



**HALF-YEAR REPORT AS AT 30 JUNE 2006**  
**2<sup>ND</sup> QUARTER 2006**

## CONTENTS

|   |    |
|---|----|
| 1. Highlights and General Information.....  | 3  |
| 1.1. General Information and Corporate Bodies.....  | 4  |
| 1.2. Main Group Companies .....   | 5  |
| 1.3. Group Profile .....  | 6  |
| 1.4. Highlights.....  | 7  |
| 2. Report on Operations.....  | 8  |
| 2.1. Operating Results.....   | 9  |
| 2.2. Acquisitions and Business Development .....  | 21 |
| 2.3. Capital Expenditure .....  | 23 |
| 2.4. Financial Position and Cash-flow .....   | 24 |
| 2.5. Subsequent Events .....  | 34 |
| 2.6. Outlook.....   | 35 |
| 2.7. Other Information .....  | 36 |
| 3 Consolidated Accounts .....   | 38 |
| 3.1. Consolidated Balance Sheet.....  | 39 |
| 3.2. Consolidated Income Statement .....  | 40 |
| 3.3. Changes in Consolidated Shareholders' Equity.....  | 41 |
| 3.4. Consolidated Cash-flow Statement .....   | 42 |
| 4 Notes to the Accounts .....   | 43 |
| 4.1. Main Accounting Principles and Consolidation Criteria.....   | 44 |
| 4.2. Notes to Balance Sheet.....  | 47 |
| 4.3. Notes to Income Statement.....   | 57 |
| 4.4. Financial Position .....   | 62 |
| 4.5. Fluctuation Management.....  | 62 |
| 4.6. Sectoral Information .....   | 62 |
| 4.7. Seasonality of the Business .....  | 65 |
| 4.8. Guarantees given, commitments and contingent liabilities .....   | 66 |
| 4.9. Operating Leases .....   | 67 |
| 4.10. Further Information.....  | 68 |
| 4.11. Non-recurring Events and Transactions.....  | 71 |
| 4.12. Positions and Transactions arising out of Untypical or Unusual Transactions.....  | 71 |
| 4.13. List of Consolidated Companies and other Equity Investments .....   | 72 |
| 5 Annexes .....   | 78 |
| 5.1 Autogrill S.p.A. Accounts as at 30 June 2006 .....  | 79 |
| 5.2 Parent Company Changeover to IFRS .....   | 82 |
| Auditors' Report with respect to the IFRS reconciliations statements with explanatory notes on the effects on transition to International Financial Reporting Standards (IFRS)..... | 95 |
| Review Report for the Half-Year Report as at and for the six months ended 30 June 2006 .  | 97 |

**Note: The Report and Consolidated Financial Statements for the half-year ended 30 June 2006 have been translated into English from the original Italian version. Where differences exist, the Italian version shall supersede the English version.**

# 1. HIGHLIGHTS AND GENERAL INFORMATION

## **Currencies**

Unless otherwise stated, in the Report on Operations all amounts are in millions of Euros, US dollars, or Swiss francs abbreviated as €m, \$m and CHFm, respectively. Additionally, there may be imperfect rounding due to the use of millions.

In the Notes to the Accounts figures are in thousands of Euros or US dollars, abbreviated as €k and \$k, respectively.

## 1.1 GENERAL INFORMATION AND CORPORATE BODIES

### Corporate Bodies

#### BOARD OF DIRECTORS<sup>(1)</sup>

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

#### BOARD OF STATUTORY AUDITORS<sup>(7)</sup>

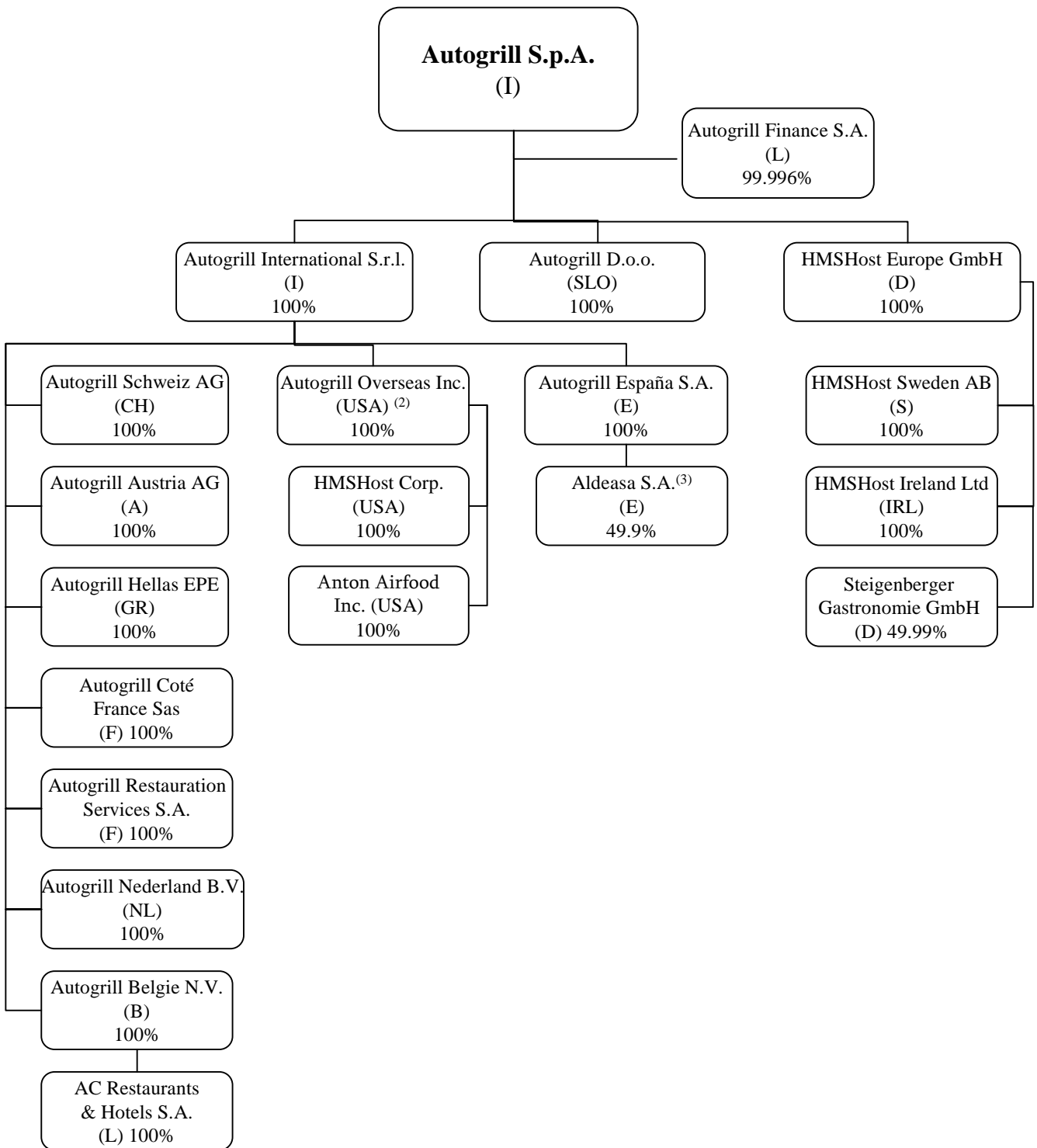
|                   |                               |         |
|-------------------|-------------------------------|---------|
| Chairman          | Luigi BISCOZZI                | Auditor |
| Statutory Auditor | Gianluca PONZELLINI           | Auditor |
| Statutory Auditor | Ettore Maria TOSI             | Auditor |
| Alternate Auditor | Graziano Gianmichele VISENTIN | Auditor |
| Alternate Auditor | Giorgio SILVA                 | Auditor |

#### EXTERNAL AUDITORS<sup>(8)</sup>

KPMG, S.p.A.

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. Invested 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 27 April 2006, in office until approval of the 2008 Accounts.
  8. Appointed by the Shareholders' Meeting held on 27 April 2006, mandate expires on approval of the 2011 Accounts
- E. Executive Director  
I. Independent Director

**1.2 MAIN GROUP COMPANIES<sup>1</sup>**



<sup>1</sup> This chart contains the main companies belonging to the Autogrill Group and shows the sub-holding company for each country in which the Group operates and not also, in most cases, the subsidiaries of the sub-holding companies. Please see page 72 et seq. for a complete list of Autogrill Group companies.

<sup>2</sup> This company currently has as its only asset its 100% holding in Autogrill Group Inc. (AGI). For comparative purposes, the latter is however given as the lead company for North American business of the Autogrill Group.

<sup>3</sup> The new name of Retail Airport Finance S.L. after the 1 August 2006 merger with Aldeasa (effective from 1 January 2006 for accounting purposes).

### 1.3 GROUP PROFILE

The Autogrill Group ("Autogrill") is world leader in restaurant and retail services for travellers. The Group operates along motorways and in airports, railway stations and shopping and town centres in America and in Europe, through its network of over 4,600 outlets, in close on 1,000 locations in 27 countries. In 2005 the Group served more than 800 million customers and employed over 51,000 people.

In Europe business centres on the motorways, while in North America airports are the main business segment. Geographical and segment diversification makes it possible to offset the impact on results caused by fluctuations in numbers of people on the move. The product and service range is constantly updated through the Group's brand portfolio, whether proprietary or licensed, and this allows us to take advantage of changes in consumer needs as they occur in each country where we operate. The life of our concessions makes it possible to plan our business over the medium-to-long term.

#### Seasonality of the Business

Business volumes in our Group are linked to passenger and traveller traffic.

Some geographical areas – particularly Spain, Italy, France and some other European countries – the Easter holiday is an important period and its being a moveable feast means that comparison of Q2 performance with that of the same period of the previous year may not be possible: in 2006 Easter fell in Q2, unlike 2005, when it was in Q1.

The first half normally accounts for 45% of annual turnover and 40% of Ebitda. (N.B. These percentages are a rough guide and should not be used to project the results for the year.)

#### Conversion Effect of Non-eurozone Business

About half of the Group's business is carried on in countries where the functional currency is not the Euro – mainly the US, Canada and Switzerland.

The Group's continuing policy is to manage exchange rate risk, by funding the main net assets denominated in currencies other than the Euro with loans in the same currency, or by entering into forward transactions with the same resultant effect.

The local nature of our business also means that revenues and costs in each country of operation are predominantly denominated in the same currency.

This does not however completely neutralise the effect of changes in exchange rates in respect of individual balance sheet items. Specifically, fluctuations in the Euro-US\$ exchange rate can make comparison of Group figures with those of the previous year less meaningful.

In the first half of 2006 the average Euro/US\$ exchange rate showed a 4.5% appreciation of the US\$ over first half 2005, while in Q2 2006 the rate was broadly the same as for the same period 2005.

Where the differences are significant and it helps to understand our performance in the period, we have calculated changes in results at both constant and actual exchange rates.

## 1.4 HIGHLIGHTS

| (€m)                                 | Q2 2006                    |                  |       | Q2 2005                    |                  |       | Change                |                        |                            |                        |
|--------------------------------------|----------------------------|------------------|-------|----------------------------|------------------|-------|-----------------------|------------------------|----------------------------|------------------------|
|                                      | Not including acquisitions | New acquisitions | Total | Not including acquisitions | New acquisitions | Total | Total                 |                        | Not including acquisitions |                        |
|                                      |                            |                  |       |                            |                  |       | At current exch. rate | At constant exch. rate | At current exch. rate      | At constant exch. rate |
| Total Revenue                        | 866.3                      | 98.3             | 964.6 | 798.8                      | 59.5             | 858.3 | 12.4%                 | 12.4%                  | 8.4%                       | 8.4%                   |
| Operating Revenue <sup>1</sup>       | 847.2                      | 98.3             | 945.5 | 781.4                      | 59.5             | 840.9 | 12.4%                 | 12.4%                  | 8.4%                       | 8.4%                   |
| EBITDA <sup>2</sup>                  | 120.7                      | 10.5             | 131.2 | 120.5                      | 7.2              | 127.7 | 2.7%                  | 2.7%                   | 0.2%                       | 0.2%                   |
| EBITDA Margin                        | 14.3%                      | 10.5%            | 13.9% | 15.4%                      | 12.0%            | 15.2% |                       |                        |                            |                        |
| Operating Profit (EBIT) <sup>3</sup> | 80.9                       | 8.7              | 89.6  | 78.8                       | 6.2              | 85.0  | 5.3%                  | 5.3%                   | 2.6%                       | 2.6%                   |
| EBIT Margin                          | 9.6%                       | 8.8%             | 9.5%  | 10.1%                      | 10.3%            | 10.1% |                       |                        |                            |                        |
| Net Profit (attr. to Group)          | 37.6                       | 4.4              | 42.0  | 35.4                       | 2.9              | 38.3  | 9.8%                  | 9.9%                   | 6.4%                       | 6.6%                   |
| Profit Margin                        | 4.4%                       | 4.5%             | 4.4%  | 4.5%                       | 4.9%             | 4.6%  |                       |                        |                            |                        |
| Capital Expenditure <sup>4</sup>     | 39.5                       | 0.0              | 39.5  | 48.4                       | 0.8              | 49.2  | -19.6%                | -17.5%                 | -18.6%                     | -16.4%                 |
| Earn per Share (€cents)              |                            |                  |       |                            |                  |       |                       |                        |                            |                        |
| undiluted                            |                            |                  | 16.5  |                            |                  | 15.0  |                       |                        |                            |                        |
| diluted                              |                            |                  | 16.4  |                            |                  | 14.9  |                       |                        |                            |                        |

Change in the average € exchange rate Q2 2006/Q2 2005:

US Dollar: 0,1%  
CHF: -1,2%

(1) Operating Revenue does not include sales of fuel, which were €19.1m in Q2 2006 (€17.4m in Q2 2005).

(2) Earnings before depreciation, extraordinary items, interest and tax.

(3) Earnings before extraordinary items, interest and tax.

(4) Does not include investments in subsidiaries or associates or financial fixed assets.

| (€m)                                 | H1 2006                    |                  |         | H1 2005                    |                  |         | Change                |                        |                            |                        | Full Year 2005 |
|--------------------------------------|----------------------------|------------------|---------|----------------------------|------------------|---------|-----------------------|------------------------|----------------------------|------------------------|----------------|
|                                      | Not including acquisitions | New acquisitions | Total   | Not including acquisitions | New acquisitions | Total   | Total                 |                        | Not including acquisitions |                        |                |
|                                      |                            |                  |         |                            |                  |         | At current exch. rate | At constant exch. rate | At current exch. rate      | At constant exch. rate |                |
| Total Revenue                        | 1,631.8                    | 170.6            | 1,802.4 | 1,490.2                    | 59.5             | 1,549.7 | 16.3%                 | 13.9%                  | 9.1%                       | 6.9%                   | 3,599.9        |
| Operating Revenue <sup>1</sup>       | 1,597.7                    | 170.6            | 1,768.3 | 1,458.4                    | 59.5             | 1,517.9 | 16.5%                 | 14.0%                  | 9.6%                       | 7.1%                   | 3,528.9        |
| EBITDA <sup>2</sup>                  | 189.4                      | 14.7             | 204.1   | 184.5                      | 7.2              | 191.7   | 6.5%                  | 4.2%                   | 2.7%                       | 0.4%                   | 475.3          |
| EBITDA Margin                        | 11.9%                      | 8.6%             | 11.5%   | 12.7%                      | 12.0%            | 12.6%   |                       |                        |                            |                        | 13.5%          |
| Operating Profit (EBIT) <sup>3</sup> | 110.3                      | 11.1             | 121.4   | 106.0                      | 6.2              | 112.2   | 8.2%                  | 6.0%                   | 4.1%                       | 1.8%                   | 294.9          |
| EBIT Margin                          | 6.9%                       | 6.5%             | 6.9%    | 7.3%                       | 10.3%            | 7.4%    |                       |                        |                            |                        | 8.4%           |
| Net Profit (attr. to Group)          | 45.7                       | 3.8              | 49.5    | 42.1                       | 2.9              | 45.0    | 10.1%                 | 7.8%                   | 8.7%                       | 6.3%                   | 130.1          |
| Profit Margin                        | 2.9%                       | 2.2%             | 2.8%    | 2.9%                       | 4.9%             | 3.0%    |                       |                        |                            |                        | 3.7%           |
| Capital Expenditure <sup>4</sup>     | 73.6                       | 7.9              | 81.5    | 80.4                       | 0.8              | 81.2    | 0.4%                  | 3.5%                   | -8.6%                      | -5.8%                  | 195.0          |
| Earn per Share (€cents)              |                            |                  |         |                            |                  |         |                       |                        |                            |                        |                |
| undiluted                            |                            |                  | 19.5    |                            |                  | 17.7    |                       |                        |                            |                        | 51.1           |
| diluted                              |                            |                  | 19.3    |                            |                  | 17.5    |                       |                        |                            |                        | 50.6           |

Change in the average € exchange rate H1 2006/H1 2005:

US Dollar: 4,5%  
CHF: -1,0%

(1) Operating Revenue does not include sales of fuel, which were €34.1m in H1 2006 (€31.8m in H1 2005).

(2) Earnings before depreciation, extraordinary items, interest and tax.

(3) Earnings before extraordinary items, interest and tax.

(4) Does not include investments in subsidiaries or associates or financial fixed assets.

## **2. REPORT ON OPERATIONS**



## 2.1 OPERATING RESULTS

The results of the 2nd Quarter of 2006 are given first, in order to describe the Group's performance and trends more effectively.

### CONDENSED CONSOLIDATED INCOME STATEMENT

| (€m)   | Q2 2006                |                  |              | Q2 2005                |                  |              | Change                |                        |                        |                        |
|--|------------------------|------------------|--------------|------------------------|------------------|--------------|-----------------------|------------------------|------------------------|------------------------|
|  | Not incl. Acquisitions | New acquisitions | Group Total  | Not incl. Acquisitions | New acquisitions | Group Total  | Total                 |                        | Not incl. Acquisitions |                        |
|  |                        |                  |              |                        |                  |              | At current exch. rate | At constant exch. rate | At current exch. rate  | At constant exch. rate |
| Operating Revenue                                    | 847.2                  | 98.3             | 945.5        | 781.4                  | 59.5             | 840.9        | 12.4%                 | 12.4%                  | 8.4%                   | 8.4%                   |
| Other operating income                               | 19.6                   | 2.9              | 22.5         | 27.1                   | 1.4              | 28.5         | -20.7%                | -20.7%                 | -27.0%                 | -26.9%                 |
| <b>Total Income</b>                                  | <b>866.8</b>           | <b>101.2</b>     | <b>968.0</b> | <b>808.5</b>           | <b>60.9</b>      | <b>869.4</b> | <b>11.3%</b>          | <b>11.3%</b>           | <b>7.2%</b>            | <b>7.2%</b>            |
| Cost of raw materials, items for use and merchandise | (282.1)                | (50.4)           | (332.5)      | (252.8)                | (31.5)           | (284.3)      | 17.0%                 | 16.9%                  | 11.6%                  | 11.6%                  |
| Payroll  | (250.9)                | (11.3)           | (262.2)      | (234.9)                | (5.3)            | (240.2)      | 9.1%                  | 9.1%                   | 6.8%                   | 6.8%                   |
| Rents, concessions and royalties                     | (115.7)                | (23.1)           | (138.8)      | (110.4)                | (12.5)           | (122.9)      | 13.1%                 | 13.1%                  | 5.0%                   | 4.9%                   |
| Other operating costs                                | (97.4)                 | (5.9)            | (103.3)      | (89.9)                 | (4.4)            | (94.3)       | 9.5%                  | 9.5%                   | 8.1%                   | 8.1%                   |
| <b>EBITDA</b>  | <b>120.7</b>           | <b>10.5</b>      | <b>131.2</b> | <b>120.5</b>           | <b>7.2</b>       | <b>127.7</b> | <b>2.7%</b>           | <b>2.7%</b>            | <b>0.2%</b>            | <b>0.2%</b>            |
| Depreciation   | (39.8)                 | (1.8)            | (41.6)       | (41.7)                 | (1.0)            | (42.7)       | -2.4%                 | -2.4%                  | -4.3%                  | -4.3%                  |
| <b>Operating Profit (EBIT)</b>                       | <b>80.9</b>            | <b>8.7</b>       | <b>89.6</b>  | <b>78.8</b>            | <b>6.2</b>       | <b>85.0</b>  | <b>5.3%</b>           | <b>5.3%</b>            | <b>2.6%</b>            | <b>2.6%</b>            |
| Financial income (expense)                           | (8.9)                  | (2.8)            | (11.7)       | (10.8)                 | (1.6)            | (12.4)       | -6.1%                 | -6.1%                  | -17.8%                 | -17.8%                 |
| Value adjustments on financial assets                | 0.0                    | -                | 0.0          | 0.3                    | 0.4              | 0.7          | -86.2%                | -86.2%                 | -65.8%                 | -65.8%                 |
| <b>Profit before tax</b>                             | <b>72</b>              | <b>5.9</b>       | <b>77.9</b>  | <b>68.3</b>            | <b>5.0</b>       | <b>73.3</b>  | <b>6.4%</b>           | <b>6.3%</b>            | <b>5.6%</b>            | <b>5.6%</b>            |
| Tax  | (31.7)                 | (1.3)            | (33.0)       | (30.9)                 | (2.1)            | (33.0)       | 0.1%                  | 0.1%                   | 2.5%                   | 2.5%                   |
| <b>NET PROFIT</b>                                    | <b>40.3</b>            | <b>4.6</b>       | <b>44.9</b>  | <b>37.4</b>            | <b>2.9</b>       | <b>40.3</b>  | <b>11.5%</b>          | <b>11.5%</b>           | <b>8.1%</b>            | <b>8.1%</b>            |
| - attributable to the Group                          | 37.6                   | 4.4              | 42.0         | 35.4                   | 2.9              | 38.3         | 9.8%                  | 9.9%                   | 6.4%                   | 6.6%                   |
| - attributable to minorities                         | 2.7                    | 0.2              | 2.9          | 2.0                    | -                | 2.0          | 43.9%                 | 43.8%                  | 36.6%                  | 35.9%                  |

### CONDENSED CONSOLIDATED INCOME STATEMENT - RATIOS

|  | Q2 2006                |                  |               | Q2 2005                |                  |               |
|--|------------------------|------------------|---------------|------------------------|------------------|---------------|
|  | Not incl. Acquisitions | New acquisitions | Group Total   | Not incl. Acquisitions | New acquisitions | Group Total   |
| Operating Revenue                                    | 100.0%                 | 100.0%           | 100.0%        | 100.0%                 | 100.0%           | 100.0%        |
| Other operating income                               | 2.3%                   | 2.8%             | 2.4%          | 3.5%                   | 2.3%             | 3.4%          |
| <b>Total Income</b>                                  | <b>102.3%</b>          | <b>102.8%</b>    | <b>102.4%</b> | <b>103.5%</b>          | <b>102.3%</b>    | <b>103.4%</b> |
| Cost of raw materials, items for use and merchandise | -33.3%                 | -51.2%           | -35.2%        | -32.3%                 | -53.0%           | -33.8%        |
| Payroll  | -29.6%                 | -11.4%           | -27.7%        | -30.1%                 | -8.9%            | -28.6%        |
| Rents, concessions and royalties                     | -13.7%                 | -23.5%           | -14.7%        | -14.1%                 | -21.0%           | -14.6%        |
| Other operating costs                                | -11.5%                 | -6.2%            | -10.9%        | -11.5%                 | -7.4%            | -11.2%        |
| <b>EBITDA</b>  | <b>14.3%</b>           | <b>10.5%</b>     | <b>13.9%</b>  | <b>15.4%</b>           | <b>12.0%</b>     | <b>15.2%</b>  |
| Depreciation   | -4.7%                  | -1.8%            | -4.4%         | -5.3%                  | -1.7%            | -5.1%         |
| <b>Operating Profit (EBIT)</b>                       | <b>9.6%</b>            | <b>8.8%</b>      | <b>9.5%</b>   | <b>10.1%</b>           | <b>10.3%</b>     | <b>10.1%</b>  |
| Financial income (expense)                           | -1.1%                  | -2.8%            | -1.2%         | -1.4%                  | -2.6%            | -1.5%         |
| Value adjustments on financial assets                | 0.0%                   | 0.0%             | 0.0%          | 0.0%                   | 0.7%             | 0.1%          |
| <b>Profit before tax</b>                             | <b>8.5%</b>            | <b>5.9%</b>      | <b>8.2%</b>   | <b>8.7%</b>            | <b>8.4%</b>      | <b>8.7%</b>   |
| Tax  | -3.7%                  | -1.3%            | -3.5%         | -4.0%                  | -3.5%            | -3.9%         |
| <b>NET PROFIT</b>                                    | <b>4.8%</b>            | <b>4.6%</b>      | <b>4.8%</b>   | <b>4.8%</b>            | <b>4.9%</b>      | <b>4.8%</b>   |
| - attributable to the Group                          | 4.4%                   | 4.5%             | 4.4%          | 4.5%                   | 4.9%             | 4.6%          |
| - attributable to minorities                         | 0.3%                   | 0.2%             | 0.3%          | 0.3%                   | 0.1%             | 0.2%          |

## AUTOGRILL GROUP

Changes at current and constant exchange rates are practically identical. For the sake of legibility we have therefore omitted presentation of both measures for Q2 2006.

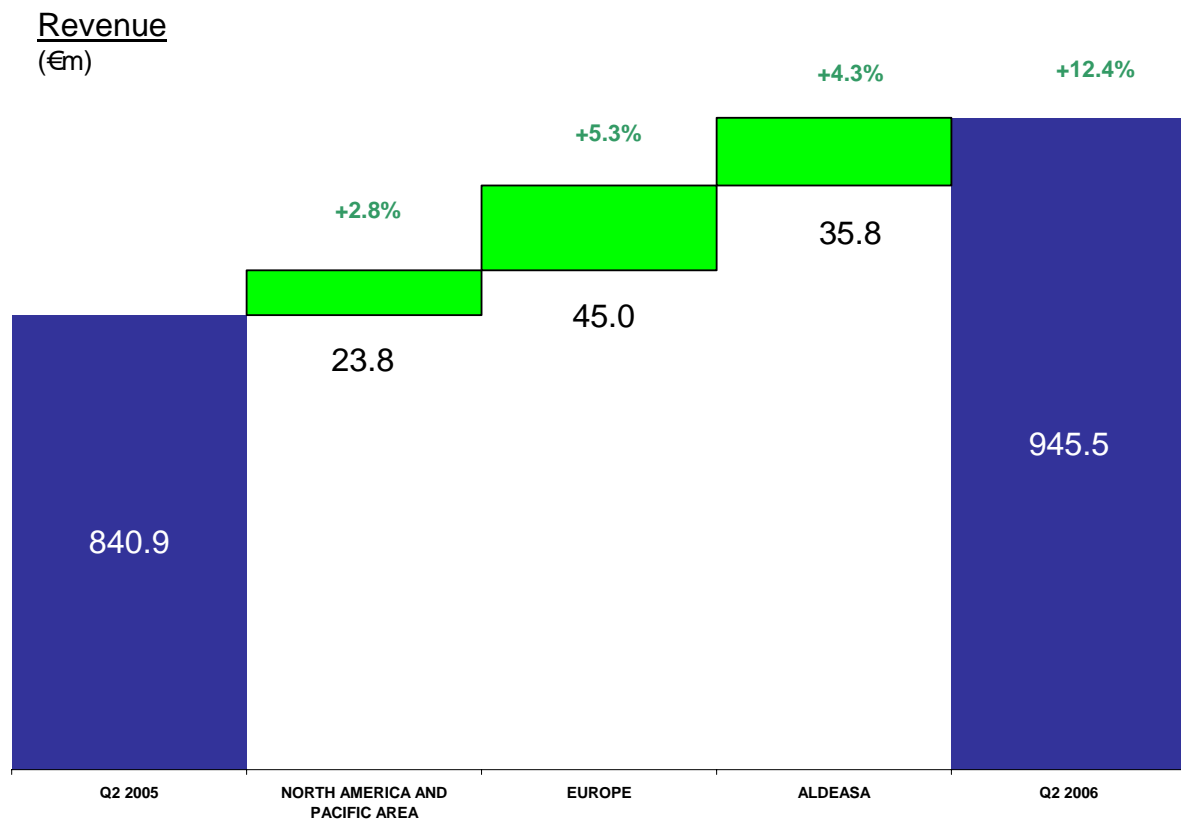
In the above Highlights and income statement the Group's results keep New Acquisitions separate from existing businesses.

Conversely, in the following commentary and graphs we only show the effect of the entry to the Group of the joint venture in Aldeasa S.A. and its subsidiaries, since it is by far the largest new acquisition.

### Consolidated Revenue

In Q2 2006 Autogrill recorded consolidated revenue of €945.5m, up by 12.4% over the €840.9m of Q2 2005.

If we do not include the positive effect of the entry to the Group of Aldeasa, sales growth in Q2 2006 was 8.1%.



The revenues of our wholly-owned US subsidiary Autogrill Group, Inc. and its subsidiaries – which operate, in addition to the US and Canada, in Australia, Malaysia, New Zealand and at Amsterdam Schiphol Airport (The Netherlands) – recorded an increase of 5.4% in US\$ terms, reaching \$530.8m as against \$503.5m in Q2 2005. This rise in revenue is especially significant, since air traffic trends in this quarter were negative (down by 0.9% according to A.T.A.).

