CONSOLIDATED FINANCIAL STATEMENTS 2000

Balance sheet

Memorandum accounts

Statement of income

Explanatory notes

Consolidated financial statements as at 31 December 2000

Balance sheet - Assets

	(in millions of Lire)		(in thousands of Euro)	
	31.12.2000	31.12.1999	*31.12.2000*	*31.12.1999*
B) Fixed assets				
I. Intangible				
1) Formation and start-up costs	**20,333**	18,494	*10,501*	*9,551*
2) Cost of research, development and advertising	**8,230**	3,767	*4,250*	*1,945*
3) Cost of industrial patents and rights for the use of intellectual property	**2,288**	2,681	*1,182*	*1,385*
4) Concessions, licences, brand names and similar rights	**57,188**	60,566	*29,535*	*31,280*
5) Goodwill	**16,831**	13,667	*8,693*	*7,058*
5 bis) Consolidation differences	**114,791**	121,286	*59,285*	*62,639*
6) Intangible fixed assets under development and advances	**3,629**	4,137	*1,874*	*2,137*
7) Other intangible fixed assets	**31,056**	28,451	*16,039*	*14,694*
	254,346	253,049	*131,359*	*130,689*
II. Tangible				
1) Land and buildings	**425,148**	435,910	*219,571*	*225,129*
2) Plant and machinery	**264,322**	256,802	*136,511*	*132,627*
3) Industrial and commercial equipment	**9,372**	10,105	*4,840*	*5,219*
4) Other tangible fixed assets	**27,469**	26,416	*14,187*	*13,643*
5) Tangible fixed assets under development and advances	**35,080**	28,166	*18,117*	*14,546*
	761,391	757,399	*393,226*	*391,164*
III. Financial				
1) Stockholdings in				
a) subsidiaries	**2,862**	52,313	*1,478*	*27,017*
b) associated companies	**4,881**	4,859	*2,521*	*2,510*
d) other companies	**6,874**	6,915	*3,550*	*3,571*
	14,617	64,087	*7,549*	*33,098*
2) Loans				
a) to subsidiaries				
- within 12 months	**1,100**	1,468	*568*	*758*
- over 12 months	**670**	870	*346*	*449*
b) to associated companies				
- within 12 months	**809**	9	*418*	*5*
- over 12 months	**116**		*60*	
d) to others				
- within 12 months	**3,085**	1,930	*1,593*	*997*
- over 12 months	**27,212**	27,219	*14,054*	*14,058*
	32,992	31,496	*17,039*	*16,267*
3) Other securities	**3,024**	2,165	*1,561*	*1,118*
4) Treasury stock (total nominal value at 31 December 2000 Lire 4,113,000,000)	**20,332**		*10,501*	
	70,965	97,748	*36,650*	*50,483*
Total fixed assets (B)	**1,086,702**	1,108,196	*561,235*	*572,336*

	(in millions of Lire)		*(in thousands of Euro)*	
	31.12.2000	31.12.1999	*31.12.2000*	*31.12.1999*
C) Current assets				
I. Inventories				
1) Raw materials, supplies and consumables	**28,320**	24,240	*14,626*	*12,519*
2) Products in progress and semi-finished products	**13,283**	12,505	*6,860*	*6,458*
4) Finished products				
and goods purchased for resale	**302,274**	296,110	*156,111*	*152,928*
5) Advances	**96**	1,268	*50*	*655*
	343,973	334,123	*177,647*	*172,560*
II. Receivables				
1) Trade receivables				
- within 12 months	**332,446**	382,126	*171,694*	*197,352*
- over 12 months	**2,693**	912	*1,391*	*471*
	335,139	383,038	*173,085*	*197,823*
2) From subsidiaries				
- within 12 months	**5,659**	4,543	*2,923*	*2,346*
- over 12 months				
	5,659	4,543	*2,923*	*2,346*
3) From associated companies				
- within 12 months	**19,704**	15,955	*10,176*	*8,240*
- over 12 months				
	19,704	15,955	*10,176*	*8,240*
5) From others				
- within 12 months	**135,340**	103,500	*69,897*	*53,453*
- over 12 months	**23,132**	11,402	*11,947*	*5,889*
	158,472	114,902	*81,844*	*59,342*
	518,974	518,438	*268,028*	*267,751*
III. Financial current assets				
4) Other stockholdings	**106**	106	*55*	*55*
5) Treasury stock		5,306		*2,740*
6) Other securities	**147**	209	*76*	*108*
	253	5,621	*131*	*2,903*
IV. Cash and cash equivalents				
1) Bank and post office accounts	**53,402**	58,456	*27,580*	*30,190*
2) Cheques on hand	**7,008**	1,625	*3,619*	*839*
3) Cash on hand	**3,356**	1,741	*1,733*	*899*
	63,766	61,822	*32,932*	*31,928*
Total current assets (C)	**926,966**	920,004	*478,738*	*475,142*
D) Accrued income and prepaid expenses				
- miscellaneous	**6,138**	4,874	*3,170*	*2,517*
Total accrued income and prepaid expenses (D)	**6,138**	4,874	*3,170*	*2,517*
Total assets (B+C+D)	**2,019,806**	2,033,074	*1,043,143*	*1,049,995*

Consolidated financial statements as at 31 December 2000

Balance sheet - Net equity and liabilities

	(in millions of Lire)		(in thousands of Euro)	
	31.12.2000	31.12.1999	*31.12.2000*	*31.12.1999*
A) Net equity				
I. Capital stock	141,754	140,620	*73,210*	*72,624*
II. Share premium reserve	204,606	208,543	*105,670*	*107,703*
IV. Legal reserve	7,045	5,833	*3,638*	*3,013*
V. Reserve for treasury stock	20,332	5,306	*10,501*	*2,740*
VII. Other reserves				
Consolidation reserve	6,623	6,623	*3,420*	*3,421*
Cumulative translation adjustments	46		*24*	
Others		3,071		*1,586*
VIII. Profit (loss) brought-forward	2,329	(669)	*1,203*	*(346)*
IX. Group's share of profit (loss)	(19,287)	30,024	*(9,961)*	*15,506*
Total Group net equity	363,448	399,351	*187,705*	*206,247*
Minority interest in net equity	2,316	2,741	*1,197*	*1,416*
Minority's share of profit (loss)	483	157	*249*	*81*
Total minority interests	2,799	2,898	*1,446*	*1,497*
Total net equity (A)	**366,247**	402,249	*189,151*	*207,744*
B) Provision for liabilities and charges				
1) Provision for severance indemnities	1,897	1,877	*980*	*969*
2) Provision for taxation	6,490	11,695	*3,352*	*6,040*
3) Other	7,947	9,477	*4,104*	*4,895*
Total provision for liabilities and charges (B)	**16,334**	23,049	*8,436*	*11,904*
C) Staff severance indemnities	**55,219**	52,462	*28,518*	*27,094*
D) Payables				
1) Bonds				
- within 12 months				
- over 12 months	254,853	274,853	*131,621*	*141,950*
	254,853	274,853	*131,621*	*141,950*
3) Bank loans and overdrafts				
- within 12 months	349,529	263,016	*180,517*	*135,836*
- over 12 months	360,957	341,780	*186,419*	*176,515*
	710,486	604,796	*366,936*	*312,351*
4) Payables to other financial institutions				
- within 12 months	60,213	73,913	*31,097*	*38,173*
- over 12 months	9,770	10,037	*5,046*	*5,184*
	69,983	83,950	*36,143*	*43,357*

	(in millions of Lire)		(in thousands of Euro)	
	31.12.2000	31.12.1999	*31.12.2000*	*31.12.1999*
5) Advances				
- within 12 months	**626**	338	*323*	*175*
- over 12 months				
	626	338	*323*	*175*
6) Trade payables				
- within 12 months	**434,465**	430,218	*224,382*	*222,189*
- over 12 months		2,870		*1,482*
	434,465	433,088	*224,382*	*223,671*
7) Notes payable				
- within 12 months		1,137		*587*
- over 12 months				
		1,137		*587*
8) Payables to subsidiaries				
- within 12 months	**2,058**	45,985	*1,063*	*23,749*
- over 12 months				
	2,058	45,985	*1,063*	*23,749*
9) Payables to associated companies				
- within 12 months	**53**	281	*27*	*145*
- over 12 months				
	53	281	*27*	*145*
11) Tax payables				
- within 12 months	**26,718**	21,475	*13,799*	*11,091*
- over 12 months				
	26,718	21,475	*13,799*	*11,091*
12) Payables to pension and social security institutions				
- within 12 months	**11,255**	8,647	*5,813*	*4,466*
- over 12 months				
	11,255	8,647	*5,813*	*4,466*
13) Other payables				
- within 12 months	**59,533**	66,552	*30,746*	*34,371*
- over 12 months	**2,257**	1,756	*1,166*	*907*
	61,790	68,308	*31,912*	*35,278*
Total payables (D)	**1,572,287**	1,542,858	*812,019*	*796,820*
E) Accrued expenses and deferred income				
- miscellaneous	**9,719**	12,456	*5,019*	*6,433*
Total accrued expenses and deferred income (E)	**9,719**	12,456	*5,019*	*6,433*
Total liabilities (A+B+C+D+E)	**2,019,806**	2,033,074	*1,043,143*	*1,049,995*

Memorandum accounts

	(in millions of Lire)		(in thousands of Euro)	
	31.12.2000	31.12.1999	*31.12.2000*	*31.12.1999*
Real guarantees - sureties				
- subsidiaries	519,154	762,075	268,121	393,579
- associated companies				
- affiliated companies	5,227	7,602	2,700	3,926
- other companies	126,629	86,419	65,398	44,632
	651,010	856,096	336,219	442,137
Real guarantees - letters of comfort				
- subsidiaries	101,500	96,662	52,420	49,922
- associated companies				
- affiliated companies		500		258
- other companies				
	101,500	97,162	52,420	50,180
Indirect guarantees - credit mandates				
- subsidiaries	236,400	232,890	122,090	120,278
- associated companies				
- affiliated companies				
- other companies				
	236,400	232,890	122,090	120,278
Future leasing instalments	43,310		22,368	
Other risks and commitments	29,741	24,065	15,360	12,429
Total memorandum accounts	**1,061,961**	1,210,213	548,457	625,024

Consolidated financial statements as at 31 December 2000

Statement of income

	(in millions of Lire)		(in thousands of Euro)	
	31.12.2000	31.12.1999	*31.12.2000*	*31.12.1999*
A) Value of production				
1) Revenues from sales and services	**2,647,422**	2,496,196	*1,367,279*	*1,289,178*
2) Changes in inventories of products in progress, semi-finished and finished products	**(13,626)**	197,015	*(7,037)*	*101,750*
4) Increase in fixed assets produced internally	**6,874**	21,252	*3,550*	*10,976*
5) Other revenues and income				
- miscellaneous	**34,644**	26,003	*17,892*	*13,429*
- subsidies	**44**	742	*23*	*383*
Total value of production (A)	**2,675,358**	2,741,208	*1,381,707*	*1,415,716*
B) Costs of production				
6) For raw materials, supplies, consumables and goods purchased for resale	**1,880,034**	1,963,993	*970,957*	*1,014,318*
7) For services	**397,582**	347,927	*205,334*	*179,689*
8) For the use of third party assets	**36,915**	29,745	*19,065*	*15,362*
9) For personnel				
a) Salaries and wages	**173,652**	149,147	*89,684*	*77,028*
b) Social security costs	**56,564**	50,597	*29,213*	*26,131*
c) Staff severance indemnities	**11,629**	11,302	*6,006*	*5,837*
d) Other severance indemnities		61		*32*
e) Other costs	**972**	749	*502*	*387*
	242,817	211,856	*125,405*	*109,415*
10) Amortization and write-downs				
a) Amortization of intangible fixed assets	**30,936**	27,617	*15,977*	*14,263*
b) Amortization of tangible fixed assets	**46,931**	51,146	*24,238*	*26,415*
c) Other write-downs of fixed assets	**1,856**		*959*	
d) Provision for bad debts and write-downs of other current assets	**7,533**	9,567	*3,890*	*4,941*
	87,256	88,330	*45,064*	*45,619*
11) Changes in inventories of raw materials, supplies, consumables and goods purchased for resale	**(22,309)**	(25,424)	*(11,522)*	*(13,130)*
12) Provision for risks	**800**	5,222	*413*	*2,697*
13) Other provisions	**90**	272	*46*	*140*
14) Sundry administration costs	**25,119**	26,855	*12,973*	*13,869*
Total costs of production (B)	**2,648,304**	2,648,776	*1,367,735*	*1,367,979*
Difference between value and costs of production (A-B)	**27,054**	92,432	*13,972*	*47,737*
C) Financial income and expense				
15) Income from stockholdings				
- from subsidiaries	**15**	6,397	*8*	*3,304*
- from associated companies	**1,464**	21,501	*756*	*11,104*
- others	**88**	75	*45*	*39*
	1,567	27,973	*809*	*14,447*

	(in millions of Lire)		(in thousands of Euro)	
	31.12.2000	31.12.1999	*31.12.2000*	*31.12.1999*
16) Other financial income				
a) from fixed loans				
- from subsidiaries	**40**	43	*21*	*22*
- others	**423**	428	*218*	*221*
	463	471	*239*	*243*
b) from fixed securities other than stockholdings	**67**	333	*35*	*172*
c) from current securities other than stockholdings	**4,641**	582	*2,397*	*301*
d) income other than described above				
- from subsidiaries	**16**	31	*8*	*16*
- from associated companies	**47**	67	*24*	*35*
- others	**21,071**	15,127	*10,882*	*7,812*
	21,134	15,225	*10,914*	*7,863*
	26,305	16,611	*13,585*	*8,579*
17) Interest and other financial costs				
- from subsidiaries	**(66)**	(45)	*(34)*	*(24)*
- others	**(76,678)**	(55,976)	*(39,600)*	*(28,909)*
	(76,744)	(56,021)	*(39,634)*	*(28,933)*
Total financial income and expense (C)	**(48,872)**	(11,437)	*(25,240)*	*(5,907)*
D) Adjustments to the value of financial assets				
18) Write-ups				
a) of stockholdings	**22**		*11*	
19) Write-downs				
a) of stockholdings	**(374)**	(1,181)	*(193)*	*(610)*
b) of financial fixed assets other than stockholdings	**(109)**	(417)	*(56)*	*(215)*
c) of current securities other than stockholdings		(931)		*(481)*
	(483)	(2,529)	*(249)*	*(1,306)*
Total adjustments to the value of financial assets (D)	**(461)**	(2,529)	*(238)*	*(1,306)*
E) Extraordinary income and expense				
20) Income				
- surplus on sales	**1,000**	6,956	*517*	*3,593*
- miscellaneous	**5,664**	6,424	*2,925*	*3,318*
	6,664	13,380	*3,442*	*6,911*
21) Expense				
- loss on sales	**(153)**	(258)	*(79)*	*(133)*
- taxation relating to preceding financial years	**(593)**	(280)	*(307)*	*(145)*
- miscellaneous	**(7,216)**	(12,481)	*(3,727)*	*(6,446)*
	(7,962)	(13,019)	*(4,113)*	*(6,724)*
Total extraordinary income and expense (E)	**(1,298)**	361	*(671)*	*187*
Profit before taxation (A-B+C+D+E)	**(23,577)**	78,827	*(12,177)*	*40,711*
22) Taxation on the profit for the year	**4,773**	(48,646)	*2,465*	*(25,124)*
26) Net profit for the year				
- Profit (loss) for the year	**(18,804)**	30,181	*(9,712)*	*15,587*
- Minority's share of (profit) loss	**(483)**	(157)	*(249)*	*(81)*
Group's share of profit (loss)	**(19,287)**	30,024	*(9,961)*	*15,506*

Explanatory notes to the consolidated financial statements

The structure and contents of the consolidated financial statements

The consolidated financial statements for the year 1 January 2000 - 31 December 2000 have been prepared in conformity with the requirements of Decree no. 127/1991, integrated and interpreted on the basis of the accounting principles recommended by the Commission of Accounting Principles of the National Board of "Dottori Commercialisti and Ragionieri" (Tax Advisers, Auditors and Accountants). These principles have been applied to the financial statements as at 31 December 2000 of the Parent Company as well as those of the subsidiary companies included within the scope of the consolidation. The financial statements of the subsidiaries have been reclassified and, if necessary, modified and altered to conform to the accounting principles of the Group and to remove fiscal classifications.

