all day-to-day Powers of management as sole signatory as per resolution dated 27 April 2005.

(5) Member of the Internal Controls Committee.

(6) Member of the Remuneration Committee.

(7) Appointed by the Shareholders' Meeting held on 24 April 2003, in office until approval of the 2005 Accounts.

(8) Appointed by the Shareholders' Meeting held on 24 April 2003, mandate expires on approval of the 2005 Accounts.

(E) Executive Director.

(I) Independent Director.

Board of Directors (1)

Chairman (2) (3)	Gilberto BENETTON
Managing Director (2) (3) (4)	Gianmario TONDATO DA RUOS (E)
Directors	Alessandro BENETTON Giorgio BRUNETTI (5) (I) Antonio BULGHERONI (6) (I) Marco DESIDERATO (5) (I) Sergio DE SIMOI Sergio EREDE (6) Alfredo MALGUZZI (5) (I) Gianni MION (6) Gaetano MORAZZONI (I)
Company Secretary (2)	Diego SALVADOR

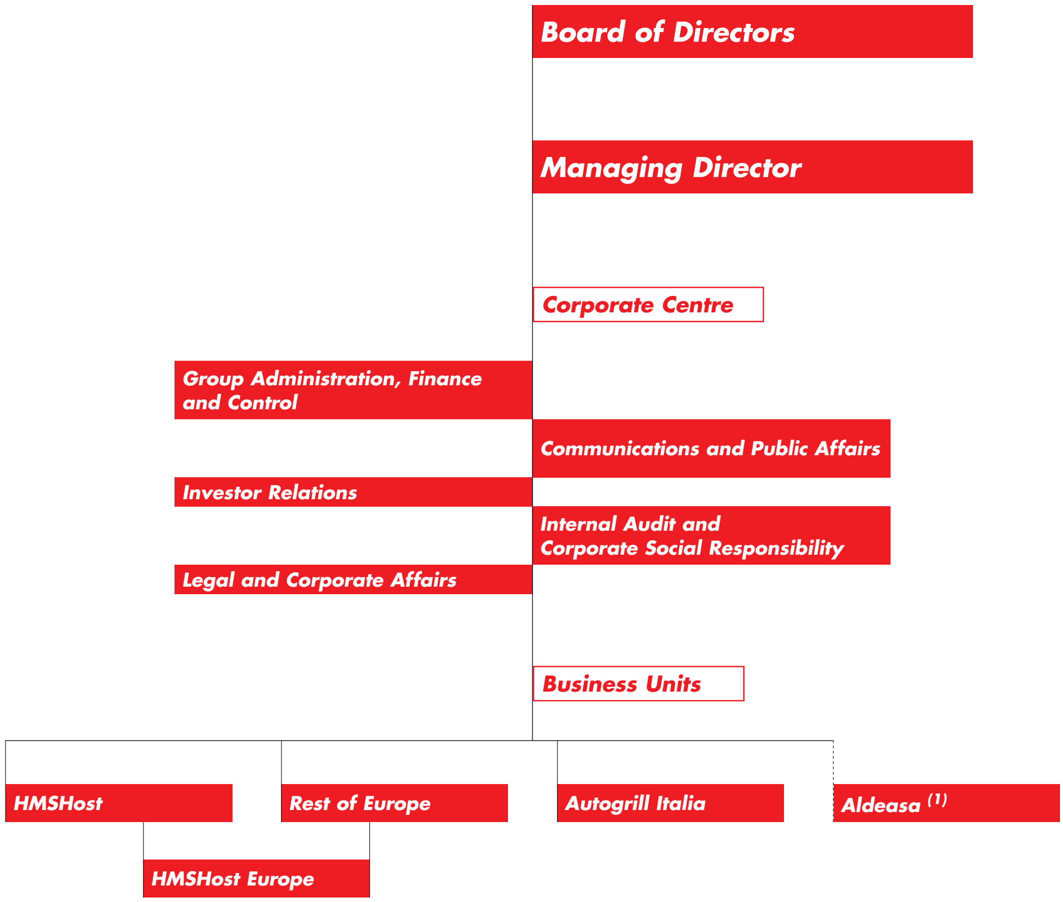
Board of Statutory Auditors (7)

Chairman	Gianluca PONZELLINI	*Revisore Contabile*
Auditor	Marco REBOA	*Revisore Contabile*
Auditor	Ettore Maria TOSI	*Revisore Contabile*
Alternate Auditor	Giovanni Pietro CUNIAL	*Revisore Contabile*
Alternate Auditor	Graziano Gianmichele VISENTIN	*Revisore Contabile*

External Auditors (8)

Deloitte & Touche SpA

Group Organisational Chart



(1) A 95.9% subsidiary of Retail Airport Finance SL (50/50 joint-venture with Altadis SA).

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 manages North American operations as well as the Pacific Area and Schiphol Airport (Netherlands).

Autogrill Italia is the business division of Autogrill SpA operating in Italy directly and indirectly through subsidiaries.
In 2005 it has also started motorway operations in Slovenia, through Autogrill Doo.

In the **other European countries** operations are managed by a single company for each country, under central co-ordination.

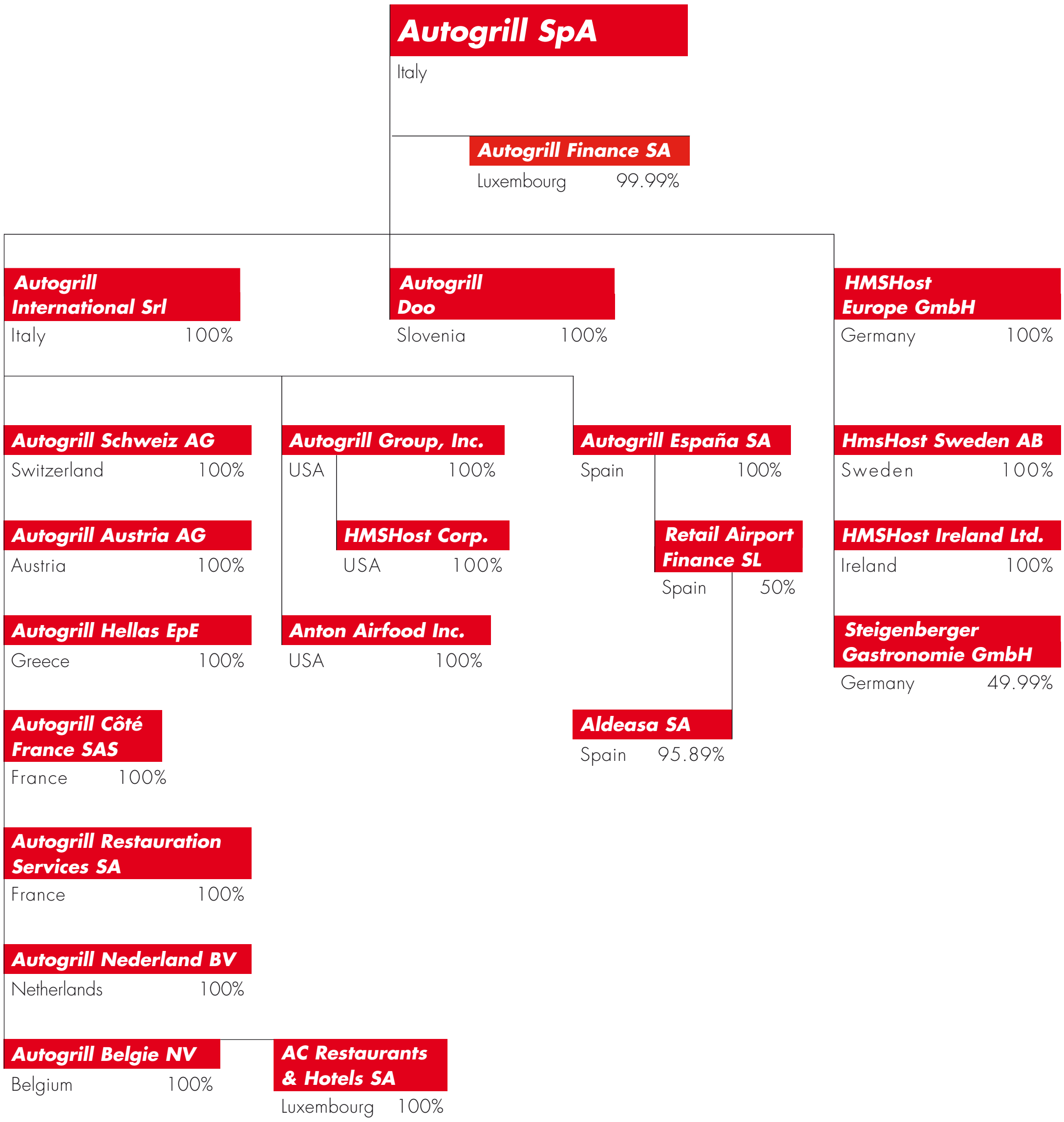
Each country may have a number of operating subsidiaries, but operations are always controlled by a country HQ (**Autogrill France, Autogrill Nederland, Autogrill Belgie, Autogrill España, Autogrill Schweiz, Autogrill Austria**, or **Autogrill Hellas**).

HMSHost Europe is the unit charged with developing European airports. Currently it operates across the various countries and includes operations in the following airports: Schiphol (Netherlands), Zurich (Switzerland), Stockholm (Sweden), as well as a partnership in Frankfurt (Germany) and, starting in 2006, Cork (Ireland).

Ciao - Rome's Termini Station, 1.00 pm CET.


Ciao
RISTORANTE
Uscita/Exit

The Group's Main Operating Companies[1]



(1) See pp. 151-154 and 198-203 for a complete list of subsidiaries and associates.

The chart includes the following new units:

- **Aldeasa SA**, controlled as to 95.89% by **Retail Airport Finance SL**, a 50-50 joint-venture of Autogrill SpA and Altadis SA Being listed on Spanish bourses, Aldeasa offered to purchase the remaining shares in circulation and as at 31 December 2005, had purchased own shares in the market representing 3.8% of issued capital. Minorities therefore hold 0.3%. These companies have been. accounted for using the proportionate method since 1 May 2005.

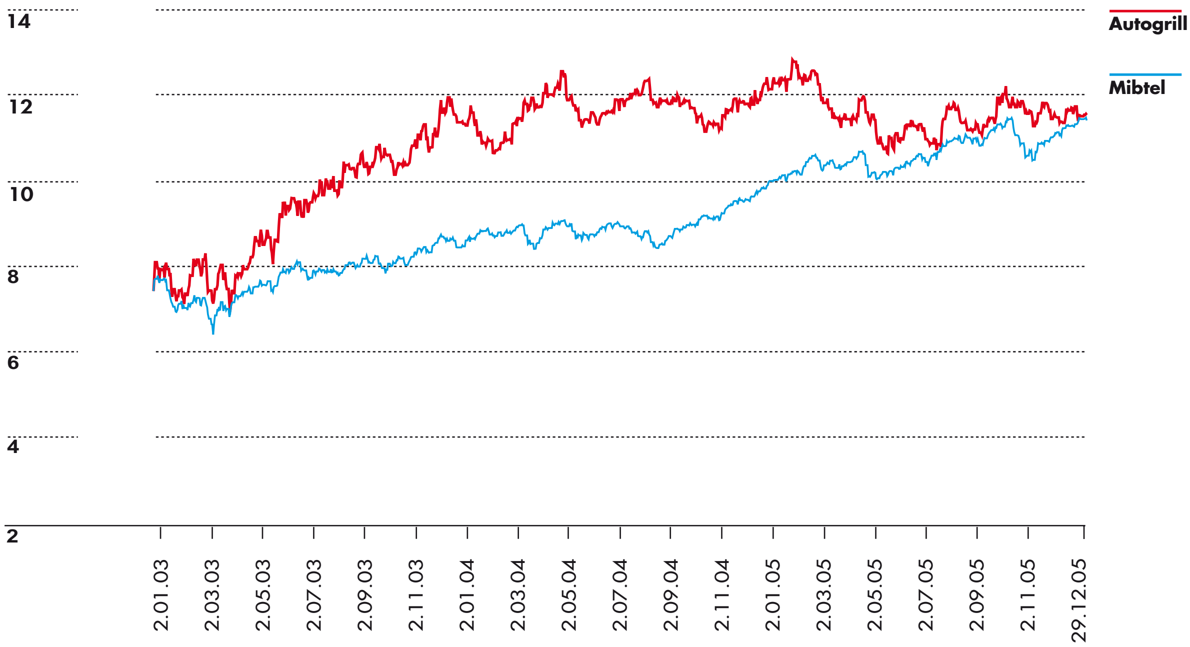
- **Steigenberger Gastronomie GmbH** joint-venture with **Steigenberger Hotels AG**, accounted for using the proportionate method since 1 March 2005.

- **HMSHost Sweden AB**, incorporated on 10 June 2005, and providing food and beverages at Arlanda airport (Stockholm) since end-2005.

- **HMSHost IrelandLtd.**, incorporated on 20 October 2005, will provide food and beverages at Cork airport from the first half of 2006.

In addition Autogrill Côté France SAS has acquired 100% of the French company **Poitou-Charentes Restauration (P.C.R.) SA.**

Autogrill Share Performance 2003-2005



Autogrill has been listed on the Italian Bourse since 1997, and included in the S&P-MIB basket of shares, which contains the main listed companies by capitalisation and sectoral representation ("blue chips"), since 2 September 2004.

Report on Operations

Operating and Financial Highlights

Operating Information

The Effect of Converting International Business Figures

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 currency of revenue is generally identical with that of costs. The Group has a policy of managing currency risk by financing the main net assets in each non-euro currency by loans in that currency or by 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 swings in the €/US$ exchange rate usually makes Group figures not strictly comparable with those of the previous year.

In 2004 and 2005 the average €/US$ exchange rate was steady at $1.244, so profit and loss figures are comparable.

Conversely, balance sheet figures are affected by the strengthening of the US dollar against the euro from $1.362 at 31 December 2004 to $1.180 at 31 December 2004.

Legend

€m, $m: unless otherwise stated, figures given in the Report on Operations are in millions of euros or US dollars respectively.

€k, $k: figures given in the Notes to the Accounts are in thousands of euros or US dollars respectively.

n.s.: indicates an insignificant or immaterial figure.

n.a.: indicates that the figure is not available or not applicable.

Operating Highlights

How the Organisation has Changed[1]

	2005	2004	Change
Countries	26	14	+12
Locations	979	888	+91
Concepts	4,552	4,220	+332
Personnel:			
• Total (Headcount)	51,618	47,879	+3,739
• Full Time Equivalent	39,249	35,685	+3,564
Number of customers served	800 million	720 million	+80 million

(1)
2005 figures include Aldeasa SA, 50-50 joint-venture with Altadis SA.

Locations are sites where the Group's operating units or facilities are active, including motorway service areas or plazas, or airports, which in turn may contain several points of sale known as concepts, each signed by a nationally or internationally known brand (proprietary or licensed).

Business Environment

Trends in Personal Travel

Autogrill's industry is directly dependent on passenger traffic flows through the infrastructure. Increased personal travel is part of western consumer models, which are having an exponentially increasing influence on the behaviour of non-European travellers. This is a cultural phenomenon, which - alongside the increase in per capita income - is producing strong growth in the number of travellers; over time they will require increasing quantities of goods and services. Providing the necessary infrastructure and services to satisfy this growing demand for travel is already a strategic priority for governments and companies operating in the industry.

In the euro area and the US, policy is more oriented to the enhancement of services presently available in travel locations: there is therefore more concentration on improving and extending existing infrastructure. Soon the basic objective will be to integrate the various means of transport with the aim of increasing their productivity, both individually and as an overall system.

The Commercial Food and Beverage Market

After 9/11 the travel industry in Europe and North America returned to growth from 2004 on. This created the conditions for the catering sector - especially in the travel industry (on motorways, at railway stations and in airports) - to resume the fast growth seen in the 1990s.

This favourable trend was mainly evident in airport locations due to the rapid growth of low-cost carriers, and in railway stations following the development of high speed trains.

In the coming years Western Europe's catering industry (which currently accounts for some 27% 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.

Autogrill is well aware of the growth possibilities inherent in these trends: its business environment is marked by a highly fragmented market and therefore has good expansion potential not only for organic growth but also through business combinations.

Innovation at Autogrill

Autogrill constantly invests in R&D to improve its offer - on the basis of customer surveys and research - by developing its products, processes, concepts and locations, not least in terms of design and architecture.

Our objective is to offer products of superior quality by unfailingly ensuring that our quality standards and service level are the best possible, in terms of customer satisfaction, and that each restaurant is increasingly welcoming and efficient.

In particular, we have steadily developed our skills in the design of new restaurant formats (concepts) and the improvement of existing ones, starting with the definition of the brand identity and its positioning, proceeding then to the image of the sales point (retail design and deciding layout), the range offered (product research) and the production and distribution (serving) process). All this is carried out in close co-operation with our suppliers.

Most of the products and recipes found in Autogrill Group menus have been researched by the dietary experts and chefs working in our country HQ experimental kitchens in the US, Italy, France, Spain and Switzerland. In many instances our menus are born out of exchanges of know-how between Autogrill, international businesses and local partners.

How the Group's Operating Network has Grown

Our growth strategy aims to extend the life of existing contracts, to extend our presence at locations we already serve and to enter into new contracts.

Direct acquisition of a company holding one or more concessions or entering into a joint venture with a similar undertaking are options that enable us to accelerate our entry into new contracts and new markets.

In 2005 the Group won new contracts and extensions worth over €2 billion in terms of the total revenue expected to be generated by them.

With the acquisition of Aldeasa, we developed our presence in the airport retail and duty-free business segment (a worldwide business with estimated revenues of €15 billion and still highly fragmented), and extended our network to cover Latin America and the Middle East.

Starbucks Coffee - Seattle, Tacoma International Airport, 7.30 pm Pacific Time


STARBUCKS
COFFEE

New Acquisitions in 2005

> Aldeasa SA

In the first half of 2005, under a tender offer, Autogrill tendered for and acquired, together with Altadis SA, control of Aldeasa SA (Spain), the airport retail and duty-free market leader at home and 4th-largest in the world. It operates in the Iberian peninsula, in several Latin American countries, in North Africa and in the Middle East.

In 2005 Aldeasa generated revenues of €646.9 million (up by 5.4% over 2004), through 243 outlets.
Its principal lines are perfumes, tobacco products, apparel and electronic products.

Autogrill fully supports Aldeasa's international expansion: the first results came only a few months after the acquisition, when it won concessions in the airports of Vancouver and Kuwait City.

> Steigenberger Gastronomie GmbH

On 16 March 2005 Autogrill gained entry to the food and beverage business in Frankfurt airport by acquiring 49.99% of Steigenberger Gastronomie GmbH from Steigenberger Hotels AG and taking over the management of the business.

Compared to 2004 revenue grew by 41.6%, reaching €13.3 million.

Frankfurt airport is one of the top three hubs in Europe, with over 51 million passengers passing through per year (2004 figure; source: A.C.I. Europe).

> Poitou-Charentes Restauration SA

With the acquisition of 100% of Poitou-Charentes Restauration SA Autogrill increased its presence on the A10 Bordeaux-Paris autoroute in France, which is used by about 9 million vehicles per year. The company runs the hotel and restaurant businesses at the service area of the same name, where Autogrill already had a small facility.

In 2005, Poitou-Charentes Restauration SA generated revenue of €3.6 million. It is expected that the entire area will generate cumulative sales of over €38 million in the 7 years of its contract term.

Autogrill has operated in France since 1993 and now runs food and beverage units in 78 service areas along France's motorways; it is the second-largest concern in that market.

New Concessions, Contract Extensions and Businesses Acquired

Airports

Date:	Location:	Type:	Duration:	Estimated Revenue:	Business Unit:
25.04.05	Baltimore (USA)	Contract extension	Variable 5-10 years	$ 60 m	HMSHost
25.04.05	Kuala Lumpur (MALESIA)	Acquisition of business		$ 1 m	HMSHost
12.07.05	Vienna (AUSTRIA)	New contract	3 years	€ 5 m	Autogrill Austria, with the support of HMSHost Europe
12.07.05	Athens (GREECE)	Contract extension	5 years	€ 20 m	Autogrill Hellas, with the support of HMSHost Europe
12.07.05	Palma de Mallorca (SPAIN)	Contract extension	10 years	€ 8 m	Autogrill España, with the support of HMSHost Europe
29.08.05	Cork (IRELAND)	New contract	10 years	€ 100 m	HMSHost Europe
Sep-Oct 05	Bergamo and Brescia (ITALY)	Acquisition of business	5 years	€ 17 m	Autogrill Italia
13.10.05	Vancouver (CANADA)	New contract	8 years	€ 345 m	Aldeasa, with the participation di HMSHost
18.10.05	Kuwait City (KUWAIT)	New contract	6 years	€ 235 m	Aldeasa
27.10.05	Madrid (SPAIN)	New contract	10 years	€ 16 m	Autogrill España
22.11.05	Stoccolma (SWEDEN)	New contract	10 years	€ 30 m	HMSHost Europe

Motorways

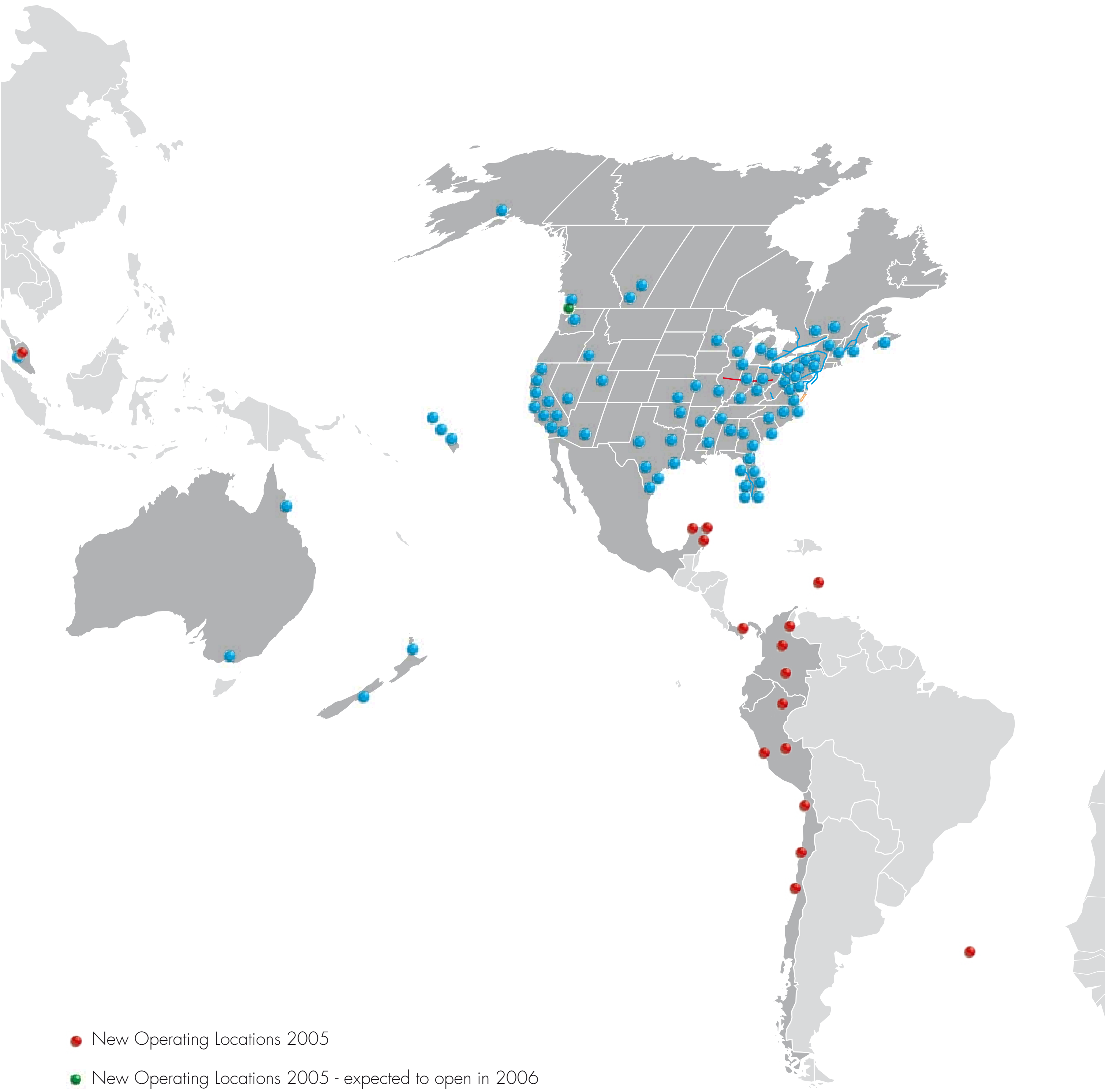
Date:	Location:	Type:	Duration:	Estimated Revenue:	Business Unit:
Jan-Mar 05	ITALY	Contract extension (1)	12-15 years	€ 270 m	Autogrill Italia
Jan-May 05	ITALY	Contract extension (1)	6 years	€ 80 m	Autogrill Italia
15.02.05	Indiana Turnpike (USA)	New contract	10 years	$ 60 m	HMSHost
28.10.05	SLOVENIA	New contract	20 years	€ 200 m	Autogrill Italia
06.12.05	New York Thruway (USA)	Contract extension	13 years	$ 1.000 m	HMSHost

Shopping Centres and Trade Fairs

Date:	Location:	Type:	Duration:	Estimated Revenue:	Business Unit:
21.04.05	Rho - New out-of-town site of the Milan Trade Fair (ITALIA)	New contract (1)	10 years	€ 100 m	Autogrill Italia

(1)
New contracts awarded following competitive procedure, in respect of units formerly managed by Autogrill.