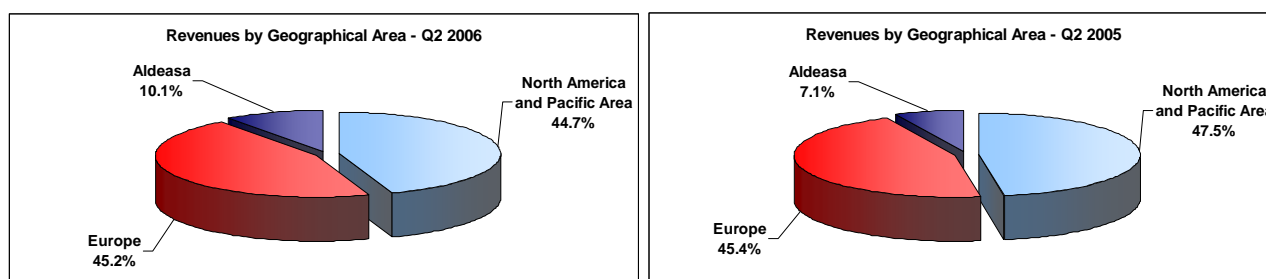
In Europe we saw a significant advance in revenue of 11.7% to €427.4m, as against €382.4m in Q2 2005. Italy played a very positive part in achieving this result: revenue in Italy increased by 13.4%. It should however be noted that this growth was partly due to the Easter holidays falling in Q2 2006 as against the first quarter in 2005 (in Europe Easter has always caused a sharp increase in traffic).

Aldeasa's contribution to consolidated revenue increased from €59.5m to €95.3m, due both to the longer period of contribution – it was first consolidated as from 1 May 2005 – and to double-figure growth of its sales, 12.8% in Q2 2006 over the same period in 2005.

The following table shows quarterly changes in revenue by geographical area:

| (€m)                           | Q2 2006      | Q2 2005      | Change                   |                           |
|--------------------------------|--------------|--------------|--------------------------|---------------------------|
|                                |              |              | At current<br>exch. rate | At constant<br>exch. rate |
| North America and Pacific Area | 422.8        | 399.0        | 6.0%                     | 5.4%                      |
| Europe                         | 427.4        | 382.4        | 11.7%                    | 11.8%                     |
| Aldeasa                        | 95.3         | 59.5         | n.s.                     | n.s.                      |
| <b>Consolidated revenues</b>   | <b>945.5</b> | <b>840.9</b> | <b>12.4%</b>             | <b>12.4%</b>              |

The following charts give the breakdown of revenue by geographical area respectively in Q2 2006 and Q2 2005.



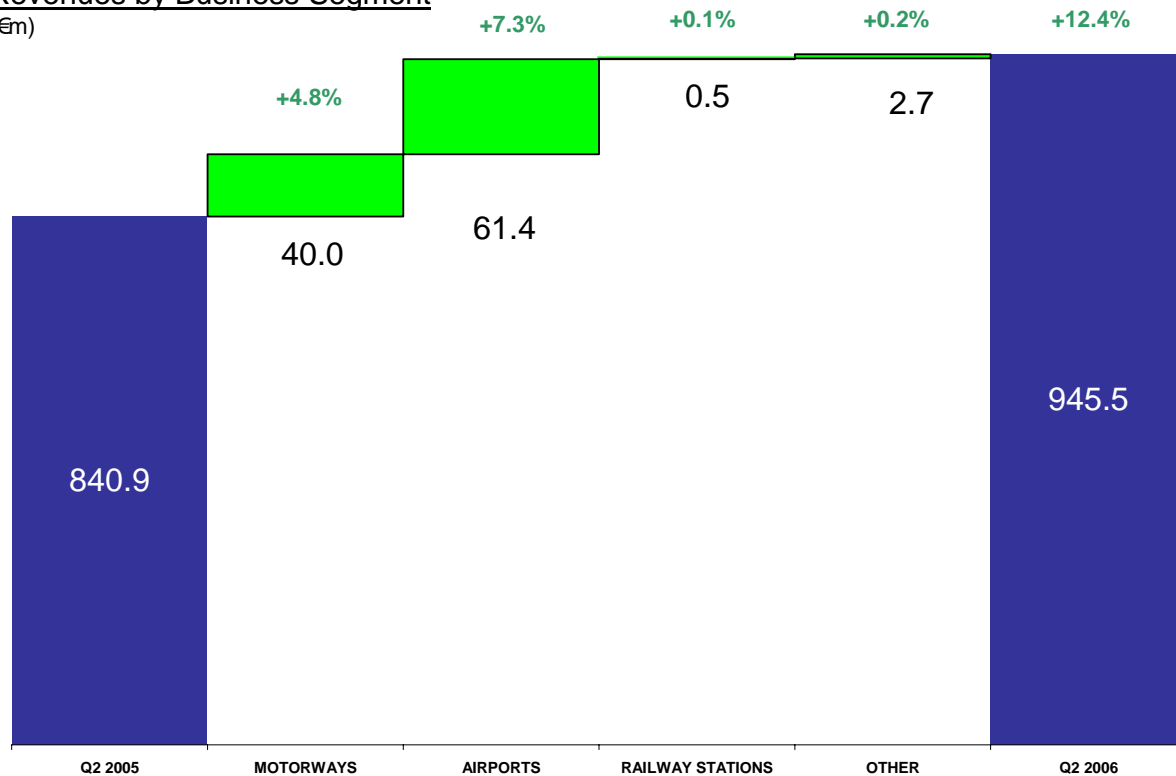
Business segment performance analysis showed that the airport segment contributed nearly 60% of the growth of Q2 2006 revenue over Q2 2005, due both to new acquisitions – mainly Aldeasa – and to the growth of segment in the US and in Europe as well.

Motorway segment growth was due both to Food & Beverage sales and retail. Retail sales benefited from strong growth in sales of complementary products in Italy (lottery tickets and games mainly).

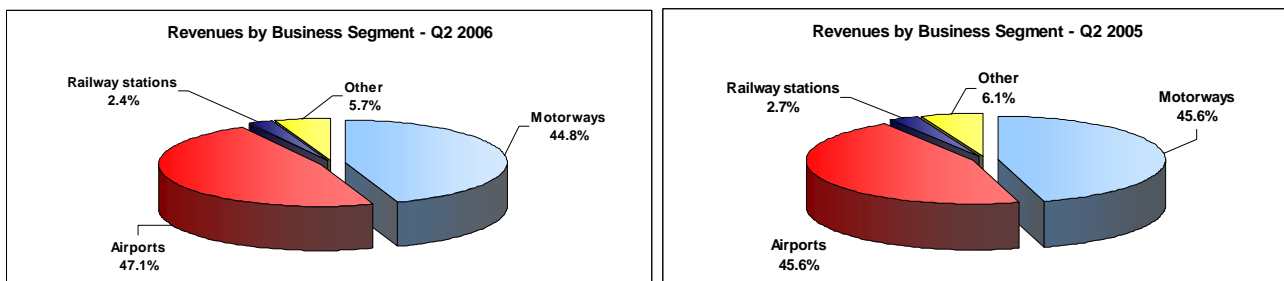
Railway stations and other segments (shopping centres, city centre and trade fairs) recorded increased sales, but their share of the total fell as against Q2 2005.

**Revenues by Business Segment**

(€m)



The following charts give the breakdown of revenue by business segment respectively in Q2 2006 and Q2 2005.



**Ebitda**

In Q2 2006 Ebitda reached €131.2m, up by 2.7% compared to €127.7m for Q2 2005.

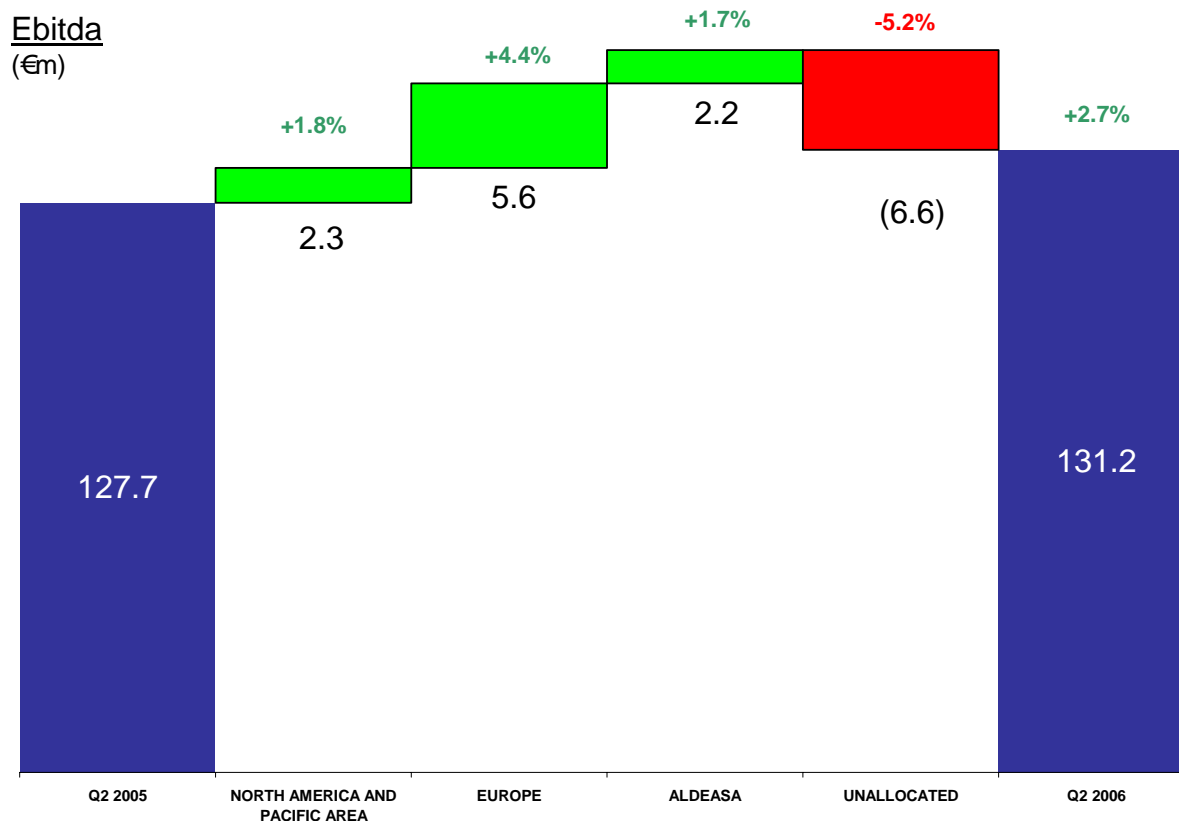
Discounting the effect of new acquisitions entering the Group accounts, Q2 2006 EBITDA was more or less steady with 0.2% growth in the quarter.

The main reason for slower growth in Ebitda was the different impact of non-recurring items. These included Autogrill S.p.A. benefiting from €7.3m of non-recurring gains in Q2 2005, due to a sub-let of two commercial premises in the centre of Milan.

Eliminating this item, Ebitda fell from 14.3% of revenue in Q2 2005 to 13.9% in Q2 2006. The following are the main reasons for this ratio's decline:

- Increased staff recruiting and training costs and greater start-up expenses in the North American business.
- Changes in the sales mix to more Retail products at the expense of Food & Beverage sales in Europe including the mentioned strong growth of lottery tickets and games in Italy.

- Aldeasa's inclusion in the consolidated accounts for the whole quarter, as against 2 months in 2005. As well as lower margins than those seen in Food & Beverage, Aldeasa's profitability was affected by start-up costs (primarily those relating to Kuwait City and Madrid Barajas).



| (€m)                           | Q2 2006      | Q2 2005      | Change                   |                           |
|--------------------------------|--------------|--------------|--------------------------|---------------------------|
|                                |              |              | At current<br>exch. rate | At constant<br>exch. rate |
| North America and Pacific Area | 60.9         | 58.6         | 3.9%                     | 2.4%                      |
| % of Revenue                   | 14.4%        | 14.7%        |                          |                           |
| Europe                         | 64.4         | 58.8         | 9.4%                     | 9.5%                      |
| % of Revenue                   | 15.1%        | 15.4%        |                          |                           |
| Aldeasa                        | 10.1         | 7.9          | 26.4%                    | 26.4%                     |
| % of Revenue                   | 10.6%        | 13.2%        |                          |                           |
| Unallocated <sup>(1)</sup>     | (4.2)        | 2.4          | n.s.                     | n.s.                      |
| <b>Consolidated Ebitda</b>     | <b>131.2</b> | <b>127.7</b> | <b>2.7%</b>              | <b>2.7%</b>               |
| Percentage of Revenue          | 13.9%        | 15.2%        |                          |                           |

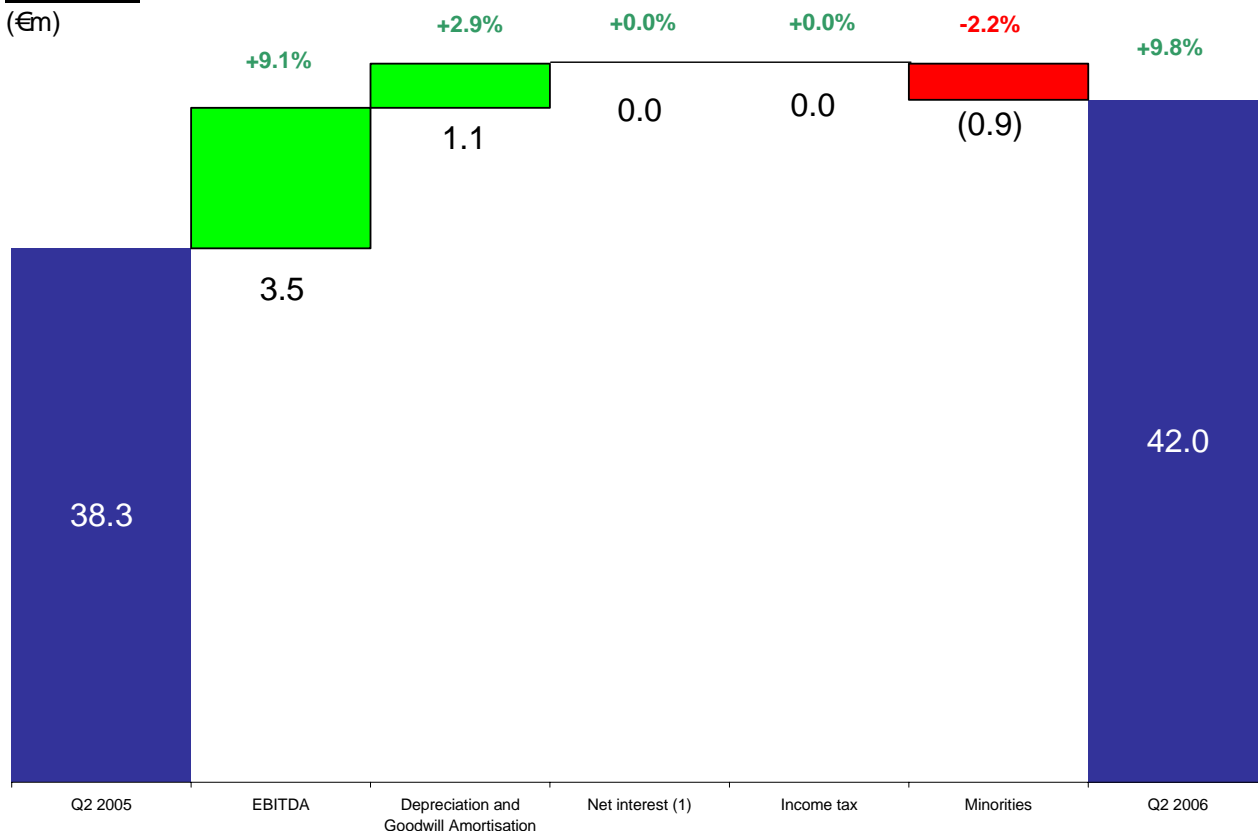
<sup>(1)</sup> the Q2 2005 figure includes non-recurring net operating income equal to €7.3m.

## Net Profit

Net profit attributable to the Group for Q2 2006 was €42.0m, with an increase of 9.8% over Q2 2005's figure of €38.3m. Net of the new acquisitions' contribution, net profit grew by 6.4% over Q2 2005.

### Net Profit

(€m)



(1) Including the effect of the valuation at net equity of associates (€0,0m) in Q2 2006 (0.7 in Q2 2005).

## PRINCIPAL MACRO-AREAS OF BUSINESS

The following are the main profit and loss figures by geographical area:

| (€m)                          | North America and Pacific Area |         |        |                        | Europe  |         |        |                        |
|-------------------------------|--------------------------------|---------|--------|------------------------|---------|---------|--------|------------------------|
|                               | Q2 2006                        | Q2 2005 | Change |                        | Q2 2006 | Q2 2005 | Change |                        |
|                               |                                |         | total  | at constant exch. rate |         |         | total  | at constant exch. rate |
| Revenue                       | 422.8                          | 399.0   | 6.0%   | 5.4%                   | 427.4   | 382.4   | 11.7%  | 11.8%                  |
| Ebitda                        | 60.9                           | 58.6    | 3.9%   | 2.4%                   | 64.4    | 58.8    | 9.4%   | 9.5%                   |
| % on revenue                  | 14.4%                          | 14.7%   |        |                        | 15.1%   | 15.4%   |        |                        |
| Depreciation and Amortisation | 22.2                           | 22.3    | -0.3%  | -0.7%                  | 17.8    | 19.0    | -6.6%  | -6.5%                  |
| Capital Expenditure           | 16.0                           | 27.1    | -40.8% | -29.4%                 | 23.5    | 21.3    | 10.2%  | 10.4%                  |

| (m€)                          | Aldeasa |         |        |                        | Group Total <sup>(1)</sup> |         |        |                        |
|-------------------------------|---------|---------|--------|------------------------|----------------------------|---------|--------|------------------------|
|                               | Q2 2006 | Q2 2005 | Change |                        | Q2 2006                    | Q2 2005 | Change |                        |
|                               |         |         | total  | at constant exch. rate |                            |         | total  | at constant exch. rate |
| Revenue                       | 95.3    | 59.5    | n.s    | n.s                    | 945.5                      | 840.9   | 12.4%  | 12.4%                  |
| Ebitda                        | 10.1    | 7.9     | n.s    | n.s                    | 131.2                      | 127.7   | 2.7%   | 2.7%                   |
| % on revenue                  | 10.6%   | 13.2%   |        |                        | 13.9%                      | 15.2%   |        |                        |
| Depreciation and Amortisation | 1.6     | 1.0     | n.s    | n.s                    | 41.6                       | 42.7    | -2.4%  | -2.4%                  |
| Capital Expenditure           | -       | 0.8     | n.s    | n.s                    | 39.5                       | 49.2    | -19.6% | -17.5%                 |

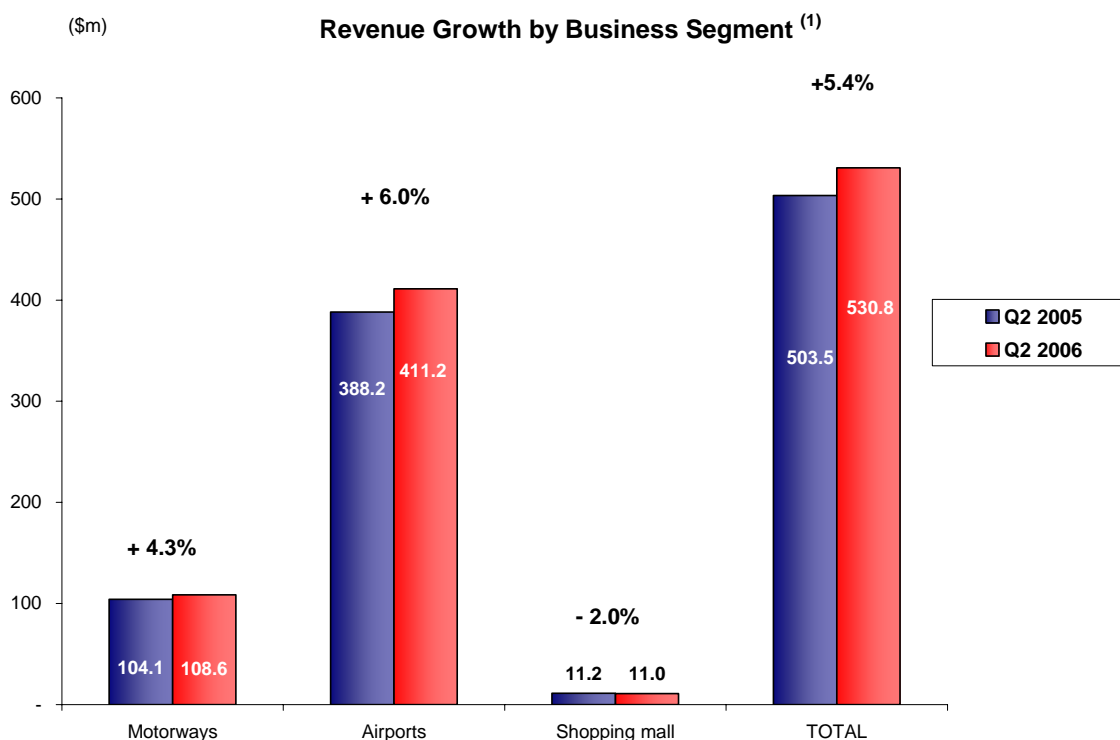
(1) Q2 2006 includes unallocated costs of €4.2m. Q2 2005 includes unallocated other income (€2.4m) and depreciation (€0.4m).

## ➤ NORTH AMERICA AND PACIFIC AREA

To eliminate US\$/€ exchange-rate effects and facilitate understanding of the underlying economic trends, the following data are given in millions of US\$.

### Revenues

In Q2 2006 Autogrill Group, Inc. and its subsidiaries recorded revenue of \$530.8m, with an increase of 5,4% over Q2 2005.



(1) Includes the food&beverage business in Schiphol Airport (The Netherlands).

In particular, business segment performance was as follows:

- *Motorways* – Sales of \$108.6m in Q2 2006, with an increase of 4.3% over the Q2 2005 figure of \$104.1m due inter alia to the opening of new outlets along motorways in Illinois and Indiana.
- *Airports* – Revenue of \$411.2m in Q2 2006, up by 6.0% over the Q2 2005 figure of \$388.2m. On a strictly comparable basis – i.e., excluding openings, closures and renovation – this increase was 5.0%, despite a fall in air traffic of 0.9% according to A.T.A., due to the revamping and efficiency-increasing measures initiated by most US airlines as a reaction to increased energy costs. Our subsidiary managed to grow despite this environment thanks to its brand-centred strategy, the introduction of new concepts in its concession airports and the extension of opening hours.
- *Shopping Malls* – Revenue was equal to \$11.0m in Q2 2006, down by 2.0% from the Q2 2005 figure of \$11.2m.

### Ebitda

Ebitda increased by 2.4% in Q2 2006, reaching \$76.0m compared to the Q2 2005 figure of \$74.3m. The ratio of Ebitda to sales was 14.4%, slightly down from the Q2 2005 ratio of 14.7% due to the increased weight of labour costs as mentioned above.

Capital Expenditure

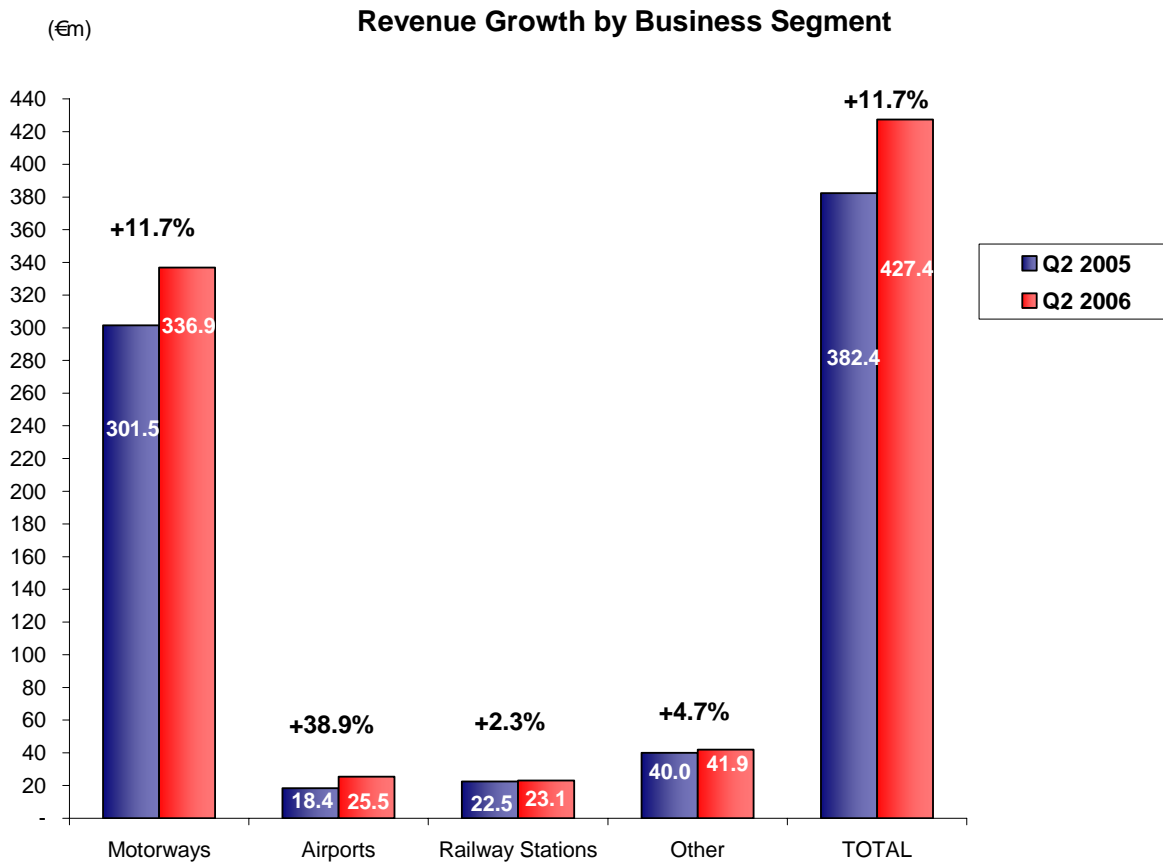
In Q2 2006 Capital Expenditure was \$21.8m, down by 29.4% from the Q2 2005 figure, the Ebitda margin being 4.1% in Q2 2006 (as against the Q2 2005 ratio of 6.1%); this sharp reduction was mainly due to concession contract timing differences in respect of Q2 2005.

The resources were directed mainly at the airport segment. Capital expenditure for development purposes and the extension of concessions in Seattle, Minneapolis, and Washington Dulles was especially significant.

➤ **EUROPE**

Revenue

In Q2 2006 Autogrill in Europe achieved revenue of €427.4m, up by 11.7% over the Q2 2005 figure of €382.4m, due mainly to sales growth in Italy (up by 13.4%). The trend in the other European countries was also positive, due inter alia to Easter falling in Q2, whereas, as mentioned, it fell in Q1 in 2005.





| (m€)                          | Italy   |         |        | France  |         |        | Switzerland |         |        | At constant exch. rate |
|-------------------------------|---------|---------|--------|---------|---------|--------|-------------|---------|--------|------------------------|
|                               | Q2 2006 | Q2 2005 | Change | Q2 2006 | Q2 2005 | Change | Q2 2006     | Q2 2005 | Change |                        |
| Revenue                       | 293.0   | 258.5   | 13.4%  | 55.9    | 53.0    | 5.5%   | 24.6        | 24.2    | 1.5%   | 2.8%                   |
| Ebitda                        | 48.3    | 44.9    | 7.5%   | 7.2     | 6.8     | 4.3%   | 2.5         | 2.1     | 19.1%  | 20.5%                  |
| % on Revenue                  | 16.5%   | 17.4%   |        | 12.8%   | 12.9%   |        | 10.3%       | 8.8%    |        |                        |
| Depreciation and Amortisation | 8.7     | 10.4    | -16.5% | 4.2     | 4.1     | 2.8%   | 1.5         | 1.5     | -3.1%  | -1.9%                  |
| Capital Expenditure           | 11.8    | 12.6    | -6.5%  | 2.8     | 2.5     | 10.7%  | 0.5         | 3.0     | -83.0% | -82.9%                 |

| (m€)                          | Spain   |         |        | Others  |         |        | Europe - Total <sup>(1)</sup> |         |        | At constant exch. rate |
|-------------------------------|---------|---------|--------|---------|---------|--------|-------------------------------|---------|--------|------------------------|
|                               | Q2 2006 | Q2 2005 | Change | Q2 2006 | Q2 2005 | Change | Q2 2006                       | Q2 2005 | Change |                        |
| Revenue                       | 23.4    | 19.8    | 17.9%  | 30.5    | 27.0    | 12.6%  | 427.4                         | 382.4   | 11.7%  | 11.8%                  |
| Ebitda                        | 3.1     | 2.6     | 13.1%  | 3.3     | 2.6     | 29.7%  | 64.4                          | 58.8    | 9.4%   | 9.5%                   |
| % on Revenue                  | 12.9%   | 13.5%   |        | 11.0%   | 9.6%    |        | 15.1%                         | 15.4%   |        |                        |
| Depreciation and Amortisation | 1.6     | 1.3     | 21.9%  | 1.8     | 1.7     | 7.6%   | 17.8                          | 19.0    | -6.6%  | -6.5%                  |
| Capital Expenditure           | 0.9     | 2.4     | -61.5% | 7.5     | 0.8     | n.s.   | 23.5                          | 21.3    | 10.2%  | 10.4%                  |

<sup>(1)</sup> Q2 2005 includes reversal of infra-Group sales (€0.1m) and unallocated costs (€0.2m).

## Ebitda

In Q2 2006 Ebitda was €64.4m, with an increase of 9.4% over the Q2 2005 figure of €58.8m, though with a lower Ebitda margin – 15.1% as against 15.4% - due to the sales mix, as mentioned, in which retail grew faster than Food & Beverages.