The explanatory notes to the consolidated financial statements provide the illustrations, analyses and in some cases, interpretations of the content of the consolidated financial statements and contain the information required by Article 38 of Decree no.127/1991. Moreover, all the complementary information, considered necessary to give a true and fair view of the consolidated financial statements, has been provided even if not required by a specific provision of the law.

The consolidated financial statements as at 31 December 2000 show the information from the preceding year for comparative purposes.

The criteria and method of consolidation

The consolidated financial statements have been prepared using the global integration (line-by-line) method, which consists of aggregating all the assets and liabilities of the Parent Company with those of the consolidated subsidiaries.

The principal consolidation criteria adopted for the application of this method are the following:

- The carrying value of all of the consolidated subsidiaries was eliminated against the relative net equity at the time of the first consolidation (the 1994 financial year) if these existed at that time, or at the time of acquisition if the subsidiary was purchased after 31 December 1994. The resulting negative differences have been charged to a "consolidation reserve". The positive differences have been charged to the consolidated financial statements and, where possible, to the asset element of the relevant company included in the consolidation, or deducted, in the case where the companyís activities are such that the goodwill paid would not be justified by future profitability, from the consolidation reserve. The resulting residual difference is shown under assets as "Consolidation differences". This consolidation differences are amortized using the straight-line method over a period of between 5 to 20 years, because it is considered reasonable that there will be both future profitability in the sector in which each of the subsidiaries operates, and that they will continue to have a strategic value within the Group. In determining the period of amortization, in particular with regard to the restaurant services sector, the duration of rental or concession contracts is taken into account.
- The profits (or losses) arising after the first consolidation were charged in the consolidated balance sheet under the heading "Profits (losses) brought-forward".
- The reciprocal debits or credits and costs or income between consolidated companies, together with the effects

of all material transactions, have been eliminated.

• The net equity and minority interests are shown separately under net equity in the consolidated balance sheet, and in the statement of income.

The translation into Italian Lire of the financial statements of the foreign subsidiary Cremonini Finance plc, in consideration of its activities, is made using the temporary method. With regard to the other foreign subsidiaries, the current exchange rate method is applied utilizing the following exchange rates:

Currency	*Exchange rates at 31 December 2000*	*Average exchange rates in 2000*
Sterling (Great Britain)	3,102.500	3,178.432
Real (Brazil)	1,063.826	1,150.407

Scope of the consolidation

The consolidated financial statements as at 31 December 2000 include those of the Parent Company, Cremonini s.p.a., and its subsidiaries (controlled directly, or indirectly, at that date) as provided by Article 2359 of the Civil Code.

A complete list of the companies consolidated as at 31 December 2000, indicating the method of consolidation, is given in exhibit 7.

Subsidiaries in liquidation, or otherwise inactive, have been excluded from the area of the consolidation as the value of their financial statements is individually and collectively immaterial. In particular, the consolidated financial statements as at 31 December 2000 exclude the following subsidiaries:

Cogea Sud s.r.l.

Inalca Hellas e.p.e. in liquidation

Perutnina Marr Yutali s.r.l. in liquidation

Taormina Catering s.r.l. in liquidation

Sara s.r.l.

SGD s.r.l.

Fe.Ber. Carni s.r.l.

Fernie s.r.l. in liquidation

Inalca Angola ltda

Ge.Mark International d.o.o.

Cremonini International b.v.

The stockholding in these companies were valued at cost, with the exception of the stockholding in Fe.Ber. Carni s.r.l., which was consolidated using the net equity method.

The principal changes to the scope of the consolidation in 2000 were the exclusion from the scope of the consolidation of Baldi Carni s.r.l. following the sale of the stockholding to third parties while, on the other hand, the following subsidiary companies were included in the scope of the consolidation:

- Frimo s.a.m. - A trading company, based in the Principality of Monaco, in which a 51% holding was acquired in the first half of 2000.

- Momentum Services ltd - This 51% owned subsidiary, that is based in London, was formed during 2000 with a major partner of this sector. It was awarded the international tender for the catering on-board of the trains connecting London to Paris and Brussels through the Eurotunnel. Momentum initiated operations from 1 June 2000 and consequently the consolidated financial statements reflect only 7 months of activities in 2000.
- Cremonini Restauration s.a.s - This company, formed at the end of 1999 is 92% held and is based in Paris. The company initiated its activities during 2000 and manages the development of commercial restaurant services in France.
- Quality & Service s.r.l. - The company is a 99% subsidiary of Islandia s.p.a., based in Andriano (Bolzano), and was formed at the end of 1999. Fully operative in 2000, the company is involved in door-to-door distribution in the Trento and Bolzano areas.
- S.A.M. s.r.l. - A 100% subsidiary based at Castelvetro di Modena, this company was not, in fact, operative in 1999. It initiated operations during 2000 in the commercial restaurant services field, managing the buffet in the Faenza railway station (Ravenna).
- Mister Food s.r.l. - This company, based in Genoa was acquired in the course of 2000 and is a 100% subsidiary. It also operates in the sector of the commercial restaurant services and manages the buffet at the railway station of Chiavari (Genoa).

In the course of the financial year, moreover, further operations were carried out that nevertheless did not affect the scope of the consolidation. In particular, some of the more significant were:

in the production sector

- on 13 December 2000 a merger was concluded, with accounting and fiscal effects from 1 January 2000, of Guardamiglio Carni s.p.a. and Ge.Mark s.r.l. that resulted in the Guardamiglio s.r.l. company;

in the distribution sector

- Marr s.p.a. acquired the residual 24% of Copea s.r.l.,. while Islandia s.p.a. obtained 100% control of Merigel s.r.l., in which it held 55% of the shares at 31 December 1999;
- Marr s.p.a. acquired the residual 5.91% of Adria Food s.r.l. by exercising the existing options that permitted the 100% consolidation of this subsidiary in the past;
- on 8 November 2000 the merger, with accounting and fiscal effects from 1 January 2000, was concluded between Albatros Eurotrade s.r.l., Marr Sames s.r.l., Romagna Centro Gross s.r.l. and Sanremomare s.r.l. within the holding company Marr s.p.a.;

in the restaurant services sector

- on 1 December 2000 the agreement for the merger within CREMONINI s.p.a. was signed, with accounting and fiscal effects from 1 January 2000, of Buffet Stazione di Belluno s.r.l., Gestione Buffet Stazione FF.SS. di Vallini Giancarlo e Leinati Rosy s.r.l., Volo Nedda Buffet Stazione Brescia s.r.l. and S.I.T.A.L. s.r.l.;

in the property and services sector

- on 7 December 2000 the merger agreement was signed, with accounting and fiscal effects from 1 January 2000, of Staff Service s.r.l. within Progettazioni Industriali s.r.l.; on 26 January 2001 the latter company changed its name to Global Service s.r.l.;
- on 18 December 2000 the merger agreement was signed, with accounting and fiscal effects from 1 January 2000, of Ca-Ma s.r.l., Ital-Ristoro s.r.l., Polis s.r.l. and Immobiliare Ciclamino s.r.l. within C.E.I.Be.C. s.r.l..

Accounting principles

The principles used in preparing the consolidated financial statements as at 31 December 2000 were the same as those used for the consolidated financial statements of the previous year.

The more significant valuation criteria utilized in the preparation of the consolidated financial statements and, where necessary, in restating the financial statements of each consolidated subsidiary are as follows.

Intangible fixed assets

Intangible fixed assets are recorded at appraisal merged value, or at their purchase or production cost, inclusive of incidental expenses, and amortized over the period of their expected future use.

Formation and start-up costs that are carried-forward over several years are amortized over 5 financial years.

The criteria adopted differ from that used by the Parent Company in as much as, based on the principles of the Group, the amortization of start-up and expansion costs commences from the moment from which the benefits of these costs are enjoyed.

The costs of research and development and advertising are amortized over periods not exceeding five years.

Industrial patent rights and the rights to use intellectual property, principally representing software costs, are amortized over a period of 3 years.

Licences, concessions, brand names and similar rights are amortized over periods varying from five to twenty years or, in some cases, over the duration of the relevant contract.

The goodwill purchased for value, or that arising from the mergers carried out, are amortized on the basis of its useful life, estimated to be a period of between 5 to 20 years. In fact, considering the nature of restaurant services in station buffets, to which the goodwill principally refers, their strategic worth and past experience indicates a suitable period of amortization, according to the particular activity acquired, to be over 5 years. In particular the amortization of goodwill paid for station buffets purchased is calculated according to the anticipated duration of the concession contract.

Consolidation differences are amortized as specified in the paragraph "The criteria and method of consolidation".

Other intangible fixed assets principally include the costs of the securitization and Eurobond issue, amortized on the basis of the duration of the transactions to which they refer (8 years and 5 years, respectively). Leasehold improvements are amortized at rates commensurate with the duration of each contract.

Tangible fixed assets

Tangible fixed assets are recorded at their appraised merged value or at purchase or production cost, adjusted in relation to their corresponding provisions for amortization. Recorded costs also include incidental expenses, and direct and indirect costs, which are considered as directly attributable to the assets. Using the same criteria, cost includes the financial costs incurred on loans to purchase these assets, until they are brought into use.

The value of certain land and buildings includes, in addition, the partial allocation of surpluses paid at the time of acquisition as determined at the time of the first consolidation (1994), or at the time of acquisition if this took place subsequently. The values resulting from these write-ups do not exceed, however, their estimated realizable values.

In the statement of income, fixed assets are depreciated over the expected useful economic lives of the assets concerned, applying the principle of residual useful economic life which we believe is fairly represented by the values listed below. These values are the same as those used in the previous financial year, and are halved in the year in which the assets are recorded for the first time:

- Buildings	1.5 - 4%
- Light constructions	5 - 10 %
- Plant and machinery	4.5 - 30%
- Industrial and commercial equipment	7.5 - 25%
- Other fixed assets	5 - 40%

In the event that, irrespective of the amortization already recorded, there is a permanent loss in asset value, the relative asset is written-down. If, in the subsequent financial year, it is considered that the reasons for the write-down are no longer valid, then the original value is reinstated, adjusted only by the appropriate amortization.

Normal maintenance costs are debited to the statement of income. Maintenance costs that increase productivity are attributed to the assets concerned and amortized according to their residual useful life.

Subsidies for technical fixed assets are recorded by directly reducing the investment, or in relation to the amortization of the assets to which they refer.

Financial fixed assets

Investments in non-consolidated subsidiaries (except for Fe.Ber. Carni s.r.l. which is valued using the net equity method), in other companies, as well as other investments and treasury stock held on a long-term basis, are recorded at their purchase or subscription cost, appropriately written-up in accordance with relevant legal requirements, or written-down if there is a permanent loss in value. The original value is reinstated in the years following if it is considered that the reasons for the write-down are no longer valid.

Investments in associated companies are valued using the net equity method, unless these investments are immaterial in value, in which case they are valued as described in the previous paragraph.

Long-term receivables are recorded at estimated realizable value.

Inventories

Inventories are valued at the lower of purchase or production cost and the estimated realizable market value. Cost is purchase cost, or cost of production including ancillary costs; the realizable market value is calculated taking into account the remaining production costs and the direct costs of sale. Obsolete or slow moving items are written-down according to the estimate of their possible use or sale.

In particular:

- With regard to the beef sector, the raw and ancillary materials and finished products (tinned meat) are booked at the lower of purchase or production cost and the realizable market value. The products deriving from slaughtering operations are valued at amounts that approximate cost. In particular, in consideration of the present crisis in the sector, the valuation of frozen products was carried out taking into account the market prices for the first few months of 2001.
- The FIFO method was applied in the other productive sectors and in those of the restaurant services and distribution.

Receivables

Receivables are shown at their estimated realizable value taking into account, however, both bad debts already identified and a provision for doubtful debts, estimated by considering each individual debt and past experience.

Financial current assets

Securities and other current assets are valued at the lower of cost or market value. Cost is purchase cost including associated expenses, using the FIFO method.

Cash and cash equivalents

Bank accounts and cash balances are shown at nominal value.

Provisions for liabilities and charges

Provisions for liabilities and charges are established to cover losses or other liabilities known to exist, which at the date of the financial statements cannot be precisely stated. These items are provided for in a prudent manner based on the best possible estimate of these items.

Provisions for staff severance indemnities

Provisions for staff severance indemnities are made to cover the entire commitment to date towards employees, in conformity with current legislation and the collective and corporate labour contracts and taking into consideration all forms of continuous remuneration.

The provision includes the total of all employee indemnities due at the date of the balance sheet, net of advances made.

Payables

These are shown at nominal value.

Accruals and prepayments

Accruals income and prepayments expenses are accounted for according to the period to which they refer.

