2.2 Notes to the consolidated financial statements

2.2.1 Accounting policies and basis of consolidation methods

Group operations

The Autogrill Group operates in the Food & Beverage and Travel Retail sectors in Italy, and in other countries through its subsidiaries. Most of its business takes place at airports, motorway rest stops and railway stations by way of concession contracts. Autogrill is the only group among the main players in its market that operates almost exclusively under concession.

From June 2007 until 31 December 2010, the Group also provided meals and merchandise to be served or sold onboard planes through the Flight segment (now sold).

General standards

These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and endorsed by the European Union. IFRS means International Financial Reporting Standards including International Accounting Standards (IAS), supplemented by the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning on 1 January 2010:

- IFRS 3 (revised in 2008) – Business combinations;
- Amendments to IAS 27 – Consolidated and separate financial statements;
- Amendments to IAS 39 – Financial instruments: Recognition and measurement (exposures qualifying for hedge accounting);
- Amendments to IFRS 2 – Group cash–settled share–based payment transactions;
- IFRS 1 (revised in 2008) – First–time adoption of International Financial Reporting Standards;
- IFRIC 12 – Service concession arrangements;
- IFRIC 15 – Agreements for the construction of real estate;
- IFRIC 16 – Hedges of a net investment in a foreign operation;
- IFRIC 17 – Distributions of non–cash assets to owners;
- IFRIC 18 – Transfers of assets from customers;
- Improvements to IFRS (2008) – amendments to IFRS 5;
- Improvements to IFRS (2009).

The Autogrill Group had opted for early adoption of IFRS 3 (2008 revision) starting with the 2009 financial statements. For that reason, the 2009 financial statements also incorporated the amendments to IAS 27 – Consolidated and separate financial statements.

The remaining standards cover cases and circumstances not applicable to the Group at the close of 2010.

Below are the accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union for mandatory adoption in financial statements for years beginning after 1 January 2010:

- Amendments to IAS 32 – Classification of rights issues;
- Amendments to IFRIC 14 – Prepayments of a minimum funding requirement;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- Amendments to IFRS 1 and IFRS 7 – Limited exemption from comparative IFRS 7 disclosures for first–time adopters;
- IAS 24 (revised in 2009) – Related party disclosures.

We believe that the application of the standards and interpretations listed above would not affect the consolidated financial statements to an extent requiring mention in these notes.

The consolidated financial statements were prepared on a going–concern basis using the euro as the presentation currency. Unless otherwise specified, the figures in the financial statements and notes are in thousands of euros (€k), while those in the statement of cash flows are in millions of euros (€m).

In the notes to the statement of financial position (Section 2.2.3) and notes to the income statement (Section 2.2.4), the change at constant exchange rates has been calculated by excluding discontinued operations from both the 2009 and 2010 balances (see Section 2.2.2 for further information).

Structure, format and content of the consolidated financial statements

In accordance with IAS 1 Revised and IAS 7, the formats used in the 2010 consolidated financial statements are as follows:

- Statement of financial position: with assets and liabilities split between current and non–current items;
- Income statement: with costs classified by nature;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows: using the indirect method to determine cash flow from operating activities.

The financial statements of each company in the scope of consolidation are prepared in the currency of its primary location (functional currency). For the purposes of the consolidated financial statements, the assets and liabilities of foreign subsidiaries with a functional operation other than the euro, including goodwill and fair value adjustments generated by the acquisition of a foreign business, are translated at the rates prevailing at year end. Revenue and income and cost and expense are converted at average exchange rates for the year. Exchange rate gains and losses are recognised in the statement of comprehensive income and shown under "translation reserve" in the statement of changes in equity.

Exchange gains and losses arising from receivables or payables with foreign operations, the collection or payment of which is neither planned nor likely in the foreseeable future, are treated as part of the net investment in foreign operations and are recognised in other comprehensive income and shown under "translation reserve" in the statement of changes in equity.

Below are the exchange rates used to translate the financial statements of the main subsidiaries with a functional currency other than the euro:

	2010		2009	
	Rate at 31 December	Average rate for the year	Rate at 31 December	Average rate for the year
US Dollar	1.3362	1.3257	1.4406	1.3948
Canadian Dollar	1.3322	1.3651	1.5128	1.5850
Swiss Franc	1.2504	1.3803	1.4836	1.5100
British Sterling	0.8608	0.8578	0.8881	0.8910

Scope and consolidation methods

The scope of consolidation includes subsidiaries (companies for which Autogrill S.p.A. has the power to determine financial and operational policies so as to obtain benefits from their business, pursuant to IAS 27), joint ventures (entities subject to joint control, per IAS 31), and associates (entities subject to significant influence, per IAS 28, which are consolidated using the equity method). The list of consolidated companies is annexed to these notes.

Specifically, the consolidated financial statements include the financial statements at 31 December 2010 of Autogrill S.p.A., and all companies of which it directly or indirectly holds the majority of the voting rights or over which it exerts dominant influence. These latter include the French companies Sorebo S.A., Soberest S.A., Volcarest S.A., La Rambertine S.n.c.,

Société Restauration Autoroutes Dromoise S.a.S. and S.R.S.R.A. S.A., as well as some joint ventures belonging to the American group (see annex), which are controlled on the basis of a 50% or lower stake and an agreement that puts their business under the management of Autogrill.

The financial statements of subsidiaries are consolidated on a line–by–line basis, i.e. by recognising the full amount of each asset, liability, income and expense item of the individual company and eliminating the carrying amount of the consolidated equity investments held by the parent against the relative share of equity.

Non–controlling interests in the net assets of consolidated subsidiaries are identified separately from equity attributable to owners of the parent. They are determined on the basis of the non–controlling investors' share of the fair value of the assets and liabilities recognised at the date of acquisition (see "Business combinations") and of changes in equity attributable to non–controlling interests after that date.

Any material unrealised gains and losses arising out of transactions between consolidated companies are eliminated, as are all significant payables, receivables, income and expenses between Group companies. These adjustments, like the other consolidation adjustments, take account of any deferred tax effects.

The Autogrill Group also holds equal joint control of Steigenberger Gastronomie GmbH (Germany), Caresquick N.V. (Belgium), and Alpha ASD Ltd. (United Kingdom). All are consolidated using the proportionate method.

The income and expense of subsidiaries acquired or sold during the year are included in the consolidated income statement from the actual date of acquisition or to the actual date of disposal, with slight timing adjustments where these dates do not coincide with monthly accounting dates. If necessary, adjustments are made to subsidiaries' financial statements to bring their accounting policies into line with those of the Group.

If control of a subsidiary is lost, the Group eliminates assets and liabilities, non–controlling interests, and other components of equity relating to the former subsidiaries. Any gain or loss resulting from loss of control is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value on the date of loss of control. It is subsequently valued using the net equity method, or as a financial asset depending on the degree of influence retained.

Autogrill Group Inc. and its subsidiaries close their fiscal year on the Friday closest to 31 December and divide it into 13 four–week periods, which in turn are grouped into 12–week quarters with the exception of the last which is a 16–week quarter. As a result, the accounts included in the 2010 consolidated financial statements cover the period 2 January 2010 to 31 December 2010, while the previous year's accounts covered the period 3 January 2009 to 1 January 2010.

On 31 December 2010 the Autogrill Group finalised the sale of its UK subsidiary Alpha Flight Group Ltd. This company headed up the Flight segment, whose operations are no longer included in the scope of consolidation.

Accounting policies

The Group follows the historical cost principle, except for items that in accordance with IFRS are measured at fair value, as specified in the individual accounting policies below.

Business combinations

Business combinations carried out since 1 January 2008

Since 1 January 2008, the Group has followed the rules of IFRS 3 (2008) – Business combinations.

The Group accounts for all business combinations by applying the acquisition method. The consideration transferred in a business combination includes the fair value, as of the acquisition date, of the assets and liabilities transferred and of the interests issued by the Group, as well as the fair value of any contingent consideration and of the incentives included in share–based payments recognised by the acquiree that have to be replaced in the business combination. If the business combination settles a pre–existing relationship between the Group and the acquiree, the lesser of the settlement amount, as established by contract, and the off–market price of the element is deducted from the consideration transferred and recognised under other costs.

The identifiable assets acquired and the identifiable liabilities assumed are measured at their respective acquisition–date fair values.

A contingent liability of the acquiree is assumed in a business combination only if this liability represents a current obligation deriving from past events and when its fair value can be reliably measured.

For each business combination, any non-controlling interest in the acquiree is measured at fair value or in proportion to the non-controlling share of the acquiree's net identifiable assets.

Goodwill arising from the acquisition is recognised as an asset and is initially measured as the excess between the consideration transferred and the acquisition–date net amount of the identifiable assets acquired and the identifiable liabilities assumed.

In case of a business combination achieved in stages, the interest previously held in the acquiree is remeasured at its acquisition–date fair amount and any resulting gain or loss is recognised in profit or loss.

The costs relating to the acquisition are recognised to profit or loss in the period in which the costs are incurred and the services received; the sole exception is for the cost of issuing debt securities or equities.

Business combinations carried out from 1 January 2004 to 31 December 2007

The Group accounts for all business combinations by applying the acquisition method. The cost of each combination is determined as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to a business combination also form part of its overall cost.

The acquiree's identifiable assets, liabilities and contingent liabilities that can be recognised under IFRS 3 – Business Combinations are posted at their fair value on the date of acquisition.

Goodwill arising from the acquisition is recognised as an asset and measured initially at cost, i.e., the amount by which the acquisition cost exceeds the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised on acquisition.

Non–controlling interests in the acquiree are initially measured according to their percentage interest in the fair value of the assets, liabilities and contingent liabilities recognised on acquisition.

Business combinations carried out before 1 January 2004

On first–time adoption of IFRS (1 January 2005), the Group decided not to apply IFRS 3 – Business Combinations retrospectively to the acquisitions made prior to the date of changeover to IFRS (1 January 2004). Consequently, goodwill arising on acquisitions made prior to that date has been maintained at the previous amount determined under Italian GAAP, subject to measurement and recognition of any impairment losses.

Acquisitions of non–controlling interests

The Group applies IAS 27 – Consolidated and separate financial statements (2008 revision) to all acquisitions of non–controlling investments. On that basis, such acquisitions are treated as transactions carried out with shareholders in their capacity as owners, and do not give rise to goodwill. Adjustments to non–controlling investments are based on a proportional amount of the subsidiary's net assets. Previously, the recognition of goodwill from the acquisition of a non–controlling interest in a subsidiary represented the excess cost of the additional investments with respect to the carrying amount of the interest in the net assets acquired on the transaction date.

Associates

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

The associate's income, expense, assets and liabilities are recognised in the consolidated financial statements using the equity method, except where the investment is classified as held for sale.

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

The amount by which the acquisition cost exceeds the Group's share of the fair value of the associate's assets, liabilities and contingent liabilities identifiable on acquisition is recognised as goodwill.

Joint ventures

Entities set up or acquired on the basis of agreements giving equal powers to each investor are classified as joint ventures. The Group recognises joint ventures using the proportional method of consolidation. In this case, the Group's share of the joint venture's assets, liabilities, costs and revenue is incorporated line by line with the equivalent items in the consolidated financial statements.

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

Joint ventures are detailed separately in the list of Group companies at the end of these consolidated financial statements.

Recognition of revenue and costs

Purchases and sales of goods are recognised on transfer of title at fair value, i.e., the price paid or received net of returns, rebates, sales discounts and year–end bonuses.

Service revenue and costs are recognised according to the stage of completion at year end.

Interest income and expense are reported on an accruals basis. Dividends are recognised when the shareholders are entitled to receive payment.

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

Financial expenses are recognised in profit or loss on an accruals basis, with the exception of those directly attributable to the acquisition, construction or production of assets requiring a significant period of time before being ready for their planned use or sale. Financial expense relating to such assets capitalised from 1 January 2009 (the effective date of Revised IAS 23 – Borrowing costs) is capitalised as part of the assets' cost.

Employee benefits

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

Group companies provide defined benefit and defined contribution plans.

Post–employment benefit plans are formalised and non–formalised agreements whereby the Group provides post–employment benefits to one or more employees.

The manner in which these benefits are provided varies according to legal, fiscal and economic conditions in the countries in which the Group operates, and are normally based on compensation and years of service.

Defined–contribution plans are post–employment benefit plans under which the Group pays pre–determined contributions to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions should the fund have insufficient assets to pay all benefits to employees.

Defined benefit plans are post–employment benefit plans other than defined contribution plans.

Defined benefit plans may be unfunded or else entirely or partly funded by contributions paid by the employer, and sometimes by the employee, to a company or fund which is legally separate from the company that pays the benefits.

The amount accrued is projected forward to estimate the amount payable on termination of employment and is then discounted using the projected unit credit method, to account for the time that will elapse before actual payment occurs.

The liability is recognised in the accounts net of the fair value of any plan assets. If the calculation generates a benefit for the Group, the amount of the asset recognised is limited to the sum of any unrecognised cost for previous employment and the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. To establish the present value of these economic benefits, the minimum funding requirements applicable to any Group plan are considered. An economic benefit is available to the Group when it can be realised throughout the duration of the plan or upon settlement of the plan liabilities.

Actuarial valuations are made by actuaries outside the Group. Regarding the actuarial gains and losses arising from the calculation of plan liabilities, the Group uses the "corridor" approach, by which actuarial gains and losses are not reported as long as they are within ±10% of the greater of the plan assets or the present value of the plan obligations. Any excess is recognised in profit or loss on a straight–line basis over the average remaining service lives of the beneficiaries, under the item "personnel expense," except for the financial component which is included under financial expense.

Due to changes in the system of post–employment benefits (*Trattamento di fine rapporto* or TFR) brought about by Law 296 of 27 December 2006 and by the decrees and regulations issued in early 2007 (the "social security reform"):

- TFR accrued at 31 December 2006 is treated as a defined benefit plan in accordance with IAS 19. The benefits promised to employees in the form of TFR, which are paid upon termination of service, are recognised in the period when the right vests;
- TFR accrued from 1 January 2007 is treated as a defined contribution plan, so contributions accrued during the period are fully recognised as costs. The portion not yet paid into the funds is listed under "Other payables".

Stock options

The cost of services rendered by employees and remunerated through stock option plans is determined based on the fair value of the options granted to employees at the grant date. The calculation method to determine fair value considers the Autogrill share price at the grant date, the volatility of the stock, and the interest rate curve at the grant date consistent with the expected life of the plan, as well as all characteristics of the option (term, strike price and conditions, etc.). The cost is recognised in profit or loss, with a balancing–entry in equity, over the vesting period of the options granted.

Income tax

Tax for the year is the sum of current and deferred taxes recognised in the profit or loss for the year, with the exception of those relating to business combinations or items recognised directly in equity or in other comprehensive income.

Current tax is calculated on taxable income for the year. Taxable income differs from the result reported in the income statement because it excludes costs and income that will be deducted or taxed in other years, as well as items that will never be deducted or taxed. Current tax liabilities are determined using the tax rates in effect (on an official or de facto basis) on the reporting date.

For the period 2010–2012, Autogrill S.p.A., together with its Italian subsidiaries Nuova Sidap S.r.l. and Alpha Retail Italia S.r.l.[1], have joined the national tax consolidation scheme of the ultimate parent Edizione S.r.l. as permitted by the Consolidated Income Tax Act. The regulation signed by the parties provides for payment in full of the amount corresponding to the transferred losses or profits times the IRES (corporate tax) rate, as well as the transfer of any tax assets. The net current tax assets or liability for the year, in respect of IRES only, is therefore recognised as a receivable or payable due from/to Edizione S.r.l. and is therefore not shown under tax assets or liabilities but under "other receivables" or "other payables".