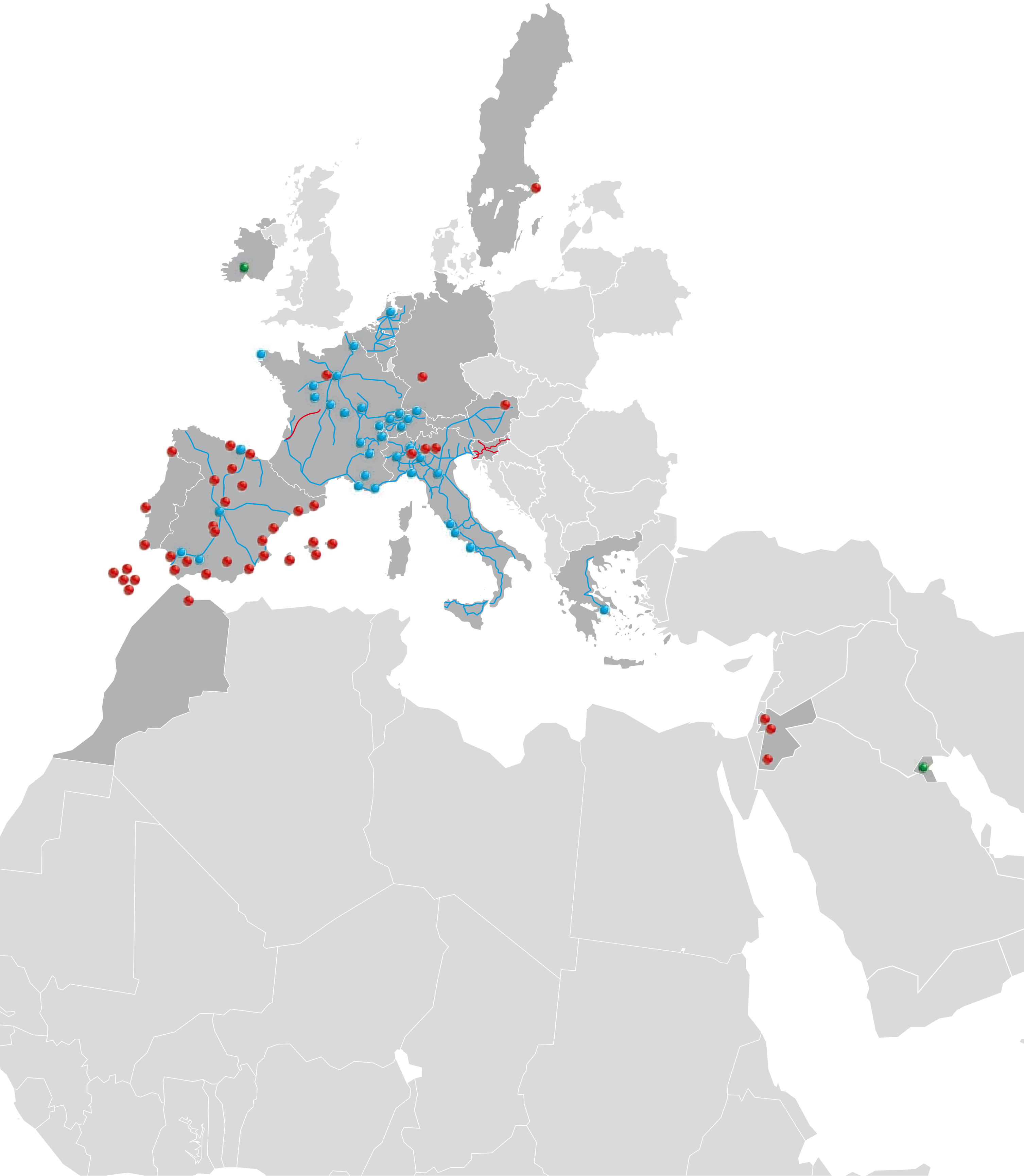
Chart of the Group's Operating Locations



New Operating Locations 2005

New Operating Locations 2005 - expected to open in 2006

The Operating Network in 2004



Revenue and Profitability 2005

All the indicators point to organic growth as well as the effect of new acquisitions.

	€m	2005/2004	2005/2004 not including acquisitions	Percent of Revenue
Operating Revenue [1]	3,528.9	+10.9%	+3.2%	
EBITDA	475.3	+8.1%	+1.3%	13.5%
Operating Profit (EBIT)	294.9	+16.3%	+6.4%	8.4%
Net Profit (attr. to Group)	130.1	+39.6%	+30.5%	3.7%
EPS [2]				
• undiluted	51.1	+39.6%		
• diluted	50.6	+39.6%		

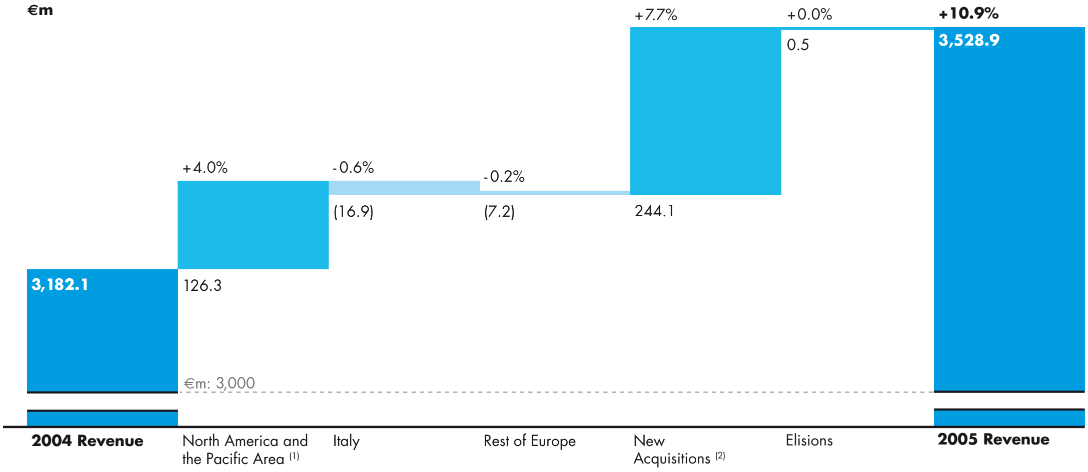
(1) Operating Revenue does not include sales of fuel, which were €71m (€63.6m in 2004). These are referred to in the Report on Operations as "Revenue".

(2) Amounts in € cents.

Financial Highlights

Revenue Performance

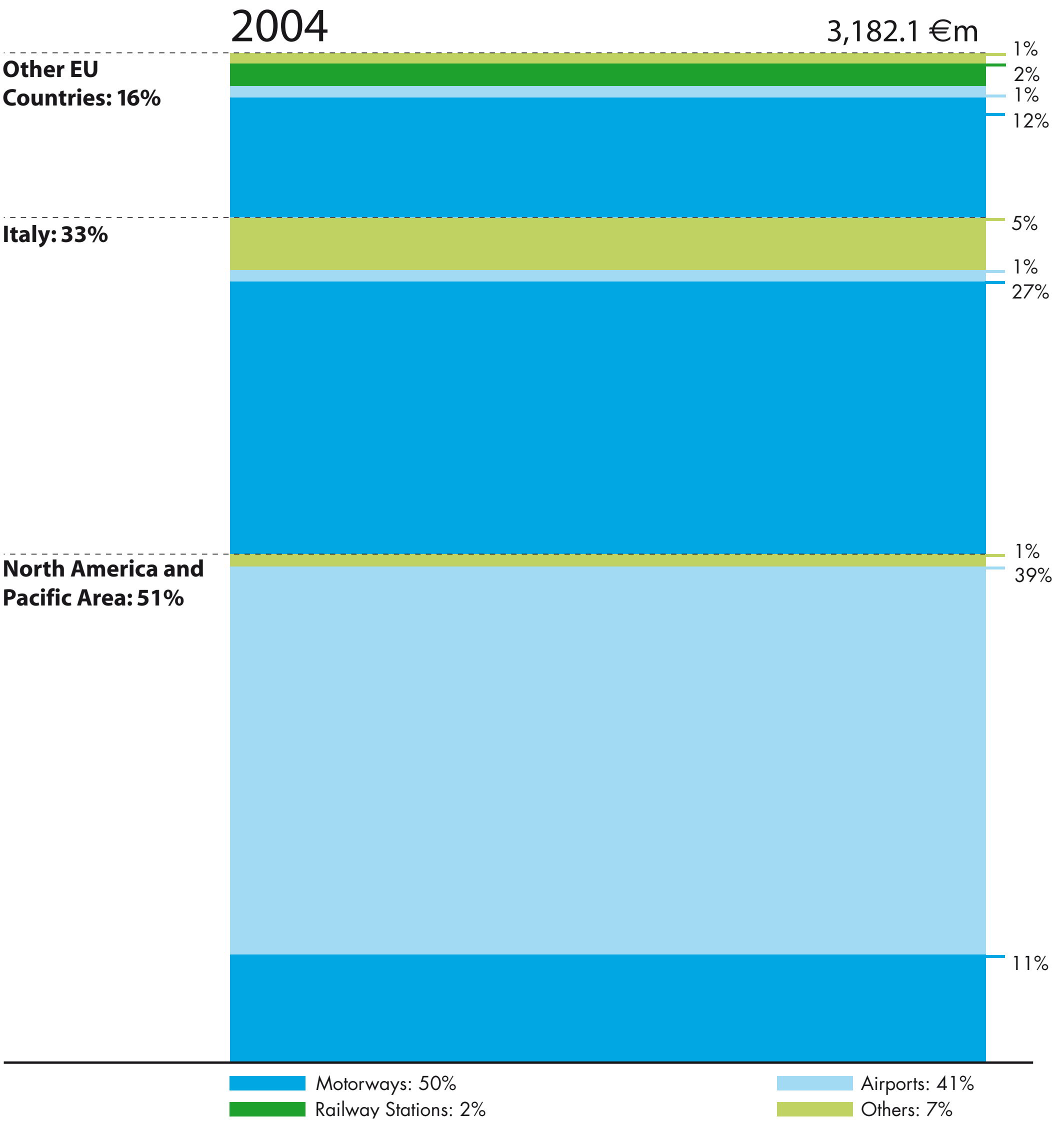
In 2005 Autogrill generated consolidated revenues of €3,528.9 million, an increase of 10.9% (3.2% on a constant business basis) over the 2004 figure of €3,182.1m.
This performance was largely due - as well as to the new acquisitions - to the performance of the airport business segment, mainly in North America, as against a reduction in the proportion of revenue generated by the motorway segment.

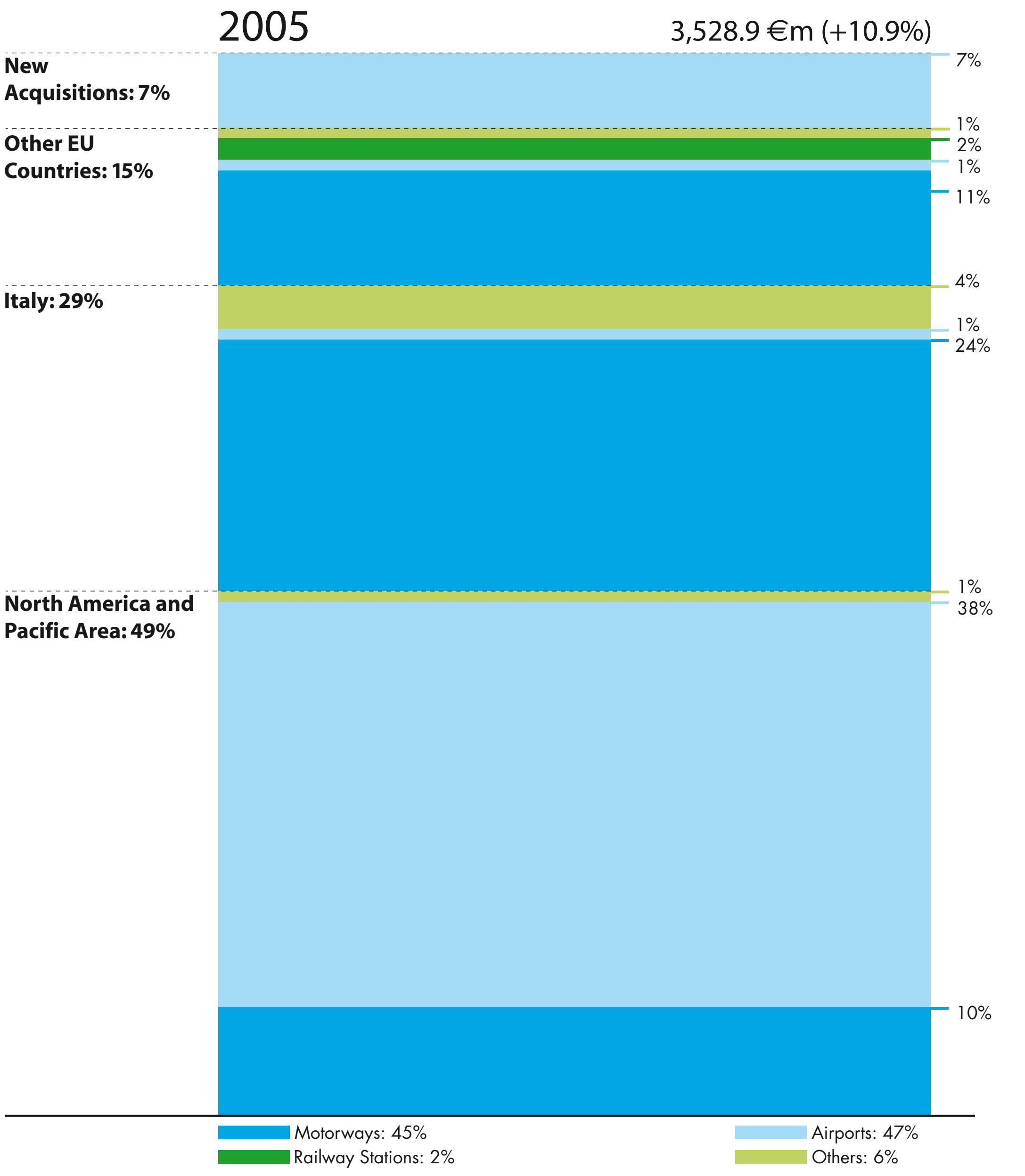


(1)
Includes food and beverage sales in Schiphol Airport (Netherlands).

(2)
Aldeasa SA, Steigenberger Gastronomie GmbH and Poitou-Charentes Restauration SA.

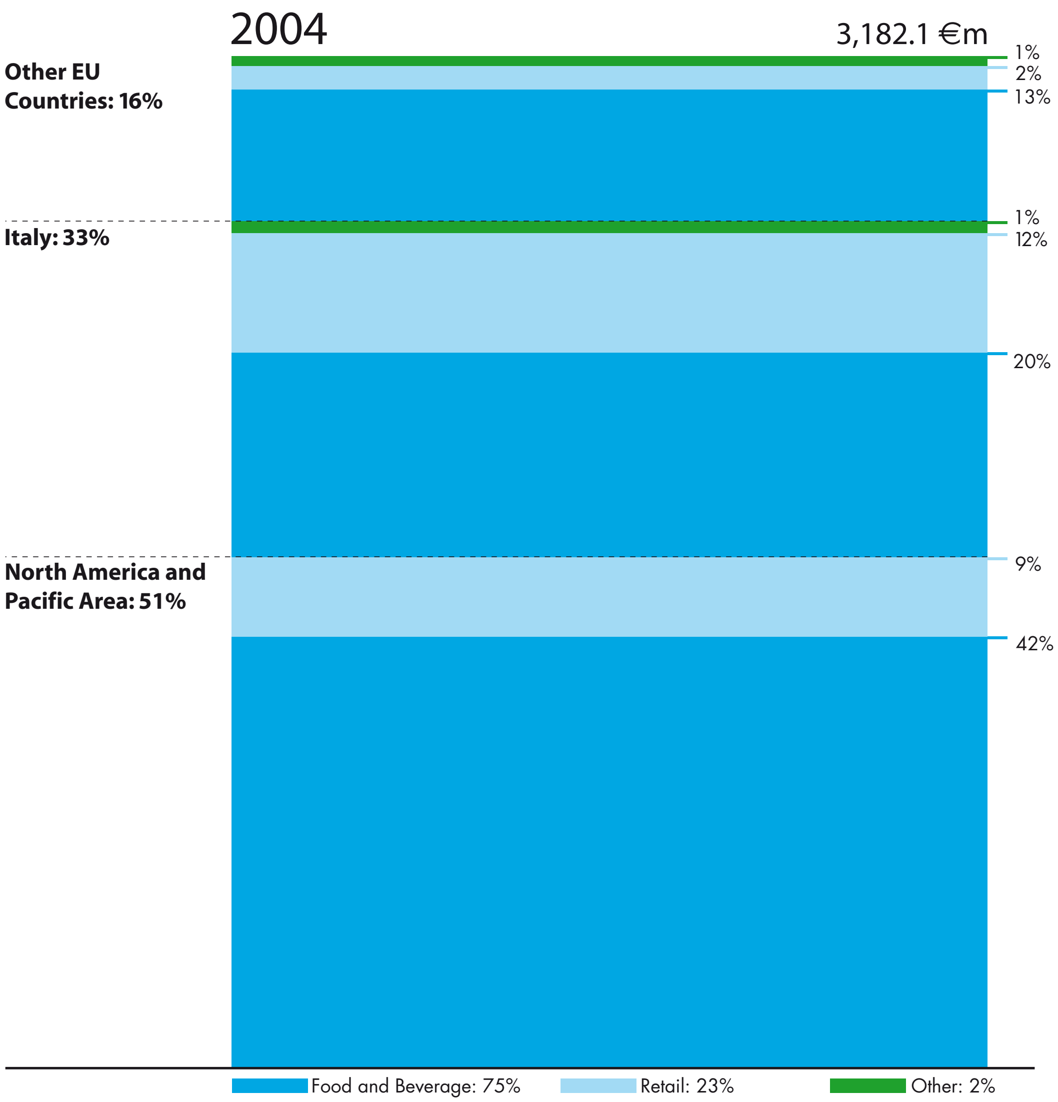
Revenue by Geographical Area and Business Segment

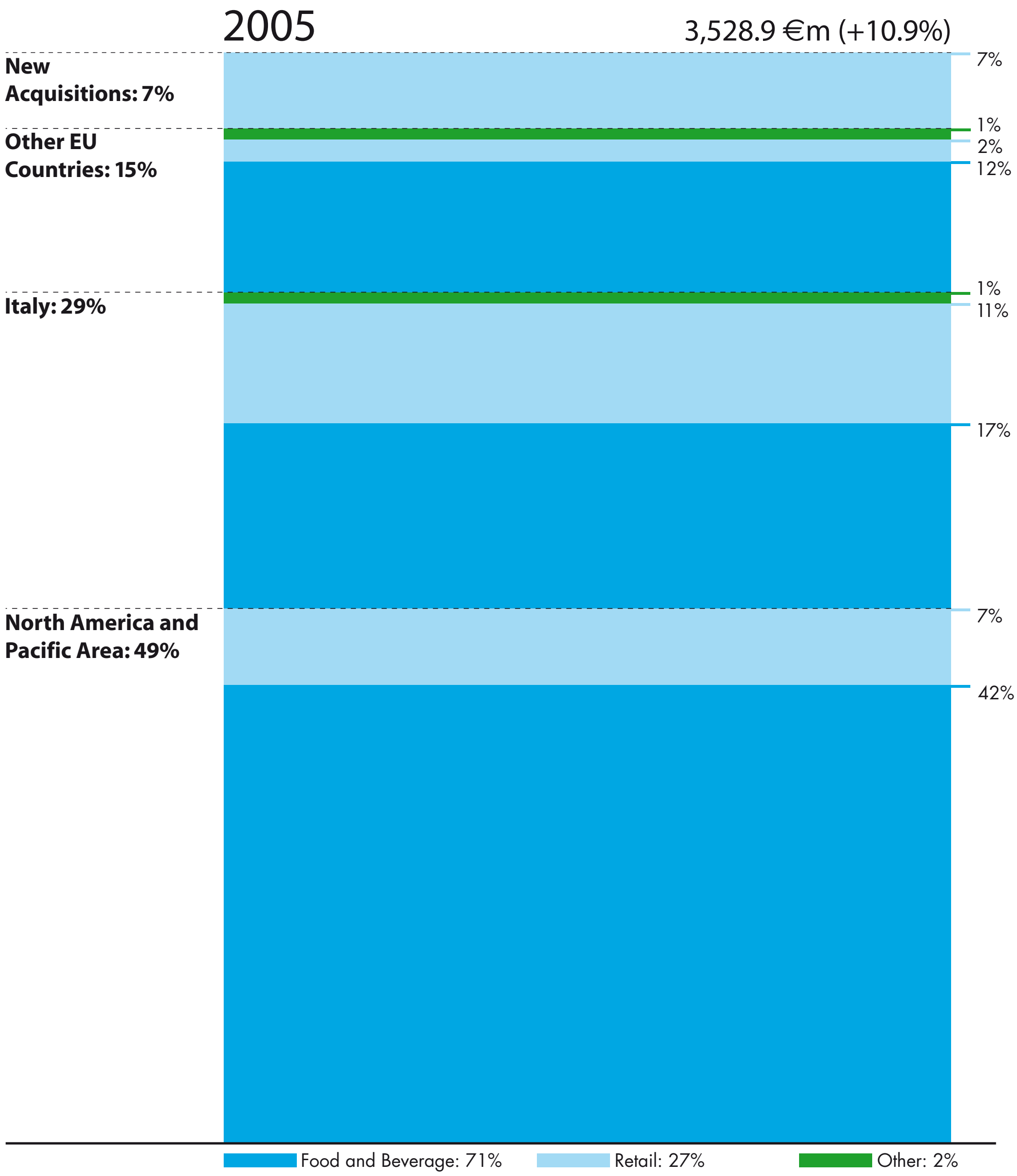




Organic growth and Aldeasa's entry to the Group caused the turnover of the airport segment (47% of Group revenue) to be greater than that of the motorway segment (45%) - as against 41% and 50% respectively in 2004 - for the first time. The entry to the Group of Aldeasa did not significantly change the geographical distribution of revenue, which is still largely balanced between the euro and US dollar areas.

