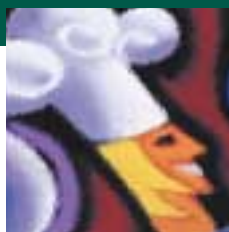







Financial Statements and Consolidated Accounts



2003

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Letter from the Chairman



We've come a long way and become
a key player on the market,
an international landmark



Shareholders,

forty years in business, and the best financial statements in our history. This is what we have to celebrate following the close of 2003. Encouraging results that convince us to keep forging ahead on our current course, resolutely, with no hesitations. We have come a long way and become a key player on the market, an international landmark.

A detail that speaks volumes is comparison of our own growth with the growth rate in the Italian food industry as a whole. In a market that grew at a rate of only 3% in 2003, the Cremonini Group registered two-digit growth rates, confirming the positive trend of recent years.

We have grown thanks to a business criterion that has not only rewarded our hard work and energy, but followed the

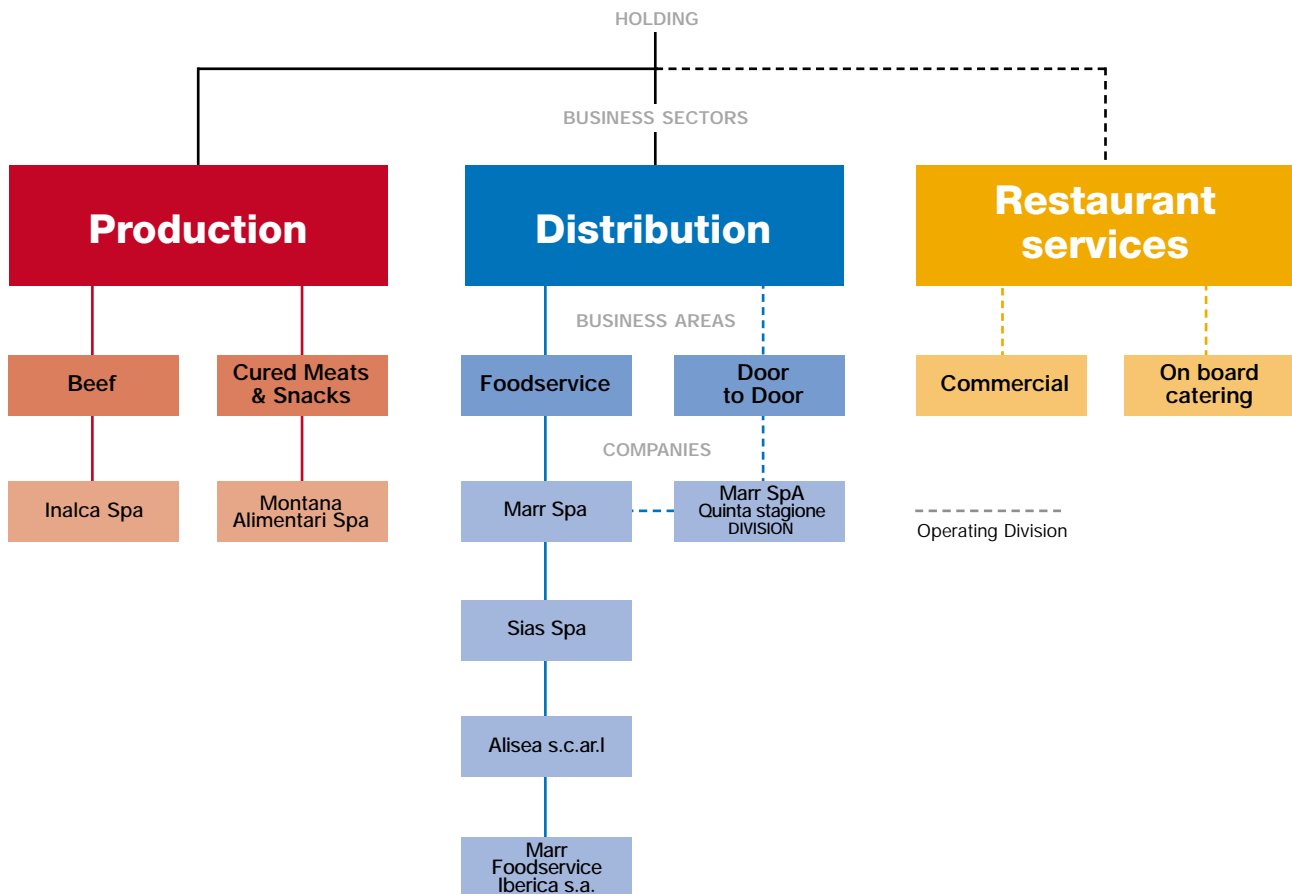
rules of proper management, without losing sight of the goal of environmental protection, safeguarding of consumers and professional ethics.

We are committed to pursuing this policy. The economy in Italy, as elsewhere in Europe, is going through a delicate phase, but it is those companies that have worked with determination, loyalty and no compromises, looking to the future and anticipating market trends and innovations in technologies and products, that will manage to pull through.

The future has hard work and many challenges in store for us, but we will be facing it serenely, in the conviction that the Group and its trademarks will participate in the world-wide success of "Made in Italy."

The Chairman
Luigi Cremonini

Group organization



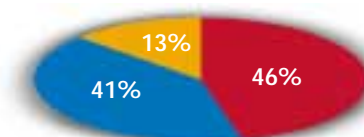
The Cremonini Group is at the state of the art in technological innovation and product and service quality standards.

Cremonini Spa, listed in the Star segment of the Italian Stock Exchange, is one of the biggest players in the European food industry, active in three business sectors: production, distribution to the foodservice industry and restaurant services.

The Group is Italy's primary producer of beef and processed meats (Inalca Spa), one of Italy's biggest manufac-

turers of cured meats (Montana Alimentari Spa) and the Italian leader in marketing and distribution of fresh, frozen and preserved foodstuffs for the restaurant and catering industry (Marr Spa). In addition, a specific division of Cremonini Spa is prominent in the restaurant services sector, holding a position of leadership in Italy in on-board catering and railway station restaurants.

The Cremonini Group closed the year 2003 with total consolidated revenues of 1,786.2 million euros, 12.4% higher than the previous year.



Turnover by business area

46% Production
41% Foodservice distribution
13% Restaurant services

Group organization



All profit margins are clearly improving: gross operating margin (EBITDA) settled at 117.7 million euros, as compared to 107.0 million euros in 2002 (+9.9), while operative profit (EBIT) reached 61.8 million euros, as compared to 53.2 million euros in 2002 (+16.2%).

Confirming the Group's positive trend, profit from normal operations, prior to the effect of extraordinary items, was 35.9 million euros, as compared to 21.1 million euros in 2002 (+70.6%).

Consolidated group net profit amounted to 29.5 million euros, as compared to 2.5 million in 2002.

46% of turnover originates from production, the Group's historical sector, 41% from distribution to the foodservice sector and 13% from restaurant services.

More than half of the Group's business is now linked with the latter two activities, which have taken on increasing weight and strategic importance in the Group.

The Group's growth on foreign markets was also strong during the year. Exports were up +14.5% to 351.7 million euros, 62% from euro area markets and 38% from non-European markets.

Exports, which account for 20% of the Group's total turnover, came 66% from the production sector, 23% from on-board catering services and 11% from distribution to the foodservice sector.

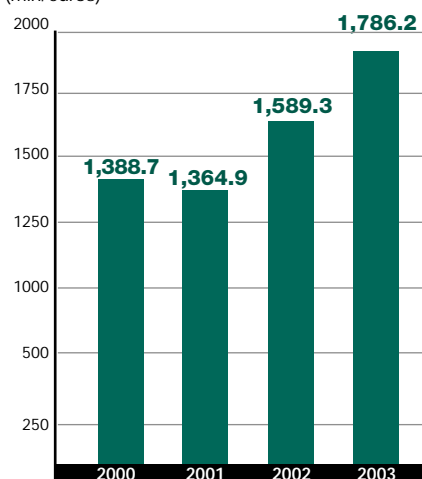


Financial Highlights

Group figures

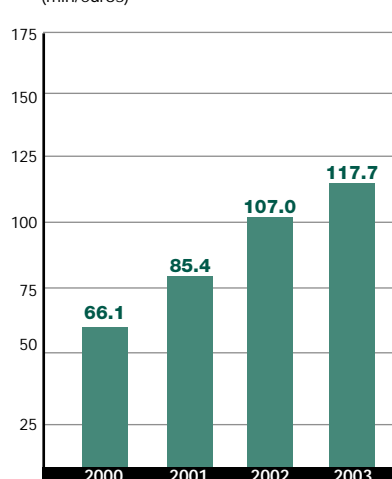
TOTAL REVENUES

(mln/euros)



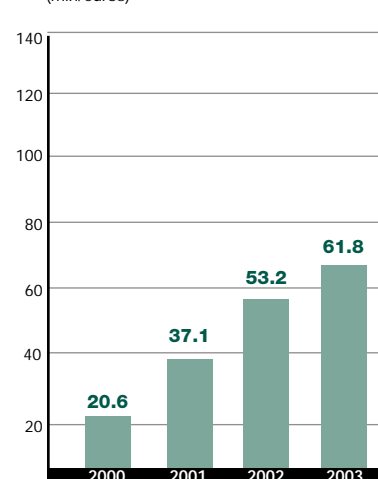
EBITDA

(mln/euros)



EBIT

(mln/euros)



Summary data

STATEMENT OF INCOME (mln/euros)	2000	2001	2002	2003
Total revenues	1,388.7	1,364.9	1,589.3	1,786.2
Ebitda	66.1	85.4	107.0	117.7
Ebit	20.6	37.1	53.2	61.8
Profit from normal operations	(12.1)	0.7	21.1	35.9
Profit (Loss) before taxation	(12.2)	(2.5)	17.6	54.4
Group's share of profit (Loss)	(10.0)	(13.5)	2.5	29.5

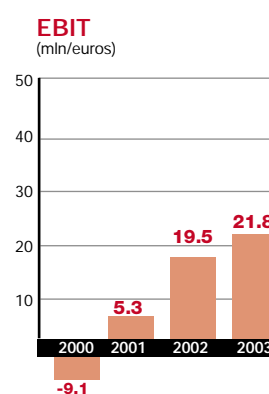
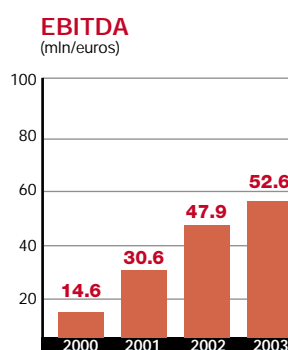
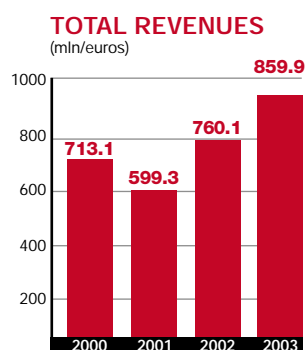
BALANCE SHEET (mln/euros)	2000	2001	2002	2003
Fixed assets	559.7	547.8	542.5	522.5
Net working capital	166.6	190.8	162.1	221.2
Net employed capital	689.3	701.5	663.5	699.8
Net equity	189.2	172.4	175.7	248.7
Net financial position	500.1	529.1	487.8	451.1

Main financial indicators

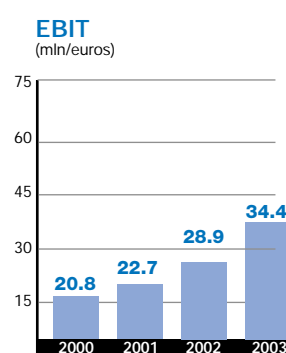
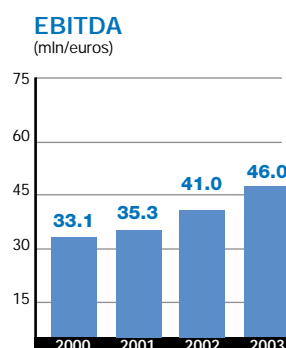
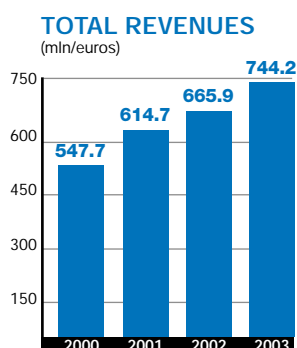
	2000	2001	2002	2003
Ros (%)	1.5	2.7	3.3	3.5
Roi (%)	3.0	5.3	8.0	8.8
Roace (%)	1.6	1.7	3.9	5.7
Ebitda / Net financial expense	2.0	2.3	3.3	4.5
Interest Coverage	0.6	1.0	1.7	2.4
Net debt / Ebitda	7.6	6.2	4.6	3.8
Net debt / Net equity	2.6	3.1	2.8	1.8
Net debt / Total revenues (%)	36	39	31	25

Financial Highlights

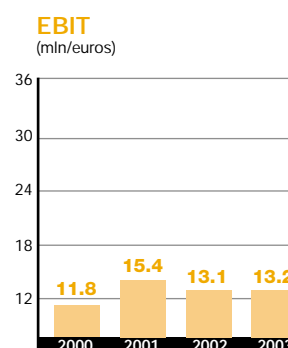
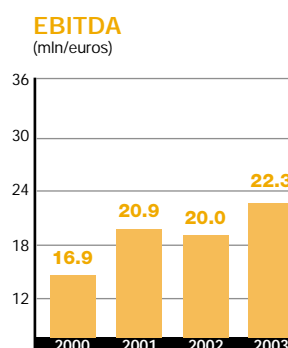
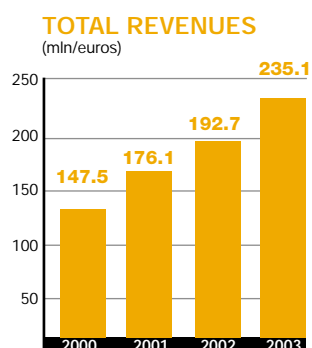
Production figures



Distribution figures



Restaurant services figures



A word with CEO



Vincenzo Cremonini
Cremonini Spa
Chief Executive Officer

“

In 2003 we achieved record results thanks to the successful industrial policies and marketing strategies of the last four years

”

2003 was a year of excellent results.

The Group closed the year 2003 with record results thanks to the successful industrial policies and market strategies of recent years. Total revenues amounted to 1,786.2 million euros, up by 12.4%, while gross operating margin (EBITDA) grew by almost 10% and operating profit (EBIT) increased by 16.2%. Profit from normal operations, excluding all the effects of extraordinary events, grew 70.6% and the Group's net profit more than decupled, from 2.5 to 29.5 million euros.

Equity was also reinforced, both by an increase in net equity and by ongoing improvement of the group's net financial position.

Net equity grew by about 73 million euros, from 175.7 to 248.7 million euros. Net indebtedness fell by 36.7 million euros, from 487.8 million euros in 2002 to 451.1 million euros in 2003. This figure is even more significant in view of the

considerable increase in consolidated turnover, about 200 million euros, and investments during the year amounting to 61.1 million euros, including 25.4 million euros in purchases for development of businesses which will become fully operative in 2004.

All sectors contributed to the Group's excellent results.

The **production** sector – beef and cured meats – grew by about 100 million euros, strengthening its position of leadership by consolidating market shares. In addition,

thanks to specialisation of productive plants, a strategy of emphasising production of traditional PDO and PGI products and an effective “Montana” brand policy, this sector earned margins falling above the average for the market.

In the **distribution** sector too, the



1,786.2 mln/euros Total Revenues
29.5 mln/euros Group's Net Profit
5,500 Employees
3 business areas



Group continued to consolidate its position of leadership on the market, registering 80 million euros in growth of turnover. During the year Marr attempted to take advantage of opportunities for growth on the market by broadening its capital stock to include primary institutional investors. Marr sold 33% of its capital for 100 million euros, including 65 million through a capital stock increase with the aim of accelerating Marr's growth so as to achieve listing on regulated stock exchanges within the next few years.