[1] For Alpha Retail S.r.l. the relevant period is 2011–2013

Deferred tax liabilities are generally recognised for all taxable temporary differences, while deferred tax assets are recognised to the extent that future taxable income is likely to be earned allowing use of the deductible temporary differences. Specifically, the carrying amount of deferred tax assets is reviewed at each reporting date based on the latest forecasts as to future taxable income.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or, for transactions other than business combinations, of other assets or liabilities in transactions that have no influence either on accounting profit or on taxable income. Deferred tax liabilities are recognised on taxable temporary differences relating to investments in subsidiaries, associates or joint ventures, unless the Group is able to monitor the reversal of the temporary differences and they are unlikely to be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rate expected to apply at the time the asset is realised orthe liability is settled, taking account of the tax rates in force at the close of the year. Deferred tax assets are recognised when they are likely to be used against taxable income.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax balances, when they pertain to the same tax authorities, and when the Group plans to settle its current tax assets and liabilities on a net basis.

Non-current assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is shown separately in the statement of financial position.

Goodwill is not amortised, but is subject to impairment testing on a yearly basis or when specific events or changed circumstances indicate the possibility of a loss in value. After its initial recognition, goodwill is measured at cost net of any accumulated impairment loss.

Upon the sale of a company or part of a company whose previous acquisition gave rise to goodwill, account is taken of the residual value of the goodwill in determining the gain or loss from the sale.

Other intangible assets

"Other intangible assets" are recognised at purchase price or production cost, including ancillary charges, and amortized over their useful life when it is likely that use of the asset will generate future economic benefits.

The Group reviews their estimated useful lives at each year-end and whenever there is evidence of possible impairment losses.

If impairment losses arise – determined in accordance with the section "Impairment losses on assets" – the asset is impaired accordingly.

The following are the amortisation periods used for the various kinds of intangible asset:

Concessions, licenses, trademarks and similar rights:	
Software licenses	3–5 years or term of license
License to sell state monopoly goods	Term of license
Trademarks and brands	20 years
Contractual rights	Term of the rights
Other:	
Software on commission	3–5 years
Other costs to be amortised	5–10 years or term of underlying contract

Property, plant and equipment

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

They are stated at purchase price or production cost, including ancillary charges and direct or indirect costs according to the share that can reasonably be attributed to the asset.

On transition to IFRS, any revaluations carried out in accordance with monetary revaluation laws were maintained in the financial statements as they are consistent with IFRS 1.

Property, plant and equipment are sistematically depreciated on a straight–line basis at rates deemed to reflect their estimated useful lives. The Group reviews the useful life of each asset at every year end. Cost includes reasonably estimated expenses (if compatible with IAS 37) that are likely to be incurred on expiry of the relevant contract to restore the asset to the contractually agreed condition, assuming that maintenance will continue to be carried out properly and with the usual frequency. Components of significant value (in excess of € 500k) or with a different useful life (50% longer or shorter than that of the asset to which the component belongs) are considered separately when determining depreciation.

The depreciation rates are as follows:

Industrial buildings	3%
Plant and machinery	8%–33%
Industrial and commercial equipment	10%–33%
Furniture and fittings	10%–20%
Motor vehicles	25%
Other	10%–20%

Land is not depreciated.

For “Assets to be transferred free of charge”, these rates, if higher, are replaced by those corresponding to the term of the concession contract.

An asset’s useful life is reviewed annually, and is changed when maintenance work during the year has involved enhancements or replacements that materially change its useful life.

Regardless of depreciation already recognised, if there are impairment losses (determined as described under “Impairment losses on assets”), the asset is impaired accordingly.

Costs incurred to enhance and maintain an asset that produce a material and tangible increase in its productivity or safety or extend its useful life are capitalised and increase the carrying amount of the asset. Routine maintenance costs are taken directly to the income statement.

Leasehold improvements are included in property, plant and equipment on the basis of the type of cost incurred. They are depreciated over the asset’s residual useful life or the term of the contract, whichever is shorter.

The gain or loss from the sale of property, plant or equipment is the difference between the net proceeds of the sale and the asset’s carrying amount, and is recognised under “Other income” or “Other operating costs”.

Leased assets

Lease contracts are classified as finance leases if the terms of the contract are such to transfer all risks and rewards of ownership to the lessee. All other lease contracts are treated as operating leases.

Assets acquired under finance leases are recognised at fair value as of the commencement date of the contract less ancillary charges and any expenses for replacing another party in the lease, or, if lower, at the present value of the minimum payments due under the contract. The corresponding liability to the lessor is charged to “Other financial liabilities”. Lease payments are divided into principal and interest, using a constant interest rate over the life of the contract. Financial expense is recognised in the income statement.

Operating lease payments are recognised on a straight–line basis over the term of the lease. Benefits received or to be received, and those given or to be given, as incentives for taking out operating leases are also recognised on a straight–line basis over the term of the lease.

Impairment losses on assets

At each annual or interim reporting date, the Group tests whether there is evidence of impairment of its property, plant and equipment or intangible assets. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs; a cash–generating unit is a group of assets that generates cash flows broadly independent from other assets or groups of assets. With regard to property, plant and equipment used in the sales network, this minimum aggregation unit is the sales outlet or sales outlets covered by a single concession agreement.

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

The cash generating units to which goodwill has been allocated are grouped so that the level of detection of impairment reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the cash generating units expected to benefit from the synergies of the combination.

The recoverable amount is the higher of fair value less costs to sell and value in use. In determining value in use, the estimated future cash flows are discounted to their present value using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash–generating unit is estimated to be less than its carrying amount, it is reduced to the recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses on cash–generating units are first deducted from the carrying amount of any goodwill attributed to the unit; any remainder is deducted from the other assets of the unit (or group of units) in proportion to their carrying amount.

If the reason for the impairment no longer exists, the asset or cash–generating unit is reversed to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the carrying amount net of depreciation/ amortisation that the asset would have had if the impairment loss had not been charged. The reversal of impairment is taken to the income statement.

Assets/liabilities held for sale and discontinued operations

Assets and liabilities are classified as held for sale if their carrying amount has been or will be recovered mainly through their sale and not through continued use. Once an asset/liability is classified as held for sale, it is recognised at the lower of carrying amount and fair amount net of costs to sell.

In the financial statements:

- the profit or loss on assets held for sale is shown separately in the income statement, net of tax effects and transfer costs (if sold), along with any capital gain or loss realised with the sale; the corresponding amounts from the prior year are reclassified for the sake of comparison;
- assets and liabilities held for sale are shown in the statement of financial position separately from other assets/liabilities and are not offset; the corresponding balances from the prior year are also classified separately from other assets/ liabilities for the sake of comparison.

Current assets and current & non–current liabilities

Inventories

Inventories are recognised at the lower of purchase or production cost and market value. Purchase or production cost includes directly attributable expenses, net of discounts, rebates, annual bonuses and similar contributions from suppliers, calculated using the FIFO method.

Financial assets and liabilities

Trade and other receivables
Trade receivables and other receivables are initially recognised at fair value, and subsequently at amortised cost using the effective interest method. They are impaired to reflect estimated impairment.

In accordance with IAS 39, factored receivables are derecognised if the contract entails the full transfer of the associated risks and rewards (contractual rights to receive cash flows from the asset). The difference between the carrying amount of the asset transferred and the amount received is recognised in the income statement.

Other financial assets
"Other financial assets" are recognised or derecognised on the transaction date and are initially measured at fair value, including direct acquisition costs.

Subsequently, the financial assets that the Group has the intention and capacity to hold to maturity (held to maturity investments) are measured at amortised cost net of impairment losses.

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each year end at fair value. If the financial assets are held for trading, gains and losses arising from changes in fair value are recognised in that year's income statement. Fair value gains and losses on other financial assets available for sale are recognised directly in comprehensive income and presented under equity until they are sold or impaired. In this case total gains or losses previously recognised in equity are taken to the income statement.

Share capital and purchase of own shares
Ordinary shares form part of equity.

If own shares are purchased, the amount paid – including directly attributable expenses and net of tax effects – is deducted from equity. The shares thus purchased are classified as treasury shares and reduce the amount of total net equity. The amount received from the subsequent sale or re–issue of treasury shares is added back to equity. Any positive or negative difference from the transaction is transferred to or from retained earnings.

Cash and cash equivalents
Cash and cash equivalents include cash and current accounts with banks and post offices, as well as demand deposits and other highly liquid short–term financial investments (maturity of three months or less on the acquisition date) that are immediately convertible to cash; they are stated at face value as they are subject to no significant risk of impairment.

Loans, bank loans, bonds and overdrafts
Interest–bearing bank loans, bonds and account overdrafts are initially recognised at fair value taking account of the amounts received, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Convertible bonds
Convertible bonds are financial instruments comprised of a liability component and an equity component. The fair value of the liability is measured at the issue date using the spot market interest rate for similar, non–convertible bonds. The difference between the net amount raised by the issue and the fair value assigned to the liability, which represents the embedded option to convert the bonds into shares of Group companies, is recognised in equity.

Trade payables
Trade payables are initially recognised at fair value (normally the same as face value) net of discounts, returns and billing adjustments, and subsequently at amortised cost, if the financial effect of payment deferral is material.

Derivative financial instruments and hedge accounting
The Group's liabilities are exposed primarily to financial risks due to changes in interest and exchange rates. To manage these risks the Group uses financial derivatives, mainly in the form of interest rate swaps, forward rate agreements, interest rate options, and combinations of these. Some Group companies have a policy of converting part of floating–rate debt into fixed–rate. The use of derivatives is governed by Group policies duly approved by Autogrill S.p.A.'s Board of Directors, which establish precise written procedures concerning the use of derivatives in accordance with the Group's risk management strategies. Derivative contracts have been entered into with counterparties deemed to be financially solid,

with the aim of reducing default risk to a minimum. Group companies do not use derivatives for purely trading purposes, but rather to hedge identified risks.

See the policy described in section 2.2.6.

In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only if: (i) at the inception of the hedge there is formal designation and documentation of the hedging relationship, and the hedge is assumed to be effective; (ii) effectiveness can be reliably measured; (iii) the hedge is effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are initially measured at fair value, with the related transaction costs recognised in profit or loss when incurred. They are subsequently carried at fair value. More specifically, the fair value of forward exchange contracts is based on the listed market price, where available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current spot rate for the residual maturity of the contract using a risk–free interest rate (based on government securities).

For interest rate swaps, fair value is determined using the cash flows estimated on the basis of the conditions and remaining life of each contract, and according to the year–end market interest rates of comparable instruments.

Fair value changes are measured as described below.

When financial instruments qualify for hedge accounting, the following rules apply:

- Fair value hedge: if a derivative financial instrument is designated as a hedge against changes in the fair value of a recognised asset or liability attributable to a particular risk that may affect profit or loss, the gain or loss arising from subsequent fair value accounting of the hedge is recognised in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts its carrying amount and is recognised in profit or loss;
- Cash flow hedge: if a financial instrument is designated as a hedge against exposure to variations in the future cash flows of a recognised asset or liability or a forecast transaction that is highly probable and could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognised in comprehensive income and presented in the "hedging reserve" under equity. The cumulative gain or loss is reclassified from comprehensive income and recognised in profit or loss in the same year in which the hedged transaction is recognised. Fair value gains and losses associated with a hedge (or part of a hedge) which has become ineffective are recognised in the income statement immediately. If a hedge or a hedging relationship is closed, but the hedged transaction has not yet taken place, the gains or losses accrued up to that time in the statement of comprehensive income are reclassified to profit or loss as soon as the transaction occurs. If the transaction is no longer expected to take place, the gains or losses not yet realised that have been included in comprehensive income are reclassified immediately to profit or loss;
- Hedge of net investments: if a derivative is designated as a hedge of a net investment in a foreign operation, held directly or indirectly through an intermediary holding company, the effective portion of the gain or loss on the hedge is recognised in comprehensive income and presented in the "translation reserve" under equity, while the ineffective portion is taken to profit or loss. On disposal of the foreign operation, the gain or loss on the effective portion of the hedge that has been cumulatively recognised in the translation reserve is also taken to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the financial derivative are immediately recognised in the income statement.

Provisions for risks and charges

Provisions are recognised when the Group has a present obligation as a result of a past event and will likely have to use resources in order to produce economic benefits that satisfy that obligation, and when the amount of the obligation can be reliably determined. Provisions are based on the best estimate of the cost of fulfilling the obligation as of the reporting date, and when the effect is material, are discounted to their present value.

An onerous contracts provision is recognised when the unavoidable costs necessary to fulfil the obligations of a contract are greater than the economic benefits the Group can expect to obtain therefrom. The provision is measured at the present value of the lower of the cost of terminating the contract and the net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment losses on the assets associated with the contract.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been publicly announced. Future operating costs are not provided for.

Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency at the exchange rate in effect on the transaction date. Foreign currency assets and liabilities are converted at the year end exchange rate. Exchange rate gains and losses arising from translation are recognised in the income statement.

Earnings per share

Autogrill presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, as defined above, for the effects of all dilutive potential ordinary shares and stock options granted to employees.

Use of estimates

The preparation of the consolidated financial statements and notes thereto requires management to make estimates and assumptions that affect the carrying amounts of assets, liabilities, costs and income and the disclosure about contingent assets and liabilities at the year–end date. Actual results may differ. Estimates are used to determine the effects of business combinations, asset impairment, the fair value of derivatives, allowances for impairment and inventory obsolescence, amortisation and depreciation, employee benefits, tax and other provisions. Estimates and assumptions are periodically reviewed and the effect of any change is taken to the income statement of the current and future years.

2.2.2 Discontinued operations

On 31 December 2010 the Autogrill Group finalised the sale of 100% of Alpha Flight Group Ltd., which headed up the Flight business (provision of meal and retail services onboard airplanes), to Dnata, an international leader in travel and airport services based in Dubai.

Dnata paid Autogrill £ 101.3 million and also took over Alpha Flight Group's net debt, amounting to £ 45.8 million on the closing date.

The tables below present the net profit from discontinued operations (the Flight segment), and the statement of financial position, income statement and statement of cash flows for this business:

	£m	€m *
Selling price	101 .3	118.1
Carrying amount	(86.7)	(101 .1)
Provision for other risks	(3.5)	(4.1)
Gain on discontinued operations	**11.1**	**12.9**
Selling costs	**(1.6)**	**(1.9)**
Net profit for the year	**11.9**	**13.9**
NET PROFIT FROM DISCONTINUED OPERATIONS	**21.4**	**25.0**

* Balances are translated at the exchange rate £/€ 0.8578

Statement of financial position

(€m)	31.12.2010 *
Intangible assets	114.5
Property, plant and equipment	82.3
Financial assets	–
A) Non–current assets	**196.8**
Inventories	15.2
Trade receivables	60.2
Other receivables	8.2
Trade payables	(64.5)
Other payables	(19.1)
B) Working capital	**(0.1)**
C) Invested capital, net of current liabilities	**196.7**
D) Other non–current non financial assets and liabilities	**(15.0)**
E) Net invested capital	**181.8**
Pertaining to the owners of the parent	100.8
Non–controlling interests	27.7
F) Equity	**128.4**
G) Net financial position	**53.4**
H) Total, as in E)	**181.8**

* Balances are translated at the exchange rate £/€ 0.8608

Income statement

(€m)	2010 *	2009 **	Change
Revenue	474.8	403.0	71 .8
Other operating income	0.1	5.2	(5.1)
Total revenue and other operating income	**474.9**	**408.2**	**66.7**
Raw materials, supplies and goods	200.8	166.9	33.9
Personnel expense	150.2	127.5	22.7
Leases, rentals, concessions and royalties	23.3	20.7	2.6
Other operating costs	52.4	50.9	1 .5
Depreciation and amortization	17.5	15.6	1 .9
Impairment losses on property, plant and equipment and intangible assets	–	(0.0)	0.0
Operating profit	**30.8**	**26.6**	**4.1**
Financial income	1 .4	0.6	0.7
Financial expense	(5.5)	(2.2)	(3.3)
Impairment losses on financial assets	–	–	–
Pre tax profit	**26.7**	**25.1**	**1.6**
Income tax	(5.7)	(4.7)	(1 .0)
Profit for the year	**21.0**	**20.4**	**0.5**
Profit for the year attributable to:			
– owners of the parent	13.9	13.6	0.3
– non–controlling interest	7.1	6.8	0.3

* 2010 Balances are translated at the average exchange rate £/€ 0.8578
** 2009 Balances are translated at the average exchange rate £/€ 0.891

Statement of cash flows

(€m)	2010	2009
Opening – net cash and cash equivalents	**37.0**	**11.1**
Pretax profit and net financial expense for the period (including non–controlling interests)	30.8	26.6
Amortisation, depreciation and impairment losses on non–current assets, net of reversals	17.5	15.6
Change in working capital in the year*	(8.6)	10.9
Net change in non–current non–financial assets and liabilities	1 .9	(2.8)
Cash flow from operating activities	**41.5**	**50.3**
Taxes paid	(9.2)	(7.4)
Interest paid	(3.9)	(0.1)
Net cash flow from operating activities	**28.4**	**42.7**
Acquisition of property, plant and equipment and intangible assets	(9.6)	(7.3)
Acquisition of consolidated investments	(4.1)	–
Cash flow used in investing activities	**(13.6)**	**(7.3)**
Other cash flows **	(9.5)	(9.4)
Cash flow used in financing activities	**(9.5)**	**(9.4)**
Cash flow for the year from continuing operations	**5.3**	**26.0**
Repayments of short–term loans – Intercompany	(26.1)	–
Closing – net cash and cash equivalents	**16.2**	**37.0**

* Including the exchange rate gains (losses) on income statements components
** Including dividend paid to non-controlling interests in subsidiaries

The sale of the Flight business also includes Alpha–Airfayre Ltd., which was formed and consolidated on a line–by–line basis from 20 November 2009. The Group's investment in that company, originally 51%, was increased to 100% in November 2010.
In accordance with IFRS 5, the Autogrill Group's income statement figures for 2009 have been restated to reflect the transfer of items relating to the Flight business to "Discontinued operations".