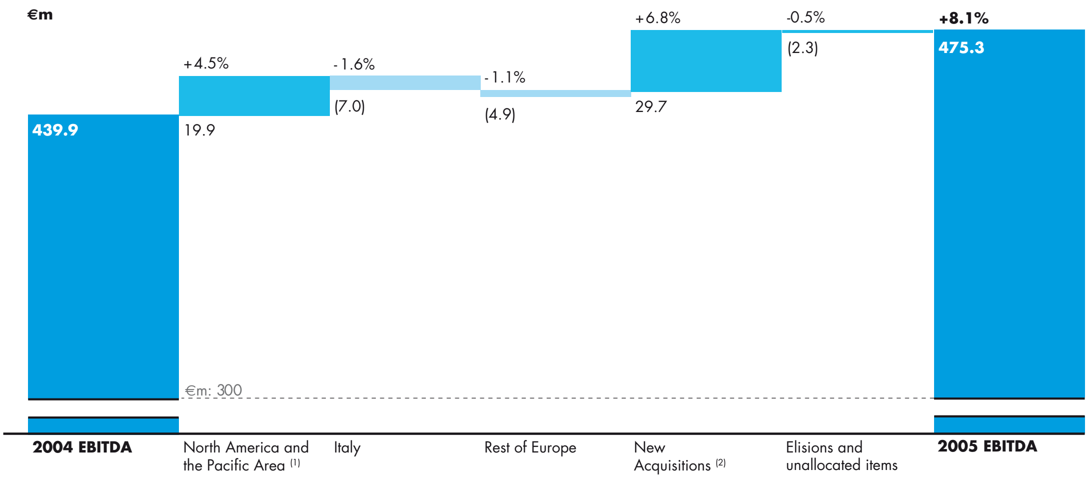
Revenue by Geographical Area and Catering & Retail Sectors





The entry to the Group of Aldeasa caused an increase in retail and duty-free business from 23% to 27% of total revenue.

EBITDA Performance



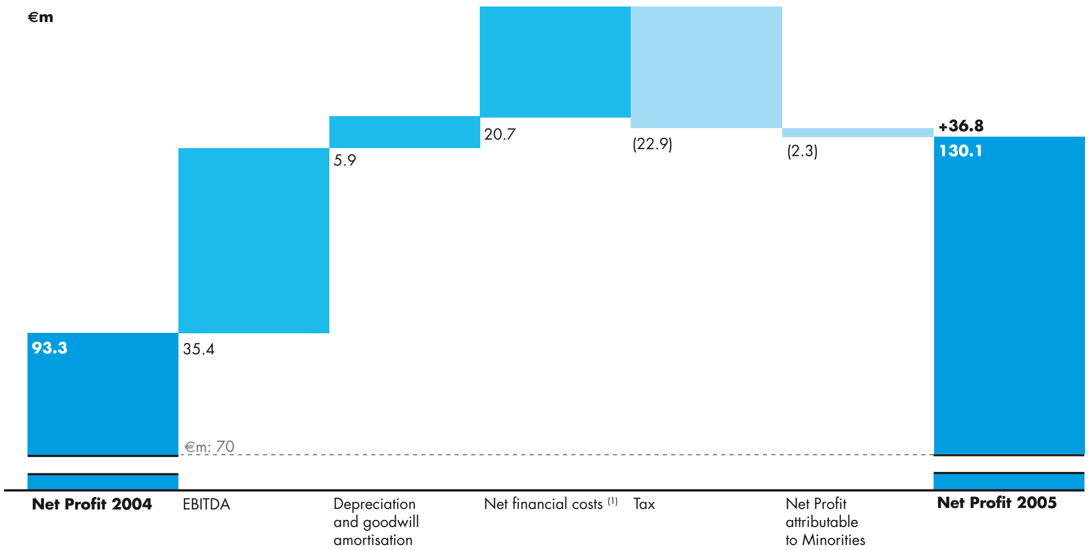
(1) Includes food and beverage sales in Schiphol Airport (Netherlands).

(2) Aldeasa SA, Steigenberger Gastronomie GmbH and Poitou-Charentes Restauration SA.

In 2005 the Group achieved a gross operating margin of €475.3 million, an increase of 8.1% (1.3% on a constant business basis) over the 2004 figure of €439.9 million.
The contribution of each area to this growth in EBITDA is broadly correlated with its revenue performance. It therefore reflects increased investment and a reduction of the number of outlets in the motorway segment in Italy, and the start of new operations in the rest of Europe.

The narrowing of the overall EBITDA margin from 13.8% to 13.5%, reflects the greater share of business held by retail and duty-free.

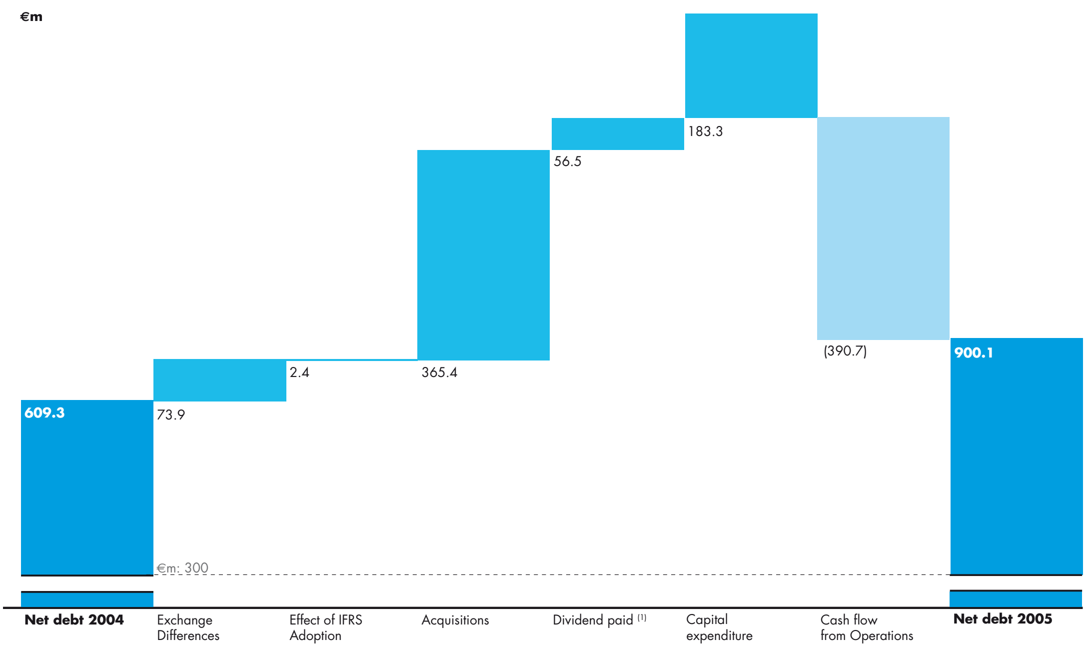
Net Profit



(1) Includes the increasein value of associates (€0.2m).

The improvement in operating profit and the reduced impact of financial costs (€46.2 million as against €66.7 million in 2004) generated a 39.6% increase (30.5% not including new acquisitions) in net profit attributable to the Group, which was €130.1 million as against €93.3m in 2004.

Cash Flow and Net Financial Position



(1)
Includes dividend paid to minorities.

Improved operating performance was also reflected in cash flow.

In 2005 operations generated net cash of €390.7 million, up by 25.5% over the 2004 figure of €311.3 million.

This made it possible to self-finance our capital expenditure, a significant portion of the cost of the acquisitions made in the year, and the payment of dividends amounting to €50.9 million. Net debt was contained to €900.1 million as against the 2004 figure of €609.3m.

(€m)	2005	2004	Change
Cash flow from operations	390.7	311.3	25.5%
Net capital expenditure	(183.3)	(148.7)	23.2%
Cost of acquisitions	(365.4)	(6.5)	n.s.
Net debt of the Group at year-end	900.1	609.3	47.7%
Leverage ratio (Debt/EBITDA)	1.89	1.39	

Despite the negative exchange difference due to the US dollar component, our leverage ratio of 1.89 shows that there is considerable financial capacity even after the large acquisition made during the year.
As well as consolidating the financing of the requirement arising out of the Aldeasa acquisition, the overall average life of our debt was lengthened from 4 to 6 years. 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 $678.4 million at end-2005, or 63.9% of total net debt.

Operating Performance and Other Information


SHOP

Operating Results

Consolidated Income Statement (short form)

(€m)	2005 Constant business basis	2005 New Acquisitions	2005 Group Total	2004 (1)	Change Total	Change Not incl Acquisitions
Operating Revenue	3,284.8	244.1	3,528.9	3,182.1	10.9%	3.2%
Other operating income	88.9	8.0	96.9	93.2	4.0%	-4.6%
Total Income	**3,373.7**	**252.1**	**3,625.8**	**3,275.3**	**10.7%**	**3.0%**
Cost of raw materials, items for use and merchandise	(1,085.2)	(126.1)	(1,211.3)	(1,066.4)	13.6%	1.8%
Payroll	(991.5)	(25.5)	(1,017.0)	(954.4)	6.6%	3.9%
Rents, concessions and royalties for use of brands	(469.7)	(53.6)	(523.3)	(442.5)	18.3%	6.1%
Other operating costs	(381.7)	(17.2)	(398.9)	(372.1)	7.2%	2.6%
EBITDA	**445.6**	**29.7**	**475.3**	**439.9**	**8.1%**	**1.3%**
Depreciation	(175.8)	(4.6)	(180.4)	(176.4)	2.3%	-0.3%
Goodwill amortisation	-	-	-	(9.9)	n.s.	n.s.
Operating Profit (EBIT)	**269.8**	**25.1**	**294.9**	**253.6**	**16.3%**	**6.4%**
Financial cost	(37.7)	(8.5)	(46.2)	(66.7)	-30.8%	-43.6%
Revaluation of financial assets	0.7	0.6	1.3	1.1	18.2%	-33.7%
Profit before exceptional items and tax	**232.8**	**17.2**	**250.0**	**188.0**	**33.0%**	**23.9%**
Net exceptional income (charges)	-	-	-	-	-	-
Profit before tax	**232.8**	**17.2**	**250.0**	**188.0**	**33.0%**	**23.9%**
Tax	(102.2)	(8.3)	(110.5)	(87.6)	26.1%	16.7%
Net Profit	**130.6**	**8.9**	**139.5**	**100.4**	**39.1%**	**30.2%**
- attributable to the Group	121.6	8.5	130.1	93.3	39.6%	30.5%
- attributable to minorities	9.0	0.4	9.4	7.1	31.5%	25.2%

(1)
See p.145 for a reconciliation of 2004 figures.


SHOP

Revenue Breakdown

(€m)	2005 Constant business basis	2005 New Acquisitions	2005 Group Total	2004
Operating Revenue	100.0%	100.0%	100.0%	100.0%
Other operating income	2.7%	3.3%	2.7%	2.9%
Total Income	**102.7%**	**103.3%**	**102.7%**	**102.9%**
Cost of raw materials, items for use and merchandise	-33.0%	-51.6%	-34.3%	-33.5%
Payroll	-30.2%	-10.5%	-28.8%	-30.0%
Rentals, concessions and royalties for use of brands	-14.3%	-22.0%	-14.8%	-13.9%
Other operating Costs	-11.6%	-7.0%	-11.3%	-11.7%
EBITDA	**13.6%**	**12.2%**	**13.5%**	**13.8%**
Depreciation	-5.4%	-1.9%	-5.1%	-5.5%
Goodwill amortisation	-	-	-	-0.3%
Operating Profit (EBIT)	**8.2%**	**10.3%**	**8.4%**	**8.0%**
Financial costs	-1.1%	-3.5%	-1.3%	-2.1%
Revaluation of financial assets	0.0%	0.2%	0.0%	0.0%
Profit before exceptional items and tax	**7.1%**	**7.0%**	**7.1%**	**5.9%**
Net exceptional income (charges)	-	-	-	-
Profit before tax	**7.1%**	**7.0%**	**7.1%**	**5.9%**
Tax	-3.1%	-3.4%	-3.1%	-2.8%
Net Profit	**4.0%**	**3.7%**	**4.0%**	**3.2%**
- attributable to the Group	3.7%	3.5%	3.7%	2.9%
- attributable to minorities	0.3%	0.2%	0.3%	0.2%


ALDEASA
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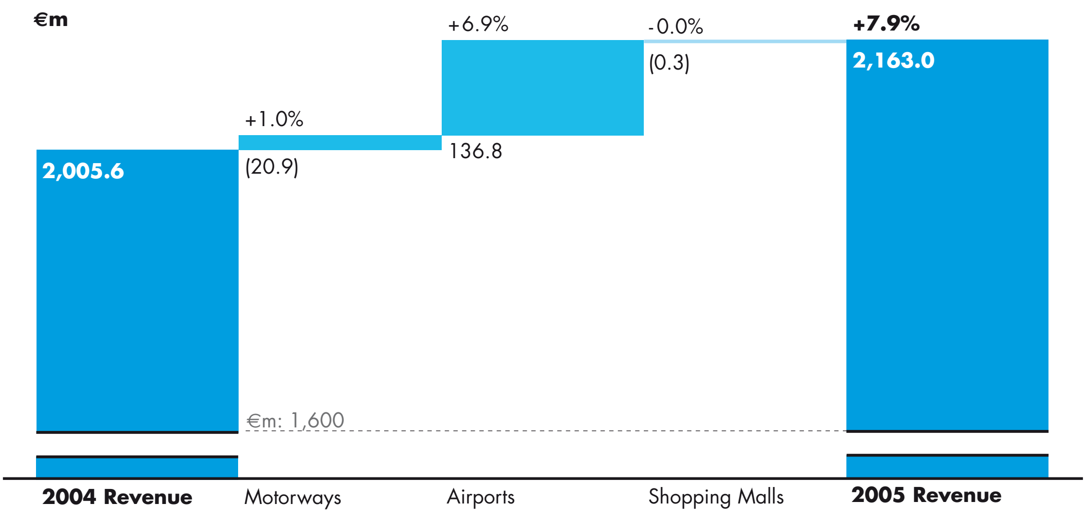
SHOP

Group Revenue

North America and the Pacific Area

Revenue achieved by our US subsidiary Autogrill Group, Inc (100%) - which as well as the US and Canada also includes Australia, Malaysia, New Zealand and Schiphol airport in the Netherlands - increased by 7.9% to $2,163 million as against $2,005.6 million in 2004. The motorway business segment generated revenue of $443.7m, up 4.9% on the 2004 figure of $422.8m; new openings and the completion of the New Jersey Turnpike investment programme made it possible to take maximum advantage of traffic flows in the early part of the year and also succeeded, after September, in containing the adverse knock-on effects of the Katrina hurricane on fuel prices.
The airport business segment's revenue was $1,667.6m, up 8.9% over the 2004 figure of $1,530.8m - as compared to a smaller rise in air traffic of 2.5% (source: A.T.A.) - mainly due to longer opening hours and the extension of branded products.

Business Segment Contribution to Revenue Growth

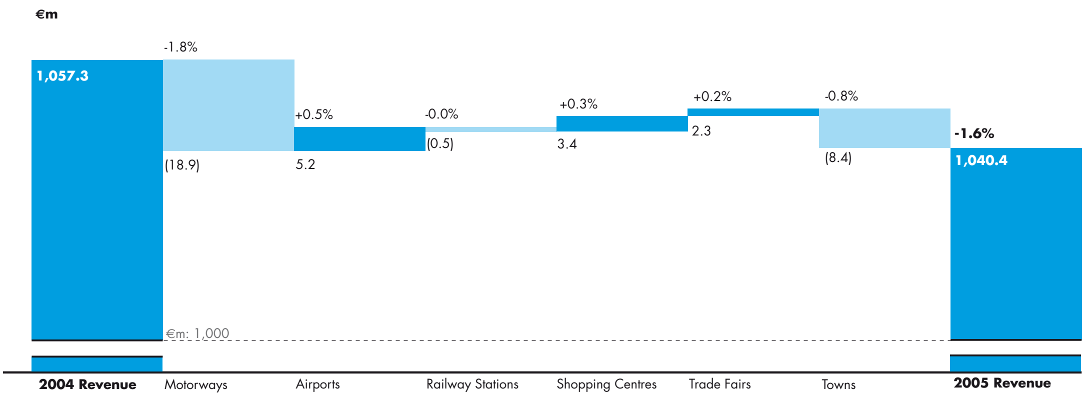


Group Revenue

Italy

In Italy the growth of existing business and the opening of new units in trade fairs and shopping centres offset a reduction in the number of motorway outlets. Loss of revenue was contained to 1.6%: the 2005 figure was €1,040.4 million compared to €1,057.3 million in 2004. On a comparable basis, motorway revenue grew by 2.6%, despite practically flat traffic volumes (up by a mere 0.3% over 2004; source: A.I.S.C.A.T.). Revenue grew strongly in the airport segment, by 13.5% as against a 3.8% increase in passenger traffic in the relevant airports (source: Assaeroporti), and in shopping centres and trade fairs, up by 7.9% following the launching of numerous new outlets including some in the new out-of-town site of the Milan Trade Fair.

Business Segment Contribution to Revenue Growth



Group Revenue

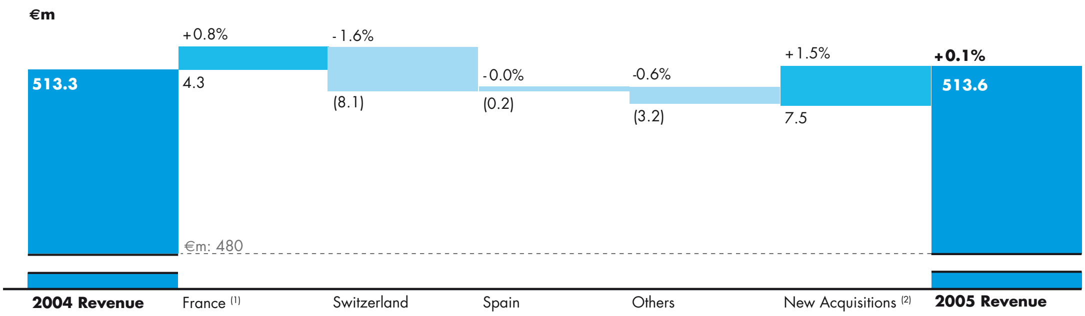
Rest of Europe (not including Aldeasa)

In the rest of Europe new undertakings offset the effect of restructuring works carried out in some important motorway locations. Revenue was maintained at €513.6 million, unchanged from 2004 (€513.3m).

Motorway revenue also stayed in line with 2004 due to drivers' increased awareness of higher fuel costs and the competition of low cost flights and high speed trains.

Airport revenue grew by 10.2%, following the acquisition of Steigenberger Gastronomie GmbH and Marseille airport.

Individual Countries' Contribution to Revenue Growth



(1)
Does not include
Poitou-Charentes Restauration SA.

(2)
Steigenberger Gastronomie GmbH
and Poitou-Charentes Restauration SA.

Aldeasa - Madrid Barajas Airport - T4 New Area Terminal, 11.00 am CET


ALDEASA
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CHANEL

Operating Costs

(€m)	2005 Constant business basis	2005 New Acquisitions	2005 Group Total	2004	Change Total	Change Not incl. Acquisitions
Cost of raw materials, items for use and merchandise	(1,085.2)	(126.1)	(1,211.3)	(1,066.4)	13.6%	1.8%
Percent. of Revenue	-33.0%	-51.6%	-34.3%	-33.5%		
Payroll	(991.5)	(25.5)	(1,017.0)	(954.4)	6.6%	3.9%
Percent. of Revenue	-30.2%	-10.5%	-28.8%	-30.0%		
Rents, concessions and royalties for the use of brands	(469.7)	(53.6)	(523.3)	(442.5)	18.3%	6.1%
Percent. of Revenue	-14.3%	-22.0%	-14.8%	-13.9%		
Other operating costs	(381.7)	(17.2)	(398.9)	(372.1)	7.2%	2.6%
Percent. of Revenue	-11.6%	-7.0%	-11.3%	-11.7%		
Total Operating Costs	**(2,928.1)**	**(222.4)**	**(3,150.5)**	**(2,835.4)**	**11.1%**	**3.3%**
Percent. of Revenue	-89.1%	-91.1%	-89.3%	-89.1%		

On a constant business basis the cost of raw materials, items for use and merchandise was 33% of revenue - a reduction of 0.5% from 2004. This positive result was mainly attributable to a reduction in the cost of raw materials purchased by our US subsidiaries.

Cost control programmes have procured significant savings in France and Switzerland. In Italy this item remained stable despite a higher proportion of goods for retail.

The entry of Aldeasa into the Group - which has a cost of sales which is 52.7% of revenue - caused the total percentage to rise to 34.3%.

On a constant business basis, payroll costs increased (they were 30.2% of sales as against 30.0% in 2004) due to the increased importance of the variable component of salaries.

Productivity gains limited the effects of the rise in the hourly rate seen in many countries (the US, Italy, and France).

On a constant business basis Rents, concessions and royalties for the use of brands rose as a percentage of revenue due to the increased importance of the airport segment, the expansion of branded products in the offer, and contract renewals.

Here too the entry of Aldeasa into the Group, with royalties of 22.2% of sales, contributed to a 14.8% increase as a percentage of revenue.

EBITDA by Geographical Area

(€m)	2005	2004	Change
North America and the Pacific Area	240.3	220.4	9.1%
Percent. of Revenue	13.8%	13.7%	
Italy (1)	172.2	179.2	-3.9%
Percent. of Revenue	16.5%	16.9%	
Rest of Europe	57.4	61.5	-6.7%
Percent. of Revenue	11.2%	12.0%	
Corporate Centre (2)	(24.3)	(21.2)	10.9%
Aldeasa	29.7	n.a.	n.a.
Percent. of Revenue	12.5%	n.a.	
Consolidated EBITDA	**475.3**	**439.9**	**8.1%**
Percent. of Revenue	13.5%	13.8%	

(1)
The 2004 figure was affected by the reallocation of some non-recurring income amounting to €7.1m.

(2)
The 2005 figure includes costs borne by Retail Airport Finance SL (€0.8 m).

In North America and the Pacific Area EBITDA increased by 9.1%, to $299 million as against the 2004 result of $274.1m. As a percentage of sales, it was 13.8% as against 13.7%. Productivity gains and a reduction in raw materials costs (the prices of which ceased inflating after strong rises in the early part of 2005) offset an increase in rentals and royalties over 2004.

In Italy, EBITDA was €172.2 million, down by 3.9% from the 2004 figure (€179.2m) and the EBITDA margin fell from 16.9% to 16.5% from 2004. The comparative figure comprises the reallocation of non-recurring income in the amount of €7.1m, disclosed in 2004 as non-attributable and extraordinary items.

In the Rest of Europe, the effects of restructuring work in Switzerland and Spain, together with a sharp increase in labour costs in France, caused the area's overall EBITDA to decline by 6.7% to €57.4m from €61.5m and the EBITDA margin to fall to 11.2% as against 12% in 2004.

Depreciation and Provisions

Depreciation rose from €176.4m to €180.4m, but declined as a percentage of net income from 5.5% to 5.1%.

Capital expenditure increased from €153.6m in 2004 to €195m in 2005 mainly due to renewed expenditure in Italy, where motorway locations were refurbished and there were new openings both along the motorways and in shopping centres and trade fair locations.

Impairment losses on technical fixed assets amounted to €4.3m, compared to €8.5m reported in 2004. In 2004 goodwill relating to some European business units was amortised in the overall amount of €9.9m.

The consolidated figure was improved by the effect of the new acquisitions: their depreciation was 1.9% of revenue.

EBIT by Geographical Area

(€m)	2005	2004	Change
North America and the Pacific Area	143.6	131.3	9.4%
Percent. of Revenue	8.3%	8.1%	
Italy	133.8	136.9	-2.3%
Percent. of Revenue	12.9%	12.9%	
Rest of Europe (1)	20.3	7.5	n.s.
Percent. of Revenue	4.0%	1.5%	
Corporate Centre (2)	(28.1)	(22.1)	27.1%
Aldeasa	25.3	n.a.	n.a.
Percent. of Revenue	10.7%	n.a.	
Consolidated EBIT	**294.9**	**253.6**	**16.3%**
Percent. of Revenue	8.4%	8.0%	

(1) The 2004 figure comprises goodwill amortisation of €9.9m.

(2) The 2005 figure includes costs borne by Retail Airport Finance SL (€0.8m).

The Autogrill Group recorded EBIT of €294.9m, up by 16.3% (6.4% excluding the new acquisitions) compared to the 2004 figure of €253.6m. As a percentage of revenue Group EBIT rose from 8% to 8.4%. Aldeasa's retail and duty-free business requires lower capital expenditure than the food and beverage business: its EBIT was €25.3m, 10.7% of sales.

Net financial cost was €46.2m in 2005 as compared to €66.7m in 2004 - a decrease of €20.5m entirely attributable to the reduced effect of non-recurring items connected to financial risk management using instruments that do not qualify for hedge accounting.