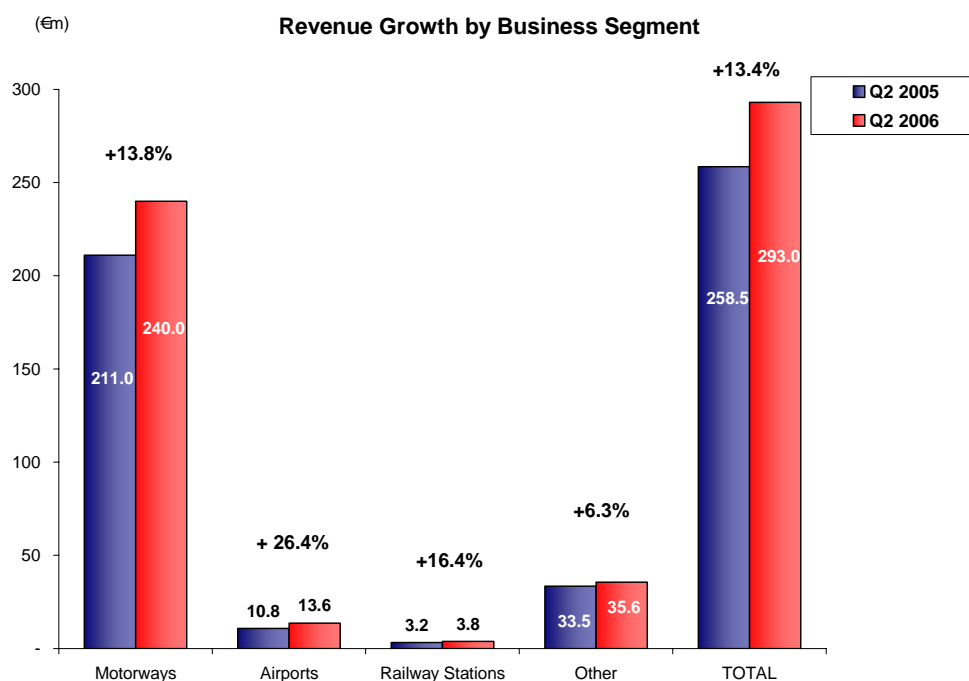
## Capital Expenditure

In Q2 2006 capital expenditure amounted to €23.5m, as against the Q2 2005 figure of €21.3m. Capital expenditure in Q2 2006 mainly concerned business development in the new airport locations, whereas in 2005 spending was concentrated on a large renovation at Pratteln in Switzerland and a series of new openings in Italian shopping centres.

## Italy

### Revenue

In Q2 2006 Autogrill achieved revenue of €293.0m in Italy, with an increase of 13.4% over the Q2 2005 figure.



The business segments in Italy performed as follows:

- *Motorways* – Revenue reached €240.0m in Q2 2006, and increased by 13.8% over the Q2 2005 figure of €211m as against an increase in traffic during the half-year of 2,7% according to our estimates (AISCAT estimates that traffic increased cumulatively by 3.2% in the first five months of 2006). Not including new acquisitions and concessions the rate of growth was 11.7%. Food & Beverage (51.4% of sales) grew by 8%, especially good results coming from the Ciao concept, while Retail (44.7% of sales) grew by 19.6%, thanks to a sharp increase in sales of complementary products (mainly games and lottery tickets).
- *Airports* – Revenue was €13.6m in Q2 2006, with an increase of 26.4% over the Q2 2005 figure of €10.8m, as against an increase of passenger traffic in the airports where we operate of 9.4% according to Assaeroporti. There was good growth at existing locations of 15.1%, to which the openings in Bergamo, Brescia and Florence were added.
- *Railway Stations* – Sales of €3.8m in Q2 2006, with an increase of 16.4% over the Q2 2005 figure of €3.2m.
- *Other Segments (shopping centres, towns and trade fairs)* – Revenue was €35.6m in Q2 2006, with an increase of 6.3% over the Q2 2005 figure of €33.5m, despite the further rationalisation of our downtown outlets.

### Ebitda

In Q2 2006 Ebitda was €48.3m, with an increase of 7.5% over the Q2 2005 figure of €44.9m, though the ratio of Ebitda to sales fell from 17.4% to 16.5%, mainly due to the changed sales mix weighted more towards Retail.

### Capital Expenditure

In Q2 2006 capital expenditure in Italy amounted to €11.8m as against the Q2 2005 figure of €12,6m. The main area of expenditure was motorways, mainly in relation to more recently acquired concessions, but spending in town and shopping centres tapered off following the many new openings carried out in 2005.

## **France**

### Revenue

In France revenue was €55.9m in Q2 2006, with an increase of 5,5% over the Q2 2005 figure of €53m.

The business segments in France performed as follows:

- *Motorways* – Revenue was €40.9m in Q2 2006, with an increase of 8.2% over the Q2 2005 figure of €37.7m. Q2 2006 closed the gap seen in the early months of 2006 thanks to Easter and a better holiday and bridge calendar than in 2005, despite traffic remaining steady at 2005 levels.
- *Airports* – The performance of Q2 2006 was a very significant improvement over Q2 2005: revenue up by 17.5%, from €1.7m to €2.0m), benefiting from the completion of the outlets in Marseille airport and the renovations carried out in the last months of 2005;
- *Railway Stations* – Revenue was €13.1m in Q2 2006, down from the Q2 2005 figure of €13.6m, due to numerous renovation sites in the main railway stations. (Paris Gare de l'Est and Paris Saint Lazare in particular).

## Ebitda

In Q2 2006 Ebitda grew to €7.2m as compared to the Q2 2005 figure of €6.8m the Ebitda margin being 12.8%, in line with the Q2 2005 ratio (12.9%).

## **Switzerland**

*To eliminate CHF/€ exchange-rate effects and facilitate understanding of the underlying economic trends, the following data are given in millions of Swiss francs (CHFm).*

### Revenue

Revenue of CHF38.5m was achieved in Q2 2006, with an increase over the Q2 2005 figure of CHF37.4m. The business segments performed as follows:

- *Motorways*- Revenue of CHF19.1m in Q2 2006, with an increase of 4% over the Q2 2005 figure of CHF18.4m, despite the works in progress on the motorway on which the main unit is located (Pratteln) which reduce traffic volume.
- *Airports*– An increase in revenue of 10.7%, from CHF7.3m, the Q2 2005 figure 2005, to CHF8.1m in Q2 2006 thanks to a recovery in passenger traffic and to the Retail and Food & Beverage projects already noted.
- *Railway Stations* – Revenue was CHF3.8m in Q2 2006, with a fall of 6.4% from the Q2 2005 figure and CHF4m due to the closure of all business conducted in Chur station. The revenue of pre-existing businesses grew by 0.7%.
- *Others (shopping centres, towns and retail parks)* – Sales in Q2 2006 were slightly down at CHF7.5m.

### Ebitda

In Q2 2006 there was a sharp increase in Ebitda, from the Q2 2005 figure of CHF3.2m to CHF4m (the Ebitda margin also rose from 8.8% to 10.3%), mainly thanks to better marketing and a rationalisation of the concessions portfolio.

## **Spain (not including Aldeasa)**

### Revenue

In Spain (not including Aldeasa) the Group's Q2 2006 sales were worth €23.4m, with a sharp increase over the Q2 2005 figure of €19.8m (up by 17.9%). The business segments performed as follows:

- *Motorways* - Sales in Q2 2006 of €19m as against the Q2 2005 figure of €16.6m (up by 13.9%), thanks to Easter week and sales growth in locations refurbished during 2005.
- *Airports* – Sales of €0.9m in Q2 2006 as against the Q2 2005 figure of €0.2m following the opening of new restaurants in Madrid Barajas and Palma, Mallorca airports. The trend in Santander was also very gratifying on account of the continuing growth of low cost traffic.
- *Railway Stations* – Revenue of €3.4m in Q2 2006, with an increase of 21.8% over the Q2 2005 figure of €2.8m, mainly thanks to the opening of the Toledo station, the renovation of outlets at Atocha Station in Madrid, completed in 2005, and the growth of traffic following completion of the new high-speed lines.

### Ebitda

Ebitda was €3.1m in Q2 2006, with an increase over the Q2 2005 figure of €2.6m, though the Ebitda margin contracted from the Q2 2005 figure of 13.5% to 12.9% mainly due to one-off development and reorganisation costs.

### ➤ **ALDEASA**

*The figures presented below to illustrate the performance of Aldeasa refer to 100% of the company and its subsidiaries. Our interest in Aldeasa – a 50% joint venture – is consolidated using the proportionate method and has been included in our scope of consolidation since 1 May 2005.*

### Revenue

Aldeasa and its subsidiaries reported revenue of €190.6m in Q2 2006, with a sharp (12.8%) increase over the Q2 2005 figure of €168.9m. The business segments performed as follows:

- *Airports* – Sales of €183.8m in Q2 2006, with a 13.2% increase over the Q2 2005 figure due to a favourable trend in the Spanish airports (up by 7.6% in Q2 2006 over Q2 2005) and especially Madrid (up by 17,4%), the excellent results of the airports in Chile, Jordan and Peru, and the opening of new outlets in Kuwait City.
- *Other (palaces and museums)* – Sales of €6.8m in Q2 2006, as against the Q2 2005 figure of €6.5m (with an increase of 3.8%), largely due to the outlets in Barcelona and Seville and at the *Biblioteca Nacional* in Madrid.

### Ebitda

Ebitda was €20.2m in Q2 2006, slightly lower than the Q2 2005 figure of €21.4m and the Ebitda margin also declined from the Q2 2005 ratio of 12.7% to 10.6% in Q2 2006, principally on account of the start-up phase in Kuwait City airport and the new terminal of Madrid Barajas, whose sales have not yet reached normal levels.

| <u>(m€)</u>                   | <u>Aldeasa</u> |                |               |
|-------------------------------|----------------|----------------|---------------|
|                               | <u>Q2 2006</u> | <u>Q2 2005</u> | <u>Change</u> |
| Revenue                       | 190.6          | 168.9          | 12.8%         |
| Ebitda                        | 20.2           | 21.4           | -5.6%         |
| % on revenue                  | 10.6%          | 12.7%          |               |
| Depreciation and Amortisation | 3.2            | 3.6            | -10.4%        |
| Capital Expenditure           | -              | 1.6            | n.s.          |

In Q2 2006 Aldeasa and AENA reached an agreement which terminates the transition period that began with the abolition of intra-EU duty-free in the second half of 1999, during which time rentals were paid according to the operating profit recorded by each outlet, instead of a percentage of turnover, which is the market rule and the original method of payment, now restored.

The terms of this agreement substantially confirm the estimated liabilities which formed part of our purchase accounting as described in our half-year and year-end accounts for 2005.

Please see the Notes to the Accounts for the consequences of this agreement on the situation as at 30 June 2006.

## 2.2. ACQUISITIONS AND BUSINESS DEVELOPMENT

### ACQUISITIONS

#### ➤ ***Airport Terminal Restaurants Division of Cara Operations Limited***

In June 2006 we initialled an agreement with Cara Operations Limited, the main integrated Food & Beverage supplier in Canada, whereby we will purchase its Airport Terminal Restaurants (ATR) Division, which operates concessions in North America.

In 2005 ATR reported sales of \$CAN74.3m and Ebitda of \$CAN9.6m, the margin being 12.9%. ATR employs about 1,000 people and runs over 90 restaurant and retail outlets with the richest brand portfolio in the country. Its main licensed brands include Sbarro's and Tim Horton's, and its proprietary brands include Milestone's and Kelsey's.

Under the terms of the agreement, Host International of Canada will acquire ATR's concessions in nine Canadian airports: Calgary, Edmonton, Kamloops, Montreal, Ottawa, Saskatoon, Toronto, Vancouver and Winnipeg.

The acquisition of ATR will enable the Group to strengthen its presence in Canada, a market with passenger traffic of about 90 million (of whom 40% are international travellers), without diluting its current level of profitability and slightly extending the average life of the concessions portfolio.

The enterprise value agreed for this deal is \$CAN62m (equal to €43.5m), giving a multiple of between 6 and 7 times Ebitda. The transaction has been authorised by Canada's Antitrust authority and will be concluded in Q4 2006.

#### ➤ ***Carestel***

On 27 June 2006 Autogrill initialled an agreement to purchase 61.5% of the share capital of the group owned by Carestel N.V. ("Carestel"), the leading Belgian restaurant concession company, which is listed on the Brussels *Bourse* (CARB BB).

Carestel recorded 2005 sales of €72.9m and Ebitda of €5.3m. It comprises two operating units, Restair and Carestel Motorway Services, which run respectively the airport business (65% of turnover), and the motorway business (35% of turnover) and employs around 1,100 people. It operates in 6 European airports and 35 motorway locations in Belgium and Luxembourg, under its proprietary brand Carestel and with licensed brands such as Pizza Hut and Quick.

Under the agreement Autogrill will acquire 5,463,243 shares (out of a total of 8,882,601) for €5.00 per share from Assart N.V. and Megafood Participations S.a.r.l., the two holding companies that control Carestel.

The transaction is expected to close in Q4 2006, after fulfilment of conditions precedent, which include the authorisation of the Belgian antitrust authority. Subsequently there will be a public tender offer for the remaining shares and warrants in the market, at the same price as the acquisition and with a prospectus approved by the CBFA (*Commission Bancaire, Financière et des Assurances*); this will be followed if necessary by a squeeze-out, with the aim of delisting the company. The enterprise value on the basis of which the offer to buy control was made, was €46.9m, which – on Autogrill's own valuation – corresponds to a multiple of between 7 and 7½ times the Ebitda forecast for 2006.

This transaction is in line with Autogrill's strategy of developing the airport business segment in Europe. Once the deal is complete, the Group will be present in 48 European airports in Spain, Italy, Portugal, France, Belgium, Austria, Switzerland, Germany, The Netherlands, the UK, Greece,

Sweden and Ireland, as against 13 at the beginning of 2005. Through Carestel, Autogrill will enter specifically Brussels airport, the 20th in Europe with over 16 million passengers in 2005 – it was awarded a prize in the same year for the best European airport in terms of service quality – and consolidate its position in Germany, with the addition of Hamburg and Stuttgart after our March 2005 acquisition of 49.9% of Steigenberger Gastronomie GmbH, present in the hub in Frankfurt.

## BUSINESS DEVELOPMENT

In Q2 2006 HMSHost Corp. won the extension of three concessions for the management of Food & Beverage and retail businesses in the international airports of Salt Lake City, Dallas and Wichita. These concessions will generate cumulative sales of about \$300m.

In Europe too Q2 2006 saw further growth for the Group in the airport business segment. After Ireland and Sweden, we strengthened our presence in Northern Europe by entering the Danish market where, on 28 May 2006 we won a concession to provide Food & Beverage services in three points of sale in the international airport of Copenhagen. We estimate that these businesses will generate cumulative sales of €50m over the 7-year life of the contract.

On 12 June 2006 we reached an agreement with Telefónica to set up and run food and beverage services in the new business centre in Madrid where this company is to move its headquarters. The contract will have a life of 10 years and the forecast cumulative sales are €160m.

Please see section 2.5 below for details of further significant developments in our business that occurred after 30 June 2006.

### 2.3. CAPITAL EXPENDITURE

In Q2 2006 capital expenditure amounted to €39.5m as against the Q2 2005 figure of €49.2m. The reduction was primarily due to airport concession renewals falling due in other periods and the peak of openings in shopping centres in Italy, which occurred in 2005.

About 80% of our capital expenditure was used for development and renovation projects. The most important development projects included Seattle, Minneapolis and Washington Dulles in the US and the motorway business segment in Italy, to develop and improve our network.

| (€m)                    | Q2 2006     |               | Q2 2005     |               |
|-------------------------|-------------|---------------|-------------|---------------|
| <b>Business Segment</b> |             |               |             |               |
| Motorways               | 16.4        | 41.5%         | 14.6        | 29.6%         |
| Airports <sup>(1)</sup> | 17.6        | 44.4%         | 24.9        | 50.6%         |
| Railway Stations        | 0.3         | 0.9%          | 0.3         | 0.6%          |
| Other                   | 1.7         | 4.3%          | 7.1         | 14.3%         |
| Unallocated             | 3.5         | 8.9%          | 2.3         | 4.9%          |
| <b>Total</b>            | <b>39.5</b> | <b>100.0%</b> | <b>49.2</b> | <b>100.0%</b> |

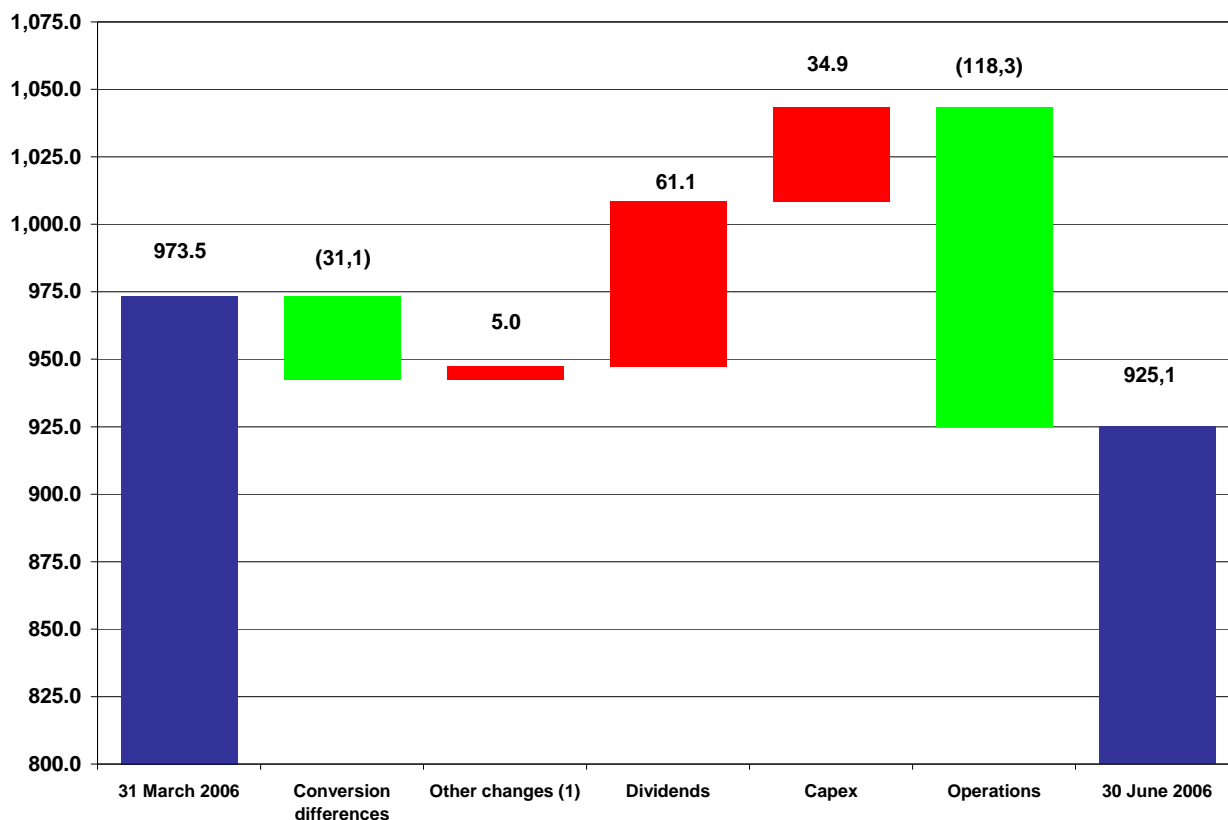
(1) Q2 2005 includes €0.8m of capex undertaken by Aldeasa.

| (€m)                                    | Q2 2006     |               | Q2 2005     |               |
|---|-------------|---------------|-------------|---------------|
| <b>Purpose</b>                          |             |               |             |               |
| Development / Renovation <sup>(1)</sup> | 32.0        | 80.5%         | 41.8        | 85.0%         |
| Maintenance                             | 5.4         | 14.3%         | 5.3         | 10.8%         |
| ICT                                     | 2.1         | 5.2%          | 2.1         | 4.2%          |
| <b>Total</b>                            | <b>39.5</b> | <b>100.0%</b> | <b>49.2</b> | <b>100.0%</b> |

(1) Q2 2005 includes €0.8m of capex undertaken by Aldeasa.

## 2.4. FINANCIAL POSITION AND CASH-FLOW<sup>1</sup>

As at 30 June 2006 net debt was €925.1m, with a net reduction during Q2 of €48.4m from the balance outstanding as at 31 March 2006. Cash-flow from ordinary operations was €118.3m and enabled both capital expenditure (€34.9m) and the payment of the 2005 dividend (€61.1m) to be covered. The conversion effect relating to debt denominated in currencies other than the Euro (mainly the US\$) contributed €31.1m to the reduction of net debt.



(1) This item mainly comprises payment of minorities' dividend.

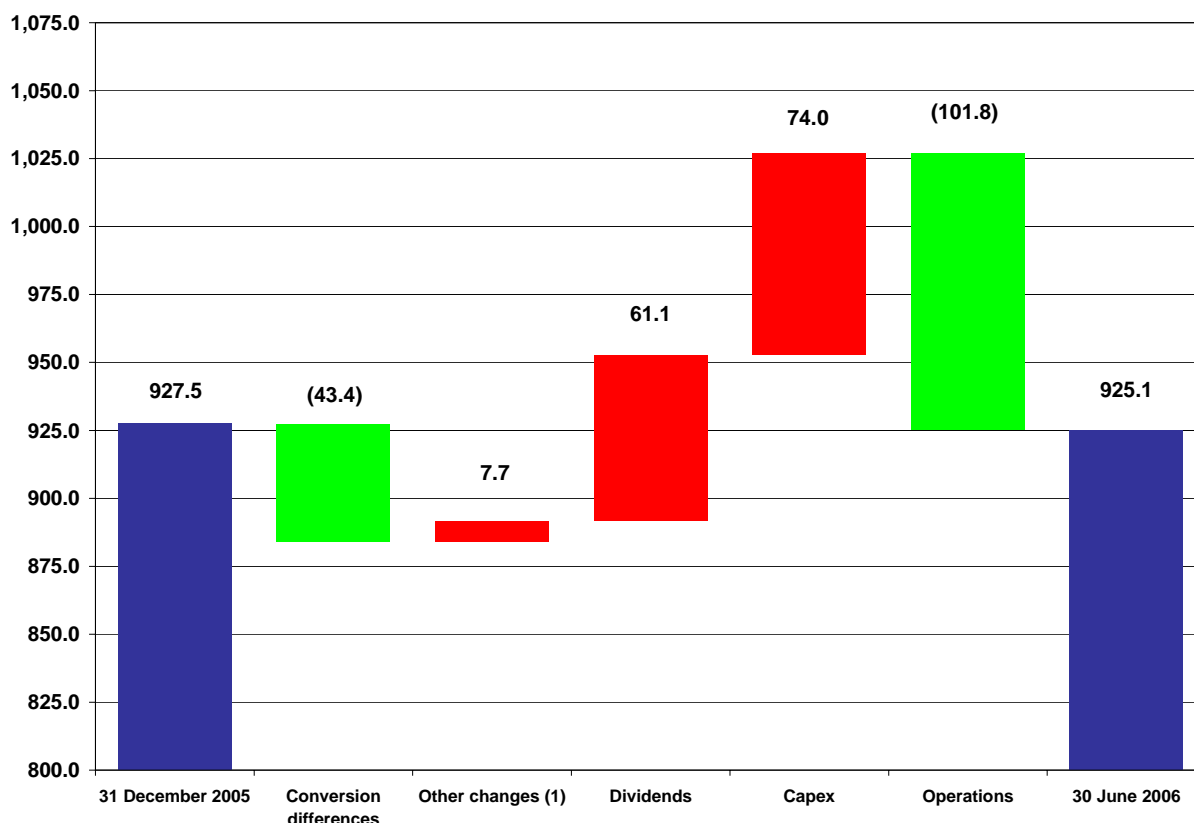
### Breakdown of Cash-flow and Net Debt Q2 2006/Q2 2005

| €m  | Q2 2006 | Q2 2005   | Change |
|---|---------|-----------|--------|
| <b>Cash-flow generated (absorbed) by Operations</b>               | 118.3   | 119.2     | (0.9)  |
| <b>Net Capital Expenditure</b>                                    | (34.9)  | (42.3)    | 7.4    |
| <b>Acquisition of subsidiaries, associates and joint ventures</b> | -       | (339.0)   | 339.0  |
| <b>Group net debt at period-end</b>                               | (925.1) | (1,095.3) | 170.2  |

Net debt was down by €2.4m from the outstanding balance at the end of the prior fiscal year. Cash-flow from ordinary operations was €101.8m and helped to fund capex (€74.0m) and payment of the 2005 dividend. The conversion effect relating to debt denominated in currencies other than the Euro (mainly the US\$) was €43.4m positive.

<sup>1</sup> Figures for the full year 2005 and Q1 2006 differ from those originally published in that items in transit from working capital (current) debt to bank debt were reclassified. See section 4.1 of the Notes to the Accounts for details.





(1) This item mainly comprises payment of minorities' dividend.

### Breakdown of Cash-flow and Net Debt H1 2006/H1 2005

| €m  | H1 2006 | H1 2005   | Change |
|---|---------|-----------|--------|
| <b>Cash-flow generated (absorbed) by Operations</b>               | 101.8   | 84.7      | 17.1   |
| <b>Net Capital Expenditure</b>                                    | (74.0)  | (78.3)    | 4.3    |
| <b>Acquisition of subsidiaries, associates and joint ventures</b> | -       | (339.0)   | 339.0  |
| <b>Group net debt at period-end</b>                               | (925.1) | (1,095.3) | 170.2  |

**CONDENSED CONSOLIDATED BALANCE SHEET**

|  | (€m) | 30.06.2006     | 31.12.2005     | CHANGE        |                           |
|--|------|----------------|----------------|---------------|---------------------------|
|  |      |                |                | Total         | At constant<br>exch. rate |
| Intangible assets  |      | 1,104.0        | 1,136.9        | (32.9)        | 2.9                       |
| Property, plant and equipment                                    |      | 772.0          | 795.5          | (23.5)        | 2.4                       |
| Financial fixed assets   |      | 18.2           | 22.8           | (4.6)         | (4.0)                     |
| <b>A) Total fixed assets</b>                                     |      | <b>1,894.2</b> | <b>1,955.2</b> | <b>(61.0)</b> | <b>1.3</b>                |
| Inventory  |      | 138.6          | 133.0          | 5.6           | 8.2                       |
| Accounts receivable  |      | 59.7           | 51.8           | 7.9           | 8.3                       |
| Other receivables  |      | 86.2           | 99.1           | (12.9)        | (10.3)                    |
| Accounts payable   |      | (367.2)        | (428.9)        | 61.7          | 55.3                      |
| Other payables   |      | (282.6)        | (260.5)        | (22.1)        | (29.4)                    |
| <b>B) Working capital</b>  |      | <b>(365.3)</b> | <b>(405.5)</b> | <b>40.2</b>   | <b>32.1</b>               |
| <b>C) Capital invested, net of current liabilities</b>           |      | <b>1,528.9</b> | <b>1,549.7</b> | <b>(20.8)</b> | <b>33.4</b>               |
| <b>D) Other non-financial non-current assets and liabilities</b> |      | <b>(142.7)</b> | <b>(139.6)</b> | <b>(3.1)</b>  | <b>(1.5)</b>              |
| <b>E) Net capital invested</b>                                   |      | <b>1,386.2</b> | <b>1,410.1</b> | <b>(23.9)</b> | <b>31.9</b>               |
| Shareholders' equity attributable to the Group                   |      | 434.6          | 451.8          | (17.2)        | (6.2)                     |
| Shareholders' equity attributable to minorities                  |      | 26.5           | 30.8           | (4.3)         | (3.0)                     |
| <b>F) Shareholders' equity</b>                                   |      | <b>461.1</b>   | <b>482.6</b>   | <b>(21.5)</b> | <b>(9.2)</b>              |
| <b>G) Bonds issued</b>   |      | <b>39.1</b>    | <b>38.7</b>    | <b>0.4</b>    | <b>0.4</b>                |
| Medium/long term financial liabilities                           |      | 949.6          | 1,002.4        | (52.8)        | (7.4)                     |
| Medium/long term financial assets                                |      | -              | (130.5)        | 130.5         | 130.5                     |
| <b>H) Medium/long term financial indebtedness</b>                |      | <b>949.6</b>   | <b>871.9</b>   | <b>77.7</b>   | <b>123.1</b>              |
| Short-term financial liabilities                                 |      | 183.8          | 176.8          | 7.0           | 10.6                      |
| Cash and short-term financial assets                             |      | (247.4)        | (159.9)        | (87.5)        | (93.0)                    |
| <b>I) Net short-term financial position</b>                      |      | <b>(63.6)</b>  | <b>16.9</b>    | <b>(80.5)</b> | <b>(82.4)</b>             |
| <b>Net financial position (G+H+I)</b>                            |      | <b>925.1</b>   | <b>927.5</b>   | <b>(2.4)</b>  | <b>41.1</b>               |
| <b>L) Total, as in E)</b>  |      | <b>1,386.2</b> | <b>1,410.1</b> | <b>(23.9)</b> | <b>31.9</b>               |