Finally, the **restaurant services** sector saw growth amounting to over 40 million euros, and the new development was the Group's entry in the motorway restaurant services business with Moto Spa, a joint

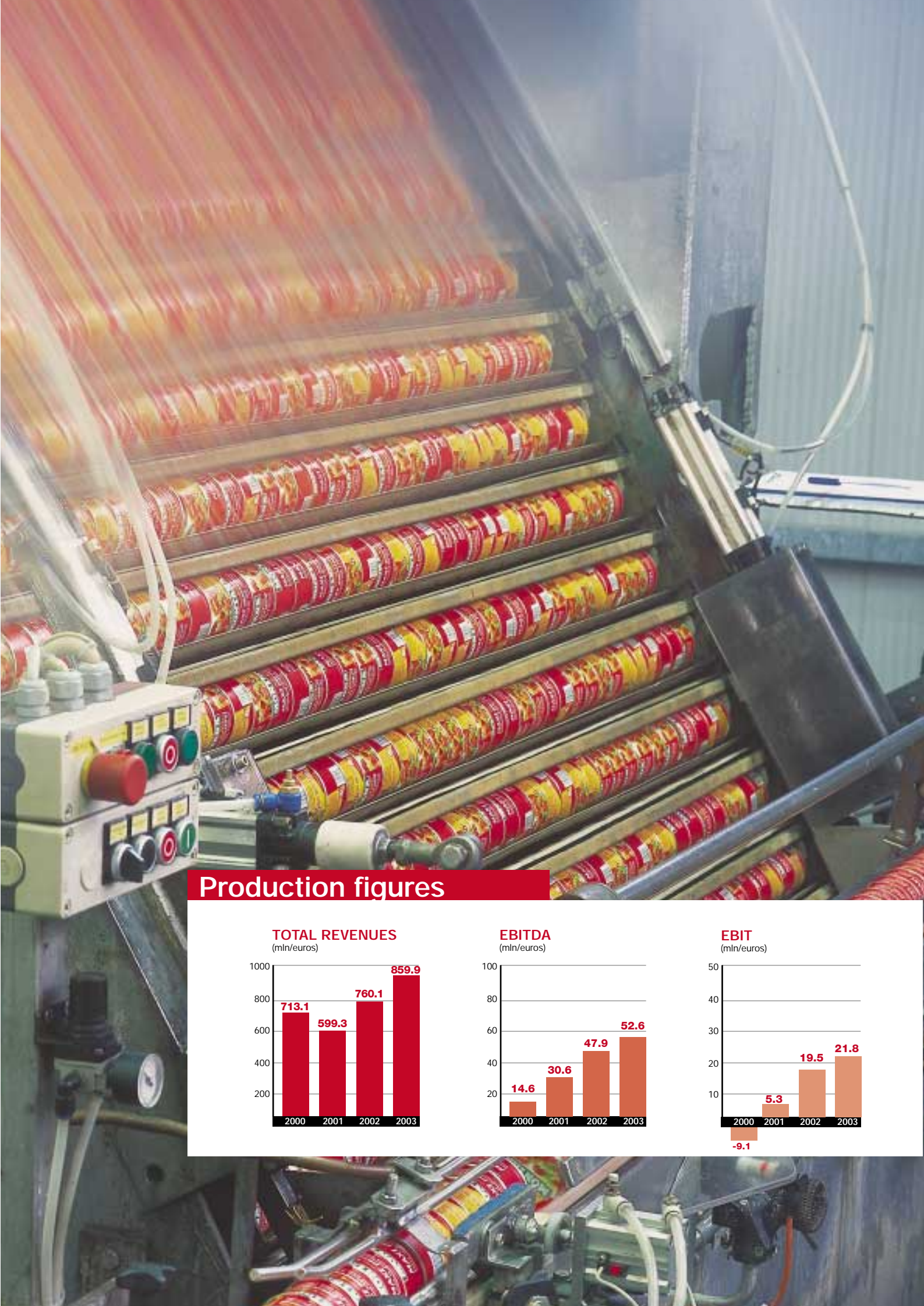
venture set up in March 2003 with the Compass Group. Moto now operates 24 restaurants on Italy's motorways.



The Group's prospects in 2004.

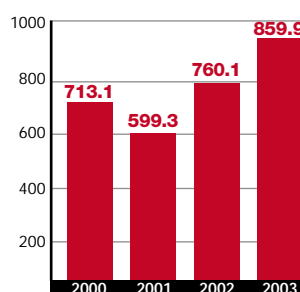
Lines of growth will be consistent with the strategies undertaken in recent years, which have yielded excellent results. We will continue to reinforce the Group's equity structure and growth of its business under the leadership of the top management now in

place in individual operative companies, which has managed the Group's turn-around in the last 4 years and continues to manage the Group's areas of business successfully. This contribution has been essential in the past and will be even more so in the future.

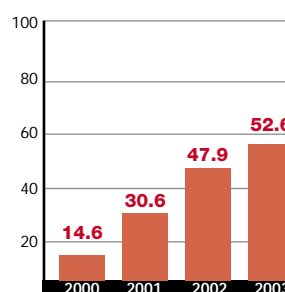


Production figures

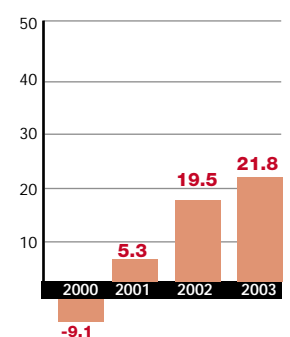
TOTAL REVENUES
(mln/euros)



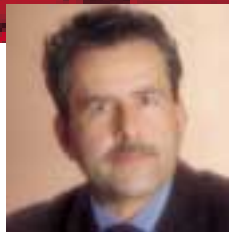
EBITDA
(mln/euros)



EBIT
(mln/euros)



Production



Giorgio Pedrazzi
Inalca Spa Chief Executive Officer and
Montana Alimentari Spa Chairman

“

In 2003 we laid the foundations of our new productive and commercial set-up in the production sector and built the base for development of the Montana brand

”

The Cremonini Group works in two business sectors in production: beef and cured meats & snacks.

In 2003 the production sector registered total revenues of 859.9 million euros, up +13.1%, with a gross operating margin of 52.6 million euros, up +10.0%, and an operating profit of 21.8 million euros,

as compared to 19.5 million euros in 2002 (+11.8%).

The production sector relies on eleven highly automated plants, each specialising in certain types of production: six are concerned with beef production, while the other five produce cured meats, snacks and ready-to-serve dishes.

MONTANA



Production

Beef

The Cremonini Group company concerned with beef is Inalca, which earned total revenues of 764.1 million euros in 2003 (+14.2%), as compared to 669.4 million euros in 2002.

The company is the unrivalled leader in its sector in Italy and one of the top producers in Europe, concerning itself with the entire production chain – from livestock raising to finished products –



A European leader in the production of tinned meat (producing over two hundred million tins per year), sold under the Montana brand in Italy and under the Bill Beef, Texana and Montex brands in the rest of the world. Inalca is also an unrivalled leader in frozen hamburgers and ground beef, producing over 40,000 tons annually and still growing. Inalca's productive structure includes six plants

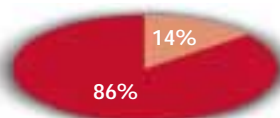


and operates successfully on international markets: 31% of its 2003 turnover derives from exports to countries in western Europe, eastern Europe and central Africa.

Inalca produces and markets a complete range of beef products, fresh and frozen, vacuum-packed and packaged in a protective atmosphere, cooked meats and ready-to-serve products, tinned meat and meat extracts, and also produces a wide range of by-products.



specialising in different production lines: Castelvetro di Modena, Ospedaletto Lodigiano (LO) and Roveleto di Cadeo (PC), concerned with butchering, de-boning, processing and packaging meat, and processing and packaging plants in Guardamiglio (PC), Rieti and Cagliari. All these plants use modern production technologies and advanced security systems placing the company in the vanguard of control methods, production chain and meat identification and labelling.



Turnover
by product type

86% Beef
14% Cured meats & Snacks

6 meat production plants
5 cured meat production plants
200,000 tons of beef
200 million tins
40,000 tons of hamburger
16 tons of cured meat and sausages
5 PDO and PGI productions

Cured meats & Snacks



The Group is represented in this sector by Montana Alimentari – one of the top cured meat producers in Italy – with a turnover of

126.8 million euros in 2003, as compared to 114.5 million euros in 2002.

The company's industrial structure includes 5 plants specialising in different types of production: Gazoldo degli Ippoliti (MN), central offices and distribution platform for the entire sector, where the company produces frankfurters, pre-sliced meats, snacks and ready-to-serve dishes; Paliano (FR), for production of cooked hams and roasts, Mirandola (MO), producing salami and pre-cooked products, Busseto (PR), for production of mortadella and traditional cured meats, and Postalesio (SO), where the company produces speck and bresaola. The last two plants were purchased in 2002 and 2003

respectively, under the Group's strategy of enhancing and integrating typical production of cured meats in PDO and PGI



production areas (Culatello in Zibello, Bresaola in Valtellina, Mortadella in Bologna, Zampone and Cotechino in Modena).

The company markets over 230 products under the Montana trademark: from traditional cured meats, cooked hams and roasts to modern sandwiches. Montana has always been renowned for its production of classic tinned meat, to which it has recently added meat sauces and pates; it now holds a market share of over 16% and is Italy's second biggest operator in this field.

In the year 2003 the company consolidated its position abroad, with a production plant in Poland and agreements and joint ventures with local enterprises in other countries. Montana Alimentari exports its products to a total of 22 nations.

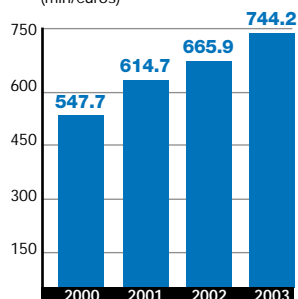
ibiSe
 Salumificio di Parma



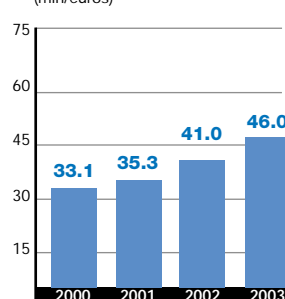


Distribution figures

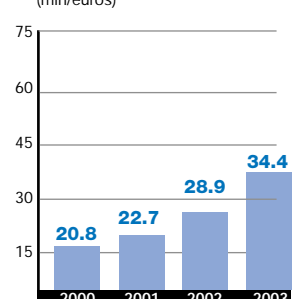
TOTAL REVENUES
(mln/euros)



EBITDA
(mln/euros)



EBIT
(mln/euros)



Distribution



Ugo Ravanelli
Marr Spa Chairman
and Chief Executive Officer

“

For over 10 years we have managed to maintain a constant two-digit growth rate, and our aim is to continue growing in order to be listed on the stock exchange

”

In distribution to the foodservice sector the Cremonini Group is represented by Marr, the leading Italian marketer and distributor of fresh, frozen and preserved foodstuffs for restaurants and catering.

Marr primarily targets the commercial restaurant services sector (restaurants, hotels, pizzerias, fast food outlets,

holiday resorts, etc.), the market best suited to its philosophy of emphasising quality and level of service, and the collective catering industry (company canteens, school cafeterias, hospitals, armed forces, etc.), a segment of interest due to its lack of seasonality.

In 2003 Marr's total revenues amounted to 744.2 million



Distribution

euros, up +11.8% over the previous year, gross operating margin was 46.0 million euros, up +12.1%, and operating profit amounted to 34.4 million euros (+ 19.0%). Marr is the only company in Italy qualified to provide personalised customer advice to customers all over Italy, through a capillary network of 21 distribution centres, 450 vehicles



to 12 hours for ultra-fresh products.

In line with the evolution of the foodservice market, Marr specialises in fresh products now representing over 40% of its total sales.

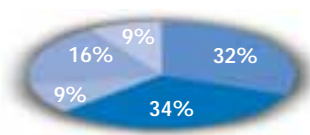
Marr's sales mix includes 39.4% seafood, 34.5% groceries, 23.0% meats, 2.2% fresh products and 0.9% kitchen utensils.



and a marketing structure of 430 sales agents and 80 area heads.

Marr distributes over 10,000 products all over the country, all delivered within 24 hours of ordering – waiting time is reduced

Its turnover may be broken down as coming 34% from restaurants, 32% from hotels, 9% from collective catering, 16% from wholesalers and 9% from other businesses (fast food outlets, seafood retailers, exports).



MARR: turnover by customer type

34% Restaurants
32% Hotels
16% Wholesalers
9% Collective Catering
9% Others

21 distribution centres
450 vehicles
430 sales agents and 80 area heads
10,000 products sold
30,000 customers



Every year Marr serves over 30,000 customers.

Institutional investors joined Marr capital stock during the year with the aim of speeding up the company's growth through external lines and achieving stock exchange listing. Consistently with this goal, in early 2004 Marr

purchased Sogema, a leading company in Piemonte and Valle d'Aosta with a turnover of about 33 million euros. This transaction permits Marr to become a leader in the northwest, an area currently served by the Milan branch, and achieve a major improvement in efficiency.

MARR: “door-to-door” division

Marr's “Quinta Stagione” division sells over 200 frozen products door-to-door (ice cream, first courses, meat, fish, pizzas and snacks, vegetables, side dishes, baked goods and other specialty foods), guaranteeing prompt, efficient service to



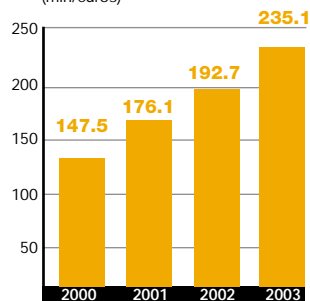
over 50,000 customers. Its distribution organization includes 10 licensed dealers and 2 direct branches all over northern and central Italy, and a sales force of 120 salespeople with 120 refrigerated vehicles.



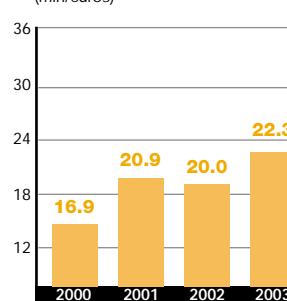


Restaurant services figures

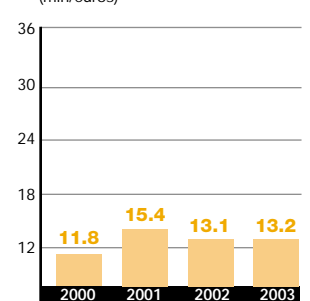
TOTAL REVENUES
(mln/euros)



EBITDA
(mln/euros)



EBIT
(mln/euros)



Restaurant services



Valentino Fabbian
Cremonini Spa's restaurant services
division Chief Executive Officer

“

In 2003 we joined the motorway
restaurant business: a strategic sector
in parallel with our railway
and airport business

”

Cremonini S.p.A., through a specific division operates in two sectors of the restaurant business: on-board catering for railways and commercial restaurant services.

In 2003 the consolidated turnover of the restaurant

services division amounted to 235.1 million euros, up 22.0% over 2002, while gross operating margin amounted to 22.3 million euros (+11.7%) and operating profit totalled 13.2 million euros (+1.3%).



Restaurant services

On-board catering



In only 13 years in the on-board catering sector, Cremonini has become Europe's second

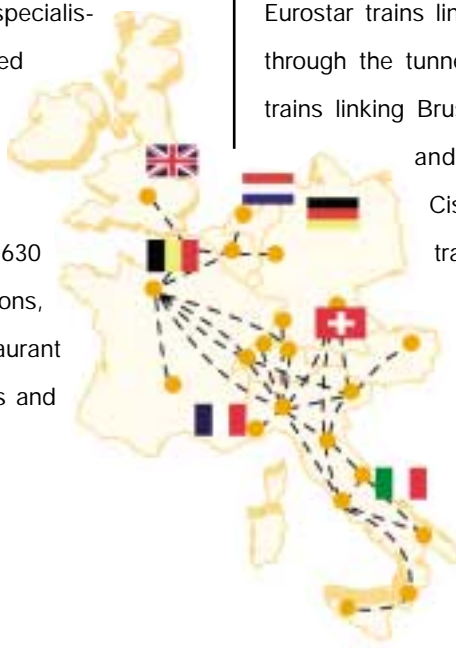
vending machines. Over 35 million customers were served in the last year.



largest operator. The reasons for this success lie in the effectiveness of a model of operations specialising in on-board catering for high-speed trains and an ability to interpret the needs of today's travellers, offering innovative products and services.

