3. SEPARATE FINANCIAL STATEMENTS

3.1 Separate financial statements of Autogrill S.p.A.

3.1.1 Statement of financial position

Note	(€)	31.12.2010	31.12.2009	Change
	ASSETS			
I	Cash and cash equivalents	37,002,296	39,863,702	(2,861,406)
II	Other financial assets	161,378,685	64,509,031	96,869,654
III	Tax assets	–	812,301	(812,301)
IV	Other receivables	52,026,514	59,613,676	(7,587,162)
V	Trade receivables	22,580,117	27,173,832	(4,593,715)
VI	Inventories	58,184,651	57,694,965	489,686
	Total current assets	**331,172,263**	**249,667,507**	**81,504,756**
VII	Property, plant and equipment	212,411,325	210,098,222	2,313,103
VIII	Goodwill	83,631,225	78,786,906	4,844,319
IX	Other intangible assets	38,877,270	39,633,905	(756,635)
X	Investments	1,202,965,850	623,417,609	579,548,241
XI	Other financial assets	712,533,893	1,458,578,612	(746,044,719)
XII	Other receivables	12,429,674	15,756,338	(3,326,664)
	Total non-current assets	**2,262,849,237**	**2,426,271,592**	**(163,422,355)**
	TOTAL ASSETS	**2,594,021,500**	**2,675,939,099**	**(81,917,599)**
	LIABILITIES AND EQUITY			
	LIABILITIES			
XIII	Trade payables	274,344,977	292,728,327	(18,383,350)
XIV	Tax liabilities	6,098,277	–	6,098,277
XV	Other current payables	87,336,990	79,981,044	7,355,946
XVI	Due to banks	95,535,414	119,390,710	(23,855,296)
XVII	Other financial liabilities	269,126,688	120,696,608	148,430,080
	Total current liabilities	**732,442,346**	**612,796,689**	**119,645,657**
XVIII	Loans, net of current portion	978,252,596	1,352,794,172	(374,541,576)
XIX	Deferred tax liabilities	19,855,056	13,798,393	6,056,663
XX	Post-employment benefits and other employee benefits	68,552,417	71,541,288	(2,988,871)
XXI	Provisions for risks and charges	13,587,260	14,852,373	(1,265,113)
XXII	Other non-current payables	7,276,256	–	7,276,256
	Total non-current liabilities	**1,087,523,585**	**1,452,986,226**	**(365,462,641)**
	TOTAL LIABILITIES	**1,819,965,931**	**2,065,782,915**	**(245,816,984)**
XXIII	**EQUITY**	**774,055,569**	**610,156,184**	**163,899,385**
	TOTAL LIABILITIES AND EQUITY	**2,594,021,500**	**2,675,939,099**	**(81,917,599)**

3.1.2 Income statement

Note	(€)	2010	2009	Change
XXIV	Revenue	1,352,686,365	1,324,149,315	28,537,050
XXV	Other operating income	65,895,242	76,094,718	(10,199,476)
	Total revenue and other operating income	**1,418,581,607**	**1,400,244,033**	**18,337,574**
XXVI	Raw materials, supplies and goods	656,805,736	646,228,090	10,577,646
XXVII	Personnel expense	319,086,638	302,936,898	16,149,740
XXVIII	Leases, rentals, concessions and royalties	184,319,186	175,720,707	8,598,479
XXIX	Other operating costs	144,207,821	144,859,348	(651,527)
XXX	Depreciation, amortisation and impairment losses	56,922,872	54,769,942	2,152,930
	Operating profit	**57,239,354**	**75,729,048**	**(18,489,694)**
XXXI	Financial income	277,239,330	171,443,929	105,795,401
XXXII	Financial expense	(114,206,864)	(143,646,111)	29,439,247
XXXIII	Adjustment to the value of financial assets	(19,747,809)	(6,838,529)	(12,909,280)
	Pre-tax profit	**200,524,011**	**96,688,337**	**103,835,674**
XXXIV	Income tax	(36,172,114)	(33,946,945)	(2,225,169)
	Profit for the year	**164,351,897**	**62,741,392**	**101,610,505**

3.1.3 Statement of comprehensive income

(€)	2010	2009	Change
Profit for the year	**164,351,897**	**62,741,392**	**101,610,505**
Effective portion of fair value change in cash flow hedge	(1,964,067)	(822,488)	(1,141,579)
Income tax on comprehensive income	540,118	226,184	313,934
Total comprehensive income for the year	**162,927,948**	**62,145,088**	**100,782,860**

3.1.4 Statement of changes in equity

(€k)	Share capital	Legal reserve	Hedging reserve	Other reserves and retained earnings	Treasury shares	Profit for the year	Equity
31.12.2008	**132,288**	**22,925**	**(41,675)**	**422,251**	**(944)**	**18,305**	**553,150**
Effective portion of fair value change in cash flow hedges, net of the tax effect	–	–	(597)	–	–	–	(597)
Allocation of 2008 profit to reserves	–	915	–	17,390	–	(18,305)	–
Goodwill arising from mergers of subsidiaries	–	–	–	(5,138)	–	–	(5,138)
Profit for the year	–	–	–	–	–	62,741	62,741
31.12.2009	**132,288**	**23,840**	**(42,272)**	**434,503**	**(944)**	**62,741**	**610,156**
Effective portion of fair value change in cash flow hedges, net of the tax effect	–	–	(1,424)	–	–	–	(1,424)
Allocation of 2009 profit to reserves	–	2,618	–	60,123	–	(62,741)	–
Goodwill arising from mergers of subsidiaries	–	–	–	898	–	–	898
Stock option	–	–	–	74	–	–	74
Profit for the year	–	–	–	–	–	164,352	164,352
31.12.2010	**132,288**	**26,458**	**(43,696)**	**495,598**	**(944)**	**164,352**	**774,056**

3.1.5 Statement of cash flows

(€k)	2010	2009	Change
Opening - net cash and cash equivalents	**38,103**	**47,424**	**(9,321)**
Operating profit	57,239	75,729	(18,490)
Depreciation, amortisation and impairment losses on non-current assets, net of reversals	56,923	51,797	5,126
(Gains)/losses on the disposal of non-current assets	171	(7,297)	7,468
Change in working capital	(5,213)	5,127	(10,339)
Net change in non-current assets and liabilities	4,449	(13,870)	18,319
Cash flow from operating activities	**113,569**	**111,486**	**2,083**
Net interest paid	(23,061)	(48,405)	25,344
Taxes paid	(6,679)	(2,400)	(4,279)
Net cash flow from operating activities	**83,829**	**60,680**	**23,149**
Acquisition of property, plant and equipment and intangible assets	(57,191)	(31,925)	(25,266)
Proceed from sales of non-current assets	1,257	9,434	(8,177)
Acquisition in investments in subsidiaries	(605,496)	(23,309)	(582,187)
Dividends received	173,758	34,281	139,478
Other movements	74	–	74
Net cash flow used in investing activities	**(487,598)**	**(11,519)**	**(476,078)**
Net change in intercompany borrowings	814,834	170,196	644,638
Net change in drawdowns on medium/long-term revolving credit facilities	(299,421)	(238,278)	(61,143)
Short-term loans net of repayments	(115,820)	9,600	(125,420)
Net cash flow used in financing activities	**399,593**	**(58,483)**	**458,075**
Cash flow used in the year	**(4,175)**	**(9,321)**	**5,146**
Closing - net cash and cash equivalents	**33,927**	**38,103**	**(4,175)**

(€k)	2010	2009	Change
Opening - net cash and cash equivalents	**38,103**	**47,424**	**(9,321)**
Cash and cash equivalents	39,864	52,233	(12,369)
Current account overdrafts	(1,761)	(4,809)	3,048
Closing - net cash and cash equivalents	**33,927**	**38,103**	**(4,176)**
Cash and cash equivalents	37,002	39,864	(2,861)
Current account overdrafts	(3,075)	(1,761)	(1,314)

3.2 Notes to the separate financial statements

3.2.1 Accounting policies

Company operations

Autogrill S.p.A. 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 company among the main players in its market that operates almost exclusively under concession.

Operations in Italy, performed directly by Autogrill S.p.A. and by its wholly-owned subsidiaries Nuova Sidap S.r.l. and Alpha Retail Italia S.r.l., consist mostly of catering for people on the move and quick-service restaurants in busy locations. Food & Beverage units along motorways also sell groceries and non-food products and distribute fuel to the public.

As part of the process of adapting and simplifying the Group's ownership structure, in 2010 the wholly-owned subsidiary Trentuno S.p.A. was merged into Autogrill S.p.A. The merger was effective retroactively from 1 January 2010 for tax and accounting purposes and had no significant effect on the financial statements. For the same reasons, in 2010 Autogrill S.p.A. acquired 100% of Autogrill Participaciones S.L.U. (renamed Autogrill Iberia S.L.U. on 1 January 2011) and the remaining 56.86% of Autogrill Schweiz A.G. (now wholly-owned). These companies were already indirect subsidiaries of Autogrill S.p.A.

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);
- 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).

Autogrill 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 Autogrill 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 financial statements to an extent requiring mention in these notes.

The separate financial statements were prepared on a going-concern basis using the euro as the presentation currency. The statement of financial position, income statement, and statement of comprehensive income are presented in euros, while the statement of changes in equity, the statement of cash flows and all amounts in the notes, unless otherwise specified, are expressed in thousands of euros (€k).

Structure, format and content of the separate financial statements

In accordance with IAS 1 Revised and IAS 7, the formats used in the Company's 2010 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.

Accounting policies

The Company 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 Company has followed the rules of IFRS 3 (2008) – Business combinations.

Autogrill accounts for all business combinations by applying the purchase 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 Company, 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 Company 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 purchase 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 Company 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 initially measured at cost, i.e., the amount by which the acquisition cost exceeds the Company'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 Company 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 Company 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 investment with respect to the carrying amount of the interest in the net assets acquired on the transaction date.

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 others are recognised as a deduction from the related cost.

Financial expenses are recognised to 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.

The Company provides for post-employment benefits through defined-contribution and/or defined-benefit plans.

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

Defined-contribution plans are post-employment benefit plans under which the Company 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 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 Company, 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 Company plan are considered. An economic benefit is available to the Company 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 Company. Regarding the actuarial gains and losses arising from the calculation of plan liabilities, the Company 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 current liabilities ("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 net 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 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[1] Nuova Sidap S.r.l. and Alpha Retail Italia S.r.l.[2], 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”.

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 Company 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 or the liability is settled, taking account of the tax rates in force at the close of the year.

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 Company 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 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 amortised over their useful life when it is likely that use of the asset will generate future economic benefits.

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

[1] Trentuno S.p.A., merged into Autogrill S.p.A. with retrospective effect for tax and accounting purposes from 1 January 2010, had also participated in the national tax consolidation scheme of Edizione S.r.l.

[2] For Alpha Retail S.r.l. the relevant period is 2011-2013

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 assets:

Software licenses	3–5 years
License to sell state monopoly goods	Term of license
Brands	20 years
Other:	
Application software	3–5 years
Other costs to be amortised	5 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 assets.

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 systematically depreciated on a straight-line basis at rates deemed to reflect their estimated useful lives. The Company 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.

Depreciation rates are as follows:

Industrial buildings	3%
Plant and machinery	8%–33%
Industrial and commercial equipment	20%–33%
Furniture and fittings	10%–20%
Motor vehicles	25%
Other	12%–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 alter 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 value, 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.

Investments

Investments in subsidiaries and other companies are measured at cost adjusted for impairment losses, as described below.

Impairment losses on assets

At each reporting date, the Company tests whether there is evidence of impairment of its property, plant and equipment, intangible assets and investments. 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 Company 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 point of sale or points of sale 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 market value (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.

Because the fair value of investments in subsidiaries and associates cannot be readily determined, their recoverable amount is taken as their estimated value in use, calculated by discounting the cash flows associated with their forecast results.

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.

Current assets and current and 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 losses.

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 and derecognised on the trade date and are initially measured at fair value, including direct acquisition costs.

Subsequently, the financial assets that the Company 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 shareholders' 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 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.

Bank loans, loans and overdrafts
Interest-bearing bank loans 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.

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
Autogrill's liabilities are exposed primarily to financial risks due to changes in interest and exchange rates.

To manage these risks the Company uses financial derivatives, mainly in the form of interest rate swaps, forward rate agreements, interest rate options, and combinations of these. Company policy is to convert part of floating-rate debt into fixed-rate. The use of derivatives is governed by 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 Company'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. The Company does 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 futures 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 reversed 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.

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 Company 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 Company 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 Company 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 rates gains and losses arising from translation are recognised in the income statement.

Use of estimates

The preparation of the separate 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 year-end. Actual results may differ. Estimates are used to determine the fair value of financial instruments, allowances for impairment and inventory obsolescence, depreciation, amortisation, impairment losses on assets, employee benefits, tax, and other provisions. Estimates and assumptions are periodically reviewed and the effect of any change is immediately taken to the income statement of the current and future years.

3.2.2 Notes to the statement of financial position

Current assets

I. Cash and cash equivalents

This item decreased by € 2,862k (see the statement of cash flows for details).

The components of this item are summarised below:

(€k)	31.12.2010	31.12.2009	Change
Bank and post office deposits	8,439	9,071	(632)
Deposits in transit	21,536	24,194	(2,658)
Cash at sales outlets and HQ	7,027	6,599	428
Total	**37,002**	**39,864**	**(2,862)**

II. Other financial assets

Other financial assets are as follows:

(€k)	31.12.2010	31.12.2009	Change
Financial receivables from subsidiaries	160,209	63,545	96,664
Fair value of exchange rate hedges	1,170	964	206
Total	**161,379**	**64,509**	**96,870**

"Financial receivables from subsidiaries" consist of € 160,209k in short-term loans, including accrued interest of € 11,356k.

Most of the change in this item was due to the Company's replacement of loans previously granted by banks to subsidiaries. Specifically, new loans were granted to:

- Aldeasa S.A. for € 55,000k and € 14,968k ($ 20m),
- Holding de Participations Autogrill S.a.s. for € 32,600k,
- Autogrill Nederland B.V. for € 13,850k,
- Autogrill Participaciones S.L.U. for € 11.000k,
- Autogrill Restauration Carrousel S.a.s. for € 4,300k,
- HMSHost Ireland Ltd. for € 1,500k,
- Autogrill Restauration Services S.a.s. for € 1,300k,
- Autogrill Hellas E.p.E. for € 891k.