Additionally, interest rate hedges neutralised the effect of the increase of US interest rates on the Group's Income Statement.
The additional debt taken on to finance the acquisition of Aldeasa was in fact less costly than previous financings now repaid.

Financial Management

Consolidated Balance Sheet

Capital invested increased mainly as a consequence of the investment in Aldeasa, as well as the appreciation of the US dollar at the end of the year.

(€m)	31.12.2005	31.12.2004	Change Total	Change At constant exchange rates	Change Using comparable data
Intangible assets	1,136.9	741.5	395.4	330.8	(13.4)
Tangible assets	795.5	676.2	119.3	72.5	22.0
Financial fixed assets	22.8	19.0	3.8	2.6	0.5
A) Total fixed assets	**1,955.2**	**1,436.7**	**518.5**	**405.9**	**9.1**
Inventory	133.0	87.3	45.7	40.8	1.0
Accounts receivable	51.8	44.4	7.4	6.8	0.3
Other assets	99.1	85.6	13.5	7.8	2.0
Accounts payable	(481.7)	(416.2)	(65.5)	(48.0)	(19.7)
Other liabilities	(235.1)	(181.8)	(53.3)	(40.4)	(18.7)
B) Working capital	**(432.9)**	**(380.7)**	**(52.2)**	**(33.0)**	**(35.1)**
C) Capital invested, net of current liabilities	**1,522.3**	**1,056.0**	**466.3**	**372.9**	**(26.0)**
D) Other non-financial non-current assets and liabilities	**(139.6)**	**(73.9)**	**(65.7)**	**(71.6)**	**(32.8)**
E) Net capital invested	**1,382.7**	**982.1**	**400.6**	**301.3**	**(58.8)**
Shareholders' funds attributable to the Group	451.8	350.5	101.3	77.7	65.9
Shareholders' funds attributable to minorities	30.8	22.3	8.5	6.7	5.0
F) Shareholders' funds	**482.6**	**372.8**	**109.8**	**84.4**	**70.9**
G) Bonds issued	**38.7**	**39.5**	**(0.8)**	**(0.8)**	**(0.8)**
Medium/long term financial liabilities	1,002.4	655.8	346.6	249.1	116.8
Medium/long term financial assets	(130.5)	-	(130.5)	(130.5)	(130.5)
H) Medium/long term financial indebtedness	**871.9**	**655.8**	**216.1**	**118.6**	**(13.7)**
Short-term financial liabilities	149.4	183.4	(34.0)	(37.0)	114.4
Cash and short-term financial assets	(159.9)	(269.4)	109.5	136.1	(229.6)
I) Net short-term financial position	**(10.5)**	**(86.0)**	**75.5**	**99.1**	**(115.2)**
Net financial position (G+H+I)	**900.1**	**609.3**	**290.8**	**216.9**	**(129.7)**
L) Total, as per (E)	**1,382.7**	**982.1**	**400.6**	**301.3**	**(58.8)**

The increase in intangible assets was due to goodwill recorded on new acquisitions totalling €329m and comprising:
Aldeasa and R.A.F. €323.3m, Steigenberger €2.3m and Poitou-Charentes Restauration €3.4m. The change on comparable data is mainly due to the recognition of goodwill on the operations in Bergamo and Brescia airports.
The ratio of the net financial position to shareholders' funds was 1.99, compared to 1.74 at end-2004.
The ratio of debt to EBITDA rose from 1.39 at end-2004 to 1.89 at end-2005 for similar reasons.

Capital Expenditure

Capital expenditure rose by 26.9%, from €153.6m in 2004 to €195m in 2005. Extension of existing contracts and the addition of new ones in Italy entailed the most significant investment, following conclusion of the motorway tenders and with the opening of new locations in trade fairs and shopping centres, while in US airports our investment was in our branded concepts.

Expenditure connected with the opening of new units and the extension or replacement of concepts rose by 41.9% under newly awarded or renewed contracts, in relation to the following:

- *Airport locations* – Tampa, Dallas Ft. Worth, Las Vegas and St. Louis, in the US and Marseille in France;
- *Motorway locations* – renewed expenditure in Italy following results of motorway concession tenders, restructuring of Mornas in France, Pratteln in Switzerland, locations on the A1 and A8 in Spain and the opening of new travel plazas in Indiana, Illinois and Pennsylvania in the US;
- *Other business segments* – restaurants at the new out-of-town area of Milan Trade Fair and the opening of 9 shopping centre locations in Italy.

Expenditure by Business Segment

(€m)	2005						2004	
Segment	**Excl. Aldeasa**		**Aldeasa**		**Total**			
Motorways	57.9	30.2%	-	-	57.9	29.7%	48.1	31.3%
Airports	95.5	49.8%	2.5	79.5%	98.0	50.2%	82.8	53.9%
Railway Stations	2.8	1.5%	-	-	2.8	1.5%	3.7	2.4%
Others	23.8	12.4%	0.0	0.3%	23.8	12.2%	7.1	4.6%
Not attributable	11.9	6.1%	0.6	20.2%	12.5	6.4%	11.9	7.8%
Total	**191.9**	**100.0%**	**3.1**	**100.0%**	**195.0**	**100.0%**	**153.6**	**100.0%**

Expenditure by Purpose

(€m)	2005						2004	
Purpose	**Excl. Aldeasa**		**Aldeasa**		**Total**			
Development/restructuring	157.5	82.0%	2.9	94.8%	160.4	82.3%	113.0	73.6%
Maintenance	24.8	13.0%	0.2	5.2%	25.0	12.8%	28.6	18.6%
Information and Communication Technology	9.6	5.0%	-	-	9.6	4.9%	12.0	7.8%
Total	**191.9**	**100.0%**	**3.1**	**100.0%**	**195.0**	**100.0%**	**153.6**	**100.0%**

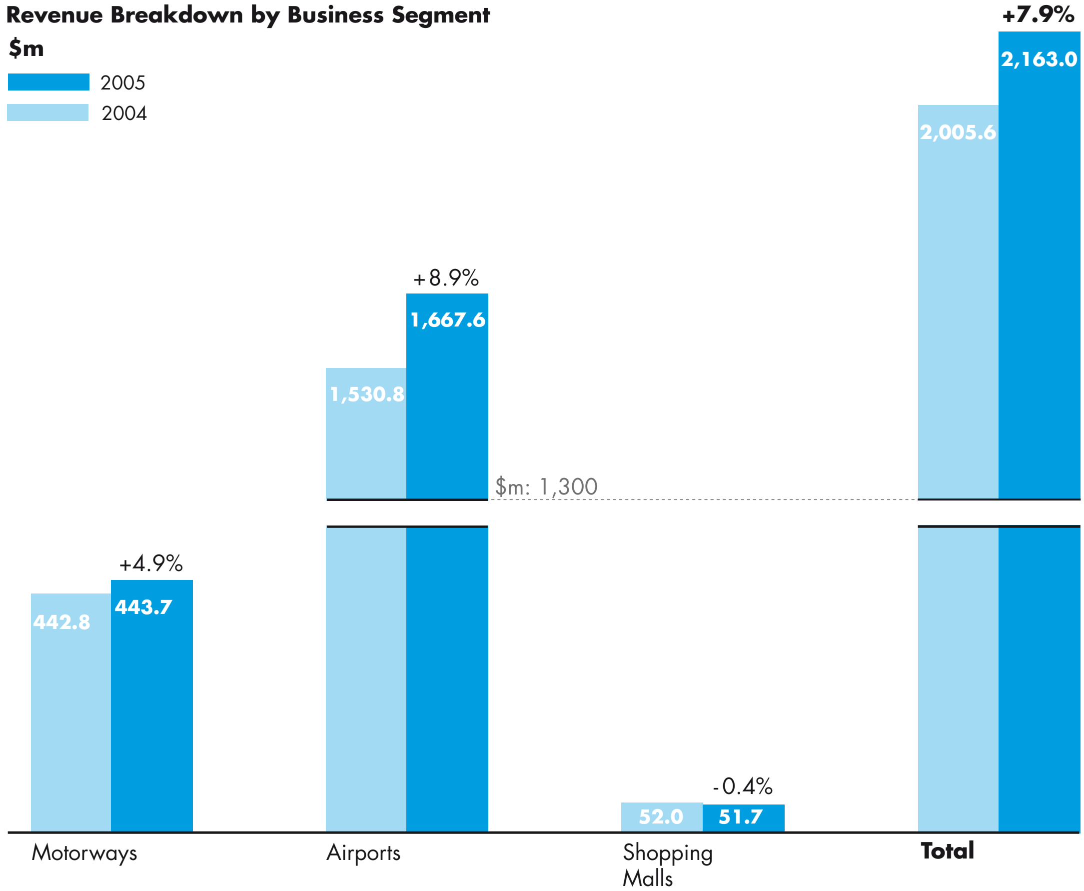
The Main Areas of Business

Below are the main performance figures by Business Area, Aldeasa's contribution being shown separately:

	Europe			North America e Pacific Area		
(€m)	2005	2004	Change	2005	2004	Change
Sales	1,553.7	1,569.8	-1.0%	1,738.6	1,612.3	7.9%
EBITDA	229.6	240.7	-4.6%	240.3	220.4	9.1%
Percent. of Revenue	14.8%	15.3%		13.8%	13.7%	
Depreciation and Provisions	75.5	96.3	-21.6%	96.7	89.1	8.5%
Capex	86.6	60.1	44.0%	105.3	93.5	12.6%

	Corporate Centre			Aldeasa	Group Total		
(€m)	2005	2004	Change	2005	2005	2004	Change
Sales	-	-	-	236.6	3,528.9	3,182.1	10.9%
EBITDA	(24.3)	(21.2)	10.9%	29.7	475.3	439.9	8.1%
Percent. of Revenue	-	-		12.5%	13.5%	13.8%	
Depreciation and Provisions	3.8	0.9	n.s.	4.4	180.4	186.3	-3.2%
Capex	-	-		3.1	195.0	153.6	26.9%

North America and the Pacific Area [1]



(1) Includes restaurant business in Schiphol airport (Netherlands).

Revenue

Performance by business segment was as follows:

- *Motorways* – sales of $443.7m, an increase of 4.9% over the 2004 figure of $422.8m. Thanks to new openings at end-2004 on the Illinois, Indiana and Pennsylvania turnpikes, revenue grew strongly until September 2005, but later slowed due to the knock-on effect of hurricane Katrina on fuel prices;
- *Airports* – revenue of $1,667.6m, an increase of 8.9% over the 2004 figure of $1,530.8m; on a comparable basis there was an increase of 10.7%, generated by greater passenger flows (up by 2.5% - source: A.T.A.), by longer opening hours and the extension of branded products;
- *Shopping malls* – revenue of $51.7m, broadly in line with the 2004 figure ($52.0m).

EBITDA

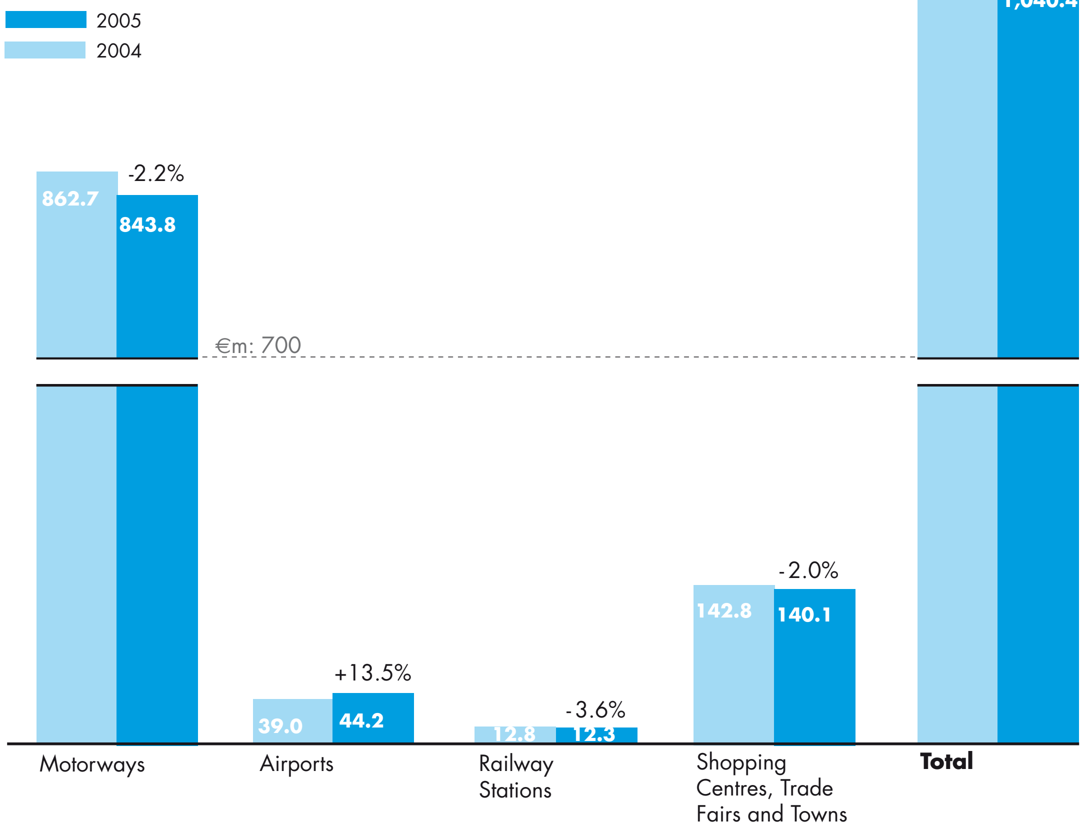
EBITDA grew by 9.1% to $299m compared with $274.1m in 2004, the percentage of sales being 138%, 0,1% higher than in 2004. Raw materials costs fell after months of strong increases in the early part of the year. By contrast, rentals and royalties rose by 8.9% over 2004, broadly in line with revenue growth. Labour costs increased by 7.5%, though productivity gains reduced their percentage of revenue by 0,1%.

Capital Expenditure

Capital expenditure was $124.2m in 2005, slightly lower than in 2004 ($126.2m), 5.7% of sales (6.3% in 2004).
These resources were mainly directed at the airport business with significant restructuring of locations in Tampa, Dallas Ft. Worth, Las Vegas, St. Louis, Phoenix and Miami airports, new openings in Minneapolis, Seattle and Ft. Myers airports, as well as new travel plazas on the Indiana Turnpike, the Illinois Turnpike and the Pennsylvania Turnpike.

Italy

Revenue Breakdown by Business Segment
€m



Revenue

The fall in revenue was exclusively due to a reduction of our outlets as a consequence of the procedure for the renewal of the concession portfolio and non-renewal of insufficiently profitable contracts in towns.
The growth of the food and beverage business was driven by sales in our Ciao free-flow restaurants owing to the success of the Italian regional recipes offer.
The retail segment's positive results were also due to good sales of typical local products, as well as books and lottery tickets.

The performance of the various business segments was as follows:

- *Motorways* – revenue of €843.8m, down by 2.2% from the 2004 figure of €862.7m owing to our abandoning 31 outlets in the period 1 January 2004 to 31 December 2005. On a comparable basis revenue grew by 2.6%, despite traffic growth being practically unchanged over 2004 (up by 0.3% - source: AISCAT). Food and beverages (60.8% of sales) declined by 3.2% (up by 1,9% on a comparable basis), while the retail business (accounting for39.2% of sales) contracted by 1.5% from 2004 (up by 3.2% on a comparable basis);
- *Airports* – revenue was €44.2m, up by 13.5% over the 2004 figure of €39m, against the background of passenger flows growth of 3.8% in the relevant airports (source: Assaeroporti). The result was largely generated by comparable locations (up by 14.5%) and by new openings at Bergamo-Orio al Serio and Brescia Montichiari;
- *Railway stations* – sales fell by 3.6% to €12.3m, as against €12.8m in 2004 owing to the closure of two oulets at Rome's Termini Station;
- *Shopping centres, towns and trade fairs* – revenue was €140.1m, down by 2% from the 2004 figure of € 142.8m and almost in line on a comparable basis. The towns segment saw a 12.3% fall in sales, mostly attributable to the closure of the Duomo Center in Milan. New locations were opened in the out-of-town site of the Milan Trade Fair. Shopping centres grew strongly (by 5,9%) with the new outlets at Cesano Boscone, Belpasso, Rescaldina, Cortenuova, Tor Vergata, Franciacorta, Fiumicino and Foiano Val di Chiana

EBITDA

EBITDA was €172.2m - a decline of 3.9% from the 2004 figure of €179.2m. This latter figure however included €7.1m of non-recurring income, which was recorded as "non-attributable" and "extraordinary" in the 2004 Accounts.
The 2005 result benefited from non-recurring income of €2m.
Net of these non-recurring items the EBITDA margin grew from 16.3% in 2004 to16.4% in 2005. Sales growth on a continuing business basis, a slight increase in productivity and careful control of operating costs offset rent and utility tariff increases, especially in energy supplies.

Capital expenditure

In 2005 capital expenditure amounted to €58.2m (5.6% of revenue) compared to the 2004 figure of €33.3m (3.1% of revenue).
This increase was due to development activity in shopping centres, the creation of food and beverage outlets in the out-of-town site of Milan's Trade Fair, and the start-up of 12 motorway outlets that were restructured following the contract awards of 2004.

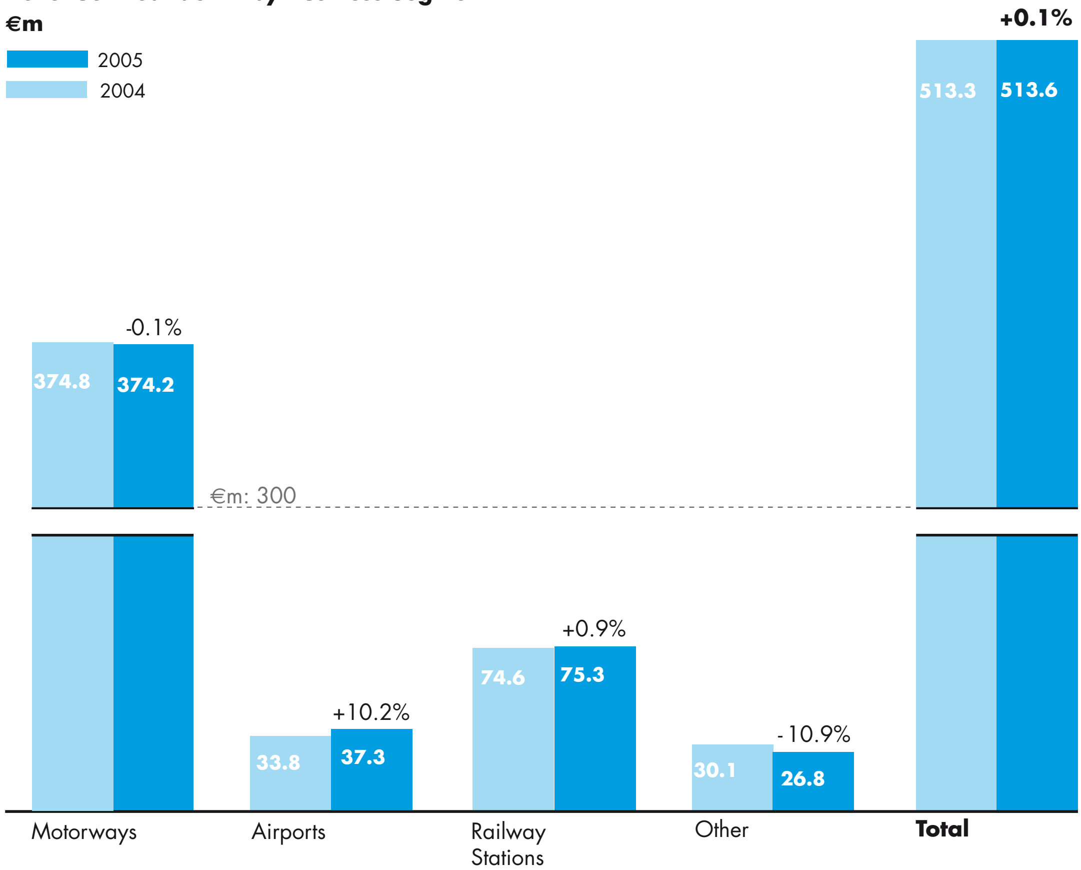
The Rest of Europe

(€m)	France 2005	France 2004	France Change	Switzerland 2005	Switzerland 2004	Switzerland Change	Spain 2005	Spain 2004	Spain Change
Sales	214.8	208.3	3.1%	98.8	106.9	-7.5%	87.0	87.2	-0.3%
EBITDA	25.2	25.6	-1.5%	10.6	11.1	-4.2%	9.5	12.7	-25.3%
Percent. of Revenue	11.7%	12.3%		10.7%	10.4%		10.9%	14.5%	
Depreciation and Provisions	16.8	23.3	-27.9%	6.1	13.1	-53.6%	6.9	6.4	7.7%
Capex	11.8	8.9	32.0%	4.4	5.5	-20.5%	7.9	7.5	4.4%

(€m)	Others 2005	Others 2004	Others Change	Elisions and unallocated items 2005	Elisions and unallocated items 2004	Elisions and unallocated items Change	Total Rest of Europe 2005	Total Rest of Europe 2004	Total Rest of Europe Change
Sales	113.0	110.9	1.9%	-	-	-	513.6	513.3	0.1%
EBITDA	12.5	12.3	1.7%	(0.4)	(0.2)	-	57.4	61.5	-6.7%
Percent. of Revenue	11.1%	11.1%		-	-		11.2%	12.0%	
Depreciation and Provisions	7.3	11.2	-34.7%	-	-	-	37.1	54.0	-31.4%
Capex	4.3	4.6	-5.2%	-	-	-	28.4	26.5	6.9%

Revenue

Revenue Breakdown by Business Segment
€m



Reported revenue includes that of the subholding HMSHost Europe, which we set up to develop locations in European airports using HMSHost USA's know-how and which holds our 49.99% interest in Steigenberger Gastronomie's outlets in Frankfurt airport.
The performance of the various business segments was as follows:

- *Motorways* – sales in line with 2004, despite a general fall in traffic due to rising fuel prices and greater competition from low-cost flights and high-speed trains. In Switzerland and Spain, revenue was affected by restructuring work at several locations (Pratteln, Oiatzurn, Arizeta, Briviesca I, Desfiladero I, Itziar II), while in Francia it benefited from the acquisition of Poitou-Charentes Restauration SA, which runs a food and beverage outlet on the A10 Bordeaux - Paris motorway, which brought sales of €2.2m and the revenue generated by 6 outlets run by SGRR SA, which we acquired in June 2004 (€6.7m);
- *Airports* – sales grew by10.2% due to the acquisition of Steigenberger Gastronomie (€5.3m) and the combined effect of good sales performance and full-year operation of Marseille airport (up by €1.7m over 2004); these improvements offset a fall in sales at Zurich airport following our downsizing of the location in 2004;
- *Railway stations* – revenue growth of 0.9% thanks to increased traffic brought by high speed trains and the opening of a new outlet in Spain; these performances offseta drop in sales in France due to the restructuring of some important stations in Paris (Paris Est, Paris Nord and St. Lazare);
- *Other business segments* – revenue fell by 10.9%, mainly due to withdrawal from two facilities in the retail park segment in Switzerland, which occurred in August 2004 (lost revenue of €1.7m).

EBITDA

Total EBITDA for the area fell by 6.7% to €57.4m (11.2% of revenue) as against €61.5m in 2004 (12% of revenue).

Cost of sales was effectively controlled in France but this was offset by rising labour costs and rents and royalties.

Capital Expenditure

Capex increased in 2005 from €26.5m in 2004 to €28.4m, under plans for renovation of the outlet network. As a percentage of sales capex increase from 5.2% to 5.5%.