For the sake of comparison, the balances of non–financial assets and liabilities at the close of 2009 (presented in the Notes to the consolidated financial statements) have also been adjusted with respect to those originally published and reported in the statement of financial position, to reflect the contribution of the Flight business.

The adjustments are detailed in the table below:

Statement of financial position

(€k)	31.12.2009 consolidated financial statements	Discontinued operations	31.12.2009 excluding discontinued operations
ASSETS			
Current assets	**735,187**	**(64,283)**	**670,904**
Cash and cash equivalents	194,116	–	194,116
Other financial assets	11,904	–	11,904
Tax assets	3,809	–	3,809
Other receivables	179,307	(4,691)	174,616
Trade receivables	110,045	(47,042)	63,003
Inventories	236,006	(12,550)	223,456
Non–current assets	**3,468,527**	**(193,863)**	**3,274,664**
Property, plant and equipment	985,192	(79,302)	905,890
Goodwill	1,418,511	(89,084)	1,329,427
Other intangible assets	904,468	(25,389)	879,079
Investments	11,164	–	11,164
Other financial assets	16,957	–	16,957
Deferred tax assets	98,748	–	98,748
Other receivables	33,487	(88)	33,399
Assets held for sale	**877**	**258,146**	**259,023**
TOTAL ASSETS	**4,204,591**	**–**	**4,204,591**
LIABILITIES AND EQUITY			
LIABILITIES	**3,641,213**	**–**	**3,641,213**
Current liabilities	**1,329,351**	**(72,254)**	**1,257,097**
Trade payables	709,028	(53,540)	655,488
Tax liabilities	15,618	(3,331)	12,287
Other payables	324,431	(15,384)	309,047
Due to banks	159,171	–	159,171
Other financial liabilities	77,505	–	77,505
Bonds	30,543	–	30,543
Provisions for risks and charges	13,055	–	13,055
Non–current liabilities	**2,311,862**	**(14,173)**	**2,297,689**
Other payables	77,584	–	77,584
Loans, net of current portion	1,541,855	–	1,541,855
Bonds	334,453	–	334,453
Deferred tax liabilities	179,406	(3,600)	175,806
Post–employment benefits and other employee benefits	101,699	–	101,699
Provisions for risks and charges	76,865	(10,574)	66,291
Liabilities held for sale	**–**	**86,427**	**86,427**
EQUITY	**563,378**	**–**	**563,378**
– attributable to owners of the parent	509,226	–	509,226
– attributable to non–controlling interests	54,152	–	54,152
TOTAL LIABILITIES AND EQUITY	**4,204,591**	**–**	**4,204,591**

2.2.3 Notes to the statement of financial position

Current assets

I. Cash and cash equivalents

(€k)	31.12.2010	31.12.2009	Change
Bank and post office deposits	116,950	133,178	(16,228)
Cash and equivalents on hand	59,199	60,938	(1,739)
Total	**176,149**	**194,116**	**(17,967)**

"Bank and post office deposits" consist mainly of current accounts (€ 110,150k).

"Cash and equivalents on hand" include cash floats at stores and amounts in the process of being credited to bank accounts. The amount may vary substantially depending on the frequency of pick-ups for deposit, which are generally handled by specialised carriers.

At constant exchange rates, the change in this item would have been € –25,802k.

II. Other financial assets

(€k)	31.12.2010	31.12.2009	Change
Fair value of interest rate hedging derivatives	8,877	5,656	3,221
Receivables from associates	2,852	2,898	(46)
Fair value of exchange rate hedging derivatives	1,354	1,145	209
Other financial assets	1,903	2,206	(303)
Total	**14,985**	**11,904**	**3,081**

"Fair value of interest rate hedging derivatives" refers to the fair value measurement of the derivatives outstanding at 31 December 2010, for a total notional value of $ 75m.

"Fair value of exchange rate hedging derivatives" refers to the fair value measurement of the derivatives entered into to hedge the exchange rate risk, in particular to the forward purchase and/or sale of currency.

See section 2.2.6, "Financial risk management", for a more detailed analysis of how the Group manages these risks.

Most of the "Other financial assets" are receivables from joint venture partners.

III. Tax assets

These amount to € 5,677k and refer to income tax advances and credits.

IV. Other receivables

(€k)	31.12.2010	31.12.2009	Change
Suppliers	75,671	73,723	1,948
Lease and concession advance payments	24,151	24,653	(503)
Inland revenue and government agencies	13,016	12,643	373
Credit card receivables	10,598	10,604	(6)
Personnel	1,470	4,170	(2,700)
Advances to grantors for investments	6,204	3,136	3,068
Sub–concessionaires	1,713	3,017	(1,305)
Other	25,766	42,669	(16,903)
Discontinued operations ("Flight") *	–	4,691	(4,691)
Total	**158,588**	**179,307**	**(20,719)**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

"Suppliers" refers chiefly to amounts receivable for promotional contributions and supplier bonuses awaiting settlement, as well as advances for services to be received. "Lease and concession advance payments" consist of lease instalments paid in advance; receivables from "Inland revenue and government agencies" relate mostly to indirect taxes and those from "Sub–concessionaires" to businesses licensed to others, while "Advances to grantors for investments" concern commercial investments carried out on behalf of landlords.

The decrease in the heading "Other" is explained chiefly by the collection of receivables from the sale of goods in 2009 and the offsetting of payables accrued during the year from the amount due from the ultimate parent, Edizione S.r.l., to Italian companies participating in the national tax consolidation scheme (now € 4,919k, versus € 11,586k at 31 December 2009). It also includes prepayments for maintenance, insurance policies, and local taxes, and commissions receivable on commission–generating businesses.

At constant exchange rates, the change in this item would have been € –19,864k.

V. Trade receivables

(€k)	31.12.2010	31.12.2009	Change
Third parties	61,125	63,813	(2,689)
Disputed receivables	8,419	8,384	35
Allowance for impairment	(9,812)	(9,195)	(617)
Discontinued operations ("Flight") *	–	47,042	(47,042)
Total	**59,732**	**110,045**	**(50,313)**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

"Third parties" refers mainly to catering service agreements and accounts with affiliated companies.

At constant exchange rates, the change in this item would have been € –3,938k.

Movements in the "Allowance for impairment" are shown below:

(€k)	
Allowance for impairment at 31.12.2009	**11,432**
Increases	1,245
Other movements	1,049
Utilisations	(380)
Discontinued operations ("Flight")	(3,533)
Allowance for impairment at 31.12.2010	**9,812**

VI. Inventories

(€k)	31.12.2010	31.12.2009	Change
Food & Beverage	121,352	105,303	16,049
Travel Retail & Duty-Free	121,408	114,224	7,184
Sundry merchandise and other	3,530	3,929	(400)
Discontinued operations ("Flight") *	–	12,550	(12,550)
Total	**246,290**	**236,006**	**10,284**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

The increase in Food & Beverage inventories is due mainly to the greater supply of fuel, resulting from the transfer of 78 Esso stations in Italy to the management of the subsidiary Nuova Sidap S.r.l. The rise in Travel Retail & Duty-Free inventories is explained by the greater quantity of merchandise needed to keep up with the increase in sales, as well as the dip in traffic at UK airports at the tail end of 2010 because of snow.

Inventories are shown net of the provision for obsolescence of € 4,793k (€ 5,045k at 31 December 2009, net of the Flight business), determined on the basis of slow-moving goods. The allocation for the year was € 7,326k and utilisations came to € 7,739k.

At constant exchange rates, the change in this item would be € +14,453k.

Non-current assets

VII. Property, plant and equipment

	31.12.2010			31.12.2009		
(€k)	Gross amount	Accumulated depreciation & impairment losses	Carrying amount	Gross amount	Accumulated depreciation & impairment losses	Carrying amount
Land and buildings	163,867	(78,262)	85,605	147,366	(65,313)	82,053
Leasehold improvements	1,025,386	(700,388)	324,998	939,768	(627,767)	312,001
Plant and machinery	273,758	(208,205)	65,553	252,008	(179,030)	72,978
Industrial and commercial equipment	790,194	(569,648)	220,546	736,914	(508,472)	228,442
Assets to be transferred free of charge	469,195	(357,520)	111,675	464,352	(347,098)	117,254
Other	64,564	(52,251)	12,313	62,400	(46,330)	16,070
Assets under construction and payments on account	104,368	–	104,368	77,092	–	77,092
Discontinued operations ("Flight") *	–	–	–	180,826	(101,524)	79,302
Total	**2,891,332**	**(1,966,274)**	**925,058**	**2,860,726**	**(1,875,534)**	**985,192**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

Investments in 2010 amounted to € 224,961k (of which € 215,957k for property, plant and equipment), while the net carrying amount of disposals was € 6,315k. The disposals generated net capital gains of € 186k.

In addition to depreciation of € 211,954k, impairment testing of individual locations or contracts resulted in impairment losses of € 19,222k. Impairment testing was based on estimated future cash flows, without incorporating any assumed efficiency gains, discounted at the average cost of capital gross of taxes (5.6% to 13.1% depending on the cost of money and the specific business risks associated with each country of operation).

At constant exchange rates, the change in this item would have been € –22,141k.

“Leasehold improvements” refer to expenses incurred to set up or adapt leased premises and concessions. This includes costs for the development of locations managed at airports, at shopping centers in North America, and at several motorway locations.

The increase in “Assets under construction and payments on account” mainly reflects the greater investments underway in North America.

In accordance with the financial method, this item includes the contractual amount of the following property, plant and equipment held under finance leases:

	31.12.2010			31.12.2009		
(€k)	Gross amount	Accumulated depreciation	Carrying amount	Gross amount	Accumulated depreciation	Carrying amount
Land and buildings	12,174	(9,645)	2,529	2,869	(1,429)	1,439
Plant and equipment	762	(351)	411	294	(235)	59
Assets to be transferred free of charge	13,809	(9,532)	4,277	13,809	(9,099)	4,710
Total	**26,745**	**(19,528)**	**7,217**	**16,972**	**(10,763)**	**6,209**

The financial payable for these goods amounts to € 13,762k and is included under “Other financial liabilities” (current) for € 2,102k (€ 2,595k at the end of 2009) and “Other financial liabilities” (non–current) for € 11,660k (€ 7,597k the previous year). Future lease payments at 31 December 2010 amounted to € 25,748k (€ 7,416k the previous year, net of discontinued operations).

The Group also uses third party assets worth € 1,625k and rents businesses with assets worth € 14,819k.

VIII. Goodwill

At 31 December 2010 goodwill amounted to € 1,377,154k, compared with € 1,418,511k the previous year. The change includes exchange rate gains of +69,888k, impairment losses of € 22,161k, and the sale of the Flight segment, for which goodwill amounted to € 89,084k at the close of 2009.

The cash–generating units (CGUs) were identified on the basis of business segments, and in some cases further split by geographical region, consistently with the minimum level at which goodwill is monitored for internal management purposes.

Details of goodwill allocated to different CGU's shifted by business segments and geographic regions are provided in the table below:

(€k)	31.12.2010	31.12.2009	Change
Food & Beverage Italy	83,516	83,516	–
Food & Beverage HMSHost	446,263	412,796	33,468
Food & Beverage Other	265,245	268,198	(2,953)
Travel Retail & Duty-Free:			
Europe	492,732	480,779	11,953
North America	37,850	35,827	2,023
Central and South America	5,655	5,245	410
Rest of the world	45,892	43,066	2,826
Flight	–	89,084	(89,084)
Total	**1,377,154**	**1,418,511**	**(41,357)**

The recoverability of the goodwill allocated to each CGU is tested by estimating their value in use, defined as the present value of estimated future cash flows discounted at a rate reflecting the time value of money (differentiated by currency area) and specific risks of the individual CGUs at the measurement date.

The discount rate was set in consideration of the capital assets pricing model, which is based, as far as possible, on indicators and variables that can be observed from the market.

Future cash flows have been estimated on the basis of the 2011 budget and forecasts for 2012–2015. Cash flows beyond 2015 have been projected by extrapolating information from those forecasts and applying nominal growth rates ("g"), which do not exceed the long-term growth estimates of each CGU's sector and country of operation.

Below are the main assumptions used for impairment testing. Only the discount rate has changed since the previous year, to reflect market conditions at 31 December 2010:

	Forecast period	Terminal value calculation method Yield used	Forecast nominal growth rate "g"	Discount rate 2010		Discount rate 2009	
				Post taxes	Before taxes	Post taxes	Before taxes
Food & Beverage							
Italy	5 years	Perpetual	2.0%	7.19%	10.08%	7.15%	9.85%
HMSHost	5 years	Perpetual	2.0%	6.22%	8.72%	5.80%	7.81%
Other countries	5 years	Perpetual	1.0%–2.0%	5.11%–9.26%	5.91%–10.01%	5.45%–8.58%	6.12%–9.11%
Travel Retail & Duty-Free							
Europe	5 years	Perpetual	2.0%	6.70%–11.38%	8.24%–15.56%	6.52%–13.84%	7.88%–17.22%
North and South America	5 years	Perpetual	2.0%	6.22%–8.86%	7.71%–12.09%	5.76%–9.10%	5.76%–16.00%
Rest of the world	5 years	Perpetual	3.5%	7.50%–11.19%	8.19%–15.70%	7.90%–12.36%	9.18%–15.30%
Flight	5 years	Perpetual	2.0%	–	–	7.96%	10.15%

To estimate cash flows for the period 2011–2015, management made some assumptions including an estimate of air and road traffic volumes, future sales, operating costs, investments, and changes in working capital.

The principal assumptions used to estimate cash flows can be broken down by business segment:

Food & Beverage

- Italy: for 2011–2015, compound average revenue growth is projected at 3.0% per year. This assumes a moderate recovery in motorway traffic and a renewal rate for expiring contracts in line with the Group's track record. Operating costs are expected to rise as a percentage of revenue as leases and concession contracts expire, reflecting a probable increase in rent.
- HMSHost: projections for 2011 assume a slight recovery in airport and motorway traffic, continuing a trend that

emerged for air traffic in the second half of 2010. Revenue is expected to grow and to return to 2008 levels in 2012. Overall, compound annual revenue growth for the period 2011–2015 is projected at 3.9%. The renewal rate of existing contracts was estimated on the basis of the Group's historical trends. The total incidence of operating costs is expected to decrease slightly as a result of the rise in business volumes.