There was also an increase of € 8,138k in the loan granted to Nuova Sidap S.r.l. to support a major development plan carried out during the year.

Conversely, Autogrill Finance S.A. repaid loans for a total of € 54,077k.

The "Fair value of exchange rate hedges" refers for € 262k to derivatives with a notional amount of Cad 55.5m (€ 41.3m) and for € 908k to derivatives with a notional amount of Chf 146.1m (€ 115.9m).

III. Tax assets

There were no tax assets at 31 December 2010, as the receivable for overpayment of IRAP in 2009, which constituted the balance at the end of that year, was offset by the liability accrued on 2010 taxable income.

IV. Other receivables

"Other receivables", totalling € 52,027k at 31 December 2010, are made up as follows:

(€k)	31.12.2010	31.12.2009	Change
Suppliers	34,124	32,661	1,463
Inland revenue, social security and other government agencies	372	280	92
Credit card receivables	97	116	(19)
Accrued income and prepayments	3,293	3,860	(567)
Other	14,141	22,697	(8,556)
Total	**52,027**	**59,614**	**(7,587)**

"Suppliers" refers chiefly to amounts receivable for promotional contributions and supplier bonuses.

"Accrued income and prepayments" of € 3,293k consist mainly of the portion of concession fees pertaining to the subsequent year.

Most of the change in "Other" relates to the IRES (corporate income tax) credit due from Edizione S.r.l. as a result of Autogrill's participation in the national tax consolidation scheme. The change since 31 December 2009 is due mainly to the IRES liability on 2010 taxable income, which reduced the receivable carried forward from the previous year, and the refund of the amount paid in excess.

V. Trade receivables

Trade receivables of € 22,580k at 31 December 2010 are detailed below:

(€k)	31.12.2010	31.12.2009	Change
Third parties	20,134	22,194	(2,060)
Disputed receivables	7,911	7,845	66
Due from subsidiaries	2,361	4,885	(2,524)
Allowance for impairment	(7,826)	(7,750)	(76)
Total	**22,580**	**27,174**	**(4,594)**

"Third parties" refers mainly to catering service agreements and accounts with affiliated companies. The latter, amounting to € 5,339k at the close of the year, are secured by bank guarantees totalling € 4,982k.

"Disputed receivables" concern accounts being pursued through the courts. Receivables from subsidiaries relate to trade transactions with Group companies, mainly for the sale of goods to Italian subsidiaries. The balance went down due mainly to the merger of Trentuno S.p.A. into Autogrill S.p.A.

The "Allowance for impairment" changed as follows:

(€k)	
Balance at 31.12.2009	**7,750**
Contribution from merger (Trentuno S.p.A.)	15
Allocation	174
Utilisations	(113)
Balance at 31.12.2010	**7,826**

VI. Inventories

Inventories consist of:

(€k)	31.12.2010	31.12.2009	Change
Food & Beverage and retail	34,802	33,731	1,071
State monopoly goods, lottery tickets and newspapers	20,170	21,203	(1,033)
Fuel and lubricants	1,110	1,323	(213)
Sundry merchandise and other	2,103	1,438	665
Total	**58,185**	**57,695**	**490**

and are shown net of the obsolescence provision, which changed as follows:

(€k)	
Balance at 31.12.2009	**600**
Utilisations	(168)
Balance at 31.12.2010	**432**

The main reason for the decrease in state monopoly goods, lottery tickets and newspapers is the absorption of the overstock of instant lottery tickets that was formed at the end of 2009 as the result of an exceptional procurement.

Non-current assets

VII. Property, plant and equipment

As follows:

	31.12.2010				31.12.2009			
(€k)	Gross value	Accumulated depreciation	Accumulated impairment losses	Carrying amount	Gross value	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land and buildings	40,207	(17,748)	(314)	22,145	38,928	(16,894)	(171)	21,863
Plant and machinery	47,725	(38,254)	(651)	8,820	45,445	(35,215)	(478)	9,752
Industrial and commercial equipment	280,705	(226,133)	(3,327)	51,245	264,975	(209,343)	(3,384)	52,248
Assets to be transferred free of charge	162,777	(112,280)	(1,545)	48,952	150,798	(103,734)	(599)	46,465
Other	29,711	(26,945)	(122)	2,644	29,064	(25,813)	(125)	3,126
Assets under construction and payments on account	16,236	–	–	16,236	17,718	–	–	17,718
Leasehold improvements	245,337	(173,703)	(9,265)	62,369	229,307	(164,310)	(6,071)	58,926
Total	**822,698**	**(595,063)**	**(15,224)**	**212,411**	**776,235**	**(555,309)**	**(10,828)**	**210,098**

Details of changes in all items are given in the table further on.

The increase of € 50,138k stems primarily from the modernisation and renovation of stores and the replacement of obsolete plant, equipment and furnishings. Net decreases of € 1,267k mostly concern the streamlining of the business portfolio.

Impairment testing led to the recognition of € 4,800k in impairment losses (€ 2,974k in 2009).

VIII. Goodwill

Goodwill shows a balance of € 83,631k, up from € 78,787k at the close of 2009 due to the merger of Trentuno S.p.A.

The operations of Trentuno S.p.A. have been completely integrated into the "Food & Beverage - Italy" business, to which its goodwill has been allocated in full.

The recoverability of goodwill is tested by estimating its value in use, defined as the present value of estimated future cash flows discounted at a rate reflecting the time value of money and specific risks as of the measurement date.

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 applying a nominal growth rate ("g"), which does not exceed the sector's long-term growth projections in Italy, to the final year of the forecast.

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 after taxes		Discount rate before taxes	
				31.12.2010	31.12.2009	31.12.2010	31.12.2009
Food & Beverage Italy	5 years	Perpetual	2%	7.19%	7.15%	10.08%	9.85%

To estimate cash flows for the period 2011-2015, the Company made a number of assumptions, including an estimate of air and road traffic volumes and thus of the future growth of sales, operating costs, investments, and changes in working capital. More specifically, revenue growth was set to average 3.0% per year. This assumes a moderate recovery in motorway traffic and a renewal rate for expiring contracts in line with Autogrill'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.

On the basis of these assumptions, the recognised amount of goodwill was found to be fully recoverable.

An analysis of sensitivity to changes in the growth rate for terminal value and in the discount rate has confirmed that the carrying amount of goodwill is fully recoverable even when using extremely prudent rates.

IX. Other intangible assets

	31.12.2010				31.12.2009			
(€k)	Gross value	Accumulated amortisation	Accumulated impairment losses	Carrying amount	Gross value	Accumulated amortisation	Accumulated impairment losses	Carrying amount
Concessions, licenses, brands and similar rights	45,979	(19,798)	(189)	25,992	44,708	(16,245)	(212)	28,251
Assets under development and payments on account	2,051	–	–	2,051	3,429	–	–	3,429
Other	47,616	(35,395)	(1,387)	10,834	39,724	(30,380)	(1,390)	7,954
Total	**95,646**	**(55,193)**	**(1,576)**	**38,877**	**87,861**	**(46,625)**	**(1,602)**	**39,634**

"Concessions, licenses, brands and similar rights" refer mainly to licenses for the sale of goods held under state monopoly and to proprietary brands. Most of the change stems from an increase in licenses for new openings (€ 284k), the renewal of expired licenses (€ 436k), and the purchase/renewal of software licenses (€ 450k).

"Assets under development and payments on account" refer to investments in new software applications that are not yet in use.

The item “Other” relates mainly to software programs developed as part of the Company’s IT development plan.

With the exception of goodwill, no intangible assets have an indefinite useful life.

Changes in other intangible assets and property, plant and equipment

Intangible assets

	31.12.2009			Changes in gross carrying amount				
(€k)	Gross value	Accumulated amortisation and impairment losses	Net carrying amount	Increases	Decreases	Other movements	Contribution from merger	Total
Concessions, licenses, brands and similar rights	44,708	(16,457)	28,251	1,170	(179)	242	38	1,271
Assets under development and payments on account	3,429	–	3,429	2,504	(76)	(3,806)	–	(1,378)
Other	39,724	(31,770)	7,954	3,379	(56)	3,109	1,460	7,892
Total	**87,861**	**(48,227)**	**39,634**	**7,053**	**(311)**	**(455)**	**1,498**	**7,785**

Property, plant and equipment

	31.12.2009			Changes in gross carrying amount				
(€k)	Gross value	Accumulated depreciation and impairment losses	Net carrying amount	Increases	Decreases	Other movements	Contribution from merger	Total
Non-industrial land	5,479	–	5,479	–	(48)	–	–	(48)
Industrial land and buildings	33,449	(17,065)	16,384	363	(25)	471	518	1,327
Plant and machinery	45,445	(35,693)	9,752	1,163	(277)	352	1,042	2,280
Industrial and commercial equipment	264,975	(212,727)	52,248	12,886	(2,638)	1,639	3,843	15,730
Assets to be transferred free of charge	150,798	(104,333)	46,465	10,676	(2,087)	3,390	–	11,979
Other	29,064	(25,938)	3,126	503	(351)	308	187	647
Assets under construction and payments on account	17,718	–	17,718	8,017	(249)	(9,250)	–	(1,482)
Leasehold improvements	229,307	(170,381)	58,926	16,530	(4,518)	3,545	473	16,030
Total	**776,235**	**(566,137)**	**210,098**	**50,138**	**(10,193)**	**455**	**6,063**	**46,463**

Amortisation/impairment losses						31.12.2010		
Increase								
Amortisation	Impairment losses	Decreases	Other movements	Contribution from merger	Total	Gross value	Accumulated amortisation and impairment losses	Net carrying amount
(3,669)	(11)	180	–	(29)	(3,529)	45,979	(19,986)	25,993
–	–	–	–	–	–	2,051	–	2,051
(4,115)	–	54		(952)	(5,013)	47,616	(36,783)	10,834
(7,784)	**(11)**	**234**	**–**	**(981)**	**(8,542)**	**95,646**	**(56,769)**	**38,877**

Depreciation/impairment losses						31.12.2010		
Depreciation								
Amortisation	Impairment losses	Decreases	Other movements	Contribution from merger	Total	Gross value	Accumulated depreciation and impairment losses	Net carrying amount
–	–	–	–	–	–	5,431	–	5,431
(813)	(143)	23	–	(64)	(997)	34,776	(18,062)	16,714
(2,384)	(194)	254	–	(888)	(3,212)	47,725	(38,905)	8,820
(16,453)	–	2,488	(13)	(2,755)	(16,733)	280,705	(229,460)	51,245
(10,558)	(946)	1,695	317	–	(9,492)	162,777	(113,825)	48,952
(1,313)	–	351	–	(167)	(1,129)	29,711	(27,067)	2,644
–	–	–	–	–	–	16,236	–	16,236
(12,659)	(3,517)	4,115	(304)	(222)	(12,587)	245,337	(182,968)	62,369
(44,180)	**(4,800)**	**8,926**	**–**	**(4,096)**	**(44,150)**	**822,698**	**(610,287)**	**212,411**

X. Investments

Investments at 31 December 2010 were worth € 1,202,966k: € 1,202,946k in subsidiaries and € 20k in other companies.

Movements during the year are shown below:

	31.12.2009		
(€k)	Cost	Impairment losses	Net carrying amount
Nuova Sidap S.r.l.	1,753	(1,220)	533
Trentuno S.p.A.	12,240	(6,039)	6,201
Alpha Retail Italia S.r.l.	900	–	900
Autogrill Austria A.G.	13,271	–	13,271
Autogrill Belux N.V.	46,375	–	46,375
Autogrill Catering UK Limited	1,647	–	1,647
Autogrill Czech S.r.o.	–	–	–
Autogrill D.o.o.	3,464	(3,068)	396
Autogrill Deutschland GmbH	25,378	–	25,378
Autogrill Participaciones S.L.U	–	–	–
Autogrill España S.A.U.	28,783	–	28,783
Autogrill Europe Nord-Ouest S.A.	168,606	–	168,606
Autogrill Finance S.A.	250	–	250
Autogrill Hellas E.p.E.	2,791	–	2,791
Autogrill Group Inc. (formerly Autogrill Overseas Inc.)	217,406	–	217,406
Autogrill Polska Sp.zo.o.	358	–	358
Autogrill Schweiz A.G.	91,000	–	91,000
HMSHost Ireland Ltd.	13,500	–	13,500
HMSHost Sweden A.B.	6,005	–	6,005
Holding de Participations Autogrill S.a.s.	–	–	–
Others	18	–	18
Total	**633,745**	**(10,327)**	**623,418**

The more important changes concern:

- the derecognition of the investment in Trentuno S.p.A. after it was merged into Autogrill S.p.A.;
- the reversal of the impairment loss recognised on the investment in Nuova Sidap S.r.l. after the reasons for charging such impairment loss ceased to apply, and an increase due to the partial waiver of a receivable due from that subsidiary during the year;
- the acquisition of a further 56.86% interest in Autogrill Schweiz A.G., active in the Food & Beverage business in Switzerland, for €152,031k. The purchase price was based on an independent appraisal commissioned by the two

Movements				31.12.2010		
Cancellation due to merger	Increases	Decreases	Impairment (losses)/reversals	Cost	Impairment losses	Net carrying amount
–	600	–	1,220	2,353	–	2,353
(6,201)	–	–	–	–	–	–
–	–	–	–	900	–	900
–	–	–	(13,271)	13,271	(13,271)	–
–	–	–	–	46,375	–	46,375
–	1,204	–	–	2,851	–	2,851
–	1,858	–	–	1,858	–	1,858
–	1,300	–	(1,696)	4,764	(4,764)	–
–	–	–	–	25,378	–	25,378
–	47,629	–	–	47,629	–	47,629
–	400,000	–	–	428,783	–	428,783
–	–	–	–	168,606	–	168,606
–	–	–	–	250	–	250
–	–	–	–	2,791	–	2,791
–	–	–	–	217,406	–	217,406
–	872	–	–	1,230	–	1,230
–	152,031	–	–	243,031	–	243,031
–	–	–	(6,000)	13,500	(6,000)	7,500
–	–	–	–	6,005	–	6,005
–	–	–	–	–	–	–
–	2	–	–	20	–	20
(6,201)	**605,496**	**–**	**(19,747)**	**1,227,001**	**(24,035)**	**1,202,966**

companies. The acquisition increased the investment percentage from 43.14% to 100%;
- the acquisition of 100% of Autogrill Partecipaciones S.L.U. (renamed Autogrill Iberia S.L.U. from 1 January 2011), active in the Food & Beverage business in Spain, for € 47,629k. The purchase price was based on an independent appraisal commissioned by the two companies;
- the capital contributions made during the year to Autogrill Czech S.r.o., Autogrill España S.A.U., Autogrill Catering UK Ltd. and Autogrill Polska Sp.zo.o.;
- the impairment losses recognised on the investment in Autogrill Austria A.G. and HMSHost Ireland Ltd.;
- the waiver of the receivable due from Autogrill D.o.o. (Slovenia) for € 1,300k, and the complete impairment of that investment.