**Data regarding H1 2006**
**CONDENSED CONSOLIDATED INCOME STATEMENT**

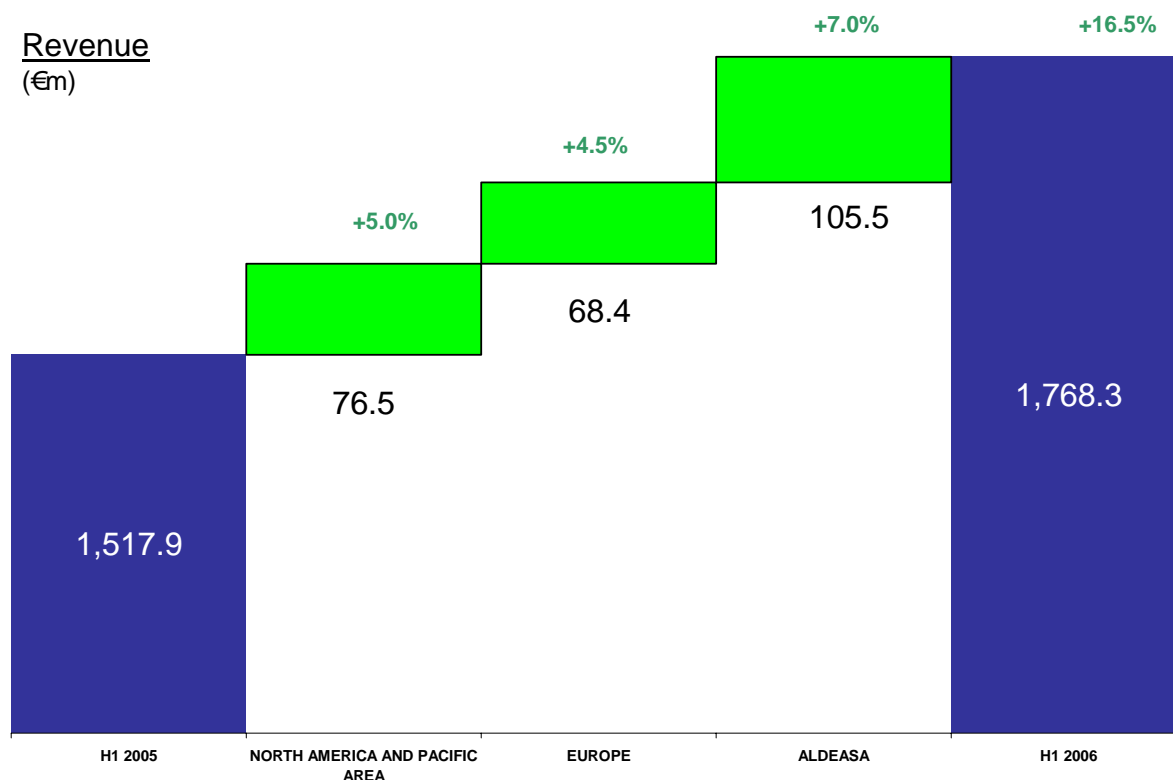
| (€m)   | H1 2006                |                  |                | H1 2005                |                  |                | Change                |                        |                       |                        | Full Year 2005 |
|--|------------------------|------------------|----------------|------------------------|------------------|----------------|-----------------------|------------------------|-----------------------|------------------------|----------------|
|  | Not incl. Acquisitions | New acquisitions | Group Total    | Not incl. Acquisitions | New acquisitions | Group Total    | Total                 |                        | A perimetro omogeneo  |                        |                |
|  |                        |                  |                |                        |                  |                | At current exch. rate | At constant exch. rate | At current exch. rate | At constant exch. rate |                |
| Operating Revenue                                    | 1,597.7                | 170.6            | 1,768.3        | 1,458.4                | 59.5             | 1,517.9        | 16.5%                 | 14.0%                  | 9.6%                  | 7.1%                   | 3,528.9        |
| Other operating income                               | 37.0                   | 5.2              | 42.2           | 42.7                   | 1.4              | 44.1           | -4.4%                 | -4.3%                  | -13.4%                | -13.4%                 | 96.9           |
| <b>Total Income</b>                                  | <b>1,634.7</b>         | <b>175.8</b>     | <b>1,810.5</b> | <b>1,501.1</b>         | <b>60.9</b>      | <b>1,562.0</b> | <b>15.9%</b>          | <b>13.5%</b>           | <b>8.9%</b>           | <b>6.6%</b>            | <b>3,625.8</b> |
| Cost of raw materials, items for use and merchandise | (533.8)                | (86.7)           | (620.5)        | (478.4)                | (31.5)           | (509.9)        | 21.7%                 | 19.6%                  | 11.6%                 | 9.5%                   | (1,211.3)      |
| Payroll  | (494.4)                | (21.5)           | (515.9)        | (454.4)                | (5.3)            | (459.7)        | 12.2%                 | 9.8%                   | 8.8%                  | 6.4%                   | (1,017.0)      |
| Rents, concessions and royalties                     | (223.8)                | (40.8)           | (264.6)        | (205.6)                | (12.5)           | (218.1)        | 21.4%                 | 18.2%                  | 8.9%                  | 5.9%                   | (523.3)        |
| Other operating costs                                | (193.3)                | (12.1)           | (205.4)        | (178.2)                | (4.4)            | (182.6)        | 12.5%                 | 10.3%                  | 8.4%                  | 6.3%                   | (398.9)        |
| <b>EBITDA</b>  | <b>189.4</b>           | <b>14.7</b>      | <b>204.1</b>   | <b>184.5</b>           | <b>7.2</b>       | <b>191.7</b>   | <b>6.5%</b>           | <b>4.2%</b>            | <b>2.7%</b>           | <b>0.4%</b>            | <b>475.3</b>   |
| Depreciation   | (79.1)                 | (3.6)            | (82.7)         | (78.5)                 | (1.0)            | (79.5)         | 4.0%                  | 1.6%                   | 0.7%                  | -1.6%                  | (180.4)        |
| <b>Operating Profit (EBIT)</b>                       | <b>110.3</b>           | <b>11.1</b>      | <b>121.4</b>   | <b>106.0</b>           | <b>6.2</b>       | <b>112.2</b>   | <b>8.2%</b>           | <b>6.0%</b>            | <b>4.1%</b>           | <b>1.8%</b>            | <b>294.9</b>   |
| Financial income (expense)                           | (18.4)                 | (5.6)            | (24.0)         | (20.0)                 | (1.6)            | (21.6)         | 11.3%                 | 7.9%                   | -8.0%                 | -11.0%                 | (46.2)         |
| Value adjustments on financial assets                | 0.1                    | -                | 0.1            | 0.6                    | 0.4              | 1.0            | -81.0%                | -81.5%                 | -66.8%                | -68.2%                 | 1.3            |
| <b>Profit before tax</b>                             | <b>92.0</b>            | <b>5.5</b>       | <b>97.5</b>    | <b>86.6</b>            | <b>5.0</b>       | <b>91.6</b>    | <b>6.5%</b>           | <b>4.6%</b>            | <b>6.4%</b>           | <b>4.4%</b>            | <b>250.0</b>   |
| Tax  | (41.9)                 | (1.3)            | (43.2)         | (41.2)                 | (2.1)            | (43.3)         | -0.2%                 | -1.6%                  | 1.8%                  | 0.2%                   | (110.5)        |
| <b>NET PROFIT</b>                                    | <b>50.1</b>            | <b>4.2</b>       | <b>54.3</b>    | <b>45.4</b>            | <b>2.9</b>       | <b>48.3</b>    | <b>12.6%</b>          | <b>10.1%</b>           | <b>10.6%</b>          | <b>8.1%</b>            | <b>139.5</b>   |
| - attributable to the Group                          | 45.7                   | 3.8              | 49.5           | 42.1                   | 2.9              | 45.0           | 10.1%                 | 7.8%                   | 8.7%                  | 6.3%                   | 130.1          |
| - attributable to minorities                         | 4.4                    | 0.4              | 4.8            | 3.3                    | -                | 3.3            | 45.7%                 | 40.2%                  | 35.8%                 | 30.7%                  | 9.4            |

**CONDENSED CONSOLIDATED INCOME STATEMENT – ITEM RATIOS TO TOTAL SALES**

|  | H1 2006                |                  |               | H1 2005                |                  |               | Full Year 2005 |
|--|------------------------|------------------|---------------|------------------------|------------------|---------------|----------------|
|  | Not incl. Acquisitions | New acquisitions | Group Total   | Not incl. Acquisitions | New acquisitions | Group Total   |                |
| Operating Revenue                                    | 100.0%                 | 100.0%           | 100.0%        | 100.0%                 | 100.0%           | 100.0%        | 100.0%         |
| Other operating income                               | 2.3%                   | 3.0%             | 2.4%          | 2.9%                   | 2.3%             | 2.9%          | 2.7%           |
| <b>Total Income</b>                                  | <b>102.3%</b>          | <b>103.0%</b>    | <b>102.4%</b> | <b>102.9%</b>          | <b>102.3%</b>    | <b>102.9%</b> | <b>102.7%</b>  |
| Cost of raw materials, items for use and merchandise | -33.4%                 | -50.8%           | -35.1%        | -32.8%                 | -53.0%           | -33.6%        | -34.3%         |
| Payroll  | -30.9%                 | -12.6%           | -29.2%        | -31.2%                 | -8.9%            | -30.3%        | -28.8%         |
| Rents, concessions and royalties                     | -14.0%                 | -23.9%           | -15.0%        | -14.1%                 | -21.0%           | -14.4%        | -14.8%         |
| Other operating costs                                | -12.1%                 | -7.1%            | -11.6%        | -12.2%                 | -7.4%            | -12.0%        | -11.3%         |
| <b>EBITDA</b>  | <b>11.9%</b>           | <b>8.6%</b>      | <b>11.5%</b>  | <b>12.7%</b>           | <b>12.0%</b>     | <b>12.6%</b>  | <b>13.5%</b>   |
| Depreciation   | -5.0%                  | -2.1%            | -4.7%         | -5.4%                  | -1.7%            | -5.2%         | -5.1%          |
| <b>Operating Profit (EBIT)</b>                       | <b>6.9%</b>            | <b>6.5%</b>      | <b>6.9%</b>   | <b>7.3%</b>            | <b>10.3%</b>     | <b>7.4%</b>   | <b>8.4%</b>    |
| Financial income (expense)                           | -1.2%                  | -3.3%            | -1.4%         | -1.4%                  | -2.6%            | -1.4%         | -1.3%          |
| Value adjustments on financial assets                | 0.0%                   | 0.0%             | 0.0%          | 0.0%                   | 0.7%             | 0.1%          | 0.0%           |
| <b>Profit before tax</b>                             | <b>5.8%</b>            | <b>3.2%</b>      | <b>5.5%</b>   | <b>5.9%</b>            | <b>8.4%</b>      | <b>6.0%</b>   | <b>7.1%</b>    |
| Tax  | -2.6%                  | -0.7%            | -2.4%         | -2.8%                  | -3.5%            | -2.9%         | -3.1%          |
| <b>NET PROFIT</b>                                    | <b>3.1%</b>            | <b>2.4%</b>      | <b>3.1%</b>   | <b>3.1%</b>            | <b>4.9%</b>      | <b>3.2%</b>   | <b>4.0%</b>    |
| - attributable to the Group                          | 2.9%                   | 2.2%             | 2.8%          | 2.9%                   | 4.9%             | 3.0%          | 3.7%           |
| - attributable to minorities                         | 0.3%                   | 0.2%             | 0.3%          | 0.2%                   | 0.1%             | 0.2%          | 0.3%           |

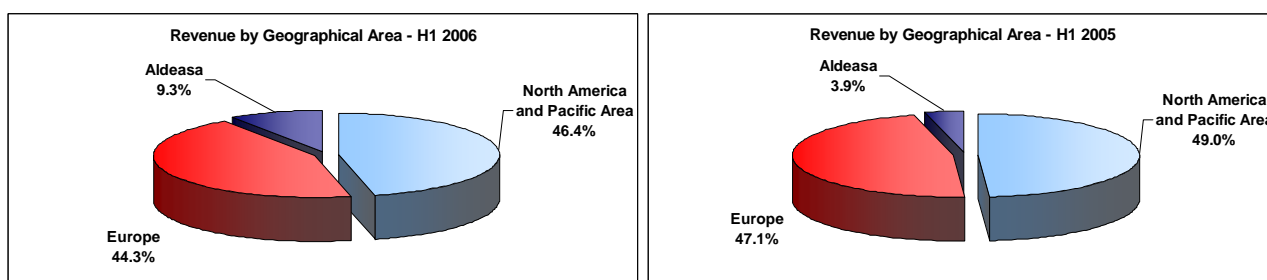
Consolidated Revenue

In H1 2006 Autogrill recorded consolidated revenue of €1,768.3m, with an increase of 16.5% (14,0% at constant exchange rates) over H1 2005.



Unlike Q2 2006 compared to Q2 2005, exchange rate movements between H1 2005 and H1 2006 cause there to be different results according to whether constant or current exchange rates are used. Where the difference is significant, therefore, changes are given at both rates.

Not including the positive effect of consolidating new acquisitions, H1 2006 sales grew by 9.6% (7.1% at constant exchange rates) over H1 2005.



Our US subsidiary Autogrill Group, Inc's sales advanced by 5.5% in US\$ and by 10.3% in Euros at current exchange rates) to \$1,009.4m as against \$956.4m in H1 2005. This increase in revenue is all the more remarkable if seen against the background of a negative trend in air traffic during the half year (down by 0.9% according to A.T.A.).

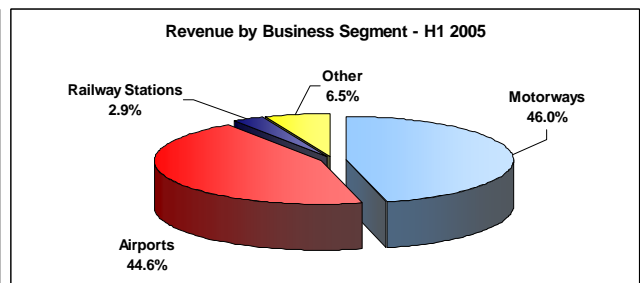
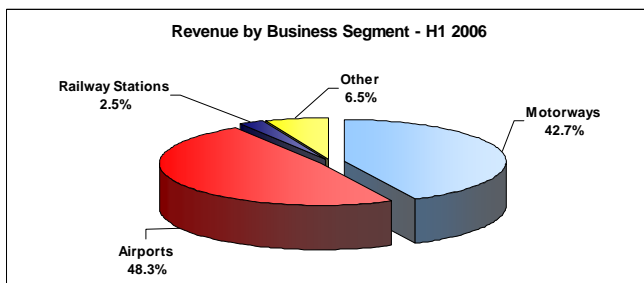
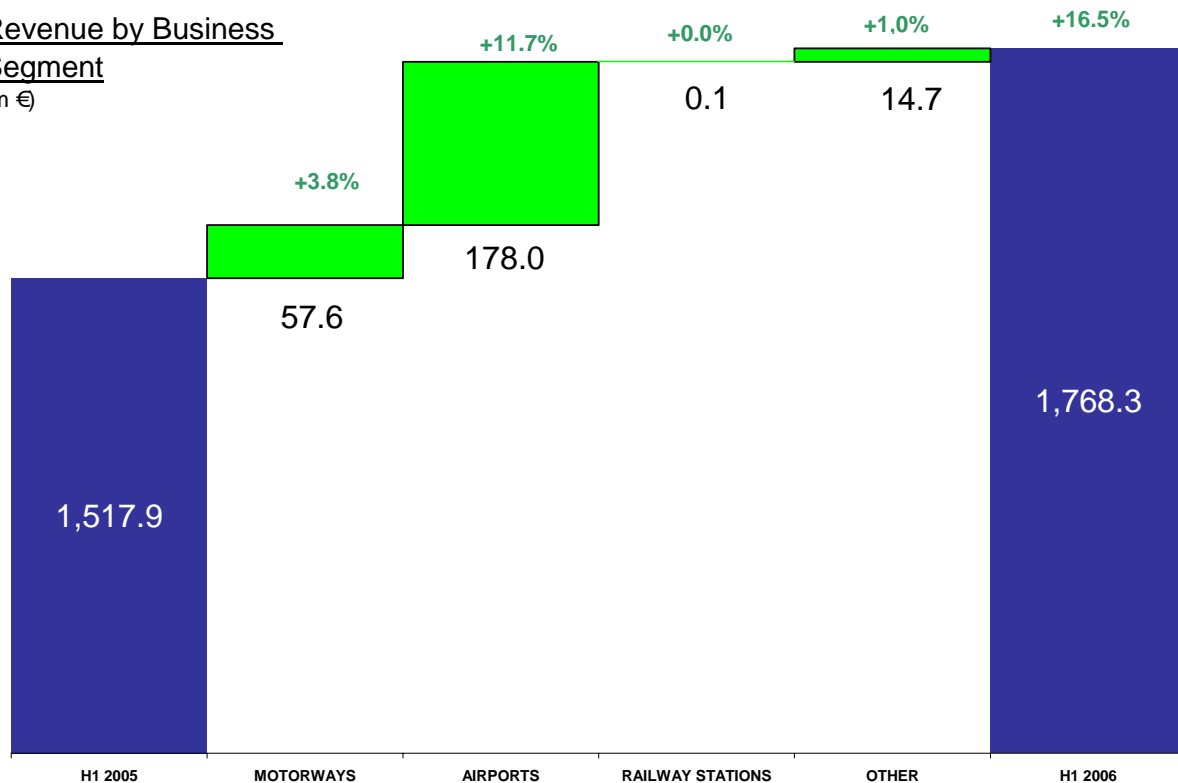
In Europe revenue grew by 9.6% (9,7% at constant exchange rates) over H1 2005 to €782.4m. Italian operations contributed significantly to this result: Italian revenue grew by 12.5%.

Aldeasa's contribution (consolidated proportionately as to 50% since 1 May 2005) increased from €59.5m to €165.0m reflecting a 12.8% increase in sales over the half year.

**Revenue by Business**

**Segment**

(m €)



Among the business segments, airports contributed more than 70% to the growth of revenue in H1 2006 due not only to new acquisitions (principally Aldeasa) but also to the growth of the segment itself in both North America and Europe.

Motorway segment growth was due to good sales performance in both Food & Beverage and Retail. The latter was boosted in Italy by sales of complementary products, mainly games and lottery tickets.

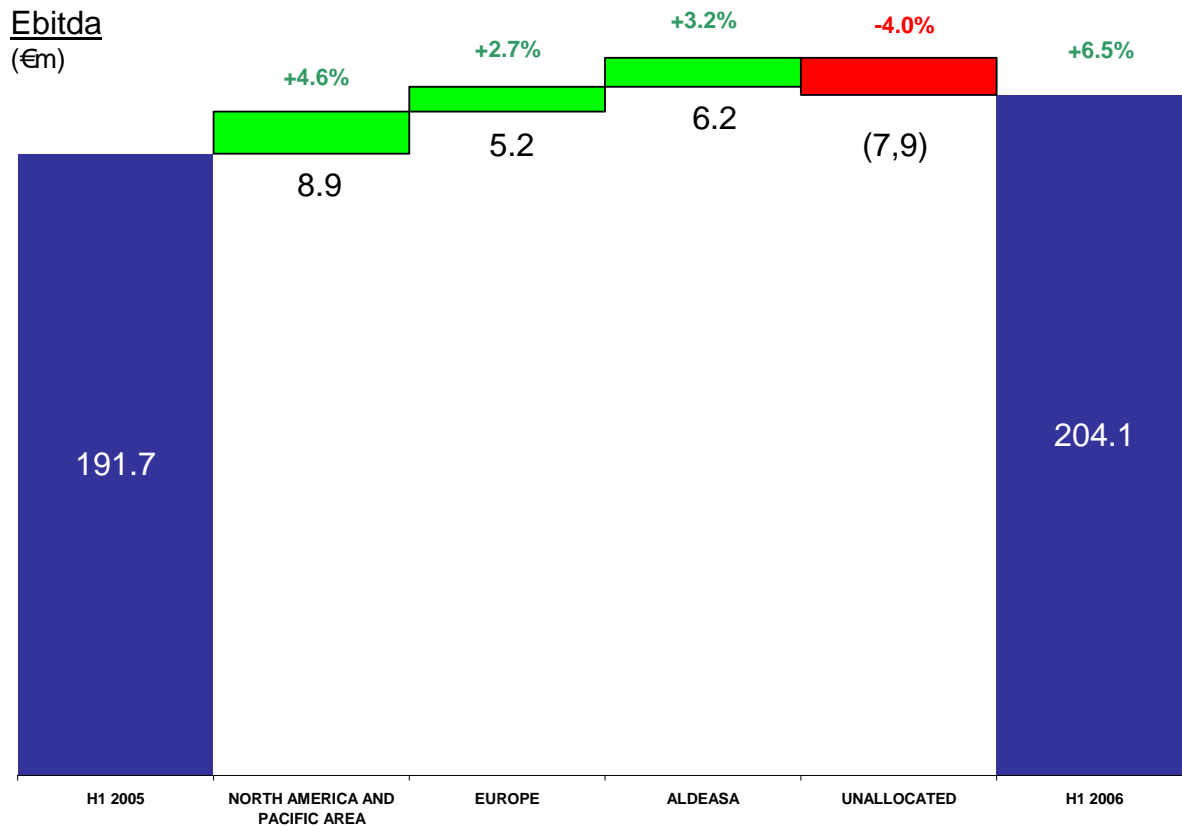
Railway stations and other segments (shopping centres, towns and trade fairs) recorded increases in the value of sales, though somewhat lower than other business segments.

**Ebitda**

In H1 2006 Ebitda reached €204.1m, with an increase of 6.5% (or 4.2% at constant exchange rates) from €191.7m in H1 2005.

Excluding the effect of new acquisitions, H1 2006 Ebitda grew by 2.7% (0.4% at constant exchange rates).

This increase in Ebitda reflects the different impact of non-recurring items in the two half-years under comparison. In H1 2005 Ebitda benefited from net non-recurring income of €7.3m, relating to the part sub-let of two commercial premises in the centre of Milan, which did not recur in H1 2006.



Net of non-recurring items, the Ebitda margin declined from the H1 2005 ratio of 12.1% to the H1 2006 figure of 11.5%. This reduction of the margin was due to the following main factors:

- Greater staff recruiting and training costs and higher start-up costs at our North American businesses.
- Changes in the sales mix in Europe towards retail as opposed to Food & Beverage products. In particular, strong growth in sales of games and lottery tickets in Italy.
- Consolidation of Aldeasa for the whole half-year, as opposed to just 2 months in 2005. As well as having lower Ebitda margins than Food & Beverage operations, Aldeasa also bore the costs of start-ups (Kuwait City, mainly).

## ➤ Summary of Results by Principal Macro-Area

| (€m)                          | North America and Pacific Area |         |        |                        | Europe  |         |        |                        |
|-------------------------------|--------------------------------|---------|--------|------------------------|---------|---------|--------|------------------------|
|                               | H1 2006                        | H1 2005 | Change |                        | H1 2006 | H1 2005 | Change |                        |
|                               |                                |         | total  | at constant exch. rate |         |         | total  | at constant exch. rate |
| Revenue                       | 820.9                          | 744.4   | 10.3%  | 5.5%                   | 782.4   | 714.0   | 9.6%   | 9.7%                   |
| Ebitda                        | 104.3                          | 95.4    | 9.3%   | 4.6%                   | 95.6    | 90.4    | 5.7%   | 5.8%                   |
| % on revenue                  | 12.7%                          | 12.8%   |        |                        | 12.2%   | 12.7%   |        |                        |
| Depreciation and Amortisation | 43.9                           | 42.2    | 4.2%   | -0.3%                  | 35.4    | 35.1    | 0.9%   | 0.9%                   |
| Capital Expenditure           | 38.8                           | 49.1    | -20.9% | -16.8%                 | 34.8    | 31.3    | 11.0%  | 11.1%                  |

| (€m)                          | Aldeasa |         |        |                        | Totale Gruppo <sup>(1)</sup> |         |        |                        |
|-------------------------------|---------|---------|--------|------------------------|------------------------------|---------|--------|------------------------|
|                               | H1 2006 | H1 2005 | Change |                        | H1 2006                      | H1 2005 | Change |                        |
|                               |         |         | total  | at constant exch. rate |                              |         | total  | at constant exch. rate |
| Revenue                       | 165.0   | 59.5    | n.s.   | n.s.                   | 1,768.3                      | 1,517.9 | 16.5%  | 14.0%                  |
| Ebitda                        | 14.1    | 7.9     | n.s.   | n.s.                   | 204.1                        | 191.7   | 6.5%   | 4.2%                   |
| % on revenue                  | 8.5%    | 13.2%   |        |                        | 11.5%                        | 12.6%   |        |                        |
| Depreciation and Amortisation | 3.3     | 1.0     | n.s.   | n.s.                   | 82.7                         | 79.5    | 4.0%   | 1.6%                   |
| Capital Expenditure           | 7.9     | 0.8     | n.s.   | n.s.                   | 81.5                         | 81.2    | 0.4%   | 3.5%                   |

<sup>(1)</sup> Includes unallocated costs and depreciation respectively of €9.9m and €0.1m in H1 2006, and €2.0m and €1.2m in H1 2005.

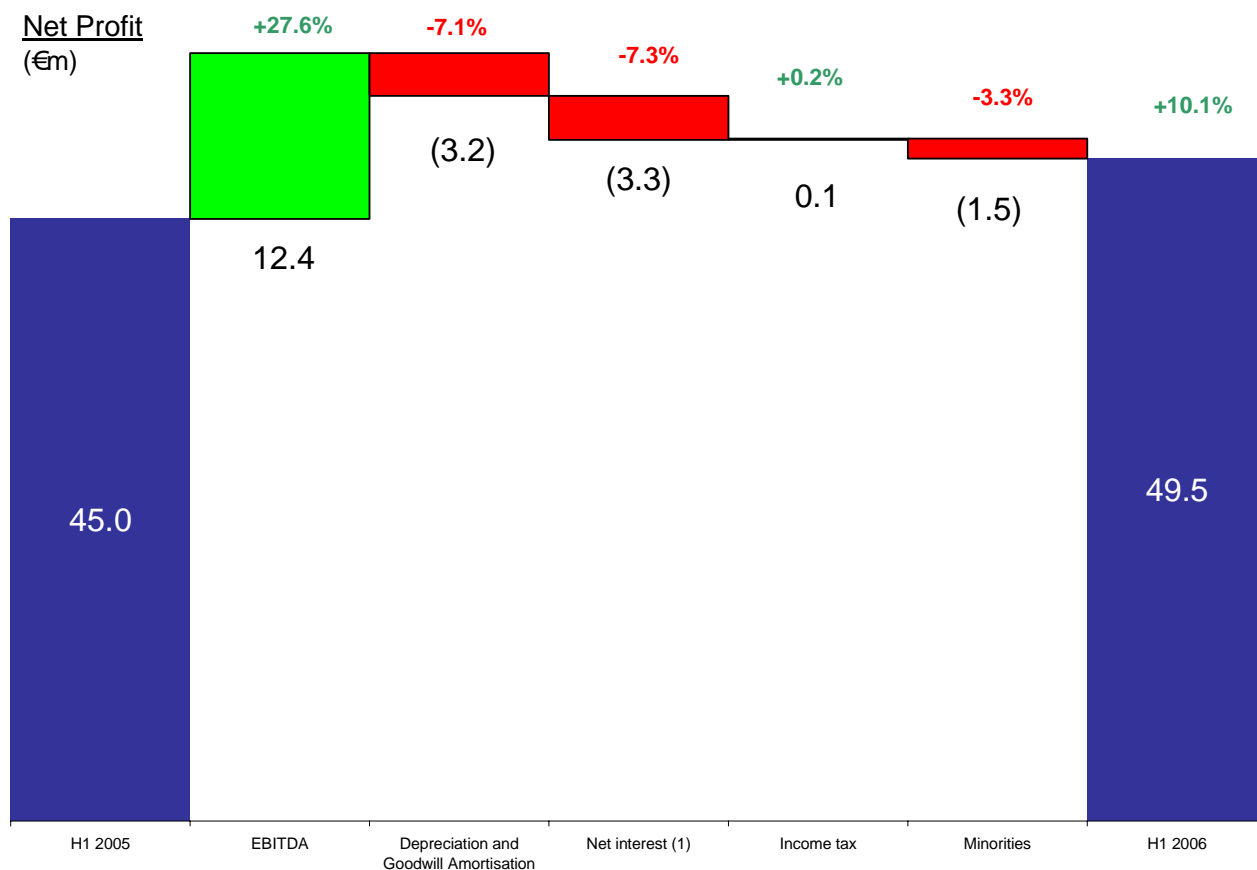
## ➤ Breakdown by Country of the EUROPE Macro-Area

| (€m)                          | Italy   |         |        | France  |         |        | Switzerland |         |        | At constant exch. rate |
|-------------------------------|---------|---------|--------|---------|---------|--------|-------------|---------|--------|------------------------|
|                               | H1 2006 | H1 2005 | Change | H1 2006 | H1 2005 | Change | H1 2006     | H1 2005 | Change |                        |
| Revenue                       | 542.4   | 482.3   | 12.5%  | 97.8    | 97.2    | 0.7%   | 48.5        | 48.3    | 0.3%   | 1.3%                   |
| Ebitda                        | 78.4    | 72.3    | 8.4%   | 6.9     | 7.8     | -12.4% | 4.7         | 4.1     | 14.8%  | 15.9%                  |
| % on Revenue                  | 14.5%   | 15.0%   |        | 7.0%    | 8.1%    |        | 9.7%        | 8.5%    |        |                        |
| Depreciation and Amortisation | 17.5    | 18.2    | -4.2%  | 8.3     | 8.1     | 3.2%   | 3.0         | 2.9     | 0.4%   | 1.4%                   |
| Capital Expenditure           | 19.3    | 20.4    | -5.4%  | 4.5     | 3.4     | 32.5%  | 0.6         | 3.3     | -83.0% | -82.8%                 |

| (€m)                          | Spain   |         |        | Other   |         |        | Europe - Total |                        |        | At constant exch. rate |
|-------------------------------|---------|---------|--------|---------|---------|--------|----------------|------------------------|--------|------------------------|
|                               | H1 2006 | H1 2005 | Change | H1 2006 | H1 2005 | Change | H1 2006        | H1 2005 <sup>(1)</sup> | Change |                        |
| Revenue                       | 40.7    | 37.6    | 8.1%   | 53.1    | 48.7    | 9.0%   | 782.4          | 714.0                  | 9.6%   | 9.7%                   |
| Ebitda                        | 2.7     | 3.2     | -17.6% | 2.9     | 3.2     | -10.7% | 95.6           | 90.4                   | 5.7%   | 5.7%                   |
| % on Revenue                  | 6.5%    | 8.6%    |        | 5.4%    | 6.6%    |        | 12.2%          | 12.7%                  |        |                        |
| Depreciation and Amortisation | 3.1     | 2.5     | 22.3%  | 3.5     | 3.4     | 5.9%   | 35.4           | 35.1                   | 0.8%   | 0.8%                   |
| Capital Expenditure           | 1.9     | 2.8     | -32.9% | 8.5     | 1.4     | n.s.   | 34.8           | 31.3                   | 11.0%  | 11.1%                  |

### Net Profit

In H1 2006 net profit attributable to the Group was €49.5m, with an increase of 10.1% (or 7.8% at constant exchange rates) over the H1 2005 figure of €45.0m. Net of the contribution of our new acquisitions, net profit grew by 8.7% (or 6.3% at constant exchange rates) over H1 2005.