- Other European countries: in terms of revenue projections, compound annual growth is expected to be around 2.2%, thanks to a recovery in road and airport traffic. The total incidence of operating costs is assumed to decrease as a result of cost–cutting measures.

For all CGUs, growth investments are correlated with the expiration of contracts, while maintenance investments are assumed to be consistent with historical trends. No significant changes are expected for working capital.

Travel Retail & Duty–Free:

- Europe: specific traffic assumptions were formed for the United Kingdom and Spain. In the United Kingdom, airport traffic is expected to grow by an average of 2.7% from 2011 to 2015, outpacing the trend of the last few years, with a higher proportion of long–range traffic that suggests compound annual revenue growth of more than 4.5%. Spain, which was harder hit by the decline in airport traffic over the years and by the recent financial crisis, should enjoy moderate traffic growth and will probably not see its 2007 revenue exceeded until 2014. Contract renewals are assumed to be in line with the Group's historical trends. Operating cost projections incorporate the synergies likely to arise from the integration of the companies acquired. The other cost items are expected to continue existing trends, save for rent increases in the years when important contracts expire. Higher investment is assumed in parallel with expiring contracts.
- Americas: from 2011 to 2015, traffic is expected to grow by an average of over 3% per year in the U.S. and Canada and by 4–5.5% per year in Central and South America, with compound annual revenue growth of 5–6%. Projections assume that the profitability will stabilise, after a start–up phase, for units in North America and remain stable for South American operations.
- Rest of the world: average traffic growth is projected at 3–7% per year from 2011–2015, differentiated from country to country. Average profitability is expected to rise in the Middle East and remain stable in Asia.

Growth investments are correlated with contract renewals, while maintenance investments are assumed to be consistent with historical trends. No significant changes are expected for working capital.

On the basis of these assumptions, the amount of goodwill attributed to each CGU was found to be fully recoverable, with the exception of Food & Beverage in Holland where there is a prevalence of hotel services. The impairment losses recognised on goodwill for this CGU (€ 22,161k, included under "Food & Beverage – other") reflects two considerations:

- the intensity of the investments required to regain adequate occupancy rates and room prices, in a market still hampered by excess supply;
- the Group's focus on its core businesses.

The following table shows the levels at which, for the most significant assumptions used in the impairment tests, there would no longer be a gap between the CGU's value in use and its carrting amount.

	Discount rate net of taxes	g
Food & Beverage		
Italy	*	*
HMSHost	12.11%	(9.02%)
Other countries	7.35% / 21 .92%	(17.4%) / +0.87%
Travel Retail & Duty–Free		
Europe	11 .44%	(5.62%)
North and South America	16.71%	(22.76%)
Rest of the world	16.77%	(14.88%)

* Even if a very prudential WACC and g are applied, the Cash Generating Unit shows a positive balance

IX. Other intangible assets

(€k)	31.12.2010	31.12.2009	Change
Concessions, licenses, brands and similar rights	800,309	856,967	(56,658)
Assets under development and payments on account	2,393	3,960	(1,567)
Other	16,150	18,152	(2,002)
Discontinued operations ("Flight") *	–	25,389	(25,389)
Total	**818,852**	**904,468**	**(85,616)**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original utilisation

"Concessions, licenses, brands and similar rights" consist mainly of the amounts determined upon fair–value measurement of the assets and liabilities acquired with World Duty Free and Aldeasa. Specifically, the Group has recognised contractual rights for € 651,761k (€ 705,257k at 31 December 2009) and the tradename World Duty Free for € 105,853k (€ 108,560k the previous year).

All "Other intangible assets" have finite useful lives.

At constant exchange rates, the change in this item would amount to € –83,618k.

In addition to amortisation of € 93,060k, impairment testing resulted in impairment losses of € 3,816k. These tests are based on projected cash flows, without taking potential efficiency gains into account.

The following table shows movements during the year in intangible assets (including goodwill and other intangible assets) and in property, plant and equipment.

Intangible assets

	31.12.2009			Change in gross carrying amount				
(€k)	Gross carrying amount	Accumulated amort. and imp. losses	Carrying amount	Change in scope of consolid.	Exchange rate gains (losses)	Increases in historical cost	Decreases	Other movements
Concessions, licenses, brands and similar rights	1,040,581	(183,614)	856,967	816	29,498	2,005	(7,753)	6,508
Goodwill	1,342,055	(12,628)	1,329,427	–	70,660	–	(450)	–
Assets under development and payments on account	3,960	–	3,960	–	–	2,780	(75)	(4,272)
Other	58,107	(39,955)	18,152	–	860	4,219	(524)	499
Discontinued operations ("Flight") *	140,100	(25,627)	114,473	–	7,481	64	(273)	932
Total	**2,584,803**	**(261,824)**	**2,322,979**	**816**	**108,499**	**9,068**	**(9,075)**	**3,667**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

Property, plant and equipment

	31.12.2009			Change in gross carrying amount				
(€k)	Gross carrying amount	Accumulated depr. and imp. losses	Carrying amount	Change in scope of consolid.	Exchange rate gains (losses)	Increases in historical cost	Decreases	Other movements
Land and buildings	147,366	(65,313)	82,053	–	9,289	10,923	(4,294)	583
Leasehold improvements	939,768	(627,767)	312,001	3,277	54,268	42,873	(48,450)	33,650
Plant and machinery	252,008	(179,030)	72,978	–	15,958	10,314	(7,721)	3,199
Industrial and commercial equipment	736,914	(508,472)	228,442	1,457	27,525	34,374	(36,296)	26,220
Assets to be transferred free of charge	464,352	(347,098)	117,254	–	–	14,325	(18,177)	8,695
Other	62,400	(46,330)	16,070	–	2,271	2,238	(3,161)	816
Assets under construction and payments on account	77,092	–	77,092	20	3,910	100,910	(1,666)	(75,898)
Discontinued operations ("Flight") *	180,826	(101,524)	79,302	–	10,920	9,506	(6,250)	–
Total	**2,860,726**	**(1,875,534)**	**985,192**	**4,754**	**124,141**	**225,463**	**(126,015)**	**(2,735)**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

				Amortisation/impairment losses					31.12.2010		
"Flight" disposal	Total	Change in scope of consolid.	Exchange rate gains (losses)	Increases Depr.	Increases Imp. losses	Decreases	"Flight" disposal	Total	Gross carrying amount	Accumulated amort. and imp. losses	Carrying amount
–	31,074	–	(6,106)	(86,302)	(3,806)	8,482	–	(87,732)	1,071,655	(271,346)	800,309
–	70,210	–	(772)	–	(22,161)	450	–	(22,483)	1,412,265	(35,111)	1,377,154
–	(1,567)	–	–	–	–	–	–	–	2,393	–	2,393
–	5,054	–	(785)	(6,761)	(10)	500	–	(7,056)	63,161	(47,011)	16,150
(148,304)	(140,100)	–	(2,449)	(6,015)	–	294	33,797	25,627	–	–	–
(148,304)	**(35,329)**	**–**	**(10,112)**	**(99,078)**	**(25,977)**	**9,726**	**33,797**	**(91,644)**	**2,549,474**	**(353,468)**	**2,196,006**

				Depreciation/impairment losses					31.12.2010		
"Flight" disposal	Total	Change in scope of consolid.	Exchange rate gains (losses)	Increases Depr.	Increases Imp. losses	Decreases	"Flight" disposal	Total	Gross carrying amount	Accumulated depr. and imp. losses	Carrying amount
–	16,501	–	(5,408)	(4,351)	(7,148)	3,958	–	(12,949)	163,867	(78,262)	85,605
–	85,618	(1,645)	(34,282)	(74,934)	(8,580)	46,820	–	(72,621)	1,025,386	(700,388)	324,998
–	21,750	–	(12,143)	(23,004)	(1,336)	7,308	–	(29,175)	273,758	(208,205)	65,553
–	53,280	(1,016)	(18,191)	(76,882)	(1,434)	36,347	–	(61,176)	790,194	(569,648)	220,546
–	4,843	–	–	(26,997)	697	15,878	–	(10,422)	469,195	(357,520)	111,675
–	2,164	–	(1,853)	(5,786)	(1,338)	3,056	–	(5,921)	64,564	(52,251)	12,313
–	27,276	–	–	–	(83)	83	–	–	104,368	–	104,368
(195,002)	(180,826)	–	(5,701)	(11,439)	–	5,927	112,737	101,524	–	–	–
(195,002)	**30,606**	**(2,661)**	**(77,578)**	**(223,393)**	**(19,222)**	**119,377**	**112,737**	**(90,740)**	**2,891,332**	**(1,966,274)**	**925,058**

X. Investments

This item is mainly comprised of associates, measured using the equity method.

Any surplus of an investment's carrying amount over pro rata equity represents future profitability inherent in the investment.

Using the equity method, € –451k was recognised in the income statement under "Share of profit of equity accounted investments".

Name	Registered office	Country	%	Currency	Revenue	Profit/(loss) for the year	Total assets	Total liabilities	Carrying amount (€k)
					Currency/000				
Investments in associates									
Souk al Mouhajir S.A.	Casablanca	Marocco	36%	Dhs	4,169	(406)	18,188	2,746	468
Creuers del Port de Barcelona S.A.	Barcelona	Spain	23%	Euro	17,386	6,360	50,895	23,178	6,209
Dewina Host Sdn Bhd	Kuala Lumpur	Malaysia	49%	Myr	25,842	1,349	13,092	2,971	1,206
TGIF National Airport Restaurant Joint Venture	Texas	USA	25%	Usd	2,717	85	27	14	1
HKSC Developments L.P. (Projecto)	Winnipeg	Canada	49%	Cad	116,368	(4,204)	42,578	27,913	5,448
HKSC Opco L.P. (Opco)	Winnipeg	Canada	49%	Cad	2,138	30	758	728	11
Others									542
Total									**13,885**

XI. Other financial assets

(€k)	31.12.2010	31.12.2009	Change
Interest bearing sums with third parties	5,082	5,122	(40)
Guarantee deposits	7,888	8,806	(919)
Other financial receivables from third parties	3,061	3,028	32
Total	**16,030**	**16,957**	**(927)**

At constant exchange rates, the change in this item would have been € –1,584k.

"Other financial receivables from third parties" are primarily due from US joint venture partners.

XII. Deferred tax assets

Deferred tax assets, shown net of offsettable deferred tax liabilities, amount to € 95,750k (€ 98,748k at 31 December 2009). The change for the year, € –2,998k, would amount to € –6,436k at constant exchange rate.

The main components of this item are detailed below:

- € 33,800k (€ 38,058k at 31 December 2009) for the US companies, where deferred tax assets are generated primarily by the different amortisation period of leasehold improvements and the deferred deductibility of provisions for concession fees;
- € 34,268k (€ 21,886k at 31 December 2009) for the Spanish companies, mostly in relation to tax losses carried forward and the deferred deductibility of provisions for concession fees;
- € 10,348k (€ 12,062k at 31 December 2009) for the French companies, mostly in connection with losses carried forward and the different amortisation and depreciation periods.

Tests carried out on the basis of the companies' prospects for future taxable income led to the recognition of the impairment losses of € 1,646k on deferred tax assets.

Tax losses existing at 31 December 2010 on which deferred tax assets have not been recognised amount to € 128,897k.

At 31 December 2010, "Deferred tax liabilities" not offsettable against deferred tax assets amounted to € 159,112k (€ 175,806k in 2009, net of discontinued operations) and refer mainly to temporary differences concerning the intangible assets to which the Group allocated part of the price paid for the World Duty Free Europe Ltd. and Aldeasa S.A. acquisitions.

At constant exchange rates, the change would have been € –22,738k.

Total net deferred tax liabilities at 31 December 2010 (€ 63,362k) are analysed below:

	2010		2009	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Trade receivables	(7,723)	(2,123)	(30,151)	(8,269)
Other receivables	57,093	18,930	38,656	13,963
Property, plant and equipment and other intangible assets	(544,541)	(154,885)	(643,526)	(168,815)
Total temporary differences on assets	**(495,171)**	**(138,079)**	**(635,021)**	**(163,121)**
Other payables	(3,523)	(2,133)	(27,721)	(8,140)
Post–employment and other employee benefits	(74,446)	(26,102)	(60,701)	(24,301)
Provisions for risks and charges	(24,836)	(5,306)	(32,345)	(5,866)
Other reserves and retained earnings	(27,040)	(7,410)	(58,086)	(15,946)
Total temporary differences on liabilities and equity	**(129,845)**	**(40,950)**	**(178,853)**	**(54,252)**
Net deferred tax assets		**(97,129)**		**(108,868)**
Deferred tax assets arising from tax losses		33,767		31,810
Total net deferred tax assets pertaining to the "Flight" business				(3,600)
Total net deferred tax assets		**(63,362)**		**(80,658)**

XIII. Other receivables

Most of the other non–current receivables (€ 33,931k at 31 December 2010) consist of premiums due from suppliers in relation to long–term procurement contracts and concession fees paid in advance.

XIV. Assets held for sale

This item amounts to € 1,032k and refers to an investment property held for sale.

Current liabilities

XV. Trade payables

Trade payables at 31 December 2010 amounted to € 674,582k (€ 655,488k at the end of 2009, net of the Flight segment). At constant exchange rates, the change would have been € +7,782k, in line with the increase in business volumes.

XVI. Tax liabilities

At € 24,048k, these increased by € 11,761k (net of the Flight segment) and refer to taxes accrued during the year. The tax liability of the main Italian companies participating in Edizione S.r.l.'s national tax consolidation scheme is recognised under "Other payables".

At constant exchange rates, the change in this item would be € +11,047k .

XVII. Other payables

(€k)	31.12.2010	31.12.2009	Change
Personnel expense	143,642	122,452	21,190
Due to suppliers for investments	77,915	60,426	17,489
Social security and defined contribution plans	40,840	36,799	4,041
Indirect taxes	35,121	34,403	718
Withholding taxes	11,227	12,077	(850)
Other	46,037	42,890	3,147
Discontinued operations ("Flight") *	–	15,384	(15,384)
Total	**354,781**	**324,431**	**30,350**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

"Personnel expense" includes the amount due under long–term incentive plans.

The heading "Other" includes amounts due to directors and statutory auditors (€ 1,097k), as well as accrued liabilities for insurance, utilities, and maintenance pertaining to 2010.

At constant exchange rates, the change in this item would be € +34,584k.

XVIII. Due to banks

(€k)	31.12.2010	31.12.2009	Change
Unsecured bank loans	115,340	144,802	(29,462)
Current account overdrafts	19,267	14,369	4,898
Total	**134,607**	**159,171**	**(24,564)**

This item pertains to Autogrill S.p.A. for € 92,460k and represents the payment due in March 2011 on the medium-term loan taken out in 2008 to finance the acquisition of World Duty Free Europe Ltd. (£ 79.6m).

At constant exchange rates, the change in this item would amount to € –26,496k.

XIX. Other financial liabilities

(€k)	31.12.2010	31.12.2009	Change
Fair value of interest rate hedging derivatives	65,415	63,823	1,592
Accrued expenses and deferred income for interest on loans	9,076	9,317	(241)
Lease payments due to others	2,102	2,595	(494)
Fair value of exchange rate hedging derivatives	1,088	1,283	(194)
Other financial accrued expenses and deferred income	132	487	(355)
Liabilities due to others	741	–	741
Total	**78,554**	**77,505**	**1,049**

"Fair value of interest rate hedging derivatives" refers to the fair value measurement of interest rate hedging derivatives (mostly interest rate swaps) outstanding at 31 December 2010, with notional amounts of € 240m and £ 400m. The increase for the year reflects the change in interest rates.