3.2 Notes

The following table provides key data on subsidiaries at 31 December 2010 (see the annex for a full list of subsidiaries held indirectly):

Name	Registered office	Currency	Share capital/ quota	Number of shares/ quotas *	Equity at 31.12.2010 *	2010 profit (loss) *	% held		Carrying amount (€) *
							Directly	Indirectly	
Nuova Sidap S.r.l.	Novara	Euro	100,000	0.001	233	(653)	100.0	–	2,353
Alpha Retail Italia S.r.l.	Rome	Euro	10,000	0.001	647	(76)	100.0	–	900
Autogrill Austria A.G.	Gottlesbrunn (Austria)	Euro	7,500,000	7,500	(3,337)	(6,218)	100.0	–	–
Autogrill Belux N.V.	Merelbeke (Belgium)	Euro	10,000,000	8,883	22,098	3,581	99.999	0.001	46,375
Autogrill Catering UK Limited	Bedfont Lakes (United Kingdom)	Gbp	2,154,578	500	(1,785)	841	100.0	–	2,851
Autogrill Czech S.r.o.	Prague (Czech Republic)	Czk	126,000,000	–	35,419	(5,736)	100.0	–	1,858
Autogrill D.o.o.	Ljubljana (Slovenia)	Euro	2,480,000	1	823	(519)	100.0	–	–
Autogrill Deutschland GmbH	Munich (Germany)	Euro	205,000	1	27,414	471	100.0	–	25,378
Autogrill Participaciones S.L.U	Madrid (Spain)	Euro	7,000,000	1	17,875	103	100.0	–	47,629
Autogrill España S.A.U.	Madrid (Spain)	Euro	1,800,000	300	600,273	237,246	100.0	–	428,783
Autogrill Europe Nord-Ouest S.A.	Luxembourg	Euro	41,300,000	4,130	11,932	764	99.999	0.001	168,606
Autogrill Finance S.A.	Luxembourg	Euro	250,000	25	116	153	99.996	0.004	250
Autogrill Hellas E.p.E.	Avlona Attikis (Greece)	Euro	1,696,350	57	1,787	(474)	100.0	–	2,791
Autogrill Group Inc. (formerly Autogrill Overseas Inc.)	Wilmington (USA)	Usd	33,793,055	1	229,500	96,600	100.0	–	217,406
Autogrill Polska Sp.zo.o.	Wroclaw (Poland)	Pln	10,050,000	6,100	7,009	(2,985)	51.0	–	1,230
Autogrill Schweiz A.G.	Olten (Switzerland)	Chf	23,183,000	10	178,745	144,109	100.0	–	243,031
HMSHost Ireland Ltd.	Lee View House (Ireland)	Euro	13,600,000	13,600	5,905	(2,079)	100.0	–	7,500
HMSHost Sweden A.B.	Stockholm (Sweden)	Sek	2,500,000	25	40,486	8,773	100.0	–	6,005
Holding de Participations Autogrill S.a.s.	Marseille (France)	Euro	84,581,920	556	81,184	141	0.001	99.999	–
Others		Euro	–	–	–	–	100.0	–	20
Total									**1,202,966**

* Amounts in local currency, in thousands

During the year, the investments in Autogrill Austria A.G., Autogrill D.o.o. (Slovenia) and HMSHost Ireland Ltd. showed signs of impairment.

Impairment testing (by means of discounting the cash flows from projected cash flows) showed that their recoverable amount had fallen below their carrying amounts, which were therefore reduced accordingly. The combined impairment loss of € 19,747k was recognised in the income statement.

XI. Other financial assets

These consist mainly of long-term loans due from Group companies:

(€k)	31.12.2010	31.12.2009	Change
Loans granted to subsidiaries:			
Alpha Retail Italia S.r.l.	251	250	1
Autogrill Austria A.G.	11,099	10,099	1,000
Autogrill Czech S.r.o.	–	2,455	(2,455)
Autogrill España S.A.U.	479,630	1,250,737	(771,107)
World Duty Free Europe Ltd.	214,929	189,618	25,311
Autogrill Polska Sp.zo.o.	1,006	–	1,006
Autogrill D.o.o.	–	200	(200)
Other financial receivables	5,619	5,220	399
Total	**712,534**	**1,458,579**	**(746,045)**

All of these loans charge interest at market rates.

Most of the change in this item reflects:
- the partial repayment of loans for a total of € 771,107k by Autogrill España S.A.U., using the funds obtained from the € 400m capital contribution made by Autogrill S.p.A. at the end of the year, the substantial dividends received from its UK subsidiary, and the proceeds from the sale of Autogrill Participaciones S.L.U. to Autogrill S.p.A. of the change, € 5,167k also reflects the translation at the year-end exchange rate of the remaining £ 144.4m balance on a £ 400m loan granted in 2008;
- the repayment of € 1,932k by Autogrill Czech S.r.l. and the reclassification of the short-term portion (€ 523k);
- an increase of € 25,311k with respect to World Duty Free Europe Ltd., including € 4,985k for translation at the year-end exchange rate of the loan denominated in British pounds (£ 185m);
- an increase of € 1,000k in loans to Autogrill Austria A.G.;
- a new loan of Pln 4m (€ 1,006k) to Autogrill Polska Sp.zo.o.

XII. Other receivables

Most of the balance of € 12,430k (€ 15,756k at 31 December 2009) consists of concession fees paid in advance, primarily for motorway food & beverage operations. The decrease is explained by the reclassification to short-term receivables of the amount pertaining to 2010.

Current liabilities

XIII. Trade payables

These amount to € 274,345k, as follows:

(€k)	31.12.2010	31.12.2009	Change
Due to suppliers	274,288	290,469	(16,181)
Due to subsidiaries	57	2,259	(2,202)
Total	**274,345**	**292,728**	**(18,383)**

The change in amounts due to suppliers mainly reflects the purchase of fewer Italian national lottery tickets, which are paid for in January, and greater coverage of the advances paid during the year with respect to total concession fees accrued.

XIV. Tax liabilities

The balance of € 6,098k is shown net of offsettable tax credits.

XV. Other payables

With a balance of € 87,337k (€ 79,981k at 31 December 2009), these are made up as follows:

(€k)	31.12.2010	31.12.2009	Change
Deferred wages and salaries	23,166	26,602	(3,436)
Social security payables	16,016	16,350	(334)
Due to pension funds	2,619	2,546	73
Due for withholding tax on employee wages and salaries	6,325	8,152	(1,827)
Trade payables for purchase of fixed assets	18,358	13,501	4,857
Other tax liabilities	3,306	2,489	817
Other	17,547	10,341	7,206
Total	**87,337**	**79,981**	**7,356**

The change in deferred wages and salaries is due primarily to the payment of bonuses for the three-year-period 2007-2009.

The increase in trade payables for the purchase of fixed assets reflects the trend in capital expenditure for the upgrading and restyling of stores, which was concentrated in the fourth quarter.

The change in "Other tax liabilities" relates chiefly to the higher VAT charge accrued in 2010 (€ 959k) with respect to the previous year (€ 481k).

XVI. Due to banks

This item, totalling € 95,535k at the close of the year, refers to the current portion of the £ 477.51m (€ 600m) term loan recognised under "Loans net of current portion" and payable in March 2011 (€ 92,460k or £ 79.6m), as well as bank overdrafts (€ 3,075k).

XVII. Other financial liabilities

These amount to € 269,127k, an increase of € 148,430k on the previous year. Most of the balance is made up of:

- the fair value of interest rate hedging derivatives (€ 68,592k) and exchange rate hedging derivatives (€ 979k) outstanding at year end;
- short-term loans received from Host International of Canada Ltd. (€ 41,716k, or Cad 55.5m), Autogrill Deutschland GmbH (€ 20,066k), Autogrill Schweiz A.G. (€ 116,853k, or Chf 146.1m) and Autogrill Belux N.V. (€ 18,907k). The amount includes accrued interest of € 75k.

For further information on derivative financial instruments, see the financial risk management section.

Non-current liabilities

XVIII. Loans net of current portion

		Drawdowns					
Credit lines	Amount (€k)	In €k	In currency (/000) [1]	In currency (/000) [1]	Total in €k	Amount available (€k)	Expiry
Multicurrency revolving facility agreement	300,000	96,488	–	–	96,488	– [2]	June 2012
2010 Line	**300,000**	**96,488**	**–**	**–**	**96,488**	**–**	
2008 Syndicated line – Revolving credit facility	125,000	–	£ 5,000	$ 20,000	20,777	104,223	March 2013
2008 Syndicated line – Term loan facility 1	275,000	275,000	–	–	275,000	–	March 2013
2008 Syndicated line – Term loan facility 2	600,000	–	£ 318,340	–	369,840	–	March 2013
2008 Syndicated line	**1,000,000**	**275,000**	**£ 323,340**	**$ 20,000**	**665,617**	**104,223**	
2005 Syndicated line - Term loan	200,000	200,000	–	–	200,000	–	June 2015
2005 Syndicated line – Revolving credit facility	300,000	20,000	–	–	20,000	280,000	June 2012
2005 syndicated line	**500,000**	**220,000**	**–**	**–**	**220,000**	**280,000**	
Total lines of credit	**1,800,000**	**591,488**	**323,340**	**20,000**	**982,105**	**384,223**	

[1] Drawdowns in currency are valued based on exchange rates at 31 December 2010

[2] € 203,512k ($ 270m) was drawn down by Autogrill Group Inc. and Host International Inc., as the credit line was granted to Autogrill S.p.A. and its subsidiaries

Amounting to € 978,253k (€ 1,352,794k at 31 December 2009), this item consists of € 982,105k in bank loans net of € 3,852k in charges and fees.

The loans include a € 1,000m credit line arranged on 19 March 2008 and comprised of:

- a revolving credit facility of € 125m due in March 2013, partially drawn down in British pounds (£ 5m) and US dollars ($ 20m);
- a five-year term loan of € 275m, to be reimbursed in full at maturity (2013);
- a multicurrency term loan originally for £ 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 payment of £ 79.6m due in March 2011 has been reclassified to other current financial liabilities.

The term loans, specifically earmarked for the acquisitions of World Duty Free Europe Ltd. and 49.95% of Aldeasa S.A., provided the funds used for the loans to Autogrill España S.A.U., which heads up the Autogrill Group's Travel Retail & Duty-Free business.

In addition to the above, non-current bank loans at 31 December 2010 are made up of:

- a € 200m loan to be paid back in a single instalment in June 2015;
- drawdowns on a revolving credit facility of € 300m granted in 2005, to be paid back in a single instalment in June 2012;
- drawdowns on a revolving credit facility of € 300m, granted in December 2010 and expiring in June 2012.

The last of the above was used on 16 December 2010 for the early repayment of the revolving credit facility of Credit line500m contracted in May 2007.

At 31 December 2010 the credit facilities maturing after one year had been drawn down by about 74%. Floating interest is charged on all bank loans. The average remaining term of bank loans is about two years and two months.

The main long-term loan agreements require regular monitoring of financial ratios relating to debt coverage and interest coverage.

The ratios refer to the Autogrill Group as a whole; they set a maximum of 3.5 for the leverage ratio (net debt/EBITDA) and a minimum of 4.5 for interest coverage (EBITDA/net interest). In the event of acquisitions the leverage ratio can exceed 3.5, but not 4 for three half-year measurements (or six quarterly measurements), whether in a row or non-consecutive.

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

At 31 December 2010, as in all previous observation periods, these covenants were fully satisfied.

Specifically, the leverage ratio (net debt/EBITDA) fell from 2.97 at 31 December 2009 to 2.47, versus a ceiling of 3.50, while interest coverage (EBITDA/net financial expense) increased to 8.65 (from 7.24 at the close of 2009) versus an allowable minimum of 4.50. The deleverage achieved during the year gives the Group extensive financial flexibility.

XIX. Deferred tax assets

These amount to € 19,855k, as follows:

	2010		2009	
(€k)	Temporary differences	Tax effect	Temporary differences	Tax effect
Trade receivables	7,500	2,063	7,113	1,956
Non-current assets	(69,533)	(20,269)	(79,356)	(24,214)
Investments	(47,391)	(13,032)	(46,285)	(15,500)
Total temporary differences on assets	**(109,424)**	**(31,238)**	**(118,528)**	**(37,758)**
Other payables	4,337	1,228	22,537	9,023
Post-employment benefits and other employee benefits	(3,956)	(1,088)	(4,101)	(1,127)
Provisions for risks and charges	12,694	3,784	13,411	4,168
Losses carried forward	(33,149)	(9,116)	(15,050)	(4,139)
Heding reserve (equity)	60,274	16,575	58,310	16,035
Total temporary differences on liabilities and equity	**40,200**	**11,383**	**75,107**	**23,960**
Total net deferred tax assets		**(19,855)**		**(13,798)**

XX. Post-employment benefits

Movements during the year were as follows:

(€k)	
Defined benefit plans at 31.12.2008	**75,630**
Contribution from merger (Aviogrill S.r.l.)	176
Current service costs	1,024
Interest expense	3,219
Benefits paid	(8,372)
Transfers to subsidiaries	(112)
Other	(24)
Defined benefit plans at 31.12.2009	**71,541**
Contribution from merger (Trentuno S.p.A.)	222
Current service costs	1,050
Interest expense	3,173
Actuarial gains (losses)	(331)
Benefits paid	(7,537)
Other	434
Defined benefit plans at 31.12.2010	**68,552**

At 31 December 2010 the legal obligation for post-employment benefits (Art. 2120 of the Italian Civil Code) was € 74,133k.