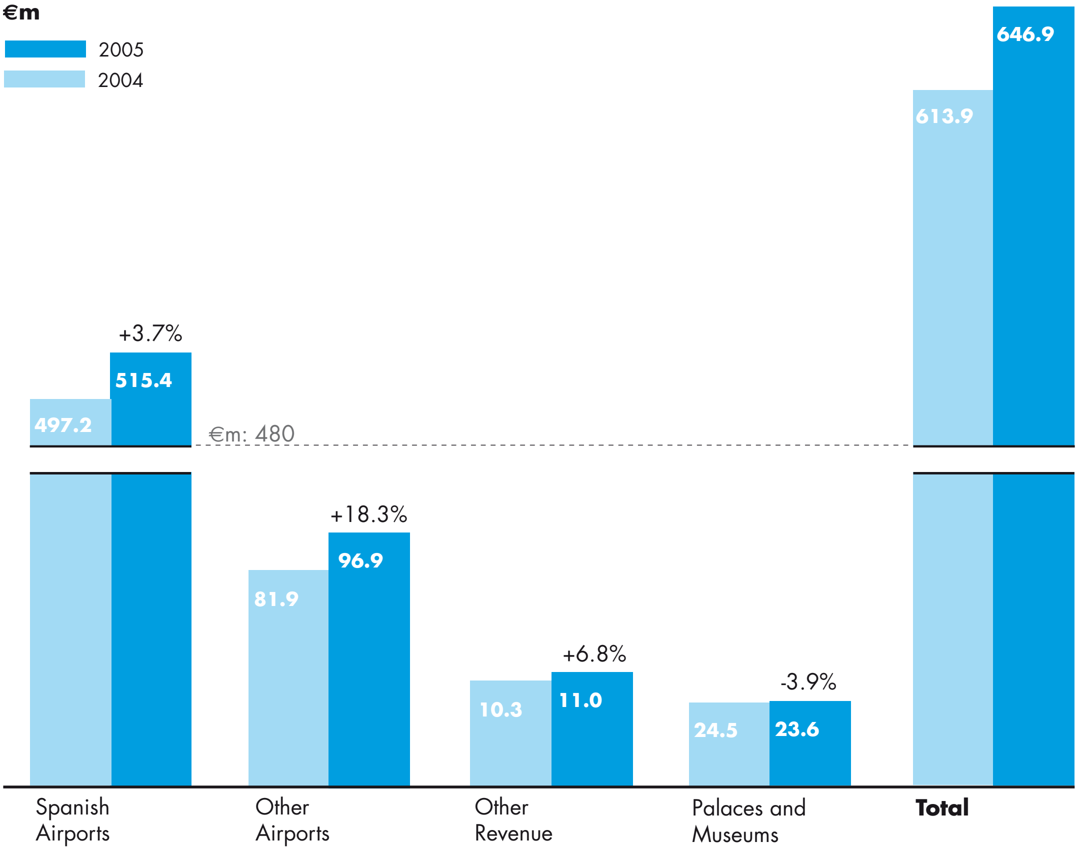
Aldeasa

Highlights

In 2005 Aldeasa reported revenue of €646.9m, up by 5.4% over the 2004 figure (€613.9m), which was generated by its 243 outlets operating in the Iberian peninsula, Latin America, North Africa and the Middle East. Especially significant was the 18.3% increase in international business, which brought revenue of €96.9m, as against €81.9m in 2004. Spanish airports achieved 3.7% revenue growth to €515.4m as against €497.2m in 2004. EBITDA rose to €70.8m, up by 7.1% from the 2004 figure of €66.1m, the margin of sales also rising from 10.8% to 10.9%.

(€m)	2005	2004	Change
Airports	623.3	589.4	5.8%
- Customer sales	612.3	579.1	5.7%
- Other revenue	11.0	10.3	6.8%
Palaces and Museums	23.6	24.5	-3.9%
Total	**646.9**	**613.9**	**5.4%**

Revenue Breakdown by Business Segment
€m



Contribution to Autogrill's Consolidated Accounts

Consolidated since 1 May 2005 (as to 50%), Aldeasa contributed revenue of €236.6m and €29.7m to Group EBITDA, which was 12.5% as agains 11.9% in Q1 2004.

The Parent Company

The Parent Company controls the Group's Italian business and reported revenue of €1,035.6m, down by 1.8% from the 2004 figure of €1,054.3m.

Some operations are carried out by subsidiaries - such as Aviogrill Srl (51% Autogrill SpA, 49% SAB SpA) which runs a food and beverage outlet in Bologna Airport and generated sales of €5.6m and net profit of €700,000 - or by means of business lease, as with the marketing companies of Nuova Sidap Srl and Nuova Estral Srl.

Autogrill SpA is also the Group's Corporate Centre (see chart on p. 9). In 2005 organisational and corporate rationalisation was completed: under this project, personnel exclusively charged with directing and co-ordinating international business were transferred to Autogrill International Srl, a wholly-owned subsidiary of Autogrill SpA.

Autogrill SpA kept direct control of Autogrill Doo (Slovenia), since its business is closely integrated with Italian operations, and HMSHost Europe GmbH (Germany), while its operating perimeter is being determined.

In 2005 Autogrill SpA further intensified its 'internal bank' role within the Group: in 2005 it procured the necessary finance for the acquisition of our interest Aldeasa in the market.

Autogrill SpA prepared its 2005 Accounts in accordance with Italian GAAP.

Short-form Income Statement - Parent Company

(€m)	2005	Percent. of total revenue	2004	Percent. of total revenue	Change
Operating Revenue	1,080.7	100.0%	1,092.2	100.0%	(11.5)
Other operating income	76.0	7.0%	69.6	6.4%	6.4
Total Income	**1,156.7**	**107.0%**	**1,161.8**	**106.4%**	**(5.1)**
Cost of raw materials, items for use and merchandise	(519.8)	-48.1%	(519.1)	-47.5%	(0.7)
Payroll	(258.4)	-23.9%	(259.3)	-23.7%	0.9
Rentals, concessions and royalties for use of brands	(114.4)	-10.6%	(116.9)	-10.7%	2.5
Other operating costs	(119.2)	-11.0%	(108.9)	-10.0%	(10.3)
EBITDA	**144.9**	**13.4%**	**157.6**	**14.4%**	**(12.7)**
Depreciation	(56.1)	-5.2%	(58.6)	-5.4%	2.5
Operating Profit (EBIT)	**88.8**	**8.2%**	**99.0**	**9.1%**	**(10.2)**
Financial income (cost)	42.7	4.0%	6.6	0.6%	36.1
Revaluation of financial assets	1.3	0.1%	0.1	0.0%	1.2
Profit before exceptional items and tax	**132.8**	**12.3%**	**105.7**	**9.7%**	**27.1**
Net exceptional income (charges)	-	-	6.5	0.6%	(19.1)
Profit before tax	**132.8**	**12.3%**	**124.8**	**11.4%**	**8.0**
Tax	(42.8)	-4.0%	(35.0)	-3.2%	4.8
Net Profit	**90.0**	**8.3%**	**77.2**	**7.1%**	**12.8**

For commentary on revenue and profitability (EBITDA) see pp. 54 et seq.

The Parent's income benefited from a non-recurring item of operating income amounting to €9m, being amounts received for the part subletting of two commercial town premises included under Other Income; on the other hand, corporate costs relating to the Group's development activity increased.

The increase in other operating costs was mainly due to Provisions, which amounted to €12.6m, and concerned principally risk associated with disputes with external entities, personnel and social security institutions, as well as costs connected with the possible unfavourable outcome of contractual disputes.

As a result of these factors, Operating Profit fell by 10.2% to €88.8m (€99.0m in 2004).

Net financial income was €42.7m, as compared to €6.6m in 2004, due to our subsidiaries' increased profitability, as reflected in valuation at equity, and above all due to the absence of the non-recurring charges of 2004.

This item included dividends accrued in the amount of €40.3m (€38m in 2004) arising mainly out of our US subsidiary's profits.

Revaluation of financial assets amounted to €1.3m and related to equity investments accounted for at equity.

There were no Extraordinary items in 2005 (in 2004 there were gains of €6.5m).

Tax increased from €35m to €42.8m, comprising IRAP [Italian regional tax on productive activity] of €14.7m (€15.3m in 2004) and IRES [Italian corporate tax] of €28.1m (€19.7m in 2004).

2005 closed with Net Profit of €90m, an increase of 16.6% over 2004's €77.2m.

Balance Sheet and Financial Position - Parent Company

(€m)	31.12.2005	31.12.2004	Change
Intangible assets	97.7	97.7	0.0
Tangible assets	111.0	105.0	6.0
Financial fixed assets	206.0	90.5	115.5
A) Total fixed assets	**414.7**	**293.2**	**121.5**
Inventory	43.1	41.6	1.5
Accounts receivable	60.7	35.4	50.3
Other assets	50.3	39.6	10.7
Accounts payable	(280.4)	(233.9)	(46.5)
Other liabilities	(54.9)	(50.0)	(4.8)
B) Working capital	**(181.2)**	**(167.3)**	**(13.9)**
C) Capital invested, net of current liabilities	**233.5**	**125.9**	**107.6**
D) Other non-financial non-current assets and liabilities	**(123.3)**	**(110.1)**	**(13.2)**
E) Net capital invested	**110.2**	**15.8**	**94.4**
F) Shareholders' funds	**271.3**	**218.8**	**52.6**
Medium/long term financial liabilities	674.0	367.4	306.6
Medium/long term financial assets	(357.6)	-	(357.6)
G) Medium/long-term financial indebtedness	**316.4**	**367.4**	**(51.1)**
Short-term financial liabilities	107.0	163.0	(56.0)
Cash and short-term financial assets	(584.5)	(733.4)	148.9
H) Net short-term financial position	**(477.5)**	**(570.4)**	**92.9**
Net financial position (G+H)	**(161.1)**	**(203.0)**	**41.8**
I) Total, as per (E)	**110.2**	**15.8**	**94.4**

The main changes over 2004 were the following:

- a net increase of €121.5m in fixed assets, €6m of which was due to capex exceeding depreciation and revaluations and €115.6m to an increase in financial fixed assets, including a €100m capital increase of Autogrill International Srl as well as the transfer to Autogrill International Srl of other equity interests in non-Italian companies at carrying value;

- an increase in working capital of €13.9m, resulting mainly from a €20m increase in liabilities to our controlling company Edizione Holding in connection with Group consolidated taxation, referring to corporate tax on 2005 income;

- a €52.6m increase in shareholders' funds, largely due to 2005 net profit after a dividend pay-out of €50.9m out of 2004 profits;

- a €41.8m reduction in net short-term financial assets due to the recapitalisation of Autogrill International Srl.

- Autogrill SpA has entered into Interest Rate Swap contracts giving the Company floating-rate interest equal to that due on its bank debt against a fixed-rate of 3.09% to which the loan spread is added. This hedging is required by Group policy, which aims to control financial cost within a risk limit, i.e. a range of variability of the amount of liabilities and/or the financial cost itself. This entails - through a mix of fixed- and floating-rate liabilities - the predetermination of a portion of financial cost out to a time horizon in keeping with the structure of the Company's indebtedness, which in turn is to be in line with Company capitalisation and future cash flow. If it is not possible to obtain the desired risk profile in the capital markets, this is structured using IRSs for amounts and maturities in line with those of the reference liabilities.

Cash Flow Statement - Parent Company

(€m)	2005	2004
Cash and other liquid assets - opening balance	**55.3**	**11.3**
Profit before tax and net financial cost for the year (including extraordinary items)	88.8	105.6
Depreciation and revaluation of fixed assets (1)	56.1	25.0
Value adjustments and gains/(losses) on disposal of financial assets	(1.3)	0.1
Gains/(losses) on disposal of fixed assets	(1.6)	(0.4)
Change in working capital net of tax paid	33.5	24.0
Net change in non-current non-financial assets and liabilities	13.2	6.1
Cash-flow from operations	**188.7**	**160.4**
Tax paid	(18.8)	(25.8)
Interest paid	1.0	
Net cash-flow from operations	**170.9**	**134.6**
Investment in tangible and intangible assets	(63.6)	(33.4)
Proceeds from disposal of fixed assets	1.9	1.3
Net change in financial fixed assets	(99.7)	
Cash-flow from investment activity	**(161.4)**	**(32.1)**
Medium/long-term financings procured	(1.6)	342.4
Repayments of instalments of medium/long-term financings	(49.3)	(63.3)
Repayments of instalments of short-term loans net of new borrowing	46.0	(337.6)
Payment of dividends	(50.9)	
Cash-flow from new borrowing	**(55.8)**	**(58.5)**
Cash-flow for the year	**(46.3)**	**44.0**
Cash and other liquid assets - closing balance	**8.9**	**55.3**

(1)
Net of revaluations and reversals due to "fiscal clean-up" ("*disinquinamento fiscale*").

Reconciliation of cash and other net liquid assets - Parent Company

(€m)	2005	2004
Cash and other liquid assets - opening balance	**55.3**	**11.3**
Cash and other equivalent liquid assets	49.6	41.3
Current account debit balances	5.7	(30.1)
Cash and other liquid assets - closing balance	**8.9**	**55.3**
Cash and other equivalent liquid assets	34.0	49.6
Current account debit balances	(25.1)	5.7

Cash flow from 2005 operations was €170.9m or 15.3% of turnover.

Capital Expenditure - Parent Company

Capital expenditure on the network was allocated as follows:

Purpose	Amount (€m)	Percent. of total
Development of commercial network	42.9	67.5%
Maintenance of commercial network	14.8	23.2%
Other	5.9	9.3%
Total	**63.6**	**100.0%**

Segment receiving capex	Amount (€m)	Percent. of total
Motorways	38.7	60.8%
Railway stations	0.5	0.8%
Airports	5.0	7.8%
Extra-concession	14.3	22.6%
Not attributable	5.1	8.0%
Total	**63.6**	**100.0%**

Expenditure on the motorway segment related mainly to restructuring and construction of various outlets including Valtrompia Nord/Sud, Lucignano Ovest, Badia al Pino Est, Magra Est and Irpinia.

The railway station segment concentrated on the refurbishment of a large snack bar in Rome's Termini Station.
Expenditure on the airport segment concerned the opening of three new cafés in Milan's Malpensa Airport and taking over the Bergamo and Brescia airport locations.
Extra-concession sites included the largest number of new openings, including Nettuno, Asti, Spello, Piazzola sul Brenta, Acquasparta, Torbellamonaca, Tevere Nord, Tevere Sud, Assago and Belpasso, as well as the investment in the new out-of-town site of Milan's Trade Fair.

Expenditure on Information Technology is included under non-attributable items and amounted to €5.1m.

Investment in financial fixed assets was €100m, in respect of the Autogrill International Srl capital increase paid in cash.

Personnel and Organisation

At the end of 2005 staff numbers were10,849 - just 46 fewer than at the end of 2004, despite the mentioned withdrawal from a number of motorway contracts.

The Italy HQ and the Corporate Centre had 436 employees at end-2005 - an increase of 17 over end-2004.

The Main Subsidiaries of the Parent Company

In 2005 staff dedicated to the co-ordination and development of international business were concentrated in Autogrill International Srl and the corporate organisation was redesigned according to individual business areas.

At 31 December 2005 the Parent Company controlled the following directly:

Autogrill International Srl

Until September 2003, under the name Autogrill Café Srl, it managed food and beverage services in Rome's Termini Station. In 2004 it became responsible for directing, co-ordinating and developing the Group's international business.
Its first act was to acquire control of Autogrill Overseas Inc (formerly Autogrill Overseas SA) which co-ordinated Group business outside the UE through Autogrill Group, Inc (formerly HMSHost Corp.) and Autogrill Schweiz AG. In 2005 it gained direct control of Autogrill Schweiz AG and, following transfer of its interest by Autogrill SpA, full ownership of Autogrill Europe Nord-Ouest SA (which controls business activity in France, Belgium, The Netherlands and Luxembourg), Autogrill Hellas Epe (Greece), Autogrill Austria AG (Austria) and Autogrill España SA (Spain). The latter manages motorway operations in Spain and railway station outlets through its subsidiary RECECO. In 2005 it acquired our interest in Aldeasa (leader in Spain and fourth-largest airport retail and duty-free operator in the world), the joint-venture with Altadis SA.
Its 2005 result was a profit of €40.6m, mainly attributable to the US subsidiary's dividend, recognised on an accruals basis.

Autogrill Finance SA

This company procures finance for the development of the Group and provides administrative services for our Benelux companies.
It reported profit for the year of €300,000.

Autogrill Doo

This company manages motorway operations in Slovenia which began in 2005 under a multi-year contract with the Austrian oil company OMV.
In 2005 it reported a loss of €200,000 due to the start-up costs of the first three outlets.

HMSHost Europe GmbH

Until 2003 this company managed the food and beverage business on German motorways under the name Autogrill Deutschland GmbH. In 2005 it became our vehicle for the development of airport food and beverage concepts in Europe.
As well as the partnership in Steigenberger Gastronomie GmbH, which operates in Frankfurt airport (Germany), at the end of 2005 it launched a food and beverage operation in Stockholm's Arlanda Airport (Sweden) through HMSHost Sweden AB and has won a contract for food and beverage business in Cork airport (Ireland) through HMSHost Ireland Ltd., which will be launched in the first half of 2006. It reported a profit for the year of €100,000, having received a dividend of €300,000 from Steigenberger Gastronomie GmbH.

Subsequent Events

Since the close of the financial year Autogrill has continued to pursue its objectives of consolidating and further expanding its presence in the concession business by extending existing contracts, winning new ones and assessing potential acquisitions.

In the motorway segment, through HMSHost Corp, it has extended for a further 30 years the Maine Turnpike concession which will generate cumulative sales of about $1 billion in 2007-2037.

In the airport segment, Autogrill - through its US subsidiary - has won a 12-year food and beverage contract in Spokane, Washington State, with expected sales of about $100 million. In Italy the Group has gained entry to Catania and Florence airports, with expected sales of about €50m in the 5 years of the contract; this brings to 10 the number of Italian airports in which Autogrill is present.

On 10 February 2006 the corporate bodies of Retail Airport Finance SL ("R.A.F."), Aldeasa SA and Aldeasa Gestion SA resolved to begin merging the latter two companies into R.A.F..

The merger is expected to be finalised by the end of the first half 2006, with accounting and tax effects to run from 1 January 2006.

Outlook

Business performance in the early part of 2006 largely confirms the trend seen in 2005, with favourable indications in all the business segments of our US operation.

Italy is beginning to see the effects of our development investment and, in the first quarter 2006, benefited from taking part in Turin's Winter Olympics as a supplier.

Aldeasa's results are also showing a positive trend and these will be consolidated from 1 January (unlike in 2005).

Other Information

Corporate Governance

The Parent Company's system of corporate governance is centred the Board's role of directing and controlling operations. It is made up of a series of codes, principles and procedures that are continuously being checked and revised as soon as necessary in light of changes in legislation and international best practice, as well as operational requirements.

Board of Directors

Role of the Board of Directors

The Board of Directors' role is to direct and control the activity of the Parent Company andthe 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 expenditure plans of the Parent Company and the Group.;
3. Authorisation of financially significant transactions to be carried out by the Parent Company. Specifically:
   - investments, acquisitions, disposals, disinvestment of equity interests in companies or businesses, establishment of joint-ventures and bidding for restaurant and market tenders 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 presentation of all transactions under (3) above concerning Group companies.
5. Review and assessment of the broad outline of the corporate and organisational structure of the Group and of the adequacy of the Parent Company's organisational and administrative structure.
6. Drawing up the basic rules of corporate governance for the Parent Company and the basic principles of the guidelines for the corporate governance of the Group.
7. Drawing up the strategy of and checking periodically the effectiveness of the system of internal controls, ensuring that the main corporate risks are identified and managed appropriately;
8. Setting up the supervisory body required by Legislative Decree 231/01;
9. Conferring and revoking delegated powers to Directors and the Executive Committee, if any, determining the limits, the procedure and the timeliness - at least six-monthly - with which the delegated parties or bodies should report to the Board and the Board of Auditors on their activity and the manner in which their powers have been exercised;
10. Review of the Managing Director's proposals regarding the requisites to be met by Directors of the main subsidiaries;
11. Review of the Managing Director's proposals regarding the requisites to be met by Directors of the main subsidiaries Having considered the proposals of the Remuneration Committee and consulted the Board of Auditors: fixing the compensation and rewards of the Managing Director, the Deputy Chairman and other Directors with particular responsiblities, and, if necessary, dividing up collective compensation due to individual Directors and Committee members;
12. Review and assessment, as proposed by the Managing Director and the Remuneration Committee of the compensation principles for senior managers and long-term or annual incentive plans for managers of the Parent Company and the Group;
13. Supervision of business performance, with special reference to conflict of interest situations relating to intercompany transactions and those with related parties, considering especially the information received from the Managing Director and the Executive Committee, if any,

and the Internal Controls Committee;
14. Review, assessment and approval of the periodic reports required under current legislation.

Meetings

In 2005 the Board of Directors met 12 times. The number of Directors taking part was high, the percentage attendance being over 85%. In 2006 there will be 10 meetings. On 20 January 2006 the Company informed the market of the schedule of corporate body meetings for the year.

Election

The current Board of Directors was elected by the Shareholders' Meeting held on 27 April 2005, by list vote, pursuant to Article 10 of the Articles of Association which provides for any shareholder or group of shareholders with at least 3% of company capital with voting rights in ordinary general meeting to present its own list.

At the mentioned Meeting two lists were presented: one by the majority shareholder Edizione Holding SpA 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.

Current Members of the Board

The current Board of Directors is elected to office until approval of the 2007 Accounts. It consists of 10 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 all candidates for election to the Board, together with an indication of his or her suitability to be an independent Director, is placed at the disposal of shareholders at the registered office 15 days prior before the electing Shareholders' Meeting.

Pursuant to the Self-discipinary Code for Listed Companies, Article 1.3, Directors with appointments in other companies listed on regulated markets, or financial companies or banks or insurance companies or large concerns, are as follows:

Director	Office held	Company
Gilberto Benetton	Chairman	Edizione Holding SpA
	Vice Chairman	Olimpia SpA
	Vice Chairman	Telecom Italia SpA
	Director	Autostrade SpA
	Director	Benetton Group SpA
	Director	Infrastrutture e Sviluppo SpA
	Director	Lloyd Adriatico SpA
	Director	Mediobanca SpA
	Director	Pirelli & C. SpA
	Director	Schemaventotto SpA
	Director	Aldeasa SA
Gianmario Tondato Da Ruos	Director	Aldeasa SA
	Director	Autogrill Group, Inc.
	Director	Guala Closures SpA

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Director	Office held	Company
Alessandro Benetton	Director	Industrie Zignago Santa Margherita SpA
	Managing Director	Ricerca SpA
	Director	Ricerca Finanziaria SpA
	Chairman of the Board Director and Vice Chairman	21 Network Srl
	Director e Vice Chairman	NordEst Merchant SpA
	Partner and Sole Director	Saibort Srl Società Unipersonale
	Vice Chairman and member of the Executive Committee	Benetton Group SpA
	Director	Permasteelisa SpA
	Director and Chairman of the Board of Directors	21 Partners SGR SpA
	Member of the Supervisory Board	21 Centrale Partners SA
	Chairman of the Board	21, Investimenti Partners SpA
	Director	Sirti SpA
	Chairman of the Board and Managing Director	21, Investimenti SpA
	Director	Edizione Holding SpA
Giorgio Brunetti	Director	Carraro SpA
	Director	Messaggerie Libri SpA
	Director	Messaggerie Italiane SpA
	Director	Benetton Group SpA
	Auditor	Autorità Energia e Gas
Antonio Bulgheroni	Chairman and Managing Director	Lindt & Sprüngli SpA
	Chairman	Caffarel SpA
	Chairman	Ferro Tubi Lamiere Rossi SpA
	Vice Chairman	Banca Popolare Commercio e Industria
	Chairman and Managing Director	Chocoladefabriken Lindt & Sprüngli AG
	Director	Banche Popolari Unite Scrl
Marco Desiderato	Chairman	Millennium Sim SpA
	Director	Lames SpA
	Director	Istituto Ligure Mobiliare SpA
	Director	Capitalimpresa SpA
	Director	Ligurcapital SpA
	Director	Fidimpresa Liguria S.c.r.l.
	Director	Lertora & Partners Insurance Brokers Srl
Sergio De Simoi	Director	Autostrade SpA
	Director	21, Investimenti SpA
	Director	21, Investimenti Partners SpA
	Director	Schemaventotto SpA
	Director	Edizione Finance International SA
	Statutory Auditor	Olimpia SpA
Sergio Erede	Director	Gruppo Galbani SpA
	Director	Manifatture Lane Gaetano Marzotto & Figli SpA
	Chairman	Interpump Group SpA
	Director	Manuli Rubber Industries SpA
	Director	Carraro SpA
	Director	Società Italo Britannica L. Manetti - H. Roberts & C. per Azioni
	Director	Luxottica Group SpA
	Director	Valentino Fashion Group SpA

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Director	Office held	Company
Gianni Mion	Director	21, Investimenti SpA
	Director	Autostrade SpA
	Director	Benetton Group SpA
	Managing Director	Edizione Holding SpA
	Director	Olimpia SpA
	Director	Schemaventotto SpA
	Director e Vice Chairman	Tim Italia SpA
	Director	Telecom Italia SpA
	Director Generale	Fondazione Cassa di Risparmio di Venezia
	Director	Luxottica Group SpA
	Director	Aldeasa SA
	Director	Autogrill Group, Inc.
	Director	Cartiere Burgo SpA
	Director	Igli SpA
	Director	Infrastrutture e Sviluppo SpA
Alfredo Malguzzi	Director	Ditta Michele Ratti SpA
	Director	Locman SpA
	Statutory Auditor	Egidio Galbani SpA
	Statutory Auditor	Gruppo Galbani SpA
	Statutory Auditor	biG Srl
Gaetano Morazzoni	Chairman	Spea Ingegneria Europea SpA
	Director	Autostrada Autocamionale della Cisa SpA
	Vice Chairman	Fondazione Fiera Milano SpA

Independent Directors

The Board of Directors collectively deemed - on the last occasion, on 27 April 2005 - that the following are independent Directors, on the basis of the information provided by each person: Giorgio Brunetti, Antonio Bulgheroni, Marco Desiderato, Gaetano Morazzoni and Alfredo Malguzzi.