"Fair value of exchange rate hedging derivatives" refers to the fair value measurement of the derivatives, in particular to the forward sale and/or purchase of currency.

Details of the derivatives outstanding at year end are provided in section 2.2.6, "Financial risk management".

Non–current liabilities

XX. Other payables

The balance of € 73,823k (€ 77,584k in 2009, net of the Flight segment) consists mainly of concession fees to be paid by the end of 2012, the allocation for long–term employee incentive plans, and the liability for defined contribution plans.

XXI. Loans net of current portion

(€k)	31.12.2010	31.12.2009	Change
Unsecured bank loans	1,184,170	1,540,388	(356,218)
Commissions on bond issues	(3,852)	(6,955)	3,103
Total due to banks	**1,180,318**	**1,533,433**	**(353,115)**
Lease payments due to others	11,660	7,597	4,063
Liabilities due to others	832	825	7
Total	**1,192,810**	**1,541,855**	**(349,045)**

At constant exchange rates, the change in this item would have been € –370,052k.

More specifically, long–term bank loans outstanding at 31 December 2010 are as follows:

- a € 200m loan taken out in 2005, to be repaid in a single instalment in June 2015;
- drawdowns on a multicurrency revolving credit facility of € 300m granted in 2005, maturing in June 2012, whose utilisation enabled the early repayment of the € 500m revolving credit line contracted in May 2007;
- a revolving credit facility of € 125m arranged in 2008, maturing in March 2013, partially drawn down in British pounds (£ 5m) and in US dollars ($ 20m);
- a € 275m term loan taken out in 2008, to be repaid in a single instalment in March 2013;
- the remaining £ 397.6m of a term loan (original amount: £ 477.5m, corresponding to € 600m on the inception date), due in March 2013 and payable in three annual instalments of £ 79.6m starting in March 2010, plus a final payment of £ 238.7m at maturity. The short–term portion of £ 79.6m, due in March 2011, has been reclassified to the item "Due to banks".

At 31 December 2010 the credit facilities maturing after one year had been drawn down by about 81%. Floating interest

is charged on all bank loans. The average term of bank loans, including unutilised credit lines, is about two years and three months.

Long–term loan agreements require regular monitoring of financial ratios relating to debt coverage and interest coverage. The contracts refer to the Autogrill Group as a whole and set a limit of 3.5 for the leverage ratio and at least 4.5 for interest coverage.

For the calculation of these ratios, net debt, EBITDA and financial charges are measured according to contractual definitions and therefore differ from the amounts valid for financial reporting purposes. Thus, they are not readily apparent from the financial statements.

At 31 December 2010, as in all previous observation periods, these covenants were fully satisfied. The leverage ratio (net debt/EBITDA) decreased from 2.97 at 31 December 2009 to 2.47, versus an upper limit of 3.50, while interest coverage (EBITDA/net financial expense) increased from 7.24 to 8.65, compared with a minimum of 4.50. The Group therefore enjoys extensive financial flexibility.

XXII. Bonds

(€k)	31.12.2010	31.12.2009	Change
Non–convertible bonds	44,903	30,543	14,361
Total current	**44,903**	**30,543**	**14,361**
Non–convertible bonds	319,821	335,720	(15,899)
Commissions on bond issues	(978)	(1,267)	289
Total non–current	**318,843**	**334,453**	**(15,610)**
Total	**363,746**	**364,996**	**(1,250)**

"Non–convertible bonds" refer to private placements guaranteed by Autogrill S.p.A. and issued by Autogrill Group Inc.:
- in January 2003 for a total of $ 370m; after the redemption at maturity of $ 44m in January 2010, at the close of the year there was a remaining balance of $ 326m in two tranches of $ 60m and $ 266m, maturing respectively in January 2011 and January 2013, paying half–yearly coupons at respective fixed interest rates of 5.66% and 6.01%;
- in May 2007 for a total of $ 150m, paying fixed annual interest of 5.73% half–yearly and maturing in May 2017. Exposure to fair value fluctuations is hedged by an interest rate swap with a notional amount of $ 75m.

At 31 December 2010 this item amounted to € 363,746k, compared with € 364,996k at the end of 2009. The change reflects the redemption mention above, the translation effect (€ +28,518k) and the change in fair value.

In 2010 there was a loss on the hedged item of $ 3.7m (€ 2.8m) and a gain on the hedge of the same amount, so the effect on the income statement was nil. The cumulative amount of fair value changes on the hedged item increased the liability at 31 December 2010 by $ 11.9m (€ 8,9m).

The fair value of the bonds outstanding is measured using valuation techniques based on parameters other than price that can be observed in the open market. They can therefore be classified in level 2 of the fair value hierarchy, with no change on the previous year.

As in the case of long–term bank loans, the private placement regulations require the periodic monitoring of the Group's financial ratios (leverage and interest coverage). The leverage ratio must not exceed 3.5, although it can reach 4.0 for a maximum of three half–years (not necessarily in a row), and the interest coverage cannot be lower than 4.5.

For the calculation of the leverage ratio and interest coverage, net financial position, EBITDA and financial expense are measured according to definitions in the loan contracts and therefore differ from the amounts in the financial statements.

At 31 December 2010, as in all previous observation periods, these covenants were fully satisfied. The leverage ratio (net debt/EBITDA) decreased from 3.10 at 31 December 2009 to 2.52, versus an upper limit of 3.50, while interest coverage (EBITDA/net financial expense) increased from 6.93 to 8.62, compared with a minimum of 4.50. The Group therefore enjoys extensive financial flexibility.

XXIII. Post-employment benefits and other employee benefits

This item amounted to € 94,719k at the close of the year, a decrease of € 6,980k with respect to 31 December 2009.

At constant exchange rates, the change would have been € –9,524k.

The table below shows details of the employee benefits included in this item. The legal obligation for Italian post-employment benefits (*trattamento di fine rapporto* or "TFR") is € 75,087k, compared with € 69,506k determined on an actuarial basis.

(€k)	31.12.2010	31.12.2009	Change
Defined benefit plans:			
Post-employment benefit	69,506	72,399	(2,893)
Health insurance plans	289	327	(38)
Other	24,924	28,973	(4,049)
Total	**94,719**	**101,699**	**(6,980)**

The following is a reconciliation of the present value of the obligation and the fair value of assets against the liability recognised at 31 December 2010:

(€k)	31.12.2010	31.12.2009	31.12.2008
Present value of the funded plans	212,225	206,171	161,495
Fair value of the plan assets	(189,771)	(167,761)	(139,731)
Total	**22,454**	**38,410**	**21,764**
Present value of the unfunded plans	65,405	73,640	76,863
Actuarial gains (losses) not recognised	6,860	(10,351)	8,875
Net liabilities recognised	**94,719**	**101,699**	**107,502**

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

(€k)	2010		2009	
Discount rate	2.6%	6.0%	3.3%	6.7%
Inflation rate	0.8%	3.6%	2.0%	3.8%
Yield on assets	2.7%	4.6%	3.2%	7.3%
Salary increase rate	0.2%	6.8%	1.0%	4.8%
Pension increase rate	1.8%	4.6%	0.5%	3.5%
Increase in healthcare costs	9.1%		9.4%	

Below are the total amounts recognised in the income statement for defined benefit plans:

(€k)	2010	2009	Change
Cost of benefits for current service	4,329	5,019	(690)
Interest expense	13,015	12,283	732
Estimated yield on plan assets	(8,428)	(7,156)	(1,272)
Total	**8,916**	**10,146**	**(1,230)**

Interest expense is recognised under "Financial expense" net of the expected yield on plan assets, while the post-employment benefit cost is recognised under "Personnel expense".

Movements in the present value of post–employment benefit obligations are as follows:

Present value of the obligation at 31.12.2008	**238,358**
Cost of benefits for current service	5,019
Interest expense	12,283
Actuarial losses (gains)	31,788
Group's share of contributions	2,671
Benefits paid	(15,771)
Exchange rate gains (losses)	7,257
Other	(1,794)
Present value of the obligation at 31.12.2009	**279,811**
Cost of benefits for current service	4,329
Interest expense	13,015
Actuarial losses (gains)	(3,148)
Group's share of contributions	2,147
Benefits paid	(18,894)
Exchange rate gains (losses)	15,442
Other	(15,073)
Present value of the obligation at 31.12.2010	**277,630**

This table shows movements in the present value of plan assets:

Fair value of the assets at 31.12.2008	**139,731**
Estimated yield on plan assets	7,156
Actuarial losses (gains)	11,343
Employees' share of contributions	9,288
Group's share of contributions	2,591
Benefits paid	(8,141)
Exchange rate gains (losses)	5,840
Other	(47)
Fair value of the assets at 31.12.2009	**167,761**
Estimated yield on plan assets	8,428
Actuarial losses (gains)	12,899
Employees' share of contributions	10,066
Group's share of contributions	2,059
Benefits paid	(12,944)
Exchange rate gains (losses)	13,532
Other	(12,031)
Fair value of the assets at 31.12.2010	**189,771**

The main categories of plan assets are:

- equity instruments;
- bonds;
- other securities;
- other debt instruments issued by third parties;
- real estate.

XXIV. Provisions for risks and charges

(€k)	Balance at 31.12.2009	Other movements	Accruals	Utilisations	"Flight" business disposal	Balance at 31.12.2010
Provision for taxes	2,415	297	41	(534)	–	2,219
Other provisions	7,759	(2,427)	10,417	(7,407)	–	8,342
Restructuring provision	1,597	32	(24)	(1,098)	–	507
Provision for legal disputes	1,284	76	755	–	–	2,116
Onerous contracts provision	–	–	423	–	–	423
Total provisions for current risks and charges	**13,055**	**(2,021)**	**11,613**	**(9,039)**	**–**	**13,607**
Other provisions	26,500	1,240	4,324	(1,950)	–	30,114
Onerous contracts provision	18,090	675	(2,041)	(2,778)	–	13,946
Provision for the refurbishment of third party assets	6,588	2,533	25	–	–	9,146
Provision for taxes	6,722	23	–	(507)	–	6,237
Provision for legal disputes	5,342	–	800	(1,279)	–	4,863
Provision for assets to be transferred free of charge	3,050	–	–	–	–	3,050
Discontinued operations ("Flight") *	10,574	2,188	(180)	(848)	(11,734)	–
Total provisions for non-current risks and charges	**76,865**	**6,658**	**2,930**	**(7,362)**	**(11,734)**	**67,357**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

There were no significant changes in the composition of this item with respect to 31 December 2009. The change is due to normal allocations and utilisations for the year.

At constant exchange rates, this item would have decreased by € 1,590k.

Provision for taxes
The current portion relates primarily to disputes over US companies' direct and indirect tax obligations (€ 2,110k), while most of the non-current portion concerns tax disputes involving companies in the Travel Retail & Duty-Free division (€ 6,096k).

Other provisions
These refer mainly to a "self-insurance" provision (€ 21,795k) to cover the excess on third-party liability provided for in insurance plans. In 2010, an accrual of € 10,917k was made and € 9,105k was taken out for settlements.

Decreases refer primarily to the use of the self-insurance provision.

Restructuring provision
This covers the integration plan in the Travel Retail & Duty-Free segment.

Provision for legal disputes
This provision covers the risk of losing lawsuits brought against Group companies, and takes account of the opinions of the Group's legal advisors. Utilisations concern actual payments during the year as well as revised amounts.

Provision for the refurbishment of third party assets
This represents estimated liabilities for ensuring that leased assets are returned in the contractually agreed condition.

Onerous contracts provision
This refers to long-term leases or concession agreements on commercial units that are not profitable enough to cover the rent.

XXV. Equity attributable to owners of the parent

The share capital of Autogrill S.p.A., fully subscribed and paid in, amounts to € 132,288k and consists of 254,400,000 ordinary shares of par value € 0.52 each.

Schematrentaquattro S.r.l., a wholly–owned subsidiary of Edizione S.r.l., owns shares representing 59.28% of the share capital.

Autogrill S.p.A. owns 125,141 treasury shares, for a carrying amount of € 944k.

Movements in equity items during the year are detailed in a separate schedule.

The more important movements were as follows:
- decrease of € 1,940k for the effective portion of the fair value change of derivatives designated as cash flow hedges (€ –2,676k), net of the tax effect (€ +736k);
- increase of € 96,867k for exchange gains on the translation of foreign currency financial statements;
- decrease of € 17,602k for fair value losses on net investment hedges (€ –24,279k), net of the tax effect (€ +6,677k);
- increase of € 74k for the amount pertaining to the year of the value of the stock option plan launched in 2010;
- increase for profit attributable to owners of the parent (€ 103,408k).

The legal reserve (€ 26,458k) increased by € 2,618k due to allocation of the previous year's profit, as resolved by the annual general meeting of 20 April 2010.

The following table shows the components of comprehensive income and the relative tax effect:

	2010			2009		
(€k)	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Effective portion of the fair value change of derivatives designated as cash flow hedges	(2,676)	736	(1,940)	3,180	(1,113)	2,067
Gains (losses) from translation of financial statements in non–euro currencies	102,960	–	102,960	44,128	–	44,128
Gains (losses) on net investment hedge	(24,279)	6,677	(17,602)	(29,563)	8,129	(21,434)
Total other consolidated comprehensive income	**76,005**	**7,413**	**83,418**	**17,745**	**7,016**	**24,761**

Information on basic and diluted earnings per share is provided at the foot of the income statement and discussed further in note XXXVI.

2.2.4 Notes to the income statement

Comments on the items making up the income statement are provided below.

Due to the sale of the Flight segment at the end of 2010, the results from that business for both 2009 and 2010 have been reclassified to "Profit from discontinued operations" in accordance with IFRS 5.

XXVI. Revenue

Revenue in 2010 came to € 6,014,184k, an increase of € 599,726k with respect to the previous year's revenue of € 5,414,458k.

At constant exchange rates, the increase would have been € +463,783k.

Revenue includes the sale of fuel, mostly at rest stops in Italy and Switzerland, which came to € 310,640k (€ 89,053k the previous year).

XXVII. Other operating income

(€k)	2010	2009	Change
Bonuses from suppliers	59,784	63,207	(3,423)
Income from business leases	12,334	12,682	(348)
Affiliation fees	3,498	3,859	(361)
Gains on sales of property, plant and equipment	923	17,027	(16,104)
Other revenue	48,012	43,329	4,682
Total	**124,551**	**140,105**	**(15,554)**

"Other revenue" consists mainly of commissions from the sale of goods and services (e.g. fuel and cell phone top–up cards) for which the Group acts as an agent.

At constant exchange rates. the change would have been € –16,380k.

XXVIII. Raw materials, supplies and goods

(€k)	2010	2009	Change
Purchases	2,401,457	2,008,564	392,893
Change in inventories	(14,453)	47,728	(62,181)
Total	**2,387,004**	**2,056,292**	**330,712**

At constant exchange rates, the change would have been € +287,948k.

The increase with respect to 2009 is in line with the growth in revenue.

XXIX. Personnel expense

(€k)	2010	2009	Change
Wages and salaries	1,128,869	1,039,285	89,584
Social security contributions	200,808	191,007	9,800
Employee benefits	27,662	25,708	1,954
Other costs	84,756	71,480	13,276
Total	**1,442,094**	**1,327,480**	**114,614**

At constant exchange rates, the change would have been € +77,008k.

"Other costs" includes the portion pertaining to the year of the stock option plan launched in 2010 (€ 74k), as well as fees paid to members of the Board of Directors (see Section 2.2.11 for details).

The average headcount, expressed in terms of equivalent full–time employees, was 46,451 (47,113 the previous year, net of the Flight segment).

XXX. Leases, rentals, concessions and royalties

(€k)	2010	2009	Change
Leases, rentals and concessions	1,082,263	1,002,003	80,259
Royalties	68,533	61,481	7,052
Total	**1,150,795**	**1,063,484**	**87,311**

At constant exchange rates, the change in this item would be € +59,944k.

The increase correlates with the growth in sales revenue and reflects the higher cost of new and extended contracts.