Below, the present value of plan obligations is reconciled with the liability recognised for 2010 and the previous two years:

(€k)	31.12.2010	31.12.2009	31.12.2008
Present value of plan obligations	59,914	68,734	78,665
Actuarial gains (losses) not recognised	8,638	2,807	(3,036)
Net liability recognised	**68,552**	**71,541**	**75,630**

The actuarial gain for the year, € 8,969k, is recognised in the amount exceeding the limit of ±10% of the present value of the plan obligations, on a straight-line basis over the average remaining service lives of the beneficiaries. The actuarial gain recognised comes to € 331k.

The actuarial assumptions used to calculate TFR are summarised in the table below:

	31.12.2010	31.12.2009
Discount rate	4.8%	4.3%
Inflation rate	2.0%	2.5%
Average frequency of termination	6.0%	6.0%
Average frequency of advances	2.0%	2.0%
Mortality table	RG 48	RG 48
Annual TFR increase	3.0%	3.4%

XXI. Provisions for risks and charges

These amounted to € 13,587k at the end of 2010, a decrease of € 1,265k on the previous year.

(€k)	31.12.2009	Other movements	Accruals	Utilisations	Contribution from merger (Trentuno S.p.A.)	31.12.2010
Other provisions:						
– for charges	10,251	(121)	(366)	(204)	–	9,560
– for legal risks	4,601	121	461	(1,161)	6	4,027
Total	**14,852**	**–**	**95**	**(1,365)**	**6**	**13,587**

Provisions for charges include an estimate of contractual expense, mostly for the motorway business.

Provisions for legal risks (€ 4,027k, compared with € 4,601k at 31 December 2009) concern litigation with employees and with business counterparties.

The allocations for the year include the effects of discounting to present value and the relative adjustments, in the amount of € 74k.

XXII. Other non-current payables

Totalling € 7,276k, these refer to deferred wages and salaries relating to the incentive plan for 2010-2012.

XXIII. Equity

Equity at 31 December 2010 amounts to € 774,056k.

Of the 2009 profit of € 62,741k, as resolved by the annual general meeting of 20 April 2010, € 2,618k was allocated to the legal reserve to bring its balance to one fifth of the share capital and the remaining € 60,123k was carried forward.

The following table details the possibility of the main components of equity:

				Summary of utilisations in the past three years:	
(€k)	31.12.2010	Possibility of	Amount available	For loss coverage	For other reasons
Share capital:	**132,288**	**–**	**–**	**–**	**–**
Income-related reserves:					
Legal reserve	26,458	A, B	–	–	–
Hedging reserve	(43,696)	–	(43,696)	–	–
Other reserves and retained earnings	495,598	A, B, C	462,319	–	–
Treasury shares	(944)	–	–	–	–

Key:
A: for capital increases
B: for loss coverage
C: for dividends

The share capital, fully subscribed and paid up at 31 December 2010, consists of 254,400,000 ordinary shares with a par value of € 0.52 each. This item is unchanged with respect to the previous year.

During the extraordinary part of the Annual General Meeting of 20 April 2010 the shareholders authorised a share capital increase to service the stock option plan approved on the same date, 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 shares in one or more tranches. At 31 December 2010, options convertible into a maximum of 1,291,000 ordinary shares had been granted. See the section "Information on stock option plans" for further details.

Legal reserve

The legal reserve amounts to € 26,458k and increased due to the allocation of the 2009 profit, as resolved by the Annual General Meeting of 20 April 2010.

Hedging reserve

The balance of € –43,696k (€ –42,272k at 31 December 2009) corresponds to the effective portion of the fair value of derivatives designated as cash flow hedges. See note 3.2.5, Financial risk management - Interest rate risk.

Other reserves and retained earnings

This item (€ 495,598k) includes the reserve arising on first-time adoption of IFRS in 2006; the difference resulting from derecognition of the 100% interest in Trentuno S.p.A., merged in 2010 (€ 898k); and reserves relating to the recognised costs of stock option plans (€ 74k).

Reserve for the purchase of treasury shares

The annual general meeting of 20 April 2010, after revoking the authorisation granted on 21 April 2009 and pursuant to Arts. 2357 *et seq.* of the Italian Civil Code, authorised the purchase and subsequent disposal of ordinary shares with a par value of € 0.52 each up to a maximum of 12,720,000 shares and an amount not exceeding € 200,000k. There were no changes in this reserve during the year.

At 31 December 2010 the Company held 125,141 treasury shares with a total carrying amount of € 944k.

The following table breaks down the tax effect for items in the statement of comprehensive income:

	2010			2009		
(€k)	Gross amount	Tax benefit/ (expense)	Net amount	Gross amount	Tax benefit/ (expense)	Net amount
Effective portion of fair value gains (losses) on cash flow hedges, net of the tax effect	(1,964)	540	(1,424)	(823)	226	(597)
Total other comprehensive income	**(1,964)**	**540**	**(1,424)**	**(823)**	**226**	**(597)**

3.2.3 Notes to the income statement

XXIV. Revenue

Revenue increased by 2.2% to € 1,352,686k and can be broken down as follows:

(€k)	2010	2009	Change
Food & Beverage and Retail Sales	1,284,029	1,249,547	34,482
Fuel sales	28,795	43,707	(14,912)
Sales to affiliates, third parties and subsidiaries	39,862	30,895	8,967
Total	**1,352,686**	**1,324,149**	**28,537**

"Food & beverage and retail sales" were up by 2.8% and are comprised chiefly of catering revenue of € 712,294k (€ 693,513k the previous year), sales of retail goods for € 205,420k (€ 201,888k in 2009), and sales of tobacco products, newspapers and lottery tickets for € 366,186k (€ 353,962k the previous year).

The decrease in fuel sales is due mostly to the transfer of a point of sale to the subsidiary Nuova Sidap S.r.l. in December 2009.

The main reason for the growth in sales to affiliates, third parties and subsidiaries is the increased business with Nuova Sidap S.r.l., which during the course of 2010 added 86 new points of sale (for a total of 99 at year end), most of which not only distribute fuel but also provide food & beverage services and sell a range of other products.

XXV. Other operating income

Other operating income of € 65,895k decreased by 13.4% on the previous year, due primarily to smaller gains on the sale of assets (€ 164k, versus € 7,668k in 2009), shown under "Other income and reimbursements".

(€k)	2010	2009	Change
Royalties and lease payments from affiliates	13,018	12,641	377
Contributions from suppliers	37,872	38,808	(936)
Other income and reimbursements	15,005	24,646	(9,641)
Total	**65,895**	**76,095**	**(10,200)**

XXVI. Raw materials, supplies and goods

The cost of raw materials, supplies and goods rose by € 10,578k, consistently with the trend in sales:

(€k)	2010	2009	Change
Total purchases relating to food & beverage and retail sales:	**623,926**	**620,127**	**3,799**
– Merchandise and ingredients	262,362	257,424	4,938
– State monopoly products, newspapers and lottery tickets	334,364	321,252	13,112
– Fuel for resale	27,200	41,451	(14,251)
Products for sale to affiliates, third parties and subsidiaries	**32,880**	**26,101**	**6,779**
Total	**656,806**	**646,228**	**10,578**

XXVII. Personnel expense

Personnel expense totalled € 319,087k, an increase of 5.3% on the previous year:

(€k)	2010	2009	Change
Wages and salaries	232,609	221,940	10,669
Post-employment benefits	13,958	13,767	191
Social security contributions	70,096	65,557	4,539
Temporary workers	2,424	1,673	751
Total	**319,087**	**302,937**	**16,150**

The change in this item is explained chiefly by the increased workforce and the higher unit cost due to renewal of the national collective employment contract.

Personnel expense includes the year's share of the cost of the stock option plan (about € 74k). See the section "Information on stock option plans" for further details.

The year-end numbers of full-time and part-time employees are shown below.

	31.12.2010			31.12.2009		
	Full–time	Part–time	Total	Full–time	Part–time	Total
Executives	68	–	68	66	–	66
Junior managers	547	7	554	529	5	534
White collars	782	165	947	801	165	966
Blue collars	3,724	6,228	9,952	3,643	6,061	9,704
Total	**5,121**	**6,400**	**11,521**	**5,039**	**6,231**	**11,270**

These figures include 43 white collar employees and one executive seconded to subsidiaries.

The average headcount, expressed in terms of equivalent full-time employees, was 8,805 in 2010 (8,670 the previous year).

XXVIII. Leases, rentals, concessions and royalties

These increased by € 8,598k, due mainly to the growth in Food & Beverage revenue and Retail sales:

(€k)	2010	2009	Change
Leases, rentals and concessions	182,892	174,443	8,449
Royalties for use of brands	1,427	1,278	149
Total	**184,319**	**175,721**	**8,598**

XXIX. Other operating costs

Amounting to € 144,208k, these showed a slight decrease on 2009 as shown in the table below:

(€k)	2010	2009	Change
Utilities	32,455	33,038	(583)
Consulting services	10,380	12,097	(1,717)
Cleaning and maintenance	37,571	32,222	5,349
Advertising and market research	8,304	8,067	237
Sundry materials	4,235	3,789	446
Travel expenses	5,115	4,544	571
Equipment hire and lease	3,357	3,565	(208)
Data communication, telephone and postal charges	2,451	2,208	243
Security surveillance	1,108	1,180	(72)
Insurance	1,904	2,073	(169)
Logistics	14,178	14,072	106
Other operating costs	17,380	18,246	(866)
Costs for materials, services and other operating expenses	**138,438**	**135,101**	**3,337**
Taxes	**5,576**	**5,688**	**(112)**
Impairment losses on receivables	**174**	**589**	**(415)**
Provisions for risks and charges	**20**	**3,481**	**(3,461)**
Total	**144,208**	**144,859**	**(651)**

The most significant changes concerned:

- utilities, which decreased by 1.8% thanks to conservation efforts at points of sale;
- consulting services, which went down due to the completion of projects begun in 2009;
- cleaning and maintenance, which increased as a result of efforts to improve the locations and the service provided to consumers.

XXX. Depreciation, amortisation and impairment losses

The total of € 56,923k is broken down below:

(€k)	2010	2009	Change
Amortistion	7,784	6,881	903
Depreciation	44,180	44,916	(736)
Total amortisation and depreciation	**51,964**	**51,797**	**167**
Impairment losses on property, plant and equipment	4,959	2,973	1,986
Total	**56,923**	**54,770**	**2,153**

In 2010 there were impairment losses of € 4,959k, further to impairment testing based on the future estimated cash flow of stores, as explained in note VII.

XXXI. Financial income

Financial income amounted to € 277,239k, as follows:

(€k)	2010	2009	Change
Dividends from subsidiaries	182,232	34,281	147,951
Interest from subsidiaries	47,292	60,623	(13,331)
Other interest	1,165	91	1,074
Exchange rate gains	40,780	63,494	(22,714)
Other financial income	5,770	12,955	(7,185)
Total	**277,239**	**171,444**	**105,795**

Dividends from subsidiaries consist of € 173,454k ($ 230m) from Autogrill Group Inc., € 8,478k (Chf 12,078k) from Autogrill Schweiz A.G., and € 300k from Autogrill Hellas E.p.E., all received in 2010.

Interest from subsidiaries stems from the financing provided by Autogrill S.p.A. to subsidiaries, mostly Autogrill España S.A.U. and World Duty Free Europe Ltd.

Exchange rate gains, totalling € 40,780k, are made up primarily of € 16,755k on the £ 400m loan to the subsidiary Autogrill España S.A.U. (of which £255m was repaid during the year), € 6,277k on the £ 185m loan to World Duty Free Europe Ltd., € 2,536k on loans granted during the year to Autogrill France and fully repaid, € 1,809k on the term loan drawn down by £477.5m, and € 1,645k on derivative financial instruments with a notional amount of Chf 60m.

"Other income" includes € 287k and € 5,483k for the respective gains on forward currency swaps and interest rate swaps, and € 402k for the ineffective portion of interest rates swaps designated as cash flow hedges.

XXXII. Financial expense

Financial expense decreased by € 29,439k:

(€k)	2010	2009	Change
Exchange rate losses	49,052	65,724	(16,672)
Bank interest expense	17,659	30,292	(12,633)
Other financial expense	43,390	42,064	1,326
Financial expense on post-employment benefits	3,173	3,219	(46)
Discounting of other provisions	74	1,649	(1,575)
Interest paid to subsidiaries	859	698	161
Total	**114,207**	**143,646**	**(29,439)**

The decrease in bank interest expense relates to the gradual reduction in interest rates and average debt. The average rate in 2010 was 1.57%, compared with 1.9% the previous year.

Exchange rate losses, totalling € 49m, refer to bank loans in currencies other than the euro taken out to cover the financial needs of subsidiaries operating in those currencies. Specifically, at 31 December 2010 Autogrill had used the revolving credit facility in the amount of £ 5m and $ 20m, as well as the £ 397.9 term loan for the acquisition of World Duty Free Europe Ltd.

Of the amount shown for "Other financial expense", € 36,276k concerns rate spreads on interest rate swaps, denominated:

- in British pounds for a notional £ 400m, to hedge part of the interest rate risk on the loan of £ 477.5m;
- in euros for a notional € 120m, to hedge part of the interest rate risk on the bank loan of € 275m, maturing in 2013;
- in euros for a notional € 120m, to hedge part of the interest rate risk on the bank loan of € 200m, maturing in 2015.

XXXIII. Adjustment to the value of financial assets

This item amounts to € 19,747k and refers to impairment losses on the following investments:

- Autogrill Austria A.G. for € 13,271k;
- Autogrill D.o.o. for € 1,696k;
- HMS Host Ireland Ltd. for € 6,000k;

and to the reversal of the impairment loss on Nuova Sidap S.r.l. for € 1,220k, as mentioned in note X.