Commitments, guarantees and risks

Commitments and guarantees are indicated in the memorandum accounts at their contractual values.

Risks deemed certain or likely to result in financial liabilities are included in the provision for risks by amounts corresponding to best estimates of the value of these liabilities.

Contingent risks that may only eventually result in financial liabilities are described when and where appropriate in these notes and are not covered by corresponding provisions.

Recognition of the costs and revenues

Sales incomes and purchase costs are recorded on passage of ownership, generally the date of delivery.

Income from services to third parties is recorded according to the period that these services cover and income of a financial nature is recorded in the period to which it refers. Costs are recorded in the period to which they refer.

Dividends

Dividends are accounted for when they are declared, which usually coincides with the financial period in which they are received.

Dividend tax credits are accounted for in the period in which the dividends are received.

Taxation on profits

Current taxation is determined on a realist estimate of the amount payable according to the prevailing fiscal laws. The debit shown under "tax payable" is net of provisional payments and tax credits.

Deferred taxation is based on the existing timing differences between amounts shown in the financial statements and the fiscal values (global allocation method) and the deferred tax effects of consolidation adjustments. The provision for deferred taxation is accounted for within the provision for taxation. Deferred tax credits are only accounted for when there is a reasonable certainty of recovery and are classified under other receivables or else, where possible, used to reduce the deferred taxation provision.

Foreign currency translation

Receivables and payables in foreign currency, normally part of current assets/liabilities, other than Euro area transactions and which are not covered by a forward exchange contract for exchange risk, are normally converted into Italian Lire using the rate of exchange on the date of the transaction. At the end of the financial year, outstanding assets or liabilities in foreign currencies are converted into Italian Lire at the rate applicable at balance sheet date. The differences, positive or negative, between the exchange rates at which these items were recorded and the values of these at the end of the year, is credited or charged to the statement of income.

Securitization transaction

The securitization agreement, commenced in December 1994 and renewed in July 1997 (maturing in 2004) provides for the sale, without recourse, of trade receivables of up to a maximum of Lire 210 billion in aggregate on a rolling weekly basis, (together with a stand-by facility of Lire 70 billion, not utilised during the financial year) by the subsidiaries Corte Buona s.p.a., Marr s.p.a. and INALCA s.p.a. to the factoring company CRC s.p.a., a subsidiary of East West Holding ltd. These receivables are subsequently sold, without recourse, to Golden Castle Euro Finance ltd, a subsidiary of Royal Exchange Trust Company ltd.

Cremonini s.p.a. neither directly nor indirectly controls, either through a third party or by means of a securities company, the factoring company CRC s.p.a., or any of the aforesaid foreign companies. The role of Cremonini s.p.a. is that of a mandatory for the presentation of these trade receivables on behalf of its subsidiaries, and for the encashment of the net proceeds of the sales. Cremonini s.p.a. provides services to CRC s.p.a.; that is to say, it keeps the accounting records and manages the entire transfer of receivables.

Receivables sold to CRC s.p.a. during the course of 2000 totalled about Lire 879 billion. These explanatory notes provide further information regarding the items resulting from these transactions.

Other information

The preliminary enquiry instigated by the Modena Magistrates was concluded with an acquittal for "lack of evidence". The enquiry related to alleged associative illegal offences and the Chairman and Chief Executive Officer of the Parent Company were fully acquitted by the Judge of the Preliminary Enquiry.

At the date of the financial statements, the enquiry instigated by the Modena Magistrates involving the Chairman of the Parent Company, relating to alleged purchases and transfers of money through financial operations conducted by third parties that were not authentic in the period 1994-1995, was concluded with the issue of a decree of fixation of the preliminary hearing.

In relation to the possible potential fiscal liabilities of the company, the latter is covered by a suitable guarantee from the shareholder Immobiliare Ci-Erre.

At the date of the financial statements, following the enquiry, instigated by the Rieti Magistrates and involving the Chief Executive Officer of the Parent Company, relative to the detention of finished products (meat) contained in damaged tins, the building of a prefabricated structure in a protected zone without prior submission of the plans for approval by the competent authorities as well as the activation of a production plant without the provincial authorization for pollution control, the Judge has disposed of the assumption of proof and the citation of the persons involved at a monocratic hearing.

The preliminary phase of the enquiry instigated by the Milano Magistrates has been concluded. This involves a member of Inalca's Board of Directors (a director of a company subsequently acquired at the time of the events) and a Marr executive, and relates to alleged episodes of corruption for the supply of food products in the early 'nineties.

Currently a date for the preliminary hearing has not been fixed.

At today's date, no facts have arisen from these proceedings in progress which could indicate that either the companies concerned, or the Group, are subject to incurring any significant liabilities.

Even after taking into account the effects consequent to the above-mentioned actions in progress, the consolidated financial statements as at 31 December 2000 are correct from a formal and substantial point of view and they provide a correct view of the Group's financial position.

Exemption in terms of the 4th paragraph of Article 2423 of the Civil Code

The exemptions provided for by the 4th paragraph of Article 2423 of the Civil Code have not been applied.

Figures shown in the consolidated financial statements

The figures in the consolidated financial statements are all shown in millions of Lire to facilitate reading and presentation of the results.

Subsequent events occurring after year-end

The significant events, which have occurred after 31 December 2000, are detailed in the Directors' Report.

Comments on the principal items of the consolidated balance sheet

ASSETS

Fixed assets

Appropriate exhibits are attached for the three fixed asset classes (intangible, tangible and financial) indicating for each heading the historic cost, previous provisions for depreciation and previous write-ups or write-downs, Also shown are the movements during the financial year and the final balances, as well as the total amount of revaluation (write-ups) as at the end of the year,

Intangible fixed assets

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Formation and start-up costs	**20,333**	18,494
Cost of research, development and advertising	**8,230**	3,767
Costs of industrial patents and rights for the use of intellectual property	**2,288**	2,681
Concessions, licenses, brand names and similar rights	**57,188**	60,566
Goodwill	**16,831**	13,667
Consolidation differences	**114,791**	121,286
Intangible fixed assets under development and advances	**3,629**	4,137
Other intangible fixed assets	**31,056**	28,451
Total	**254,346**	253,049

Formation and start-up costs

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Costs of altering the Articles of Association and formation costs	**1,571**	2,409
Expenses for the Stock Market Flotation	**9,657**	12,939
Other minor costs	**9,105**	3,146
Total	**20,333**	18,494

The costs of altering the Articles of Association, formation costs and the Stock Market flotation expenses were reduced as a result of the amortization for the period. The "other minor costs" increased principally due to costs sustained in the early part of the year for the start-up of INALCA s.p.a.'s factory at Ospedaletto Lodigiano (Lire 3,521 million), and the start-up of Cremonini Restauration's activities (Lire 1,031 million) as well as the costs sustained for expanding the distribution network in the door-to-door sector (Lire 3,648 million).

Research, development and advertising

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Costs of television advertising	**7,618**	2,993
Other advertising, research and development costs	**612**	774
Total	**8,230**	3,767

The television advertising refers to costs sustained by the subsidiaries Corte Buona s.p.a. and INALCA s.p.a. for advertising campaigns, that continued into 2000 as well, directed towards the launch of new products, for which the related effects on sales volumes are expected in future periods. For this reason the costs have been capitalized and amortized over 5 years in relation to the anticipated future advantages of the campaigns.

Industrial patents and rights for the use of intellectual property

This item includes principally costs of software and know-how, some of which has been produced internally.

Concessions, licenses, brands and similar rights

The item, reduced as a result of the amortization for the period, includes, principally, the value of the "Marr" brand (Lire 45,000 million net of the year's amortization), resulting from the merger of Marr s.p.a. with Grex s.r.l. that took place in the preceding financial year. In addition the item includes the net value attributed to the "Montana" brand and other (Lire 10,340 million, net of the year's amortization) which are owned by INALCA s.p.a..

Goodwill

The heading includes essentially the excess amount paid for purchases of business branches in the restaurant services and distribution sectors. The increase, net of the amortization for the financial year, is principally ascribable to the amount of Lire 4,132 million for the acquisition of business branches relating to the buffets at the railway stations of Savona, Ravenna, Vercelli and Salerno.

Consolidation differences

The consolidation differences represent the excess of the expenses sustained for the acquisition of stockholdings in consolidated subsidiaries over the current net equity value at the time of the first consolidation (1994), or at the time of acquisition if this took place subsequently. Details of movements in consolidation differences, for the Group's principal business sectors, are as follows:

(in millions of Lire)	*31.12.1999*	*Increase*	*Decrease*	*Amortization*	***31.12.2000***
Restaurant services	19,665	-	(130)	(1,349)	**18,186**
Distribution	74,992	1,199	(720)	(3,964)	**71,507**
Production - Beef	20,543	1,006	-	(1,116)	**20,433**
Production - Other	5,934	-	(1,000)	(269)	**4,665**
Other sectors	152	-	(152)	-	**-**
Total	121,286	2,205	(2,002)	(6,698)	**114,791**

The increases of the financial year were essentially related to the change in the scope of the consolidation commented upon above. The decreases mainly refer to the partial adjustment for an enduring loss of the consolidation difference attributed to Compagnia delle Spezie s.r.l. (Lire 1,000 million) and to adjustments to the price of stockholdings acquired in prior years, on the basis of application of specific contractual clauses.

Intangible fixed assets under development and advances

The intangible fixed assets under development and advances refer principally to improvements on third party premises for restaurant services that are not yet in use and related advances. It is specified that financial expenses of Lire 203 million deriving from a property leasing contract of the subsidiary Corte Buona s.p.a. were booked under the item under examination as ancillary costs during the financial year.

Other intangible fixed assets

(in millions of Lire)	31.12.2000	31.12.1999
Leasehold improvement	18,202	15,765
Expenses and commissions on loans	6,967	8,729
Other	5,887	3,957
Total	**31,056**	28,451

The other intangible fixed assets principally include the costs sustained for improvements to third party premises used for restaurant services activities and to a lesser extent to premises utilized in the distribution sector. The expenses and commissions on loans include, amongst others, the costs of the securitization transaction ending in 2004 (Lire 3,098 million) and costs relating to the Eurobond loan issued by the subsidiary Cremonini Finance plc (Lire 2,333 million).

Tangible fixed assets

(in millions of Lire)	31.12.2000	31.12.1999
Land and buildings	425,148	435,910
Plant and machinery	264,322	256,802
Industrial and commercial equipment	9,372	10,105
Other tangible fixed assets	27,469	26,416
Tangible fixed assets under development and advances	35,080	28,166
Total	**761,391**	757,399

You are referred to the Directors' Report for comments on capital expenditure made in the financial year.

The tangible fixed assets are pledged against loans granted as follows:

(in millions of Lire)	***31.12.2000***	*31.12.1999*
INALCA s.p.a.	150,000	150,000
Consorzio Centro Commerciale Ingrosso Carni s.r.l.	14,724	14,724
C.E.I.Be.C. s.r.l.	94,160	-
Ital-Ristoro s.r.l.	-	24,000
Ca-Ma s.r.l.	-	50,000
Marr s.p.a.	15,005	15,005
Adria Food s.r.l.	1,700	3,100
Guardamiglio s.r.l.	32,800	32,800
Corte Buona s.p.a.	158,216	103,434
Polis s.r.l.	-	20,000
Total	**466,605**	413,063

In addition, there are liens of Lire 75 billion over the plant and machinery of the subsidiary INALCA s.p.a. During the year, financial costs charged to tangible fixed assets totalled Lire 1,326 million as follows:

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Land and buildings	751	7,271
Plant and machinery	315	-
Industrial and commercial equipment	4	-
Tangible fixed assets under development	256	-
Total	**1,326**	7,271

This represents interest on loans effectively applied to the manufacture of fixed assets up to the time these assets are put into use of which Lire 648 million refers to the restructuring of a C.E.I.Be.C s.r.l. property situated in Rome that will be utilized for restaurant services. The remainder was principally for the construction of plants in the Rieti establishment of INALCA s.p.a..

On consolidation, the surplus arising on the elimination of stockholdings against the respective net equities was, in part, attributed to land and buildings; this was credited to buildings (about Lire 29,141 million, net of the respective amortization - Lire 38,229 million as at 31 December 1999) and Lire 10,814 million to land (Lire 10,814 million as at 31 December 1999). The attribution to buildings of consolidation difference reduced mainly because, following the merger of the property companies within C.E.I.Be.C. s.r.l., this was partially included in the merged company's own financial statements.

Financial fixed assets

Stockholdings

The principal changes that took place during the financial year, detailed in Exhibit 6, are commented upon below. Exhibit 7 shows the information required by item no. 5 of Article 2427 of the Civil Code.

Stockholdings in subsidiaries

The principal movements in stockholdings in subsidiary companies result from the changes in the scope of the consolidation and the winding-up of Gepar ltd that, however, had no effect on the income statement for the year 2000. Further changes regarded the write-down for enduring losses of value of minor subsidiaries and the formation of the 100% held subsidiary Cremonini International b.v. (Lire 39 million paid up at 31 December 2000). The latter company is based in Amsterdam and in turn formed a 100% held subsidiary company Roadhouse Grill Europe b.v. during the course of 2000, which to date is inoperative.

Stockholdings in associated companies

The changes in the value of the associated companies regarded the effects of the change in the scope of the consolidation (Prometex s.a.m. owned by Frimo s.a.m.) and:

- the sale of the residual stockholding (30%) in Agape Card s.r.l., which generated a surplus of Lire 1,464 million;
- the reclassification of the former subsidiary Pianeta Italia s.r.l. that changed its name to S.I.S.AG. - Società Italiana Sviluppo Agroalimentare s.r.l. and of which, following sales to third parties, only 20% was held at 31 December 2000;
- the valuation of A.O. Konservni using the net equity method based on the figures at 31 December 1999, being the latest financial statements available.

Other stockholdings

The principal change that took place over the year in other stockholdings was the sale of part of the stockholdings in Emilia Romagna Factor s.p.a. apart from the effects of the change in the scope of the consolidation (companies held by Frimo s.a.m.).

Receivables

Receivables from subsidiaries

(in millions of Lire)	31.12.1999	Increase	Decrease	**31.12.2000**
Due within 12 months				
Cremonini International b.v.	-	1,000	-	1,000
Gepar ltd in liquidation	1,368	-	(1,368)	-
Ge.Mark International d.o.o.	100	-	-	100
Total within 12 months	1,468	1,000	(1,368)	**1,100**
Due between 1 to 5 years				
SGD s.r.l.	870	-	(200)	670
Total between 1 to 5 years	870	-	(200)	**670**
Total	2,338	1,000	(1,568)	**1,770**

These receivables are shown at their nominal value and refer to both interest-free loans (Cremonini International b.v. and Ge.Mark. International d.o.o.) and interest bearing loans (SGD s.r.l.).