XXXI. Other operating costs

(€k)	2010	2009	Change
Utilities	95,088	96,230	(1,142)
Maintenance	80,782	77,343	3,440
Cleaning and disinfestations	51,486	47,549	3,937
Consulting services	46,111	38,346	7,764
Commissions on credit card payments	39,080	32,535	6,545
Storage and transport	22,057	20,701	1,356
Advertising and market research	25,509	24,316	1,193
Travel expenses	27,223	22,918	4,305
Telephone and postal charges	17,526	16,675	850
Equipment hire and lease	8,821	8,542	279
Insurance	5,999	7,698	(1,698)
Surveillance	8,335	7,583	752
Transport of valuables	5,822	5,774	47
Banking services	5,614	4,992	623
Sundry materials	34,712	28,672	6,040
Other services	27,232	33,274	(6,042)
Costs for materials and services	**501,398**	**473,148**	**28,250**
Impairment losses on receivables	**1,227**	**1,001**	**226**
For taxes	41	1,910	(1,869)
For legal disputes	1,435	4,226	(2,791)
For resctructuring	(24)	1,541	(1,566)
For onerous contracts	(1,617)	5,290	(6,907)
For other risks	10,722	12,758	(2,036)
Provisions for risks	**10,557**	**25,726**	**(15,169)**
Indirect and local taxes	**21,875**	**23,452**	**(1,577)**
Cash differences	1,632	1,974	(342)
Gains (losses) on disposals	737	1,910	(1,173)
Other charges	16,038	15,991	46
Other operating costs	**18,407**	**19,875**	**(1,468)**
Total	**553,463**	**543,201**	**10,262**

At constant exchange rates, the change would have been € –3,289k.

"Sundry materials" refer to the purchase of inexpensive equipment and to various consumables such as uniforms, office supplies, and advertising materials.

The item "Other services" includes miscellaneous items such as medical check–ups, public relations, general services, and personnel recruitment and training.

XXXII. Depreciation, amortisation and impairment losses

In detail:

(€k)	2010	2009	Change
Other intangible assets	93,063	90,950	2,114
Property, plant and equipment	184,957	190,852	(5,895)
Assets to be transferred free of charge	26,997	27,173	(176)
Total	**305,017**	**308,975**	**(3,958)**

At constant exchange rates, this item would have decreased by € 11,168k.

Impairment losses (net of reversals) were recognised in the amount of € 45,199k, following tests of the recoverability of carrying amounts on the basis of the projected cash flows of each cash generating unit.

The following table provides a breakdown by type of asset:

(€k)	2010	2009	Change
Goodwill	22,161	9,765	12,396
Other intangible assets	3,816	1,413	2,403
Property, plant and equipment	19,919	10,024	9,895
Assets to be transferred free of charge	(697)	9,640	(10,337)
Total	**45,199**	**30,842**	**14,357**

As mentioned in note VIII, in 2010 the goodwill for the CGU providing food & beverage and hotel services along Dutch highways was fully impaired.

See notes VII, VIII and IX for details of the assumptions and criteria used to measure impairment.

XXXIII. Financial income and expense

Financial income

(€k)	2010	2009	Change
Interest income	1,403	1,197	206
Ineffective portion of hedging instruments	402	2,290	(1,888)
Exchange rate gains	1,221	912	309
Other financial income	4,556	1,475	3,081
Total	**7,582**	**5,874**	**1,708**

Financial expense

(€k)	2010	2009	Change
Interest expense	69,626	88,104	(18,478)
Discounting of long–term liabilities	4,667	6,776	(2,108)
Interest differential on exchange rate hedges	70	161	(91)
Fees paid on loans and bonds	5,626	3,407	2,219
Other financial expense	2,487	595	1,892
Total	**82,476**	**99,043**	**(16,567)**
Total net financial expense	**(74,894)**	**(93,168)**	**18,274**

The reduction in interest expense relates primarily to the decrease in net debt during the year.

XXXIV. Income tax

The balance of € 89,415k (€ 100,010k in 2009) includes € 91,319k in current taxes (€ 79,760k the previous year) and € 13,676k in net deferred tax assets (net deferred tax liabilities of € 8,160k in 2009), which result mainly from testing the recoverability of fiscal losses reported in 2009 and previous years. Regional tax on productive activities (IRAP), which is charged on Italian operations and whose basis is essentially EBIT plus personnel expense, came to € 11,772k (€ 12,090k in 2009).

In 2010 the Group's theoretical tax rate, excluding IRAP, was approximately 38.8% (39% the previous year).

Excluding IRAP, the average incidence of taxes on the consolidated pre tax profit decreased from 67.1% in 2009 to 43.2%, as results from one jurisdiction to the next were less polarised than last year and projections are more favourable as to the recoverability of tax losses, especially for the companies in the Travel Retail and Duty–Free segment.

Below is a reconciliation between the tax charge recognised in the consolidated financial statements and the theoretical tax charge. The latter was determined by applying the theoretical tax rate to the gross income earned in each jurisdiction, including additional taxes on future profit distributions by subsidiaries.

(€k)	2010	2009
Theoretical income tax	**69,746**	**51,054**
Reduced tax due to the direct taxation of minority partners in fully consolidated US joint ventures	(3,716)	(3,175)
Net effect of unrecognised tax losses, of utilisation of tax losses carried–forward and the revision of estimates on the taxability/deductibility of temporary differences	7,328	36,552
Other permanent differences	4,286	3,489
Income tax, excluding IRAP	**77,643**	**87,920**
IRAP	11,772	12,090
Recognised income tax	**89,415**	**100,010**

"Other permanent differences" also reflect the absence, in 2010, of the tax effect of the impairment loss on goodwill.

XXXV. Profit from discontinued operations

Totalling € 24,960k, this is the net profit of the Flight segment (in–flight catering and retail sales) sold by the Autogrill Group on 31 December 2010, plus capital gains and less costs to sell, as detailed in Section 2.2.2.

XXXVI. Basic and diluted earnings per share

Basic earnings per share is calculated as the Group's share of net profit divided by the weighted average number of ordinary shares outstanding during the year; treasury shares held by the Group are there excluded from the denominator.

Diluted earnings per share takes account of dilutive potential shares deriving from stock option plans when determining the number of shares outstanding.

Below is the calculation of basic earnings per share:

	2010	2009
Profit for the year attributable to owners of the parent (€k)	103,408	37,014
Weighted average no. of outstanding shares (no./000)	254,275	254,275
Basic earning per share (€/cents)	**40.7**	**14.6**

Diluted earnings per share:

	2010	2009
Profit for the year attributable to owners of the parent (€k)	103,408	37,014
Weighted average no. of outstanding shares (no./000)	254,275	254,275
Weighted average no. of shares included in stock option plans (no./000)	180	–
Weighted average no. of ordinary shares outstanding, after dilution (no./000)	254,455	254,275
Diluted earning per share (€/cents)	**40.6**	**14.6**

We also present basic earnings per share from continuing operations:

	2010	2009
Profit for the year from continuing operations attributable to owner of the parent (€k)	78,448	23,399
Weighted average no. of outstanding shares (no./000)	254,275	254,275
Basic earning per share from continuing operations (€ cents)	**30.9**	**9.2**

Diluted earnings per share from continuing operations:

	2010	2009
Profit for the year from continuing operations attributable to owner of the parent (€k)	78,448	23,399
Weighted average no. of outstanding shares (no./000)	254,275	254,275
Weighted average no. of shares included in stock option plans (no./000)	180	–
Weighted average no. of ordinary shares outstanding, after dilution (no./000)	254,455	254,275
Diluted earning per share from continuing operations (€ cents)	**30.8**	**9.2**

2.2.5 Net financial position

Details of the net financial position at 31 December 2010 and 31 December 2009 are as follows:

Note	(€m)		31.12.2010	31.12.2009	Change
I	A)	Cash on hand	59.2	60.9	(1 .7)
I	B)	Cash equivalents	117.0	133.2	(16.2)
	C)	Securities held for trading	–	–	–
	D)	**Cash and cash equivalents (A + B + C)**	**176.1**	**194.1**	**(18.0)**
II	**E)**	**Current financial assets**	**15.0**	**11.9**	**3.1**
XVIII	F)	Due to banks, current	(134.6)	(159.2)	24.6
XXII	G)	Bonds issued	(44.9)	(30.5)	(14.4)
XIX	H)	Other financial liabilities	(78.6)	(77.5)	(1 .0)
	I)	**Current financial indebtedness (F + G + H)**	**(258.1)**	**(267.2)**	**9.2**
	J)	**Net current financial indebtedness (I – E – D)**	**(66.9)**	**(61.2)**	**(5.7)**
XXI	K)	Due to banks, net of current portion	(1,180.3)	(1,533.4)	353.1
XXII	L)	Bonds issued	(318.8)	(334.5)	15.6
XXI	M)	Due to others	(12.5)	(8.4)	(4.1)
	N)	**Non–current financial indebtedness (K + L + M)**	**(1,511.7)**	**(1,876.3)**	**364.7**
	O)	**Net non–current indebtedness (J + N)**	**(1,578.6)**	**(1,937.5)**	**358.9**
XI	**P)**	**Non–current financial assets**	**3.1**	**3.0**	**–**
	Q)	**Net financial indebtedness (O – P)**	**(1,575.5)**	**(1,934.5)**	**358.9**

For further commentary, see the notes indicated above for each item.

At the end of 2010 and 2009 there were no financial liabilities or assets due to or from related parties.

2.2.6 Financial risk management

The Group is exposed to the following risks:
- market risk;
- credit risk;
- liquidity risk.

This section describes the Group's exposure to each of the risks listed above, its risk objectives and policies, and its means of managing and assessing these risks.

Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument may fluctuate due to changes in exchange rates, interest rates or equity instrument prices. The aim of market risk management is to monitor these risks and keep them within acceptable levels, along with their potential impact on the Group's results and financial position.

Autogrill's financial policy places a strong emphasis on the management and control of market risk, in particular with respect to interest rates and exchange rates, given the extent of the Group's borrowings and its international profile.

There is a single, centralised risk management unit for all Group companies.

Interest rate risk

The aim of interest rate risk management is to control finance cost within a risk limit, i.e., a range of variability of the amount of liabilities and/or the finance cost itself. This entails – through a mix of fixed – and floating–rate liabilities – the predetermination of a portion of financial expense out to a time horizon in keeping with the structure of debt, which in turn must be in line with capital structure and future cash flows. Where it is not possible to obtain the desired risk profile in the capital markets or through banks, it is achieved by using derivatives of amounts and maturities in line with those of the liabilities to which they refer. The derivatives used are mainly interest rate swaps (IRS).

Hedging instruments are allocated to companies with significant exposure to interest rate risk where there are borrowings paying a floating rate (thus exposing the Group to higher finance costs if interest rates rise) or a fixed rate (which means that lower interest rates do not bring about a reduction in financial expense).

Currently, the ratio of fixed–rate debt to net debt (i.e., net of financial assets, which are generally floating–rate) must as a matter of policy be in the range of 40 to 60% with reference to the Autogrill Group as a whole. Temporarily, that ratio was slightly higher at the close of 2010 (64%) due to significant payments made late in the year on floating–rate facilities, thanks in part to the proceeds of the sale of the in–flight catering business carried out by a subsidiary of World Duty Free Europe Ltd. The percentage of fixed–rate debt is higher when considering debt denominated in British pounds (99%) and US dollars (49%) as opposed to debt in euros (45%).

At 31 December 2010 gross debt denominated in US dollars amounted to $ 802.1m. Of the total, $ 487m stands for the bond loan. Part of the interest rate risk is hedged by fixed–to–floating interest rate swaps for $ 75m, classified as fair value hedges.

Gross debt in British pounds at year end amounted to £ 403m: £ 398m for use of the term loan taken out for the acquisition of WDF and the rest for drawdowns on committed multicurrency facilities. Part of the interest rate risk is hedged by floating–to–fixed interest rate swaps for a notional amount of £ 400m.

When applying the policy described above, interest rate risk management instruments were accounted for as cash flow hedges in Group companies' financial statements where they were subject to this risk, and thus recognised as financial assets or liabilities with a specific balancing entry in comprehensive income and presented in the hedging reserve under equity. In the year ended 31 December 2010, a fair value loss of € –1,940k was recognised in respect of derivatives found to be effective.

The basic details of IRS contracts used as cash flow hedges at 31 December 2010 are as follows:

Underlying		Notional amount (in currency)	Expiry	Average fixed rate paid	Floating rate received	Fair value (€k)
€ 200m term loan	k€	120,000	24.06.2015	4.66%	3 months Euribor	(14,275)
€ 275m term loan	k€	120,000	07.03.2013	4.59%	1 month Euribor 1 month +0,165%	(8,815)
£ 402.9m term loan	k£	400,000	07.03.2013	5.39%	1 month Gbp Libor +0,32%	(42,325)

Below are the details of financial instruments used to hedge fixed–rate debt of $ 75m at the close of the year:

Underlying		Notional amount (in currency)	Expiry	Spot rate	Floating rate paid	Fair value (€k)
Bond	k$	75,000	05.09.2017	5.73%	6 months Usd Libor +0.4755/0.5055%	8,877

These instruments were accounted for as fair value hedges in the financial statements of Group companies subject to this risk, and thus recognised as financial assets or liabilities with a balancing entry in the income statement. In 2010, the in fair value gain was $ 3.7m (€ 2.8m), which cancelled the effects on the income statement of fair value losses on the payable.

The fair value of derivatives is measured using techniques based on parameters other than price that can be observed in the open market.

A hypothetical unfavourable change of 1% in the interest rates applicable to assets and liabilities and to interest rate hedges outstanding at 31 December 2010 would increase financial expense by € 8,665k.

Currency risk

The objective of currency risk management is to neutralise this risk in respect of payables and receivables in foreign currency arising from lending transactions in currencies other than the euro.

The Group's exposure to currency risk is detailed in the following table:

	Usd	Cad	Gbp	Chf
Net assets	209,122	198,762	234,831	331,483
Net profit	97,003	4,915	129,562	143,631

If the euro had risen by 5% against the above currencies, at 31 December 2010 equity and profit would have been reduced as shown in the following table:

	Usd	Cad	Gbp	Chf
Net assets	8,237	7,853	14,359	13,953
Net profit	3,851	189	7,949	5,477

This analysis was based on the assumption that the other variables, especially interest rates, remained unchanged.

Hedging instruments are allocated to companies with significant exposure to currency risk in terms of translation risk (i.e., the risk of translation into euros in the parent's or its subsidiaries' financial statements of investments in foreign currency) or financial assets or liabilities in a currency other than the reporting currency. These transactions are recognised at fair value under financial assets or liabilities.

Fluctuations in the fair value of hedges of foreign currency financial assets or liabilities are taken to the income statement, as is the corresponding change in the value of the hedged assets and liabilities.

The fair value of hedges outstanding at 31 December 2010 is shown below:

	Notional amount	Expiry	Spot rate	Forward rate	Fair value (€k)
kUsd	12,119	30.06.2011	1.3175–1.3368	1.315–1.334	(109)
kUsd	3,000	30.06.2011	1.4585	1.4549	183
kPen	4,500	30.06.2011	3.7660	3.7785	1
kCzk	13,000	13.01.2011	25.3000	25.3120	(5)
kCad	55,500	25.02.2011	1.3425–1.3438	1.344–1.3454	263
kGbp	38,298	31.01.2011	0.8510	0.8512	(509)
kGbp	35,000	18.01.2011	0.8540	0.8542	(318)
kPln	4,000	10.03.2011	4.0350	4.0580	(15)
kSek	6,000	27.01.2011	9.0800	9.0938	(9)
kChf	146,100	13.01.2011	1.2605	1.2600	907

For instruments hedging translation risk that are therefore designated as hedges of net investments, the effective component of fair value is recognised in comprehensive income and classified to the translation reserve under equity. The fair value of these hedges outstanding at 31 December 2010 is shown in the following table:

	Notional amount	Expiry	Spot rate	Forward rate	Fair value (€k)
kChf	60,000	31.01.2011	1.253–1.254	1.2526–1.2535	(123)

For the purpose of limiting total net exposure in British pounds due to the Group's presence in the UK by way of WDF, the Gbp–denominated debt has been partially designated – to the extent allowed by the policy – as a hedge of net investments.