Cremonini serves passengers on over 630 trains every day in 7 European nations, operating catering services in restaurant cars, self-service cars, minibars, bars and

The Group serves passengers on Trenitalia trains, British Eurostar trains linking London with Paris and Brussels through the tunnel under the Channel, Belgian Thalys trains linking Brussels with Paris, Cologne, Rotterdam and Amsterdam, Italian and Swiss Cisalpino trains, French TGV trains, Lyria trains linking Paris with Lausanne and Zurich and Corail trains linking Paris with Clermont Ferrand.



- Trains served by the Group in Europe:
 - Trenitalia (I)
 - Cisalpino (CH, I)
 - Eurostar (GB, F, B)
 - Thalys (D, F, B, NL)
 - SNCF (F)

630 trains served in 7 European nations
30 railway stations
3 airports
24 motorway service areas
60 million customers served each year



Commercial restaurant services

With a market share of 35.9%, Cremonini is a leader in restaurant service concessions in Italy's railway stations, operating bars, cafés, restaurants, self-service buffets, fast food outlets, pizza parlours and kiosks.

The Group now works in 30 railway stations in Italy, including 7 major stations: Roma Termini, Firenze SMN, Venezia Mestre, Genova Porta Principe, Genova Brignole, Palermo Centrale and Torino Porta Nuova.

Cremonini's restaurant services division also serves the airports of Roma Fiumicino, Palermo and Cagliari, the port of Palermo and Mugello race track.



Cremonini operates restaurants on concession both under its own trademarks, such as Bar Chef Express, Gusto Ristorante, Harry's Bar Roma and Mr Panino, and under the trademarks of major international chains through a franchising formula.

In 2003 the Group also entered the motorway restaurant service market through its subsidiary Moto Spa, a joint venture in which Cremonini and the Compass Group hold equal shares. Moto now operates 24 rest areas, and its plans include interesting prospects for growth resulting from re-assignment of motorway concessions in Italy.



Financial statements and consolidated accounts



2003

NOTICE OF CALL TO THE SHAREHOLDERS' MEETING

Shareholders who hold common shares are called to the ordinary and extraordinary meeting set for 30 April 2004 at 10 a.m. in Castelvetro di Modena, Via Modena no. 53, to discuss and deliberate the following

Agenda

Ordinary part:

- 1) Financial statements for the year as at 31 December 2003, the board of directors report, the Board of Auditors report, proposal to allocate the operating result; pertinent and consequent resolutions;
- 2) Granting of the assignment to audit the year-end balance sheet, the consolidated financial statements and the bi-yearly report in conformity with art. 159 of Italian Law Decree no. 58/1998 for the 2004-2006 three-year period; pertinent and consequent resolutions;
- 3) Performances as per art. 2386 of the Italian Civil Code and confirmation of the number of members of the Board of Directors; pertinent and consequent resolutions;
- 4) Authorisation to the Board of Directors to buy and sell their own shares; pertinent and consequent resolutions.

Extraordinary part:

- 1) Resolutions as per art. 2502 of the Italian Civil Code regarding the merger through incorporation in CRE-MONINI s.p.a. of the subsidiary companies SO.GE.BAR s.r.l. – MISTER FOOD s.p.a. and S.A.M. s.r.l.; pertinent and consequent performances.

The documentation relevant to the items and proposals on the agenda shall be placed at the disposal of the interested parties according to the law by being deposited at the registered office and at Borsa Italiana. Shareholders are authorised to obtain a copy of it by contacting the "Corporate Affairs" office weekdays from 9 a.m. to 1 p.m. and from 3 to 6 p.m.

The consolidated financial statements of the Group as at 31 December 2003 shall be placed at the disposal of the shareholders during the general meeting.

Shareholders holding common shares who present the relevant certifications issued by a broker authorised in conformity with the provisions in force shall be entitled to attend the general meeting.

Accreditation of those attending the general meeting shall commence at 9:30 a.m.

THE CHAIRMAN
(Mr. Luigi Cremonini, Knight of Labour)



Notice published in the Official Gazette, Announcements Sheet – no. 75 of 30 March 2004 – announcement S-4842.

CREMONINI S.P.A. COMPANY BODIES

Board of Directors

<i>Chairman</i>	Luigi	Cremonini (1)
<i>Vice Chairman</i>	Paolo	Sciumè (1)(2)
<i>Chief Executive Officer</i>	Vincenzo	Cremonini
<i>Directors</i>	Valentino	Fabbian (3)
	Ugo	Ravanelli
	Giorgio	Pedrazzi
	Edoardo	Rossini (1)(2)
	Mario	Rossetti (2)

Board of Statutory Auditors

<i>Chairman</i>	Alessandro	Artese
<i>Auditors</i>	Giovanni	Zanasi
	Ezio Maria	Simonelli
<i>Alternates</i>	Marco	Reggiori
	Mario	Fuzzi
<i>Independent auditors</i>	PricewaterhouseCoopers s.p.a.	

-
- (1) Member of the Committee for Emoluments to Directors
(2) Member of the Internal Auditing and Corporate Governance Committee
(3) Chief Executive Officer of the restaurant services business unit

DIRECTORS' REPORT

Group progress and operating results

In the 2003 fiscal year, the Group continued to pursue the positive trend which emerged in the previous two years, achieving important results as a consequence of steady growth in all business areas.

In the year under examination, the Group earned total revenues of 1,786.2 million euros (+12.39% over the 2002 fiscal year), with a gross operating margin of 117.7 million euros (+9.94%) and an operating profit of 61.8 million euros (+16.17%). Profit from normal operations was up by 70.55% to 35.9 million euros, while consolidated profits prior to taxation were 54.4 million euros (+208.48%).

Consolidated net profit amounted to 34.8 million euros, 31.7 million euros more than the 2002 figure of 3.1 million, while the company's share in net profit amounted to 29.5 million euros, up 26.9 million euros over last year's figure of 2.5 million euros. This increase was generated not only by the positive trend of profit from normal operations but by extraordinary proceeds from the operation involving the capital of the subsidiary company Marr.

On May 7 2003 the closing of sale of a minority share in the capital of Marr s.p.a. to a pool of corporate investors was completed. 33.33% of the company was sold for 100 million euros, about 2/3 through an increase in share capital.

The Group's financial position also improved, from 487.8 million euros on December 31 2002 to 451.1 million euros on December 31 2003.

Below are reclassified schedules summarizing the Group's income, assets and liabilities and financial situation for the year 2003 as compared with the previous year. Details of these schedules divided by business area are also provided to permit more complete analysis of the Group's results.

Consolidated statement of income

<i>(in thousands of euros)</i>	Year 2003	Year 2002	Change %
Total revenues	1,786,230	1,589,257	12.39
Changes in inventories of product in progress and finished products	28,064	(754)	
Value of production	1,814,294	1,588,503	14.21
Costs of production	(1,536,659)	(1,335,599)	
Value added	277,635	252,904	9.78
Staff expenses	(159,968)	(145,872)	
Gross operating margin	117,667	107,032	9.94
Depreciations, amortizations and write-downs	(55,879)	(53,844)	
Operating profit (b)	61,788	53,188	16.17
Net financial income (expense)	(25,861)	(32,123)	
Profit (loss) from normal operations (b)	35,927	21,065	70.55
Net income (expense) from stockholdings	(9,681)	(1,127)	
Net extraordinary income (expense)	28,155	(2,303)	
Profit (loss) before taxation	54,401	17,635	208.48
Taxation for the financial year	(19,628)	(14,536)	
Profit (loss) before minority interests	34,773	3,099	(a)
Minority's share of (profit) loss	(5,323)	(598)	
Group's share of profit (loss)	29,450	2,501	(a)

(a) figure not shown because not representative

(b) refer to the notes to the financial statements (Comment on the main headings in the consolidated statement of income) for reconciliation with figures in the financial statements

As the schedule reveals, all the principal indicators of profitability have clearly improved over the previous year.

Also note that the **cash-flow from operations** has grown significantly, from 56.9 million euros in 2002 to 90.7 million euros in 2003.

DIRECTORS' REPORT

Consolidated balance sheet

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002	Change %
Intangible fixed assets	104,694	122,740	
Tangible fixed assets	392,072	387,843	
Stockholdings and other financial fixed assets	25,690	31,915	
Total fixed assets	522,456	542,498	(3.69)
<i>Trade net working capital</i>			
- Trade receivables	253,751	226,442	
- Inventories	212,831	170,253	
- Trade payables	(268,467)	(246,961)	
Total trade net working capital	198,115	149,734	
Other current assets	78,065	72,924	
Other current liabilities	(55,020)	(60,585)	
Net working capital	221,160	162,073	36.46
Staff severance indemnities and other medium-long term provision	(43,815)	(41,066)	
Net capital employed	699,801	663,505	5.47
Group net equity	200,797	173,108	
Minority interests	47,860	2,580	
Total shareholders' equity	248,657	175,688	41.53
Medium-long term debts	200,758	167,372	
Short term debts	250,386	320,445	
Net financial position	451,144	487,817	(7.52)
Shareholders' equity and debts	699,801	663,505	5.47

The increase in working capital is primarily a result of increased turnover, generated in all areas, and extraordinary purchases of meat from E.C. auctions by INALCA in 2003.

Net equity increased significantly due to both the result of the year and the increase in capital following sale of a minority share in Marr.

Net consolidated financial position

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Bank loans, bonds and other financing		
- payable within 12 months	(312,362)	(390,247)
- payable between 1 and 5 years	(154,090)	(104,684)
- payable over 5 years	(46,668)	(62,688)
Total bank loans, bonds and other financing	(513,120)	(557,619)
Liquidity		
- cash and cash equivalent	50,937	59,792
- financial assets	11,039	10,010
Total liquidity	61,976	69,802
Total financial position, net of liquidity	(451,144)	(487,817)

The Group's financial indebtedness was 36.7 million euros less than on December 31 of the previous year (-7.52%).

The decrease in the Group's overall indebtedness is even more significant taking into account that the Group invested 61.1 million euros in the year 2003, including 25.4 million euros in purchases aimed at developing businesses which will already begin full operation in 2004. Specifically:

- 8.5 million euros invested in purchase of the Ibis s.p.a. plant, a historic trademark in the cured meats trade;
- 3.0 million euros invested in purchase of the former F.lli Traversi plant in Valtellina, specializing in production of bresaola and speck;
- 2.7 million euros for purchase of land and farm and livestock raising buildings for "veal raising chain";
- 7.7 million euros invested in purchase of 50% of Moto s.p.a., a joint venture with Compass in motorway restaurant services;
- 3.5 million euros invested in purchases of restaurants in the Reggio Emilia, Firenze Campo di Marte and Torino Porta Nuova railway stations.

For further information, a schedule of the quarterly evolution of the financial position from December 31 2002 is provided below.

Analysis of the evolution of consolidated net financial position

<i>(in thousands of euros)</i>	<i>At 31 December 2003</i>	<i>At 30 September 2003</i>	<i>At 30 June 2003</i>	<i>At 31 March 2003</i>	<i>At 31 December 2002</i>
Medium-long term indebtedness	(200,758)	(184,372)	(143,391)	(168,752)	(167,372)
Short term indebtedness	(312,362)	(341,496)	(362,045)	(409,971)	(390,247)
Total financial indebtedness	(513,120)	(525,868)	(505,436)	(578,723)	(557,619)
Cash and banks and other financial assets	61,976	55,378	45,189	29,447	69,802
Total financial position, net of liquidity	(451,144)	(470,490)	(460,247)	(549,276)	(487,817)

Financial results by segment of activity

The Group, operating in the food sector, carries out its business as a leader in three macro business areas:

- production (beef – cured meats and snack foods);
- distribution (foodservice and door to door);
- restaurant services (commercial and on-board).

The Parent Company also provides support to the operative sectors, both directly and through its subsidiaries, offering services mainly in the areas of finance, corporate and fiscal services, human resources, legal and insurance services and IT systems.

DIRECTORS' REPORT

Breakdown of revenues by sector

<i>(in thousands of euros)</i>	Year 2003	Year 2002	Change total value	Change %
Production				
<i>Net revenues</i>	821,481	735,202	86,279	11.74
<i>Intercompany revenues</i>	38,369	24,875		
Total revenues	859,850	760,077	99,773	13.13
Gross operating margin	52,643	47,860	4,783	9.99
Depreciations, amortizations and write-downs	(30,820)	(28,348)	(2,472)	8.72
Operating profit (loss)	21,823	19,512	2,311	11.84
Distribution				
<i>Net revenues</i>	726,343	658,244	68,099	10.35
<i>Intercompany revenues</i>	17,821	7,614		
Total revenues	744,164	665,858	78,306	11.76
Gross operating margin	45,953	41,011	4,942	12.05
Depreciations, amortizations and write-downs	(11,522)	(12,065)	543	(4.50)
Operating profit (loss)	34,431	28,946	5,485	18.95
Restaurant services				
<i>Net revenues</i>	235,040	192,688	42,352	21.98
<i>Intercompany revenues</i>	41	54		
Total revenues	235,081	192,742	42,339	21.97
Gross operating margin	22,278	19,950	2,328	11.67
Depreciations, amortizations and write-downs	(9,029)	(6,872)	(2,157)	31.39
Operating profit (loss)	13,249	13,078	171	1.31
Parent Company and centralized activities				
<i>Net revenues</i>	3,366	3,123	243	7.78
<i>Intercompany revenues</i>	8,296	8,021		
Total revenues	11,662	11,144	518	4.65
Gross operating margin	(2,874)	(1,442)	(1,432)	99.31
Depreciations, amortizations and write-downs	(4,508)	(6,559)	2,051	(31.27)
Operating profit (loss)	(7,382)	(8,001)	619	(7.74)
Consolidation adjustments				
<i>Consolidation adjustments</i>	(64,527)	(40,564)	(23,963)	
<i>Gross operating margin</i>	(333)	(347)	14	
<i>Depreciations, amortizations and write-downs</i>				
<i>Operating profit (loss)</i>	(333)	(347)	14	
Total				
Total revenues	1,786,230	1,589,257	196,973	12.39
Gross operating margin	117,667	107,032	10,635	9.94
Depreciations, amortizations and write-downs	(55,879)	(53,844)	(2,035)	3.78
Operating profit (loss)	61,788	53,188	8,600	16.17

All sectors contributed to the 197.0 million euros increase in **total consolidated revenues**. Revenues from production increased by 99.8 million euros (+13.13%), revenues from distribution were up 78.3 million euros (+11.76%), and revenues from restaurant services, which also enjoyed the effects of start-up of new activities in motorway service areas, grew by 42.3 million euros (+ 21.97%).

The **consolidated gross operating margin**, increasing by 10.6 million euros, also benefits from good performance in all sectors: distribution increased by 4.9 million euros (+12.05%), production by 4.8 million euros (+9.99%) and restaurant services by 2.3 million euros (+11.67%).

The **consolidated operating profit** improved by 8.6 million euros, mainly thanks to the results achieved in distribution, up 5.5 million euros (+18.95%), and production, up 2.3 million euros (+11.84%). The operating profit in restaurant services was basically in line with the 2002 figure, with a 0.2 million euros increase (+1.31%).