The increase refers to the loan to Cremonini International b.v. utilized by the latter for the formation of Roadhouse Grill Europe b.v., which to date is inoperative.

The decrease relating to the subsidiary Gepar ltd is connected to the voluntary winding-up of this company.

Receivables from associated companies

(in millions of Lire)	31.12.1999	Increase	Decrease	**31.12.2000**
Due within 12 months				
S.I.S.AG. s.r.l.	-	800	-	800
Serra della Spina s.r.l.	9	-	-	9
Total within 12 months	9	800	-	**809**
Due between 1 to 5 years				
Prometex s.a.m.	-	116	-	116
Total between 1 to 5 years	-	116	-	**116**
Total	9	916	-	**925**

A loan was granted to S.I.S.AG. s.r.l. (formerly Pianeta Italia s.r.l.) in the course of 2000 to allow it to commence its activities. This loan, equally advanced by the 5 members (Lire 160 million each) was initially pre-paid by CREMONINI s.p.a.. Lire 640 million, being the amount due from the other members, was received in January 2001.

Other receivables

(in millions of Lire)	*31.12.1999*	*Incr./Util.*	*Decr./Acc.*	***31.12.2000***
Due within 12 months				
Sundry and other loans	1,861	670	(131)	**2,400**
Cautionary deposits	369	617	(6)	**980**
Provision for bad debts	(300)	114	(109)	**(295)**
Total within 12 months	1,930	1,401	(246)	**3,085**
Due between 1 to 5 years				
Int.-bearing loan to E. West Holding	5,500	-	-	**5,500**
Deposit to CRC	15,190	-	-	**15,190**
Due from the State Treasury	976	-	(842)	**134**
Tax credit on T.F.R.	3,652	1,062	(828)	**3,886**
Cautionary deposits	644	146	(56)	**734**
Others	1,018	-	(417)	**601**
Total between 1 to 5 years	26,980	1,208	(2,143)	**26,045**
Due over 5 years				
Due from the State Treasury	7	-	(7)	**-**
Cautionary deposits	125	124	(124)	**125**
Others	107	1,035	(100)	**1,042**
Total over 5 years	239	1,159	(231)	**1,167**
Total	29,149	3,768	(2,620)	**30,297**

The items "Interest-bearing loan to East West Holding" and "Deposit to C.R.C." are connected with the factoring of trade receivables and these sums guarantee the securitization programme.

"Tax credits on T.F.R." are related to the tax credits introduced by Law no.140 of 28 May 1997 regarding tax withholdings from employee severance indemnities.

The other minor receivables due over 5 years increased principally due to payment of a confirmation deposit relative to a property leasing contract of the subsidiary Corte Buona s.p.a., which to date is not yet in operation.

Other securities

(in millions of Lire)	*31.12.1999*	*Increase*	*Decrease*	***31.12.2000***
Banca di Roma bonds 02.12.2009	1,000	-	-	**1,000**
Banco di Sicilia bonds 30.06.2010	-	1,001	-	**1,001**
Banca di Roma bonds 30.06.2003	-	998	-	**998**
C.C.T. (Govt. bonds) 01.01.2000	1,140	-	(1,140)	**-**
B.T.P. (Govt. bonds) 01.03.2001	25	-	-	**25**
Total	2,165	1,999	(1,140)	**3,024**

The movements for the period refer to reimbursements of, and new investments in, securities.

The above-mentioned bonds, valued at the lower of acquisition cost and estimated realization value as at 31 December 2000, give the following rates of interest:

B.T.P. 01.03.01	Fixed rate 12.50%
Banco di Sicilia bonds 30.06.10	Fixed rate 6.05%
Banca di Roma bonds 30.06.03	Variable rate 5.45%
Banca di Rome bonds 02.12.09	Fixed rate 5.80%

It is specified that the B.T.P., now entirely reimbursed, were pledged to guarantee a rental contract.

Treasury stock

The treasury stock was booked under financial fixed assets by a specific resolution of the Parent Company Board of Directors that, based on the conditions of the principal markets in which the Group operates and the possible future realization of the corporate strategic plans, has identified the investment as being one of an enduring nature.
For information purposes it is specified that, had the treasury stock been valued at the market price at the financial year-end, the value at 31 December 2000 would have been reduced by about Lire 3,489 million. This valuation was connected to that particular moment in the market and does not, in consequence, reflect an enduring loss of value.

Current assets

Inventories

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Raw materials, supplies and consumables	28,320	24,240
Products in progress and semi-finished products	13,283	12,505
Finished products and goods purchased for resale	302,274	296,110
Advances	96	1,268
Total	**343,973**	334,123

The inventory is not pledged or subject to other restrictions on ownership. These are valued at cost as previously described and the valuation does not materially differ from a current cost method of valuation.
The change is principally ascribable to the increase registered in raw materials, supplies and consumables by the entire production sector (beef, cured meats and snacks). With regard to the finished products and goods the major part of the change, including the effects of the change in the scope of the consolidation as well, arose from an increase in the distribution sector (about Lire 15 billion) and a decrease in the beef sector (about Lire 12 billion). In particular, the latter is due to both a fall in quantities and to the prudential alignment to market prices that, for the noted "BSE" phenomenon, suffered a significant reduction in the last few months of the year 2000 and in the first few months of the following year.

Receivables

Trade receivables

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Trade receivables due within 12 months	355,319	405,811
Trade receivables due between 1 to 5 years	2,393	552
Trade receivables due over 5 years	300	360
Provision for bad debts	(22,873)	(23,685)
Total	**335,139**	383,038

The movements in the provision for bad debts were as follows:

(in millions of Lire)	*31.12.1999*	*Provision*	*Utilized*	*Other mov.*	***31.12.2000***
Provision for bad debts	20,939	6,684	(6,852)	(421)	20,350
Prov. for disputed debts	2,746	158	(654)	273	2,523
Total	23,685	6,842	(7,506)	(148)	**22,873**

Receivables from subsidiaries

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months		
Cogea Sud s.r.l.	7	4
Cremonini Restauration s.a.s.	-	3
Ge.Mark International d.o.o.	66	-
Gepar ltd in liquidation	-	595
Inalca Angola ltda	3,956	957
Inalca Hellas e.p.e. in liquidation	1,587	2,527
Pianeta Italia s.r.l.	-	6
S.A.M. s.r.l.	-	259
SGD s.r.l.	43	189
Others	-	3
Total	**5,659**	4,543

The increase was principally due to the development of commercial transactions with INALCA s.p.a.'s subsidiary in Angola.

Receivables from associated companies

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months		
A.O. Konservni	18,835	14,794
Agape Card s.r.l.	-	144
Compagnia delle Spezie s.a r.l.	857	1,023
S.I.S.AG. s.r.l.	12	-
Provision for bad debts	-	(6)
Total	**19,704**	15,955

The amount due from A.O. Konservni is related to INALCA s.p.a.'s expansion activities in Russia.

Other receivables

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months		
Due from the State Treasury	62,834	41,588
Pre-paid taxes	7,511	151
Advances to suppliers	19,751	28,340
Short-term loans	1,276	1,834
Due from factoring companies	5,294	1,348
Due for cost reimbursement	1,193	1,306
Due from insurance company	5,452	3,875
Due from agents	2,642	2,263
Ministry of Agriculture for FEOGA and others	2,121	4,704
Others	28,359	18,284
Provision for bad debts	(1,093)	(193)
Total within 12 months	**135,340**	103,500
Due between 1 to 5 years		
Due from the State Treasury	592	1,256
Pre-paid taxes	22,284	4,934
Due from factoring companies	-	3,513
Others	169	1,162
Total between 1 to 5 years	**23,045**	10,865
Due over 5 years		
Due from the State Treasury	87	537
Others	-	-
Total over 5 years	**87**	537
Total	**158,472**	114,902

The increase in the short-term receivable from the State Treasury is principally due to the I.V.A. (value added tax) receivable. The "pre-paid taxes" recoverable within and over 12 months represents the fiscal saving relative to the losses carried-forward and to postings of costs fiscally relevant in the following financial years. These assets were booked to the financial statements as they are considered to be recoverable thanks to the future taxable income of the companies to which these assets refer. The decrease in the suppliers' advances is principally related to INALCA s.p.a..

The "receivables from factoring companies" due within 12 months increased principally due to the effect of the reclassification of the amount due over 12 months. The heading "due for cost reimbursement" at the year-end principally included the reimbursement of excess costs of the securitization transaction. The amount due from the "Ministry of Agriculture for FEOGA and others" are subsidies relating to the beef sector that have not yet been received.

The increase of the other minor receivables due within 12 months principally refers to the residual amount of Lire 5,891 million for the cession of receivables between Islandia s.p.a. and Marr s.p.a. for the purpose of recovering these through the tested structure the latter has available. The other minor receivables include, moreover, an amount of Lire 3,200 million due by the affiliated company Le Cupole s.r.l. ceded to the Parent Company in 2000 by the subsidiary Gepar ltd, in liquidation. The aforesaid receivable resulted from the sale of stock in Gestimmobiliare s.p.a. that took place in preceding years. On the basis of the agreement between the parties, the receivable will be settled before the end of the first half of the current financial year.

Financial current assets

Other stockholdings

(in millions of Lire)	*31.12.1999*	*Acquired*	*Sold*	*Write-downs*	***31.12.2000***
Uno Holding s.p.a. in liq.	103	-	-	-	**103**
Others	3	-	-	-	**3**
Total	106	-	-	-	**106**

Other securities

(in millions of Lire)	*31.12.1999*	*Increase*	*Decrease*	***31.12.2000***
Mutual funds	174	-	(174)	**-**
State bonds	35	-	(35)	**-**
Other securities	-	147	-	**147**
Total	209	147	(209)	**147**

Accrued income and prepaid expenses

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Accrued subsidies	**291**	197
Accrued interest	**572**	240
Sundry accruals	**123**	118
Total accruals	**986**	555
Prepaid rentals	**1,634**	1,160
Prepaid financial expenses and guarantees	**1,390**	2,210
Sundry prepayments	**2,128**	949
Total prepaid expenses	**5,152**	4,319
Total	**6,138**	4,874

The drop in the prepaid financial expenses and guarantees is principally due to the lower recourse to the latter form of guarantee in 2000. Lire 470 million of the increase in sundry prepayments relates to the advance payment in 2000 relative to a property leased by Corte Buona s.p.a..

LIABILITIES AND NET EQUITY

Net equity

Please refer to Exhibit 8 for details of the changes under this heading.

Capital stock

The share capital of Lire 141,753,760,000 at 31 December 2000 increased with respect to that at 31 December 1999 by Lire 1,133,760,000 due to the bonus issue for the purposes of the stock option plan, by means of a partial appropriation from the preceding financial year's results of the Parent Company. The share capital constitutes the ordinary shares of CREMONINI s.p.a. with a nominal value of Lire 1,000 each, all fully paid and dividend bearing.
At 31 December 2000 the consolidated loss per share, obtained by dividing the consolidated loss for the financial year, after deducting that attributable to the minority interests, by the number of shares in circulation (excluding the treasury stock held at 31 December 2000), was about Lire 140.

Share premium reserve

This reserve constitutes the premium paid by shareholders at the time of the Public Offer in 1998. The reserve decreased in the course of the year by a net amount of Lire 3,937 million as a result of movements in the reserve for treasury stock.

Legal reserve

The legal reserve of Lire 7,045 million, formed by provisions made by the Parent Company in terms of the law and the Articles of Association, increased by Lire 1,212 million with respect to 31 December 1999, as a result of an appropriation from the 1999 profit.

Reserve for treasury stock

This is the undistributable reserve covering the treasury stock shown on the balance sheet.

Other reserves

Other reserves include the consolidation reserve of Lire 6,623 million (Lire 6,623 million at 31 December 1999), which represents the excess of the negative differences arising from the elimination of the carrying value of stockholdings in consolidated subsidiaries over the relative net equity value at the time of the first consolidation, or at the time of acquisition if this took place subsequently.
The other reserves of the Parent Company were utilized during the financial year to constitute the reserve for treasury stock. For this purpose Lire 1,583 million was allocated from the "profit (loss) brought-forward" of the consolidated financial statements, as a part of the reserves utilized in the balance sheet of CREMONINI s.p.a. were eliminated in the process of consolidation.
No provision for taxation on the reserves included in net equity as at 31 December 2000 has been made, as this was considered unnecessary.

The reconciliation between the Parent Company's net equity and the net equity shown in the consolidated financial statements is outlined below:

	Financial year as at 31.12.2000			Financial year as at 31.12.1999		
(in millions of Lire)	**Capital stock and reserves**	**Profit/(loss)**	**Net equity**	**Capital stock and reserves**	**Profit/(loss)**	**Net equity**
Parent Company's net equity and profit/(loss) for the year	**380,172**	**(25,236)**	**354,936**	**371,392**	**24,249**	**395,641**
Elimination of the carrying value of consolidated subsidiaries:						
• Differences between the carrying value pro rata to the net equity, net of the effects of intra-Group transactions	(167,721)	60,300	(107,421)	(188,509)	25,601	(162,908)
• Pro-rata subsidiary profits (losses)		(46,512)	(46,512)		(11,908)	(11,908)
• Surpluses attributable to assets on first consolidation	40,598	(643)	39,955	50,245	(1,202)	49,043
• Consolidation differences	121,489	(6,698)	114,791	127,638	(6,352)	121,286
Elimination of the effects of commercial transactions between Group companies	(366)	(276)	(642)	(147)	(219)	(366)
Elimination of anticipated amortization which is exclusively for fiscal purposes	5,596	6	5,602	3,296	2,300	5,596
Adjustment of the financial statements of the consolidated companies in accordance with the Group principles and net equity valuation of stockholdings	2,967	(228)	2,739	5,412	(2,445)	2,967
Total adjustments	2,563	5,949	8,512	(2,065)	5,775	3,710
Group's share of net equity and profit/(loss)	**382,735**	**(19,287)**	**363,448**	**369,327**	**30,024**	**399,351**
Minorities' share of net equity and profit (loss)	2,316	483	2,799	2,741	157	2,898
Consolidated financial statements net equity and profit/(loss) for the year	**385,051**	**(18,804)**	**366,247**	**372,068**	**30,181**	**402,249**

Provision for liabilities and charges

(in millions of Lire)	*31.12.1999*	Provision	Utilized	Other mov.	***31.12.2000***
Provision for severance indemnities and similar obligations	1,877	317	(245)	(52)	**1,897**
Provision for taxation	11,695	459	(8,551)	2,887	**6,490**
Others	9,477	845	(2,276)	(99)	**7,947**
Total	23,049	1,621	(11,072)	2,736	**16,334**

The provision for severance indemnities and similar obligations principally comprises the indemnity provision for sales agents of about Lire 1,838 million (Lire 1,813 million as at 31 December 1999).