<sup>(1)</sup> Includes the effect of valuation of associates at net equity (€0.1m in H1 2006; €1.0m in H1 2005)



## Capital Expenditure

In H1 2006 capital expenditure amounted to €81.5m – compared to the H1 2005 figure of €81.2m.

About 80% of capex was devoted to development and renovation projects. The most important of these included development in Seattle, Minneapolis and Washington Dulles airports in the US and numerous initiatives to develop and improve motorway premises in Italy.

| <b>(€m)</b>             | <b>H1 2006</b> |               | <b>H1 2005</b> |               |
|-------------------------|----------------|---------------|----------------|---------------|
| <b>Business Segment</b> |                |               |                |               |
| Motorways               | 24.8           | 30.4%         | 22.3           | 27.5%         |
| Airports <sup>(1)</sup> | 45.2           | 55.5%         | 44.6           | 54.9%         |
| Railway Stations        | 0.6            | 0.7%          | 0.5            | 0.6%          |
| Other                   | 4.7            | 5.7%          | 11.0           | 13.5%         |
| Unallocated             | 6.2            | 7.7%          | 2.8            | 3.5%          |
| <b>Total</b>            | <b>81.5</b>    | <b>100.0%</b> | <b>81.2</b>    | <b>100.0%</b> |

(1) H1 2006 and H1 2005 include respectively €7.9m and €0.8m of capex undertaken by Aldeasa.

| <b>(€m)</b>                             | <b>H1 2006</b> |               | <b>H1 2005</b> |               |
|---|----------------|---------------|----------------|---------------|
| <b>Purpose</b>                          |                |               |                |               |
| Development / Renovation <sup>(1)</sup> | 66.3           | 81.3%         | 71.4           | 87.9%         |
| Maintenance                             | 10.9           | 13.4%         | 7.5            | 9.3%          |
| ICT                                     | 4.3            | 5.3%          | 2.3            | 2.8%          |
| <b>Total</b>                            | <b>81.5</b>    | <b>100.0%</b> | <b>81.2</b>    | <b>100.0%</b> |

(1) H1 2006 and H1 2005 include respectively €7.9m and €0.8m of capex undertaken by Aldeasa.

## 2.5 SUBSEQUENT EVENTS

After the end of Q2 2006, the Group was awarded further important concessions, as follows:

- On 13 July 2006 we were awarded the Food & Beverage concession for area 2 of the new trade fair site in Rome. The contract has a life of 9 years and we estimate potential cumulative turnover for this period of €30m.
- On 21 July 2006 we were awarded a new Food & Beverage and Retail concession in Oakland international airport in the US: during the contract life of 12 years the cumulative sales are forecast to be \$675m.
- On 28 July 2006 we achieved a renewal of the motorway concession and the development of Food & Beverage and Retail outlets in new service plazas along the Pennsylvania Turnpike, the main trunk road between the East Coast and the Mid West in the US. The contract provides for the renovation and exclusive management of 15 service plazas where HMSHost Corp. already operated and the assignment of 3 new plazas: the cumulative sales in the 30 years of this concession are forecast at \$3.5 billion.
- On 7 August 2006 we were awarded 11 Retail and Food & Beverage outlets in Nashville International Airport (Tennessee) and 10 retail outlets in Miami International Airport. Forecast cumulative sales from these two concessions, respectively of 13 and 8 years, are \$280 million.
- On 30 August 2006 we were awarded 3 Food & Beverage businesses in the international airport of Bari and all the Food & Beverage and duty-free concessions in Brindisi airport. The latter will include 3 Food & Beverage units alongside a duty-free&travel retail concept, which will be the first in Italy to be run by Autogrill with the benefit of the skills that Aldeasa has brought to the Group. Over the 4-5 years of their contracts, these concessions will generate estimated turnover of €15m.

On 1 August 2006 the incorporation of Aldeasa S.A. into Retail Airport Finance S.L., which then took on the name Aldeasa S.A., took place.

The accounting and tax effect of the merger runs from 1 January 2006.

Aldeasa is now directly held equally by Autogrill España S.A. (wholly owned by the Autogrill Group) and Altadis S.A.; their equal shares together are 99.3% of company capital.

The shareholders' agreements between Autogrill and Altadis have been amended to reflect the new shareholding structure, with the original content of the partnership unchanged.

On 18 August 2006 Aldeasa repaid in full the loan granted by Autogrill S.p.A. to finance the offer to buy, and for the purpose used a medium-term loan arranged by a syndicate of relationship banks.

## 2.6 OUTLOOK

On the basis of past experience H2 revenue is usually 15% higher than that of H1, for reasons connected with the seasonality of holiday traffic.

At the end of week 34 (progressive data at 27 August), consolidated revenue recorded an increase of 12.4% (or 11.1% at constant exchange rates) over the same period of 2005.

This confirmed the favourable growth trend seen in the early part of 2006 and airport security measures did not have a significant impact on sales in the weeks immediately following the initial introduction of the new rules.

The Group therefore forecasts - assuming an average €/€ exchange rate of 1:1,25 - revenue of over €3,800m, Ebitda of about €500m, with an Ebitda margin better than 13%, and increased net profit.

## 2.7 OTHER INFORMATION

### 2.7.1 CORPORATE GOVERNANCE

The Parent Company's system of corporate governance centres on 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.

The following are the main initiatives undertaken by the Company in the course of the reference period.

#### **Board of Statutory Auditors**

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting held on 27 April 2006, by means of a list vote pursuant to Article 19 of the Articles of Association, and will remain in office until approval of the accounts as at 31 December 2008. Its members are as follows: Luigi Biscozzi (Chairman), Gianluca Ponzellini and Ettore Maria Tosi (Statutory Auditors); Giorgio Silva and Graziano Gianmichele Visentin (Alternates).

As required by the new rules introduced by Law no. 262/2005 (Savings Protection Act) the Chairman was chosen from among the statutory auditors elected by the minority shareholders.

#### **Procedure for the Communication of Privileged Information to the Market**

As required by Law no. 62/05 (the "2004 Community Law") the Company has adopted a procedure for the communication of privileged information to the market.

This procedure aims to regulate the internal management and external communication of privileged information, i.e. information relating to Autogrill S.p.A., any of its subsidiaries, the Autogrill S.p.A. share, or financial instruments issued by Autogrill S.p.A., not yet in the public domain, which, if made public, could materially affect the price of the share.

Privileged information must, as soon as they reach a sufficient level of certainty, immediately be communicated to the market, in order to ensure that all investors have equal access to information.

Up to that time, anyone entering into possession of privileged information must abstain from divulging or communicating them to others and must also refrain from using them to initiate transactions involving the Company's financial instruments, in which case the crimes of abuse of privileged information and market manipulation could be committed.

#### **Register of Persons with Access to Privileged Information**

The Company has also set up – in compliance with the rules introduced by the 2004 Community Law – a register containing the names of all the individuals and entities that by reason of their work or professional practice or the functions carried out for Autogrill or its subsidiaries have or may have regular or occasional access to privileged information.

On being included in the register each individual or entity is required to sign a confidentiality agreement, in which they declare that they are aware of their obligations and of the penal and administrative sanctions with which abuse of privileged information and market manipulation are punished.

The Group's Corporate Affairs Director is charged with maintaining and updating this register.

## Internal Dealing Procedure

In compliance with the 2004 Community Law, the Company has approved a new internal dealing procedure, which replaces the Internal Dealing Code approved in 2002.

Under the new procedure, a limit has been put on the number of relevant persons (currently only the Directors, the Statutory Auditors of Autogrill S.p.A. and their close family members) who are required to notify the market of their dealings in shares or other financial instruments issued by the Company. Additionally, the threshold amount for dealings to be notified has been lowered to €5,000. Relevant persons have been given the option of notifying the market direct or through the Company.

## Organisational and Business Model pursuant to Legislative Decree no. 231/2001 (“231 Model”) and the Supervisory Body

As resolved by the Board on 27 June 2006, the Company has updated its 231 Model in line with the rules introduced by the 2004 Community Law on market abuse.

At the same meeting the Board appointed the Group Corporate Affairs Director member of the Supervisory Body in place of the Chairman of the Board of Statutory Auditors.

This body therefore now comprises one member of the Internal Controls Committee, Alfredo Malguzzi, the Internal Auditing Director, Silvio De Girolamo, and the Group Corporate Affairs Director, Diego Salvador.

### 2.7.2 TREASURY SHARES

As at today's date 31 December 2005, neither the Parent nor the other consolidated companies hold treasury shares directly or indirectly or through an intermediary.

### 2.7.3 RECONCILIATION OF PARENT COMPANY SHAREHOLDERS' EQUITY AND NET PROFIT TO CONSOLIDATED SHAREHOLDERS' EQUITY AND NET PROFIT

The following is a reconciliation of Group H1 2006 net profit and shareholders' equity to Parent Company H1 2006 net profit and shareholders' equity as required by CONSOB Resolution no. 15519 and Circular DEM/6064293.

|   | 30.06.2006    |                      |
|---|---------------|----------------------|
|   | Net Profit    | Shareholders' Equity |
| (€k)                                    |               |                      |
| Autogrill S.p.A. Accounts               | 66,328        | 580,368              |
| Elimination of infra-Group transactions |               | 6,324                |
| Consolidation effects                   | (16,818)      | (152,120)            |
| <b>Consolidated Accounts</b>            | <b>49,510</b> | <b>434,572</b>       |

Autogrill S.p.A.'s shareholders' equity reflects the adoption of IFRS, as described below in Section 5.2.

# 3. CONSOLIDATED ACCOUNTS

**3.1 CONSOLIDATED BALANCE SHEET**

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

### 3.2 CONSOLIDATED INCOME STATEMENT

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



### 3.3 CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

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

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

#### Consolidated Gains (Losses) taken directly to Equity

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

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

<sup>(2)</sup> Recognised under "Other reserves and retained profit"

### 3.4 CONSOLIDATED CASH-FLOW STATEMENT

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

<sup>(1)</sup> includes the conversion difference on profit items

<sup>(2)</sup> includes dividends paid to minority shareholders of subsidiaries

#### Reconciliation of cash and cash equivalents

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

## **4. NOTES TO THE ACCOUNTS**

## 4.1 MAIN ACCOUNTING PRINCIPLES AND CONSOLIDATION CRITERIA

### General Policies

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

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

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

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

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

### Structure, Format and Content of the Accounts

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

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

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

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

|                | 2006                |                    |            |            |            | 2005                |                    |                        |            |            |            |              |
|----------------|---------------------|--------------------|------------|------------|------------|---------------------|--------------------|------------------------|------------|------------|------------|--------------|
|                | current at 31 March | current at 30 June | average Q1 | average Q2 | average H1 | current at 31 March | current at 30 June | current at 31 December | average Q1 | average Q2 | average H1 | average 2005 |
| US Dollar      | 1.2104              | 1.2713             | 1.2023     | 1.2582     | 1.2296     | 1.2964              | 1.2092             | 1.1797                 | 1.3113     | 1.2594     | 1.2847     | 1.2441       |
| Candian Dollar | 1.4084              | 1.4132             | 1.3894     | 1.4109     | 1.3999     | 1.5737              | 1.4900             | 1.3725                 | 1.6083     | 1.5677     | 1.5875     | 1.5093       |
| Swiss Franc    | 1.5801              | 1.5672             | 1.5591     | 1.5631     | 1.5610     | 1.5486              | 1.5499             | 1.5551                 | 1.5488     | 1.5437     | 1.5462     | 1.5483       |

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

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

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

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

**Scope of Consolidation**

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

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

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

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

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

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

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

## 4.2 NOTES TO THE BALANCE SHEET

### Current Assets

#### I. Cash and cash equivalents

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

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

#### II. Other Financial Assets

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

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

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

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

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

#### III. Loans

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

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

**IV. Other Credits**

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

The change in other credits was mainly due to:

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

**V. Inventory**

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

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



## Non-current Assets

### VI. Property, Plant and Equipment

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

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

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

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

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

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

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

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

### VII. Goodwill

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

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

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

Total goodwill breaks down by geographical area as follows:

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

#### VIII. Other Intangible Assets

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

There were no significant changes in this item.

| (k€)                                    | 31 December 2005 |                 |                  | Changes in gross value |                     |              |              |                 | Amortisations/Write-downs |                  |                     |                |           | 30 June 2006  |                  |                 |                  |
|---|------------------|-----------------|------------------|------------------------|---------------------|--------------|--------------|-----------------|---------------------------|------------------|---------------------|----------------|-----------|---------------|------------------|-----------------|------------------|
|   | Gross Value      | Amort.          | Net Value        | Changes in scope       | Exchange Difference | Additions    | Decreases    | Other movements | Total                     | Changes in scope | Exchange Difference | Additions      | Decreases | Total         | Gross Value      | Amort.          | Net Value        |
| <b>Intangible fixed assets</b>          |                  |                 |                  |                        |                     |              |              |                 |                           |                  |                     |                |           |               |                  |                 |                  |
| Intellectual property rights            | 204              | (204)           | -                | -                      | -                   | -            | -            | -               | -                         | -                | -                   | -              | -         | -             | 204              | (204)           | -                |
| Concessions, licences, trademarks, etc. | 61,095           | (35,564)        | 25,531           | -                      | (1,108)             | 768          | (84)         | 718             | 294                       | -                | 500                 | (2,591)        | 84        | (2,007)       | 61,389           | (37,571)        | 23,818           |
| Goodwill                                | 1,080,872        | -               | 1,080,872        | -                      | (50,547)            | 4,093        | -            | -               | (46,454)                  | -                | 15,932              | -              | -         | 15,932        | 1,034,418        | 15,932          | 1,050,350        |
| Fixed assets under construction         | 6,585            | -               | 6,585            | -                      | -                   | 1,159        | (32)         | (1,999)         | (872)                     | -                | -                   | -              | -         | -             | 5,713            | -               | 5,713            |
| Other                                   | 46,561           | (22,662)        | 23,899           | 394                    | (3)                 | 551          | (6)          | 263             | 1,199                     | -                | 5                   | (984)          | 6         | (973)         | 47,760           | (23,635)        | 24,125           |
| <b>Total</b>                            | <b>1,195,317</b> | <b>(58,430)</b> | <b>1,136,887</b> | <b>394</b>             | <b>(51,658)</b>     | <b>6,571</b> | <b>(122)</b> | <b>(1,018)</b>  | <b>(45,833)</b>           | <b>-</b>         | <b>16,437</b>       | <b>(3,575)</b> | <b>90</b> | <b>12,952</b> | <b>1,149,484</b> | <b>(45,478)</b> | <b>1,104,006</b> |

| (k€)                                    | 31 December 2005 |                    |                | Changes in gross value |                     |               |                 |                 | Depreciation/Write-downs |                  |                     |                 |               | 30 June 2006   |                  |                    |                |
|---|------------------|--------------------|----------------|------------------------|---------------------|---------------|-----------------|-----------------|--------------------------|------------------|---------------------|-----------------|---------------|----------------|------------------|--------------------|----------------|
|   | Gross Value      | Amort.             | Net Value      | Changes in scope       | Exchange Difference | Additions     | Decreases       | Other movements | Total                    | Changes in scope | Exchange Difference | Additions       | Decreases     | Total          | Gross Value      | Amort.             | Net Value      |
| <b>Property, plant and equipment</b>    |                  |                    |                |                        |                     |               |                 |                 |                          |                  |                     |                 |               |                |                  |                    |                |
| Civil and industrial land and buildings | 163,809          | (53,419)           | 110,390        | -                      | (359)               | 1,718         | (431)           | (4,968)         | (4,040)                  | -                | 164                 | (1,768)         | 262           | (1,342)        | 159,769          | (54,761)           | 105,008        |
| Leasehold improvements                  | 881,331          | (617,295)          | 264,036        | 498                    | (45,844)            | 5,302         | (12,532)        | (14,764)        | (67,340)                 | -                | 32,706              | (31,887)        | 11,953        | 12,772         | 813,991          | (604,523)          | 209,468        |
| Plant and machinery                     | 180,734          | (125,410)          | 55,324         | 185                    | (731)               | 5,499         | (1,407)         | 4,866           | 8,412                    | -                | 449                 | (6,720)         | 1,127         | (5,144)        | 189,146          | (130,554)          | 58,592         |
| Industrial and commercial equipments    | 569,961          | (436,565)          | 133,396        | 208                    | (19,581)            | 11,214        | (8,387)         | 8,927           | (7,619)                  | -                | 15,431              | (25,449)        | 8,124         | (1,894)        | 562,342          | (438,459)          | 123,883        |
| Assets returnable free of charge        | 407,966          | (274,154)          | 133,812        | -                      | (55)                | 1,958         | (2,201)         | 18,684          | 18,386                   | -                | 16                  | (11,426)        | 1,688         | (9,722)        | 426,352          | (283,876)          | 142,476        |
| Other assets                            | 53,884           | (42,352)           | 11,532         | 35                     | (398)               | 1,183         | (1,486)         | (772)           | (1,438)                  | -                | 323                 | (1,900)         | 973           | (604)          | 52,446           | (42,956)           | 9,490          |
| Fixed assets under construction         | 87,008           | -                  | 87,008         | -                      | (4,630)             | 52,176        | (535)           | (20,233)        | 26,778                   | -                | -                   | -               | -             | -              | 113,786          | -                  | 113,786        |
| <b>Total</b>                            | <b>2,344,693</b> | <b>(1,549,195)</b> | <b>795,498</b> | <b>926</b>             | <b>(71,598)</b>     | <b>79,050</b> | <b>(26,979)</b> | <b>(8,260)</b>  | <b>(26,861)</b>          | <b>-</b>         | <b>49,089</b>       | <b>(79,150)</b> | <b>24,127</b> | <b>(5,934)</b> | <b>2,317,832</b> | <b>(1,555,129)</b> | <b>762,703</b> |

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

**IX. Other Financial Assets**

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

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

**X. Loans**

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

**XI. Deferred Tax Assets**

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

They mainly refer:

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

**XII. Other Credits**

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

## Current Liabilities

### XIII. Other Liabilities

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

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

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

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

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

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

### XIV. Due to Banks

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

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

The reduction in overdraft borrowing was due to lower requirements.

**XV. Other Financial Liabilities**

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

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

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

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

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

**Non-current Liabilities**
**XVI. Other Liabilities**

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

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

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

**XVII. Borrowings (net of current portion)**

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

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

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

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

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

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

### XVIII. Bonds

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

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

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

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

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

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

The Parent issued guarantees in favour of the bond holders.

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

### XIX. TFR and Other Employee Benefits

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

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

**XX. Provisions**

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

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

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

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

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

**XXI. Shareholders' Equity**

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

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



### 4.3 NOTES TO THE INCOME STATEMENT

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

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

### XXII. Revenue

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

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

Retail revenue includes €34,109k of fuel sales mainly in Swiss and Italian service stations (€31,838k in 2005). In the condensed table commented on in the Report on Operations under "Results" this revenue is reclassified as "Other income", net of purchase cost.

### XXIII. Other Operating Income

| (k€)  | Q2 2006       | Q2 2005       | Change         | H1 2006       | H1 2005       | Change         |
|---|---------------|---------------|----------------|---------------|---------------|----------------|
| Suppliers' contributions to promotions                      | 11,885        | 7,914         | 3,971          | 21,111        | 16,628        | 4,483          |
| Rents under business leases                                 | 3,206         | 2,364         | 842            | 6,045         | 4,481         | 1,564          |
| Affiliation fees  | 1,260         | 1,377         | (117)          | 2,338         | 2,438         | (100)          |
| Capital gains on disposals of property, plant and equipment | 285           | 1,757         | (1,472)        | 1,611         | 1,801         | (190)          |
| Other income items  | 5,075         | 14,138        | (9,063)        | 9,497         | 17,058        | (7,561)        |
| <b>Total</b>  | <b>21,711</b> | <b>27,550</b> | <b>(5,839)</b> | <b>40,602</b> | <b>42,406</b> | <b>(1,804)</b> |

"Other income" mainly includes commission on commission-generating business and exceptional gains.

In Q2 2005 "Other income" included a non-recurring amount received of €7,532k relating to the part subletting of stores in the centre of Milan.

The impact of the different consolidation period of Aldeasa on the overall item change was €772k in Q2 2006 and €3,141k in H1 2006.

**XXIV. Cost of Raw Material, Items for Use and Merchandise**

| (k€)                          | Q2 2006        | Q2 2005        | Change        | H1 2006        | H1 2005        | Change         |
|-------------------------------|----------------|----------------|---------------|----------------|----------------|----------------|
| Catering and retail purchases | 359,193        | 345,219        | 13,974        | 661,284        | 578,579        | 82,705         |
| Changes in inventory          | (8,377)        | (44,453)       | 36,076        | (8,304)        | (38,554)       | 30,250         |
| <b>Total</b>                  | <b>350,816</b> | <b>300,766</b> | <b>50,050</b> | <b>652,980</b> | <b>540,025</b> | <b>112,955</b> |

The impact of the different consolidation period of Aldeasa on the overall item total was €15,246k in Q2 2006 and €51,108k in H1 2006.

**XXV. Payroll and Benefits**

| (k€)                              | Q2 2006        | Q2 2005        | Change        | H1 2006        | H1 2005        | Change        |
|-----------------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| Salaries                          | 208,462        | 187,913        | 20,549        | 407,816        | 362,620        | 45,196        |
| Social security                   | 37,282         | 36,509         | 773           | 73,987         | 66,117         | 7,870         |
| TFR and similar employee benefits | 5,274          | 5,303          | (29)          | 10,448         | 9,964          | 484           |
| Other costs                       | 11,157         | 10,495         | 662           | 23,607         | 21,026         | 2,581         |
| <b>Total</b>                      | <b>262,175</b> | <b>240,220</b> | <b>21,955</b> | <b>515,858</b> | <b>459,727</b> | <b>56,131</b> |

The impact of the different consolidation period of Aldeasa on the overall item total was €3.078k in Q2 2006 and €12,110k in H1 2006.

In H1 2006 the average headcount (full time equivalent) reached 38,711 people (38,260 in 2005).

**XXVI. Rents, Concessions and Royalties**

| (k€)                        | Q2 2006        | Q2 2005        | Change        | H1 2006        | H1 2005        | Change        |
|-----------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| Rents and concessions       | 125,946        | 110,949        | 14,997        | 239,558        | 196,025        | 43,533        |
| Royalties for use of brands | 12,925         | 11,855         | 1,070         | 25,074         | 22,009         | 3,065         |
| <b>Total</b>                | <b>138,871</b> | <b>122,804</b> | <b>16,067</b> | <b>264,632</b> | <b>218,034</b> | <b>46,598</b> |

The impact of the different consolidation period of Aldeasa on the overall item total was €7,249k in Q2 2006 and €25,997k in H1 2006.

**XXVII. Other Operating Costs**

| (k€)  | Q2 2006        | Q2 2005       | Change         | H1 2006        | H1 2005        | Change         |
|---|----------------|---------------|----------------|----------------|----------------|----------------|
| Water and energy utilities                    | 17,309         | 14,665        | 2,644          | 35,649         | 30,600         | 5,049          |
| Maintenance costs                             | 11,738         | 12,165        | (427)          | 26,058         | 24,143         | 1,915          |
| Consultancy and professional services         | 10,337         | 7,988         | 2,349          | 18,200         | 14,048         | 4,152          |
| Cleaning and disinfection services            | 9,002          | 8,409         | 593            | 17,116         | 15,894         | 1,222          |
| Travel costs                                  | 5,715          | 4,745         | 970            | 11,105         | 8,807          | 2,298          |
| Commission on payments by credit card         | 4,583          | 3,696         | 887            | 8,877          | 6,975          | 1,902          |
| Advertising and market research               | 4,108          | 3,971         | 137            | 8,170          | 7,775          | 395            |
| Logistics costs                               | 3,962          | 3,890         | 72             | 7,976          | 6,836          | 1,140          |
| Postal and telephone charges                  | 2,980          | 2,753         | 227            | 6,193          | 5,374          | 819            |
| Equipment hire and lease charges              | 2,296          | 2,221         | 75             | 4,814          | 4,132          | 682            |
| Surveillance                                  | 1,896          | 1,259         | 637            | 3,270          | 2,120          | 1,150          |
| Insurance                                     | 1,174          | 1,093         | 81             | 2,430          | 2,270          | 160            |
| Bank charges for services                     | 1,097          | 1,074         | 23             | 2,225          | 1,930          | 295            |
| Secure transportation                         | 1,086          | 988           | 98             | 2,125          | 1,854          | 271            |
| Other services                                | 9,390          | 8,293         | 1,097          | 17,929         | 16,148         | 1,781          |
| Other costs for materials                     | 6,695          | 6,317         | 378            | 12,549         | 11,224         | 1,325          |
| <b>Cost of material and external services</b> | <b>93,368</b>  | <b>83,527</b> | <b>9,841</b>   | <b>184,686</b> | <b>160,130</b> | <b>24,556</b>  |
| <b>Write-downs of receivables</b>             | <b>198</b>     | <b>431</b>    | <b>(233)</b>   | <b>928</b>     | <b>1,687</b>   | <b>(759)</b>   |
| Tax provision                                 | 51             | 167           | (116)          | 126            | 167            | (41)           |
| Disputes provision                            | 126            | 534           | (408)          | 371            | 989            | (618)          |
| Other risks provision                         | 1,975          | 3,236         | (1,261)        | 4,927          | 6,012          | (1,085)        |
| <b>Total allocations to provisions</b>        | <b>2,152</b>   | <b>3,937</b>  | <b>(1,785)</b> | <b>5,424</b>   | <b>7,168</b>   | <b>(1,744)</b> |
| <b>Indirect taxes and duties</b>              | <b>4,418</b>   | <b>4,656</b>  | <b>(238)</b>   | <b>8,638</b>   | <b>8,951</b>   | <b>(313)</b>   |
| Cash differences                              | 666            | 684           | (18)           | 1,173          | 1,163          | 10             |
| Losses on disposals                           | 1,173          | 254           | 919            | 1,163          | 254            | 909            |
| Other costs                                   | 1,295          | 861           | 434            | 3,405          | 3,264          | 141            |
| <b>Other operating costs</b>                  | <b>3,134</b>   | <b>1,799</b>  | <b>1,335</b>   | <b>5,741</b>   | <b>4,681</b>   | <b>1,060</b>   |
| <b>Total</b>                                  | <b>103,270</b> | <b>94,350</b> | <b>8,920</b>   | <b>205,417</b> | <b>182,617</b> | <b>22,800</b>  |

The impact of the different consolidation period of Aldeasa on the overall item total was €1,953k in Q2 2006 and €7,842k in H1 2006.

“Other services” includes various service charges such as health controls, PR, general services, recruitment and training of staff.

“Other costs for materials” refer to purchases of non-capitalised equipment and various items in use such as uniforms, stationery and publicity material.

The main changes are connected with the energy and water tariff increases both in Europe and in North America and increased consultancy costs which – in an amount of about €2m – refer to advice received in respect of acquisition projects that were not completed.

**XXVIII. Depreciation**

| (k€)   | Q2 2006       | Q2 2005       | Change         | H1 2006       | H1 2005       | Change       |
|--|---------------|---------------|----------------|---------------|---------------|--------------|
| Intangible fixed assets  | 1,815         | 2,331         | (516)          | 3,575         | 4,487         | (912)        |
| Property, plant and equipment                                  | 34,093        | 35,836        | (1,743)        | 67,793        | 65,817        | 1,976        |
| Property, plant and equipment to be transferred free of charge | 5,737         | 4,520         | 1,217          | 11,357        | 9,241         | 2,116        |
| <b>Total</b>   | <b>41,645</b> | <b>42,687</b> | <b>(1,042)</b> | <b>82,725</b> | <b>79,545</b> | <b>3,180</b> |

The impact of the different consolidation period of Aldeasa on the overall item total was negligible in Q2 2006 and equal to €3,135k in H1 2006.

**XXIX. Gains on Financial Transactions**

Breakdown as follows:

| (k€)   | Q2 2006      | Q2 2005      | Change         | H1 2006      | H1 2005      | Change         |
|--|--------------|--------------|----------------|--------------|--------------|----------------|
| Interest differentials on exchange-rate hedges | -            | 2,695        | (2,695)        | -            | 2,270        | (2,270)        |
| Bank interest receivable                       | 556          | 713          | (157)          | 1,053        | 1,475        | (422)          |
| Fair value of derivative instruments           | -            | -            | -              | -            | 1,852        | (1,852)        |
| Positive exchange differences                  | -            | 846          | (846)          | -            | 846          | (846)          |
| Other finance income                           | 2,353        | 1,654        | 699            | 4,097        | 1,925        | 2,172          |
| <b>Total</b>                                   | <b>2,909</b> | <b>5,908</b> | <b>(2,999)</b> | <b>5,150</b> | <b>8,368</b> | <b>(3,218)</b> |

**XXX. Financial Costs**

Breakdown as follows:

| (k€)   | Q2 2006       | Q2 2005       | Change         | H1 2006       | H1 2005       | Change       |
|--|---------------|---------------|----------------|---------------|---------------|--------------|
| Interest payable on bank borrowings            | 7,365         | 6,488         | 877            | 14,418        | 10,413        | 4,005        |
| Interest payable on bonds                      | 4,190         | 4,376         | (186)          | 8,562         | 8,204         | 358          |
| Interest differentials on interest-rate hedges | 235           | 6,316         | (6,081)        | 811           | 8,235         | (7,424)      |
| Interest differentials on exchange-rate hedges | 794           | -             | 794            | 2,431         | -             | 2,431        |
| Commission and fees                            | 280           | 626           | (346)          | 639           | 1,069         | (430)        |
| Discount of long-term financial liabilities    | 819           | 166           | 653            | 1,576         | 586           | 990          |
| Negative exchange differences                  | 297           | 162           | 135            | 77            | 1,233         | (1,156)      |
| Other finance costs                            | 552           | 202           | 350            | 600           | 236           | 364          |
| <b>Total</b>                                   | <b>14,532</b> | <b>18,336</b> | <b>(3,804)</b> | <b>29,114</b> | <b>29,976</b> | <b>(862)</b> |

**XXXI. Tax**

The item amount of €43,202k (€43,269k in H1 2005) refers, as to €32,941k, to current taxation (€27,867k in H1 2005) and, as to €2,008k, to deferred tax (€7,857k in H1 2005). Of these amounts €8,253k (€7,545k in H1 2005) was IRAP, which is levied on our Italian business and taxes the sum of operating profit and the cost of labour.