Independent Directors are Members of the Board that meet the requirements of Article 3 of the Italian Listed Companies Self-disciplinary Code.

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, are balanced by executive and non-executive members in order to promote efficient discussion leading to decisions in line with the interests of the Company.

The Managing Director has general management powers, some of which are to be exercised within the following limits:

a) Expenditure: up to €3 million;

b) Purchase and sale and trade-in of machinery, plant, equipment, materials, and motor vehicles: up to €3.1 million per transaction;

c) Consultancy, intellectual and professional services in general: up to €1 million per fixed-term contract;

d) Acquisition and/or sale of companies or businesses: up to €1 million, to include 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 centres;

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 €3.1 million;

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 €3.1 million for each transaction;

i) Nomination of arbitrators, including amicable negotiators: up to €1 million per dispute, but without limit on the value where the Company is a passive party to arbitration proceedings.

Transactions exceeding these limits are submitted to the Board.
At every Board meeting and in any case within the term required by law, the Managing Director and all Directors who have received special powers provide appropriate information to the Board and the Board of Auditors.

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.

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 Sections 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. The curricula vitae of candidates for the office of Statutory Auditor are made available before the Shareholders' Meeting for which the agenda includes the election of the Board of Statutory Auditors.
The current Statutory Auditors will end their term of office at the Shareholders' Meeting called to approve the 2005 Accounts.

Statutory Auditor	Office held	Company
Gianluca Ponzellini	Statutory Auditor	Banca Caboto SpA
	Chairman of the Statutory Auditors	Banca Intesa SpA
	Chairman of the Statutory Auditors	Intesa Private Banking SpA
	Statutory Auditor	Casa Editrice Universo SpA
	Chairman of the Statutory Auditors	De Longhi SpA
	Chairman of the Statutory Auditors	Dì per dì Srl
	Statutory Auditor	GS SpA
	Chairman of the Statutory Auditors	ECS International Italia SpA
	Statutory Auditor	Euromobiliare Asset Management Sgr
	Chairman of the Statutory Auditors	Lonza SpA
	Chairman of the Statutory Auditors	Luisa Spagnoli SpA
	Chairman of the Statutory Auditors	Paravia Bruno Mondadori Editori SpA
	Chairman of the Statutory Auditors	Autogrill International Srl
	Director	Schemaventotto SpA
Marco Reboa	Director	ENI SpA
	Director	Seat Pagine Gialle SpA
	Director	Interpump Group SpA
	Director	IMMSI SpA
	Statutory Auditor	Galbani SpA
	Statutory Auditor	bIG Srl
	Director	Intesa Private Banking
	Director	Intesa Lease Sec Srl
	Director	Intesa 2 Sec Srl
	Director	Intesa Sec NPL 2 Srl
	Statutory Auditor	Autogrill International Srl

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Statutory Auditor	Office held	Company
Ettore Maria Tosi	Statutory Auditor	Aermacchi SpA
	Statutory Auditor	Associazione Amici del Centro Dino Ferrari
	Statutory Auditor	Autogrill International Srl
	Statutory Auditor	Banca Popolare di Milano SpA
	Statutory Auditor	Dasit SpA
	Statutory Auditor	Draba Srl
	Statutory Auditor	Edilmarket SpA
	Statutory Auditor	Ferag Italia SpA
	Statutory Auditor	Fidecos SpA
	Statutory Auditor	Finanziaria Tre Gigli Srl
	Statutory Auditor	Hay Group Srl
	Statutory Auditor	IBT SpA
	Statutory Auditor	Logic SpA
	Statutory Auditor	Santanna Srl
	Statutory Auditor	Xilon Srl
	Statutory Auditor	Zaira Srl
	Auditor	Fondazione Ing. Foresio

Remuneration Committee

On 15 May 2001, the Board of Directors resolved to set up a Remuneration Committee to better align the compensation system with the creation of value. The Remuneration Committee, in line with the recommendations of the Self-disciplinary Code, is made up of non-executive Directors; its current members were appointed on 27 April 2005 and are the following Directors: Gianni Mion (Committee Chairman), Antonio Bulgheroni and Sergio Erede.

In 2004 the Board, on the proposal of the Remuneration Committee, approved inter alia for the Vice Chairman (office not filled within the Board elected on 27 April 2005), the Managing Director and the management: (i) a 3-year monetary incentive plan for 2004-2006, which adopts as an objective parameter cumulative ROI 2004-2006 and the value of the contract portfolio at end-2006.

In 2005 the Remuneration Committee met 7 times to review and propose to the Board, which approved them, (i) rewards and remuneration of the Managing Director, of which the essential financial detail is given in the appropriate note to the 2005 Accounts; (ii) guidelines for the compensation and incentive scheme for management for the years 2005 and 2006 linked to profit/financial targets and role objectives for the individual manager; (iii) the inclusion of two senior managers in the monetary incentive plan 2004-2006.

Internal Audit

Responsibility for the internal control system rests with the Board of Directors, which lays down policy for internal auditing and risk management.
The Board periodically checks the effectiveness of the internal control system with the assistance of the Internal Control Committee and the Internal Auditing Department.

The internal auditing system in use in all Group companies with the aim of ensuring proper management has the following purpose:
a) to assess the effectiveness and efficiency of corporate processes;
b) to ensure the reliability and accuracy of accounting entries and the safeguard of the company's equity;
c) to ensure compliance with all internal and external regulations of all operational actions.

The system makes use of two levels of control:
- "primary line controls" with which each unit and Group company is entrusted as part of its processes. 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 Control (independent of line managers, it reports direct to the Managing Director and presents its findings to the Internal Control Committee and the Board of Statutory Auditors) analyses risk across all operations and processes identified within each Group company and monitors primary line controls.

The findings of all internal audits are brought to the attention of the Managing Director, top management and, on a quarterly basis, the Internal Control Committee and the Board of Statutory Auditors who are required by Legislative Decree 58/98 (Single Finance Act), Section 149, to monitor the adequacy of the system of internal controls.

The Audit Committee

On 24 April 2002 the Board of Directors set up the Internal Control Committee, whose members are non-executive, independent Directors, to consult and propose and with a mandate to analyse the problems and document the important decisions to be taken for the control of corporate operations.

The Committee's current mandate is:
(a) to assist the Board of Directors, with the support of the Internal Auditing Department, to carry out its periodic check on the adequacy and actual functioning of the internal control system, ensuring that the main corporate risks have been identified and are managed appropriately;
(b) to assess the Audit Plan prepared by the Head of Internal Control from whom it receivesperiodic reports;
(c) to 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) to evaluate the proposed mandates for the external auditors;
(e) to inform the Board of Directors, at least half-yearly, on the occasion of the approval of the annual Accounts and half-yearly Report of the activity undertaken and the adequacy of the internal control system.

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

In 2005 the Audit Committee met 8 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 2005;
- the adequacy of accounting principles, in concert with the Group Administration, Finance and Taxation Manager, the Board of Statutory Auditors and the external auditors;

- the plan to integrate the Internal Auditing Department with our North American subsidiaries;
- Group procedure for the appointment of external auditors;
- the project to bring the company's corporate structure and the organisational model set up pursuant to Legislative Decree 231/01 into line with Law 62/05 (the "2004 Community Law") and Law 262/2005 (the "Law for the protection of savings and financial markets") in the matter of market abuse;
- Group procedure in related party transactions.

On 29 July 2005 the Board of Directors approved the Regulations of the Internal Control Committee containing rules for the appointment, structure and workings of the Committee.

Shareholders' Meetings

In 2005 the Shareholders' Meeting was held once on 27 April, to resolve inter alia on the appointment of the Directors and the authorisation to buy and possibly later sell Autogrill SpA shares within the terms and conditions of the explanatory note prepared by the Directors.

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 amended 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 adopted gradually and received with some necessary adaptation by all Group entities.

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

In 2005 the Company published its first Sustainability Report with the aim of setting up a regular dialogue with our 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.

Related-party Transactions

The Board of Directors is properly informed at each meeting of all related-party transactions, including those carred out within delegated powers. Related-party transactions (as defined in IAS 24, introduced to our regulations by Consob's 2005 resolution # 14.990) and intergroup transactions are settled at arm's length, ie, on terms that would have applied between two independent counterparties in observance of principles of substantive and procedural correctness.

In this regard 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 (Material Transactions or Material and Large Transactions).

Usual Transactions, including intergroup transactions are notified to the Board of Directors of the Parent Company in order to ensure it receives proper information.

Material Transactions or Material and Large Transactions are submitted to the prior review of the Board of Directors of the Parent Company.

If the Board of Directors resolves on the matter, the Autogrill Director who is an interested party - even if only potentially or indirectly - informs the Board in a timely manner of the existence and nature of his or her interest and leaves the meeting as the resolution is taken, unless this prejudices the quorum, in which case the interested Director shall not intervene and shall abstain.

Where the nature, the amount or any other characteristic of the transaction require it, in order to prevent the negotiation of terms other than those that would have been agreed between unrelated parties, the Board of Directors may have recourse to independent experts and request a technical, legal or financial opinion, using different experts for each related party in particularly significant cases.
Material and Large Transactions - ie, those that can impact the company's equity significantly or affect the completeness and accuracy of the information, including accounting data, on the Parent Company, once approved by the Board of Directors, are made public through the publication of a specific announcement or press release.

Related-party transactions are disclosed in a specific section of the Report on Operations which forms part of the annual report.

At the time of writing no related-party transactions - including those carried out through subsidiaries - have been effected which on account of their content, amount, procedure or timing would be included among those requiring that the market be informed pursuant to Section 71 bis of CONSOB Resolution dated 14 May1999 # 11.971 and subsequent amendments.

It is also noted that the contractual relationships connected with the award of catering and retail services 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).
See the relevant section of the Notes to the Consolidated Accounts (p. 115) for the treatment under IAS 24 of our relationships with our controlling company and Edizione Holding Group companies and under point 5 for the main relationships the Parent Company has with its subsidiaries and associates.

Confidential Information Management

The circulation of information by the Parent Company - including price-sensitive information - is accompanied by the necessary confidentiality. We have issued a memorandum on Confidential Information Management Procedure, approved by the Board of Directors on 23 January 2001 and applicable throughout the Autogrill Group. Inter alia it requires timely and accurate communication of events that may impact the value of financial instruments in issue.
It also identifies the departments responsible for making information public - with the Managing Director's prior approval - while complying with primary and secondary rules, viz. Investor Relations, and Communication and Institutional Affairs.
The latter is also charged with the management of the company website and constantly updating it.

The Parent Company is especially aware of the continuous evolution of the markets and the media, and anxious to retain correct behaviour towards the markets: hence it has adopted the ten principles contained in Borsa Italiana SpA's 'Guide to Informing the Market', which supplements current legislation and regulations.

A privileged information management procedure is also under preparation, as is a register of persons with access to privileged information as required by Law 62/05 (the "2004 Community Law") on market abuse.

The Internal Dealing Code

At its meeting of 23 February 2005, the Board of Directors decided to update the Internal Dealing Code - originally adopted on 6 November 2002 in compliance with the rules issued by Borsa Italiana SpA - by inserting certain amendments.

On the basis of these rules the Code identified as Relevant Persons, as well as the Directors, Statutory Auditors and General Managers, those heading up the Parent Company departments: Administration, Finance, Control, Legal and Corporate Affairs, Communication and Institutional Affairs, and Investor Relations, together with the main subsidiaries' Directors, Statutory Auditors and General Managers and department heads, to be identified by the Managing Director. The key factor is whether by reason of their job these persons have access to price- or business-sensitive information.

The Code requires that Relevant Persons in the Parent Company give timely information of transactions involving Parent Company financial instruments carried out, within the limits laid down by the Code, by the individual Relevant Person and/or his or her spouse not legally separated, by children that are minors, or caused to be carried out by intermediaries, trust companies or subsidiaries, the information to be given to the Head of Legal and Corporate Affairs, as the person responsible for implementation of the Code.

For its part the Parent Company will without delay inform the markets of transactions involving its financial instruments which, singly or when added together, are for an amount equal to or greater than €50,000. The Parent Company will inform the market on a quarterly basis of transactions that taken singly or grouped with other transactions carried out in the current solar quarter (and thus not reported to the Parent or to the market) exceed the €100,000 threshold. Transactions carried out as part of a personal asset management relationship will not be included, provided that the Relevant Person has renounced the right to impart instructions.

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 rules of the Code to which Relevant Persons are subject are tantamount to compulsory and mandatory instructions issued by the Board of Directors, failure to observe which entails disciplinary measures. In order to promulgate the contents of the Code throughout the Group, the Parent Company has adopted a Group procedure designed to identify Relevant Persons within Autogrill SpA and its subsidiaries.

Amendments to the Code are under preparation to bring it into line with Law 62/05 (the "2004 Community Law") on market abuse.

Rules for Shareholders' Meetings

The Rules for Shareholders' Meetings were adopted in order to conduct the meetings in an orderly and efficient manner. They can be consulted on our website www.autogrill.com

Investor Relations

This department is responsible for relations with the domestic and international financial community. It can be contacted at the following address:

Ufficio Investor Relations
- Elisabetta Cugnasca - Analysts and Investors
- Mark Ratych - VP Corporate Finance Autogrill Group, Inc. and Group Investor Relations Manager

Centro Direzionale Milanofiori - Strada 5, Palazzo Z - 20089 Rozzano (MI)
tel.: +39 02 48263246 - fax: +39 02 48263557 - e-mail: investor.relations@autogrill.com

Organisational and Business Model pursuant to Legislative Decree 231/01

In order to ensure that our 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.

The Parent Company took steps to record the activity for which each organisational structure was responsible, to identify the corporate functions involved in activity more exposed to the risks detailed in LD 231/01 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 asessment of the adequacy of these measures.

Accordingly the Model includes policies and measures designed to ensure that our 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 the prescriptions might not be observed or when changes are made to the organisation or its business.

On 23 February 2005 the Board of Directors updated the Model to cover new offences, in accordance with Confindustria guidelines and attributed corporate status to the Supervisory Body, appointing as its members: one Statutory Auditor, Gianluca Ponzellini, one member of the Audit Committee, Alfredo Malguzzi and the Head of Internal Auditing, Silvio De Girolamo.
These members of the Supervisory Body were confirmed by the Board of Directors at its meeting of 27 April 2005.

In 2005, the Supervisory Body met 3 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;
- the tasks carried out by Internal Auditing to ensure that corporate activity and processes were in line with the Model.

Company procedures and codes of behaviour are currently undergoing revision and updating in compliance with market abuse regulations (L 62/05) and the new rules to protect savings and financial markets (L 262/05).

Data Protection

The Parent Company took steps to implement and update for 2005 its 'Security Plan' (DPS), as required by the data protection Act and drawn up with special regard to the Company's particular needs.
In 2005, the Parent Company continued to take measures to ensure that existing rules were complied with, specifically by:
(i) training all staff responsible for data processing, by means of a specific course;
(ii) updating the record of databases containing sensitive information;
(iii) adopting new security procedures in respect of the treatment and conservation of personal data contained in paper-based files;
(iv) activating existing security procedures especially with regard to computer access at points of sale;
(v) updating current rules of procedure in respect of video-surveillance equipment;
(vi) activating a new personnel assistance service through a call center.

Equity Investments held by Directors, Statutory Auditors or General Managers of Autogrill SpA

As required by Section 79 of the Implementation Regulations of LD 58/98, as adopted by Consob by resolution # 11971 dated 14 May 1999, it is hereby stated that no person who in 2005 held (even if only for part of the year) the office of Director, Statutory Auditor or General Manager of Autogrill SpA holds any equity interest in Autogrill SpA or its subsidiaries.

Treasury Shares

At 31 December 2005, neither the Parent nor the other consolidated companies held treasury shares or shares in subsidiaries, nor did they purchase or sell any such shares in 2005.

Proposed Shareholders' Meeting Resolutions

Appropriation of Net Profit for the Year

Shareholders:

Net profit for the year ended 31 December 2005 was €90,007,974.00. Your Board of Directors proposes to distribute a dividend, before any withholdings required by law, of €0.24 per share.

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 Statutory Auditors' Report and the External Auditors' Report by Deloitte & Touche SpA;

- having examined the Accounts at 31 December 2005 which show a net profit for the year of €90,007,974.00;

resolves

a) to approve:
   - the Directors' Report on Operations;
   - the Balance Sheet, the Income Statement and the Notes to the Accounts of the financial year ended 31 December 2005 which show a net profit for the year of €90,007,974.00;

b) to appropriate the net profit for the year of €90,007,974.00 as follows:
   - 5% to legal reserves, ie, the amount of €4,500,399.00;
   - 0,24 € to the 254,400,000 shares, ie, the amount of €61,056,000.00;
   - to other profit reserves the amount of €24,451,575.00.

c) to fix the dividend payment date as from 25 May 2006, coupon date 22 May 2006."

Appointment of the Board of Statutory Auditors

Shareholders:

On approval of the 2005 Accounts the mandate of the Board of Statutory Auditors expires.You are therefore required to appoint the Company's Board of Statutory Auditors for the three-year period 2006-2008.
The Shareholders' Meeting is specifically required to appoint Statutory Auditors and their Alternates, to appoint the Chairman of the Board of Statutory Auditors and to fix the compensation of the members of the Board of Statutory Auditors.
The Board of Directors asks the Shareholders to elect the Board of Statutory Auditors in accordance with the procedure detailed in Article 19 of the Articles of Association.
Pursuant to LD 58/98, Section 148, as amended by L 262/05, which requires that the chairman of the Board of Statutory Auditors be appointed by the Shareholders from the Statutory Auditors elected by the minority (more correctly: from the Statutory Auditors that are not Alternates taken from the list of the minority), you should note that the provision of Article 19 of the Articles of Association whereby the chairmanship of the Board of Statutory Auditors is to be given to the first candidate of the list that has obtained the largest number of votes, will not apply.
You should also note that, pursuant to Article 2400 of the Italian Civil Code as amended

by L. 262/05, on appointment but before acceptance of the appointment the Shareholders' Meeting is to be informed of the offices - directorships or auditorships - held by the Statutory Auditors in other companies; accordingly newly elected Statutory Auditors are asked to confirm or revise the contents of their curricula vitae already deposited with the Company.

The Board of Directors, having noted the requirements of law and the Articles of Association in respect of the structure, duration and appointment procedure of the Board of Statutory Auditors and its Chairman,

asks the Shareholders' Meeting

- to vote on the lists of candidates for the office of Statutory Auditor or Alternate Auditor of the Company as presented under Article 19 of the Articles of Association;
- to appoint the Chairman of the Board of Statutory Auditors;
- to fix the compensation of the members of the Board of Statutory Auditors.

Appointment of External Auditors for the 6-year Period 2006-2011

Shareholders:

With its audit of the Parent Company and the Consolidated Accounts for 2005 the audit mandate for the years 2003, 2004 and 2005 awarded to Deloitte & Touche SpA by the Autogrill SpA Shareholders' Meeting of 20 March 2003 expires

In order to identify an auditing firm to appoint for the 6-year period 2006-2011 and to create the conditions to arrive at an optimal decision with regard to technical and organisational matters and cost, three prime auditing firms - viz. PricewaterhouseCoopers with offices in Milan ("PricewaterhouseCoopers"), KPMG with offices in Milan ("KPMG") and Ernst & Young with offices in Milan ("Ernst & Young") - were contacted. The current firm Deloitte & Touche with offices in Milan ("Deloitte & Touche") was also asked to bid for an extension of its mandate for a further three years, provided that the law and regulations permitted it.

Ernst & Young decided not to bid, but to continue to offer its advisory services in other fields than auditing.
The Audit Committee was consulted for its opinion of the bids presented.

On the basis of the information given above, we propose to award the mandate for the 6-year Period 2006-2011 to KPMG, whose bid was adjudged the most suitable overall in technical, organisational and cost terms.
KPMG's proposed professional services, attached hereto, is summarised as follows:

	Hours	Fees (€)
a) Auditing of the Accounts of Autogrill SpA and the consolidated Accounts of the Autogrill Group;	1,900	177,500
b) Limited audit of the Autogrill Half-yearly Report;	400	37,500
c) Auditing of the Accounts of subsidiaries following autonomous appointment;	7,928	889,400
The bid includes the following additional services:		
d) Identification of improvements to the Internal Control System;	900	120,000
e) Examination of the Group's Sustainability Report;	700	80,000
f) Auditing the consideration payable to landlords,		
• for Autogrill SpA;	200	15,000
• for the US subsidiaries of Autogrill SpA;	7,750	916,667
g) Auditing of benefit plans of the US subsidiaries of Autogrill SpA	550	94.167

The hours and fees shown in the table (calculated on the basis of current tariffs) refer to all six financial years and to the work to be done for Autogrill SpA and its subsidiaries.
In addition, expenses borne in order to carry out the work will be billed, eg, off-site accommodation and travel, supplementary costs relating to technology and secretarial and communication services within a fixed limit of 10% of the fees billed for the specified services (except services relating to the audit of benefit plans as per (g) in the table, for which the fixed maximum limit will be 5% of

fees), the supervisory fee payable to Consob, and VAT.

Autogrill SpA's subsidiaries will appoint their respective auditing firms autonomously.
The hours and consequently the fees shown in the table are based on the current situation and may therefore change in line with any changes in the structure of the Parent or the Group or in internal organisation and the size of the business undertaking, which may require greater or smaller commitment of resources than currently.
The fees indicated in the bid will be adjusted by the Shareholders' Meeting of Autogrill SpA, after the work has been done, if and only if exceptional or presently unforeseeable circumstances have arisen during the mandate which make such an adjustment of the original figures necessary.
The fees shown in the table will also be adjusted to take into account any future changes to the tariffs and may increase as from 1 July of any year starting from 2007, within the limit of the Istat cost-of-living index increase over the previous year.