The provision for taxation principally includes the deferred taxation liability; the other movements refer to Lire 2,887 million for the reclassification with other receivables of the Parent Company's pre-paid taxation assets, while, again referring to CREMONINI s.p.a., Lire 7,523 million is attributable to utilization of the provision for deferred taxation with the counter part entry being to taxation for the financial year.

Other provisions have increased due to the following:

- utilization of Lire 1,730 million and a provision of Lire 531 million (the balance at 31 December 2000 was Lire 804 million) for the minor disputes and legal cases of Cremonini s.p.a.;
- allocation of Lire 57 million to the provision for covering losses of the associated company of Compagnia delle Spezie s.r.l. (the balance of the provision at 31 December 2000 was Lire 355 million);
- utilization of Lire 186 million (the balance at 31 December 2000 was Lire 714 million) for various costs of Cremonini s.p.a. related to unfulfilled contracts.

The following provisions relating to Cremonini s.p.a. have remained unchanged:

- Lire 1,000 million which refers to a dispute in connection with a former subsidiary company sold to third parties;
- Lire 3,400 million, being provision for possible costs in connection with guarantees given, at the time of sale of a company, to third parties in previous years.

The remaining provisions are for periodic maintenance, unfulfilled contracts and minor legal cases and disputes, principally in the distribution sector.

Staff severance indemnities

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Initial balance	52,462	45,633
Net effect of changes in the area of consolidation	501	3,704
Utilized during the year	(7,282)	(8,292)
Provided during the year	10,922	9,064
Other movements	(1,384)	2,353
Final balance	**55,219**	52,462

Payables

Bonds

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months	-	-
Due between 1 to 5 years	254,853	274,853
Total	**254,853**	274,853

The bonds due between 1 and 5 years are:

- Italian Lire bonds totalling Lire 220,000 million (net of Lire 30,000 million of bonds acquired on the market during 1999 and 2000)), issued by the subsidiary Cremonini Finance plc. The bonds have the following characteristics:

Currency:	Italian Lire
Total amount:	Lire 250 billion
Duration:	5 years with repayment at par on maturity, which is expected to be 11 February 2003
Nominal value of the bonds:	Lire 5 million and Lire 50 million
Issue price:	at nominal value
Interest:	quarterly in arrears from 11 February 1998 to 11 February 2003
Interest rate:	the bonds bear interest payable in arrears at Libor three months, plus 2.4%

These bonds, named Guaranteed Floating Rating Notes (Eurobonds), are today guaranteed by CREMONINI s.p.a., INALCA s.p.a. and Corte Buona s.p.a. and were entirely taken up by the international financial markets. The securities are quoted on the Luxembourg Stock Market.

In exchange for this issue, the subsidiary Cremonini Finance plc provided the Parent Company with a loan of Yen 17.4 billion, at an interest rate of Libor at three months. The negative margin between the financial income and expense of Cremonini Finance Plc, will require a periodic re-capitalization of the subsidiary by the Parent Company. Both the companies involved in this transaction have signed swap contracts to cover the exchange rate risk on the Lire - Yen differences with an English financial intermediary, unrelated to CREMONINI s.p.a. or to any of the Group companies.

- An amount of Lire 34,853 million refers to a bond issue made by the subsidiary Marr s.p.a., with the following conditions:

Currency:	Euro
Total amount:	18 million
Duration:	5 years
Date issued:	30 November 1999
Issue price:	at nominal value
Interest:	10 half-yearly payments of which the first became due on the 31 May 2000
Interest rate on first due date:	4.125% per year

Bank loans and overdrafts

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months	349,529	263,016
Due between 1 to 5 years	223,795	208,231
Due over 5 years	137,162	133,549
Total	**710,486**	604,796

Details of medium-long term mortgages and loans are as follows:

Bank	***Rate of interest***	***Maturity***	***Current portion***	***Portion between 1 to 5 years***	***Portion over 5 years***	***Total as at 31.12.2000***
					(in millions of Lire)	
Interbanca 31014/301	Variable (market average+1.25%)	31/08/02	69	76	-	145
Interbanca 31979/301	Variable (market average+1.25%)	28/02/03	64	96	-	160
Centrobanca	Variable (Euribor 3m+0.80%)	30/06/10	848	3,454	5,081	9,383
Credito Italiano	Variable (Euribor 3m+0.58%)	30/09/09	2,500	10,000	9,375	21,875
Banca Pop. E. R.	Variable (Euribor 3m+0.80%)	18/11/01	1,207	-	-	1,207
B.N.L.	Fixed (7.00%)	30/06/01	326	-	-	326
Banca Comm. Italiana	Variable (Euribor 6m+1%)	31/12/02	33	32	-	65
CARIPLO no. 83/356906	Fixed 13.83% gross contribution	30/06/04	672	2,130	-	2,802
CARIPLO no. 60/357291	Fixed 15.23% gross contribution	31/12/03	93	233	-	326
CARISBO con. 1007510	Variable (Euribor 3m+1.85%)	31/12/05	836	4,291	-	5,127
CARISBO con. 1017035	Variable (Euribor 6m+0.95%)	31/12/04	957	3,200	-	4,157
Mediocredito Toscano no. 325773	Variable from 31/05/01 (Euribor 6m+0.90%)	30/11/15	-	4,194	20,806	25,000
C.R. Parma e Piacenza	Variable (Euribor 6m+0.75%)	15/05/05	2,175	8,767	-	10,942
Unicredito	Variable (Euribor 6m+0.50%)	06/03/01	25,000	-	-	25,000
Carim – no. 916	Variable (Euribor 6m+1.25%)	31/12/06	18	89	28	135
Carim – no. 917	Variable (Euribor 6m+1.25%)	31/12/06	72	369	117	558
Carim – no. 23/91	Variable (Euribor 6m+1.25%)	31/12/09	284	1,424	2,025	3,733
Carim – no. 6088	Variable (Euribor 6m+1.25%)	11/08/06	48	242	344	634
B.N.L. Cred. Fondiario	Variable (Euribor 6m+1.20%)	31/12/13	3,597	18,021	62,070	83,688
IMI – Ricerca applicata	Fixed 10.75%	07/01/03	965	1,651	-	2,616
IMI – Ricerca applicata	Variable (Euribor 3m+1.70%)	07/01/03	288	432	-	720
Efibanca ICAR	Fixed 3.85%	30/06/03	712	1,122	-	1,834
Mediocredito ICAR	Variable (average market rates)	31/12/01	5,120	-	-	5,120
Banca Ant. Pop. Veneta	Variable (Euribor 3+0.40%)	02/10/01	10,137	-	-	10,137
Banca Ant. Pop. Veneta	Variable (Euribor 3+0.40%)	12/06/02	80	30,000	-	30,080
Banco di Napoli	Variable (Euribor 3+0.5%)	27/12/04	3,960	11,250	-	15,210
B.N.L.	Variable (Euribor 6+0.7%)	31/05/07	1,500	6,000	2,250	9,750
Banca Pop. S.Venerano	Variable (Euribor 3+0.5%)	14/12/01	5,000	-	-	5,000
Banca Popolare Vicenza	Variable (Euribor 6+0.5%)	22/12/03	-	25,000	-	25,000
ICCREA	Variable (Euribor 3+0.625%)	31/07/02	8,000	8,000	-	16,000
ICCREA	Variable (Euribor 3+0.5%)	14/12/01	5,000	-	-	5,000
Irfis	Variable (Euribor 6+0.5%)	18/02/01	5,000	-	-	5,000
Mediocredito di Roma	Variable (Euribor 6+0.75%)	31/12/08	9,212	40,722	35,066	85,000
Mediocredito Umbria	Variable (Euribor 6+0.5%)	28/02/01	10,000	-	-	10,000
Mediocredito Umbria	Variable (Euribor 6+0.55%)	03/07/01	5,000	-	-	5,000
Mediocredito Umbria	Variable (Euribor 6+0.55%)	28/11/01	5,000	-	-	5,000
Banca Pop. di Novara	Variable (Euribor 6+0.5%)	06/09/03	-	43,000	-	43,000
Total mortgages			113,773	223,795	137,162	**474,730**
Other loans and overdrafts			235,756	-	-	235,756
Total			349,529	223,795	137,162	**710,486**

As described in the Directors' Report, the increase in total Group indebtedness is principally connected with increased working capital required as a result of the turnover development. Short-term bank facilities as at 31 December 2000 were Lire 909 billion (Lire 868 billion as at 31 December 1999). Bank guarantees were given for both short and long-term liabilities, as detailed in the memorandum accounts and in the notes on tangible fixed assets.

Loans from other financial institutions

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months		
Mortgages and loans	760	548
Factoring companies	43,448	71,186
Others	16,005	2,179
Total within 12 months	**60,213**	73,913
Due between 1 to 5 years		
Mortgages and loans	4,213	3,652
Total between 1 to 5 years	**4,213**	3,652
Due over 5 years		
Mortgages and loans	5,557	6,385
Total over 5 years	**5,557**	6,385
Total	**69,983**	83,950

Details of mortgages and loans from other financial institutions are provided below:

Description	***Rate of interest***	***Maturity***	***Current portion***	***Portion between 1 to 5 years***	***Portion over 5 years***	***Total as at 31.12.2000***
				(in millions of Lire)		
Ministry of Industry no. 2061	4.11%	16/02/08	207	917	792	**1,916**
Ministry of Industry no. 0161	4.11%	24/05/10	97	441	690	**1,228**
M.I.C.A. Compost of - Lire 1,603 million	4.11%	27/09/09	174	773	908	**1,855**
M.I.C.A. ex Icar - Lire 3,280 million	4.11%	16/05/09	282	1,250	1,467	**2,999**
M.I.C.A.P.	1.57% (gross)	31/07/12	-	832	1,700	**2,532**
Total			760	4,213	5,557	**10,530**

Loans due to factoring companies refer mainly to the sale, with recourse, of trade receivables. Loans due to "others" largely constitute the Parent Company's commercial paper (Lire 11,500 million).

Payables to subsidiaries

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months		
Commercial		
Inalca Fleischhandel gmbh	-	20
Financing and others		
Gepar ltd in liquidation	-	43,284
Taormina Catering s.r.l. in liquidation	4	4
Fernie s.r.l. in liquidation	984	982
Cremonini Restauration s.a.s.	-	572
Quality & Service s.r.l.	-	125
Fe.Ber. Carni s.r.l.	248	181
SGD s.r.l.	75	76
Sara s.r.l.	747	741
Total	**2,058**	45,985

The change in the balance at 31 December 2000 is principally ascribable to the settlement of the loan to Gepar ltd as part of the voluntary winding-up.The other changes result from the change in the scope of the consolidation.

Tax payables

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months		
Tax withholdings	7,256	7,439
I.V.A. (V.A.T.)	2,669	263
Substitute and direct taxes and other tax payables	16,793	13,773
Total	**26,718**	21,475

Payables to pension and social security institutions

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months		
Inps / Inail / Scau	7,531	7,331
Inpdai / Previndai / Fasi / Besusso	256	239
Enasarco / FIRR	703	682
Other institutions	2,765	395
Total	**11,255**	8,647

The rise in the item under examination is principally attributable to the changes in the scope of consolidation (Momentum Services ltd).

Other payables

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Due within 12 months		
Trade advances and others	6,289	6,001
Staff salaries	24,885	20,529
Payables for the purchase of stockholdings:		
- Marr s.p.a.	456	1,897
- Volo Nedda Buffet Stazione Brescia s.r.l.	-	334
- Buffet Stazione di Belluno s.r.l.	-	200
- Gestione Buffet Stazione FF.SS. di V. e L. s.r.l.	-	138
- Guardamiglio Carni s.p.a. e Ge.Mark s.r.l.	4,000	7,000
- Ultrocchi Carni s.p.a.	-	3,486
- Copea s.r.l.	700	1,750
- Adria Food s.r.l.	587	1,033
- Other	405	1,079
Payables for arbitration awards	-	1,300
Financing loans and other minor payables	22,211	21,805
Total within 12 months	**59,533**	66,552
Due between 1 to 5 years		
Payables for the purchase of stockholdings:		
- Copea s.r.l.	-	700
- Adria Food s.r.l.	-	307
Guarantee deposit	682	682
Other	1,575	67
Total between 1 to 5 years	**2,257**	1,756
Total	**61,790**	68,308

Payables to employees include current remuneration outstanding as at 31 December 2000 and provisions relative to deferred remuneration.

The decrease of the payables for the acquisition of stockholdings was determined by payments made in the financial year in accordance with contractual commitments.

The payables for arbitration awards as at 31 December 1999 and paid in January 2000 related to the amount laid down, in arbitration, between the Parent Company and another party for a controversy which arose in previous years.

The guarantee deposit is the amount due to be paid for the shares in INALCA's associated company, A.O. Konservni.

Accrued expenses and deferred income

(in millions of Lire)	***31.12.2000***	*31.12.1999*
Accrued interest on loans	4,317	2,556
Accruals for employee emoluments	1,334	1,403
Sundry accruals	342	806
Total accruals	**5,993**	4,765
Deferred income for “non-competition” agreement	2,093	6,093
Contributions deferred	1,042	1,238
Sundry deferred income	591	360
Total deferred income	**3,726**	7,691
Total	**9,719**	12,456

The increase in accrued interest on loans is interrelated with the dynamic of indebtedness and its composition.

The deferred income for “non-competition agreement” relates to direct and indirect commitments not to carry out a business defined as: “quick service restaurant” in competition against a large partner. Against this commitment, maturing in July 2001, an amount of Lire 20,000 million was received in 1996, which, from an accounting point of view, will be shown as income received in advance and credited to the statement of income pro rata over the duration of the contract.

Comments on the principal items of the consolidated memorandum accounts

Direct guarantees - sureties

Sureties include the guarantees provided directly by the Parent Company, in favour of subsidiaries and third parties, to financial institutions for loans or lines of credit. These also include the guarantees for which the Company is jointly and severally committed. These guarantees, given by banks or assurance companies, are for various commercial transactions, Group Value Added Tax compensation and for contract tendering, etc.