XXXIV. Income tax

The total of € 36,172k consists of current taxes for corporate income tax (IRES) of € 18,360k and regional business tax (IRAP) of € 11,274k, as well as deferred taxes of € 6,538k.

Reconciliation of effective tax and theoretical tax for 2010:

	2010			2009		
	IRES	IRAP	Total	IRES	IRAP	Total
(€k)	27.50%	3.90%	31.40%	27.50%	3.90%	31.40%
Pre-tax profit			**200,524**			**96,688**
Theoretical tax	**55,144**	**7,820**	**62,965**	**26,589**	**3,771**	**30,360**
Permanent differences:						
– Personnel expense	–	8,230	8,230	–	7,731	7,731
– Dividends and other financial components	(40,529)	(6,358)	(46,887)	(7,022)	(768)	(7,790)
– Impairment losses on investments	5,860	770	6,630	–	–	–
– Other	2,403	118	2,521	2,725	372	3,097
Increase in regional tax rate	**–**	**543**	**543**	**–**	**549**	**549**
Reversal of previous years' temporary differences	(8,403)	(94)	(8,497)	3,853	54	3,907
Taxed temporary differences deductible in future years	3,884	244	4,128	(8,768)	189	(8,579)
Current taxes	**18,360**	**11,274**	**29,633**	**17,377**	**11,898**	**29,275**
Adjustment of prior years' provision for temporary differences	2,170	–	2,170	–	–	–
Net temporary differences	**6,689**	**(150)**	**6,538**	**4,915**	**(243)**	**4,672**
Income tax	**25,048**	**11,123**	**36,172**	**22,292**	**11,655**	**33,947**

During the latter half of the year the Company underwent a tax audit for 2007, which concluded with a Notice of Findings dated 24 December 2010. Respecting the deadline for filing a response, the Company replied to the findings on 21 February 2011, but has not heard back from the tax authorities given the brief amount of time elapsed.

Autogrill is confident of having suitably documented its proper conduct, and any tax liability that might arise due to a different interpretation by the authorities would not be especially large.

3.2.4 Net financial position

The net financial position at the end of 2010 and 2009 is detailed below:

Note	(€m)		31.12.2010	31.12.2009	Change
I	A)	Cash on hand	37.0	39.9	(2.9)
	B)	Cash equivalents	–	–	–
	C)	Securities held for trading	–	–	–
	D)	**Cash and cash equivalents (A + B + C)**	**37.0**	**39.9**	**(2.9)**
II	**E)**	**Current financial assets**	**161.4**	**64.5**	**96.9**
	F)	Due to banks, current	(3.1)	(1.8)	(1.3)
	G)	Due to others	(92.5)	(89.6)	(2.9)
	H)	Other financial liabilities	(269.3)	(148.7)	(120.6)
XVI-XVII	**I)**	**Current financial indebtedness (F + G + H)**	**(364.9)**	**(240.1)**	**(124.8)**
	J)	**Net current financial indebtedness (I - E - D)**	**(166.5)**	**(135.7)**	**(30.8)**
XVIII	K)	Due to banks, net of current position	(978.3)	(1,352.8)	374.5
	L)	Bonds issued	–	–	–
	M)	Due to others	–	–	–
	N)	**Non-current financial indebtedness (K + L + M)**	**(978.3)**	**(1,352.8)**	**374.5**
	O)	**Net non-current indebtedness (J + N)**	**(1,144.8)**	**(1,488.5)**	**343.7**
XI	**P)**	**Non-current financial assets**	**712.5**	**1,458.6**	**(746.1)**
	Q)	**Net financial indebtedness (O + P)**	**(432.3)**	**(29.9)**	**(402.4)**

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

As demonstrated by the statement of cash flows, the increase of € 343.7m in net non-current indebtedness is due primarily to the capital contributions made to subsidiaries in order to rebalance their financial position, and the purchase of additional investments in companies held indirectly with a view to streamlining the Group's chain of ownership.

3.2.5 Financial risk management

Autogrill S.p.A. is exposed to the following categories of risk:
- market risk;
- credit risk;
- liquidity risk.

This section describes the Company'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 Company'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 Company'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, this is achieved by using derivatives of amounts and with maturities in line with those of the liabilities that are subject to this risk. The instruments used are mainly interest rate swaps (IRS).

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 payments made late in the year on floating-rate facilities, thanks mainly to the proceeds of the sale of the onboard catering (Flight) business carried out by a subsidiary of World Duty Free Europe Ltd. The percentage of fixed-rate debt is generally higher when considering debt denominated in British pounds and US dollars as opposed to debt in euros.

When applying the policy and procedures described above, interest rate risk management instruments were accounted for as cash flow hedges, and thus recognised as financial assets and liabilities with a specific balancing entry in the hedging reserve under equity. With regard to the instruments that tested effective, in 2010 Autogrill recognised a fair value loss of € 43,696k (net of the tax effect).

The details of IRS contracts at 31 December 2010 are as follows:

Underlying	Notional amount		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 +0.165%	(8,815)
£ 402.9m term loan	£k	400,000	07.03.2013	5.39%	1 month Gbp Libor +0.32%	(42,325)

The fair value of derivatives 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.

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 derivatives used for these hedges are mainly bank loans contracted in the same currency, and to a minor degree, forward currency sales and purchases.

The transactions shown below are stated at their current amount and any change is charged to the income statement, against corresponding changes in the value of the related assets or liabilities.

The fair value of hedges outstanding at 31 December 2010 is as follows:

	Notional amount	Expiry	Spot rate	Forward rate	Fair value (€k)
kGbp	38,298	31.01.2011	0.8510	0.8512	(509)
kGbp	35,000	18.01.2011	0.8540	0.8542	(318)
kCad	45,500	25.02.2011	1.3438	1.3454	200
kCad	10,000	25.02.2011	1.3425	1.3440	63
kCzk	13,000	13.01.2011	25.3000	25.3120	(5)
kChf	30,000	31.01.2011	1.2530	1.2526	(51)
kChf	30,000	31.01.2011	1.2540	1.2535	(72)
kChf	146,100	13.01.2011	1.2605	1.2600	907
kPln	4,000	10.03.2011	4.0350	4.0580	(15)
kSek	6,000	27.01.2011	9.0800	9.0938	(9)

The fair value of derivatives 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.

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 trade receivables and financial investments.

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

Carrying amounts are shown below with prior-year figures for comparison:

(€k)	31.12.2010	31.12.2009	Change
Cash and cash equivalents	37,002	39,864	(2,862)
Other current financial assets	161,379	64,509	96,870
Trade receivables	22,580	27,174	(4,594)
Other current receivables	52,027	59,614	(7,587)
Other non-current financial assets	712,534	1,458,579	(746,045)
Total	**985,522**	**1,649,740**	**(664,218)**

Exposure to credit risk depends on the specific characteristics of each customer. Autogrill'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 Company'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 recognised 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.

Other current and non-current financial assets stem from loans granted to direct and indirect subsidiaries.

As discussed in note XI, "Other financial assets", other non-current financial assets include € 480m for the loan granted to Autogrill España S.A.U. for the acquisitions of Aldeasa S.A. and World Duty Free Europe Ltd., and € 174m for the loan granted to World Duty Free Europe Ltd. for the purchase of Autogrill Holding UK Plc. (formerly Alpha Group Holding Plc.), to further the process of integrating homogeneous operations conducted in the UK.

The breakdown by region is as follows:

Current financial assets

	€k	%
Spain	82,453	51.5%
France	38,215	23.9%
Netherlands	13,857	8.6%
Italy	11,223	7.0%
United Kingdom	10,131	6.3%
Ireland	1,502	0.9%
Greece	892	0.6%
Sweden and Denmark	676	0.4%
Czech Republic	524	0.3%
Luxembourg	452	0.3%
Slovenia	100	0.1%
Austria	95	0.1%
Germany	86	0.1%
Poland	3	–
Total	**160,209**	**100.0%**

Non-current financial assets

	€k	%
Spain	479,630	67.3%
United Kingdom	214,929	30.2%
Austria	11,099	1.6%
Italy	5,870	0.8%
Poland	1,006	0.1%
Total	**712,534**	**100.0%**

Trade receivables are mainly governed by contractual relationships with affiliated companies, motorway partners or others under conventions. The Company's business model, focused on the final consumer, means that trade receivables are not materially significant in that sales are generally settled in cash. Affiliation entails the supply of merchandise and payment of royalties on the management of stores in Italy.

Motorway partnerships involve the sharing of expenses and capital expenditure on shared concession areas.

The following table shows the ageing of invoiced trade receivables by class of debtor, gross of impairment losses and excluding disputed receivables (more than 90 days overdue).

(€k)		Receivables	Overdue	0-30	31-60	61-90	>90
Affiliates	26%	5,339	1,537	226	123	127	1,061
Special agreements	21%	4,279	1,663	948	292	125	298
Motorway partners	15%	3,197	2,837	61	171	218	2,387
Intercompany	11%	2,335	59	28	7	3	21
Other	27%	5,645	3,447	2,273	653	337	184
Total		**20,795**	**9,543**	**3,536**	**1,246**	**810**	**3,951**

First-demand bank guarantees are required on entering into affiliation agreements to cover exposure. At 31 December 2010 these guarantees amounted to € 4,982k.

All current receivables are analysed monthly to determine potential collection problems, any action to be taken, and the adequacy of the allowance for impairment. At year end the allowance for impairment amounted to € 7,826k and was deemed sufficient with respect to existing credit risk.

Liquidity risk

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

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

Autogrill S.p.A. has acted promptly to ensure adequate financial coverage with respect to amounts and maturities, and has no significant imminent payments to meet on existing loans.

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

	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 accounts overdrafts	3,075	3,075	3,075	–	–	–	–
Unsecured bank loans	1,074,564	1,074,564	92,460	–	–	982,104	–
Trade payables	274,289	274,289	274,289	–	–	–	–
Total	**1,351,928**	**1,351,928**	**369,824**	**–**	**–**	**982,104**	**–**

	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 accounts overdrafts	1,761	1,761	1,761	–	–	–	–
Unsecured bank loans	1,477,378	1,477,378	117,630	–	–	1,359,748	–
Trade payables	290,469	290,469	290,469	–	–	–	–
Total	**1,769,608**	**1,769,608**	**409,860**	**–**	**–**	**1,359,748**	**–**

As for exposure to trade payables, there is no significant concentration of suppliers: the top 10 account for 36% of the total, the largest (Autostrade per l'Italia S.p.A.) for 13%, and the second largest (Consorzio Lotterie Nazionali) for 7%.

3.2.6 Seasonal patterns

The Company's performance is related to travel trends.

Business activity is above average in the second half of the year, mainly due to summer holiday traffic.

3.2.7 Guarantees given, commitments and contingent liabilities

Guarantees given and commitments assumed come to € 839,133k, an increase of € 196,256k on 2009:

(€k)	31.12.2010	31.12.2009	Change
Sureties and personal guarantees in favour of third parties	162,737	168,243	(5,506)
Sureties and personal guarantees in favour of subsidiaries	655,511	453,799	201,712
Other commitments and guarantees	20,885	20,835	50
Total	**839,133**	**642,877**	**196,256**

Sureties and personal guarantees in favour of third parties were issued in accordance with customary market practice. The decrease 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.

Sureties and personal guarantees in favour of subsidiaries were issued to financial backers of direct or indirect subsidiaries. Most of the change concerns sureties given in favour of the subsidiaries Autogrill Group Inc. and Host International Inc., for direct drawdowns (totalling $ 270m) on the multicurrency revolving facility agreement contracted by Autogrill S.p.A. in December 2010 (see note XVIII, "Loans net of current portion", for details).

Other commitments and guarantees refer to the value of third-party assets used by the Company.

3.2.8 Operating leases

For the purposes of the financial statements, the various kinds of contract by which the Company carries on its store business are defined as operating leases.

The management and provision of catering services along motorways or in airports is assigned by the motorway or airport operator to specialised companies, mostly under sub-concession arrangements. In railway stations, in addition to this kind of contract, there are also commercial leases. For operations conducted at trade fairs, shopping centers, and urban locations, the most common type of contract is a property lease or business rent.

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 the following.

1) Access concession: Ownership of the land and buildings along the motorway is in the hands of a private firm (e.g. Autogrill S.p.A.), 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.
2) Area concession: the motorway company authorises an entity (i) to build a service station and/or shop/restaurant on land which it owns and (ii) to carry on this business against payment of a fee based on revenue, 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.
3) 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 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 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 revenue - and an agreement to guarantee service during the opening hours specified by the landlord. The contractor may have to transfer the assets free of charge when the concession expires, although this is fairly uncommon.

4) Business lease and commercial lease: Leasing a business or parts thereof allows an operator to use rights and/or buildings, equipment etc. organized 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 authorization 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.

5) 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. This kind of agreement is used, for example, by the Milan Trade Fair.

The table below gives details by due date of the Company's future minimum lease payments at the close of the year, showing those concerning operations sub-leased to others:

	2010		
Years (€m)	Total minimum lease payments	Minimum sub-lease payments	Net minimum lease payments
2011	115.5	3.4	112.1
2012	111.9	3.1	108.8
2013	105.1	3.0	102.1
2014	76.7	2.3	74.4
2015	69.9	2.3	67.6
Subsequent years	291.9	5.5	286.4
Total	**771.0**	**19.6**	**751.4**

	2009		
Years	Total minimum lease payments	Minimum sub-lease payments	Net minimum lease payments
2010	107.8	2.7	105.1
2011	101.1	2.7	98.4
2012	97.7	2.6	95.1
2013	91.0	2.6	88.4
2014	64.0	2.0	62.0
Subsequent years	301.9	5.5	296.4
Total	**763.5**	**18.1**	**745.4**

3.2.9 Other information

Related party transactions

59.28% of the share capital of Autogrill S.p.A. is held by Schematrentaquattro S.r.l. The entire quota capital of this latter is held by Edizione S.r.l.