Proposed Resolutions

Shareholders:

If you are in agreement with our proposal, we ask you to pass the following resolution:
"The Ordinary Meeting of the Shareholders:
- having examined the explanatory note of the Board of Directors;
- having taken note of the favourable opinion of the Board of Statutory Auditors;

resolves

1) to award to the auditing firm KPMG SpA having its main office in Milan, for the 6-year period 2006-2011:
   a) a mandate under DL 58/98 Section 159 to audit the Accounts of Autogrill SpA for the financial years 2006, 2007, 2008, 2009, 2010 and 2011, and to make periodical checks on the proper keeping of the company's books of account and the correct recognition in the accounts of business undertaken, the fee for each of the above financial years to be fixed at €160,000 (onehundredsixtythousand euros);
   b) a mandate under DL 58/98 Section 15 to audit the consolidated Accounts of the Autogrill Group for the financial years 2006, 2007, 2008, 2009, 2010 and 2011, to include co-ordinating the audit of the consolidated Accounts and checking the methods of consolidation, the fee for each of the above financial years to be fixed at €17,500 (seventeenthousandfivehundred euros);
   c) a mandate to carry out a limited audit of consolidated half-yearly Reports at 30 June of each year for the duration of the mandate as recommended by Consob Advice # 97001574 dated 20 February 1997, the fee for each of the above financial years to be fixed at €37,500 (thirtyseventhousandfivehundred euros);

2) to fix at €889,400 (eighthundredeightyninethousandfourhundred euros) the inclusive fee for each financial year of the period 2006-2011 for the auditing of the Accounts of Autogrill SpA's subsidiaries as listed in the attachment to KPMG's Audit Proposal (Attachment A). The mandate includes the following additional services:
   d) identification of improvements to the Internal Control System and of the administrative, organisational and IT systems, the fee for each of the above financial years to be fixed at €120,000 (onehundredtwentythousand euros);
   e) examination of the Group Sustainability Report, the fee for each of the above financial years to be fixed at €80,000 (eightythousand euros);
   f) auditing the consideration payable to the landlords under current contracts , subject to receipt of a mandate from the interested company, the fee to be fixed at €15,000 (fifteenthousand euros) for Autogrill SpA and €916,667 (ninehundredsixteenthousand-sixhundredsixtyseven euros) for Autogrill SpA's US subsidiaries;
   g) auditing the benefit plans of Autogrill SpA's US subsidiaries subject to receipt of a mandate from the interested company, the fee to be fixed at €94,167 (ninetyfourthousandonehundredsixtyseven euros);

3) that to the above fees, calculated on the basis of current tariffs, there will be added expenses incurred in order to carry out the work, eg, off-site accommodation and travel, supplementary

costs relating to technology and secretarial and communication services within a fixed limit of 10% of the fees billed for the above-specified services (except services relating to the audit of benefit plans as per (g) in the table, for which the fixed maximum limit will be 5% of fees), the supervisory fee payable to Consob, and VAT. The above hours and consequently the fees are based on the current situation and may therefore change in line with any changes in the structure of the Parent or the Group or in internal organisation and the size of the business undertaking, which may require greater or smaller commitment of resources than currently. The fees indicated in the bid will be adjusted by the Shareholders' Meeting of the mandating company, after the work has been done, if and only if exceptional or presently unforeseeable circumstances have arisen during the mandate which make such an adjustment of the original figures necessary. The fees given above will also be adjusted to take into account any future changes to the tariffs and may increase as from 1 July of any year starting from 2007, within the limit of the Istat cost-of-living index increase over the previous year.

4) to give the Chairman of the Board of Directors and the Managing Director every necessary power and discretion, to be exercised singly and if desired through empowered persons appointed by them, to formalise the mandate awarded herein in accordance with the above-specified procedures."

Proposal to Purchase Treasury Shares

Shareholders:

We advise that under the resolution taken by the Ordinary Meeting of the Shareholders on 27 April 2005 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 # 11971/99 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, 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 §3, of the Italian Civil Code.
The maximum quantity of the shares for which authorisation to trade is sought is equal to about 0.24% 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 available reserves of €34,823,378 (thirtyfourmillion eighthundredtwentythreethousandthreehundred-seventyeight euros). A Reserve for the purchase of Treasury Shares will be set aside in the Accounts in the amount of €30,000,000 (thirtymillion 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 Bourse 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 Bourse 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 Article 144bis §1(b) of Consob Regulations.

7) Information regarding the purchase of treasury shares in order to reduce Company capital.
The purchase is not 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 SpA:
- having examined the explanatory note of the Board of Directors;
- considering the Accounts at 31 December 2005 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 2005;
- 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 subsequent sale, on one or more occasions and at any time, of Autogrill SpA ordinary shares with a par value of €0,52 (fifty-two euro cents) in the maximum quantity of 2,000,000. 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 Bourse 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 Bourse 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 pricePurchase(s) of treasury shares will be made within the maximum allocation of the Reserve for the purchase of Treasury Shares of €30,000,000 (thirtymillion euros) and in any case within the legal limit and therefore that of available 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 §1(b) of Consob Regulations as adopted by resolution # 11971/99 as amended;
- to entrust the Board of Directors with a mandate 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, on 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."

Principal Transactions between the Parent Company and its Subsidiaries and Associates

(€m)		Autogrill Group, Inc.	Autogrill Overseas Inc.	Autogrill Finance SA	Autogrill Belgie NV	Autogrill Nederland BV	Autogrill España SA	Aldeasa SA
Income Statement:	**Sales of products**	-	-	-	-	-	119	-
	Other income and recoveries for the year	123	1	12	25	31	74	58
	Financial income	3,443	3,399	4,318	-	-	4,334	7,520
	Financial cost	337	-	-	-	-	-	-
	Purchase of assets	-	-	-	-	-	-	-
	Service costs	-	-	-	-	-	-	5
	Cost of leases etc	-	-	-	-	-	-	-
Balance Sheet:	**Accounts payable**	-	-	-	115	53	82	15
	Financial liabilities	-	-	-	-	-	-	-
	Accounts receivable	75	-	48	25	31	70	58
	Financial assets	174,133	84,010	110,438	-	-	217,634	261,074

HMSHost Europe GmbH	Autogrill Austria AG	Autogrill Hellas EpE	Autogrill Schweiz AG	Autogrill Côté France SAS	Nuova Sidap Srl	Nuova Estral Srl	Autogrill International Srl	Aviogrill Srl	Autogrill Doo	HMSHost Ireland Ltd.	HMSHost Sweden Ltd.
-	157	85	-	-	-	-	-	1,384	-	-	-
-	311	31	236	867	1	1	90	292	-	-	-
-	137	-	-	-	-	-	84	-	2	1	-
5	-	-	-	-	-	-	12	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	115	81	-	-	-	-	-
-	25	5	41	155	19	19	-	12	-	-	-
600	-	-	-	-	8	2	-	967	-	-	-
-	194	22	230	400	-	-	1	197	155	13	1
-	4,965	-	-	-	-	-	76,243	504	443	1,001	-

Consolidated Accounts

Balance Sheet and Income Statement


Porte A
Salle d'atte
Waiting ro

Consolidated Balance Sheet

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


Porte A
Voitures 7 à 18
Coaches 7 to 18
Salle d'attente Porte A
Waiting room Porte A

Consolidated Income Statement

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

	Earnings per Share (in euro cents)		
	- non-diluted	51.1	36.7
	- diluted	50.6	36.3


Porte A
Voitures 7 à 18
Coaches 7 to 18
Salle d'attente Porte A
Waiting room Porte A

Changes in Consolidated Shareholders' Funds

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

Consolidated Gains (Losses) taken directly to Equity

(€k)	2005	2004
Opening balance of the IAS 32-39 valuation reserve at 1.1.2005	(8,649)	
Gains recognised directly in the hedging instrument valuation reserve (1)	7,794	-
Gains recognised directly in the convertible bond fair value adjustment reserve (2)	125	-
Gains (losses) recognised directly in the conversion reserve	23,633	(6,579)
Gains (losses) recognised directly in Shareholders' Funds attr. to the Group	**22,903**	**(6,579)**
Transfers from the hedging instrument valuation reserve	(857)	-
Total	**22,046**	**(6,579)**

(1)
Net of €4,158k relating to the tax effect recognised in "Other reserves and retained profit".

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

Consolidated Cash Flow Statement

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

(1) Includes the conversion difference on profit items.

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

Reconciliation of cash and other net liquid assets

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

(2) **Detail of net cost of consolidated equity investments**

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

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Notes to the Accounts

Accounting Policies and Consolidation Methods

General Policies

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

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

The Group has adopted IFRS without exceptions.

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

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

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

Structure, Format and Content of the Accounts

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

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

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

The individual accounts of each company within the scope of consolidation are prepared in the currency of the main area of their business (functional currency). For the purposes of the Consolidated Accounts the accounts of each foreign entity are expressed in euros. When the accounts are being prepared by the individual entities transactions in currencies other than euros are initially recognised at the exchange rate ruling on the date of the transaction.
On the balance sheet date monetary assets and liabilities are reconverted at the rates ruling on that date and the related adjustment is taken to the Income Statement.

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

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

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

Scope and Methods of Consolidation

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

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

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

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

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

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

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

Business Combinations

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

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

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

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

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

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

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

Associates

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

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

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

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

Joint Ventures

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

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

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

Recognition of Income and Expense

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

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

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

Employee Benefits

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

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

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

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

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

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

Tax

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

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

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

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

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

Deferred tax is calculated on the basis of the tax rate that is expected to rule when the asset is realised or the liability is settled.
Deferred tax assets and liabilities are disclosed as a net balance when it is legally possible to offset current tax assets and liabilities and provided they are payable to the same tax authority and the Group intends to settle current tax assets and liabilities on a net basis.

Non-current Assets

Intangible Assets

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

Licences and Similar Rights	
- Licences to use software applications:	3 years
- Cost of authorisation to sell State monopoly merchandise:	the validity of the licence
Other	
- Commissioned software applications:	3 years
- Other costs to be amortised:	5 years, or the life of the underlying contract

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

Property, Plant and Equipment

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

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

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

Property, plant and equipment are systematically depreciated every year on a 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 expected to be borne on expiry of the relevant contract to bring the asset into the contractually agreed state of conservation, assuming that maintenance will continue to be carried out properly and in a timely manner. Components of significant value (in excess of €500,000) or with a different useful life (50% greater or less than that of the asset to which the belongs) are considered separately in the depreciation calculation.

The following depreciation rates are used:

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

Land is not depreciated.

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

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

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

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

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

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

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

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

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

Impairment Losses on Property, Plant and Equipment and Intangible Assets

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

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

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

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

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

Current Assets and Liabilities

Current Assets and Liabilities

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

Financial Assets and Liabilities

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

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

Financial Assets
Financial assets are recognised and reversed off the Accounts on the trade date and are initially recognised at cost, including direct acquisition costs.
On subsequent balance sheet dates, the financial assets that the Group has the intention and capacity to hold to maturity (held to maturity securities) are recognised at amortised cost net of impairment losses.

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

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

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

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

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

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

Derivative Instruments and Hedge Accounting
The Group's liabilities are primarily exposed to financial risks linked to changes in interest rates. The Group uses financial derivatives to manage interest rate risk. They are mainly interest rate swaps, forward rate agreements, interest rate options, and combinations of these. It is specifically Group policy to convert part of its floating-rate liabilities to fixed-rate and designate them cash flow hedges.
The use of hedging instruments is regulated by Group policies approved by the Board of Directors which has laid down precise written procedures for the use of derivatives in accordance with the Group's risk management strategy. Derivative contracts have been entered into with counterparties selected among the most financially solid, in order to reduce the risk of default. The Group makes no use of derivatives for trading purposes. See the policy described on page 136.

In line with the requirements of IAS 39, derivatives may be:
(i) accounted for under hedge accounting if and only if, at the origination of the hedge, the hedging relationship is formally designated and documented as such, (ii) the hedge is considered effective, (iii) its effectiveness can be reliably measured and (iv) the hedge is effective during all the accounting periods for which it is designated.
All financial derivatives are measured at fair value as required by IAS 39.

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

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

Provisions

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

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

Use of Estimates

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

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

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

Acquisitions in 2005

In 2005 the Group acquired the Aldeasa Group, Steigenberger Gastronomie GmbH and Poitou-Charentes Restauration SA.
These transactions were recognised in accordance with IFRS 3.

Aldeasa SA

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

Business

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

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

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

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

The Tender Offer

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

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

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

Autogrill Group's investment through Autogrill España SA and R.A.F. was €375m, of which €368.2m related to its 50% share of the price of the shares purchased by R.A.F., and €6.8m the transaction costs borne by R.A.F. (Autogrill's share €5,3m) and Autogrill España SA (€1.5m).

The acquisition was completed on 21 April 2005.

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

How the Acquisition was financed

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

Consolidation

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

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

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

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

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

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

Steigenberger Gastronomie GmbH

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

Business
Steigenberger is one of the main providers of catering in Frankfurt airport. It has about 20 points of sale and in 2004 it achieved sales of €9.4m.
It operates under concession contracts of various durations, expiring out to 2015.

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

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

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

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

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

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

Poitou-Charentes Restauration SA

Through Autogrill Côté France SAS, Autogrill purchased 100% of the shares in Poitou-Charentes Restauration SA, the company that manages the service area of the same name on the A10 Paris-Bordeaux motorway (France) under a concession expiring in 2012.
The structure is added to and completes an outlet already run by Autogrill at the same location.

The price paid was €3.7m.

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

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

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

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

Other Information

Transactions with the Controlling Entity Edizione Holding SpA

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

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

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

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

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

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

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

All the liabilities are current.

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

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

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

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

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

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

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

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

All Accounts payable are current.

Transactions and Balances with the Autostrade Group and Grandi Stazioni SpA

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

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

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

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

Costs refer to concession rents and related additional costs.

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

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

All Accounts payable are current.

Notes to the Balance Sheet

Current Assets

I. Cash and other liquid assets

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

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

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

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

II. Other financial assets

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

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

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

III. Other assets

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

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

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

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

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

IV. Inventory

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

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

Non-current Assets

V. Property, Plant and Equipment

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

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

Impairment losses were €2,907k in 2005, of which the US share was €2.356k and that of the European undertakings €551k, and were determined following the results of future earnings tests carried out on individual outlets or contracts. These tests are based on projected cash flow without taking possible efficiency gains into account over and above Group standards, which could be achieved by reorganising individual companies.
The discount rate used was gross of tax and varied according to the cost of money and the specific business risks associated with each country of operation. The rates used were between 5.3% and 6.7%.

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

Other includes leasehold improvements which refer to costs borne to set up or adapt leased premises or concessions.
This item comprises costs sustained to realise points of sale within the airport segment, along motorways and in US shopping malls, as well as numerous European outlets.

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

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

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

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

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

VI. Goodwill

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

Geographical Distribution of Goodwill:

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

The item increase comprises additions following the mentioned acquisitions and net conversion differences of €60,581k.
Goodwill of €5,685k was also recognised in connection with the opening of new businesses in Italy.

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

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

VII. Other Intangible Assets

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

The conversion effect was positive in the amount of €3,047k. In 2005 there were impairment losses of €2,746k, which refer mainly to units operating in Spain (€1,363k) and were recognised following the results of tests of future cash flow in respect of individual outlets or concessions.
The Parent Company also recognised write-downs of €1,383k on software which was replaced in 2005 as part of the revision of the Group's general IT plan.

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

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

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

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

VIII. Equity Investments

Essential Information.

Company Name (€k)	Main Office	Country	Currency	Turnover	Profit/(loss) for the year	Total Assets	Total Liabilities	Carrying Value
Associates								
Union Services Sarl	Luxembourg	Luxembourg	€	-	75	417	183	16
Estación Aduanera de Zaragoza SA	Saragozza	Spain	€	n.d	-	n.d	n.d	207
Creuers del Port de Barcelona SA	Barcellona	Spain	€	n.d	3.100	n.d	n.d	1.211
HMSC-AIAL Ltd.	Auckland	New Zealand	NZD	6,745	77	4,373	682	1,848
Others								630
Subsidiaries								
HMSHost Sweden AB	Stockholm	Sweden	SEK	33	(264)	1,567	1,562	267
HMSHost Ireland Ltd.	Dublin	Ireland	€	-	(18)	2,641	2,659	-
Autogrill Doo	Ljubjana	Slovenia	SIT	21	(175)	906	792	114

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

IX. Other Financial Assets

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

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

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

X. Loans (minorities)

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

XI. Deferred Tax Assets

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

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

The neutralisation of temporary differences and the use of tax losses brought forward which gave rise to the deferred tax asset, is deferred over time.
The portion which will be neutralised in the following year is estimated at €30,908k.
The deferred tax asset shown in the accounts will be recoverable after the fifth year in the amount of €29m circa.
In the meantime further net temporary differences could be generated by the US companies in particular.

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

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

Breakdown of Deferred Tax Assets net of Deferred Tax Liabilities:

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

XII. Other Assets

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

Current Liabilities

XIII. Other Liabilities

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

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

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

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

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

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

XIV. Due to Banks

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

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

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

XV. Other Financial Liabilities

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

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

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

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

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

Non-current Liabilities

XVI. Other Liabilities

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

XVII. Borrowings (net of current portion)

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

The change in medium/long-term debt was due to the acquisition of the Aldeasa Group, which was financed by two borrowings totalling €500,000,000.
Long-term bank debt at 31 December 2005 was made up as follows:
- a 10-year loan of €200,000,000 - bullet repayment on maturity;
- a 7-year revolving line of credit of €300,000,000 part utilised at 31 December 2005;
- a syndicated loan signed by the Parent Company on 19 March 2004 for an original amount of €800,000,000 to be drawn in several tranches with repayment varying from 12 months to 5 years. On 12 April 2005 one tranche of €150,000,000 was prepaid, reducing the average life to about 2.5 years. At 31 December 2005 this syndicated loan was thus structured as follows:
  1. 2 tranches, wholly utilised, for a total of €350,000,000, repaying from September 2006 to March 2009; the amount maturing in 2006 is €58,300,000;
  2. One revolving tranche of €150,000,000 available to March 2009 which was unutilised at 31 December 2005.

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

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

XVIII. Bonds in Issue

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

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

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

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

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

XIX. Deferred Tax Liabilities

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

XX. TFR and Other Employee Benefits

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

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

XXI. Provisions

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

> *Taxprovision*

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

> *Disputeswith other parties*

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

> *Variousrisks*

This provision mainly concerns (as to €15,539k) the US subsidiary's Self-insurance provision which was set aside to cover uninsured third-party liability and the Parent Company, as to €19,929k, in respect of provisions for compliance with regulations, concession renewal costs, and disputes with employees and social security bodies. In 2005 prudential allocations were made in respect of possible losses arising out of contract disputes (€5,019k), social security disputes (€1,305k) and employee disputes (€4,961k), as well as compliance with regulations (€655k).
These amounts were all recognised in the Provisions item in the Income Statement, but, on the basis of the nature of the provision, €3,916k were included under Rents, concessions and royalties and €1,442k under Payroll and benefits.
Uses during the year were mainly due to the US subsidiary's Self-insurance provision mentioned above.

> *Aldeasaacquisition*

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

> *Refurbishmentcosts*

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

> *Onerouscontracts*

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

XXII. Shareholder's Funds

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

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

In view of the conditions under which the transaction was carried out and the redemption of 90% of the issue on 15 June 2004, the maximum number of issuable shares under the conversion clause is about 2,478,000. The issuer has the option of redeeming the bond at any time prior to maturity, and bondholders can redeem on 15 June 2009.
Autogrill shares have been traded on the screen-based Italian Bourse since 1 August 1997.
Changes in Shareholders' Funds items during 2005 are shown in the table on page 93.

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

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

Income Statement

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

XXIII. Revenue

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

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

Retail includes €70,992k relating to fuel sales mainly in Swiss and Italian motorway service areas (€63,633k in 2004).
In the summarised results given in the Report on Operations this revenue is reclassified as Other income, net of purchase costs.

XXIV. Other Income

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

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

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

XXV. Raw Materials, Items for use and Merchandise

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

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

XXVI. Payroll and benefits

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

Newly consolidated companies contributed €24,806k to the item total.
Average staff numbers, in terms of FTE (full time equivalent), 39,249 (35,685 in 2004).

XXVII. Rents, Concessions and Royalties

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

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

XXVIII. Other Operating Costs

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

Newly consolidated companies contributed €15,649k to the item total, of which €13,192k related to the cost of materials and external services.
Other services include costs for various services, eg, sanitary inspections, PR, general services and internet services.
Other costs for materials refer to purchases of non-capital equipment and consumables, eg, uniforms, stationery and publicity material.

XXIX. Depreciation

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

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

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

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

XXXI. Gains (Losses) on Financial Transactions

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

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

XXXII. Financial Costs

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

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

XXXIII. Tax

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

In 2005 the Group's tax rate, excluding IRAP, was 37.9%.
Below is a reconciliation of the tax charge recognised in the Accounts to the theoretical tax charge.

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

(€k)

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

Management of Interest Rate and Exchange Rate Fluctuations

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

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

(a) Interest rate risk – The aim of risk management is to control financial cost within a risk limit, ie, a range of variability of the amount of liabilities and/or the financial cost itself. This entails – through a mix of fixed- and floating-rate liabilities – the predetermination of a portion of financial cost out to a time horizon in keeping with the structure of debt, which in turn is to be in line with capital structure and future cash flow. Where it is not possible to obtain the desired risk profile in the capital markets or through the banks, this is structured using derivatives for amounts and maturities in line with those of the reference liabilities. The instruments used are IRSs.

(b) Exchange rate risk – The aim of risk management is to neutralise exchange rate risk on debt and credits in currencies other than the euro arising out of financial transactions. The instrument used for this kind of hedge is solely forward purchase/sale of currency.

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

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

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

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

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

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

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

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

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

Sectoral Information

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

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

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

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

Results by Geographical Area

	2005						
(€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	56,384	8,135	12,495	7,866	8,378	-	93,258
Inter-segment revenue	739	-	1,407	-	2,465	(4,611)	-
Total revenue and other income	**1,142,228**	**1,662,229**	**637,965**	**244,504**	**10,843**	**(4,611)**	**3,693,158**
Depreciation and impairment losses on tangible and intangible assets	(38,452)	(91,585)	(42,209)	(4,314)	(3,827)	-	(180,387)
Operating profit	**127,790**	**133,175**	**31,473**	**25,367**	**(22,943)**	**-**	**294,862**
Capital expenditure	**58,193**	**105,262**	**28,359**	**3,147**	**-**	**-**	**194,961**
Total assets	**583,850**	**772,587**	**453,909**	**136,562**	**717,225**	**(1,202)**	**2,662,931**

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

Results by Business Segment

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

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

Guarantees given, Commitments and Contingent Liabilities

Guarantees

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

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

Commitments

Commitments outstanding at 31 December 2005 refer to:

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

Contingent Liabilities

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

Operating Leases

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

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

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

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

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

1) *Access Concession*: ownership of the land and buildings along the motorway is in the hands of a private firm (eg, Autogrill) which negotiates access rights with the motorway company with the commitment to sell fuel and lubricants or food and beverages to motorway users. The firm accepts the obligation to pay rent to the motorway as well as certain stipulations regarding the way the services are to be provided and the continuity of service.

2) *Area Concession*: the motorway company authorises an entity (i) to build a service station and/or shop/restaurant on land which it owns and (ii) to carry on this business against payment of rent based on turnover with certain stipulations regarding the way the services are to be provided and the continuity of service.

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

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

3) *Service Concession*: the motorway operator authorises separate contractors by means of separate independent contracts (i) to build a service station and/or shop/restaurant on land which it owns and (ii) to carry on this business against payment of rent based on turnover with certain stipulations regarding the way the services are to be provided and the continuity of service. On expiry of the contract the buildings and equipment used for provision of services are transferred free of charge to the landlord (the motorway company). Service concessions are also used in airport terminals where the contractor is authorised to sell food and beverages after installing the necessary equipment and furnishings at its own expense, against payment of rent - usually based on turnover - and undertaking to ensure continuity of service within opening hours specified by the landlord. The obligation to transfer to the landlord on expiry of the concession the structures and equipment used for provision of services is not common, but not impossible.

4) *Business lease and commercial lease*: leasing a business or parts thereof confers the right to use rights and/or buildings, equipment etc. to serve food and beverage products. In some cases the company consists of an authorisation to operate and an administrative licence. In this case the lessee undertakes the necessary capital expenditure and provides the service. In other cases, a firm leases a company consisting of both the authorisation and the necessary buildings and equipment. Leasing a company in the concession segment entails the obligation to ensure continuity of service and payment of a composite rent, which includes all amounts due to the landlord.

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

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

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

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

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

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

(1) US market.

Amounts in €k.

The Transition to IFRS

First-time Adoption of IFRS

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

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

The 31 December 2005 Accounts contain the reconciliations required under IFRS 1, including reconciliations and explanatory notes relating to shareholders' funds and consolidated net profit for the year, under Italian GAAP and IFRS, as at the following dates:
- 1 January 2004, ie, the date of transition to IFRS, the beginning of the first comparable period;
- 31 December 2004 (Balance Sheet and Income Statement).

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

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

IFRS 1 sets out the procedures for transition to IFRS. It requires the preparation of a consolidated balance sheet at the IFRS transition date (1 January 2004, as per the EU timetable). This was done according to the following principles:
- all assets and liabilities required to be recognised under IFRS were included, even where this was not permitted under Italian GAAP;
- no assets or liabilities that may not be recognised under IFRS were included;
- all Italian GAAP items accounted for in ways not permitted by IFRS were reclassified.