Direct guarantees - letters of comfort

Letters of comfort exclusively concern guarantees given to financial institutions for the provision of financing, or lines of credit, including simple Parent Company letters of comfort for Lire 57,200 million.

Indirect guarantees - credit mandates

Credit mandates relate to bank overdrafts and credit facilities, both for subsidiaries and third parties, secured by bank guarantees provided by the Parent Company's banks.

Comments on the principal items of the consolidated statement of income

Value of production

Revenues from sales and services

The following is a division of revenues by geographical area:

(in millions of Lire)	***2000***	*1999*
Italy	2,171,717	2,212,555
European Union	292,652	202,829
Outside the European Union	183,053	80,812
Total	**2,647,422**	2,496,196

The apportionment by geographic area on the one hand evidences the decline of Italian revenues due to the problems related above all to the "BSE" phenomenon that penalized the beef sector, while on the other hand shows the positive export trend, related both to the changes in the scope of the consolidation (Momentum and Frimo) and internal growth. For further details on the subdivision by category of activity, please refer to the Directors' Report.

Change in inventories of products in progress, semi-finished and finished products

The amount of the preceding financial year was influenced by the effect, in the financial statements of CREMONINI s.p.a., of the merger of Castelvetro s.p.a..

Increase in fixed assets produced internally

The amount at 31 December 2000 included the capitalization of expenses connected with the restructuring of a property belonging to C.E.I.Be.C s.r.l. situated in Rome (Lire 648 million) and to the development of commercial restaurant services in France (Lire 1,031 million). The remainder relates to the construction of plant in INALCA s.p.a.'s factories.

Other revenues and income

(in millions of Lire)	***2000***	*1999*
Sundry other revenue and income		
Rentals	529	319
Insurance reimbursements	3,838	3,379
Supplier bonuses	11,285	8,490
Other cost reimbursements	1,740	1,677
Services, consultancy and other	7,769	2,845
Profit on sale of fixed assets	9,483	9,293
Total sundry other revenues and income	**34,644**	26,003
Subsidies		
Miscellaneous	44	742
Total subsidies	**44**	742
Total	**34,688**	26,745

The increase in other cost reimbursements was principally due to the change in the scope of the consolidation (Momentum Services ltd).

Costs of production

Cost of raw materials, supplies, consumables and goods purchased for resale

(in millions of Lire)	***2000***	*1999*
Raw materials	905,200	1,085,944
Products purchased for resale	882,699	798,747
Supplies and consumables, semi-finished products and packaging	42,133	43,475
Finished products	30,098	19,047
Stationery and printed materials	2,707	2,544
Other materials and products	20,858	19,590
Purchase adjustments	(3,661)	(5,354)
Total	**1,880,034**	1,963,993

Costs for services

(in millions of Lire)	***2000***	*1999*
Energy consumption and utilities	28,914	22,943
Maintenance and repairs	19,418	12,365
Transport on sales	69,460	60,261
Commissions, commercial and distribution services	97,481	99,337
Third party services and outwork	85,255	59,705
Purchasing services	16,962	16,285
Other technical and general services	80,092	77,031
Total	**397,582**	347,927

Costs for the use of third party assets

(in millions of Lire)	***2000***	*1999*
Business rentals, royalties and others	15,605	15,568
Lease payments	1,139	902
Rent of property and other assets	20,171	13,275
Total	**36,915**	29,745

The costs for the use of third party assets include Lire 904 million charged to Marr by the affiliated company Le Cupole s.r.l. for the rental of an industrial property.

The increase in rents of property and other assets is principally ascribable to the distribution and beef sectors.

Personnel costs

(in millions of Lire)	2000	1999
Social security costs	173,652	149,147
Staff severance indemnities	56,564	50,597
Other severance indemnities	11,629	11,302
Trattamento di quiescenza e simili	-	61
Other personnel costs	972	749
Total	**242,817**	211,856

This heading includes all personnel costs, provision for holiday pay and the associated social security costs, as well as provision for staff severance indemnities and all other contractual costs.

The increase in salaries and wages and the related social security expenses is substantially due to the consolidation of Momentum Services ltd, the cost of whose personnel amounted to Lire 30,454 million for the 2000 financial year. The latter company employed 753 persons at 31 December 2000.

As at 31 December 2000 Group employees totalled 4,361, a net increase of 810 with respect to 31 December 1999, of which 771 (695 factory staff, 57 office staff, 19 executives) result from the changes in the area of the consolidation.

	Factory staff	*Office staff*	*Executives*	*Total*
Employees as at 31.12.1999	2,681	806	64	3,551
Employees as at 31.12.2000	3,443	832	86	4,361
Increase (decrease)	762	26	22	810
Average no. of employees for the year 2000	**3,494**	**833**	**86**	**4,413**

Amortization and write-downs

(in millions of Lire)	2000	1999
Amortization of intangible fixed assets	30,936	27,617
Amortization of tangible fixed assets	46,931	51,146
Other write-down of fixed assets	1,856	-
Write-down of current receivables	7,533	9,567
Total	**87,256**	88,330

The increase in amortization of intangible fixed assets refers principally to the effects of capitalization of multi-year expenses in the production sector. The decrease in amortization of tangible fixed assets was determined principally by the effects of the INALCA-Ultrocchi conferment that took place in the preceding financial year, the effects of which were maintained in the consolidated financial statements. Moreover, relative to 2000 Corte Buona s.p.a. has re-determined, based on specific valuations, the useful residual life of certain assets. Had the subsidiary Corte Buona s.p.a. adopted the same amortization rates as those used in 1999, the amortization for the financial year would have been greater by about Lire 718 million. Consequently the result for the financial year and the consolidated net equity would have been lower by Lire 422 million, net of the tax effect.

The other fixed asset write-downs were Lire 1,835 million for formation and start-up costs that were in progress of being sustained and pending in the preceding financial year, for which the reasons for capitalization no longer exist.

Provision for risks

This relates to the allocations made to the provision for liabilities and charges as described under that section.

Sundry administration costs

(in millions of Lire)	***2000***	*1999*
Bad debts	2,031	4,818
Taxation and indirect taxes	3,769	4,702
Write-down on cessions to CRC	12,817	8,890
Other minor items	6,502	8,445
Total	**25,119**	26,855

The write-down on CRC cessions refers to the costs sustained by the companies participating in the securitization transaction for the cession, without recourse, of trade receivables to CRC s.p.a.. The increase of this amount is due to the higher cost of these transactions in 2000.

Financial income and expense

Income from stockholdings

The total income from associated companies represents the surplus realized from the sale of the stockholding (30%) in Agape Card s.r.l.. The income from associated companies for the year to 31 December 1999 included Lire 19,530 million from the sale, in that financial year, of the stockholding in Ristochef s.p.a. and for Lire 1,423 million for the stockholding in Ligabue Catering s.p.a..

Other financial income

(in millions of Lire)	***2000***	*1999*
From fixed loans - subsidiaries	40	43
From fixed loans - others	423	428
From fixed securities	67	333
From current securities	4,641	582
From other than described above- subsidiaries	16	31
From other than described above- associated companies	47	67
From other than described above- others	21,071	15,127
Total	**26,305**	16,611

The increase in income from securities principally reflects income deriving from the normal management of treasury securities.

The other financial income included the following:

(in millions of Lire)	2000	1999
Interest from banks	1,010	1,033
Foreign exchange translation gains	6,638	3,834
Other financial income	13,423	10,260
Total	**21,071**	15,127

The heading "Other financial income" includes about Lire 10.8 billion (about Lire 7.7 billion in 1999) of income from Silver Castle ltd, connected with the Eurobond transaction described earlier.

Interest and other financial expense

(in millions of Lire)	2000	1999
From subsidiaries	66	45
From others		
Interest payable on mortgages	20,954	14,502
Factoring interest paid	3,257	3,182
Interest payable on overdrafts and other loans	16,202	11,342
Foreign exchange translation losses	6,527	2,644
Commissions and bank charges	1,650	1,251
Interest payable on bonds	17,115	14,690
Other financial expense	10,973	8,365
Total	**76,744**	56,021

Interest payable on overdrafts and other loans included about Lire 10.8 billion (about Lire 7.7 billion in 1999), paid to third parties for the swap, for exchange risk coverage, of the Yen loan provided by the subsidiary Cremonini Finance plc. This is calculated on the difference between the Yen interest rate and the Lire interest rate.

Interest paid on bonds is principally the interest on bonds issued by the subsidiaries Cremonini Finance plc and Marr s.p.a..

You are referred to the Directors' Report for comments on the general increase in Group's financial expense.

Adjustments to the value of financial assets

The write-ups and write-downs of stockholdings results from the valuation, using the net equity method, of associated and subsidiary companies excluded from the area of the consolidation.

Extraordinary income and expense

The surplus from sales refers to the sale of Harry's Bar in Rome, while the other income principally includes windfalls of the Parent Company of Lire 2,079 million. Lire 216 million of this was due to an overprovision for taxation in the preceding financial year, and the remainder are adjustments of costs and revenues of preceding financial years.

The other expenses include Lire 1,000 million being the value adjustment of the difference on consolidation of the subsidiary Compagnia delle Spezie s.r.l. and the remainder is made up of unexpected costs and expenses relating to preceding years.

Taxation on the profit for the year

(in millions of Lire)	***2000***	*1999*
I.R.PE.G.	12,767	13,574
I.R.A.P.	11,087	14,713
Allocation (utilization) to the provision for deferred taxation	(8,976)	13,437
Pre-paid taxation income	(19,651)	(6,096)
Substitute taxation on surpluses	-	13,018
Total	**(4,773)**	48,646

The items "Allocation (utilization) to the provision for deferred taxation" and "Pre-paid taxation income" relate to the recalculation of the tax charge for the 2000 financial year and the tax saving relative to the brought-forward losses, respectively.

The substitute tax at 31 December 1999 referred prevalently to the surpluses realized on sales of stockholdings.

Directors' and Statutory Auditors' fees

The emoluments of the Board of Directors and Statutory Auditors for the 2000 financial year, including those on behalf of other Group enterprises and which are detailed in the financial statements of the Parent Company, are as follows:

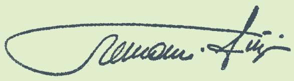
(in millions of Lire)	**Fees**	**Salary**	**Other**	**Total**
Board of Directors	2,650	1,219	875	4,744
Statutory Auditors	310	-	-	310
Total	**2,960**	**1,219**	**875**	**5,054**

Castelvetro di Modena, 28 March 2001

CHAIRMAN

OF THE BOARD OF DIRECTORS

(Cav. Lav. Luigi Cremonini)



Exhibits

The following exhibits contain information additional to that shown in the explanatory notes to the financial statements, of which they form an integral part:

Exhibit 1 - Details as at 31 December 2000 of receivables from and payables to subsidiary, associated and affiliated companies;

Exhibit 2 - Details for the 2000 financial year of revenues from and costs payable to subsidiary, associated and affiliated companies;

Exhibit 3 - Schedule of the changes in intangible fixed assets for the year ended 31 December 2000;

Exhibit 4 - Schedule of the changes in tangible fixed assets for the year ended 31 December 2000;

Exhibit 5 - Schedule of the changes in financial fixed assets for the year ended 31 December 2000;

Exhibit 6 - List of stockholdings as at 31 December 2000 classified as financial fixed assets;

Exhibit 7 - List of stockholdings in subsidiary and associated companies as at 31 December 2000 (Art. 2427 no. 5 of the Civil Code);

Exhibit 8 - Schedule of the changes in consolidated net equity for the year ended 31 December 2000;

Exhibit 9 - Statement of consolidated cash flow for the years ended 31 December 2000 and 31 December 1999.

Exhibit 1

Details as at 31 December 2000 of receivables from and payables to subsidiary, associated and affiliated companies

(in milions of Lire)	*Other*		*Commercial*		*Total*	
	Receivables	***Payables***	***Receivables***	***Payables***	***Receivables***	***Payables***
Subsidiaries:						
Cogea Sud s.r.l.	7				7	
Cremonini International b.v.	1,000				1,000	
Fe.Ber. Carni s.r.l.		248				248
Fernie s.r.l. in liquidation		984				984
Ge.Mark International d.o.o.	100		66		166	
Inalca Angola ltda			3,956		3,956	
Inalca Hellas e.p.e. in liquidation			1,587		1,587	
Sara s.r.l.		747				747
SGD s.r.l.	670	75	43		713	75
Taormina Catering s.r.l. in liquidation		4				4
Total subsidiaries	**1,777**	**2,058**	**5,652**		**7,429**	**2,058**
Associated companies:						
A.O. Konservni			18,835		18,835	
Compagnia delle Spezie s.a r.l.			857		857	
Prometex s.a.m.	116			53	116	53
S.I.S.AG. s.r.l. (formerly Pianeta Italia s.r.l.)	800		12		812	
Serra della Spina s.r.l.	9				9	
Total associated companies	**925**		**19.704**	**53**	**20.629**	**53**
Affiliated companies:						
Alfa 95 s.p.a. in liquidation	57				57	
Cre.Am. s.r.l. in liquidation	99				99	
Europork s.p.a. in liquidation	31		27	39	58	39
Le Cupole s.r.l.	3,255		7		3,262	
Tre Holding s.r.l.			1		1	
Total affiliated companies	**3,442**		**35**	**39**	**3,477**	**39**

Details for the 2000 financial year of revenues from and costs payable to subsidiary, associated and affiliated companies

(in milions of Lire)	*Other*		*Commercial*		*Total*	
	Receivables	***Payables***	***Receivables***	***Payables***	***Receivables***	***Payables***
Subsidiaries:						
Cogea Sud s.r.l.	3				3	
Fe.Ber. Carni s.r.l.	7	14			7	14
Fernie s.r.l. in liquidation		10				10
Ge.Mark International d.o.o.	65				65	
Inalca Angola ltda			4,758		4,758	
Inalca Hellas e.p.e. in liquidation			230		230	
Pianeta Italia s.r.l.	3				3	
Sara s.r.l.	2	43			2	43
SGD s.r.l.	87	514			87	514
Total subsidiaries	**167**	**581**	**4,988**		**5,155**	**581**
Associated companies:						
A.O. Konservni			11,349		11,349	
Agape Card s.r.l.	133				133	
Compagnia delle Spezie s.a r.l.	52				52	
Immobiliare Athena s.p.a.		340				340
Prometex s.a.m.			961	37	961	37
Total associated companies	**185**	**340**	**12,310**	**37**	**12,495**	**377**
Affiliated companies:						
Agricola 2000 s.r.l.			4		4	
Alfa 95 s.p.a. in liquidation			1		1	
Cremofin s.r.l.			4		4	
Europork s.p.a. in liquidation			4		4	
I.C.A.R. s.p.a.			7		7	
Immobiliare Ci-Erre s.r.l.			1		1	
Intercom s.r.l. in liquidation			10		10	
Le Cupole s.r.l.		904	90		90	904
Pacor s.r.l. in liquidation			10		10	
Tre Holding s.r.l.			66		66	
Total affiliated companies		**904**	**197**		**197**	**904**