Breakdown of revenues from sales and services by geographic area

Year 2003 - (in thousands of euros)

	Production	%	Distribution	%	Restaurant services	%	Other	%	Total	%
Italy	583,267	71.6	674,260	94.6	150,398	64.9	2,520	99.2	1,410,445	80.0
European Union	116,933	14.3	19,292	2.7	81,336	35.1	21	0.8	217,582	12.3
Outside the E.U.	114,830	14.1	19,321	2.7					134,151	7.6
Total	815,030	100	712,873	100	231,734	100	2,541	100	1,762,178	100

Year 2002 - (in thousands of euros)

	Production	%	Distribution	%	Restaurant services	%	Other	%	Total	%
Italy	530,385	72.6	611,029	94.2	119,968	63.3	2,253	98.4	1,263,635	80.4
European Union	105,143	14.4	24,618	3.8	69,483	36.7	36	1.6	199,280	12.7
Outside the E.U.	94,949	13.0	13,006	2.0					107,955	6.9
Total	730,477	100	648,653	100	189,451	100	2,289	100	1,570,870	100

DIRECTORS' REPORT

Consolidated balance sheet by business sector

As at 31 December 2003 (in thousands of euros)	<i>Production</i>	<i>Distribution</i>	<i>Restaurant services</i>	<i>Parent Company and centralized</i>	<i>Consolidation adjustments</i>	<i>Total</i>
Intangible fixed assets and consolidation differences	26,272	44,119	33,194	1,109		104,694
Tangible fixed assets	295,930	30,643	15,183	50,316		392,072
Financial fixed assets	9,921	597	3,961	11,211		25,690
Total fixed assets	332,123	75,359	52,338	62,636		522,456
<i>Trade net working capital</i>						
- Trade receivables	115,310	119,224	28,459	5,591	(14,833)	253,751
- Inventories	130,310	78,626	3,887	9	(1)	212,831
- Trade payables	(120,823)	(122,468)	(36,672)	(2,235)	13,731	(268,467)
Total trade net working capital	124,797	75,382	(4,326)	3,365	(1,103)	198,115
Other current assets	28,774	19,560	5,560	24,896	(725)	78,065
Other current liabilities	(25,169)	(10,072)	(17,461)	(4,151)	1,833	(55,020)
Net working capital	128,402	84,870	(16,227)	24,110	5	221,160
Staff severance indemnities and other provision	(19,550)	(9,525)	(10,677)	(4,063)		(43,815)
Net capital employed	440,975	150,704	25,434	82,683	5	699,801

As at 31 December 2002 (in thousands of euros)	<i>Production</i>	<i>Distribution</i>	<i>Restaurant services</i>	<i>Parent Company and centralized</i>	<i>Consolidation adjustments</i>	<i>Total</i>
Intangible fixed assets and consolidation differences	27,537	65,792	26,480	2,931		122,740
Tangible fixed assets	289,502	32,739	13,779	51,823		387,843
Financial fixed assets	6,176	1,651	1,920	22,168		31,915
Total fixed assets	323,215	100,182	42,179	76,922		542,498
<i>Trade net working capital</i>						
- Trade receivables	107,822	91,692	32,084	4,897	(10,053)	226,442
- Inventories	98,857	68,614	2,777	5		170,253
- Trade payables	(111,147)	(103,861)	(39,320)	(1,334)	8,701	(246,961)
Total trade net working capital	95,532	56,445	(4,459)	3,568	(1,352)	149,734
Other current assets	28,452	12,232	5,596	26,797	(153)	72,924
Other current liabilities	(27,660)	(12,147)	(15,740)	(7,701)	2,663	(60,585)
Net working capital	96,324	56,530	(14,603)	22,664	1,158	162,073
Staff severance indemnities and other provision	(18,433)	(9,104)	(9,553)	(3,976)		(41,066)
Net capital employed	401,106	147,608	18,023	95,610	1,158	663,505

Net consolidated financial position by business sector

As at 31 December 2003 (in thousands of euros)	<i>Production</i>	<i>Distribution</i>	<i>Restaurant services</i>	<i>Parent Company and centralized</i>	<i>Total</i>
<u>Bank loans, bonds and other financing</u>					
- payable within 12 months	(162,439)	(53,584)	(4,469)	(91,870)	(312,362)
- payable between 1 and 5 years	(34,449)	(7,247)	(4)	(112,390)	(154,090)
- payable over 5 years	(39,181)	(5,643)		(1,844)	(46,668)
Total bank loans, bonds and other financing	(236,069)	(66,474)	(4,473)	(206,104)	(513,120)
<u>Liquidity</u>					
- cash and cash equivalents	15,155	23,497	11,560	725	50,937
- financial assets	1,828	5,558	28	3,625	11,039
Total liquidity	16,983	29,055	11,588	4,350	61,976
Internal treasury current accounts	(42,324)	1,147	(21,523)	62,700	
Total financial position, net of liquidity	(261,410)	(36,272)	(14,408)	(139,054)	(451,144)

As at 31 December 2002 (in thousands of euros)	<i>Production</i>	<i>Distribution</i>	<i>Restaurant services</i>	<i>Parent Company and centralized</i>	<i>Total</i>
<u>Bank loans, bonds and other financing</u>					
- payable within 12 months	(117,883)	(30,764)	(113)	(241,487)	(390,247)
- payable between 1 and 5 years	(31,062)	(25,156)		(48,466)	(104,684)
- payable over 5 years	(44,695)	(7,651)		(10,342)	(62,688)
Total bank loans, bonds and other financing	(193,640)	(63,571)	(113)	(300,295)	(557,619)
<u>Liquidity</u>					
- cash and cash equivalents	9,006	19,631	8,469	22,686	59,792
- financial assets	3,736	2,912		3,362	10,010
Total liquidity	12,742	22,543	8,469	26,048	69,802
Internal treasury current accounts	(23,495)	(43,655)	(9,498)	76,648	
Total financial position, net of liquidity	(204,393)	(84,683)	(1,142)	(197,599)	(487,817)

DIRECTORS' REPORT

The operating sectors of the Group

Production

This sector includes, within the consolidation area, the following activities and the corresponding companies:

Company	Business carried out
a) Beef and meat-based products	
INALCA s.p.a. - Via Spilamberto n. 30/C Castelvetro di Modena (MO)	Butchering, processing and marketing beef-based products.
GES.CAR. s.r.l. - Via Spilamberto n. 30/C Castelvetro di Modena (MO)	Services connected to beef processing and transforming at the INALCA plant in Ospedaletto Lodigiano.
GUARDAMIGLIO s.r.l. - Via Coppalati n. 52 Piacenza	Retail outlet management (butchers' and charcuterie shops).
AZ. AGR. CORTICELLA s.r.l. - Via Corticella n. 3 Spilamberto (MO)	Breeding cattle, both directly and by means of agistment contracts.
FRIMO s.a.m. - 20, Boulevard de Suisse Montecarlo	Food marketing.
QUINTO VALORE s.c.a r.l. - Via Due Canali n.13 Reggio Emilia (50% consolidated by the proportional method)	Marketing of the by-products of beef butchering (hides).
SARA s.r.l. - Viale Europa n. 2 Ospedaletto Lodigiano (LO)	Agricultural and animal farming waste recovery and treatment.
REALFOOD 3 s.r.l. - Via Spilamberto n. 30/C Castelvetro di Modena (MO)	Butchering, processing and marketing beef-based products.
INALCA ALGERIE s.a r.l. - 08, Rue Cherif Hamani - Algiers (Algeria)	Food marketing.
INTER INALCA ANGOLA Ltda - Luanda (Angola)	Food marketing.
b) Cured meats and snack foods	
MONTANA ALIMENTARI s.p.a. - Via Marconi n. 3, Gazoldo Degli Ippoliti (MN)	Production and marketing of food products (cured meats and gastronomy).
MONTANA FARM s.p.zo.o. - 11-015 Olsztynek Platyny (Poland)	Production and marketing of cured meats.
SALUMI D'EMILIA s.r.l. - Via Modena n. 53 Castelvetro di Modena (MO)	Production and marketing of cured meats.

Breakdown of revenues by activity (in thousands of euros)	<i>Year 2003</i>	<i>Year 2002</i>	<i>Change %</i>
Beef and meat-based products	764,139	669,392	14.15
- intercompany revenues	(28,161)	(23,254)	
Net total	735,978	646,138	
Cured meats and gastronomy/snack foods	126,831	114,549	10.72
- intercompany revenues	(2,959)	(2,071)	
Net total	123,872	112,478	
Spices, flavourings and food additives		2,319	(100.00)
- intercompany revenues		(858)	
Net total		1,461	
	859,850	760,077	13.13

In the fiscal year 2003, the overall revenue of the production sector reached 859.9 million euros, as compared to 760.1 million euros in 2002 (+13.13%). The companies in the sector have firmly consolidated the growth trend in turnover, intensifying their presence on the domestic and international markets despite significant penalisation of international trade by the drop in the dollar.

Gross operating margin increased by 9.99%, from 47.9 million euros to 52.6 million euros, while operating profit increased from 19.5 million euros to 21.8 million euros, an increase of 2.3 million euros (+11.84%). Growth in the volume of sales permitted more efficient use to be made of the available production capacity, with positive effects on margins.

The beef business

The consumption of beef in 2003 grew even further over 2002 (latest ISMEA figures) by about 3%, returning to the levels previous to the "BSE" crisis. In this context, Group companies revealed an increase in sales well over the market growth rate.

Strategies for development were concentrated, as far as the domestic market is concerned, on implementation of commercial and distribution facilities permitting companies in the sector to serve their markets more efficiently. Consistently with this strategy and in order to improve the efficiency of operations on the Sardinian market, the company In.Al.Sarda s.r.l. was established with local partners in April 2003.

Development continued abroad (outside the EU) with good results in Russia, Algeria and Angola, partly through formation of local company partnerships.

Also in the commercial area, development of "Montana" products continued through expansion of the sales network and investment in advertising, taking full advantage of synergies with Montana Alimentari s.p.a..

The main events of the fiscal year include in January the purchase of Farm Service s.r.l. (37% owned as of December 31), a company concerned with the processing and disposal of "low risk" material (bones) from butchering. In addition, a 20% share in the French company Toupinot s.a., operating on the non-EU tinned meat market, was purchased during the year (through its parent company Pierre Franco Investissement), as well as a share in the capital of Parma France s.a.s. (specialising in livestock marketing).

DIRECTORS' REPORT

2003 purchasing policies included purchases by INALCA of significant volumes of meat from E.C. auctions.

Cured meat and snack sector

In 2003 the cured meat market was characterised by two important external factors that affected results: the long hot spell lasting from April through September penalised consumption of certain cured meats, such as salami and other sausages, while the rising value of the euros against the Dollar penalised exports. The competitive scenario continued to be marked by consolidation and restructuring, also in the wake of objective difficulties on the market. The positive trend in demand for traditional specialty cured meats identified by the IGP and DOP marks is also worthy of note.

Despite the unfavourable market trend, the sector registered a healthy increase in sales in 2003. In particular, note the positive trend in sales of pre-packaged sliced cured meats, especially those sold under private labels, and in particular those sold through the discount store channel, which registered growth rates of over 20%. A further boost was given to Montana brand cured meats, with the launch of a number of product lines during the year, including the new sliced meats, other products for the self-service deli counter and bresaola.

Growth in the sector was also supported by tinned meat sales: +29% for meats in gelatine (with over +40% for Montana Oro), +20% for patés (with Jambonet as the unchallenged market leader) and +45% in condiments. 2003 was a year of record sales in tinned meats, rewarding the repositioning achieved with the launch of the Oro line.

The segment pursued the planned industrial restructuring in 2003, focusing on development of new production of IGP and DOP cured meats.

Consistently with this strategy, Montana Alimentari purchased the Postalesio plant in Valtellina in September 2003, for production of bresaola and other typical local products. This industrial complex in the province of Sondrio is equipped with the latest curing and smoking technologies and has an annual productive capacity of about 2,000 tons. The plant began operation in early 2004.

On February 19 2003 Salumi d'Emilia s.r.l., implementing plans made when it was established, won the tender to purchase the business of Ibis s.p.a., put up for sale in a legal procedure. This operation will permit improvement of productive efficiency in the sector and lead to complete shutdown of the Montana Alimentari plant in Mirandola (MO), transferring its business to the Busseto plant in the future. Purchase of the Ibis company branch will also permit development of production of IGP/DOP cured meats. In 2003 work began at the plant on creation of a new production area for making culatello, coppa, salami and other products typical of the Parma area.

Further rationalisation of production continued with the near-completion of the reorganisation and restructuring of productive areas in the plant in Gazoldo degli Ippoliti (MN), permitting, among other things, transfer of all the snack division's activities from the Castelnuovo Rangone plant.

Distribution

This sector includes the following areas of business and relevant companies and/or company divisions:

Company	Business carried out
a) Foodservice distribution	
MARR s.p.a. – Foodservice division - Via Spagna n. 20 - Rimini	Marketing and distribution of fresh, dry and frozen food products for catering operators.
MARR ALISURGEL s.r.l. in liquidazione – Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Non operative company currently under liquidation.
MARR FOODSERVICE IBERICA s.a. – Calle Goya n. 99, Madrid (Spagna)	Marketing and distribution of fresh, dry and frozen food products for catering operators on the Spanish market.
S.I.A.S. s.p.a. - Via del Carpino n. 4 Santarcangelo di Romagna (RN)	Supplying food to prisons and district prisons.
ALISEA soc. cons. a r.l. – Via Imprunetana per Tavernuzze n. 231/b, Impruneta (FI)	Restaurant services within hospital structures.
b) Door to door distribution	
MARR s.p.a. – “Quinta Stagione” division – Via Spagna n. 20, Rimini	Marketing and distributing frozen food products door to door.

Breakdown of revenues by activity (in thousands of euros)	Year 2003	Year 2002	Change %
<u>Foodservice distribution</u>	734,144	652,518	12.51
- intercompany revenues			
Net total	734,144	652,518	
<u>Door to door distribution</u>	10,020	13,340	(24.89)
- intercompany revenues			
Net total	10,020	13,340	
	744,164	665,858	11.76

Revenues in the sector stood at 744.2 million euros in 2003 (+11.76%), an increase of 78.3 million euros over 2002. As regards profitability, the gross operating margin increased from 41.0 million euros to 46.0 million euros (+12.05%), while the operating profit increased by 5.5 million euros, from 28.9 to 34.4 million euros (+18.95%).

Foodservice

The Italian extra domestic restaurant services market consists of commercial ventures (restaurants, hotels, pizzerias, fast food outlets, resorts, etc.) and collective catering services (restaurants for companies, hospitals, the armed forces, police stations, schools, etc.); excluding beverages, the market is worth about 16,000 million euros. Marr is the leading marketer and distributor of foods for restaurant services, with a market share of close to 5%.

DIRECTORS' REPORT

Marr mainly focuses its attention on the commercial restaurant services segment (restaurants, hotels, pizzerias, fast food restaurants, tourist villages, etc.), a market considered to be more in line with the corporate aims of promoting quality and level of service, at the same time considering collective restaurant services (company, school, hospital, armed forces restaurants, etc.) an important sector (lower seasonality, good customer reliability, stable orders).

The competitors on the foodservice market are of various types: organized distributors (such as Marr), traditional wholesalers, producers, cash&carry, and retailers. The market share currently held by organized distributors in Italy is estimated to be less than 15%, with an expected continual growth for the next few years, in line with models of development in major European and North American nations.

The year 2003 was once again a year of important growth for Marr, especially compared to the average performance of Italian commercial restaurant services, which suffered the effects of generally unfavourable market trends. This was primarily due to the lively activity of the entire marketing, management and logistics structure, which demonstrated its ability to respond to the multitude of requests on the market with determination and creativity.

Important events in the year included the acquisition of total control over the company Marr Foodservice Iberica s.a., previously 82% owned.

As also described in the notes to the financial statements, on May 7 2003 Cremonini s.p.a.'s sale of a minority share in the Marr stock capital was completed. In the context of this operation, achieved through both an increase in stock capital subscribed by new shareholders and sale of shares, Marr acquired new resources favouring further growth.

Finally, note that the Marr Shareholders' Meeting held on September 2 2003 resolved to increase share capital (up to a maximum of 133,131 new shares) to serve a Stock Option Plan reserved for certain employees; this increase has not yet been implemented.

Door to door

The validity of the reorganisation of the door to door distribution network initiated at the end of 2001 was confirmed. As of December 31 2003 the marketing structure consists of 2 branches (for direct sales) and 10 licensees (indirect sales). The sector has achieved a situation of balance in terms of operating profit.