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

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

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

Reconciliations required by IFRS 1

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

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

Explanatory Notes

Bonds

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

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

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

Derivatives

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

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

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

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

Explanatory Notes

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

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

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

3. Call options for the purchase from others of unlisted equity investments
Under IFRS the present value of an option that can be exercised by the Group towards other counterparties for the acquisition of equity interests in unlisted subsidiaries is measured within the present value of

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

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

Under IFRS, since the option has already been exercised, the effects should be reflected in the Accounts. The liability was therefore recognised in the amount of €7.918k, reducing minorities by €31k, ie, 5% of shareholders' funds of Anton Airfood, Inc, and the goodwill thus created was recognised in the amount of €7,887k.

4. Provisions

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

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

5. Deferred tax assets

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

6. Shareholders' funds

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

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

Consolidated Balance Sheet at 31 December 2004

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

Explanatory Notes

1. Other current assets

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

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

2. Property, plant and equipment and intangible assets

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

Under the same Standard, €5,450k of the intangible asset Concessions were reclssified to Other non-current assets.
Under IAS 16 the intital cost of an asset includes anticipated costs of dismantling and return of the site to its previous condition. The corresponding liability is recognised, in the period in which it arises, in an equity reserve under reserves for future risks and charges, at its fair value, in off-set to the associated tangible asset; recognition in the Income Statement of the capitalised cost over the life of the relevant asset occurs through depreciation.

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

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

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

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

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

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

As required by Italian GAAP, the Group had recognised among commitments to purchase the amount of the agreed price for the purchase of the residual share of 5% of Anton Airfood, Inc which was €7,341k. Under IFRS, since the option has already been exercised, the effects should be reflected in the Accounts. The liability was therefore recognised in the amount of €7.341k, reducing minorities by €29k, ie, 5% of shareholders' funds of Anton Airfood, Inc. and the goodwill thus created was recognised in the amount of €7,312k.

6. Provisions
Under IAS 37, if the liability refers to payments deferred over time, the liability is discounted at a pre-tax rate reflecting current market valuation of the current cost of money and the specific risks associated with the liability in question. The provision increases each financial year to reflect the passage of time and is recognised as interest payable.
The application of this Standard brought about a reduction of provisions of €1,930k. Specifically, on 1 January 2004 a reduction of provisions was quanitified as €3,547k, the balancing item, net of a tax effect of €1,141k, being recognised directly as an increase of Shareholders' funds, as prescibed by the first-time adoption standards.
At 31 December 2004 the effect of present-valuing was quantified as €1,930k, with the consequent recognition of rilevando financial cost of €1,617k and a tax effect of €534k in the Income Statement.

7. Shareholders' funds

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

Consolidated Income Statement 2004 (1)

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

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

Explanatory Notes

1. Payroll and benefits

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

2. Depreciation and Goodwill Amortisation

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

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

3. Financial Cost

The adjustment comprises:

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

4. Tax

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

Annex

List of Consolidated Companies and other Equity Investments

Fully Consolidated Companies:

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

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

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

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

Companies consolidated proportionately:

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

Companies accounted for at net equity:

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

Companies accounted for at cost:

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

Report of the External Auditors

Deloitte.

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

To the Shareholders of
AUTOGRILL S.p.A.

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

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 3, 2006

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

Parent Company Accounts

Balance Sheet and Income Statement

Balance Sheet

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

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

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

Income Statement

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

Notes to the Accounts

The Company's Business

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

Content and Structure of the Accounts

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

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

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

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

Valuation Principle and Accounting Policies

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

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

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

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

Amortisation Periods used for Intangible Assets

Concessions, Licences, Brands and Similar Rights	
- Licences to use software applications:	3 years
- Cost of authorisation to sell State monopoly merchandise:	the validity of the licence

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

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

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

The following depreciation rates are used:

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

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

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

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

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

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

If this option is exercised and a dividend is to be paid, reserves and profit for the year may be used for this purpose provided and to the extent that the amount of the remaining reserves (other than the legal reserve and the remaining profit brought forward) is lower than the total amount, net of related deferred tax, of the charges that have been deducted from taxable income without being imputed to the Income Statement.

- *Equity Investments*: interests in subsidiaries and associates are accounted for using the net equity method as provided by Italian Civil Code Article 2426 §1 (4) with the exception of minority interests and interests in inactive or limited-value subsidiaries, which are accounted for at cost on a LIFO basis with annual instalments. The cost is reduced for lasting loss of value; if in subsequent years the reasons for the write-down no longer apply, the original value of the asset is restored.
  Dividends paid by subsidiaries are imputed on an accruals basis, when distribution has been planned by a competent corporate body before the Shareholders' Meeting of Autogrill SpA called to approve the Accounts.

- *Inventory: stock* is valued at the lesser of the purchase or production cost including directly attributable additional costs, calculated using FIFO, and its market value; the value of stock is adjusted by a specific provision to take account of slow rotation and obsolescence.

- *Claims and liabilities*: claims are recognised at their presumed realisable value. Debts are recognised at face value. Short-term claims and liabilities in currencies other than the euro are expressed in euros at the rate of exchange prevailing at year-end. Gains or losses arising out of the conversion of individual claims and debts are taken to the Income Statement.
  Any net gain is set aside in an appropriate non-distributable reserve until it is realised.

- *Accued income/deferred expense and Accrued liabilities/deferred income* include elements of cost and income spread over two or more years, on the accruals principle.

- *TFR* - severance pay due to Italy-based employees: this is the liability to employees in respect of the amount of severance pay accruing on the Balance Sheet date asprovided by law and labour contracts.

- *Provisions*: allocations to provisions are made to cover potential liabilities, according to realistic estimates of the charges arising on settlement. Assets to be transferred free of charge and assets belonging to a leased business give rise to specific provisions to take account of the costs to be borne on contract expiry in order to meet the obligation to return those that are free of charge and to conserve those of leased businesses, assuming timely and effective maintenance.

- *Recognition of costs and income*: revenue on sales and purchase costs of goods are recognised on transfer of title. Revenue and cost for the performance of services are recognised at the time of performance. Interest payable and receivable and other income and expense are recognised and disclosed on an accruals basis, giving rise where appropriate to accrued income or liability.

- *Income tax* is recognised on the basis of an estimate of taxable income as per current regulations. As a prudential measure, deferred tax assets and liabilities connected to temporary differences between Balance Sheet and taxable values are recognised, as well as deferred tax assets relating to tax losses to be carried forward.
  Starting from the 2004 tax year, Autogrill SpA, together with its wholly-owned Italian subsidiaries (Autogrill International Srl, Nuova Sidap Srl and Nuova Estral Srl), joined the domestic tax consolidation scheme of Edizione Holding SpA, pursuant to LD 344/03, for the years 2004-2006. The regulation signed by the parties provides for payment in full of the amount corresponding to the multiplication of transferred losses or profits by the IRES (corporate tax) rate, as well as the transfer of any tax credits.
  The net current tax credit or liability for the year, in respect of IRES only, is therefore recognised as a claim on or liability to Edizione Holding SpA.

- *Financial instruments managing interest rate and exchange rate risk*: off-balance sheet financial instruments, used to manage fluctuations in interest and exchange rates, are recognised in memorandum accounts on entering into the contract, in the notional amount.
  Currency swaps and forwards are disclosed at their euro forward rate equivalent. Interest Rate Swaps are disclosed at the reference date euro rate. Income and expense arising out of these contracts are taken to the Income Statement on an accruals basis during the life of the contract with a balancing claim or liability recognised in the Balance Sheet. Options bought or sold are disclosed in memorandum accounts at the notional value of the contract. Premia on paid or received on exercised options are recognised over the life of the contract. If it is negative, the fair value of sold options is recognised in Other liabilities with a balancing item in Financial cost. If it is positive, it is disclosed in a note to the memorandum accounts. Derivatives that no longer belong to a hedging relationship are treated similarly.

- *Memorandum accounts*: the main accounting principles are the following:
  - Guarantees given: disclosed on the basis of the amount of the undertaking. The guarantee given to the holders of the Autogrill Finance SA zero-coupon bond convertible into Autogrill SpA shares is disclosed as the amount corresponding to the accrued obligation at year-end.
  - Undertakings to purchase or lease: commitments to purchase fixed assets are recognised at the purchase cost; commitments to enter into finance leases are recorded as the total of the agreed payments. Commitments assumed under hedging contracts are recognised as described above.
  - Other undertakings are disclosed at the value attributed by the owner if the undertakings refer to others' assets used by the Company or stored with the Company.

Other Information

The transfer of the following interests to Autogrill International Srl was concluded by a deed dated 14 December 2005 drawn up by Notary Enrico Bellezza as resolved on 21 April 2005:
- Autogrill Europe Nord-Ouest SA - carrying value €18,881k;
- Autogrill Hellas EpE - carrying value €1,848k;
- Autogrill Austria AG - carrying value €9,144k;
- Autogrill España SA - carrying value €10,579k.

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

Assets

B. Non-current Assets

B.I. Intangible Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Construction in progress and down-payments includes down payments of €3,512k in respect of a total price of about €5.681k which were paid to Agip Petroli SpA in 1992 for the purchase of two premises on Rome's Grande Raccordo Anulare [ring-road], which have been run by the Company since they were built.
This transaction was suspended when subsequently the decision of the Conferenza dei Servizi (ie, the project planning panel including affected local authorities, ministries, etc.), which had allowed the expropriation of the land on which the premises were built, was declared illegitimate.
This impasse has made it impossible to depreciate these assets.
The balancing charge is provided for in the Motorway business risk provision.

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

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

B.III. Financial fixed assets

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

B.III.1. Equity Investments

- B.III.1.a. In Subsidiaries

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

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

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

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

1. Autogrill International Srl: an increase in carrying value following the mentioned contribution of equity interests (€40,452k) and a capital increase of €100,000k.
   Revaluation of €14,669k of which €1,292k imputed to the Income Statement using the net equity method and €13,377k imputed to the conversion reserve, after recognition of accrued dividend, as resolved by the subsidiary's General Meeting before the Accounts of Autogrill SpA were approved, relating to net profit for 2005 of €39,818k.

2. Autogrill Finance SA: revaluation of €288k using the net equity method.

3. HMSHost Europe GmbH (formerly Autogrill Deutschland GmbH): revaluation of €133k using the net equity method.

4. Aviogrill Srl: written down by €230k using the net equity method, after recognition of accrued dividend as resolved by the subsidiary's General Meeting before the Accounts of Autogrill SpA were approved, relating to net profit for 2005 of €504k.

5. Autogrill Doo: capitalised in the amount of €305k subsequently written down by €202k, using the net equity method.

6. Nuova Estral Srl: increase of €0.2k, using the net equity method.

7. Nuova Sidap Srl: increase of €1.2k, using the net equity method.

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

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

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

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

B.III.2. Other Claims

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

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

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

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

C. Current Assets

C.I. Inventory

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

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

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

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

C.II. Accounts receivable

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

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

C.II.1. Due from Customers

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

The item breaks down as follows:

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

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

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

Amounts due from customers all fall due within 12 months.

C.II.2. Due from Subsidiaries

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

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

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

C.II.4. Due from Controlling Entities

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

C.II.4 bis. Tax Credits

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

C.II.4 ter. Prepaid Tax

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

Recognition of Deferred Tax Assets and its Effects

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

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

C.II.5. Accounts Receivable from Others
The item totalled €28,326k, an increase of €4,828k over 31 December 2004.

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

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

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

Sundry items included the amount of €2,347k (€2,251k at 31 December 2004) to be received from credit card companies for customer payments made in the year but not yet credited, prepaid premia and indemnity payments due from insurance companies, but not yet paid, amounting to €1,301k (€425k at 31 December 2004), and differentials relating to exchange rate hedging transactions amounting to €2,526k (€1,497k at 31 December 2004), the comparative amounts of which, disclosed under Accrued income and deferred expense in 2004, were reclassified for comparison purposes.

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

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

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

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

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

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

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

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

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

C.IV. Cash and Liquid Assets

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

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

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

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

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

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

D. Accrued Income and Prepaid Expenses

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

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

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

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

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

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

Sundry prepaid expenses comprised mainly one-off amounts paid to Autostrade per l'Italia SpA (€3,715k vs. €3,182k at 31 December 2004). To give a fairer picture in the Accounts, 2004 amounts were reclassified to Other accounts receivable. The item also included €1.300k prepaid to Fiera

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

Liabilities - Main Items

A. Shareholders' Funds

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

The Shareholders' Meeting held on 27 April 2005 resolved to appropriate net profit for 2004 of €77,165k as follows:
- €3,858k to the legal reserve;
- €22,427k to retained earnings;
- €0.20 dividend per share to each of the 254,000,000 shares, ie, €50,880k.

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

A.I. Company Capital

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

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

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

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

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

A.IV. Legal Reserve

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

A.VII. Other Reserves

These totalled €42,805k broken down as follows:
- Share-swap surplus reserve: €1,801k (€1,908k at 31 December 2004) the reduction being due to transfer of €106k to the treasury shares purchase reserve;

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

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

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

(A) Capital increases.
(B) Covering losses.
(C) Distribution of dividend.

Changes in Shareholders' Funds 2003 - 2004 - 2005

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

The portion of profit for the year on which tax is suspended pursuant to the TUIR [Single Income Tax Act] Section109 §4 B, which can be distributed at the conditions and within the limits specified therein, amounted to €28,840k.

B. Provisions for risks and charges

As disclosed under Deferred Tax Assets, deferred tax assets and liabilities were offset considering this treatment to be reasonable given the nature of the temporary differences and their presumed taxable period.
This entailed a reclassification of the amounts of deferred tax recorded in 2004.
At 31 December 2005 the item showed the following breakdown and changes from 2004:

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

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

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

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

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

Other risks comprised prudential allocations in respect of possible losses arising out of contract disputes (€7,575k at 31 December 2005, of which €5,019k allocated in the year), social security disputes (€1,615k at 31 December 2005, of which €1,305k allocated in the year) and employee disputes (€4,961k at 31 December 2005 entirely allocated during the year), as well as compliance with regulations (€4.354k, of which €655k allocated in the year). Uses of this provision in 2005 totalled €997k, mainly to cover the cost of meeting fire regulations.

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

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

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

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

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

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

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

D. Liabilities

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

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

(1)
Includes 5 employees at main offices abroad.

D.4. Due to Banks

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

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

All bank borrowings bear variable-rate interest.

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

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

D.5. Due to Others

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

D.7. Due to Suppliers

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

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

D.9. Due to Subsidiaries

The item totalled €2,112k, an increase of €1,687k over 2004.
It comprises €1,571k of debit balances on others' current accounts held by the Company which bear interest at market rates. The current accounts are used by the Company to settle all payment transactions.
The remaining portion of the item refers to suppliers' contributions for Group contracts, and current trading amounts.
These accounts all fall due by the end of the following year.

D.10. Due to Associates

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

D.11. Due to Controlling Entities

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

D.12. Tax

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

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

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

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

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

D.13. Due to pension and social security entities

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

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

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

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

D.14. Other liabilities

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

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

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

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

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

E. Accrued liabilities and deferred income

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

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

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

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

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

Memorandum Accounts

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

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

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

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

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

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

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

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

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

Income Statement

A. Revenue

A.1. Sales of goods and services

Breakdown of Revenue by Product.

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

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

Revenue was generated almost exclusively in Italy.

A.5 Other Income

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

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

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

Other comprises mainly:

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

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

B. Cost of Production

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

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

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

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

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

B.7. Services

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

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

The €1,772k increase in water and energy utilities is mainly due to tariff increases.
The increase in maintenance costs is mainly due to a change in the method used to account for assets to be transferred free of charge, as compared with previous years. Maintenance costs for the year are no longer charged to a provision, subsequently increased by the amount, but charged direct to the Income Statement.
Consultancy and professional services amounted to €11,848k broken down as follows:

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

B.8. Cost of use of others' assets

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

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

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

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

B.9. Personnel

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

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

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

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

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

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

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

B.10. Depreciation and Write-downs

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

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

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

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

Fixed asset write-downs are attributable, as to €1,649k, to intangible assets, and, as to €53k to tangible assets.
Write-downs of intangible assets were mainly due to the loss of the multi-year useful life of software replaced in 2005 as part of the overall revision of the Group's IT plan.

B.12. Risk Provisions

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

B.13. Other Provisions

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

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

B.14. Sundry Operating Costs

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

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

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

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

C. Financial Income and Expense

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

C.15. Dividend Income from Subsidiaries

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

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

C.16. Other Financial Income

The item totalled €31,586k, an increase of €15.044k over 2004, broken down as follows:

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

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

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

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

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

C.17. Interest Payable and other Financial Charges

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

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

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

Interest rate differentials accrued on US dollar interest rate swaps, which were closed in 2005, and on the IRSs with a notional amount of €50,000,000 entered into in 2005 to partly cover the interest rate risk on the 10-year loan taken out in the year.
Interest and commission payable and sundry expense refers mainly to advance fees paid on the syndicated loan being fully charged to the 2005 Income Statement, following a prudential decision not to treat them as having a multi-year utility.

C.17 bis. Foreign Exchange Profits and Losses

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

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

D. Value Adjustments on Financial Fixed Assets

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

E. Extraordinary Income and Charges

In 2005 no events occurred giving rise to extraordinary income or charges.
In 2004 net income of €6,531k related to the net result of the 'fiscal clean-up' €21,146k) and the charge for payments to be made under financial derivative contracts (€14,615k).

22. Tax

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

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

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

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

Directors', Statutory Auditors' and General Managers' Compensation

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

1. The title of General Manager is given to managers with divisional responsibility; they are therefore not considered to come under the category envisaged by the Resolution;

2. There is no Executive Committee;

3. The Directors do not receive stock options. The Managing Director receives annually a variable amount related to the attainment of pre-established annual and three-year results and the value created in the Company.

Compensation Paid in 2005 [1]:

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

(1) Amounts in €.

Annex

Key Information on Consolidated Companies

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

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

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

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

Company Capital	Shareholders' Funds	Profit (loss) for the year	Percent. held at 31.12.2005 directly	Percent. held at 31.12.2005 indirectly	Carrying Value (in €) (1)
788,000	958,296	50,136		50.00%	380,786
144,000	446,968	267,092		50.00%	68,602
153,600	1,786,521	128,832		51.90%	343,447
1,136,000	2,118,688	282,747		99.99%	3,272,538
1,440,000	2,115,505	515,838		70.00%	960,429
15,394,500	12,117,655	1,314,253		100.00%	1,356,000
1,050,144	4,107,473	968,978		50.00%	1,329,303
17,396,850	1,868,116	(4,517,956)		100.00%	5,802,000
515,360	4,533,871	585,588		50.00%	3,579,250
274,480	3,668,911	(70,049)		100.00%	4,989,297
1,368,000	221,158	(738,890)		100.00%	1,368,000
879,440	959,420	(463,323)		100.00%	4,399,375
1,000	92,666	91,666		100.00%	1,000
44,000	73,553	29,561		100.00%	99,953
457	(91,371)	601		100.00%	1,489
466,500	439,928	209,216		100.00%	3,654,250
n.d.	327,697,286	-		100.00%	277,780,187
125,000,000	19,784,406	(2,796,431)		100.00%	16,770,709
125,000,000	(102,704,213)	26,651,637		100.00%	(87,059,602)
125,000,000	(294,757)	-		100.00%	(249,857)
125,000,000	(505,187)	(3,000)		100.00%	(428,233)
125,000,000	(312)	-		100.00%	(264)
225,000,000	310,121,069	(20,556,622)		100.00%	262,881,299
1	6,334,935	(1,291,230)		100.00%	6,247,405
1	14,691,051	(854,782)		100.00%	14,488,064
n.d.	n.d.	n.d.		100.00%	n.d.
n.d.	n.d.	n.d.		100.00%	n.d.
n.d.	n.d.	n.d.		100.00%	n.d.
6,557,600	-	-		100.00%	-
2,500,000	-	-		100.00%	-
125,000,000	(304,536)	-		100.00%	(258,147)
125,000,000	(3,841,163)	(219,242)		100.00%	(3,256,051)
125,000,000	336,931,555	-		100.00%	285,607,828
125,000,000	10,809,344	22,544,401		100.00%	(9,162,790)
125,000,000	(15,083,579)	3,408,408		100.00%	(12,785,945)
125,000,000	(82,878,829)	-		100.00%	(70,254,158)
100,000	(57,286)	15,114		100.00%	(183,522)
125,000,000	(880,789)	-		100.00%	(746,621)
4,600,000	14,691,051	(854,782)		100.00%	14,488,064
125,000,000	(1,912)	-		100.00%	(1,621)
125,000,000	(1,832)	-		100.00%	(1,553)
125,000,000	(46,790,640)	4,768,349		100.00%	(39,663,168)
18,151	8,849,408	7,446,352		100.00%	8,849,408
1,000	5,303,696	6,535,166		100.00%	5,303,696
38,110	-	-		100.00%	-
125,000,000	(1,385,354)	(34,764)		100.00%	(1,174,328)
125,000,000	(2,015,364)	1,962,764		100.00%	1,708,370
12	392,162	(390,288)		100.00%	386,744
125,000,000	(21,767,454)	274,866		100.00%	(21,767,454)
999,998	1,620,187	(242,190)		100.00%	1,004,430
125,000,000	788,854,348	42,024,258		100.00%	668,690,640
125,000,000	(697,172)	(86,373)		100.00%	(590,974)
125,000,000	(202,298)	-		100.00%	(171,483)

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

(2)
Figures as at 31.12.2001.

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

Key Information on Associates (1)

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

(1) Italian Civil Code Article 2429 §3.

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

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

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

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

Report of the External Auditors

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

To the Shareholders of
AUTOGRILL S.p.A.

1. We have audited the financial statements of AUTOGRILL S.p.A. as of December 31, 2005. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Ernesto Lanzillo
Partner

Milan, Italy
April 3, 2006

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

2005

Report of the Board of Statutory Auditors

Dear Shareholders,

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

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

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

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

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

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

9. In 2005, pursuant to existing legislation, the External Auditors Deloitte & Touche SpA, issued the following: an opinion on first-time adoption of IFRS (for a fee of €47,000) and an opinion on the Information Memorandum prepared for the Public Tender Offer for Aldeasa SA (for a fee of €15.400).
10. In 2005 there were 12 meetings of the Board of Directors and 8 meetings of the Internal Control Committee. There were also 13 meetings of this Board of Statutory Auditors.
11. We have no particular observations to make in respect of compliance with correct administration principles, which seem to have been constantly complied with and in the interests of the company.
12. In 2005 work continued to systematically adapt the entire organisational structure, and in particular the positions of greatest responsiblity, to the new operational requirements that emerged:
    - Certain steps were taken to renew the management of the Finance, Control and Legal areas, in which responsibilities were redistributed and control and IT functions were enhanced; at the same time the Legal Affairs Department began to report directly to the Managing Director;
    - The top management of the subsidiaries located in France, Belgium, The Netherlands and Luxembourg was restructured with the attribution of responsibility for General Management of the area;
    - At HMSHost top management was redesigned and new responsiblities were given to existing managers in completion of a plan to develop the front line.

    This Board of Statutory Auditors believes that the overall organisational structure is adequate for the size of the Group and the complexity of its business.
13. Risk management and prevention/protection continued through the up-dating of procedures and, as mentioned above, development of the organisational structure. It should also be recalled that the Internal Auditing Department, which is charged with control of the Company and its subsidiaries, draws up regular reports on its activity, in which any critical situations or deficiencies in internal control are indicated, as well as the functions responsible for remedying them. These reports also regularly follow up the corrective action plans that are undertaken.
14. In 2005 the process of first-time adoption of IFRS was concluded and the consolidated accounts were drawn up under IFRS starting in the first quarter. This process involved adapting procedures and reporting on the part of all the companies of the Group: no critical operating situations were noted, nor were there any repercussions on the reliability of corporate information, as expressly attested by the external auditors Deloitte & Touche SpA in their report dated 14 June 2005.
15. The organisational plan to gradually strengthen the sub-holding Autogrill International Srl as co-ordinator of international business through the transfer to the company of the main operating subsidiaries, as well as the necessary human and financial resources, continued.
16. Systematic meetings between this Board of Statutory Auditors and the External Auditors, pursuant

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

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

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

Milan, 6 April 2006
The Board of Statutory Auditors

Autogrill - Service Area Rheims, Champagne (section of A4 motorway - France), 4.00 pm


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