In H1 2006 the effective tax rate paid by the Group excluding IRAP was 35.8%.

The following is a reconciliation of the balance sheet tax cost to theoretical tax.

The latter was arrived at by applying the applicable theoretical rate to pre-tax results in each jurisdiction, and by setting aside the greater tax liability on future transfers of profit by subsidiaries.

| (€k)   |               |
|--|---------------|
| <b>Theoretical income tax</b>  | <b>36,089</b> |
| Reduced tax due to direct taxation of minority partners<br>in fully consolidated US joint ventures | (1,624)       |
| Other permanent differences  | 484           |
| <b>Tax recognised in the Accounts excl. IRAP</b>   | <b>34,949</b> |
| IRAP   | 8,253         |
| <b>Tax recognised in the Accounts</b>  | <b>43,202</b> |

#### 4.4 FINANCIAL POSITION

The following is a breakdown of the position as at 30 June 2006 and 31 December 2005.

| Note     | (k€)  | 30.06.2006      | 31.12.2005       | Variazione       |
|----------|---|-----------------|------------------|------------------|
| I        | A. Cash   | 53,145          | 43,578           | 9,567            |
| I        | B. Cash equivalents   | 35,446          | 100,584          | (65,138)         |
|          | <b>C. Liquid assets (A) + (B)</b>                             | <b>88,591</b>   | <b>144,162</b>   | <b>(55,571)</b>  |
| II e III | <b>D. Current Financial credits</b>                           | <b>158,848</b>  | <b>15,658</b>    | <b>143,190</b>   |
| XIV      | E. Due to banks - current                                     | 164,214         | 149,359          | 14,855           |
| XV       | Current portion of the non-current indebtedness               | 16,859          | 24,013           | (7,154)          |
| XV       | G. Other current financial liabilities                        | 2,731           | 3,318            | (587)            |
|          | <b>H. Current financial indebtedness (E)+ (F)+ (G)</b>        | <b>183,804</b>  | <b>176,690</b>   | <b>7,114</b>     |
|          | <b>I. Current financial indebtedness, Net (H) - (D) - (C)</b> | <b>(63,635)</b> | <b>16,870</b>    | <b>(80,505)</b>  |
|          | <b>J. Non-current financial credits</b>                       | -               | <b>130,537</b>   | <b>(130,537)</b> |
| XVII     | K. Due to banks - non-current                                 | 651,279         | 681,097          | (29,818)         |
| XVIII    | L. Bond issued  | 328,999         | 351,089          | (22,090)         |
| XVII     | M. Other non-current liabilities                              | 8,396           | 8,915            | (519)            |
|          | <b>N. Non-current financial Indebtedness (K) + (L) + (M)</b>  | <b>988,674</b>  | <b>1,041,101</b> | <b>(52,427)</b>  |
|          | <b>O. Non-current financial Indebtedness, Net (N) - (J)</b>   | <b>988,674</b>  | <b>910,564</b>   | <b>78,110</b>    |
|          | <b>P. Net financial Indebtedness (I) + (O)</b>                | <b>925,039</b>  | <b>927,434</b>   | <b>(2,395)</b>   |

Please see the notes to each item above for commentary.

At 30 June 2006 and 31 December 2005 there were no loans to or borrowings from related parties.

#### 4.5 MANAGEMENT OF INTEREST AND EXCHANGE-RATE FLUCTUATIONS

Please see our 2005 Annual Report for a detailed description of the Group's financial policy and derivative contracts outstanding. These matters had not undergone significant changes at 30 June 2006.

#### 4.6 BUSINESS SEGMENT INFORMATION

The Group segments its business in two ways: geographical area and business segment (channel), i.e., the physical context in which the business is conducted (motorway service areas, airports and railway stations are the principal segments).

The primary segment is the geographical area, which reflects both management and reporting lines.

The Report on Operations provides commentary on the performance of each segment according to the organisational structure. The only – not significant – discrepancy between this segmentation and the geographical segments presented below is the business carried on by Autogrill Overseas, Inc. (US) in Amsterdam Schiphol Airport (The Netherlands) through its Dutch subsidiary: in the Report on Operations Schiphol is presented as North America and the Pacific Rim, while in the following tables it is included in Other European countries.

In the following tables the data relating to Aldeasa, which has been consolidated proportionately as to 50% since May 2005, are presented separately given the fact that its business is different – exclusively retail – and that our interest is of a different kind, i.e. joint control, as compared to the other subsidiaries included in each geographical area.

| Geographical Area   | Q2 2006        |                |                |                |                  |                |                     |
|---|----------------|----------------|----------------|----------------|------------------|----------------|---------------------|
|   | Italy          | US & Canada    | Rest of Europe | Aldeasa        | Not Attributable | Elisions       | Consolidated result |
| (€k)  |                |                |                |                |                  |                |                     |
| Revenues  | 305,638        | 404,546        | 159,106        | 95,336         | -                | -              | 964,626             |
| Other income  | 13,097         | 827            | 3,614          | 2,798          | 1,375            | -              | 21,711              |
| Inter-segment revenue   | (61)           | 347            | 265            | -              | (298)            | (253)          | -                   |
| <b>Total revenue and other income</b>   | <b>318,674</b> | <b>405,720</b> | <b>162,985</b> | <b>98,134</b>  | <b>1,077</b>     | <b>(253)</b>   | <b>986,337</b>      |
| Depreciation and impairment losses on property, plant and equipment and intangible fixed assets | (8,767)        | (21,144)       | (10,133)       | (1,594)        | (7)              | -              | (41,645)            |
| <b>Operating profit</b>   | <b>39,806</b>  | <b>36,936</b>  | <b>8,938</b>   | <b>8,402</b>   | <b>(4,522)</b>   | <b>-</b>       | <b>89,560</b>       |
| <b>Capex</b>  | <b>11,757</b>  | <b>16,049</b>  | <b>11,678</b>  | <b>44</b>      | <b>-</b>         | <b>-</b>       | <b>39,528</b>       |
| Geographical Area   | Q2 2005        |                |                |                |                  |                |                     |
| (€k)  | Italy          | US & Canada    | Rest of Europe | Aldeasa        | Not Attributable | Elisions       | Consolidated result |
| Revenues  | 270,269        | 382,332        | 146,214        | 59,497         | -                | -              | 858,312             |
| Other income  | 16,335         | -              | 1,973          | 1,369          | 7,873            | -              | 27,550              |
| Inter-segment revenue   | 383            | -              | 367            | -              | 244              | (994)          | -                   |
| <b>Total revenue and other income</b>   | <b>286,987</b> | <b>382,332</b> | <b>148,554</b> | <b>60,866</b>  | <b>8,117</b>     | <b>(994)</b>   | <b>885,862</b>      |
| Depreciation and impairment losses on property, plant and equipment and intangible fixed assets | (10,473)       | (21,008)       | (9,644)        | (1,494)        | (68)             | -              | (42,687)            |
| <b>Operating profit</b>   | <b>34,081</b>  | <b>32,951</b>  | <b>8,544</b>   | <b>6,309</b>   | <b>3,150</b>     | <b>-</b>       | <b>85,035</b>       |
| <b>Capex</b>  | <b>12,603</b>  | <b>27,085</b>  | <b>8,636</b>   | <b>800</b>     | <b>-</b>         | <b>-</b>       | <b>49,124</b>       |
| Geographical Area   | H1 2006        |                |                |                |                  |                |                     |
| (€k)  | Italy          | US & Canada    | Rest of Europe | Aldeasa        | Not Attributable | Elisions       | Consolidated result |
| Revenues  | 564,446        | 788,040        | 284,888        | 164,999        | -                | -              | 1,802,373           |
| Other income  | 25,089         | 2,224          | 6,747          | 5,167          | 1,375            | -              | 40,602              |
| Inter-segment revenue   | 1,808          | 347            | 620            | -              | 462              | (3,237)        | -                   |
| <b>Total revenue and other income</b>   | <b>591,343</b> | <b>790,611</b> | <b>292,255</b> | <b>170,166</b> | <b>1,837</b>     | <b>(3,237)</b> | <b>1,842,975</b>    |
| Depreciation and impairment losses on property, plant and equipment and intangible fixed assets | (17,508)       | (41,860)       | (20,003)       | (3,339)        | (15)             | -              | (82,725)            |
| <b>Operating profit</b>   | <b>60,986</b>  | <b>56,815</b>  | <b>2,294</b>   | <b>10,779</b>  | <b>(9,511)</b>   | <b>-</b>       | <b>121,363</b>      |
| <b>Capex</b>  | <b>19,319</b>  | <b>38,849</b>  | <b>15,453</b>  | <b>7,907</b>   | <b>-</b>         | <b>-</b>       | <b>81,528</b>       |
| <b>Total assets</b>   | <b>577,290</b> | <b>724,433</b> | <b>455,665</b> | <b>157,828</b> | <b>638,607</b>   | <b>(1,689)</b> | <b>2,552,134</b>    |
| Geographical Area   | H1 2005        |                |                |                |                  |                |                     |
| (€k)  | Italy          | US & Canada    | Rest of Europe | Aldeasa        | Not Attributable | Elisions       | Consolidated result |
| Revenues  | 502,052        | 714,334        | 273,816        | 59,497         | -                | -              | 1,549,699           |
| Other income  | 26,791         | -              | 5,871          | 1,369          | 8,375            | -              | 42,406              |
| Inter-segment revenue   | 615            | -              | 558            | -              | 529              | (1,702)        | -                   |
| <b>Total revenue and other income</b>   | <b>529,458</b> | <b>714,334</b> | <b>280,245</b> | <b>60,866</b>  | <b>8,904</b>     | <b>(1,702)</b> | <b>1,592,105</b>    |
| Depreciation and impairment losses on property, plant and equipment and intangible fixed assets | (18,252)       | (40,078)       | (19,004)       | (1,494)        | (717)            | -              | (79,545)            |
| <b>Operating profit</b>   | <b>54,111</b>  | <b>50,823</b>  | <b>3,156</b>   | <b>6,309</b>   | <b>(2,242)</b>   | <b>-</b>       | <b>112,157</b>      |
| <b>Capex</b>  | <b>20,419</b>  | <b>49,090</b>  | <b>10,851</b>  | <b>800</b>     | <b>-</b>         | <b>-</b>       | <b>81,160</b>       |
| <b>Total assets</b>   | <b>551,051</b> | <b>862,555</b> | <b>458,623</b> | <b>165,248</b> | <b>617,108</b>   | <b>(481)</b>   | <b>2,654,104</b>    |

| Business Segment<br>(€k)        | Q2 2006   |          |                     |                |        |                     |                         |
|---------------------------------|-----------|----------|---------------------|----------------|--------|---------------------|-------------------------|
|                                 | Motorways | Airports | Railway<br>Stations | Shopping Malls | Other  | Not<br>attributable | Consolidated<br>results |
| Total revenues and other income | 456,852   | 447,095  | 23,314              | 31,077         | 24,316 | 3,683               | 986,337                 |
| Operating Profit                | 46,523    | 40,920   | 887                 | 1,013          | 1,088  | (871)               | 89,560                  |
| Capex                           | 16,425    | 18,410   | 342                 | 534            | 1,053  | 2,764               | 39,528                  |

| Business Segment<br>(€k)        | Q2 2005   |          |                     |                |        |                  |                         |
|---------------------------------|-----------|----------|---------------------|----------------|--------|------------------|-------------------------|
|                                 | Motorways | Airports | Railway<br>Stations | Shopping Malls | Other  | Not attributable | Consolidated<br>results |
| Total revenues and other income | 416,004   | 385,131  | 22,939              | 29,276         | 24,646 | 7,866            | 885,862                 |
| Operating Profit                | 36,913    | 42,632   | 908                 | 742            | 1,156  | 2,684            | 85,035                  |
| Capex                           | 14,595    | 24,907   | 307                 | 3,602          | 3,366  | 2,347            | 49,124                  |

| Business Segment<br>(€k)        | H1 2006   |          |                     |                |        |                     |                         |
|---------------------------------|-----------|----------|---------------------|----------------|--------|---------------------|-------------------------|
|                                 | Motorways | Airports | Railway<br>Stations | Shopping Malls | Other  | Not<br>attributable | Consolidated<br>results |
| Total revenues and other income | 815,791   | 860,447  | 44,255              | 62,652         | 55,439 | 4,391               | 1,842,975               |
| Operating Profit                | 50,666    | 70,611   | 345                 | 2,488          | 4,258  | (7,005)             | 121,363                 |
| Total assets                    | 556,645   | 513,507  | 23,568              | 31,674         | 46,067 | 1,380,673           | 2,552,134               |
| Capex                           | 24,779    | 46,521   | 593                 | 1,881          | 2,606  | 5,148               | 81,528                  |

| Business Segment<br>(€k)        | H1 2005   |          |                     |                |        |                  |                         |
|---------------------------------|-----------|----------|---------------------|----------------|--------|------------------|-------------------------|
|                                 | Motorways | Airports | Railway<br>Stations | Shopping Malls | Other  | Not attributable | Consolidated<br>results |
| Total revenues and other income | 758,006   | 678,576  | 44,213              | 56,844         | 45,981 | 8,485            | 1,592,105               |
| Operating Profit                | 44,474    | 65,691   | 283                 | 1,665          | 2,461  | (2,417)          | 112,157                 |
| Capex                           | 22,315    | 44,635   | 487                 | 5,133          | 5,809  | 2,781            | 81,160                  |



#### 4.7 SEASONALITY OF THE BUSINESS

The Group's business volume is closely related to the flow of travellers. H1 normally accounts for about 45% of annual turnover and 40% of EBITDA. Q1 is structurally unrepresentative of the trend for the whole year, since it is subject to seasonality and low traffic flows; historically it is the slowest business period of the year. When Easter falls – in Q1 or Q2 of any given year – is also a significant factor influencing European performance. In 2006 Easter fell in Q2.

The following table gives 2005 quarterly figures for each of the principal performance indicators: this shows that our business volume is concentrated in H2 and especially Q3, which has much a higher level of activity than the average for the year, due to summer holiday traffic flows.

|                              | 2005  |         |                 |           |
|------------------------------|-------|---------|-----------------|-----------|
|                              | Q1    | H1      | Q3 Year to date | Full Year |
| REVENUES                     | 677.0 | 1,458.4 | 2,375.4         | 3,284.8   |
| <i>% of full year result</i> | 20.6% | 44.4%   | 72.3%           | 100.0%    |
| EBITDA                       | 64.0  | 184.5   | 356.0           | 445.6     |
| <i>% of full year result</i> | 14.4% | 41.4%   | 79.9%           | 100.0%    |
| EBIT                         | 27.1  | 106.0   | 236.5           | 269.8     |
| <i>% of full year result</i> | 10.0% | 39.3%   | 87.7%           | 100.0%    |
| NET PROFIT OF THE GROUP      | 6.7   | 42.1    | 111.7           | 121.6     |
| <i>% of full year result</i> | 5.5%  | 34.6%   | 91.9%           | 100.0%    |

*Note: The above figures do not include acquisitions made during the year (and particularly Aldeasa) and have not been normalised in respect of exchange differences.*

Seasonality is also evident in cash-flow, and in addition H1 and particularly Q1 see most of the payments of rents (balance due for previous year and down-payments for the current year).

## 4.8 GUARANTEES GIVEN, COMMITMENTS AND CONTINGENT LIABILITIES

### GUARANTEES

At 30 June 2006 the Group's guarantees given were guarantees and other personal surety issued by the Parent (€77,245k) and Autogrill Overseas Inc. (€3,382k) in favour of landlords and trading counterparties; in addition Aldeasa gave guarantees to airport landlords in the amount of €49m.

### COMMITMENTS

These were the following as at 30 June 2006:

- € 2,272k which the Parent has to pay for the purchase of two commercial properties on the Grande Raccordo Anulare (ring-road), Rome
- € 1,486k being the value of other entities' assets used by the Parent
- €14,581k being the value of assets of businesses leased by the Parent
- € 2,583k being the value of sale-or-return motorway toll cards held at Parent Company outlets.

### CONTINGENT LIABILITIES

- To maintain continuity of information, we remind you of the favourable judgment passed by a Brussels court in the matter of a claim for damages, which our Belgian subsidiary resisted, made by the party that sold our subsidiary its catering business in shopping centres in Belgium and Luxembourg. The subsidiaries' legal advisors were of the view that an appeal by the claimant was no more than a remote possibility; therefore we made no specific provision against the claimant's claim of €10,000,000. However, contrary to expectations, an appeal was lodged, but the court confirmed the original judgment eliminating any liability on our Belgian subsidiary.

This matter is now considered closed.

- In 2004 Michigan's Department of Treasury sent Michigan Host, Inc (a company wholly owned by the Group) a Notice of Intent to Assess state taxes on sales of cigarettes in periods prior to 1 March 2002, the date on which the business ceased. The total value indicated in the notices including fines (\$1.1m) and interest (\$3.0m), amounts to \$9.6m. The Group promptly presented a request for an informal hearing as allowed by the proceeding. At this time an auditor (the person appointed to conduct the proceeding on behalf of the tax authority) has been nominated, but the date of the hearing has not been notified. The procedure is that after the informal hearing the auditor writes a recommendation to the tax authority, which then decides whether to accept it or not, wholly or in part, and notifies the taxpayer accordingly giving reasons. If the authority assesses tax payable, the taxpayer receives notice of assessment, which can be appealed. The Group believes that it can argue successfully for the correctness of its behaviour and therefore considers it improbable that the case should go against it; accordingly we have made no specific provision in this matter.
- In October 2004, the previous majority shareholders of Receco S.L. began an arbitration proceeding seeking to resile from the sale and purchase agreement. On 6 February 2006 the court of arbitration issued its ruling in which *inter alia* it states that the sale and purchase agreement is valid and orders that – once the amount of the guarantee to be given by the sellers has been determined – the transfer of the shares being the remaining 15% of the company capital of Receco S.L. be carried out, and simultaneously that the amount of €6,500,000 be paid and that a bank guarantee be issued in favour of Autogrill Partecipaciones SL for the amount of the guarantee that has been fixed. There are therefore no risks of contingent liabilities. On the contrary, carrying into effect the arbitrator's ruling would require the seller to give guarantees for an amount estimated by the Directors to be €24,100,000.

#### 4.9 OPERATING LEASES

The Group's current operating leases are described in detail in the 2005 Consolidated Accounts. They refer to the various kinds of contract under which the Group entities carry on their business, and they have not been changed.

The table below gives details by due-date of the future minimum rental commitments, as at 30 June 2006, under all the operating leases.

(€k)

| <b>Year of expiration</b> | <b>Operating Leasing</b> | <b>Subleasing <sup>(1)</sup></b> |
|---------------------------|--------------------------|----------------------------------|
| 2006                      | 247,502                  | 12,822                           |
| 2007                      | 238,432                  | 11,956                           |
| 2008                      | 215,713                  | 10,540                           |
| 2009                      | 179,148                  | 7,315                            |
| 2010                      | 141,746                  | 4,798                            |
| > 2010                    | 568,771                  | 9,911                            |
| <b>Total</b>              | <b>1,591,312</b>         | <b>57,342</b>                    |

<sup>(1)</sup> Related to subtenants arrangements of the American subsidiary, according to the contract with the landlord.

## 4.10 FURTHER INFORMATION

**TRANSACTIONS WITH THE CONTROLLING ENTITY IN Q1 2006 AND BALANCES AT 30 JUNE 2006**
**Edizione Holding S.p.A.**

| (amounts in thousand of Euro)            | 30/6/06 | 31/12/05 | Δ     |
|--|---------|----------|-------|
| <b>Income Statement:</b>                 |         |          |       |
| Revenue from sales of goods and services | -       | 3        | (3)   |
| Cost of services received                | 29      | 58       | (29)  |
| <b>Balance Sheet:</b>                    |         |          |       |
| Accounts receivable                      | -       | 3        | (3)   |
| Other assets                             | -       | -        | -     |
| Accounts payable                         | 84      | 55       | 29    |
| Other liabilities                        | 36,282  | 27,758   | 8,524 |

As is evident from this table, the amounts involved in transactions with the controlling entity are of marginal significance in terms of our Income Statement and Balance Sheet with the exception of:

*Other (current) liabilities* which were 13.9% of total consolidated other liabilities as at 30 June 2006 (11.1% at 31 December 2005). These percentages go up to 72.2% and 62% in H1 2006 and FY 2005, respectively, if referred – not to consolidated figures but – to those of the Parent, Autogrill S.p.A.

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

*Accounts payable* refers to the mentioned insurance programme and to compensation to one of its Directors for his membership of our Board, the change from end-2005 being the accrued liability for the period.

*Other liabilities* refers to our net liability in respect of IRES (corporate tax) due following our joining the fiscal. The change from 31 December 2005 refers to H1 taxable income.

**Transactions with Edizione Holding SpA Group Companies**

| €  | Benetton Group S.p.A. |          |     | Union Services S.a.r.l. |          |      | Bencom S.r.l. |          |         | Fabrica S.p.A. |          |      | Verde Sport S.p.A. |          |      |
|--|-----------------------|----------|-----|-------------------------|----------|------|---------------|----------|---------|----------------|----------|------|--------------------|----------|------|
|  | 30/6/06               | 31/12/05 | Δ   | 30/6/06                 | 31/12/05 | Δ    | 30/6/06       | 31/12/05 | Δ       | 30/6/06        | 31/12/05 | Δ    | 30/6/06            | 31/12/05 | Δ    |
| <b>Income Statements:</b>                |                       |          |     |                         |          |      |               |          |         |                |          |      |                    |          |      |
| Revenue from sales of goods and services | -                     | 2        | (2) | -                       | -        | -    | -             | -        | -       | -              | -        | -    | 37                 | 66       | (29) |
| Other income                             | -                     | 1        | (1) | 3                       | -        | 3    | 176           | 2,968    | (2,792) | -              | -        | -    | 1                  | 1        | -    |
| Purchases                                | -                     | -        | -   | 59                      | 89       | (30) | -             | -        | -       | -              | -        | -    | -                  | -        | -    |
| Cost of services received                | -                     | -        | -   | 25                      | 38       | (13) | -             | -        | -       | 15             | 28       | (13) | 28                 | 60       | (32) |
| Cost of use of others' property          | 19                    | 28       | (9) | -                       | -        | -    | -             | -        | -       | -              | -        | -    | -                  | -        | -    |
| <b>Balance Sheet:</b>                    |                       |          |     |                         |          |      |               |          |         |                |          |      |                    |          |      |
| Accounts payable                         | 21                    | 5        | 16  | 12                      | 5        | 7    | -             | -        | -       | 73             | 49       | 24   | 33                 | -        | 33   |
| Accounts receivable                      | -                     | 3        | (3) | 3                       | -        | 3    | 1,085         | 1,194    | (109)   | -              | -        | -    | 27                 | 14       | 13   |

As is evident from this table, the amounts involved in transactions with Edizione Holding Group companies are of marginal significance in terms of our Income Statement and Balance Sheet with the exception of Bencom S.r.l. accounts payable, which were 1.8% of the consolidated figure at 30 June 2006 (2.3% at 31 December 2005) and of other income received from this entity in 2005 (3.2% in 2005).

The percentages referring to accounts payable were 2.5% and 3.2%, respectively, in H1 2006 and FY 2005, if referred not to consolidated figures but to those of the Parent, Autogrill S.p.A., and 0.6% and 4.5%, respectively, at 30 June 2006 and 31 December 2005, in respect of other income.

In detail:

Benetton Group SpA: *Cost of use of others' property* refers to hire of meeting-rooms, a current item.

Union Services S.a.r.l.: this company manages cost-sharing among Group companies in respect of the 'Group Service' promotion. *Purchases* refer to promotion services supplied to Autogrill S.p.A. Other income refers to recovery of the portion of Union Services S.a.r.l. under an insurance scheme.

Bencom S.r.l.: The sub-lease of part of the property in Via Dante, Milan continues. *Other income* refers to rentals and additional cost accrued at 30 June 2006. The account payable refers to the amount of the share of expenses deferred in 10 annual instalments, which the Group will repay, in respect of the unaccrued portion, under advance termination of the contract.

Fabrica S.p.A.: refers to graphic design services supplied to the Autogrill Group.

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

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

All *Accounts payable* and *receivable* will mature by the end of 2007.

**TRANSACTIONS AND BALANCES WITH THE AUTOSTRADE GROUP AND GRANDI STAZIONI S.P.A .**

Given the volume and frequency of transactions of the Autogrill Group with companies belonging to the Autostrade Group and Grandi Stazioni S.p.A., as well as the transactions between them and Edizione Holding S.p.A., it is appropriate for maximum transparency, to supply information on these transactions.

H1 2006 Transactions and Balances at 30 June 2006 (with Autogrill SpA only):

| (€k)                                     | Gruppo Autostrade |          |          | Grandi Stazioni S.p.A. |          |       |
|--|-------------------|----------|----------|------------------------|----------|-------|
|  | 30/06/06          | 31/12/05 | Δ        | 30/06/06               | 31/12/05 | Δ     |
| <b>Income Statements:</b>                |                   |          |          |                        |          |       |
| Revenue from sales of goods and services | 14                | 18       | (4)      | -                      | -        | -     |
| Other income                             | 258               | 866      | (608)    | -                      | -        | -     |
| Purchases                                | -                 | -        | -        | -                      | -        | -     |
| Cost of services received                | 1,486             | 2,707    | (1,221)  | -                      | -        | -     |
| Cost of use of others' property          | 19,627            | 36,338   | (16,711) | 670                    | 1,176    | (506) |
| <b>Balance Sheet:</b>                    |                   |          |          |                        |          |       |
| Accounts payable                         | 5,346             | 22,569   | (17,223) | 58                     | 324      | (266) |
| Accounts receivable                      | 922               | 1,427    | (505)    | -                      | -        | -     |

Autostrade Group: *Other income* refers to commission on distribution of *Viacards* [motorway toll cards] and the contribution to promotions carried out in H1 2006. Costs refer to concession rents and related additional costs.

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

All *Accounts payable* are current.

Ratios of Autostrade Group and Grandi Stazioni Transactions to total Autogrill Group and Autogrill S.p.A. Income Statement and Balance Sheet Items:

| Percentage on Autogrill Group figures    | Gruppo Autostrade |          | Grandi Stazioni S.p.A. |          |
|--|-------------------|----------|------------------------|----------|
|  | 30/06/06          | 31/12/05 | 30/06/06               | 31/12/05 |
| <b>Income Statements:</b>                |                   |          |                        |          |
| Revenue from sales of goods and services | 0.0%              | 0.0%     |                        |          |
| Other income                             | 0.6%              | 0.9%     |                        |          |
| Cost of services received                | 0.9%              | 0.8%     |                        |          |
| Cost of use of others' property          | 7.4%              | 7.1%     | 0.3%                   | 0.2%     |
| <b>Balance Sheet:</b>                    |                   |          |                        |          |
| Accounts payable                         | 1.5%              | 5.3%     | 0.0%                   | 0.1%     |
| Accounts receivable                      | 1.5%              | 2.8%     |                        |          |

| Percentage on Autogrill SpA figures      | Gruppo Autostrade |          | Grandi Stazioni S.p.A. |          |
|--|-------------------|----------|------------------------|----------|
|  | 30/06/06          | 31/12/05 | 30/06/06               | 31/12/05 |
| <b>Income Statements:</b>                |                   |          |                        |          |
| Revenue from sales of goods and services | 0.0%              | 0.0%     |                        |          |
| Other income                             | 0.9%              | 1.3%     |                        |          |
| Cost of services received                | 2.9%              | 2.8%     |                        |          |
| Cost of use of others' property          | 34.4%             | 31.7%    | 1.2%                   | 1.0%     |
| <b>Balance Sheet:</b>                    |                   |          |                        |          |
| Accounts payable                         | 2.8%              | 8.9%     | 0.0%                   | 0.1%     |
| Accounts receivable                      | 2.2%              | 3.8%     |                        |          |

The significance of Autostrade Group and Grandi Stazioni S.p.A. cash-flow vis-à-vis Autogrill Group and Autogrill S.p.A. totals in H1 2006 transactions was marginal, except in the case of Accounts payable by the Autostrade Group, which fell by €17,223k from end-2005, which accounted for about 30% of the change in working capital as presented in the H1 2006 Consolidated Cash-Flow Statement (79.7% of the change in working capital in Autogrill S.p.A.'s accounts).

#### 4.11 NON-RECURRING EVENTS AND TRANSACTIONS

There were no significant non-recurring events or transactions in H1 2006 or FY 2005 as defined by CONSOB's resolution no.15519 and notice no.DEM/6064293.

#### 4.12 POSITIONS AND TRANSACTIONS ARISING OUT OF UNTYPICAL OR UNUSUAL BUSINESS

There was no untypical or unusual business transacted in H1 2006, as defined by CONSOB's notice no.DEM/6037577 and notice no.DEM/6064293 dated 28 July 2006.