Restaurant services

The business conducted in this sector is divided into two business areas, through the following companies and/or company divisions:

Company	Business carried out
a) On-board catering	
CREMONINI s.p.a. – Railways division Registered and administrative offices, Via Modena n. 53 Castelvetro di Modena (MO) “Agape” commercial offices, Via Giolitti n. 50 Rome	Operating, in concession, on board catering in Italy.
MOMENTUM SERVICES ltd Parklands Court, 24 Parklands Birmingham Great Park Rubery, Birmingham (GB)	Operating, in concession, on board catering on the trains which connect London with Paris and Brussels through the Eurotunnel.
CREMONINI RESTAURATION s.a.s. 83, Rue du Charolais, Paris (France)	Operating, in concession, on board catering on French trains. Providing logistics services in railway stations.
RAILREST s.a. - Frankrijkstraat, 95 Brussels (Belgium)	Operating, in concession, on board catering on Thalys high speed trains connecting Belgium with France, the Netherlands and Germany.
b) Commercial restaurant services	
CREMONINI s.p.a. – Commercial restaurant services division Via Modena n. 53, Castelvetro di Modena (MO)	Operator in the sector of commercial restaurant services in concession. Specifically operating restaurants services in the buffets of important Italian railway stations, airports, ports and other areas.
S.A.M. s.r.l. - Via Modena n. 53 Castelvetro di Modena (MO)	Operating station buffet restaurant services in concession.
MISTER FOOD s.p.a. - Via Modena n. 53 Castelvetro di Modena (MO)	Operating station buffet restaurant services in concession.
ROADHOUSE GRILL ITALIA s.r.l. - Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of “steakhouse” restaurants in Italy.
MOTO s.p.a. – Via Boccaccio n. 27 Trezzano sul Naviglio (MI) (50% consolidated by the proportional method)	Operating rest area restaurant services in concession on Italy's motorways.
PLOSE VENETA s.r.l. - Via Boccaccio n. 27 Trezzano sul Naviglio (MI) (50% consolidated by the proportional method)	Operating rest area restaurant services in concession on Italy's motorways.
AUTOPLOSE gmbh – 6143 Matrei am Brenner Brennerautobahn (Austria) (50% consolidated by the proportional method)	Operating rest area restaurant services in concession on Austrian's motorways

DIRECTORS' REPORT

Breakdown of revenues by activity (in thousands of euros)	Year 2003	Year 2002	Change %
On board catering	133,960	128,460	4.28
- intercompany revenues	(1,306)	(1,251)	
Net total	132,654	127,209	
Commercial restaurant services	103,020	65,846	56.46
- intercompany revenues	(593)	(313)	
Net total	102,427	65,533	
	235,081	192,742	21.97

Revenues from the restaurant services sector increased from 192.7 million euros in 2002 to 235.1 million euros in 2003 (+21.97%), thanks in part to the growth of motorway restaurant services with Moto s.p.a.. Gross operating profit grew from 20.0 to 22.3 million euros (+11.67%) while operating profit remained largely stable at 13.2 million euros (+1.31%).

Commercial restaurant services

The commercial restaurant services in concession market is going through a time of strong concentration of operators. There are good prospects for growth on the market linked with competitions for assignment of concessions for restaurant services throughout Italy's motorway grid.

During the year an agreement was signed with Compass (a world leader in collective restaurant services) for development of business in the motorway restaurant services market in order to take advantage of this opportunity. At the end of May, Cremonini s.p.a. purchased a 50% share in Moto s.p.a. (owning 100% of Plose Veneta s.r.l.) and Autoplose gmbh from Compass, already operating in the market with 7 locations in Italy and 2 in Austria. In the first competitions for assignment of the concessions, Moto won 5 restaurant locations on the Italian motorway network in 2003.

Other developments in commercial restaurant services in 2003 worthy of note were acquisition of the Reggio Emilia and Firenze Campo di Marte railway station buffets and winning the public competition for operation of restaurant services in the new Cagliari Elmas airport. In the month of December Cremonini s.p.a. also acquired operation of all restaurant services in the station buffet of Torino Porta Nuova, Italy's third largest railway station, after Roma Termini and Milano Centrale.

Also during the year, new contracts were signed with Grandi Stazioni for renewal of leases on spaces used for restaurant services in 5 of Italy's most important railway stations:

- Venezia Mestre;
- Palermo;
- Firenze S.M.N.;
- Genova Brignole;
- Genova Porta Principe.

The duration of these contracts, including the renewal period provided for in the contracts, varies from 15 to 18 years.

As for development of the Roadhouse project, two new restaurants were opened during the year, in addition to those in Legnano and Rome: one was opened near Bologna's trade fair and exhibition centre in March, and the other in Pordenone in May.

On board catering

In on board catering, Cremonini Restauration s.a.s. won the competition held by SNCF (Société Nationale des Chemins de Fer) for operation of the logistics centre in the "Gare du Nord" railway station in Paris beginning on January 1 2004. The centre is concerned with handling for all trains departing the Paris station and composition of trays for meals served on board Eurostar and Thalys trains as well as a number of French high-speed trains.

During the year, a new contract was signed with SNCF for operation of the Bordeaux-Nice line, going into effect in June 2003: a particularly important acquisition in view of the new competitions to be held in France in the current year, on which management is already hard at work.

In Italy, May 2003 saw a one-year extension of the contract with Trenitalia for the catering concession on Italy's national railway lines.

Centralized activities (holding company, property and services)

The activities conducted in this area are mainly connected to rendering specialized services supporting the business in the operating sectors and at managing the real property portfolio, and include the following companies and/or company divisions:

Company	Business carried out
CREMONINI s.p.a. – Holding division Via Modena n. 53, Castelvetro di Modena (MO)	Providing support services to the Group's companies in the finance, insurance, legal and managerial/administration sectors. It also manages the company's real property portfolio.
CREMONINI FINANCE plc - 78, Cannon Street London (Great Britain)	Financial activities.
GLOBAL SERVICE s.r.l. - Via Modena n. 53 Castelvetro di Modena (MO)	Technical services: buildings and plants design, management of maintenance, restructuring and renovation activities; IT services: centralized management of hardware and software for the Group; personnel services: pay packet administration and management.
INTERJET s.r.l. - Via Belvedere n. 23 Castelvetro di Modena (MO)	Air transport services (t.p.p.) and bearer of rail transport license.
CONS. CENTRO COMM. INGROSSO CARNI s.r.l. - Via Fantoni n. 31, Bologna	Property services.

DIRECTORS' REPORT

Breakdown of revenues by activity (in thousands of euros)	Year 2003	Year 2002	Change %
Property and services	6,853	5,695	20.33
- intercompany revenues	(167)	(355)	
Net total	6,686	5,340	
Parent Company	6,154	6,035	1.97
- intercompany revenues	(1,178)	(231)	
Net total	4,976	5,804	
	11,662	11,144	4.65

The most significant event in financial activities in the year was the February repayment of the bonded loan issued by Cremonini Finance plc in 1998 for an original amount of 129 million euros, which had reached its due date.

The rentals and services provided both to Group companies and third parties were made at normal market conditions, relative to the various types of services.

Transactions with non consolidated subsidiaries, associated and affiliated companies

Transactions in the 2003 fiscal year with non consolidated subsidiaries, associated and affiliated companies, undertaken at market conditions, concerned the costs and revenues summarized in the table below. Financial and economic figures are shown in appropriate annexes to the consolidated financial statements, subdivided by type for each company. Note that relations with affiliated companies are, on the whole, insignificant in extent.

<i>(in thousands of euros)</i>	<i>Subsidiaries</i>	<i>Associated companies</i>	<i>Affiliated companies</i>
<i>Revenues</i>			
Trade income	19,562	6,671	1
Other income	81	432	
Total revenues	19,643	7,103	1
<i>Costs</i>			
Trade expense	16	2,909	819
Other expense	767	881	39
Total costs	783	3,790	858
<i>Loans and receivables</i>			
Trade receivables	10,638	10,241	
Other receivables	3,500	502	1,457
Total loans and receivables	14,138	10,743	1,457
<i>Loans and payables</i>			
Trade payables	122	597	
Other payables	625		29
Total loans and payables	747	597	29

DIRECTORS' REPORT

Details of relations with affiliated companies are shown below:

(in thousands of euros)	Trade		Other		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Affiliated companies:						
Alfa 95 s.p.a. in liquidation	1	-	-	-	1	-
Cremofin s.r.l. (Parent Company)	-	-	-	39	-	39
Le Cupole s.r.l.	-	744	-	-	-	744
Ristoro s.r.l.	-	75	-	-	-	75
Total affiliated companies	1	819	-	39	1	858

(in thousands of euros)	Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Affiliated companies:						
Alfa 95 s.p.a. in liquidation	-	-	1	-	1	-
Cremofin s.r.l. (Parent Company)	-	-	-	29	-	29
Le Cupole s.r.l.	-	-	1,254	-	1,254	-
Cre.Am. s.r.l. in liquidation	-	-	52	-	52	-
Tre Holding s.r.l.	-	-	150	-	150	-
Total affiliated companies	-	-	1,457	29	1,457	29

The credit held with Le Cupole s.r.l. refers to:

- 500 thousand euros due to payment of a security deposit for Cremonini s.p.a.'s purchase of an office building property in Rome, via Sardegna n. 55. The notarial deed of sale is to be stipulated by June 30 2004 under the contract;
- 750 thousand euros for payment of a security deposit on the subsidiary Azienda Agricola Corticella s.r.l.'s purchase of a building site in Castelnuovo Rangone (Modena). The notarial deed of sale is to be stipulated by June 30 2004 under the contract.

The credit held with Tre Holding s.r.l. refers to sale of an equity investment (100%) in the ex-subsidiary Emil-Food s.r.l., which has ceased operations following sale of the company branch in June 2002. Payment is to be made by April 30 2004 under the contract.

Costs include 744 thousand euros paid to the affiliated company Le Cupole s.r.l. and 75 thousand euros paid to the affiliated company Ristoro s.r.l. for rental of industrial buildings by Marr s.p.a. and Montana Alimentari s.p.a., respectively.

Also note that the following transactions took place during the year:

- on July 9 2003 Marr s.p.a. sold an unused building to the affiliated company Le Cupole s.r.l. for 780 thousand euros (including VAT), involving taking over the remaining Carim mortgage of 307 thousand euros and payment of the rest in cash (473 thousand euros);
- on July 9 2003 Marr s.p.a. sold an equity investment with a nominal value of euros 175,440 in the company Immobiliare Athena s.p.a. of Rimini to the affiliated company Le Cupole s.r.l. for 1,001 thousand euros.

In December 2003 Tre Holding s.r.l. repaid INALCA s.p.a. a 1.5 million euros advance it had previously obtained.

Guarantees provided by the Group to affiliated companies included:

<i>(in thousands of euros)</i>	Amount	Counter-party
Direct guarantees - sureties		
	18	Cre.Am. s.r.l. in liquidation
	102	Alfa 95 s.p.a. in liquidation
Total affiliated companies	120	

These are guarantees issued (in 1989 and 1990) to companies which were previously Group members; there is believed to be no risk of collection of these guarantees. Specifically:

Cre.Am. s.r.l. in liquidation – Guarantee issued to the Municipality of San Daniele del Friuli guaranteeing payment of urbanisation costs for construction of a ham plant, a project which has not yet started.

Alfa 95 s.p.a. in liquidation – Guarantee issued to the old Value Added Tax Office of Modena for a tax refund for the year 1986. Despite reminders, and following the transfer of its offices, the Modena Inland Revenue Office has not yet extinguished the guarantee and returned the original deed, expressly requested by the bank for final release, even though the guarantee expired several years ago.

DIRECTORS' REPORT

Investments

Total net investment in intangible and tangible fixed assets amounted to 44.1 million euros in the year 2003, consisting of 56.1 million euros in increases net of 12.0 million in disposals.

In detail, the investments net of the disposals made in 2003 were as follows.

Net investment by business sector

<i>(in thousands of euros)</i>	<i>Production</i>	<i>Distribution</i>	<i>Restaurant services</i>	<i>Other</i>	<i>Total</i>
Intangibles					
Formation and start-up costs	14	22	68		104
Cost of research, development and advertising	3,380		424		3,804
Cost of industrial patents and rights for the use of intellectual property	367	138	338	54	897
Concessions, licenses, brand names and similar rights	682		2	4	688
Goodwill		120	771		891
Intangible fixed assets under development and advances	(698)	211	1,249	64	826
Other intangible fixed assets	757	553	2,319	14	3,643
Total intangible fixed assets	4,502	1,044	5,171	136	10,853
Tangibles					
Land and buildings	8,323	(421)	175	53	8,130
Plant and machinery	8,767	398	1,083	76	10,324
Industrial and commercial equipment	1,486	26	411		1,923
Other tangible fixed assets	2,354	698	1,548	322	4,922
Tangible fixed assets under development and advances	7,052	18	767	135	7,972
Total tangible fixed assets	27,982	719	3,984	586	33,271
Total	32,484	1,763	9,155	722	44,124

In addition to technical investments, the group invested about 11.4 million euros in financial investments, including investment of about 7.7 million euros in entering the motorway restaurant services sector.

For further information on investments in the year please see the notes to the financial statements.

Research and development

The main research and development activities, divided by sector, are as follows:

- Beef sector – Research into product conservation technologies continues (high pressure treatment, etc.)
- Cured meats and snack sector – In 2003 research and development has been mainly directed toward industry products, with fine tuning of certified all-Italian products (such as the new mortadella Montana 5i) and top of the range cured meats such as San Secondo culatello and spalla. Research also continued into new frozen and tinned meat-based products to be launched in the spring of next year.
- Foodservice distribution sector – The development and expansion of product lines under the company's own brand name is continuing.

Treasury stock

The Parent Company owns treasury stock acquired on the basis of a mandate conferred to the Directors and as a result of decisions made by the Board of Directors in this area with the aim of preserving the stability of the company's share price. The mandate foresees the possibility of acquiring treasury stock up to the maximum permitted under art. 2357 of the Italian Civil Code.

Movements in treasury stock in the year 2003 were as follows:

	<i>Number of stock</i>	<i>Total nominal value</i>	<i>% of capital</i>	<i>Purchase/Sale amount write-downs/write-ups (in thousands of euros)</i>	<i>Balance sheet value (in thousands of euros)</i>
<i>Treasury stock under fixed assets</i>					
As at 31.12.2002	4,113,000	2,138,760	2.90	-	10,501
- Purchases	-	-	-	-	-
- Sales	-	-	-	-	-
- Write-downs	-	-	-	(4,216)	(4,216)
As at 31.12.2003	4,113,000	2,138,760	2.90	(4,216)	6,285
<i>Treasury stock under current assets</i>					
As at 31.12.2002	7,106,280	3,695,266	5.01	-	9,522
- Purchases	2,918,206	1,517,467	2.06	3,461	3,461
- Sales	-	-	-	-	-
- Write-ups	-	-	-	1,436	1,436
As at 31.12.2003	10,024,486	5,212,733	7.07	4,897	14,419
Total treasury stock as at 31.12.2003	14,137,486	7,351,493	9.97	681	20,704

DIRECTORS' REPORT

In addition to the information provided in the section on "Events subsequent to the closure of the 2003 financial year", note that Cremonini s.p.a. owns no other treasury stock, not even through a trust company or intermediary.

Subsidiaries and associated companies own no Cremonini s.p.a. shares either directly or through trust companies or intermediaries. These companies did not sell or purchase shares in the parent company during the year.

Refer to the notes to the financial statements (section on "Treasury stock" under both fixed assets and current assets) for comments on write-downs and restoration of value.

Events subsequent to the closure of the 2003 financial year

As regards events subsequent to the closure of the financial year, please note the following:

Distribution

In March Marr s.p.a. signed the final contracts for the purchase of Sogema s.p.a. of Turin, a company operating in the same field. This transaction, worth 12 million euros, involved acquisition of 100% of Sogema s.p.a.'s foodservice business effective as of June 1 2004.