Exhibit 3

Schedule of the changes in intangible fixed assets for the year ended 31 December 2000

(in millions of Lire)	***Opening balances*** Original cost	Provision for amort.	Balance 31.12.1999	***Movements during the year*** Net effect of changes in scope of cons.	Purchases	Net decreases	Reclass. / Other mov.	Amortiz.	***Closing balances*** Original cost	Provision for amort.	Balance 31.12.2000
Formation and start-up costs	25,690	(7,196)	18,494	4	8,600		(446)	(6,319)	33,250	(12,917)	20,333
Cost of research, development and advertising	7,658	(3,891)	3,767		7,232	(14)	(11)	(2,744)	14,455	(6,225)	8,230
Cost of industrial patents and rights for the use of intellectual property	7,556	(4,875)	2,681		1,319	33	(373)	(1,372)	8,515	(6,227)	2,288
Concessions, licences, brand names and similar rights	67,725	(7,159)	60,566	(21)	178		(32)	(3,503)	67,803	(10,615)	57,188
Goodwill	19,963	(6,296)	13,667	348	4,888	(407)		(1,665)	23,867	(7,036)	16,831
Consolidation differences	175,448	(54,162)	121,286	2,205			(2,002)	(6,698)	137,290	(22,499)	114,791
Intangible fixed assets under development and advances	4,137		4,137		5,449	(2,490)	(3,467)		3,629		3,629
Other intangible fixed assets	69,838	(41,387)	28,451	116	9,616	(2,901)	4,409	(8,635)	72,813	(41,757)	31,056
Total	**378,015**	**(124,966)**	**253,049**	**2,652**	**37,282**	**(5,779)**	**(1,922)**	**(30,936)**	**361,622**	**(107,276)**	**254,346**

Schedule of the changes in tangible fixed assets for the year ended 31 December 2000

(in millions of Lire)	Opening balances				Movements during the year					Closing balances			
	Original cost	Write-up/ (down)	Provision for amort.	Balance 31.12.1999	Net effect of changes in scope of cons.	Purchased	Net decreases	Reclass./ Other mov.	Amortiz.	Original cost	Write-up/ (down)	Provision for amort.	Balance 31.12.2000
Land and buildings	464,377	281	(28,748)	435,910	(1,023)	11,231	(4,021)	(3,201)	(13,748)	464,272		(39,124)	425,148
Plant and machinery	314,260		(57,458)	256,802	(208)	22,670	(1,513)	11,385	(24,814)	344,827		(80,505)	264,322
Industrial and commercial equipment	24,877		(14,772)	10,105	(18)	2,584	(255)	(724)	(2,320)	25,381		(16,009)	9,372
Other tangible fixed assets	69,159		(42,743)	26,416	(21)	9,477	(3,932)	1,578	(6,049)	71,314		(43,845)	27,469
Tangible fixed assets under development and advances	28,166			28,166	(20)	15,840	(494)	(8,412)		35,080			35,080
Total	**900,839**	**281**	**(143,721)**	**757,399**	**(1,290)**	**61,802**	**(10,215)**	**626**	**(46,931)**	**940,874**		**(179,483)**	**761,391**

Exhibit 5

Schedule of the changes in financial fixed assets for the year ended 31 December 2000

	Opening balances				Movements during the year						Closing balances	
(in millions of Lire)	*Original cost*	*Write-up*	*Write-down*	*Balance 31.12.1999*	*Net effect of changes in scope of cons.*	*Increases*	*Decreases*	*Write-up*	*Write-down*	*Reclass./ Other mov.*	*Balance 31.12.2000*	*of which: write-up*
Holdings in subsidiary and associated companies valued using the net equity method:												
- subsidiaries	48,287			48,287				20		(47,705)	602	20
- associated companies	4,808			4,808		19			(108)		4,719	
Holdings in subsidiary and associated companies valued at cost:												
- subsidiaries	4,329	68	(371)	4,026		187	(133)		(208)	(1,612)	2,260	68
- associated companies	51			51		116	(25)			20	162	
Holdings in other companies	6,922		(7)	6,915	262	5	(253)		(55)		6,874	
Total stockholdings	**64,397**	**68**	**(378)**	**64,087**	**262**	**327**	**(411)**	**20**	**(371)**	**(49,297)**	**14,617**	**88**
Loans:												
- to subsidiaries	2,338			2,338		1,000	(1,568)				1,770	
- to associated companies	9			9		916					925	
- to others	29,149			29,149	341	3,427	(2,620)				30,297	
Total loans	**31,496**			**31,496**	**341**	**5,343**	**(4,188)**				**32,992**	
Other securities	**2,165**			**2,165**		**1,999**	**(1,140)**				**3,024**	
Treasury stock						**20,332**					**20,332**	
Total	**98,058**	**68**	**(378)**	**97,748**	**603**	**28,001**	**(5,739)**	**20**	**(371)**	**(49,297)**	**70,965**	**88**

List of stockholdings as at 31 December 2000 classified as fixed assets

(in millions of Lire) Name	Percentage holding	Opening value	Acquired or subscribed	Sold	(Write-down)/ Write-up	Other movements	Percentage holding	Closing value
Subsidiaries:								
Cogea Sud s.r.l.	99.00	30					99.00	30
Cremonini International b.v.			39				100.00	39
Cremonini Restauration s.a.s.	92.00	1,336				(1,336)		
Fe.Ber. Carni s.r.l.	100.00	582			20		100.00	602
Fernie s.r.l. in liquidation	60.00	975					60.00	975
Ge.Mark International d.o.o.	65.00	70					65.00	70
Gepar ltd in liquidation	99.99	47,705				(47,705)		
Inalca Angola ltda	51.00	55					51.00	55
Inalca Fleischhandel gmbh	90.00	54		(54)				
Inalca Hellas e.p.e. in liq.	95.00	208			(208)		95.00	
Perutnina Marr Yutali s.r.l. in liq.	60.00						60.00	
Pianeta Italia s.r.l.	99.00	50	49	(79)		(20)		
Quality & Service s.r.l.	99.00	178				(178)		
S.A.M. s.r.l.	100.00	11	79			(90)		
Sara s.r.l.	98.00	977	20			12	100.00	1,009
SGD s.r.l.	50.00	82					50.00	82
Taormina Catering s.r.l. in liq.	60.00						60.00	
Total subsidiaries		**52,313**	**187**	**(133)**	**(188)**	**(49,317)**		**2,862**
Associated companies:								
Agape Card s.r.l.	30.00	25		(25)				
A.O. Konservni	25.00	2,892	19		(102)		25.00	2,809
Compagnia delle Spezie s.a r.l.	50.00	7					50.00	7
Immobiliare Athena s.p.a.	34.00	1,916			(6)		34.00	1,910
Prometex s.a.m.			116				20.40	116
Serra della Spina s.r.l.	33.33	19					33.33	19
S.I.S.AG. Soc. Italiana Sviluppo Agroalimentare s.r.l.						20	20.00	20
Total associated companies		**4,859**	**135**	**(25)**	**(108)**	**20**		**4,881**
Other companies:								
Emilia Romagna Factor s.p.a.		1,934		(88)				1,846
Futura s.p.a.		1,162						1,162
Nuova Campari s.p.a.		3,000						3,000
Others		819	5	(165)	(55)	262		866
Total other companies		**6,915**	**5**	**(253)**	**(55)**	**262**		**6,874**
Total stockholdings		**64,087**	**327**	**(411)**	**(351)**	**(49,035)**		**14,617**

List of stockholdings in subsidiary and associated companies as at 31 December 2000 (art. 2427 no. 5 of the Civil Code)

(in millions of Lire)	*Registered office*	*Capital stock (in milions of Lire if not otherwise stated)*	*Net profit for the year ended 31.12.2000*	*Net equity 31.12.2000*	*Percentage held as at 31.12.2000*	*Effective holding 31.12.2000*	*Carrying value (A)*	*Net equity held (B)*	*Differences (B) - (A)*	*Holding company at 31.12.2000*	*Percentage held as at 31.12.1999*	*Effective holding at 31.12.1999*	*Notes*
Companies consolidated using the global integration method:													
Adria Food s.r.l.	S.Michele al Tagliamento (VE)	650	328	1,057	100.00%	100.00%	N / A - consolidated line-by-line			Marr s.p.a.	94.09%	100.00%	
Alisea Soc. cons. a r.l.	Impruneta (FI)	90	29	1,320	55.00%	55.00%	N / A - consolidated line-by-line			Marr s.p.a.	55.00%	55.00%	
Azienda Agricola Corticella s.r.l.	Spilamberto (MO)	180	(465)	(68)	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	100.00%	100.00%	
Battistini Elviro s.r.l.	Cesenatico (FO)	34	493	2,144	100.00%	100.00%	N / A - consolidated line-by-line			Marr s.p.a.	100.00%	100.00%	
Buona Italia Alimentos ltda	San Paolo (Brazil)	Reales 50,000	(1,061)	(1,268)	85.00%	85.00%	N / A - consolidated line-by-line			Corte Buona s.p.a.	85.00%	85.00%	(b)
C.E.I.Be.C. s.r.l.	Castelvetro di Modena (MO)	900	(1,294)	19,404	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	100.00%	100.00%	
CE France s.a r.l.	Paris (France)	FRF 350,000	415	666	74.00%	74.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	74.00%	74.00%	
Compagnia delle Spezie s.r.l.	Gattatico (RE)	2,000	(1,000)	1,001	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	100.00%	100.00%	
Cons.Centro Comm.le Ingrosso Carni s.r.l.	Bologna	3,000	178	3,495	77.82%	77.67%	N / A - consolidated line-by-line			Cremonini: 77,05%; Ges.Car.: 0,77%	77.82%	77.67%	
Copea s.r.l.	S. Giovanni in Marignano (RN)	1,500	254	3,737	100.00%	100.00%	N / A - consolidated line-by-line			Marr s.p.a.	76.00%	76.00%	
Corte Buona s.p.a.	Gazoldo degli Ippoliti (MN)	78,000	121	82,998	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	100.00%	100.00%	
Cremonini Finance plc	London (Great Britain)	GBP 50,000	(6,468)	677	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	100.00%	100.00%	
Cremonini Restauration s.a.s.	Paris (France)	EURO 1,500,000	(2,233)	671	92.00%	92.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	92.00%	92.00%	
Cremonini s.p.a.	**Castelvetro di Modena (MO)**	**141,754**	**(25,236)**	**354,937**	**Parent Company**						**Parent Company**		
Elba Alimentari s.r.l.	Portoferraio (LI)	1,200	103	1,181	100.00%	100.00%	N / A - consolidated line-by-line			Marr s.p.a.	100.00%	100.00%	
Frimo s.a.m.	Montecarlo	FRF 1,000,000	42	617	51.00%	51.00%	N / A - consolidated line-by-line			Inalca s.p.a.	-	-	
Ges.Car. s.r.l.	Castelvetro di Modena (MO)	650	(337)	401	80.00%	80.00%	N / A - consolidated line-by-line			Inalca s.p.a.	80.00%	80.00%	
Global Service s.r.l. (formerly Progettazioni Industriali s.r.l.)	Castelvetro di Modena (MO)	180	(1,351)	(1,170)	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	100.00%	100.00%	
Guardamiglio s.r.l.	Piacenza	12,600	(2,742)	11,616	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	-	-	
Inalca s.p.a.	Castelvetro di Modena (MO)	290,000	(33,324)	270,807	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	100.00%	100.00%	
Interjet s.r.l.	Castelvetro di Modena (MO)	3,000	(1,023)	981	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini: 80%; Marr: 20%	100.00%	100.00%	
Islandia s.p.a.	Santarcangelo di Romagna (RN)	6,500	(6,808)	2,880	100.00%	100.00%	N / A - consolidated line-by-line			Marr s.p.a.	100.00%	100.00%	
Marr Alisurgel s.r.l.	Santarcangelo di Romagna (RN)	290	358	1,822	97.00%	97.00%	N / A - consolidated line-by-line			Marr s.p.a.	97.00%	97.00%	
Marr s.p.a.	Rimini	49,450	7,712	124,098	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	100.00%	100.00%	
Merigel s.r.l.	Monchiero (CN)	20	0	21	100.00%	100.00%	N / A - consolidated line-by-line			Islandia s.p.a.	55.00%	55.00%	
Mister Food s.r.l.	Genoa	20	(55)	(40)	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	-	-	
Momentum Services ltd	London (Great Britain)	GBP 225,000	1,268	1,937	51.00%	51.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	-	-	
Multiservice s.p.a.	Castelnuovo R. (MO)	1,250	168	5,947	100.00%	100.00%	N / A - consolidated line-by-line			Corte Buona s.p.a.	100.00%	100.00%	
Quality & Service s.r.l.	Andriano (BZ)	180	(429)	127	99.00%	99.00%	N / A - consolidated line-by-line			Islandia s.p.a.	99.00%	99.00%	
S.I.A.S. Società Italiana Appalti e Servizi s.p.a.	Santarcangelo di Romagna (RN)	500	235	1,650	100.00%	100.00%	N / A - consolidated line-by-line			Marr s.p.a.	100.00%	100.00%	
S.A.M. s.r.l.	Castelvetro di Modena (MO)	90	(116)	(26)	100.00%	100.00%	N / A - consolidated line-by-line			Cremonini s.p.a.	100.00%	100.00%	
Venturi Alfredo s.r.l.	Cesenatico (FO)	30	149	3,059	100.00%	100.00%	N / A - consolidated line-by-line			Battistini Elviro s.r.l.	100.00%	100.00%	(a)

List ot stockholdings in subsidiary and associated companies as at 31 December 2000 (art. 2427 no. 5 of the Civil Code)