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

Neither Autogrill S.p.A. nor its Italian subsidiaries had any transactions during the year with its direct parent, 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	11,323	(6,404)
Other payables	127	130	(3)

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

Personnel expense refers to the accrual at 31 December 2010 of the fees due to 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" concerns the hire of meeting rooms, handled by Benetton Group S.p.A. until July 2010 and since then by Edizione.

"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. In accordance with the tax consolidation rules, these amounts will be settled by the third day prior to the normal deadline for payment of the IRES balance for 2010 (July 2011), less the balance due for 2010 and the first advance on 2011.

"Other payables" represent the amount still due for the directors' fees and meeting room hire mentioned above.

Transactions with companies under joint control

	Bencom S.r.l.		Benetton Group S.p.A.		Fabrica S.p.A.	
(€k)	2010	2009	2010	2009	2010	2009
Income statement						
Revenue	–	–	–	–	–	–
Other operating income	380	411	–	–	–	–
Other operating expense	–	2	42	73	60	67
Leases, rentals, concessions and royalties	–	–	–	–	–	–
Financial income	–	–	–	–	–	–
Financial expense	–	–	–	–	–	–
(€k)	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Statement of financial position						
Trade receivables	665	773	–	–	–	–
Other receivables	–	–	–	–	–	–
Financial receivables	–	–	–	–	–	–
Trade payables	–	–	–	10	20	22
Other payables	–	–	–	–	–	–
Financial payables	–	–	–	–	–	–

In detail:

- Atlantia group: "Other operating income" refers to commissions on sales of Viacard (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" refers mainly to the purchase of advertising space.
  "Leases, rentals, concessions and royalties" consist of rent and accessory costs pertaining to the year.
  "Financial expense" reflects 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" refers to the hire of meeting rooms.

	Olimpias S.p.A.		Verde Sport S.p.A.		Atlantia group		Edizione Property S.p.A.	
	2010	2009	2010	2009	2010	2009	2010	2009
	–	–	28	30	21	9	5	5
	–	–	2	2	1,682	3,596	–	–
	253	106	85	65	917	905	–	–
	–	–	–	–	77,737	74,997	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	1,393	1,419	–	–
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	–	–	12	16	1,364	1,081	6	7
	–	–	–	–	54	–	–	–
	–	–	–	–	–	–	–	–
	87	65	3	39	38,371	43,656	–	–
	–	–	20	–	2	–	–	–
	–	–	–	–	–	–	–	–

- 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 food & beverage products under the franchisee contract for operating a Spizzico restaurant at La Ghirada - Città dello Sport. “Other operating expense” concern ssponsorships 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.

Transactions with subsidiaries

	Autogrill Austria A.G.		Autogrill Belux N.V.		Autogrill Schweiz A.G.	
Income statement (€k)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Revenue	91	110	–	–	13	36
Other operating income	71	99	22	71	10,224	1,830
Other operating expense	(4)	–	(14)	11	(7)	–
Leases, rentals, concessions and royalties	–	–	9	–	–	–
Financial income	95	84	–	–	8	30,190
Financial expense	–	–	95	–	10	–
Statement of financial position (€k)	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Trade receivables	–	125	–	3	–	550
Other receivables	25	57	2	117	474	87
Financial receivables	11,194	10,455	–	–	–	–
Trade payables	–	6	–	10	–	–
Other payables	–	116	13	30	5	274
Financial payables	–	–	18,907	–	116,853	–

	Aldeasa S.A.		Autogrill Coté France S.a.s.		Autogrill Hellas E.P.E.	
Income statement (€k)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Revenue	–	–	–	2	38	101
Other operating income	35	3	403	623	348	97
Other operating expense	(60)	–	270	618	6	–
Leases, rentals, concessions and royalties	–	–	–	–	–	–
Financial income	37,845	71	15	104	11	700
Financial expense	144	42	–	–	–	–
Statement of financial position (€k)	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Trade receivables	–	–	–	330	9	44
Other receivables	–	108	293	195	188	32
Financial receivables	551,080	–	38,215	–	892	–
Trade payables	–	–	–	239	–	54
Other payables	5	–	121	727	44	–
Financial payables	–	–	–	–	–	–

	Autogrill Czech S.r.o.		Autogrill Deutschland GmbH		HMSHost Egypt Catering & Services Ltd.		Autogrill Participaciones S.L.U.	
	2010	2009	2010	2009	2010	2009	2010	2009
	6	1	12	–	–	–	–	6
	–	2	73	6	–	1	493	821
	(1)	–	(4)	–	–	–	315	262
	–	–	–	–	–	–	–	–
	35	29	5	22	–	–	3	51,856
	–	–	147	42	–	–	3	–

	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	7	24	81	7	–	1	–	286
	23	12	34	20	–	–	183	50
	524	2,484	86	790	–	–	11,003	1,253,907
	–	52	–	–	–	–	–	281
	–	22	–	15	–	–	228	248
	–	–	20,066	21,386	–	–	–	–

	HMSHost Ireland Ltd.		Autogrill Finance S.A.		Autogrill Nederland B.V.		Autogrill Polska Sp.zo.o.	
	2010	2009	2010	2009	2010	2009	2010	2009
	–	–	–	–	–	–	26	3
	1	8	12	12	19	36	1	–
	(2)	–	297	1,271	(3)	–	(1)	–
	–	–	–	–	–	–	7	–
	2	–	668	4,396	7	–	3	–
	–	–	–	2	–	–	–	–

	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	–	8	–	66	–	28	27	1
	–	36	124	–	9	81	18	–
	1,502	–	452	54,546	13,857	–	1,009	–
	–	–	–	186	–	–	–	–
	–	–	672	–	11	17	–	–
	–	–	–	–	–	–	–	–

	HMSHost Sweden A.B.		Autogrill D.o.o.		World Duty Free Europe Ltd.	
Income statement (€k)	2010	2009	2010	2009	2010	2009
Revenue	–	–	4	–	–	–
Other operating income	1	6	3	4	867	607
Other operating expense	(1)	–	(1)	–	1,195	–
Leases, rentals, concessions and royalties	–	–	–	–	–	–
Financial income	9	–	5	–	8,516	5,836
Financial expense	–	–	–	–	–	–

Statement of financial position (€k)	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Trade receivables	–	6	–	2	–	1,506
Other receivables	9	24	–	4	1,338	569
Financial receivables	676	–	100	200	225,010	191,184
Trade payables	–	–	–	–	–	83
Other payables	–	–	–	15	1,329	500
Financial payables	–	–	–	–	–	–

Transactions with Autogrill S.p.A.'s subsidiaries, summarised in the table below, are both financial and commercial in nature. The amounts shown refer to transactions carried out during the year and to asset and liability balances at 31 December 2010.

All transactions are conducted at arm's length.

During the year the Company made the following acquisitions:

- from Autogrill España S.A., 100% of Autogrill Participaciones S.A. (subsequently renamed Autogrill Iberia S.A.) for € 47,629k, generating a gain of € 20,841k for Autogrill España;
- from World Duty Free Europe Ltd., 56.86% of Autogrill Schweiz A.G. for € 152,031k, producing no gain or loss for the seller.

The sale prices were based on the companies' balance sheets as of the acquisition date and on estimated future earnings, and are backed by independent appraisals. They did not differ from those that would have been determined in a transaction between independent parties.

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.

	Autogrill Catering UK Ltd.		Autogrill Group Inc.		Nuova Sidap S.r.l.		Alpha Retail Italia S.r.l.	
	2010	2009	2010	2009	2010	2009	2010	2009
	–	–	–	–	11,182	2,677	–	–
	57	3	173,656	(223)	1,031	620	40	49
	(1)	–	1,053	1,043	2,252	231	–	–
	–	–	–	–	–	–	–	–
	–	–	–	1,264	62	38	3	15
	–	–	460	611	–	–	–	–
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	–	3	–	39	2,181	677	56	38
	10	–	29	91	382	–	17	17
	–	–	–	–	11,194	3,055	252	269
	–	–	–	293	879	661	–	–
	–	–	331	250	2,291	–	100	–
	–	–	41,716	28,439	–	–	–	–

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, 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 the standard indemnity in lieu of notice (provided for in the national collective managers' contract for the commercial sector) with a further indemnity such that the total amount is no less than € 2m.

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.

Statutory auditors' fees

Statutory auditors' fees are as follows:

Name	Office held	Term of office	Fees (€)	Other fees (€)
Luigi Biscozzi	Chairman	2009–2011	94,747	25,656
Eugenio Colucci	Auditor	2009–2011	62,698	16,859
Ettore Maria Tosi	Auditor	2009–2011	65,206	17,856
Total statutory auditors			**222,652**	**60,371**

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

Information on 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 capital increase 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 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 at least € 11.00 (the average official share price 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)[3].

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

[3] As defined by Art. 9(4) of Presidential Decree 917 of 22 December 1986

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, the estimated dividend rate, 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.

For the year, the total costs recognised in 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.

3.2.10 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 financial statements or required additional disclosures in these Notes.

3.2.11 Authorisation for publication

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

List of investments held directly and indirectly in subsidiaries and associates

Company	Registered office	Country	Currency	Share/quota	% owned 31.12.2010 Directly	Indirectly
Parent						
Autogrill S.p.A.	Novara		Eur	132,288,000		
Companies consolidated line-by-line						
Alpha Retail Italia S.r.l.	Rome	Italy	Eur	10,000	100.000%	
Autogrill Austria A.G.	Gottlesbrunn	Austria	Eur	7,500,000	100.000%	
Autogrill Czech S.r.o.	Prague	Czech Republic	Czk	126,000,000	100.000%	
Autogrill D.o.o.	Lubiana	Slovenia	Eur	2,480,000	100.000%	
Autogrill Hellas E.p.E.	Avlonas	Greece	Eur	1,696,350	100.000%	
Autogrill Polska Sp.zo.o.	Wroclaw	Poland	Pln	10,050,000	51.000%	
HMSHost Ireland Ltd.	Lee View House	Ireland	Eur	13,600,000	100.000%	
HMSHost Sweden A.B.	Stockholm	Sweden	Sek	2,500,000	100.000%	
Nuova Sidap S.r.l.	Novara	Italy	Eur	100,000	100.000%	
Autogrill Catering UK Ltd.	London	United Kindom	Gbp	2,154,578	100.000%	
Restair UK Ltd. (in liquidation)	London	United Kindom	Gbp	1		100.000%
Autogrill España S.A.U.	Madrid	Spain	Eur	1,800,000	100.000%	
Autogrill Participaciones S.L.U. (Autogrill Iberia from 1 January 2011)	Madrid	Spain	Eur	7,000,000	100.000%	
Restauracion de Centros Comerciales S.A. (RECECO)	Madrid	Spain	Eur	108,182		85.000%
Autogrill Finance S.A.	Luxembourg	Luxembourg	Eur	250,000	99.996%	0.004%
Autogrill Europe Nord-Ouest S.A.	Luxembourg	Luxembourg	Eur	41,300,000	99.999%	0.001%
Autogrill Deutschland GmbH	Munich	Germany	Eur	205,000	100.000%	
HMSHost Egypt Catering & Services Ltd.	Cairo	Egypt	Egp	1,000,000		60.000%
World Duty Free Europe Ltd.	London	United Kindom	Gbp	12,484,397		100.000%
Autogrill Holdings Uk Plc.	London	United Kindom	Gbp	24,249,234		100.000%
Autogrill Retail UK Ltd.	London	United Kindom	Gbp	360,000		100.000%
Alpha Airports Group (Jersey) Ltd.	Jersey Airport, St. Peter	United Kindom	Gbp	4,100		100.000%
Alpha Retail Ireland Ltd.	Dublin	Ireland	Eur	1		100.000%
Pratt & Leslie Jones Ltd. (in liquidation)	London	United Kindom	Gbp	8,900		100.000%
Alpha Airport Holdings B.V.	Boesingheliede	The Netherlands	Eur	74,874		100.000%
Alpha Kreol (India) Pvt Ltd.	Mumbai	India	Inr	100,000		50.000%
Orient Lanka Ltd.	Fort Colombo	Sri Lanka	Lkr	30,000,000		99.982%
Alpha Airports Group Ltd.	London	United Kindom	Gbp	2		100.000%
Alpha MVKB Maldives Pvt Ltd.	Male	Maldives	Mvr	1,596		60.000%
Alpha Airport Retail Holdings Pvt Ltd.	Mumbai	India	Inr	404,743,809		100.000%
Alpha Future Airport Retail PvT Ltd.	Mumbai	India	Inr	97,416,000		100.000%
Autogrill Holdings UK Pension Trustee Ltd.	London	United Kindom	Gbp	100		100.000%
Alpha ESOP Trustee Ltd. (in liquidation)	London	United Kindom	Gbp	100		100.000%