APPENDIX:

4.13 LIST OF CONSOLIDATED COMPANIES AND OTHER EQUITY INVESTMENTS



**Fully Consolidated Companies:**

| Company name                                    | Head Office         | Currency | Share Capital | %               | Holding company  |
|---|---------------------|----------|---------------|-----------------|--|
| <i>Parent Company</i>                           |                     |          |               |                 |  |
| Autogrill SpA                                   | Novara              | €        | 132,288,000   | 57.093          | Edizione Holding SpA   |
| <i>Subsidiaries</i>                             |                     |          |               |                 |  |
| Autogrill International Srl                     | Novara              | €        | 4,951,213     | 100.000         | Autogrill SpA  |
| Aviogrill Srl                                   | Bologna             | €        | 10,000        | 51.000          | Autogrill SpA  |
| Nuova Estral Srl                                | Novara              | €        | 10,000        | 100.000         | Autogrill SpA  |
| Emme Emme Cadorna di Nuova Estral Srl Sas       | Milano              | €        | 10,440        | 100.000         | Nuova Estral Srl   |
| Bar del Porto di Nuova Estral Srl Snc           | Piombino            | €        | 61,975        | 100.000         | Nuova Estral Srl   |
| Nuova Sidap Srl                                 | Novara              | €        | 10,000        | 100.000         | Autogrill SpA  |
| Autogrill Austria AG                            | Gottesbrunn         | €        | 7,500,000     | 100.000         | Autogrill International Srl                                  |
| HMSHost Europe GmbH                             | Munchen             | €        | 205,000       | 100.000         | Autogrill SpA  |
| HMSHost Ireland Ltd                             | Dublin              | €        | 1             | 100.000         | HMSHost Europe GmbH  |
| HMSHost Sweden AB                               | Stockholm           | SEK      | 2,500,000     | 100.000         | HMSHost Europe GmbH  |
| Autogrill Espana SA                             | Madrid              | €        | 1,800,000     | 100.000         | Autogrill International Srl                                  |
| Autogrill Participaciones SL                    | Madrid              | €        | 6,503,006     | 100.000         | Autogrill Espana SA  |
| Restauracion de Centros Comerciales SA (RECECO) | Madrid              | €        | 108,182.18    | 85.000          | Autogrill Participaciones SL                                 |
| Autogrill Finance SA                            | Luxembourg          | €        | 250,000       | 99.996<br>0.004 | Autogrill SpA<br>Autogrill Europe Nord-Ouest SA              |
| Autogrill D.o.o.                                | Lubjana             | SIT      | 73,920,000    | 100.000         | Autogrill SpA  |
| Autogrill Hellas EPE                            | Avlona Attikis      | €        | 1,696,350     | 99.99<br>0.01   | Autogrill International Srl<br>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<br>0.001 | Autogrill International Srl<br>Autogrill Finance SA          |
| Autogrill Belgie NV                             | Antwerpen           | €        | 26,250,000    | 99.999<br>0.001 | Autogrill Europe Nord-Ouest SA<br>Ac Restaurants & Hotels SA |
| Ac Restaurants & Hotels Beheer NV               | Antwerpen           | €        | 3,016,000     | 99.999<br>0.001 | Autogrill Belgie NV<br>Ac Restaurants & Hotels SA            |
| Ac Restaurants & Hotels SA                      | Grevenmacher        | €        | 500,000       | 99.995<br>0.005 | Autogrill Belgie NV<br>Ac Restaurants & Hotels Beheer NV     |
| Autogrill Nederland BV                          | Breukelen           | €        | 41,371,500    | 100.000         | Autogrill Europe Nord-Ouest SA                               |
| Maison Ledeboer BV                              | Zaandam             | €        | 69,882        | 100.000         | Autogrill Nederland BV                                       |
| Ac Holding NV                                   | Breukelen           | €        | 136,150       | 100.000         | Maison Ledeboer BV   |
| The American Lunchroom Co BV                    | Zaandam             | €        | 18,151        | 100.000         | Ac Holding NV  |
| Ac Apeldoorn BV                                 | Apeldoorn           | €        | 45,378        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Bodegraven BV                                | Bodegraven          | €        | 18,151        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Heerlen BV                                   | Heerlen             | €        | 23,142        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Hendrik Ido Ambacht BV                       | Hendrik Ido Ambacht | €        | 2,596,284     | 100.000         | The American Lunchroom Co BV                                 |
| Ac Holten BV                                    | Holten              | €        | 34,033        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Leiderdorp BV                                | Leiderdorp          | €        | 18,151        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Meerkerk BV                                  | Meerkerk            | €        | 18,151        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Nederweert BV                                | Weert               | €        | 34,033        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Nieuwegein BV                                | Nieuwegein          | €        | 18,151        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Oosterhout BV                                | Oosterhout          | €        | 18,151        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Restaurants & Hotels BV                      | Breukelen           | €        | 90,756        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Sevenum BV                                   | Sevenum             | €        | 18,151        | 100.000         | The American Lunchroom Co BV                                 |
| Ac Vastgoed BV                                  | Zaandam             | €        | 18,151        | 100.000         | The American Lunchroom Co BV                                 |

| Company name  | Head Office           | Currency | Share Capital | %                | Holding company                                 |
|---|-----------------------|----------|---------------|------------------|---|
| Ac Vastgoed I BV  | Zaandam               | €        | 18,151        | 100.000          | The American Lunchroom Co BV                    |
| Ac Veenendaal BV  | Veenendaal            | €        | 18,151        | 100.000          | The American Lunchroom Co BV                    |
| Ac Zevenaar BV  | Zevenaar              | €        | 57,176        | 100.000          | The American Lunchroom Co BV                    |
| Holding de Participations Autogrill SAS                 | Marseille             | €        | 119,740,888   | 99.999<br>0.001  | Autogrill Europe Nord-Ouest SA<br>Autogrill SpA |
| Autogrill Aeroports SAS                                 | Marseille             | €        | 1,368,000     | 99.999           | Holding de Participations Autogrill Sas         |
| Autogrill Coté France SAS                               | Marseille             |          | 31,579,526.40 | 99.999           | Holding de Participations Autogrill Sas         |
| Société Berrichonne de Restauration SAS (Soberest SAS)  | Marseille             | €        | 288,000       | 50.01            | Autogrill Coté France Sas                       |
| Société Bordelaise de Restauration SAS (Soborest SAS)   | St. Savin             | €        | 788,000       | 50.000           | Autogrill Coté France Sas                       |
| Société de la Porte de Champagne SA (SPC)               | Auberives             | €        | 153,600       | 51.900           | Autogrill Coté France Sas                       |
| Société de Restauration Autoroutière Dromoise SA (SRAD) | Marseille             | €        | 1,136,000     | 49.994<br>49.998 | Autogrill Coté France Sas<br>SRSRA SA           |
| Société de Restauration de Bourgogne SAS (Sorebo SAS)   | Marseille             | €        | 144,000       | 50.000           | Autogrill Coté France Sas                       |
| Société de Restauration de Troyes-Champagne SA (SRTC)   | Marseille             | €        | 1,440,000     | 70.000           | Autogrill Coté France Sas                       |
| Société Régionale de Saint Rambert d'Albon SA (SRSRA)   | St Rambert d'Albon    | €        | 515,360       | 50.000           | Autogrill Coté France Sas                       |
| Volcares SAS  | Champs                | €        | 1,050,144     | 50.000           | Autogrill Coté France Sas                       |
| Société de Gestion de Restauration Routière SG2R SAS    | Marseille             | €        | 879,440       | 99.996           | Autogrill Coté France Sas                       |
| SCI Vert Pre Saint Thiebaut                             | Nancy                 | €        | 457.35        | 96.670<br>3.330  | SG2R Sas<br>Autogrill Coté France Sas           |
| SNC TJ2D  | Chaudeney Sur Moselle | €        | 1,000         | 99.000<br>1.000  | SG2R Sas<br>Autogrill Coté France Sas           |
| Autogrill Restauration Services SAS                     | Marseille             | €        | 15,394,500    | 99.999           | Holding de Participations Autogrill Sas         |
| Autogrill Gares Province Sarl                           | Marseille             | €        | 274,480       | 100.000          | Autogrill Restauration Services Sas             |
| Autogrill Gares Metropoles Sarl                         | Marseille             | €        | 17,396,850    | 100.000          | Autogrill Restauration Services Sas             |
| Autogrill Schweiz AG                                    | Olten                 | CHF      | 10,000,000    | 100.000          | Autogrill International Srl                     |
| Autogrill Pieterlen AG                                  | Pieterlen             | CHF      | 2,000,000     | 100.000          | Autogrill Schweiz AG                            |
| Autogrill Pratteln AG                                   | Pratteln              | CHF      | 3,000,000     | 95.000           | Autogrill Schweiz AG                            |
| Autogrill Basel Airport Sas (in liquidazione)           | St. Louis             | CHF      | 40,000        | 100.000          | Autogrill Schweiz AG                            |
| Restoroute de Bavois SA                                 | Bavois                | CHF      | 2,000,000     | 70.000           | Autogrill Schweiz AG                            |
| Restoroute de la Gruyère SA                             | Avry devant Pont      | CHF      | 1,500,000     | 54.300           | Autogrill Schweiz AG                            |
| Vorstatt Egerkingen AG                                  | Egerkingen            | CHF      | 2,000,000     | 100.000          | Autogrill Schweiz AG                            |
| Autogrill Group Inc                                     | Bethesda              | USD      | 225,000,000   | 100.000          | Autogrill Overseas Inc                          |
| HMSHost Corp  | Bethesda              | USD      | =             | 100.000          | Autogrill Group Inc                             |
| HMSHost Europe Corp                                     | Wilmington            | USD      | =             | 100.000          | Autogrill Group Inc                             |
| HMSHost International Inc                               | Wilmington            | USD      | =             | 100.000          | Autogrill Group Inc                             |
| HMS Host Tollroads Inc                                  | Bethesda              | USD      | 125,000,000   | 100.000          | HMSHost Corp                                    |
| Host International Inc                                  | Bethesda              | USD      | 125,000,000   | 100.000          | HMSHost Corp                                    |
| Sunshine Parkway Restaurants Inc                        | Bethesda              | USD      | 125,000,000   | 50.000<br>50.000 | HMSHost Corp<br>Gladieux Corp                   |
| Cincinnati Terminal Services Inc                        | Bethesda              | USD      | 125,000,000   | 100.000          | Host International Inc                          |
| Cleveland Airport Services Inc                          | Bethesda              | USD      | 125,000,000   | 100.000          | Host International Inc                          |

| Company name  | Head Office    | Currency | Share Capital | %       | Holding company                   |
|---|----------------|----------|---------------|---------|-----------------------------------|
| HMS-Airport Terminal Services Inc                     | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| HMS-Airport Terminal Services                         | Bethesda       | USD      | 125,000,000   | 100.000 | HMS-Airport Terminal Services Inc |
| HMS B&L Inc   | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| HMS Holdings Inc                                      | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| HMS Host Family Restaurants Inc                       | Bethesda       | USD      | 125,000,000   | 100.000 | HMS Holdings Inc                  |
| HMS Host Family Restaurants LLC                       | Bethesda       | USD      | 125,000,000   | 100.000 | HMS Host Family Inc               |
| Gladioux Corporation                                  | Bethesda       | USD      | 125,000,000   | 100.000 | HMS Holdings Inc                  |
| Host (Malaysia) Sdn Bhd                               | Kuala Lumpur   | MYR      | 100,000       | 100.000 | Host International Inc            |
| Host Gifts Inc  | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| Host International of Canada Ltd                      | Vancouver      | CAD      | 4,600,000     | 100.000 | Host International Inc            |
| Host International of Canada (RD) Ltd                 | Toronto        | CAD      | 1             | 100.000 | Host International of Canada Ltd  |
| SMSI Travel Centres Inc                               | Toronto        | CAD      | 1             | 100.000 | Host International of Canada Ltd  |
| Host International of Kansas Inc                      | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| Host International of Maryland Inc                    | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| HMS Host USA Inc                                      | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| Host International (Poland) Sp z o o, in liquidazione | Warsaw         | PLN      | 6,557,600     | 100.000 | HMS Host USA Inc                  |
| Host of Holland BV                                    | Haarlemmermeer | €        | 90,756        | 100.000 | Host International Inc            |
| Horeca Exploitatie Maatschappij Schiphol BV           | Schiphol       | €        | 45,378        | 100.000 | Host of Holland BV                |
| Host Services (France) Sas in liquidazione            | Paris          | €        | 38,115        | 100.000 | Host International Inc            |
| Host Services Inc                                     | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| Host Services of New York Inc                         | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| Host Services Pty Ltd                                 | North Cairns   | AUD      | 12            | 100.000 | Host International Inc            |
| Las Vegas Terminal Restaurants Inc                    | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| Marriott Airport Concessions Pty Ltd                  | Tullamarine    | AUD      | 999,998       | 100.000 | Host International Inc            |
| Michigan Host Inc                                     | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| Shenzen Host Catering Company Ltd                     | Shenzen        | USD      | 2,500,000     | 100.000 | Host International Inc            |
| The Gift Collection Inc                               | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| Turnpike Restaurants Inc                              | Bethesda       | USD      | 125,000,000   | 100.000 | Host International Inc            |
| AAI Investments Inc                                   | Bethesda       | USD      | 100,000,000   | 100.000 | Autogrill Group Inc               |
| Anton Airfood Inc (AAI)                               | Washington     | USD      | 1,000         | 100.000 | AAI Investments Inc               |
| AAI Terminal 7 Inc                                    | Washington     | USD      | 1,000         | 100.000 | Anton Airfood Inc                 |
| AAI Terminal One Inc                                  | Washington     | USD      | 200           | 100.000 | Anton Airfood Inc                 |
| Airport Architects Inc                                | Washington     | USD      | 1,000         | 100.000 | Anton Airfood Inc                 |
| Anton Airfood JFK Inc                                 | Washington     | USD      | 1,000         | 100.000 | Anton Airfood Inc                 |
| Anton Airfood of Bakersfield Inc, in liquidaz.        | Washington     | USD      | 1,000         | 100.000 | Anton Airfood Inc                 |
| Anton Airfood of Cincinnati Inc                       | Washington     | USD      | 1,000         | 100.000 | Anton Airfood Inc                 |
| Anton Airfood of Minnesota Inc                        | Washington     | USD      | 10            | 100.000 | Anton Airfood Inc                 |
| Anton Airfood of New York Inc                         | Washington     | USD      | 1,000         | 100.000 | Anton Airfood Inc                 |
| Anton Airfood of North Carolina Inc                   | Washington     | USD      | 10            | 100.000 | Anton Airfood Inc                 |
| Anton Airfood of Ohio Inc                             | Washington     | USD      | 1,000         | 100.000 | Anton Airfood Inc                 |
| Anton Airfood of Rhode Island Inc                     | Washington     | USD      | 1,000         | 100.000 | Anton Airfood Inc                 |
| Anton Airfood of Texas Inc                            | Washington     | USD      | 100,000       | 100.000 | Anton Airfood Inc                 |
| Anton Airfood of Virginia Inc                         | Washington     | USD      | 1,000         | 100.000 | Anton Airfood Inc                 |

| <b>Company name</b>           | <b>Head Office</b> | <b>Currency</b> | <b>Share Capital</b> | <b>%</b> | <b>Holding company</b> |
|-------------------------------|--------------------|-----------------|----------------------|----------|------------------------|
| Palm Springs AAI Inc          | Washington         | USD             | 1,000                | 100.000  | Anton Airfood Inc      |
| Anton Airfood of Boise, Inc   | Washington         | USD             | n.d.                 | 100.000  | Anton Airfood Inc      |
| Anton Airfood of Tulsa, Inc   | Washington         | USD             | n.d.                 | 100.000  | Anton Airfood Inc      |
| AAI Islip, Inc                | Washington         | USD             | n.d.                 | 100.000  | Anton Airfood Inc      |
| Fresno AAI, Inc               | Washington         | USD             | n.d.                 | 100.000  | Anton Airfood Inc      |
| Anton Airfood of Newark, Inc  | Washington         | USD             | n.d.                 | 100.000  | Anton Airfood Inc      |
| Anton Airfood of Seattle, Inc | Washington         | USD             | n.d.                 | 100.000  | Anton Airfood Inc      |

**Companies consolidated proportionately:**

| <b>Company name</b>            | <b>Head Office</b> | <b>Currency</b> | <b>Share Capital</b> | <b>%</b> | <b>Holding company</b>    |
|--------------------------------|--------------------|-----------------|----------------------|----------|---------------------------|
| Retail Airport Finance SL      | Madrid             | €               | 10,760,982           | 50.000   | Autogrill Espana SA       |
| ALDEASA SA e controllate       | Madrid             | €               | 25,200,000           | 99.000   | Retail Airport Finance SL |
| Steigenberger Gastronomie GmbH | Frankfurt          | €               | 750,000              | 49.900   | HMSHost Europe GmbH       |

**Associates accounted for at net equity:**

| <b>Company name</b>        | <b>Head Office</b> | <b>Currency</b> | <b>Share Capital</b> | <b>%</b>         | <b>Holding company</b>                                 |
|----------------------------|--------------------|-----------------|----------------------|------------------|--|
| Union Services Sarl        | Luxembourg         | €               | 51,000               | 20.000<br>10.000 | Autogrill Europe Nord-Ouest SA<br>Autogrill Finance SA |
| Dewina Host Sdn Bhd        | Kuala Lumpur       | MYR             | 250,000              | 49.000           | Host International Inc                                 |
| HMSC-AIAL Ltd              | Auckland           | NZD             | 111,900              | 50.000           | Host International Inc                                 |
| Lee Airport Concession Inc | Washington         | USD             | 1,600                | 25.000           | Anton Airfood Inc                                      |

## **5. ANNEXES**

## 5.1 AUTOGRILL S.P.A. ACCOUNTS AS AT 30 JUNE 2006

## BALANCE SHEET

| (€k)   | 30.06.2006       | 31.12.2005       | Change           |
|--|------------------|------------------|------------------|
| Cash and cash equivalent                           | 28,339           | 33,994           | (5,655)          |
| Other financial assets                             | 435,399          | 536,076          | (100,677)        |
| Tax credits  | 578              | 1,560            | (982)            |
| Other credits                                      | 28,974           | 32,364           | (3,390)          |
| Accounts receivable                                | 42,584           | 37,321           | 5,263            |
| Inventory  | 42,639           | 43,075           | (436)            |
| <b>Total current assets</b>                        | <b>578,513</b>   | <b>684,390</b>   | <b>(105,877)</b> |
| Property, plant and equipment                      | 153,501          | 151,273          | 2,228            |
| Goodwill   | 74,367           | 74,367           | -                |
| Other intangible assets                            | 11,745           | 12,676           | (931)            |
| Equity Investments                                 | 542,166          | 542,166          | -                |
| Other financial assets                             | 449,991          | 357,620          | 92,371           |
| Loans  | 7,056            | 6,909            | 147              |
| <b>Total non-current assets</b>                    | <b>1,238,826</b> | <b>1,145,011</b> | <b>93,815</b>    |
| <b>TOTAL ASSETS</b>                                | <b>1,817,339</b> | <b>1,829,401</b> | <b>(12,062)</b>  |
| Accounts payable                                   | 192,552          | 252,357          | (59,805)         |
| Tax liabilities                                    | 8,732            | 8,468            | 264              |
| Other liabilities                                  | 50,247           | 44,762           | 5,485            |
| Due to banks                                       | 151,339          | 102,252          | 49,087           |
| Other financial liabilities                        | 43,255           | 34,969           | 8,286            |
| <b>Total current liabilities</b>                   | <b>446,125</b>   | <b>442,808</b>   | <b>3,317</b>     |
| Other liabilities                                  | -                | -                | -                |
| Borrowings (net of current portion)                | 647,090          | 674,412          | (27,322)         |
| Deferred tax liabilities                           | 23,637           | 15,769           | 7,868            |
| TFR and other employee benefits                    | 92,040           | 89,654           | 2,386            |
| Provisions   | 28,079           | 31,662           | (3,583)          |
| <b>Total non-current liabilities</b>               | <b>790,846</b>   | <b>811,497</b>   | <b>(20,651)</b>  |
| <b>TOTAL LIABILITIES</b>                           | <b>1,236,971</b> | <b>1,254,305</b> | <b>(17,334)</b>  |
| <b>SHAREHOLDERS' EQUITY</b>                        | <b>580,368</b>   | <b>575,096</b>   | <b>5,272</b>     |
| <b>TOTALE LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>1,817,339</b> | <b>1,829,401</b> | <b>(12,062)</b>  |

**INCOME STATEMENT**

| (€k)  | H1 2006        | H1 2005        | Change         |
|---|----------------|----------------|----------------|
| Revenues  | 562,402        | 500,373        | 62,029         |
| Other Operating Income                              | 28,334         | 35,652         | (7,318)        |
| <b>Total Income</b>                                 | <b>590,736</b> | <b>536,025</b> | <b>54,711</b>  |
| Cost of raw material, items for use and merchandise | 269,797        | 231,161        | 38,636         |
| Payroll and benefits                                | 134,226        | 126,375        | 7,851          |
| Rents, concessions and royalties                    | 56,996         | 53,999         | 2,997          |
| Other operating costs                               | 60,486         | 53,977         | 6,509          |
| Depreciation  | 17,485         | 19,103         | (1,618)        |
| <b>Operating Profit</b>                             | <b>51,746</b>  | <b>51,410</b>  | <b>336</b>     |
| Gains (losses) on financial transactions            | 57,007         | 50,814         | 6,193          |
| Finance cost  | (15,817)       | (10,399)       | (5,418)        |
| <b>Profit before tax</b>                            | <b>92,936</b>  | <b>91,825</b>  | <b>1,111</b>   |
| Tax   | (26,608)       | (24,333)       | (2,275)        |
| <b>NET PROFIT</b>                                   | <b>66,328</b>  | <b>67,492</b>  | <b>(1,164)</b> |



**CASH-FLOW STATEMENT**

| (€m)   | H1 2006       | H1 2005        |
|--|---------------|----------------|
| <b>Cash and cash equivalents - opening balance</b>                       | <b>8.9</b>    | <b>55.3</b>    |
| Profit before tax and net financial cost for the period                  | 51.7          | 51.4           |
| Depreciation and losses on fixed assets                                  | 17.5          | 19.1           |
| (Gains)/losses on disposal of fixed assets                               | 0.1           | (0.6)          |
| Change in working capital  | (21.6)        | (38.4)         |
| Net change in non-current non-financial assets and liabilities           | 7.1           | 7.7            |
| <b>Cash flow from operation</b>  | <b>55.1</b>   | <b>39.2</b>    |
| Tax paid   | (7.0)         | (6.6)          |
| Interest paid  | (3.4)         | 0.5            |
| <b>Net cash flow from operations</b>                                     | <b>44.7</b>   | <b>33.1</b>    |
| Expenditure on property, plant and equipment and intangible fixed assets | (19.3)        | (20.4)         |
| Proceeds from disposal of fixed assets                                   | 0.3           | 1.9            |
| Net change in non-current financial assets                               | (0.2)         | (100.1)        |
| <b>Cash flow from investment activities</b>                              | <b>(19.2)</b> | <b>(118.6)</b> |
| Medium/long-term financings procured                                     | 58.3          | 575.0          |
| Repayments of instalments of medium/long-term financings                 | -             | (100.0)        |
| Repayments of short-term loans net of new borrowing                      | (18.5)        | -              |
| Payment of dividends   | (61.1)        | (50.9)         |
| Other flows  | 5.0           | (375.4)        |
| <b>Cash flow from borrowings</b>   | <b>(16.6)</b> | <b>48.7</b>    |
| <b>Cash flow for the period</b>  | <b>8.9</b>    | <b>(36.8)</b>  |
| <b>Cash and cash equivalents - closing balance</b>                       | <b>17.8</b>   | <b>18.5</b>    |

**Reconciliation of cash and cash equivalents**

| (€m)   | H1 2006     | H1 2005     |
|--|-------------|-------------|
| <b>Cash and cash equivalents - opening balance</b> | <b>8.9</b>  | <b>55.3</b> |
| Cash and cash equivalents liquid assets            | 34.0        | 58.3        |
| Current account debit balances                     | (25.1)      | (3.0)       |
| <b>Cash and cash equivalents - closing balance</b> | <b>17.8</b> | <b>18.5</b> |
| Cash and cash equivalents liquid assets            | 28.3        | 33.2        |
| Current account debit balances                     | (10.5)      | (14.7)      |

## 5.2 PARENT COMPANY CHANGEOVER TO IFRS

### BACKGROUND

As prescribed by L. D. 38/2005, listed companies are required to publish their separate accounts under IFRS as endorsed by the EU, starting with the 2006 financial year.

Accordingly – in line with the indication given in CONSOB'S Issuer Regulations, Section 81 - Autogrill S.p.A took account of IFRS in preparing its separate accounts. The Autogrill Group's consolidated accounts were already drawn up under IFRS starting with the 2005 financial year.

In order to ensure that the effects of the changeover were sufficiently comprehensible for the separate accounts as well, the balance sheet and income statement tables given in an annex to the H1 report as at 30 June 2006 are accompanied by the information required under IFRS 1 First-time Adoption of IFRS, with special reference to the reconciliations required by §39 and §40 of the standard.

Section 81 required the following to be included in the first-half report:

- reconciliation of prior year shareholders' equity and net profit under Italian GAAP to the same items under IFRS;
- reconciliations as required by §39 and §40 of IFRS 1 First-time Adoption of (as interpreted by IG 63), together with explanatory notes on accounting principles and the items in the reconciliation tables;

This Section of our H1 Report at 30 June 2006 discloses what is required by the rules and standards cited. In particular– in respect of Autogrill S.p.A.'s separate accounts – we present reconciliation of prior year shareholders' equity and net profit under Italian GAAP to the same items under IFRS with explanatory notes:

- as at the changeover date (1 January 2005), which was the first day of the first period used for comparison purposes, and;
- as at 31 December 2005.

These reconciliations present no comparative figures since they were prepared for the purposes of the changeover to IFRS of the separate accounts of Autogrill S.p.A. at 31 December 2006, and the explanatory notes which would be required by the new standards and will be included in the FY separate accounts at 31 December 2006.

The figures given in this section are subject to audit under CONSOB'S notice no.DEM/6064293 dated 28 July 2006. The figures given in respect of equity investments could undergo change to reflect new and future policies emanated by the European Commission in relation to the approval and endorsement of IFRS and new statements and interpretations issued by IASB or IFRIC should any such be issued by 31 December 2006, which Autogrill S.p.A., if permitted, may decide to apply starting with FY 2006.

The accounting principles adopted by Autogrill S.p.A. to make the changeover to IFRS are the same as those adopted by the Autogrill Group from the preparation of the consolidated accounts as at 31 December 2005 – which please consult for a full description – except those that refer to the measurement of subsidiaries, measured at cost in Autogrill S.p.A.'s separate accounts, as required by IFRS and pointed out below.

IFRS 1 governs transition to IFRS. It requires that – on the transition date to IFRS (1 January 2005, considering the timetable laid down by the EU) – a balance sheet be prepared as part of Autogrill S.p.A.'s separate accounts. This accounting statement was prepared according to the following criteria:

- all assets and liabilities to be recognised under IFRS were considered, even when such recognition was not allowed under Italian GAAP;

- no assets or liabilities were recognised that could not be so recognised under IFRS;
- all items previously disclosed in a manner not in line with IFRS were reclassified;
- Under IFRS 1.25, since Autogrill S.p.A. is adopting IFRS for the first time for its separate accounts for 2006, having already adopted them for its consolidated accounts at 31 December 2005, assets and liabilities recognised in the separate accounts compiled using IFRS at 1 January 2005 are recognised at the same values as those disclosed in the consolidated accounts of the same date, except for equity investments and other items eliminated on consolidation. This means that the manner in which IFRS 1 (IFRS 1.13 and IFRS 1.26) was applied previously for the consolidated accounts was kept unchanged.

As required by IFRS 1, the effect of adjustments made on first application of IFRS are taken to a special reserve in equity.

Within the options allowed by IFRS 1, the following exemptions were adopted when drawing up Autogrill S.p.A.'s separate accounts:

- measurement of Property, plant and equipment not to be transferred free of charge and of intangible assets: the Company took advantage of the option of using the carrying value of these assets as determined on the basis of Italian GAAP, as a substitute for the cost as at 1 January 2004, in that this is inline with IFRS 1 requirements;
- business aggregations: IFRS 3 requires business combinations to be accounted for using the purchase method, by recognising assets and liabilities at their fair value on the purchase date. As allowed by IFRS 1, the Company did not apply IFRS 3 retroactively to business combinations which occurred before the date of transition to IFRS, which were determined on the basis of the previous principles, i.e. Italian GAAP.

TFR (severance pay) due to employees of our Italian companies comes under defined-benefit plans, according to IFRS.

The Company – given the risks involved in making estimates of future salary trends and staff numbers – made provision for TFR by setting aside the largest liability possible accruing at the period end pursuant to Article 2120 of the Italian Civil Code and by reclassifying the amount of annual revaluation of the legal liability to finance cost.

The Company keeps movements and changes in its liabilities relating to TFR calculated actuarially under strict control – on the basis of the best possible estimates – and TFR reflected in following Article 2120 of the Italian Civil Code. At 31 December 2005 the liability recognised in the balance sheet was greater than that calculated under the mentioned actuarial principles by €2,310k (€1.757k at 1 January 2005).

**RECONCILIATION OF ITALIAN GAAP TO IFRS**

*Reconciliation of shareholders' equity at 1 January and 31 December 2005 and 2005 net profit under Italian GAAP to the same items under IFRS.*

| (k€)   | Shareholders' Funds at 01/01/2005 | Profit/(loss) of the period 2005 | Other movements | Shareholders' Funds at 31/12/2005 |
|--|-----------------------------------|----------------------------------|-----------------|-----------------------------------|
| <b>Under Italian GAAP:</b>   | 218,765                           | 90,008                           | (37,428)        | <b>271,345</b>                    |
| <i>Adjustments</i>   |                                   |                                  |                 |                                   |
| 1 Reversal of goodwill amortisation (IAS 38)                               | 13,815                            | 14,384                           | -               | 28,199                            |
| 2 Effect of the cost method (IAS 27)                                       | 357,926                           | (1,483)                          | (13,377)        | 343,066                           |
| 3 Effect of dividends recognition at the time of their resolution (IAS 18) | (37,973)                          | (2,349)                          | -               | (40,322)                          |
| 4 Valuation of hedging instruments (IAS 39)                                | -                                 | -                                | 826             | 826                               |
| 5 Valuation of fixed interest rate loans (IAS 39)                          | -                                 | -                                | (826)           | (826)                             |
| 6 Discounting of Provisions (IAS 37)                                       | 1,914                             | 28                               | -               | 1,942                             |
| 7 Leasing (IAS17)  | 955                               | 477                              | -               | 1,432                             |
| 8 Contributions for plans (IAS 20)   | -                                 | 77                               | (77)            | -                                 |
| 9 Related tax effect   | (24,974)                          | (5,592)                          | -               | (30,566)                          |
| <b>Total adjustments</b>   | <b>311,663</b>                    | <b>5,542</b>                     | <b>(13,454)</b> | <b>303,751</b>                    |
| <b>Under IFRS:</b>   | 530,428                           | 95,550                           | (50,882)        | <b>575,096</b>                    |

### *Explanatory Notes*

#### 1. Goodwill

Under IFRS goodwill is not amortised systematically, but is subject to periodical review to identify possible impairment losses.