Sogema s.p.a., with about 33 million euros in turnover and 4,000 clients served in 2003, is the biggest dealer in the field in Piemonte and Valle d'Aosta. The purchase will allow Marr to become a leader in that market and implement major synergies in operation of its marketing and distribution network in northwest Italia.

Restaurant services

In the competition for reassignment of portions of Italy's motorway service areas network Moto s.p.a. won 12 more restaurant locations in two separate sessions.

The first awarding session, held in February 2004, involved assignment of 7 restaurant locations with an estimated total annual turnover of 10.7 million euros in the following rest areas:

- Mirabella Sud, on the A16, near Avellino (14 year concession)
- Sangro Est, on the A14, near Chieti (14 year concession)
- Tolfa Est, on the A12, near Civitavecchia (10 year concession)
- Mirabella Nord, on the A16, near Avellino (10 year concession)
- Valle Scrivia Est, on the A7, near Tortona (10 year concession)
- Valle Scrivia Ovest, on the A7, near Tortona (6 year concession)
- Piceno Ovest, on the A14, near Ascoli Piceno (6 year concession)

The second awarding session in March 2004 involved 5 restaurant locations with an estimated total annual turnover of 25.5 million euros in the following rest areas:

- Borsana Sud, on the A10, near Finale Ligure (9 year concession)
- Fabro Est, on the A1, near Rome (12 year concession)
- La Pioppa Est, on the A14, near Bologna (5 year concession)
- Reggello Ovest, on the A1, near Florence (5 year concession)
- S. Martino Ovest, on the A1, near Parma (5 year concession)

Moto's takeover of the last three concessions listed above is subordinate to the right of pre-emption of the oil company that currently operates "Oil" services only.

All parties involved approved and deposited the plan for merger by incorporation into Cremonini s.p.a. of the subsidiaries (100%) Mister Food s.p.a., So.Ge.Bar Società Gestione Bar s.r.l. and S.A.M. s.r.l., the companies which operate the station buffets in Genova Porta Principe and Chiavari, Torino Porta Nuova and Faenza, respectively.

Property and services

On January 31 2004 Cremonini s.p.a. purchased an 8.87% share in Consorzio Centro Commerciale Ingrosso Carni s.r.l., currently 85.92% owned by Cremonini s.p.a., for 650 thousand euros.

Others

Lastly, on March 29 2004 Cremonini s.p.a. held 14,180,246 shares of treasury stock in its portfolio, worth 20,746 thousand euros; movements in 2004 and up to March 29 2004 were as follows:

<i>Period</i>	<i>Number of shares</i>	<i>Amount paid, net (in thousands of euros)</i>	<i>Value (in thousands of euros)</i>
31 December 2003	14,137,486		20,704
- Change January 2004	42,760	42	
- Change February 2004	-	-	
- Change March 2004	-	-	
29 March 2004	14,180,246		20,746

DIRECTORS' REPORT

Management's views on future developments

The year 2004 once again began positively for Group companies despite the presence of an unfavourable macroeconomic trend on the domestic and international markets.

Management remains committed to development of lines of business and continued reinforcement of the Group's asset structure.

Specifically, consolidated turnover is expected to rise by about 6% and overall profitability is expected to increase.

Total investment, estimated at about 50 million euros (about 20 million euros in production, 15 million euros in distribution and about 15 million euros in restaurant services) will be financed entirely by cash flow, while net indebtedness at the end of 2004 is not expected to be higher than it was on December 31 2003.

The Parent Company Cremonini s.p.a.

A summary of the results of the Parent Company follows.

The Parent Company Cremonini s.p.a. statement of income

<i>(in thousands of euros)</i>	Year 2003	Year 2002	Change %
Total revenues	126,382	124,509	1.50
Changes in inventories of product in progress and finished goods			
Value of production	126,382	124,509	1.50
Costs of production	(84,509)	(80,065)	
Value added	41,873	44,444	(5.78)
Staff expenses	(32,079)	(30,463)	
Gross operating margin	9,794	13,981	(29.95)
Depreciation, amortization and write-downs	(8,438)	(11,235)	
Operating profit	1,356	2,746	(50.62)
Net financial income (expense)	101	2,189	
Profit (loss) from normal operations	1,457	4,935	(70.48)
Net income (expense) from stockholdings	(862)	3,944	
Net extraordinary income (expense)	22,063	(263)	
Profit (loss) before taxation	22,658	8,616	162.98
Taxation for the financial year	(4,879)	(6,775)	
Profit (loss) for the year	17,779	1,841	865.73

The Parent Company Cremonini s.p.a. balance sheet

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002	Change %
Intangible fixed assets	14,155	15,278	
Tangible fixed assets	54,300	54,501	
Stockholdings and other financial fixed assets	268,945	298,792	
Total fixed assets	337,400	368,571	(8.46)
-Trade receivables	23,014	27,364	
-Inventories	1,730	1,610	
-Trade payables	(25,246)	(27,118)	
Total trade net working capital	(502)	1,856	
Other current assets	33,621	28,691	
Other current liabilities	(10,979)	(14,430)	
Net working capital	22,140	16,117	37.37
Staff severance indemnities and other medium-long term provisions	(13,857)	(12,673)	
Net capital employed	345,683	372,015	(7.08)
Shareholders' equity	197,919	182,788	8.28
Medium-long term debts	114,235	58,808	
Short term debts	33,529	130,419	
Net financial position	147,764	189,227	(21.91)
Shareholders' equity and debts	345,683	372,015	(7.08)

DIRECTORS' REPORT

Net financial position of the Parent Company Cremonini s.p.a

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Bank loans, bonds and other financing		
- payable within 12 months	(94,742)	(127,266)
- payable between 1 and 5 years	(112,390)	(48,466)
- payable over 5 years	(1,845)	(10,342)
Total bank loans, bonds and other financing	(208,977)	(186,074)
Liquidity		
- cash and cash equivalents	1,531	23,317
- financial assets	4,178	18,034
Total liquidity	5,709	41,351
Internal treasury current accounts	55,504	(44,504)
Total financial position, net of liquidity	(147,764)	(189,227)

In addition to the typical activities of a holding company, the Parent Company provides Group companies with specific services and manages the restaurant services business (on board and commercial) through a dedicated division. The following table reports the economic figures divided by business sector.

<i>(in thousands of euros)</i>	2003	2002	Chg. %	2003	2002	Chg. %	2003	2002	Chg. %
	Restaurant services			Parent Company			Total		
Total revenues	118,837	117,800	0.88	7,545	6,709	12.46	126,382	124,509	1.50
Changes in inventories									
Value of production	118,837	117,800	0.88	7,545	6,709	12.46	126,382	124,509	1.50
Costs of production	(74,139)	(73,484)		(10,370)	(6,581)		(84,509)	(80,065)	
Value added	44,698	44,316	0.86	(2,825)	128	(a)	41,873	44,444	(5.78)
Staff expenses	(29,963)	(28,364)		(2,116)	(2,099)		(32,079)	(30,463)	
Gross operating margin	14,735	15,952	(7.63)	(4,941)	(1,971)	150.68	9,794	13,981	(29.95)
Depreciation, amortization and write-downs	(6,364)	(5,525)		(2,074)	(5,710)		(8,438)	(11,235)	
Operating profit	8,371	10,427	(19.72)	(7,015)	(7,681)	(8.67)	1,356	2,746	(50.62)
Net financial income (expense)	(6)	(337)		107	2,526		101	2,189	
Profit (loss) from normal operations	8,365	10,090	(17.10)	(6,908)	(5,155)	34.01	1,457	4,935	(70.48)
Net income (expense) from stockholdings	(2,414)			1,552	3,944		(862)	3,944	
Net extraordinary income (expense)	(3,211)	(66)		25,274	(197)		22,063	(263)	
Profit (loss) before taxation	2,740	10,024	(72.67)	19,918	(1,408)	(a)	22,658	8,616	162.98
Taxation for the financial year							(4,879)	(6,775)	
Profit (loss) for the year							17,779	1,841	865.73

(a) figure not shown as not representative

Catering

The Company conducts business, both directly and also through its subsidiaries, in the sector of commercial restaurant services and on board catering in concession.

For comments and the summaries of the results of these activities the reader is referred to the more detailed comments made previously on the results of the Group's activities.

Property services

Cremonini s.p.a. carries out this activity directly, managing property for both civil use and use of the catering division.

Direct services

The specific transactions and services, provided mainly to the Group's companies, concern the following operating areas:

finance: centralized treasury management and special and medium/long-term loan planning;

guarantee and advisory services: issuing of guarantees (banking and insurance) and general advisory services on subjects such as accounting, corporate law, tax, legal and contractual services;

insurance: management of insurance coverage for all the Group's companies;

factoring of trade receivables: sub-servicer on behalf of the company Cremonini Sec. s.r.l. for the operative and mandate management on behalf of the subsidiaries INALCA s.p.a., Marr s.p.a. and Montana Alimentari s.p.a. in the presentation of receivables and encashment of the net proceeds of disposals. The turnover and the other elements of the securitization operation are described in the notes to the financial statements.

DIRECTORS' REPORT

Transactions with Group and affiliated companies

With specific reference to the activities of Cremonini s.p.a. itself and the specific financial and services transactions with subsidiary and affiliated companies, we specify that these concerned the following types of costs and revenues. Attachments to the notes to the financial statements show the financial and economic figures, subdivided by type, regarding each company. It is also pointed out that relations with affiliated companies are, on the whole, insignificant in extent.

<i>(in thousands of euros)</i>	<i>Subsidiaries</i>	<i>Associated companies</i>	<i>Affiliated companies</i>
Revenues			
Financial income	8,005	-	-
Income from services	6,892	299	1
Sales of goods	50	2	-
Other income	6,521	136	-
Total revenues	21,468	437	1
Costs			
Financial expense	2,512	-	-
Services expense	963	-	-
Purchase of goods	7,383	-	-
Other expense	4,060	-	-
Total costs	14,918	-	-
Loans and receivables			
Internal treasury	95,199	-	-
Trade receivables	4,222	398	-
Other loans and receivables	9,585	4,589	703
Total loans and receivables	109,006	4,987	703
Loans and payables			
Internal treasury	39,361	-	-
Trade payables	2,271	-	-
Other loans and payables	1,253	-	-
Total loans and payables	42,885	-	-

For information on relations with affiliated companies, the reader is referred to the analysis provided in the section commenting on the figures in the consolidated financial statements.

Directors' and Statutory Auditors' stockholdings

As of December 31 2003, the stockholdings in Cremonini s.p.a. and its subsidiaries are owned solely by Directors, as shown below:

Name	Company	Held at 31.12.2002		Purchases Assignments Subscriptions		Sales		Held at 31.12.2003	
		Shares No.	Share of capital n.v.	Shares No.	Share of capital n.v.	Shares No.	Share of capital n.v.	Shares No.	Share of capital n.v.
Numbers and values in thousands									
Cremonini Luigi	Cremonini s.p.a.	11,320				(2,070)		9,250	
Fabbian Valentino	Cremonini s.p.a.	55						55	
Cremonini Vincenzo	Cremonini s.p.a.	48						48	
Ravanelli Ugo	Cremonini s.p.a.	47						47	
Pedrazzi Giorgio	Cremonini s.p.a.	47						47	
Aratri Illias	Cremonini s.p.a.	73						73	
Aratri Illias	Roadhouse G.I. s.r.l.		0.9						0.9

The Powers conferred on Directors

In accordance with the recommendations of Consob dated February 20, 1997, the powers conferred on each of the directors are as follows:

- the Chairman Mr Luigi Cremonini, in addition to being legal representative as described in article 21 of the Articles of Association, has been granted the power to sign severally, within the limits of the powers conferred upon him by the Board of Directors at a meeting held on May 14, 2002;
- the Chief Executive Officer Mr Vincenzo Cremonini, in addition to being legal representative as described in article 21 of the Articles of Association, has been granted the power to sign severally, within the limits of the powers conferred upon him by the Board of Directors at a meeting held on May 14, 2002;
- the Chief Executive Officer Mr Valentino Fabbian has been granted the power to sign severally, with specific reference to the activities of the restaurant services division, within the limits of the powers conferred upon him by the Board of Directors at a meeting held on May 14, 2002.

An Executive Committee has not been established and a Managing Director has not been appointed.

During the 2003 financial year both the Chairman and the Chief Executive Officers used the powers conferred upon them for normal management requirements only, while transactions of significance due to their type, nature and value were approved by a meeting of the Board of Directors.

DIRECTORS' REPORT

Other information

Introduction of international accounting principles (IFRS)

In view of the fact that beginning in 2005, Cremonini s.p.a. will be required to prepare its own financial statements and the Group's consolidated financial statements applying international accounting principles (IFRS – IAS), a team has been set up in the Parent Company to analyze and quantify the effects of introduction of these principles on the results of the financial statements.

On the basis of progress on the work so far, it is expected that the most significant effects of transition to the new accounting principles, from the patrimonial, economic and financial point of view, will apply to the following areas in the financial statements:

- intangible fixed assets, with specific reference to capitalised pluriannual costs, goodwill and consolidation differences, originated by the extraordinary corporate operations in the year 2003 and previous years;
- tangible fixed assets, specifically property values;
- recording of securitization operations;
- recording of treasury stock in the financial statements;
- recalculation of the amount payable for the staff severance indemnities provision;
- recording of medium to long-term payables.

Other information

In response to a request from the Supervisory Body for listed companies, the company has supplied information and details on a number of entries, showing them in the Parent Company and consolidated financial statements. It has also placed at the public's disposal on its internet site, the Offering Circular relating to the securitization transaction and issuing of Asset Backed Securities by Cremonini Sec. s.r.l., listed on the London Stock Exchange.

Privacy code

In compliance with the provisions of Italian Privacy Law - Legislative Decree n. 196 dated June 30 2003 and the attached technical regulations, the Company has adopted the "Programmatic Security Document" and appointed the employees responsible for handling information.

Application of new corporate law

In relation to the overall reform of corporate law governing joint-stock companies contained in Legislative Decree n. 6 dated 17.1.2003, we plan to begin adaptation of clauses in our articles of association by the beginning of next September. This plan, supported by training sessions already being held with department heads, will be implemented in Group subsidiaries at the same time.

To our Shareholders,

Prior to concluding and requesting your votes, we confirm that the financial statements as of December 31, 2003, which have been presented for your examination and approval at this shareholders' meeting, have been prepared in conformance with current legislation and with the requirements of the Supervisory Body for listed companies.

Referring you to the Directors' Report for comments on the overall situation of the Company and the Group, and to the note to the financial statements for comments on individual items, we invite you to approve the financial statements as of December 31 2003, together with the Directors' Report.

We propose that the net profit of the year, € 17,778,592, be allocated as follows:

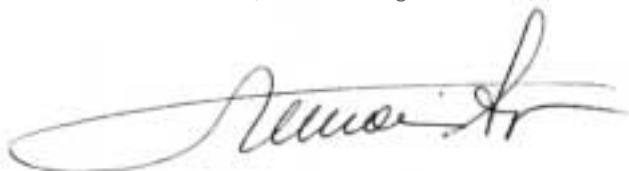
- dividend of € 0.137 for each ordinary share comporting rights, with payment on May 20 2004 and detachment of the corresponding coupon (n. 4) by May 17 2004, in accordance with the regulations of the Italian Stock Exchange;
- allocation of the remaining sum, a result of rounding off of numbers and decimals, to the "retained profits reserve".