Company	Registered office	Country	Currency	Share/quota	% owned 31.12.2010 Directly	Indirectly
Alpha Euroservices Ltd. (in liquidation)	London	United Kindom	Usd	170		100.000%
Alpha Airports Group (Channel Island) Ltd. (in liquidation)	St. Heliers - Jersey	United Kindom	Gbp	21		100.000%
Alpha Airports (FURBS) Trustees Ltd. (in liquidation)	London	United Kindom	Gbp	26,000		100.000%
Airport Duty Free Shops Ltd. (in liquidation)	London	United Kindom	Gbp	2		100.000%
Dynair B.V.	Schipolweg	The Netherlands	Eur	18,000		100.000%
Autogrill Belgie N.V.	Antwerp	Belgium	Eur	20,750,000		100.000%
Ac Restaurants & Hotels Beheer N.V.	Antwerp	Belgium	Eur	5,500,000		100.000%
Ac Restaurants & Hotels S.A.	Grevenmacher	Luxembourg	Eur	1,250,000		100.000%
Autogrill Nederland B.V.	Breukelen	The Netherlands	Eur	41,371,500		100.000%
Maison Ledeboer B.V.	Zaandam	The Netherlands	Eur	69,882		100.000%
Ac Holding N.V.	Breukelen	The Netherlands	Eur	150,000		100.000%
The American Lunchroom Co B.V.	Zaandam	The Netherlands	Eur	18,151		100.000%
Ac Apeldoorn B.V.	Apeldoorn	The Netherlands	Eur	45,378		100.000%
Ac Bodegraven B.V.	Bodegraven	The Netherlands	Eur	18,151		100.000%
Ac Heerlen B.V.	Heerlen	The Netherlands	Eur	23,143		100.000%
Ac Hendrik Ido Ambacht B.V.	Hendrik Ido Ambacht	The Netherlands	Eur	2,596,984		100.000%
Ac Holten B.V.	Holten	The Netherlands	Eur	34,034		100.000%
Ac Leiderdorp B.V.	Leiderdorp	The Netherlands	Eur	18,151		100.000%
Ac Meerkerk B.V.	Meerkerk	The Netherlands	Eur	18,151		100.000%
Ac Nederweert B.V.	Weert	The Netherlands	Eur	34,034		100.000%
Ac Nieuwegein B.V.	Nieuwegein	The Netherlands	Eur	18,151		100.000%
Ac Oosterhout B.V.	Oosterhout	The Netherlands	Eur	18,151		100.000%
Ac Restaurants & Hotels B.V.	Breukelen	The Netherlands	Eur	90,756		100.000%
Ac Sevenum B.V.	Sevenum	The Netherlands	Eur	18,151		100.000%
Ac Vastgoed B.V.	Zaandam	The Netherlands	Eur	18,151		100.000%
Ac Vastgoed I B.V.	Zaandam	The Netherlands	Eur	18,151		100.000%
Ac Veenendaal B.V.	Veenendaal	The Netherlands	Eur	18,151		100.000%
Ac Zevenaar B.V.	Zevenaar	The Netherlands	Eur	57,176		100.000%
Holding de Participations Autogrill S.a.s.	Marseille	France	Eur	84,581,920	0.001%	99.999%
Autogrill Aéroports S.a.s.	Marseille	France	Eur	2,207,344		100.000%
Autogrill Coté France S.a.s.	Marseille	France	Eur	31,579,526		100.000%
Société Berrichonne de Restauration S.a.s. (Soberest S.a.s.)	Marseille	France	Eur	288,000		50.005%
Société Porte de Champagne S.A. (SPC)	Perrogney	France	Eur	153,600		53.440%
Société de Restauration Autoroutière Dromoise S.a.s. (SRAD)	Marseille	France	Eur	1,136,000		99.997%
Société de Restauration de Bourgogne S.A. (Sorebo S.A.)	Marseille	France	Eur	144,000		50.000%
Société de Restauration de Troyes-Champagne S.A. (SRTC)	Marseille	France	Eur	1,440,000		70.000%
Société Régionale de Saint Rambert d'Albon S.A. (SRSRA)	Romans	France	Eur	515,360		50.000%
Volcarest S.A.	Riom	France	Eur	1,050,144		50.000%

Company	Registered office	Country	Currency	Share/quota	% owned 31.12.2010 Directly	Indirectly
Société de Gestion de Restauration Routière (SGRR S.A.)	Marseille	France	Eur	1,537,320		100.000%
Vert Pré Saint Thiebaut SCI	Nancy	France	Eur	457		100.000%
TJ2D S.n.c.	Nancy	France	Eur	1,000		100.000%
Autogrill Restauration Services S.a.s.	Marseille	France	Eur	15,394,500		100.000%
Autogrill Gares Métropoles S.àr.l.	Marseille	France	Eur	4,500,000		100.000%
Autogrill Restauration Carrousel S.a.s.	Marseille	France	Eur	2,337,000		100.000%
La Rambertine S.n.c.	Romans	France	Eur	1,524		100.000%
Autogrill Commercial Catering France S.a.s.	Marseille	France	Eur	2,916,480		100.000%
Autogrill Centres Commerciaux S.àr.l.	Marseille	France	Eur	501,900		100.000%
Autogrill FFH Auotoroutes S.àr.l.	Marseille	France	Eur	375,000		100.000%
Autogrill FFH Centres Villes S.àr.l.	Marseille	France	Eur	375,000		100.000%
SPB S.àr.l.	Marseille	France	Eur	4,500		100.000%
Carestel Nord S.àr.l. (in liquidation)	Mulhouse	France	Eur	76,225		99.980%
Autogrill Trois Frontières S.àr.l.	Marseille	France	Eur	621,999		100.000%
Autogrill Schweiz A.G.	Olten	Switzerland	Chf	23,183,000	100.000%	
Restoroute de Bavois S.A.	Bavois	Switzerland	Chf	2,000,000		73.000%
Restoroute de la Gruyère S.A.	Avry devant Pont	Switzerland	Chf	1,500,000		54.300%
Autogrill Group Inc.	Delaware	USA	Usd	33,793,055	100.000%	
CBR Specialty Retail Inc.	Delaware	USA	Usd	–		100.000%
HMSHost Corporation	Delaware	USA	Usd	–		100.000%
HMSHost International Inc.	Delaware	USA	Usd	–		100.000%
HMSHost Tollroads Inc.	Delaware	USA	Usd	–		100.000%
HMSHost USA L.L.C.	Delaware	USA	Usd	–		100.000%
Host International Inc.	Delaware	USA	Usd	–		100.000%
Cleveland Airport Services Inc. (in liquidation)	Delaware	USA	Usd	–		100.000%
HMS-Airport Terminal Services Inc.	Delaware	USA	Usd	1,000		100.000%
HMS Host Family Restaurants Inc.	Baltimore	USA	Usd	2,000		100.000%
HMS Host Family Restaurants L.L.C.	Delaware	USA	Usd	–		100.000%
Gladieux Corporation	Ohio	USA	Usd	750		100.000%
Host (Malaysia) Sdn. Bhd.	Kuala Lumpur	Malaysia	Myr	–		100.000%
Host International of Canada Inc.	Vancouver	Canada	Cad	75,351,237		100.000%
Host Canada L.P.	Calgary	Canada	Cad	–		100.000%
SMSI Travel Centres Inc.	Vancouver	Canada	Cad	9,800,100		100.000%
HMSHost Holding GP Inc.	Vancouver	Canada	Cad	–		100.000%
HMSHost Holding F&B GP Inc.	Vancouver	Canada	Cad	–		100.000%
HMS Host Motorways Inc.	Vancouver	Canada	Cad	–		100.000%
HMSHost Motorways L.P.	Winnipeg	Canada	Cad	–		100.000%
HK Travel Centres GP. Inc.	Toronto	Canada	Cad	–		51.000%
HK Travel Centres L.P.	Winnipeg	Canada	Cad	–		51.000%
Host International of Kansas Inc.	Kansas	USA	Usd	1,000		100.000%
Host International of Maryland Inc.	Maryland	USA	Usd	79,576		100.000%
HMS Host USA Inc.	Delaware	USA	Usd	–		100.000%
Host of Holland B.V.	Amsterdam	The Netherlands	Eur	–		100.000%

Company	Registered office	Country	Currency	Share/quota	% owned 31.12.2010 Directly	Indirectly
Horeca Exploitatie Maatschappij Schiphol B.V.	Amsterdam	The Netherlands	Eur	45,378		100.000%
Host Services Inc.	Texas	USA	Usd	–		100.000%
Host Services of New York Inc.	Delaware	USA	Usd	1,000		100.000%
Host Services Pty Ltd.	North Cairns	Australia	Aud	6,252,872		100.000%
Las Vegas Terminal Restaurants Inc.	Delaware	USA	Usd	–		100.000%
Marriott Airport Concessions Pty Ltd.	North Cairns	Australia	Aud	3,910,102		100.000%
Michigan Host Inc.	Delaware	USA	Usd	1,000		100.000%
HMSHost Services India Private Ltd.	Bangalore	India	Inr	668,441,680		100.000%
HMS-Airport Terminal Services Inc.	Christchurch	New Zealand	Nzd	–		100.000%
HMSHost Singapore Pte Ltd.	Singapore	Singapore	Sgd	8,470,896		100.000%
HMSHost New Zealand Ltd.	Auckland	New Zealand	Nzd	1,520,048		100.000%
Anton Airfood Inc.	Delaware	USA	Usd	1,000		100.000%
Anton Airfood JFK Inc.	New York	USA	Usd	–		100.000%
Anton Airfood of Cincinnati Inc.	Kentucky	USA	Usd	–		100.000%
Anton Airfood of Minnesota Inc.	Minnesota	USA	Usd	–		100.000%
Anton Airfood of North Carolina Inc.	North Carolina	USA	Usd	–		100.000%
Anton Airfood of Ohio Inc. (in liquidation)	Ohio	USA	Usd	–		100.000%
Anton Airfood of Texas Inc.	Texas	USA	Usd	–		100.000%
Anton Airfood of Virginia Inc.	Virginia	USA	Usd	–		100.000%
Palm Springs AAI Inc.	California	USA	Usd	–		100.000%
Anton Airfood of Boise Inc.	Idaho	USA	Usd	–		100.000%
Anton Airfood of Tulsa Inc.	Oklahoma	USA	Usd	–		100.000%
Islip AAI Inc.	New York	USA	Usd	–		100.000%
Fresno AAI Inc.	California	USA	Usd	–		100.000%
Anton Airfood of Newark. Inc.	New Jersey	USA	Usd	–		100.000%
Anton Airfood of Seattle. Inc.	Washington	USA	Usd	–		100.000%
Anton/JQ RDU Joint Venture	North Carolina	USA	Usd	–		100.000%
Host Bush Lubbock Airport Joint Venture	Texas	USA	Usd	–		90.000%
Host/Diversified Joint Venture	Michigan	USA	Usd	–		90.000%
CS Host Joint Venture	Kentucky	USA	Usd	–		70.000%
Airside C F & B Joint Venture	Florida	USA	Usd	–		70.000%
Host of Kahului Joint Venture Company	Hawaii	USA	Usd	–		90.000%
Host/Coffee Star Joint Venture	Texas	USA	Usd	–		50.010%
Host-Chelle-Ton Sunglass Joint Venture	North Carolina	USA	Usd	–		80.000%
Southwest Florida Airport Joint Venture	Florida	USA	Usd	–		80.000%
Host Honolulu Joint Venture Company	Hawaii	USA	Usd	–		90.000%
Host/Forum Joint Venture	Baltimore	USA	Usd	–		70.000%
HMS/Blue Ginger Joint Venture	Texas	USA	Usd	–		55.000%
Savannah Airport Joint Venture	Atlanta	USA	Usd	–		45.000%
Host/Aranza Services Joint Venture	Texas	USA	Usd	–		50.010%
Host & Garrett Joint Venture	Mississippi	USA	Usd	–		75.000%

Company	Registered office	Country	Currency	Share/quota	% owned 31.12.2010 Directly	Indirectly
Tinsley - Host - Tampa Joint Venture	Florida	USA	Usd	–		49.000%
Phoenix - Host Joint Venture	Arizona	USA	Usd	–		70.000%
Host Taco Joy Joint Venture	Atlanta	USA	Usd	–		80.000%
Host Chelsea Joint Venture	Texas	USA	Usd	–		65.000%
Host -Tinsley Joint Venture	Florida	USA	Usd	–		84.000%
Host/Tarra Enterprises Joint Venture	Florida	USA	Usd	–		75.000%
Metro-Host Joint Venture	Michigan	USA	Usd	–		70.000%
Ben-Zey/Host Lottery JV	Florida	USA	Usd	–		40.000%
Host D and D St. Louis Airport Joint Venture	Missouri	USA	Usd	–		75.000%
East Terminal Chili's Joint Venture	Missouri	USA	Usd	–		55.000%
Host - Chelsea Joint Venture #2	Texas	USA	Usd	–		75.000%
Host/LJA Joint Venture	Missouri	USA	Usd	–		85.000%
Host/NCM Atlanta e Joint Venture	Atlanta	USA	Usd	–		75.000%
Houston 8/Host Joint Venture	Texas	USA	Usd	–		60.000%
Host-Houston 8 San Antonio Joint Venture	Texas	USA	Usd	–		63.000%
Seattle Restaurant Associates	Washington	USA	Usd	–		70.000%
Bay Area Restaurant Group	California	USA	Usd	–		49.000%
Islip Airport Joint Venture	New York	USA	Usd	–		50.000%
Host - Prose Joint Venture II	Virginia	USA	Usd	–		70.000%
HMS Host/Coffee Partners Joint Venture	Texas	USA	Usd	–		50.010%
Host-Grant Park Chili's Joint Venture	Arizona	USA	Usd	–		60.000%
Host/JV Ventures McCarran Joint Venture	Nevada	USA	Usd	–		60.000%
Airside E Joint Venture	Florida	USA	Usd	–		50.000%
Host-CJ & Havana Joint Venture	California	USA	Usd	–		70.000%
Host/Howell-Mickens Joint Venture	Texas	USA	Usd	–		65.000%
Host/JZ RDU Joint Venture	North Carolina	USA	Usd	–		75.000%
MIA Airport Retail Partners Joint Venture	Florida	USA	Usd	–		70.000%
Host of Santa Ana Joint Venture Company	California	USA	Usd	–		75.000%
Host Marriott Services - D/FW Joint Venture	Texas	USA	Usd	–		65.000%
Host Marriott Services - D/FWorth Joint Venture II	Texas	USA	Usd	–		75.000%
Host - Prose Joint Venture III	Virginia	USA	Usd	–		51.000%
Host Adevco Joint Venture	Arkansas	USA	Usd	–		70.000%
HMSHost Shellis Trans Air Joint Venture	Atlanta	USA	Usd	–		60.000%
Host PJJD Jacksonville Joint Venture	Florida	USA	Usd	–		51.000%
Host/JQ Raleigh Durham	North Carolina	USA	Usd	–		75.000%
Host-TFC-RSL. LLC	Kentucky	USA	Usd	–		65.000%
Host -Chelsea Joint Venture #4	Texas	USA	Usd	–		63.000%
Host – Houston 8 Terminal E. LLC	Texas	USA	Usd	–		60.000%
Host CTI Denver Airport Joint Venture	Colorado	USA	Usd	–		90.000%