The fair value of derivatives is measured using techniques based on parameters other than price that can be observed in the open market. They can therefore be classified in level 2 of the fair value hierarchy, with no change on the previous year.

Credit risk

Credit risk is the risk that a customer or a financial instrument counterparty may cause a financial loss by defaulting on an obligation. It arises principally in relation to the Group's debtors and financial investments.

The carrying amount of the financial assets is the Group's maximum exposure to credit risk, in addition to the face value of guarantees given for the borrowings or commitments of third parties, as detailed in Section 2.2.9.

Exposure at 31 December 2010 and 31 December 2009 was as follows:

Financial assets

(€k)	31.12.2010	31.12.2009 *	Change
Trade receivables	59,732	63,003	(3,272)
Other receivables	198,196	211,824	(13,628)
Cash and cash equivalents	176,149	194,116	(17,967)
Derivative instruments	10,230	6,800	3,430
Other financial assets	20,784	22,061	(1,276)
Total	**465,091**	**497,805**	**(32,714)**

* Excluding discontinued operations

Exposure to credit risk depends on the specific characteristics of each customer. The Group's business model, centred on the relationship with the end consumer, means that trade receivables and thus the relative degree of risk is of little significance in relation to total financial assets, since most sales are paid for in cash.

In most cases, the Group's trade receivables stem from catering service agreements and commercial affiliations.

Other receivables consist mainly of amounts due from Inland Revenue and other government agencies, fees paid in advance, and advances for services or commercial investments made on behalf of concession grantors, for which the degree of credit risk is low.

Financial assets are recognized net of impairment losses calculated on the basis of the counterparty's risk of default. Impairment is determined according to local procedures, which may require impairment of individual positions, if material, where there is evidence of an objective condition of uncollectability of part or all of the amount due, or generic impairment calculated on the basis of historical and statistical data.

The following table shows the age of trade receivables by category of debtor at 31 December 2010:

Trade receivables

	31.12.2010					
		Expired not written down				
(€k)	Not expired	1-3 months	3-6 months	6 months - 1 year	Over 1 year	Total
Airlines	5,535	1,829	404	28	4	7,800
Franchises	3,785	476	-	1,061	-	5,322
Catering services agreements	2,893	2,175	452	500	11	6,032
Other	11,479	23,783	1,885	3,325	106	40,579
Total	**23,692**	**28,262**	**2,741**	**4,914**	**122**	**59,732**

Trade receivables

	31.12.2009 *					
		Expired not written down				
(€k)	Not expired	1-3 months	3-6 months	6 months - 1 year	Over 1 year	Total
Airlines	3,930	1,522	312	84	121	5,969
Franchises	4,722	668	-	-	1,177	6,567
Catering services agreements	2,233	2,659	164	124	1,376	6,556
Other	9,924	27,332	2,458	207	3,989	43,911
Total	**20,809**	**32,181**	**2,934**	**415**	**6,663**	**63,003**

* Excluding discontinued operations

There is no significant concentration of credit risk: the top 10 customers account for 10.4% of total trade receivables, and the largest customer (Total Erg S.p.A.) for 1.8%.

Liquidity risk

Liquidity risk arises when it proves difficult to meet the obligations relating to financial liabilities.

The elements that make up the Group's liquidity are the resources generated or absorbed by operating and investing activities, the characteristics of its debt, the liquidity of its financial investments, and financial market conditions.

The Group has ensured adequate financial coverage with respect to amounts and maturities, and has no significant imminent payments to meet on existing debt.

Exposure and maturity data at the close of 2010 and 2009 were as follows:

Non derivative financial liabilities

	31.12.2010						
		Contractual cash flows					
(€k)	Carrying amount	Total	1-3 months	3-6 months	6 months – 1 year	1-5 years	Over 5 years
Current account overdrafts	19,267	19,267	18,779	–	–	–	488
Unsecured bank loans	1,295,658	1,295,658	210,192	–	18,560	1,066,906	–
Lease payments due to others	13,762	13,763	731	733	1,466	4,334	6,500
Other financial liabilities	832	831	–	–	104	449	278
Bonds	363,746	363,746	43,924	–	–	199,072	120,749
Trade payables	674,581	674,581	671,120	3,163	298	–	–
Due to suppliers for investments	77,915	77,916	77,709	193	–	14	–
Total	**2,445,761**	**2,445,761**	**1,022,455**	**4,089**	**20,427**	**1,270,774**	**128,015**

Non derivative financial liabilities

	31.12.2009 *						
		Contractual cash flows					
(€k)	Carrying amount	Total	1-3 months	3-6 months	6 months – 1 year	1-5 years	Over 5 years
Current account overdrafts	14,369	14,369	14,180	–	189	–	–
Unsecured bank loans	1,678,235	1,678,235	123,262	62	14,523	1,540,388	–
Lease payments due to others	10,192	10,192	276	1,037	1,282	6,156	1,441
Other financial liabilities	825	825	2	–	87	86	650
Bonds	364,996	364,996	30,543	–	–	225,028	109,425
Trade payables	655,488	655,489	644,473	10,079	893	44	–
Due to suppliers for investments	60,426	60,426	59,854	572	–	–	–
Total	**2,784,532**	**2,784,532**	**872,590**	**11,750**	**16,975**	**1,771,701**	**111,516**

* Excluding discontinued operations

With regard to exposure to trade payables, there is no significant concentration of suppliers, of whom the largest 10 account for 19% of the total and the leading supplier (Autostrade per l'Italia S.p.A.) for 5%.

2.2.7 Segment reporting

Since the sale of the Flight business on 31 December 2010, the Autogrill Group works exclusively in two business segments, whose common denominator is direct service to people on the move. The two segments are "Food & Beverage" (or F&B) and airport shopping ("Travel Retail & Duty–Free").

Food & Beverage takes place wherever people travel (mostly airports, motorways and railway stations), with a mainly local or at least domestic clientele.

Offerings are strongly influenced by the local palate, although at airports, many international brands are sold in consideration of the high proportion of non–domestic travellers.

To a greater or lesser degree depending on the country and channel, and either separately or in conjunction with food and drink, the F&B Division also sells everyday items (newspapers and magazines, tobacco products, toys) and other food and non–food items that travellers stopping for a meal will find convenient.

The operational levers are typically assigned to local organisations that are centralised at the country level.

The segment's performance is monitored separately for each organisation/country (HMSHost is an exception, as it covers the US, Canada, the Pacific Region and Schiphol Airport in the Netherlands), followed by an analysis of performance by sales unit.

Travel Retail & Duty–Free has a clientele made up chiefly of people travelling abroad, who are offered a uniform assortment of merchandise with minor forays into local products.

The operating structure (marketing, purchasing, etc.) is highly centralised. Following the acquisition of World Duty Free and exclusive control of Aldeasa, the Group began to integrate these with the Travel Retail & Duty–Free division of Alpha Group Plc., acquired in 2007. The integration of activities in the United Kingdom was completed by the end of 2008. In 2010, in parallel with the establishment of a distinct business group, managerial responsibility for the segment was unified and the next phase of integration began, involving organisation, processes and systems.

Group management tracks the performance of this segment as a whole, and then breaks down the trends by airport and type of merchandise.

The Group has therefore identified the following operating segments:

1. Food & Beverage ("F&B"), which is split into country units. Since many of these are insignificant on their own, only "Italy" and "HMSHost" are reported individually while the rest are grouped together as "Other".
2. Travel Retail & Duty–Free ("TR&DF")

The revenue and costs presented are those directly pertaining to the segment as a result of its core business. The Group has taken operating profit/loss (EBIT) as a measure of each segment's performance, while financial income and expense and income tax are assigned to the unallocated column.

Key information on operating segments is presented below, along with a breakdown of sales by region. The accounting policies used for segment reporting are the same as those employed in the consolidated financial statements.

	2010					
Segment (€k)	Food & Beverage Italy	Food & Beverage HMSHost	Food & Beverage Other	Travel Retail & Duty-Free	Non-allocated	Consolidated
Revenue	1,630,380	1,920,832	787,278	1,675,694	–	6,014,184
Other operating income	54,724	378	27,745	31,402	10,301	124,551
Total revenue and other operating income	**1,685,105**	**1,921,210**	**815,023**	**1,707,096**	**10,301**	**6,138,735**
Depreciation, amortisation and impairment losses on property, plant, equipment and intangible assets	(51,056)	(98,796)	(79,404)	(115,387)	(5,573)	(350,216)
Operating profit (loss)	**96,434**	**138,420**	**(25,190)**	**78,245**	**(32,746)**	**255,163**
Financial income (expense)					(74,894)	(74,894)
Share of profit of equity accounted investments					(451)	(451)
Pre tax profit (loss)					**(108,091)**	**179,818**
Income tax					(89,415)	(89,415)
Profit from discontinued operations					24,960	24,960
Profit (loss) for the year					**(172,546)**	**115,363**

	31.12.2010					
Goodwill	83,516	446,263	265,244	582,131	–	1,377,154
Other intangible assets	18,572	16,103	21,447	758,785	3,945	818,852
Property, plant and equipment	215,340	362,536	206,909	101,779	38,494	925,058
Investments	–	–	–	–	26,854	26,854
Non-current assets	**317,427**	**824,902**	**493,601**	**1,442,695**	**69,294**	**3,147,918**
Assets held for sale	**–**	**–**	**–**	**–**	**1,032**	**1,032**
Net working capital	(221,102)	(63,470)	(113,568)	(94,635)	(83,157)	(575,932)
Other non current non financial assets and liabilities	(81,703)	(11,724)	(12,237)	(30,788)	(149,676)	(286,129)
Net invested capital	**14,622**	**749,707**	**367,795**	**1,317,272**	**(162,507)**	**2,286,890**

	2009 *					
Segment (€k)	Food & Beverage Italy	Food & Beverage HMSHost	Food & Beverage Other	Travel Retail & Duty-Free	Non-allocated	Consolidated
Revenue	1,360,861	1,776,856	738,669	1,538,072	–	5,414,458
Other operating income	63,340	1,752	32,628	32,193	10,192	140,105
Total revenue and other operating income	**1,424,201**	**1,778,608**	**771,297**	**1,570,265**	**10,192**	**5,554,562**
Depreciation, amortisation and impairment losses on property, plant, equipment and intangible assets	(53,245)	(98,556)	(65,325)	(116,888)	(5,802)	(339,816)
Operating profit	**107,154**	**121,844**	**(12,479)**	**40,023**	**(32,253)**	**224,289**
Financial income (expense)					(93,169)	(93,168)
Share of profit of equity accounted investments					(127)	(127)
Pre tax profit (loss)					**(125,549)**	**130,994**
Income tax					(100,010)	(100,010)
Profit from discontinued operations					20,433	20,433
Profit (loss) for the year					**(205,126)**	**51,417**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

	31.12.2009 *					
Goodwill	83,516	412,795	268,198	564,918	–	1,329,427
Other intangible assets	18,530	14,423	26,015	820,110	–	879,078
Property, plant and equipment	212,939	357,411	216,281	119,260	–	905,890
Investments	–	–	–	–	25,093	25,093
Non-current assets	**314,985**	**784,629**	**510,493**	**1,504,288**	**25,093**	**3,139,489**
Assets held for sale	**–**	**–**	**–**	**–**	**172,595**	**172,595**
Net working capital	(217,496)	(137,083)	(103,580)	(56,500)	11,922	(502,737)
Other non current non financial assets and liabilities	(83,174)	(52,912)	(19,573)	(46,371)	(109,461)	(311,491)
Net invested capital	**14,315**	**594,633**	**387,341**	**1,401,417**	**100,149**	**2,497,856**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

Geographical area

	2010						
(€k)	Italy	USA and Canada	United Kingdom	Spain	Other Europe	Other world	Consolidated
Food & Beverage revenue	1,630,380	1,803,683	17,465	76,382	777,427	33,153	4,338,491
Travel Retail & Duty-Free revenue	–	76,595	785,090	526,920	7,711	279,378	1,675,694
Total revenue	**1,630,380**	**1,880,278**	**802,555**	**603,302**	**785,138**	**312,531**	**6,014,184**

	2009 *						
(€k)	Italy	USA and Canada	United Kingdom	Spain	Other Europe	Other world	Consolidated
Food & Beverage revenue	1,360,861	1,675,725	18,178	83,863	715,881	21,878	3,876,386
Travel Retail & Duty-Free revenue	–	61,437	713,887	494,266	9,378	259,104	1,538,072
Total revenue	**1,360,861**	**1,737,162**	**732,065**	**578,129**	**725,259**	**280,982**	**5,414,458**

* Please refer to Section 2.2.2 for the description of adjustments made to the figures since their original publication

2.2.8 Seasonal patterns

The Group's volumes are closely related to the flow of travellers, which is highly seasonal in some businesses, and this in turn affects consolidated results. A breakdown of 2010 results by quarter shows that volumes are concentrated in the second half of the year, and particularly in the third quarter, when business is at a peak due to summer holidays.

	2010			
(€m)	First quarter	First half	First nine months	Full year
Revenue	1,157.9	2,582.2	4,215.5	5,703.5
% on full year	*20.3%*	*45.3%*	*73.9%*	*100.0%*
Operating profit	22.7	97.5	247.8	255.2
% on full year	*8.9%*	*38.2%*	*97.1%*	*100.0%*
Pre tax profit	3.3	55.7	190.2	179.8
% on full year	*1.9%*	*31.0%*	*105.8%*	*100.0%*
Profit attributable to the owners of the parent	(9.1)	23.5	116.8	103.4
% on full year	*n.s.*	*22.7%*	*113%*	*100.0%*

Notes:
In order to compare data with the figures shown in the Director's Report, revenue does not include fuel sales made primarily in Swiss and Italian motorway service areas
Profit includes profit from discontinued operations
Profit excludes non–controlling interests

It should be noted that the above figures are merely indicative and cannot be used to predict results.

Seasonal trends are then magnified by cash flows, with the first quarter seeing a concentration of annual payments (namely concession fees), both as settlement of amounts accrued in the previous year and as advances on the year in course.

The consolidation of World Duty Free and the line–by–line consolidation of Aldeasa, whose businesses are concentrated in the central part of the year, have enhanced these seasonal patterns.

2.2.9 Guarantees given, commitments and contingent liabilities

Guarantees

At 31 December 2010 the guarantees given by the Autogrill Group amounted to € 181,468k (€ 187,467k at the close of 2009) and referred to performance bonds and other personal guarantees issued in favour of grantors and business counterparties. The decrease of € 5,999k is due mainly to the assignment of contracts, which involved returning the performance bonds that guaranteed participation in the bidding process, and the posting of definitive guarantees for lower amounts.

Commitments

Commitments outstanding at 31 December 2010, essentially unchanged since the previous year, concern:
- € 2,272k to be paid for the purchase of two commercial properties;
- the value of third–party assets in use (€ 1,625k);
- the value of the assets of leased businesses (€ 14,819k);
- the value of sale–or–return products held at Group locations (€ 5,425k).

The Group has also agreed to minimum future payments under operating leases, as detailed in section 2.2.10.

Contingent liabilities

For the sake of continuity of information, we report that in October 2004, the former controlling shareholders of Receco S.A. (Spain) began an arbitration proceeding requesting termination of the purchase and sale agreement. On 6 February 2006 the arbitral tribunal issued an award which states, inter alia, that purchase and sale agreement is valid and orders that once the amount of the guarantee to be given by the sellers has been determined, the shares making up the remaining 15% of Receco S.A. shall be transferred against simultaneous payment of the sum of € 6.5m. The award also orders that a bank guarantee be issued in favour of the buyer, Autogrill Participaciones S.L.U., for the amount of the guarantee determined.