By effect of the combined provisions of art. 40 of Decree Law 269/2003, as amended by Conversion Law n. 326/2003 and art. 4 of Legislative Decree 344/2003, there will be a tax credit on profits thus distributed for parties whose fiscal year does not coincide with the calendar year only if the profit is collected by them before the end of the year in course as of December 31 2003, as follows:

• full tax credit	€ 0.0653
• limited tax credit	€ 0.0717
	<hr/>
unitary amount of dividend	€ 0.1370

Castelvetro di Modena, March 30 2004

CHAIRMAN
OF THE BOARD OF DIRECTORS
(Cav. Lav. Luigi Cremonini)



Financial statements as of December 31, 2003



Balance sheet

Memorandum accounts

Statement of income

Notes to the financial statements

BALANCE SHEET - ASSETS

Cremonini S.p.A. financial statements as of December 31, 2003

<i>(in euros)</i>	31.12.2003	31.12.2002
B) Fixed assets		
<i>I. Intangible</i>		
1) Formation and start-up costs	138,708	201,129
3) Cost of industrial patents and rights for the use of intellectual property	352,470	316,710
4) Concessions, licences, brand names and similar rights	129,271	157,721
5) Goodwill	5,933,970	6,989,212
6) Intangible fixed assets under development and advances	39,933	324,036
7) Other intangible fixed assets	7,560,316	7,289,681
	14,154,668	15,278,489
<i>II. Tangible</i>		
1) Land and buildings	43,289,055	43,975,264
2) Plant and machinery	3,160,659	3,109,609
3) Industrial and commercial equipment	942,340	1,012,509
4) Other tangible fixed assets	5,321,164	4,475,436
5) Tangible fixed assets under development and advances	1,586,402	1,927,972
	54,299,620	54,500,790
<i>III. Financial</i>		
1) Stockholdings in		
a) subsidiaries	250,193,038	276,126,891
b) associated companies	3,092,999	1,164,554
d) other companies	2,905,919	2,478,809
	256,191,956	279,770,254
2) Loans		
a) to subsidiaries		
- within 12 months	1,031,473	766,400
- over 12 months	219,380	219,380
b) to associated companies		
- within 12 months	4,648	4,648
- over 12 months	4,583,881	
d) to others		
- within 12 months	82,633	6,927,746
- over 12 months	2,534,270	3,131,780
	8,456,285	11,049,954
3) Other securities		15,505,032
4) Treasury stock (total nominal value at 31.12.2003 euro 2,138,760)	6,284,664	10,500,798
	270,932,905	316,826,038
Total fixed assets (B)	339,387,193	386,605,317

<i>(in euros)</i>	31.12.2003	31.12.2002
C) Current assets		
<i>I. Inventories</i>		
4) Finished products and goods for resale	1,730,446	1,609,542
	1,730,446	1,609,542
<i>II. Receivables</i>		
1) Trade receivables		
- within 12 months	17,969,360	20,437,560
- over 12 months	384,667	577,001
	18,354,027	21,014,561
2) From subsidiaries		
- within 12 months	107,754,853	142,368,908
- over 12 months		89,002,993
	107,754,853	231,371,901
3) From associated companies		
- within 12 months	398,168	197,039
	398,168	197,039
5) From others		
- within 12 months	9,644,710	17,434,001
- over 12 months	2,005,436	271,411
	11,650,146	17,705,412
	138,157,194	270,288,913
<i>III. Financial current assets</i>		
5) Treasury stock (total nominal value at 31.12.2003 Euro 5,212,733)	14,419,146	9,522,418
	14,419,146	9,522,418
<i>IV. Cash and cash equivalent</i>		
1) Bank and post office accounts	682,872	22,618,046
3) Cash on hand	848,181	699,206
	1,531,053	23,317,252
Total current assets (C)	155,837,839	304,738,125
D) Accrued income and prepaid expenses		
- miscellaneous	1,106,997	1,979,836
Total accrued income and prepaid expenses (D)	1,106,997	1,979,836
Total assets (B+C+D)	496,332,029	693,323,278

BALANCE SHEET - LIABILITIES

Cremonini S.p.A. financial statements as of December 31, 2003

<i>(in euros)</i>	31.12.2003	31.12.2002
A) Shareholders' equity		
I. Capital stock	73,746,400	73,746,400
II. Share premium reserve	70,928,213	71,608,807
IV. Legal reserve	14,749,280	14,749,280
V. Reserve for treasury stock	20,703,810	20,023,216
VII. Other reserves		
Retained profits reserve	12,515	820,042
IX. Profit (loss) for the year	17,778,592	1,840,765
Total shareholders' equity (A)	197,918,810	182,788,510
B) Provision for liabilities and charges		
2) Provision for taxation	100,000	79,853
3) Other	3,992,286	3,365,933
Total provision for liabilities and charges (B)	4,092,286	3,445,786
C) Staff severance indemnities	9,764,168	9,227,129
D) Payables		
3) Bank loans and overdrafts		
- within 12 months	91,128,520	127,266,065
- over 12 months	114,235,022	58,808,194
	205,363,542	186,074,259
4) Loans from other financial institutions		
- within 12 months	3,614,346	
	3,614,346	
6) Trade payables		
- within 12 months	23,125,707	25,892,511
	23,125,707	25,892,511
8) Payables to subsidiaries		
- within 12 months	42,884,870	272,003,775
	42,884,870	272,003,775
11) Tax payables		
- within 12 months	1,679,233	3,581,855
	1,679,233	3,581,855
12) Payables to pension and social security institutions		
- within 12 months	1,103,994	1,008,324
	1,103,994	1,008,324
13) Other payables		
- within 12 months	5,478,741	6,753,114
	5,478,741	6,753,114
Total payables (D)	283,250,433	495,313,838
E) Accrued expenses and deferred income		
- miscellaneous	1,306,332	2,548,015
Total accrued expenses and deferred income (E)	1,306,332	2,548,015
Total liabilities (A+B+C+D+E)	496,332,029	693,323,278

MEMORANDUM ACCOUNTS

Cremonini S.p.A. financial statements as of December 31, 2003

<i>(in euros)</i>	31.12.2003	31.12.2002
Direct guarantees – sureties		
- subsidiaries	234,942,983	290,257,294
- associated companies		
- affiliated companies	119,619	122,202
- other companies	97,357,799	80,450,361
	332,420,401	370,829,857
Direct guarantees – letters of comfort		
- subsidiaries	107,565,524	78,967,977
- associated companies	5,100,000	100,000
- affiliated companies		
- other companies		
	112,665,524	79,067,977
Indirect guarantees – credit mandates		
- subsidiaries	129,892,104	114,697,478
- associated companies		
- affiliated companies		
- other companies		
	129,892,104	114,697,478
Future leasing instalments	740,737	929,122
Total memorandum accounts	575,718,766	565,524,434

STATEMENT OF INCOME

Cremonini S.p.A. financial statements as of December 31, 2003

<i>(in euros)</i>	31.12.2003	31.12.2002
A) Value of production		
1) Revenues from sales and services	123,863,740	121,724,267
4) Increase in fixed assets produced internally		277,351
5) Other revenues and income		
- miscellaneous	2,518,010	2,507,645
Total value of production (A)	126,381,750	124,509,263
B) Costs of production		
6) For raw materials, supplies, consumables and goods for resale	34,259,229	33,592,817
7) For services	34,665,613	33,532,939
8) For use of third party assets	12,229,915	11,462,191
9) For personnel		
a) Salaries and wages	23,399,143	22,158,007
b) Social security costs	6,734,641	6,414,023
c) Staff severance indemnities	1,906,271	1,824,309
e) Other staff expenses	38,713	66,302
	32,078,768	30,462,641
10) Amortization, depreciation and write-down		
a) Amortization of intangible fixed assets	3,717,737	6,178,301
b) Depreciation of tangible fixed assets	3,310,196	2,825,578
c) Other write-down of fixed assets		1,677,752
d) Provision for bad debts and write-down of other current assets	952,743	283,652
	7,980,676	10,965,283
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	(182,126)	(209,042)
12) Provision for risks	457,746	270,000
14) Sundry administration costs	3,535,883	1,686,752
Total costs of production (B)	125,025,704	121,763,581
Difference between value and costs of production (A-B)	1,356,046	2,745,682

<i>(in euros)</i>	31.12.2003	31.12.2002
C) Financial income and expense		
15) Income from stockholdings		
- from subsidiaries	11,563,750	10,796,985
- others	212,480	132,308
	11,776,230	10,929,293
16) Other financial income		
a) from fixed loans		
- from subsidiaries	36,789	40,179
- from associated companies	93,244	
- others	136	116,131
	130,169	156,310
b) from fixed securities other than stockholdings	98,251	926,320
c) from current securities other than stockholdings		24,221
d) income other than described above		
- from subsidiaries	8,004,769	16,654,761
- from associated companies		167
- others	4,292,260	4,638,397
	12,297,029	21,293,325
	12,525,449	22,400,176
17) Interest and other financial costs		
- from subsidiaries	(2,511,934)	(6,952,995)
- others	(9,913,055)	(13,257,628)
	(12,424,989)	(20,210,623)
Total financial income and expense	11,876,690	13,118,846
D) Adjustments to the value of financial assets		
18) Write-ups		
c) of current securities other than stockholdings	1,436,101	
	1,436,101	
19) Write-downs		
a) of stockholdings	(9,857,780)	(5,549,152)
b) of financial fixed assets other than stockholdings	(4,216,134)	
c) of current securities other than stockholdings		(1,436,101)
	(14,073,914)	(6,985,253)
Total adjustments to the value of financial assets (D)	(12,637,813)	(6,985,253)
E) Extraordinary income and expense		
20) Income		
- surplus on sales of assets	26,451,251	2,651
- miscellaneous	1,318,627	660,551
	27,769,878	663,202
21) Expense		
- loss on sales of assets	(2,572,039)	(5,471)
- taxation relating to preceding financial years	(100,970)	(38,685)
- miscellaneous	(3,034,200)	(882,051)
	(5,707,209)	(926,207)
Total extraordinary income and expense (E)	22,062,669	(263,005)
Profit before taxation (A-B+C+D+E)	22,657,592	8,616,270
22) Taxation on profit for the financial year	(4,879,000)	(6,775,505)
26) Profit (loss) for the year	17,778,592	1,840,765

NOTES TO THE FINANCIAL STATEMENTS

Cremonini S.p.A. financial statements as of December 31, 2003

Structure and contents of the financial statements

The financial statements for the year January 1, 2003 - December 31, 2003 have been drawn up in accordance with the requirements of the Civil Code and consist of the balance sheet (conforming to the scheme outlined in articles 2424 and 2424bis of the Civil Code), the statement of income (conforming to the scheme contained in articles 2425 and 2425bis of the Civil Code) and these notes to the financial statements supplying the information required under art. 2427 of the Civil Code and other Italian legislation governing financial statements. Moreover, all the complementary information considered necessary to give a true and fair view of the annual financial statements has been provided, even if not required by a specific provision of the law.

The figures appearing in the balance sheet and statement of income are expressed in euros, without decimals, allocating rounding off to the statement of income. Figures in the notes to the financial statements are expressed in thousands of euros as permitted by art. 2423, paragraph 5 of the Civil Code.

Valuation rules

The valuation rules used in the financial statements for the year ended December 31, 2003 have remained basically unchanged over the previous year. The most significant of these are listed below.

Intangible fixed assets

Intangible fixed assets are entered at their merging value or purchase price or production cost, including ancillary expenses, and are amortized over the period of their expected useful economic life.

Formation and start-up costs are amortized over 5 financial years.

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

Industrial patent rights and the rights for the use of 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.

Goodwill purchased for cash or arising from mergers is amortized on the basis of its useful economic life, estimated to range between 5 and 20 years. In fact, considering the nature of restaurant business in station buffets, to which the goodwill principally refers, their strategic worth and past experience indicates that a period of amortization of over 5 years is to be considered suitable, given the peculiarity of the business. Specifically, the amortization of goodwill paid for station buffets is calculated following the duration indicated in the lease agreement. Losses on mergers are also amortized for 5 to 20 years, consistently with goodwill paid for the purchase of company branches.

The other intangible fixed assets mainly include leasehold improvements which are amortized at rates consistent with the foreseen duration of the leasing contract. Charges and commissions on loans are amortized on the basis of the duration of the transactions to which they refer. The other long term charges are amortized on the basis of the expected period of future utility.

Tangible fixed assets

Tangible fixed assets are entered at their merging value or purchase price or production cost, adjusted by their corresponding provisions for depreciation. Costs also include ancillary expenses and direct and indirect costs which are considered reasonably attributable to the assets. Costs also include interests paid on borrowings to finance assets in course of construction, up to the date of the asset utilization.

Fixed assets are depreciated every year over their expected useful economic life, applying the principle of residual useful economic life based on use, destination and economic/technical lifespan of the assets, which we believe is fairly represented by the values listed below. These values are halved in the year in which the assets were first posted:

- Buildings	1.5% - 3%
- Light constructions	10%
- Plant and machinery	8% - 20%
- Miscellaneous equipment	15% - 25%
- Other fixed assets	10% - 40%

In the event of a permanent loss in asset value, the relative asset is written-down irrespective of the depreciation already applied. Should the reason for the write-down no longer apply in any given financial year, then the original value is reinstated, only adjusted to account for the appropriate depreciation.

Ordinary maintenance costs are debited in full to the income statement. Maintenance costs that increase productivity are attributed to the assets concerned and depreciated over their residual useful life.

Financial fixed assets

Stockholdings in subsidiaries, associated companies, and other companies, treasury stock and other securities held on a long-term basis, are valued at their purchase price or subscription cost, appropriately written up in accordance with relevant legal requirements, or written-down to account for permanent losses in value. Should the reason for the write-down no longer apply in any given financial year, then the original value is reinstated.

Also note that stockholdings in subsidiaries and associated companies are valued according to the net equity method through the consolidation process; the reader is therefore referred to the December 31, 2003 consolidated financial statements for more complete information on the Company's and the Group's equity, financial position and results.

Long-term receivables are entered at their estimated realizable value.

NOTES TO THE FINANCIAL STATEMENTS

Inventories

Inventories are valued at the lower of purchase price, determined on the basis of a method similar to First In First Out, and the estimated realizable market value based on market trends. Cost is calculated on the basis of purchase price plus ancillary costs. Obsolete or slow moving items are written down according to the estimate of their possible use or sale.

Receivables

Receivables are shown at their estimated realizable value, taking into account losses estimated on the basis of each individual debt and past experience.

Financial current assets

Financial current assets are valued at the lower of cost and realizable value, based on current market prices. The cost is the purchase cost including ancillary expenses, determined, in the case of treasury stock, by the weighted average cost method and, for other stocks, by the First In, First Out method.

Cash and financial instruments

Cash balances are shown at nominal value. Derivative contracts are valued on the basis of the risk coverage policy and have no speculative purposes. Derivative contracts, described in the notes to the financial statements, are valued consistently with the asset or liability covered or with the contractual commitment taken on as of the date of the financial statements. If the existence of a coverage relationship with the financial transactions below it is not sufficiently documented, financial instruments of this kind are valued at their "fair value", setting aside latent losses to the provisions for liabilities and charges.

Provisions for liabilities and charges

Provisions for liabilities and charges are set up 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 on a prudent basis and following the accrual principle, based on the best possible estimates according to the information available.

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 and prepayments include shares of income and charges common to two or more accounting periods, and are accounted for according to the period to which they refer.

Commitments, guarantees and risks

Commitments and guarantees are shown under the memorandum accounts at their contractual values.

Provisions for risks deemed certain or likely to result in liabilities are set-up on a prudent basis as provisions for liabilities and charges. Contingent risks that may only eventually result in liabilities are described when and where appropriate in these notes and are not covered by corresponding provisions.

Recognition of costs and income

Sales income and purchase costs are entered following transfers of ownership, generally the date of delivery or shipment.

Income and costs relating to services provided to third parties are recorded according to the period that these services cover and income and costs of a financial nature are recorded in the period to which they refer.

Dividends

Dividends are entered when their allocation is certain, that is, only when the company has resolved to distribute dividends or, in the case of dividends from subsidiaries, in the year in which the profits are generated. The tax credit is entered in the year in which the dividends are collected.

Income taxes

Current income taxes are based upon a realistic forecast of taxes payable, complying with the tax regulations in force; the corresponding debt is reported net of advances, withholding taxes and tax credits to be offset, under the "Tax payables" heading. If there should be a credit it is classified in the item "Receivables from others" among current assets.

Deferred and prepaid taxes are based on the existing timing differences between the amounts shown in the financial statements and their fiscal value. Any deferred taxes due are accounted for within the provision for taxation. Pre-paid tax assets 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 taxes due.