Company	Registered office	Country	Currency	Share/quota	% owned 31.12.2010 Directly	Indirectly
Host International (Poland) Sp.zo.o.	Poland	Poland	Pln	–		100.000%
Host International of Canada (RD). Ltd.	Canada	Canada	Cad	–		100.000%
Host Shellis Atlanta JV	Atlanta	USA	Usd	–		70.000%
RDU A&W JV-Anton	North Carolina	USA	Usd	–		100.000%
Shenzhen Host Catering Company. Ltd.	Shenzhen	China	Cny	–		100.000%
Host/Howell - Mickens Joint Venture III	Texas	USA	Usd	–		51.000%
Host-Chelsea Joint Venture #3	Texas	USA	Usd	–		63.800%
Autogrill Belux N.V.	Antwerp	Belgium	Eur	10,000,000	99.999%	0.001%
Carestel Motorway Services N.V.	Antwerp	Belgium	Eur	9,000,000		100.000%
Carestel Beteiligungs GmbH & Co. (in liquidation)	Stuttgart	Germany	Eur	25,000		100.000%
Aldeasa S.A.	Madrid	Spain	Eur	10,772,462		99.960%
Aldeasa Internacional S.A.	Madrid	Spain	Eur	1,352,250		100.000%
Aldeasa Chile Ltda.	Santiago	Chile	Usd	2,516,819		99.900%
Sociedad de Distribución Aeroportuaria de Canarias S.L.	Las Palmas	Spain	Eur	667,110		60.000%
Aldeasa Colombia Ltda.	Cartagena de Indias	Colombia	Cop	2,356,075,724		100.000%
Aldeasa México S.A. de C.V.	Cancun	Mexico	Mxn	60,962,541		100.000%
Transportes y Suministros Aeroportuarios S.A. (in liquidation)	Madrid	Spain	Eur	1,202,000		100.000%
Aldeasa Cabo Verde S.A.	Isla de Sal	Cape Verde	Cve	6,000,000		100.000%
Prestadora de Servicios en Aeropuertos S.A. de C.V. (in liquidation)	Cancun	Mexico	Mxn	50,000		100.000%
Aldeasa Italia S.r.l.	Naples	Italy	Eur	10,000		100.000%
Aldeasa Duty Free Comercio e Importación de Productos Ltda	Sao Paulo	Brazil	Brl	145,300		100.000%
Panalboa S.A.	Panama	Panama Republic	Pab	150,000		80.000%
Audioguiarte Servicios Culturales S.L.	Madrid	Spain	Eur	251,000		100.000%
Aldeasa Servicios Aeroportuarios Ltda. (in liquidation)	Santiago	Chile	Usd	15,000		99.990%
Aldeasa Projets Culturels S.a.s.	Paris	France	Eur	1,301,400		100.000%
Cancouver Uno S.L.	Madrid	Spain	Eur	3,010		100.000%
Aldeasa US Inc.	Wilmington	USA	Usd	49,012,087		100.000%
Alpha Keys Orlando Retail Associates Ltd.	Florida	USA	Usd	100,000		85.000%
Alpha Airport Services Inc.	Florida	USA	Usd	1,400,000		100.000%
Aldeasa Atlanta L.L.C.	Atlanta	USA	Usd	1,122,000		100.000%
Aldeasa Atlanta JV	Atlanta	USA	Usd	2,200,000		76.000%
Aldeasa Jordan Airports Duty Free Shops Ltd (AJADFS)	Amman	Jordan	Usd	705,219		100.000%
Aldeasa Curaçao N.V.	Curaçao	Dutch Antilles	Usd	500,000		100.000%
Aldeasa Canada Inc.	Vancouver	Canada	Cad	1,000		100.000%
Aldeasa Vancouver L.P.	Vancouver	Canada	Cad	32,701,000		100.000%
Palacios y Museos S.l.U.	Madrid	Spain	Eur	160,000		100.000%

Company	Registered office	Country	Currency	Share/quota	% owned 31.12.2010 Directly	Indirectly
Companies consolidated proportionally						
Steigenberger Gastronomie GmbH	Frankfurt	Germany	Eur	750,000		49.990%
Alpha ASD Ltd.	London	United Kindom	Gbp	20,000		50.000%
Caresquick N.V.	Brussels	Belgium	Eur	3,300,000		50.000%
Companies consolidated using the equity method						
Dewina Host Sdn Bhd	Kuala Lumpur	Malaysia	Myr	–		49.000%
TGIF National Airport Restaurant Joint Venture	Texas	USA	Usd	–		25.000%
HKSC Developments L.P. (Projecto)	Winnipeg	Canada	Cad	–		49.000%
HKSC Opco L.P. (Opco)	Winnipeg	Canada	Cad	–		49.000%
Souk al Mouhajir S.A.	Tangier	Morocco	Dhs	6,500,000		35.840%
Creuers del Port de Barcelona S.A.	Barcelona	Spain	Eur	7,700,000		23.000%

Certification by the CEO and Financial Reporting Officer

CERTIFICATION
of the separate financial statements
pursuant to Art. 81-*ter* of Consob Regulation 11971
of 14 May 1999 (as amended)

1. We, the undersigned, Gianmario Tondato Da Ruos as Chief Executive Officer and Mario Zanini as Financial Reporting Officer of Autogrill S.p.A., hereby declare, including in accordance with Art. 154-*bis* (3) and (4) of Legislative Decree 58 of 24 February 1998:

a) the adequacy of in relation to the characteristics of the business; and

b) due compliance with

the administrative and accounting procedures for the preparation of the separate financial statements during the course of 2010.

2. No significant findings have come to light in this respect.

3. We also confirm that:

3.1 the separate financial statements:
a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
b) correspond to the ledgers and accounting entries;
c) provide a true and fair view of the issuer's financial position and results of operations of Autogrill S.p.A. and the companies included in the consolidation.

3.2 the directors' report includes a reliable description of the performance and financial position of the company, along with the main risks and uncertainties to which it is exposed.

Milan, 8 March 2010

Gianmario Tondato Da Ruos
Chief Executive Officer

Mario Zanini
Financial Reporting Officer

Independent Auditors' Report

KPMG

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI

Telefono 02 6763.1
Telefax 02 67632445
e-mail it-fmauditaly@kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Autogrill S.p.A.

1 We have audited the separate financial statements of Autogrill S.p.A. as at and for the year ended 31 December 2010, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 30 March 2010 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the separate financial statements of Autogrill S.p.A. as at and for the year ended 31 December 2010 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of Autogrill S.p.A. as at 31 December 2010, the results of its operations and its cash flows for the year then ended.

3. Separate financial statements

KPMG

Autogrill S.p.A.
Report of the auditors
31 December 2010

4 The directors of Autogrill S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure, published in the "governance" section of Autogrill S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of Autogrill S.p.A. as at and for the year ended 31 December 2010.

Milan, 30 March 2011

KPMG S.p.A.

(signed on the original)

Giovanni Rebay
Director of Audit

Board of Statutory Auditors' Report

Dear Shareholders,

During the year ended 31 December 2010 we performed the supervisory activities required by law, following the rules of conduct for statutory auditors endorsed by the Italian Accounting Profession and taking account of the recommendations provided by Consob in Circular 1025564 of 6 April 2001 and similar communications.

We confirm that we have:

- attended the annual general meeting of the shareholders and all meetings of the Board of Directors held during the year, and obtained periodic information from the directors on their activities and on the most significant transactions carried out by Autogrill S.p.A. and its subsidiaries;
- stayed informed of and supervised the company's and its subsidiaries' activities, including as envisaged by Art. 151 of Legislative Decree 58/1998 (the Consolidated Finance Act), within the scope of our remit. The information in question was gathered through audits and directly from the chief executive officer and department heads, through attendance at the meetings of the Internal Control and Corporate Governance Committee, and by sharing information with the independent auditors KPMG S.p.A.;
- arranged meetings with the top representatives of the various corporate functions to ensure that the initiatives being followed were geared not only toward achieving business objectives but also toward improving the internal control system;
- verified the adequacy of the administrative-accounting system and its ability to represent performance correctly, including by examining the findings of the independent auditors, who informed us during the year of their inspections and reported no irregularities;
- received from Board of Directors, by the deadlines set by law, the 2010 Half-year Report and the Interim Management Statements at 31 March and 30 September 2010;
- been informed by the directors regarding the accounting policies used to prepare the 2010 financial statements;
- verified that, in respect of Art. 36 of Consob's Market Regulations, the procedures adopted by the company ensure compliance with the above-mentioned regulations;
- ensured that the procedures for related party transactions adopted by the Board of Directors on 29 November 2010 comply with the standards laid down in Consob Regulation 17221/2010.

Again with reference to the aforementioned Consob circular, we provide the following information and statements:

a) The transactions of economic and financial significance carried out by the company comply with the by-laws and with pertinent legislation. On the basis of information at our disposal we were able to determine that such transactions were not manifestly imprudent, hazardous, or otherwise liable to comprise the company's financial soundness.
b) We have found no atypical and/or unusual transactions carried out during the year. The Directors' Report and the notes provide information on the characteristics and economic effects of the main transactions with third parties, related parties and other companies in the Autogrill Group.
c) The report of the independent auditors KPMG S.p.A. issued an unqualified report on Autogrill S.p.A.'s separate financial statements at 31 December 2010, on 30 March 2011. KPMG's report on the Autogrill Group's 2010 consolidated financial statements, issued on the same date, is also unqualified.
d) In 2010 the Board of Statutory Auditors received no complaints pursuant to Art. 2408 of the Italian Civil Code.
e) In 2010 the Board of Statutory Auditors received no statements or exposés.
f) Concerning the independence of the independent auditors, we were informed that in 2010 KPMG S.p.A. conducted a review of the Sustainability Report for fees of € 85,000, checked the Company's tax returns as required by law for fees of € 6,000, reviewed the consideration due to landlords in accordance with the relevant contracts for fees of € 18,000, issued fairness opinion on the stock option plan for fees of € 40,000, and provided other certification services for fees of € 28,000.
g) For auditing the separate and consolidated financial statements, on the basis of contractual agreements in force, KPMG S.p.A. was paid an additional € 25,000 for extra hours relating mostly to the sale of the Flight business.
h) The independent auditors informed us that the foreign subsidiaries of Autogrill S.p.A. have hired members of KPMG's network for assignments other than auditing the financial statements, as reported in the notes.
i) We have received confirmation of the independence of the firm hired for compulsory accounts auditing pursuant to Art. 17(9)(a) of Legislative Decree 39/2010, and no situations or circumstances have come to light that would disqualify that firm or compromise its independence.
j) The independent auditors have provided us with the report required by Art. 19(3) of Legislative Decree 39/2010, which notes no significant shortcomings in the internal control system concerning the financial reporting process.

k) In 2010 the Board of Statutory Auditors issued the opinions called for by law.
l) The company has complied with all data protection obligations as stated in Legislative Decree 196/2003, and has drawn up the Data Protection Document required by law.
m) In accordance with the company's organisational and management model for the prevention of legal offences envisaged by Legislative Decree 231 of 8 June 2001 regarding corporate liability for crimes committed by employees and other staff, Autogrill S.p.A., through the Supervisory Board set up for this purpose, monitored the processes and procedures designed to prevent such offences. The Board of Statutory Auditors was informed in communications addressed to itself and to the Board of Directors.
n) In 2010 there were 12 meetings of the Board of Directors and 10 meetings of the Internal Control and Corporate Governance Committee. There were also 12 meetings of the Board of Statutory Auditors.
o) We have no comments to make on the company's observance of sound management principles, which appear to have been consistently followed and geared toward the company's best interests.
p) In 2010 the company continued to adapt its organisational structure, especially as regards the "Travel Retail & Duty-Free" division, although no significant changes took place; risk management and control was also a continued priority through the work of the Group's Internal Audit department.
q) We verified that, in accordance with Art. 114(2) of Legislative Decree 58/1998, the company gave its subsidiaries sufficient instruction for the prompt receipt of the information needed to meet the reporting requirements mandated by law.
r) We have no observations to make regarding contacts with the corresponding bodies of the company's subsidiaries.
s) During regular meetings between the Board of Statutory Auditors and the independent auditors, pursuant to Art. 150(3) of the Consolidated Finance Act, no circumstances were noted that are worthy of mention in this report.
t) The company continued to improve and implement the rules of corporate governance in accordance with the Corporate Governance Code published by Borsa Italiana in March 2006, which the company adopted by resolution of the Board of Directors on 19 December 2006. Compliance with the code was verified by us and is the subject of the Autogrill Group's 2010 Corporate Governance Report, which is available in the required forms.
u) During the year the company verified the true independence of the directors qualifying as such, in accordance with the Corporate Governance Code; likewise, it ascertained our own continued independence, according to the provisions of that Code.
v) The statutory auditors confirm that both the separate and the consolidated financial statements have been prepared according to the IFRS published by the IASB and endorsed by the European Union, as required by EC Regulation 1606 of 19 July 2002 and by Legislative Decree 38/2005. Those financial statements, and in particular the accompanying notes, contain the information required by Consob Circular no. 6064293 of 28 July 2006 and by Banca d'Italia/Consob/ISVAP Document no. 4 of 3 March 2010. Periodic accounting checks and auditing of the separate and consolidated financial statements was assigned to the independent auditors KPMG S.p.A. During the year the independent auditors checked that the books were kept correctly, that transactions were properly entered in the accounting records, and that the accounting records correspond to the financial statements on 31 December 2010; the financial reporting officer and the chief executive officer have issued the statements and certifications required by law. The Board of Statutory Auditors in any case monitored the general layout of the financial statements, their compliance with the law and their observance of applicable regulations. The notes to the financial statements specify the accounting policies used and provide all information required by law; the Directors' Report describes the company's performance, current situation and outlook, as well as the group's development and reorganisation, including information on credit, market, liquidity, and operational risks.

During the course of our work, as described above, no matters arose that might have required reporting to the authorities or mention in this report.

In conclusion, we certify that in the course of our work we found no omissions, inappropriate conduct or irregularities to report to the shareholders.

Within the scope of our mandate, we also assent to the approval of the 2010 financial statements accompanied by the Directors' Report as presented by the Board of Directors, and to the directors' recommended allocation of the net profit for the year.

Milan, 30 March 2011

The Board of Statutory Auditors

Luigi Biscozzi
Eugenio Colucci
Ettore Maria Tosi