The application of this principle, together with that requiring continuity of values as between 1 January 2005 values in the IFRS consolidated accounts and the same values in IFRS separate accounts (IFRS 1.25), had a positive effect on shareholders' equity at 1 January 2005 and 31 December 2005, respectively, due to elimination of 2004 amortisation (€13,815k) and cumulative amortisation relating to both 2004 and 2005 (€28,199k), before tax effects, which were respectively €5,146k and €10,504k, recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

The positive effect on net profit for 2005 was €14,384k before the related tax effect of €5,358k, recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

Goodwill was tested for impairment as per IAS 38 in respect of the values recognised at 1 January 2005 and 31 December 2005 did not reveal any exceptions.

#### 2. Equity Investments

Subsidiaries are valued at cost net of any impairment losses, on the basis of recoverable value determined as the cash-flow that the subsidiary will be capable of generating in the future.

Under Italian GAAP equity investments were measured at net equity; this accounting principle caused most equity investments to gradually decline in value from the acquisition date to 1 January 2005 mainly on account of the amortisation of the purchase premium paid, which was only partly offset by the profit realised by the company or sometimes added to losses. Using the equity method the carrying value was never revalued even if the subsidiary or associate showed prospects of future profits sufficient to sustain the original cost.

Using the cost method required by IFRS earnings prospects cause the subsidiary to have a recoverable value such that the original cost is entirely restored or written back, with a few small and limited exceptions.

Consequently reductions and increases in value of subsidiaries made solely by following the equity method – where there were earnings prospects considered sufficient to sustain the original

purchase cost of the subsidiary – were reversed in order to apply the cost method under IFRS for the separate accounts.

Use of this method, together with the mentioned principle of continuity of values at 1 January 2005 as between IFRS consolidated accounts and IFRS separate accounts (IFRS 1.25) had a positive impact on shareholders' equity at 1 January 2005 and 31 December 2005 respectively of €357,926k and €343,066k, before the related tax effects of €18,924k and €18,952k respectively recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

Net profit for 2005 and Other equity reserves were reduced respectively by €1,483k (before the tax effect of €28k, recognised in a separate line in the reconciliation) and by €13,377k to reverse off the effects produced in the year by application of the equity method.

### 3. Dividends

Under Italian GAAP subsidiaries' dividends were recognised in the year in which they accrued, provided that they were passed by the subsidiary before the accounts of Autogrill S.p.A. were approved.

IAS 18 however prescribes that they should be recognised in the year in which the Company gains the legal right to receive them.

The impact of the application of this principle on shareholders' equity at 1 January and 31 December 2005 was respectively equal to -€37,973k and equal to -€40,322k, while the impact on net profit was a reduction of €2,349k before tax effects, which were respectively €84k, €8k and a reduction of €75k recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

### 4. Derivatives

The Company's liabilities are mainly exposed to financial risk relating to interest rate fluctuations. The Company uses derivatives to manage interest rate fluctuation risk known as Interest Rate Swaps. In particular it is Group policy to convert part of its floating-rate borrowings to fixed rate and designate them cash flow hedges. The use of these instruments is regulated by policies approved by the Board of Directors, which has drawn up written procedures for the use of derivatives in line with the Group's risk management policy. Derivative contracts are entered into with selected counterparties from the most financially solid entities to reduce default risk to a minimum. The Company does not use derivatives for trading purposes.

In contrast to the prescription of Italian GAAP, IAS 39 requires that all financial instruments be recognised at their fair value. In particular, instruments that qualify for hedge accounting are recognised through a specific equity reserve.

In application of this standard, derivative contracts entered into by the Company in 2005 which are considered cash flow hedges were recognised in the separate accounts at their fair value, which entailed an increase in shareholders' equity of €553k, due to the recognition of financial assets worth €826k net of the related tax effect of €273k.

### 5. Fixed-rate Financings

In 2005 the Company extended a fixed-rate long-term loan to a subsidiary for an amount and maturity that matched bank debt converted synthetically to fixed-rate borrowing using the interest rate swaps mentioned under (4) above.

Changes in the value of the loan therefore mirror the derivatives' value changes. The tax effect is also mirrored.

## 6. Provisions

As required under IAS 37, if a liability refers to payments to be made over time, it is present-valued at a rate which, before tax, reflects the current market value of the present value of cash and the specific risks linked to the liability. The provision increases each year to reflect the passage of time and is recognised as interest payable.

The application of this standard, together with the mentioned principle requiring continuity of values as between 1 January 2005 values in the IFRS consolidated accounts and the same values in IFRS separate accounts (IFRS 1.25), brought about a positive impact on shareholders' equity at 1 January 2005 and 31 December 2005 respectively of €1,914k and €1,942k, before the related tax effects respectively of €641k and €632k, and recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

The positive effect on 2005 net profit was €28k before the related tax effect of €9k, recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

## 7. Finance Leases

Lease contracts are classified as finance leases where the contract terms effectively transfer all the risks and benefits of property of the asset to the lessee. All other leases are considered operating leases.

Financial lease assets are recognised as assets belonging to the Company at their fair value on the date of entering into the contract, adjusted for the additional charges paid on signing and any costs sustained in order to sublease, or, if less, at the present value of the minimum rentals due under the lease. The corresponding liability to the lessor is included in equity among financial liabilities. Rentals are divided between the principal repaid and the interest so that there is a constant interest rate on the remaining outstanding. Finance cost is taken to profit and loss for the year.

The application of this standard, together with the mentioned principle requiring continuity of values as between 1 January 2005 values in the IFRS consolidated accounts and the same values in IFRS separate accounts (IFRS 1.25), brought about a positive impact on shareholders' equity at 1 January 2005 and 31 December 2005 respectively of €955k and €1,432k, before the related tax effects of €356k and €533k recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

The positive effect on 2005 net profit was €477k before the related tax effect of €177k, recognised in a separate line in the reconciliation of Italian GAAP to IFRS.

## 8. Contributions for plans

The net residual value of contributions for plans, whose effect was taken direct to equity reserves in line with the depreciation of the asset in question, under IFRS (IAS 20) must be recognised as a direct reduction of the charge for depreciation.

Consequently the changeover to IFRS, while having no effect on shareholders' equity at 1 January and 31 December 2005, increased 2005 net profit by €77k and reduced equity reserves by an equal amount.

## 9. Deferred Tax

For every adjustment the related tax effect was calculated. The amounts of €24,974k and €30,839k present this at 1 January and 31 December 2005 respectively; the effect on 2005 net profit was €5,592k, bearing in mind that the net effect of the adjustments on financial contract valuation as described under (4) and (5), was zero.



*Reconciliation of shareholders' equity under Italian GAAP and IFRS at 1 January 2005*

| <b>(€k)</b>   | <b>01.01.2005<br/>Italian GAAP</b> | <b>IAS/IFRS<br/>adjustments</b> | <b>01.01.2005<br/>under IAS/IFRS</b> |
|---|------------------------------------|---------------------------------|--------------------------------------|
| Cash and other liquid assets                          | 58,278                             |                                 | 58,278                               |
| 1 Other financial assets                              | 452,128                            | (37,973)                        | 414,155                              |
| Tax credits   | 650                                |                                 | 650                                  |
| Other credits   | 23,300                             |                                 | 23,300                               |
| Accounts receivable                                   | 36,173                             |                                 | 36,173                               |
| Inventory   | 41,603                             |                                 | 41,603                               |
| <b>Total current assets</b>                           | <b>612,132</b>                     | <b>(37,973)</b>                 | <b>574,159</b>                       |
| 2-6-7 Property, plant and equipment (tangible assets) | 105,035                            | 32,021                          | 137,056                              |
| 3 Goodwill  | 54,866                             | 13,815                          | 68,681                               |
| 2 Other intangible assets                             | 42,862                             | (30,454)                        | 12,408                               |
| 4 Equity Investments                                  | 84,137                             | 357,926                         | 442,063                              |
| Other financial assets                                | 222,922                            |                                 | 222,922                              |
| Loans   | 7,495                              |                                 | 7,495                                |
| 5 Deferred tax assets                                 | 10,380                             | (10,380)                        | -                                    |
| Other credits   | 3,182                              |                                 | 3,182                                |
| <b>Total non-current assets</b>                       | <b>530,879</b>                     | <b>362,928</b>                  | <b>893,807</b>                       |
| <b>TOTAL ASSETS</b>                                   | <b>1,143,011</b>                   | <b>324,955</b>                  | <b>1,467,966</b>                     |
| Accounts payable                                      | 235,052                            |                                 | 235,052                              |
| Tax liabilities                                       | 9,018                              |                                 | 9,018                                |
| Other liabilities                                     | 43,119                             |                                 | 43,119                               |
| Due to banks  | 153,279                            |                                 | 153,279                              |
| 6 Other financial liabilities                         | 6,123                              | 742                             | 6,865                                |
| <b>Total current liabilities</b>                      | <b>446,591</b>                     | <b>742</b>                      | <b>447,333</b>                       |
| Borrowings (net of current portion)                   | 367,440                            |                                 | 367,440                              |
| 5 Deferred tax liabilities                            | -                                  | 14,593                          | 14,593                               |
| TFR and other employee benefits                       | 86,530                             |                                 | 86,530                               |
| 7 Provisions  | 23,685                             | (2,043)                         | 21,642                               |
| <b>Total non-current liabilities</b>                  | <b>477,655</b>                     | <b>12,550</b>                   | <b>490,205</b>                       |
| <b>TOTAL LIABILITIES</b>                              | <b>924,246</b>                     | <b>13,292</b>                   | <b>937,538</b>                       |
| 8 <b>SHAREHOLDERS' EQUITY</b>                         | <b>218,765</b>                     | <b>311,663</b>                  | <b>530,428</b>                       |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>     | <b>1,143,011</b>                   | <b>324,955</b>                  | <b>1,467,966</b>                     |

*Explanatory Notes*

## 1. Other financial assets

As prescribed by IAS 18 accounts payable by subsidiaries in respect of the recognition of dividend accrued (as being approved by the subsidiary before approval of Autogrill S.p.A.'s accounts) were reversed.

## 2. Property, Plant and Equipment and Other intangible assets

As per the requisites prescribed by IAS 38 for recognition of intangible assets, leasehold improvements were reclassified from *intangible assets* to *Property, plant and equipment* in the amount of €30,453k, corresponding to their residual net value at 1 January 2005. The depreciation criteria applying to leasehold improvements under Italian GAAP are in line with the prescriptions of IFRS. In addition, the value of *Property, plant and equipment* was increased by the residual value of finance leases by €1,697k and reduced by *Contributions for plans* of €129k.

## 3. Goodwill

Under IFRS goodwill is not amortised systematically, but is subject to periodical review to identify possible impairment losses.

The adjustment of €13,815k therefore referred to the elimination – as required by IFRS 1.25 – of amortisation applied in FY 2004.

This recognition had a positive impact on shareholders' equity of €8,669k, net of the related tax effect.

Goodwill was tested for impairment as per IAS 38 in respect of the values recognised at 1 January 2005 and 31 December 2005 and did not reveal any exceptions.

## 4. Equity Investments

The value of equity investments was increased by a net amount of €357,926k to restore historical cost, within the limits of recoverable value as estimated on the basis of expected cash-flow generated by the subsidiary.

This recognition had a positive impact on shareholders' equity of €339,002k, net of the related tax effect of €18,924k determined by considering the part-taxable nature of capital gains on equity interests that qualify for participation exemption.

This adjustment breaks down as follows:

| Company name                     | Historic cost, net of impairment value | Net book value | Effect of changes in evolution method |               |               |                      |
|----------------------------------|--|----------------|---------------------------------------|---------------|---------------|----------------------|
|                                  |  |                | Net book value                        | Taxable base  | Deferred tax  | Shareholders' equity |
| Autogrill International S.r.l.   | 217,104                                | 31,690         | 185,414                               | 29,666        | 9,790         | 175,624              |
| Autogrill Europe Nord-Ouest S.A. | 168,605                                | 18,880         | 149,725                               | 23,956        | 7,905         | 141,820              |
| Autogrill Finance S.A.           | 250                                    | 622            | (372)                                 | -             | -             | (372)                |
| Autogrill Espana S.A.            | 28,783                                 | 10,579         | 18,204                                | 2,913         | 961           | 17,243               |
| Autogrill Austria A.G.           | 13,271                                 | 9,144          | 4,127                                 | 660           | 218           | 3,909                |
| Autogrill Deutschland GmbH       | 10,410                                 | 10,410         | -                                     | -             | -             | -                    |
| Autogrill Hellas EPE             | 2,791                                  | 1,848          | 943                                   | 151           | 50            | 893                  |
| Aviogrill S.r.l.                 | 779                                    | 894            | (115)                                 | -             | -             | (115)                |
| Other minor subsidiaries         | 52                                     | 52             | -                                     | -             | -             | -                    |
| <b>Total</b>                     | <b>442,045</b>                         | <b>84,119</b>  | <b>357,926</b>                        | <b>57,346</b> | <b>18,924</b> | <b>339,002</b>       |

## 5. Deferred tax

For every adjustment the related tax effect was calculated. The amount of €24,974k presents this and was classified as reducing non-current assets by the original balance of €10,380k and in respect of a surplus of €14,593k, to non-current liabilities.



## 6. Other financial liabilities

A finance lease of property used in the business was recognised using the financial method as per IAS 17, therefore the purchase cost of the asset is recognised under *Property, plant and equipment* as to €1,697k, recognising an amount due to the Finance House of €742k. This asset depreciates in line with its residual useful life.

## 7. Provisions

As required under IAS 37, if a liability refers to payments to be made over time, it is present-valued at a rate which, before tax, reflects the current market value of the present value of cash and the specific risks linked to the liability. The provision increases each year to reflect the passage of time and is recognised as interest payable.

Application of this standard as at 1 January 2005 reduced provisions by €1,914k.

In addition, the residual value of *Contributions for plans* of €129k was reclassified as a direct reduction of *Property, plant and equipment*.

## 8. Shareholders' Equity

The item discloses the effect of the adjustments described and quantified above that directly impacted Shareholders' Equity in a specific first-time IFRS adoption reserve as prescribed for first-time adoption.

*Reconciliation under Italian GAAP and IFRS of the balance sheet and income statement at 31 December 2005*
*Parent Company Balance Sheet at 31 December 2005*

| (€k)  | 01.01.2005 Italian<br>GAAP | IAS/IFRS<br>adjustments | 01.01.2005<br>under<br>IAS/IFRS |
|---|----------------------------|-------------------------|---------------------------------|
| Cash and other liquid assets                          | 33,994                     |                         | 33,994                          |
| 1 Other financial assets                              | 576,398                    | (40,322)                | 536,076                         |
| Tax credits   | 1,560                      |                         | 1,560                           |
| Other credits   | 32,364                     | -                       | 32,364                          |
| Accounts receivable                                   | 37,321                     |                         | 37,321                          |
| Inventory   | 43,075                     |                         | 43,075                          |
| <b>Total current assets</b>                           | <b>724,712</b>             | <b>(40,322)</b>         | <b>684,390</b>                  |
| 2-5-6 Property, plant and equipment (tangible assets) | 111,012                    | 40,261                  | 151,273                         |
| 3 Goodwill  | 46,168                     | 28,199                  | 74,367                          |
| 2 Other intangible assets                             | 51,513                     | (38,837)                | 12,676                          |
| 4 Equity Investments                                  | 199,100                    | 343,066                 | 542,166                         |
| Other financial assets                                | 357,620                    |                         | 357,620                         |
| Loans   | 6,909                      |                         | 6,909                           |
| 5 Deferred tax assets                                 | 14,797                     | (14,797)                | -                               |
| Other credits   | -                          |                         | -                               |
| <b>Total non-current assets</b>                       | <b>787,119</b>             | <b>357,892</b>          | <b>1,145,011</b>                |
| <b>TOTAL ASSETS</b>                                   | <b>1,511,831</b>           | <b>317,570</b>          | <b>1,829,401</b>                |
| Accounts payable                                      | 252,357                    |                         | 252,357                         |
| Tax liabilities                                       | 8,468                      |                         | 8,468                           |
| Other liabilities                                     | 44,762                     |                         | 44,762                          |
| Due to banks  | 102,252                    |                         | 102,252                         |
| 6 Other financial liabilities                         | 34,925                     | 44                      | 34,969                          |
| <b>Total current liabilities</b>                      | <b>442,764</b>             | <b>44</b>               | <b>442,808</b>                  |
| Other liabilities                                     | -                          |                         | -                               |
| Borrowings (net of current portion)                   | 674,412                    |                         | 674,412                         |
| 5 Deferred tax liabilities                            | -                          | 15,769                  | 15,769                          |
| TFR and other employee benefits                       | 89,654                     |                         | 89,654                          |
| 7 Provisions  | 33,656                     | (1,994)                 | 31,662                          |
| <b>Total non-current liabilities</b>                  | <b>797,722</b>             | <b>13,775</b>           | <b>811,497</b>                  |
| <b>TOTAL LIABILITIES</b>                              | <b>1,240,486</b>           | <b>13,819</b>           | <b>1,254,305</b>                |
| 8 <b>SHAREHOLDERS' EQUITY</b>                         | <b>271,345</b>             | <b>303,751</b>          | <b>575,096</b>                  |
| <b>TOTAL LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b> | <b>1,511,831</b>           | <b>317,570</b>          | <b>1,829,401</b>                |

## Explanatory Notes

### 1. Other financial assets

As prescribed by IAS 18 accounts payable by subsidiaries in respect of the recognition of dividend accrued (as being approved by the subsidiary before approval of Autogrill S.p.A.'s accounts) were reversed

In addition, in 2005 the Company entered into cash flow hedges recognised in the balance sheet at their fair value. This accounting method entailed an increase in other financial assets of €826k. An equal reduction was recognised in the value of the financing, in an amount and with a maturity equivalent to the debt converted to fixed rate by the derivatives mentioned above, extended to a subsidiary.

### 2. Property, Plant and Equipment and Other intangible assets

As per the requisites prescribed by IAS 38 for recognition of intangible assets, leasehold improvements were reclassified from *intangible assets* to *Property, plant and equipment* in the amount of €38,837k. In addition, the value of *Property, plant and equipment* was increased by the residual value of finance leases by €1,476k and reduced by *Contributions for plans* of €52k.

### 3. Goodwill

Under IFRS goodwill is not amortised systematically, but is subject to periodical review to identify possible impairment losses.

The adjustment therefore relates to the elimination of amortisation of €28,199k.

This recognition had a positive impact on shareholders' equity of €17,807k, net of the related tax effect.

Goodwill was tested for impairment as per IAS 38 in respect of the values recognised at 31 December 2005 and did not reveal any exceptions.

### 4. Equity Investments

The value of equity investments was increased by a net amount of €343,066k to restore historical cost, within the limits of recoverable value as estimated on the basis of expected cash-flow.

This had a positive impact on shareholders' equity of €324,114k, net of the related tax effect of €18,952k determined by considering the part-taxable nature of capital gains on equity interests that qualify for participation exemption.

Compared to the adjustment made as at 1 January 2005, the 31 December 2005 adjust was affected by the reversal of the effects of the use of the equity method on the 2005 accounts, which were prepared under Italian GAAP. In particular, these consisted in an increase of €13,377k due to the conversion of assets denominated in currencies other than the Euro (balancing item: the conversion reserve) and a net increase of €1,482k in retained profit with the subsidiaries and associates (taken to profit and loss). Both referred mainly to our interest in Autogrill International S.r.l.

### 5. Deferred tax

For every adjustment the related tax effect was calculated. The amount of €30,566k presents this and was classified as reducing non-current assets by the original balance of €14,797k and in respect of a surplus of €15,769k, to non-current liabilities.

## 6. Other financial liabilities

A finance lease of property used in the business was recognised using the financial method as per IAS 17, therefore the purchase cost of the asset is recognised under *Property, plant and equipment* as to €1,697k, recognising an amount due to the Finance House of €44k. This asset depreciates in line with its residual useful life.

## 7. Provisions

As required under IAS 37, if a liability refers to payments to be made over time, it is present-valued at a rate which, before tax, reflects the current market value of the present value of cash and the specific risks linked to the liability. The provision increases each year to reflect the passage of time and is recognised as interest payable.

Application of this standard as at 31 December 2005 reduced provisions by €1,942k.

In addition, the residual value of *Contributions for plans* of €52k was reclassified as a direct reduction of *Property, plant and equipment*.

## 8. Shareholders' Equity

The item discloses the effect of the adjustments described and quantified above that were recognised through profit or loss or directly impacted Shareholders' Equity where required by the first-time adoption standard as well as the conversion effect, if any.

*Parent Company Income Statement 2005*

| (k€)  | 2005 Italian<br>GAAP | IAS/IFRS<br>adjustments | 2005<br>IAS/IFRS |
|---|----------------------|-------------------------|------------------|
| Revenue   | 1,079,807            |                         | 1,079,807        |
| Other operating income                              | 66,333               |                         | 66,333           |
| <b>Total income</b>                                 | <b>1,146,140</b>     | <b>0</b>                | <b>1,146,140</b> |
| Cost of raw material, items for use and merchandise | (506,410)            |                         | (506,410)        |
| 1 Payroll and benefits                              | (257,463)            | 2,453                   | (255,010)        |
| Rents, concessions and royalties on trademarks      | (114,591)            |                         | (114,591)        |
| 2 Other operating costs                             | (122,552)            | 718                     | (121,834)        |
| 3 Depreciation                                      | (56,295)             | 14,240                  | (42,055)         |
| <b>Operating profit</b>                             | <b>88,829</b>        | <b>17,411</b>           | <b>106,240</b>   |
| 4 Gains (losses) on financial transactions          | 72,030               | (2,349)                 | 69,681           |
| 5 Financial costs                                   | (29,327)             | (2,444)                 | (31,771)         |
| 6 Value adjustments on financial assets             | 1,281                | (1,483)                 | (202)            |
| <b>Profit before tax</b>                            | <b>132,813</b>       | <b>11,135</b>           | <b>143,948</b>   |
| 7 Tax   | (42,805)             | (5,593)                 | (48,398)         |
| <b>NET PROFIT</b>                                   | <b>90,008</b>        | <b>5,542</b>            | <b>95,550</b>    |

*Explanatory Notes*
**1. Payroll and Benefits**

In respect of TFR the Company provided by setting aside the legal liability accrued at the period-end as per Article 2120 of the Italian Civil Code and reclassifying the revaluation component of the liability as finance cost in the amount of €2,425k; this was done on the basis of the high risks involved in making estimates of future salary trends and staff numbers.

**2. Other operating costs**

As described in the notes to the balance sheet, under IFRS the recognition of finance leases entailed the reversal of rentals (of €717K) balanced by the recognition of depreciation of the leased asset under assets and of the interest payable on the financial liability under liabilities.

**3. Depreciation and Amortisation**

As described in the notes to the balance sheet, under IFRS goodwill is no longer amortised systematically but is subject to periodical impairment tests. Net profit for the year was therefore adjusted in the amount of €14,163k to account for the elimination of 2005 amortisation.

In addition, the depreciation charge was reduced by €77k due to recognition of Contributions for plans as per IAS 20, and increased by €221k on recognition of depreciation on the finance-leased property used in the business.

**4. Financial income**

The adjustment related to the reversal of dividend received from subsidiaries and recognised as accruing in 2005 although approved in 2006, net of the recognition of dividends recognised as accruing in 2004 although approved in 2005.

## 5. Finance Cost

The adjustment balances the reclassification described in Note 1 (reduction of €2,453k), as well as the recognition of the effect of discounting provisions (€28k) and interest on financial liabilities connected with the recognition of the finance lease relating to the property used in the business (reduction of €19k).

## 6. Value adjustments to financial assets

The adjustment refers wholly to the reversal of profit made by subsidiaries and associates – mainly by Autogrill International S.r.l. – which was previously recognised using the equity method.

## 7. Tax

The amount comprises the tax effects described above.

*Effects of adopting IFRS on the net financial position of the Parent Company as at 1 January and 31 December 2005.*

| <b>Net financial position</b>  |               |               |               |
|--|---------------|---------------|---------------|
| (in millions of Euro)  | 01/01/2005    | 31/12/2005    | Change        |
| <b>Under Italian GAAP:</b>   | <b>203.0</b>  | <b>161.1</b>  | <b>(41.9)</b> |
| <i>Adjustments</i>   |               |               |               |
| 1 Effect of dividends recognition at the time of their resolution (IAS 18) | (38.0)        | (40.3)        | (2.3)         |
| 2 Valuation of hedging instruments (IAS 39)                                | -             | 0.8           | 0.8           |
| 3 Valuation of fixed interest rate loans (IAS 39)                          | -             | (0.8)         | (0.8)         |
| 4 Leasing (IAS17)  | (0.7)         | (0.0)         | 0.7           |
| <b>Total adjustments</b>   | <b>(38.7)</b> | <b>(40.4)</b> | <b>(1.7)</b>  |
| <b>Under IFRS:</b>   | <b>164.3</b>  | <b>120.7</b>  | <b>(43.6)</b> |

Please see earlier notes for a description of the changes in this item.

# Deloitte.

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**AUDITORS' REPORT WITH RESPECT TO THE IFRS  
 RECONCILIATION STATEMENTS WITH EXPLANATORY  
 NOTES ON THE EFFECTS OF TRANSITION TO INTERNATIONAL FINANCIAL  
 REPORTING STANDARDS (IFRS)**

**To the Board of Directors of:  
 AUTOGRILL S.p.A.**

1. We have audited the accompanying reconciliation statements of the balance sheet as of January 1, 2005 and December 31, 2005 and of the income statement for the year ended December 31, 2005 (the "IFRS reconciliation statements") of Autogrill S.p.A. accompanied by the explanatory notes presented according to the criteria and principles established in the Communication n° 6064313 dated July 28, 2006 issued by CONSOB (the Italian Commission for listed Companies and the Stock Exchange), and included in the section "Reconciliation of Italian GAAP to IFRS" of the interim report as of June 30, 2006. The abovementioned IFRS reconciliation statements derive from the separate financial statements of Autogrill S.p.A. as of December 31, 2005 prepared in accordance with the Italian law governing financial statements. The financial statements of Autogrill S.p.A. as of December 31, 2005 have been audited by us and we issued our audit report dated April 3, 2006. The IFRS reconciliation statements have been prepared as part of the conversion process to International Financial Reporting Standards (IFRS) approved by European Commission and applicable by Autogrill S.p.A., for the preparation of the separate financial statements as of December 31, 2006, according to the article 4 of the Decree 38/2005. These IFRS reconciliation statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these IFRS reconciliation statements based on our audit.
2. Our audit was made in accordance with the Auditing Standards established in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the IFRS reconciliation statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the IFRS reconciliation statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's Directors. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the IFRS reconciliation statements, identified in the paragraph 1. above, have been prepared, taken as a whole, in conformity with the criteria and principles defined in the Communication n. 6064313 dated July 28, 2006 approved by CONSOB (the Italian Commission for listed Companies and the Stock Exchange).

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma  
 Torino Treviso Verona

Member of  
 Deloitte Touche Tohmatsu

Sede Legale: Via Tortona, 25 - 20144 Milano  
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 Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239



4. As described in the paragraph “Background”, we draw your attention to the fact that the IFRS reconciliation statements have only been prepared for the purposes of the transition project to IFRS in connection with the preparation of the first complete separate financial statements compliant with IFRS approved by the European Commission and consequently do not include comparative data or such explanatory notes as would be necessary to fully represent the separated financial position and the results of operations of Autogrill S.p.A. in accordance with IFRS.

DELOITTE & TOUCHE S.p.A.

s/Ernesto Lanzillo  
Partner

Milan, Italy  
September 11, 2006

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





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

## Review report

To the shareholders of  
 Autogrill S.p.A.

- 1 We have reviewed the consolidated interim financial statements comprising the balance sheet, income statement, statement of changes in equity, cash flow statement (the “financial schedules”) and notes thereto of the Autogrill Group as at and for the six months ended 30 June 2006, which are included in the half year report of Autogrill S.p.A.. This half year report is the responsibility of the parent company’s management. Our responsibility is to prepare this report based on our review. We have also reviewed the part of the half year report describing the activities of the group for the period with the sole objective of verifying consistency with the remainder of the half year report.
- 2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information relating to the captions of the financial schedules and the consistency of application of the accounting policies through discussions with company management and analytical procedures applied to the financial data presented in the financial schedules. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than an audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to the report of other auditors on the annual consolidated financial statements, we do not express an audit opinion on the half year report.
- 3 The comparative figures included in the financial schedules relative to the annual consolidated financial statements and the half year report of the previous year were respectively audited and reviewed by other auditors and, therefore, reference should be made to their reports dated 3 April 2006 and 7 October 2005.



*Autogrill Group*  
*Review report*  
*30 June 2006*

The comparative figures relative to the second quarter of the previous year and included in the financial schedules have not been reviewed either by us or by other auditors. Therefore, our conclusions set out herein do not extend to such data.

- 4 Based on our review, we are not aware of any material modifications or integrations that should be made to the financial schedules and notes thereto referred to in paragraph 1 for them to be in conformity with IAS 34 and the guidelines governing the preparation of the half year reports set out in article 81 of the Consob regulation adopted with resolution no. 11971 dated 14 May 1999 and subsequent modifications and integrations.

Milan, 15 September 2006

KPMG S.p.A.

(Signed on the original)

Giovanni Rebay  
Director of Audit

# Autogrill S.p.A.

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