(in millions of Lire)	Registered office	Capital stock (in millions of Lire if not otherwise stated)	Net profit (loss) for the year ended 31.12.2000	Net equity 31.12.2000	Percentage held as at 31.12.2000	Effective holding 31.12.2000	Carrying value (A)	Net equity held (B)	Differences (B) - (A)	Holding company at 31.12.2000	Percentage held as at 31.12.1999	Effective holding at 31.12.1999	Notes
Stockholdings valued on the net equity method:													
Subsidiaries:													
Fe.Ber. Carni s.r.l.	Castelvetro di Modena (MO)	190	22	602	100.00%	100.00%	602	602	0	Cremonini s.p.a.	100.00%	100.00%	
Associated companies:													
Immobiliare Athena s.p.a.	Rimini	1,000	95	1,854	34.00%	34.00%	1,910	630	(1,280)	Marr s.p.a.	34.00%	34.00%	(d)
A.O. Konservni	Stavropol (Russia)	RUB 46,667	1,311	3,571	25.00%	25.00%	2,809	893	(1,916)	Inalca s.p.a.	25.00%	25.00%	(d)
Stockholdings valued at cost:													
Subsidiaries:													
Cogea Sud s.r.l.	Salerno	100	(3)	91	99.00%	99.00%	30	91	61	Cremonini s.p.a.	99.00%	99.00%	
Cremonini International b.v.	Amsterdam (Holland)	EURO 100,000	-	-	100.00%	100.00%	39			Cremonini s.p.a.	-	-	(c)
Fernie s.r.l. in liquidation	Modena	2,000	0	2,197	60.00%	60.00%	975	1,318	343	Cremonini s.p.a.	60.00%	60.00%	
Ge.Mark International d.o.o.	Zagabria (Croatia)	KN 400,000	15	115	65.00%	65.00%	70	75	5	Guardamiglio s.r.l.	65.00%	65.00%	
Inalca Angola ltda	Luanda (Angola)	USD 60,000	(27)	98	51.00%	51.00%	55	50	(5)	Inalca s.p.a.	51.00%	51.00%	(d) (b)
Inalca Hellas e.p.e. in liq.	Athens (Greece)	GRD 50,200,000	(290)	21	95.00%	95.00%	-	-	-	Inalca s.p.a.	95.00%	95.00%	(d) (b)
Perutnina Marr Yutali s.r.l. in liq.	Ptuj (Slovenia)	USD 300,000	(15)	99	60.00%	60.00%	-	-	-	Marr s.p.a.	60.00%	60.00%	(b)
Sara s.r.l.	Ospedaletto Lodigiano (LO)	1,000	9	1,018	100.00%	100.00%	1,009	1,018	9	Inalca s.p.a.	98.00%	98.00%	
SGD s.r.l.	Castelvetro di Modena (MO)	160	23	280	50.00%	50.00%	82	140	58	Cremonini s.p.a.	50.00%	50.00%	
Taormina Catering s.r.l. in liquidation	San Angelo in Vado (PS)	20	2	(1,297)	60.00%	60.00%	-	-	-	Marr s.p.a.	60.00%	60.00%	(d) (e)
Associated companies:													
Az. Agr. Serra della Spina s.r.l.	Monacilioni (CB)	21	(2)	52	33.33%	33.33%	19	17	(2)	Cremonini s.p.a.	33.33%	33.33%	(d)
Compagnia delle Spezie s.a r.l.	Paris (France)	FRF 50,000	(471)	(580)	50.00%	50.00%	7	(290)	(297)	Comp. delle Spezie s.r.l.	50.00%	50.00%	(d)
Prometex s.a.m.	Montecarlo	EURO 150,000	13	303	40.00%	20.40%	116	62	(54)	Frimo s.a.m.	-	-	
S.I.S.AG. Società Italiana Sviluppo Agroalim. s.r.l. (formerly Pianeta Italia s.r.l.)	Bologna	100	(7)	80	20.00%	20.00%	20	16	(4)	Cremonini s.p.a.	99.00%	99.00%	

NOTES

(a) Marr s.p.a. sold the controlling interest of the Company during the course of the year to Battistini Elviro s.r.l..

(b) Amounts translated in Lire from the original currency as at the date of the financial statements.

(c) Figures not available as the company was formed during 2000. The first financial statements will be for the year ending 31 December 2001.

(d) Figures related to the last financial statements approved (31 December 1999).

(e) Difference between carrying value and net equity deficit is covered by Lire 1,308 million (Lire 785 million is the pro-quota amount) of payables due to Marr s.p.a. which has written down the relevant receivables in previous years.

Schedule of the changes in consolidated net equity for the period ended 31 December 2000

(in millions of Lire)	*Capital stock*	*Share premium reserve*	*Legal reserve*	*Reserve for treasury stock*	*Other reserves including consolidation reserve*	*Profit (loss) brought-forward*	*Group's share of net profit (loss)*	*Group's share of net equity*	*Minority interests*	*Minority's share of net profit*	*Minority's share of net equity*	*Total*
Balance as at 31 December 1999	**140,620**	**208,543**	**5,833**	**5,306**	**9,694**	**(669)**	**30,024**	**399,351**	**2,741**	**157**	**2,898**	**402,249**
Allocation of the profits for the 1999 financial year												
- to reserves and capital stock	1,134		1,212		6,435	5,775	(14,556)		157	(157)		
- dividends paid							(15,468)	(15,468)				(15,468)
Utilization of reserves for treasury stock		(3,937)		15,026	(9,506)	(1,583)						
Variations due to changes in percentages in holdings and other movements					46	(1,194)		(1,148)	(582)		(582)	(1,730)
Consolidated profit (loss) for the year ended 31 December 2000							(19,287)	(19,287)		483	483	(18,804)
Balance as at 31 December 2000	**141,754**	**204,606**	**7,045**	**20,332**	**6,669**	**2,329**	**(19,287)**	**363,448**	**2,316**	**483**	**2,799**	**366,247**

Statement of consolidated cash flow for the years ended 31 December 2000 and 31 December 1999

(in millions of Lire)	2000	1999
A) Opening net short-term indebtedness	**(270,729)**	**(391,691)**
B) Cash flow for the year		
Profit (loss) for the year	(19,287)	30,024
Amortization		
- intangible fixed assets	30,936	27,617
- tangible fixed assets	46,931	51,146
(Gain) loss on sale of tangible fixed assets	604	(339)
Changes in provision for liabilities and charges	(6,715)	14,690
Changes in staff severance indemnities	2,757	6,829
Profit for the year before changes in working capital	55,226	129,967
(Increase) decrease in stockholdings classified as current assets		471
(Increase) decrease in receivables and others	(536)	(68,536)
(Increase) decrease in inventories	(9,850)	(60,176)
Increase (decrease) in payables to suppliers and other payables	(41,157)	154,564
Increase (decrease) in accrued liabilities and prepaid expenses	(4,001)	(8,862)
	(318)	**147,428**
C) Cash flow from (for) investments		
Investments in fixed assets:		
- intangible	(35,360)	(24,163)
- tangible	(62,428)	(108,334)
Net changes in financial fixed assets	26,783	21,754
Effect of changes in the scope of the consolidation in intang. and tang. fixed assets	(1,362)	(90,174)
Effect on intangible and tangible fixed assets of extraordinary operations		(22,136)
Sale or reimbursement value of fixed assets	15,390	16,742
	(56,977)	**(206,311)**
D) Cash flow generated (absorbed) by changes in Group and minority interests' net equity		
Dividends paid	(15,468)	
Other changes included those in minority interests	(1,247)	(8,538)
	(16,715)	**(8,538)**
E) Cash flow from (for) loans		
Net increase in medium-long term bank indebtedness	19,177	169,014
Net (decrease) in other medium-long term loans	(267)	(5,484)
Increase (decrease) in bonds	(20,000)	24,853
	(1,090)	**188,383**
F) Cash flow for the year (B+C+D+E)	**(75,100)**	**120,962**
G) Closing net short-term indebtedness (A+F)	**(345,829)**	**(270,729)**

Report of the Board of Statutory Auditors

Shareholders,

the consolidated financial statements at 31 December 2000 of the Cremonini Group, that are placed at your disposal in terms of the law, have been prepared in accordance with the requirements of Law Decree no. 127/1991 and the results can be summarized as follows:

Consolidated balance sheet

	in millions of Lire
Assets	2,019,806
Liabilities	(1,653,559)
Minorities' share of net equity	(2,799)
Group's share of net equity	(363,448)

with total amount of Lire 1,061,961 million shown in the memorandum accounts.

Consolidated statement of income

	in millions of Lire
Value of production	2,675,358
Costs of production	(2,648,304)
Financial income and expense	(48,872)
Adjustments to financial asset values	(461)
Extraordinary income and expense	(1,298)
Taxation on the profit for the year	4,773
Minorities' share of profit	(483)
Group's share of loss	(19,287)

In their report and the explanatory notes which complete and comment upon the consolidated financial statements, the Board of Directors supplies, in addition to the consolidation criteria and the accounting principles that were applied, information on the results of all the Companies included within the consolidation, as well as the facts which characterized the year's operations.

The Statutory Auditors, within the limits of their authority and based on the information provided to them, certify that:

- the consolidated financial statements have been prepared as required by Law Decree no. 127/1991 and in accordance with CONSOB's recommendations, and that the results correspond with the summarized accounting information of the Parent Company, integrated with that of the subsidiaries included within the scope of the consolidation.

Moreover, in conformity with the above-mentioned recommendations, the Statutory Auditors also state the following:

- the information supplied by the Board of Directors in its report, with specific reference to transactions with the affiliated companies, is considered complete. In this connection, there were neither indications, nor were conflicts of interest evident, of transactions that were manifestly imprudent or hazardous, that is to say capable of prejudicing the results, net equity or financial situation of the Group;
- during the course of the year, information has been exchanged with PricewaterhouseCoopers, the firm appoint-

ed to audit the consolidated financial statements under examination and those for the financial year of the Parent Company. In this regard, the report of the auditors does not contain any qualification of the financial statements under examination.

The information transmitted to the Parent Company by its subsidiaries for the preparation of the consolidated financial statements was examined by the auditors of each of these companies, in terms of the audit programme provided by the Board appointed by the Parent Company.

The Statutory Auditors did not check the financial statements of the subsidiaries.

As is evident from the above, the Statutory Auditors hold the view that the consolidated financial statements of the Cremonini Group as at 31 December 1999 show a correct view of the net equity, the results and financial position of the Parent Company and the companies included within the scope of the consolidation.

Castelvetro di Modena, 10 April 2001

THE BOARD OF STATUTORY AUDITORS

The Chairman of the Board of Statutory Auditors

(Alessandro Artese)

Alessandro Artese

Auditor

(Giovanni Zanasi)

Giovanni Zanasi

Auditor

(Franco Colombo)

Franco Colombo

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE N° 58 DATED 24 FEBRUARY 1998

To the shareholders of
CREMONINI SpA

1 We have audited the consolidated financial statements of CREMONINI SpA and its subsidiaries (CREMONINI Group) as of 31 December 2000. These consolidated financial statements are the responsibility of CREMONINI SpA's directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 14 April 2000.

3 In our opinion, the consolidated financial statements of CREMONINI Group as of 31 December 2000 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and of the results of operations of the Group.

Parma, 9 April 2001

PricewaterhouseCoopers SpA

Giovanni Galli

Giovanni Galli
(Partner)

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL WHICH WAS ISSUED IN ACCORDANCE WITH ITALIAN PRACTICE

Sede legale: Milano 20124 Via Vittor Pisani 20 Tel. 0267831 Fax 0266981433 Cap. Soc. 7.220.000.000 i.v. Reg. Imp. Milano N. 278929/1999 C.F. e P. IVA 12979880155 Iscritta all'Albo Consob – Altri uffici: **Ancona** 60123 Via Corridoni 2 Tel. 07136881 – **Bari** 70125 Viale della Repubblica 110 Tel. 0805429863 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25124 Via Cefalonia 70 Tel. 0302219811 – **Firenze** 50129 Viale Milton 65 Tel. 0554627100 – **Genova** 16121 Piazza Dante 7 Tel. 0105702013 – **Milano** 20122 Corso Europa 2 Tel. 0277851 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 0817644441 – **Padova** 35137 Largo Europa 16 Tel. 0498762677 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 V.le Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via San Francesco 8 Tel. 0461237004 – **Treviso** 31100 Piazza Crispi 8 Tel. 0422542726 – **Udine** 33100 Via Marinoni 12 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel. 0458002561

Summary of the resolutions

Annual and extraordinary General Meeting of 28 April 2001

By notice published in the Official Gazette of the Italian Republic - Sheet of Insertions no. 73 dated 28 March 2001, the Shareholders were convened for an Annual and Extraordinary General Meeting on 28 April 2001; on which day the meeting was duly held, at Castelvetro di Modena, Via Modena no. 53, under the Chairmanship of Cavaliere del Lavoro Dott. Luigi Cremonini.

Thirty-one Shareholders holding 81,752,624 ordinary shares, equal to 57.672% of the entire share capital, were present at the meeting, either in person or by proxy.

Following the reading of the Directors' Report and proposals, and the Report of the Statutory Auditors, the shareholders unanimously approved:

- the financial statements at 31 December 2000 and the Directors' Report, including the payment of the dividend of Lire 6,111,900,000, equal to Lire 45 per ordinary share;
- the reappointment of PricewaterhouseCoopers s.p.a. to audit the statutory and consolidated financial for the financial year, as well as the interim report, for the three-years 2001-2003;
- the authorization to the Board of Directors for the acquisition and allocation of treasury stock in terms of Art. 2357 of the Civil Code;
- the confirmation, in terms of Art. 2386 of the Civil Code, of the nomination of Dott. Giovanni Barberis as a Director until the expiration of the appointment of the present Board of Directors, or rather until the date of the Shareholders' General Meeting to approve the financial statements at 31.12.2001;
- the nomination of Dott. Edoardo Rossini as a Director until the expiration of the appointment of the present Board of Directors, or rather until the date of the Shareholders' General Meeting to approve the financial statements at 31.12.2001;
- the adoption of the rules for the Shareholders' General Meeting of Cremonini s.p.a..

As extraordinary resolutions, following the reading of the directors' reports and proposals contained therein, the shareholders unanimously approved:

- the reallocation of the loss for the financial year 2000 through partial utilization of available reserves;
- an increase in the share capital from Lire 141,753,760,000 to Lire 141,820,000,000 through the bonus issue of 66,240 ordinary shares of a nominal value of Lire 1,000 each, with an equal utilization of part of the available reserves of undistributed profits, to be assigned free of charge to corporate officials employed in terms of Art. 2349 of the Civil Code;
- the conversion of the share capital of Lire 141,820,000,000 to Euro 73,746,400, represented by 141,820,000 ordinary shares of a nominal value of Euro 0.52 each, by utilizing part of the share premium reserve for the Lire 972,885,200 necessary for rounding and the increase in the value of each share (Lire 1,006.86);
- the merger of the subsidiary C.E.I.Be.C. s.r.l. within Cremonini s.p.a..