The sellers, faced with this injunction, failed to comply and instead initiated two further arbitration proceedings before the International Chamber of Commerce. In the first request the sellers asked the tribunal to order that, due to exceptional events, the final sale price be determined on the basis of operating profit (EBIT) for 2009, and not for 2006 as originally stated in the agreement. The second request is to invalidate the method and computation of an outside expert, chosen by agreement between the parties in compliance with the first arbitration award, for the determination of 2004 operating profit functional to determining the amount of the guarantee to be provided by the sellers upon transfer of the remaining 15% of Receco S.A.

In 2007, the arbitral tribunal accepted a request from Autogrill Participaciones that the two proceedings be unified.

On 23 October 2009, after completing all evidence gathering and other preliminary steps, the arbitral tribunal issued a partial award in favour of Autogrill Participaciones confirming that the final sale price should be based on EBIT for 2006, and appointed a new accounting expert to determine that amount.

The new expert substantially confirmed the conclusions of the first, but remitted to the arbitral tribunal the interpretation of some contract provisions relevant to computing the final price of Receco shares.

Autogrill's legal team is confident that a final decision will be reached during the first half of 2011.

2.2.10 Operating leases

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

The management and provision of catering services along motorways or in airports is assigned by the motorway or airport operator to specialised companies under sub–concession arrangements.

In railway stations, in addition to this kind of contract, there are also commercial leases.

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

The most common forms of agreement are commercially described as follows.

Access concession

Ownership of the land and buildings along the motorway is in the hands of a private firm (like the Autogrill Group), which negotiates access rights with the motorway company with the commitment to sell fuel and lubricants and/or food and beverages to motorway users. The firm accepts the obligation to pay rent to the motorway as well as certain stipulations regarding the way the services are to be provided and the hours of operation.

Area concession

The motorway company authorises an entity (i) to build a service station and/or shop/restaurant on land which it owns and (ii) to carry on this business against payment of a fee based on turnover, with certain stipulations regarding the way the services are to be provided and the hours of operation.

On expiry of the contract, the assets built for provision of services are to be relinquished free of charge to the motorway company.

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

Service concession

The motorway operator authorises separate contractors by means of separate independent contracts to (i) build a service station and/or shop/restaurant on land which it owns and (ii) carry out this business against payment of a fee based on turnover, with certain stipulations regarding the way the services are to be provided and the hours of operation. On expiry of the contract, the assets built for this purpose are to be transferred free of charge to the motorway company.

Service concessions are also used in airport terminals where the contractor is authorised to sell food and beverages after installing the necessary equipment and furnishings at its own expense, against payment of a fee – usually based on turnover – and an agreement to guarantee service during the opening hours specified by the grantor. The contractor may have to transfer the assets free of charge when the concession expires, although this is fairly uncommon.

Business lease and commercial lease

Leasing a business or parts thereof allows an operator to use rights and/or buildings, equipment etc. organised to serve food and beverage products. In some cases the business consists of an authorisation to operate and administrative licenses. In these cases the operator incurs the necessary capital expenditure and provides the service. In other cases, a firm leases a company consisting of both the authorisation and the necessary buildings and equipment. Leasing a company in the concession business entails the obligation to ensure continuity of service and payment of a comprehensive fee which includes all amounts due to the landlord.

In a commercial lease, the operator uses buildings for business activity against payment of rent. The premises are equipped and furnished according to the specifications and at the expense of the operator, who must clear the premises when the lease expires.

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

Business lease is preferred by shopping center management companies and sometimes in other business segments, with the aim of precluding fixed duration which, together with other rights (e.g., pre–emption and loss of goodwill), may be stipulated in commercial leases, and to ensure coordinated management of the administrative licenses to trade.

Sub–contract

The operator prepares and serves food and beverages using its own equipment and staff, and receives payment based on turnover (sales to the consumer). The party awarding the contract owns the property and has title to all the takings.

The table below gives details by due date of the Group's future minimum lease payments at 31 December 2010:

(€k)	Total future lease payments	Sub–lease future payments [1]	Net future lease payments
2011	736,919	23,939	712,980
2012	669,888	18,195	651,693
2013	511,603	13,074	498,529
2014	466,392	10,374	456,018
2015	425,824	7,675	418,149
After 2015	1,784,001	17,800	1,766,201
Total	**4,594,628**	**91,058**	**4,503,569**

[1] Refers to part of the sub–concessions granted mainly in the USA and Italy, as agreed with the grantor

In 2010, the fees recognised in the income statement amount to € 1,082,263k for leases (including € 744,550k in guaranteed minimums), net of € 48,779k for sub–leases (including € 19,283k in guaranteed minimums).

2.2.11 Other information

Related party transactions

Autogrill S.p.A. is controlled by Schematrentaquattro S.r.l., which owns a 59.28% interest. Schematrentaquattro S.r.l. is a wholly-owned subsidiary of Edizione S.r.l.

All related-party transactions are carried out in the Group's interest and at arm's length.

Transactions with associates are negligible.

No transactions have taken place with Schematrentaquattro S.r.l.

Transactions with Edizione S.r.l.

(€k)	2010	2009	Change
Income statement			
Revenue	3	3	–
Other operating income	90	90	–
Personnel expense	124	130	(6)
Other operating expense	16	–	16

(€k)	31.12.2010	31.12.2009	Change
Statement of financial position			
Trade receivables	4	4	–
Other receivables	4,919	11,586	(6,667)
Other payables	127	151	(24)

"Other operating income" refers to services rendered by Autogrill concerning the use of equipped premises at the Rome offices.

"Personnel expense" refers to the fees accrued at 31 December 2010 for two directors of Autogrill S.p.A., which were paid over to Edizione S.r.l. where the parties respectively serve as board member and executive manager.

"Other operating expense" refer to the hire of meeting rooms.

"Other receivables" refer to excess IRES (corporate tax) advances paid by Autogrill S.p.A. in 2010, net of the IRES liability on 2010 income (€ 2,337k), and the IRES refund due for the deduction from taxable income of IRAP (regional tax) paid from 2004 to 2007 (€ 2,025k). The amount shown also includes € 100k due to Alpha Retail Italia S.r.l. and € 457k due to Nuova Sidap S.r.l. for participation in the national tax consolidation scheme of Edizione S.r.l.

Transactions with subsidiaries of Edizione S.r.l.

	Bencom S.r.l.		
Income statement (€k)	**2010**	**2009**	**Change**
Other operating income	380	411	(31)
Other operating expense	–	2	(2)

Statement of financial position (€k)	**31.12.2010**	**31.12.2009**	**Change**
Trade receivables	665	773	(109)
Trade payables	–	–	–

	Verde Sport S.p.A.			Atlantia group			Edizione Property S.p.A.		
Income statement (€k)	**2010**	**2009**	**Change**	**2010**	**2009**	**Change**	**2010**	**2009**	**Change**
Revenue	28	30	(2)	21	9	12	5	5	0
Other operating income	2	2	(0)	1,682	3,596	(1,914)	–	–	–
Other operating expense	85	65	20	917	905	12	–	–	–
Lease, rentals, concessions and royalties	–	–	–	77,737	74,997	2,740	–	–	–
Financial expense	–	–	–	1,393	1,419	(26)	–	–	–

Statement of financial position (€k)	**31.12.2010**	**31.12.2009**	**Change**	**31.12.2010**	**31.12.2009**	**Change**	**31.12.2010**	**31.12.2009**	**Change**
Trade receivables	12	16	(4)	1,364	1,081	283	6	7	(0)
Other receivables	–	–	–	54	–	54	–	–	–
Trade payables	3	39	(36)	38,371	43,656	(5,285)	–	–	–
Other payables	20	–	20	2	–	2	–	–	–

- **Atlantia group:** “Other operating income” refers to commissions on sales of Viacards (automatic toll collection cards), the reimbursement of utility costs incurred on behalf of Autostrade per l’Italia S.p.A., and the contribution of co–marketing activities for the improvement of quality in motorway catering.
  “Other operating expense” refer mainly to the purchase of advertising space.
  “Leases, rentals, concessions and royalties” consist of rent and accessory costs pertaining to the year.
  “Financial expense” reflect interest accrued at the annual rate of 4% in relation to the revised payment schedule for concession fees. The liability was settled before the end of December.
  The change in “Trade payables” relates mostly to greater coverage of the advances paid during the year with respect to total concession fees accrued.

- **Benetton Group S.p.A.:** “Other operating expense” refer to the hire of meeting rooms. Since August, rent has been managed by Edizione S.r.l.

- **Fabrica S.p.A.:** transactions refer to graphic design consulting and advertising production costs.

- **Verde Sport S.p.A.:** “Revenue” and “Trade receivables” refer to sales of products under the franchisee contract for operating a Spizzico restaurant at La Ghirada – Città dello Sport. “Other operating expense” concern sponsorships at sporting events and the purchase of advertising space.

- **Olimpias S.p.A.:** expense refers to the purchase of uniforms for sales personnel and the purchase of sundry materials.

- **Bencom S.r.l.:** “Other operating income” refers to rent and related charges for the sublet of premises in Via Dante, Milan.
  All liabilities are current; the receivable from Bencom S.r.l. will be paid off in instalments over the residual life of the sub–lease.

	Benetton Group S.p.A.			Fabbrica S.p.A.			Olimpias S.p.A.		
	2010	2009	Change	2010	2009	Change	2010	2009	Change
	–	–	–	–	–	–	–	–	–
	42	73	(31)	60	67	(7)	253	106	147

	31.12.2010	31.12.2009	Change	31.12.2010	31.12.2009	Change	31.12.2010	31.12.2009	Change
	–	–	–	–	–	–	–	–	–
	–	10	(10)	20	22	(2)	87	65	22

Stock option plans

On 20 April 2010, the Annual General Meeting approved a stock option plan entitling executive directors and/or employees of Autogrill S.p.A. and/or its subsidiaries to purchase ordinary Autogrill shares at the ratio of one share per option granted. The options are granted to beneficiaries free of charge and may be exercised, once the vesting period has elapsed, at a strike price calculated as the average stock market price for the month preceding the grant date.

The general meeting of 20 April also approved a share capital increase against payment to service the plan, valid whether subscribed in full or in part, and excluding subscription rights pursuant to Art. 2441(5) and (8) of the Italian Civil Code and Art. 134(2) of Legislative Decree 58 of 24 February 1998, by a maximum par value of € 1,040,000 (plus share premium), to be carried out no later than 30 May 2015 through the issue of up to 2,000,000 ordinary Autogrill shares in one or more tranches.

The stock option plan approved by the general meeting states that the options granted will only vest if, at the end of the vesting period, the terminal value of Autogrill shares is € 11.00 or higher. The terminal value is defined as the average official price of Autogrill S.p.A. ordinary shares during the three months prior to the last day of the vesting period, plus the dividends paid from the grant date until the end of the vesting period.

The number of options vested will then correspond to a percentage of the options granted, ranging from 30% for a terminal value of € 11 per share to 100% for a terminal value of € 17 per share or higher.

For each beneficiary there is also a "theoretical maximum capital gain" by virtue of which, regardless of other estimates, the number of options exercisable will be limited to the ratio "theoretical maximum capital gain"/(fair value – strike price)[2].

On 10 November 2010, the Board of Directors granted 1,261,000 options out of the 2,000,000 available, to 11 beneficiaries meeting the requirements of the plan. The options are exercisable during the period from 20 April 2014 to 30 April 2015, at a strike price of € 9.34.

The status of the plan at 31 December 2010 is as follows:
- options available: 2,000,000
- options granted: 1,261,000
- strike price: € 9.34 per share
- options exercised: none
- options expired: none

An independent external advisor has been hired to calculate the fair value of the stock options, based on the value of shares on the grant date, volatility, estimated dividend payments, the term of the plan and the risk–free rate of return.

The average fair value of the options granted in 2010 is € 1.30.

[2] As defined by Art. 9(4) of Presidential Decree no. 917 of 22 December 1986

For the year, the total costs recognised in profit or loss relation to share–based payment plans amounted to € 74k.

Thorough information on the stock option plan is provided in the Disclosure Document prepared in accordance with Art. 84–*bis* (1) and Annex 3A (Schedule 7) of Consob Regulation 11971/1999, which is available to the public at www.autogrill.com..

Remuneration of directors and key managers with strategic responsibilities

The following remuneration was paid to members of the Board of Directors and to executives with strategic responsibilities during the year ended 31 December 2010:

Name	Office held	Term of office	Remuneration (€)	Bonuses and other incentives (€)	Non–monetary benefits	Other fees (€)
Gilberto Benetton	Chairman	2008–2010	52,200			
Gianmario Tondato Da Ruos	CEO	2008–2010	510,443	850,000		479,149
Alessandro Benetton	Director	2008–2010	48,600			
Giorgio Brunetti	Director	2008–2010	63,200			
Antonio Bulgheroni	Director	2008–2010	59,400			
Francesco Giavazzi	Director	2008–2010	49,800			
Javier Gómez–Navarro	Director	2008–2010	52,200			
Arnaldo Camuffo	Director	2008–2010	60,000			
Paolo Roverato	Director	2008–2010	63,200			
Claudio Costamagna	Director	2008–2010	58,200			
Gianni Mion	Director	2008–2010	61,200			
Alfredo Malguzzi	Director	2008–2010	72,800			
Total directors			**1,151,243**	**850,000**	**–**	**479,149**
Managers with strategic responsibilities				2,178,972	189,497	3,112,362
Total			**1,151,243**	**3,028,972**	**189,497**	**3,591,511**

The CEO's remuneration includes his executive salary from Autogrill S.p.A., which is shown under "Other fees".

The CEO's contract states that if he resigns with just cause or is dismissed by the Company without just cause, the Company will top up to € 2m the standard indemnity in lieu of notice provided for in the national collective managers' contract for the commercial sector, when less than this amount.

A significant portion of the variable remuneration received by the CEO and by managers with strategic responsibilities is tied to the achievement of specific targets established in advance by the Board, by virtue of their participation in management incentive plans. Specifically, the CEO and top managers participated during the year in an annual bonus system involving earnings and financial targets and other strategic objectives for the Group and/or the relevant business unit, as well as individual objectives. This was in addition to the three–year incentive plan for 2010–2012.

See the section "Stock option plans" for a description of stock options applicable to the CEO and managers with strategic responsibilities.

Statutory auditors' fees

The following fees were paid to members of the Board of Statutory Auditors in 2010:

Name	Office held	Term of office	Fees (€)	Other fees (€)
Luigi Biscozzi	Chairman	01.01–31.12.2010	94,747	25,656
Eugenio Colucci	Standing auditor	01.01–31.12.2010	62,698	16,859
Ettore Maria Tosi	Standing auditor	01.01–31.12.2010	65,206	17,856
Total Statutory Auditors			**222,652**	**60,371**

"Other fees" refer to the remuneration accrued for statutory auditing duties at the subsidiary Nuova Sidap S.r.l.

Independent auditors' fees for audits and other services

Type of service	Service provider	Recipient	Fees (€k)
Auditing	Parent's auditors	Parent	317
	Parent's auditors	Subsidiaries	62
	Parent's auditors network	Subsidiaries	2,468
Attestation	Parent's auditors	Parent	177
	Parent's auditors	Subsidiaries	21
	Parent's auditors network	Subsidiaries	684
Consulting	Parent's auditors network	Subsidiaries	467

Significant non–recurring events and transactions

In 2010, there were no significant non–recurring events or transactions as defined by Consob's Resolution 15519 and Communication DEM/6064293.

Atypical or unusual transactions

No atypical or unusual transactions, as defined by Consob Communications DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006 were performed in 2010.

2.2.12 Subsequent events

Since 31 December 2010, no events have occurred that if known in advance would have entailed an adjustment to the figures in the consolidated financial statements or required additional disclosures in these Notes.

2.2.13 Authorisation for publication

The Board of Directors authorised the publication of these consolidated financial statements at its meeting of 8 March 2011.