Accounting for foreign currency transactions

Foreign currency debits and credits reported under current assets/liabilities, which are uncovered against currency risks by means of hedge contracts, are normally converted into the currency unit based on the exchange rate of the transaction date. Upon closing of the balance sheet, the same are converted based on the year end exchange rate. 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 period, are credited or debited to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Stockholdings in foreign companies, which are not denominated in euros, are carried at the purchase price based on the historical exchange rate of the transaction.

Securitization transaction

The Company has a securitization transaction in progress for the Group's trade receivables, stipulated in July 2002 on the basis of Law 130/1999. This transaction replaced the previous securitization transaction, which began in 1994 and was subsequently renewed in 1997 (transactions concluded with full repayment of the corresponding "Asset Backed Securities").

The structure of the transactions provides for transfer without recourse (with notification in the Official Gazette), on a weekly basis, of trade receivables with particular characteristics by the subsidiaries: Montana Alimentari s.p.a., Marr s.p.a. and INALCA s.p.a. to the vehicle company Cremonini Sec. s.r.l., a subsidiary of the Dutch foundation Stichting Diamond Castle (81%), not a member of the Cremonini Group, in which the subsidiary Global Service s.r.l. holds a minority share (19%). Credits transferred in 2003 amounted to 488 million euros.

Cremonini Sec. s.r.l., with a guarantee of the credits received, issued "ABSs" ("Asset Backed Securities") worth 120 million euros, listed on the London Stock Exchange. The securities, issued at par and with a Standard & Poors AAA rating, have a quarterly coupon regulated at Euribor 3 months plus a 0.50% spread.

The transaction was arranged by AbaxBank and Bank of America (Co-Lead Managers) and has a duration of 7 years (expiration in July 2009).

In this transaction Cremonini s.p.a. performs the role of factor for presentation of receivables on behalf of the transferors and encashment of the net proceeds of the sales. Cremonini also plays the role of sub-servicer for Cremonini Sec. s.r.l. (keeping the accounting records and managing the operation).

As for guarantees, in addition to the receivables specifically transferred under the transaction, Cremonini s.p.a. also guarantees, in the last resort, commitments undertaken by the Bank of America, which is in turn counter-guaranteed by Credem s.p.a., under a Letter of Credit for 19 million euros issued by the Bank of America for Cremonini Sec. s.r.l. (and, in the final analysis, in favour of bondholders). Note that the Letter of Credit has not been used at all so far.

These notes to the financial statements identify items in the financial statements referring to the operation of disinvestment of these credits. Also note that the Offering Circular published when the ABSs were issued and other information is available to the public on the Cremonini s.p.a. site (www.cremonini.com in the Financial Reports section – ref. July 23 2002).

Private equity transaction involving Marr capital stock

As stated in the Directors' Report, the results of the 2003 fiscal year are significantly affected by the private equity transaction involving a minority share in the capital of the subsidiary Marr s.p.a..

The transaction involved sale of a 33.33% share in Marr s.p.a. to private corporate investors for 100 million euros. Specifically, of the 100 million euros resulting from the sale, 65 million euros were destined for subscription of an increase in Marr's capital stock, while the remaining 35 million euros was encashed by Cremonini s.p.a. through direct sale of 11.67% of its stockholding in the subsidiary.

On May 7, 2003, the Marr shareholders' meeting resolved, in an extraordinary session, upon an increase of capital stock from 25.5 to 32.6 million euros. The increase, fully subscribed by a pool of investors, was implemented by issuing 1,413,412 ordinary shares with a nominal value of 5.00 euros each, for which investors paid a total of 65 million euros, including a share premium of 40.988 euros per share, equal to a total share premium of 57.9 million euros.

On the same date Cremonini s.p.a. sold 761,068 ordinary shares with a nominal value of 5.00 euros each, worth a total of 35 million euros, to the same investors, resulting in a 8,554 thousand euros reduction in Cremonini s.p.a.'s stockholding and a capital gain of 26,446 thousand euros.

In the consolidated financial statements, this transaction generated an increase in minority interest of 42,150 thousand euros, a net reduction in assets (consolidation differences, intangible fixed assets and others) worth 18,041 thousand euros and a resulting capital gain of 39,809 thousand euros.

On December 31, 2003, therefore, the pool of corporate investors held 2,174,480 Marr shares, equal to 33.33% of the new capital stock, while the remaining 66.67% continued to be owned by Cremonini s.p.a..

The ultimate purpose of this transaction was listing of Marr s.p.a. on the stock exchange beginning in 2005. On the basis of agreements in effect between Cremonini s.p.a. and the corporate investors, in the event that the company's shares should not be listed by April 30, 2007, in 2008 Cremonini and the corporate investors may exercise options of sale and purchase of each other's shares on the basis of the market value of Marr s.p.a. as of that date or sell them to a third party. At present there is no reason to believe that the company will not be listed by this deadline.

Other information

With reference to the censurable facts, please note:

- the full absolution, due to non-existence of the incident and, subordinately, due to prescription ordered by the Court of Modena, of the Chairman in relation to alleged acquisitions and transfers of money from false financial transactions performed by third parties in the period 1994-1995;
- the sending of a summons by the Court of Potenza to the Chairman regarding allegations of giving of money to a civil servant. The Court of Review decreed that the Judge of Rome has territorial jurisdiction over the matter;
- the case pending before the Court of Appeal of Turin against a Chairman and a manager in the subsidiary INALCA s.p.a. regarding sentencing for alleged "misleading advertising";
- the penal sentence, challenged by the sentenced in that the alleged crime was committed by someone else, issued by the Judge of the District Court of Rome against the Chief Executive Officer of the restaurant services division, regarding serving of preserved foodstuffs which were not identified as such on the menu presented to customers. The fine amounts to about 671 euros.

Even taking into account the consequences of the above-mentioned lawsuits in progress, the figures and information contained in the December 31, 2003 financial statements are correct from a formal and substantial point of view and provide a fair view of the Company's results and financial position.

NOTES TO THE FINANCIAL STATEMENTS

Exemptions under the terms of paragraph 4 of art. 2423 of the Civil Code

The exemptions provided by paragraph 4, Article 2423 of the Civil Code do not apply.

Information included in the Directors' Report

The Directors' Report contains information on the company's business, on all post balance sheet events, on transactions with the Group companies and affiliates and on other information relating to the businesses in which the company operates, also through its subsidiaries.

Comments on the main headings in the balance sheet

ASSETS

Fixed assets

Following are exhibits relating to the three fixed asset classes (intangible, tangible and financial), indicating for each heading the historical cost, previous provisions for depreciation and previous write-ups or write-downs. The tables also show the changes which occurred in the financial year and the final balances, as well as the year-end overall revaluation (write-ups).

Intangible fixed assets

<i>(in thousands of euros)</i>	<i>Balance 31.12.2002</i>	<i>Purchases</i>	<i>Decreases</i>	<i>Other</i>	<i>Amortiz.</i>	<i>Balance 31.12.2003</i>
Formation and start-up costs	201	-	-	-	(62)	139
Cost of industrial patents and rights for the use of intellectual property	317	352	(25)	-	(291)	353
Concessions, licences, brand names and similar rights	158	4	-	-	(33)	129
Goodwill	6,989	583	-	59	(1,697)	5,934
Intangible fixed assets under development and advances	324	1,204	(321)	(1,167)	-	40
Other intangible fixed assets	7,289	1,184	(342)	1,064	(1,635)	7,560
Total	15,278	3,327	(688)	(44)	(3,718)	14,155

Costs of industrial patents and rights for the use of intellectual property

This item includes software costs. During the year application software was purchased for both the operational and administrative/financial areas.

Goodwill

The heading basically includes the amount paid to third parties for the acquisition of business branches for restaurant services. The increase over the year is attributable to the purchase of the station buffets in Reggio Emilia and Firenze Campo di Marte stations.

Intangible fixed assets under development and advances

The intangible fixed assets under development and advances mainly refer to improvements to third party premises in which restaurant services will be carried out. Most of the investments initiated in the year 2003 and those in progress as of December 31, 2002 were completed and transferred to other intangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS

Other intangible fixed assets

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Leasehold improvement costs	6,205	5,665
Expenses and commissions on loans	281	502
Others	1,074	1,122
Total	7,560	7,289

Other intangible fixed assets primarily represent costs incurred for improvements to leased premises used for restaurant services. In particular, increases during the year included 710 thousand euros for the company's station buffets, including almost 193 thousand euros for the Roma Termini station buffet.

Decreases are a result of removal of capitalisation following closure of branches in the restaurant services division.

Tangible fixed assets

<i>(in thousands of euros)</i>	<i>Balance 31.12.2002</i>	<i>Purchases</i>	<i>Decreases</i>	<i>Other</i>	<i>Deprec.</i>	<i>Balance 31.12.2003</i>
Land and buildings	43,975	83	-	135	(904)	43,289
Plant and machinery	3,110	749	(80)	197	(815)	3,161
Industrial and commercial equipment	1,013	349	(7)	16	(429)	942
Other tangible fixed assets	4,475	1,325	(183)	866	(1,162)	5,321
Tangible fixed assets under development and advances	1,928	901	-	(1,242)	-	1,587
Total	54,501	3,407	(270)	(28)	(3,310)	54,300

Land and buildings – Increases were primarily a result of reclassification of the cost of work performed in the old Trevi cinema in Rome, previously classified as fixed assets under development.

Plant and machinery – Investment was primarily in the restaurant services division; the principal areas of investment were the buffets in Palermo and Cagliari airports (269 thousand euros, including 39 thousand euros previously classified as fixed assets under development), the old Trevi cinema building in Rome (133 thousand euros), restaurants in Milan's Bodio office complex and Teatro degli Arcimboldi (174 thousand euros, including 109 thousand euros previously classified as fixed assets under development) and the Roma Termini station buffet (87 thousand euros).

Industrial and commercial equipment – Investment was almost exclusively in restaurant services, primarily in equipment purchased for the "railway" sector (191 thousand euros).

Other tangible fixed assets – The biggest increases applied to Palermo and Cagliari airports (502 thousand euros, including 215 thousand euros previously classified as fixed assets under development) and the Roma Termini station buffet (203 thousand euros).

Fixed assets under development and advances – The change, in terms of both increase and reclassification to the pertinent items, involved costs connected with Palermo and Cagliari airports (254 thousand euros), restaurants in Milan's Bodio office complex and Teatro degli Arcimboldi (366 thousand euros), the old Trevi cinema building (134 thousand euros) and Caar in Rimini and Rome (increase of 60 thousand euros and reclassification to the pertinent item of 230 thousand euros).

Land and buildings are burdened by mortgages for financing obtained totalling 48,630 thousand euros. Also note that financial charges amounting to 4,066 thousand euros were capitalised on buildings in previous years.

Financial fixed assets

Stockholdings

The main changes that took place during the year and the list and information required under art. 2427 point n. 5 of the Civil Code appear in detail in Exhibits 6 and 7.

Stockholdings in subsidiaries

Movements in the year 2003 referred to:

- sale of total ownership of the subsidiaries Azienda Agricola Corticella s.r.l. and Guardamiglio s.r.l. to INALCA s.p.a.; these sales generated capital losses of 12 thousand euros and 1,846 thousand euros, respectively (refer to section on "Extraordinary income and expense");
- sale of a minority share in Marr s.p.a. (see section on "Private equity transaction involving Marr capital stock");
- sale, at a value essentially in line with valuation by the net equity method, of Emil-Food s.r.l., a company which has not been operative since 2002, to the affiliated company Tre-Holding s.r.l., resulting in a capital loss of 111 thousand euros (refer to section on "Extraordinary income and expense");
- sale, at a value in line with book value, of Biancheri & C. s.r.l. to the subsidiary Mister Food s.p.a.;
- purchase of 99.9% of Mutina Consulting s.r.l. for 10 thousand euros. This stockholding was purchased, in application of the Cremonini s.p.a. Board of Directors' November 13 2003 resolution, to follow repayment of its credit through direct intervention in management of residual credits recorded under Mutina's assets. Due to the effect of the loss resulting from Mutina's preparation of infrannual financial statements as of October 31, 2003, Cremonini s.p.a. settled about 5.9 million euros;
- purchase, for 2,951 thousand euros, of 100% of So.Ge.Bar s.r.l., the company operating the buffet in Torino Porta Nuova railway station.

In addition, the value of stockholdings in subsidiary companies increased, with no effects on the control percentage, due to deposits for increase capital stock and for coverage of losses (5,948 thousand euros for Mutina Consulting s.r.l., 887 thousand euros for Cremonini Finance plc, 278 thousand euros for Global Service s.r.l., 796 thousand euros for Interjet s.r.l. and 135 thousand euros for S.A.M. s.r.l.).

NOTES TO THE FINANCIAL STATEMENTS

Finally, the value of stockholdings was decreased due to lasting loss of value as follows:

<i>(in thousands of euros)</i>	Amount
Mutina Consulting s.r.l.	5,948
Cremonini Restauration s.a.s.	1,095
Interjet s.r.l.	940
Cremonini Finance plc	535
Roadhouse Grill Italia s.r.l.	387
Mister Food s.p.a.	343
S.A.M. s.r.l.	100
Cremonini International b.v.	20
Total	9,368

Write-downs was essentially performed on the basis of the pertinent net equity, taking into account valuation made during consolidation and the forecast income of each company.

Specifically, in relation to the write-down of Mutina Consulting s.r.l., this is a deposit paid to cover the losses of the subsidiary “below zero” (previously CRC s.p.a., a vehicle company for previous securitization transactions undertaken in 1994 and in 1997).

This loss derives from write-offs, by the Administrative Body of the vehicle company, of receivables related to the previous securitization transactions (1994/1997 – 1997/2002).

As of September 30 2003, Cremonini s.p.a. held a credit with Mutina Consulting s.r.l. worth 6,515 thousand euros, for which it had already allocated a total of 5,500 thousand euros to the provision for bad debts in the 2002 financial statements and subsequent quarterly statements.

Following coverage of Mutina Consulting s.r.l.’s losses by Cremonini s.p.a. (December 2003), this credit was encashed by Cremonini in the amount of 5,950 thousand euros. Consequently, the provision previously established was reversed, including the amount allocated up to that time in the statement of income (refer to the section on “Extraordinary income and expense”).

Write-down of Cremonini Restauration s.a.s. is linked with losses generated in previous years relating to the “Gusto” commercial restaurant services project, which has now been abandoned in favour of development of on-board catering services and railway station logistics services.

Surplus in the residual book value of individual stockholdings in subsidiaries in comparison with valuation based on the net equity method (Exhibit 7) is not attributable to lasting loss of value but refers to the goodwill of the industrial and commercial activities they perform.

In particular, the following surpluses are motivated as follows:

- Montana Alimentari s.p.a. – The company’s book value exceeds its net equity due to expectations of future profits to be generated under the company’s plans;
- INALCA s.p.a. – This European leader in its field, thanks to technological innovation and advanced industrial facilities, has excellent prospects for future profitability, especially after the “BSE” crisis radically transformed the beef market and increased concentration of operators;
- So.Ge.Bar s.r.l. – This company operating in commercial restaurant services is expected to generate sufficient profits in future years to allow it to recover its greater book value.

Stockholdings in associated companies

The principal change is a result of the purchase, for 2,564 thousand euros, of 50% of Moto s.p.a. (the company's book value thereafter increased following a 200 thousand euros increase in capital stock). As described in the Directors' Report, the purchase of this company and of the Austrian firm Autoplose gmbh (347 thousand euros) marks the Cremonini Group's entrance into the motorway restaurant services sector, in a joint venture with the British multinational Compass.

Decreases are primarily a result of devaluation due to lasting loss of value (459 thousand euros) of the stockholding in Food & Co. s.r.l., which is currently selling off its assets; the value of this stockholding was also reduced by 693 thousand euros as a result of recalculation of the purchase price and corresponding reduction of the debt to the seller of the stock.

Stockholdings in other companies

The principal change in the book value of stockholdings in other companies refers to subscription of the capital stock increase with share premium in Emilia Romagna Factor s.p.a., worth 347 thousand euros.

Loans

Loans to subsidiaries

<i>(in thousands of euros)</i>	<i>31.12.2002</i>	<i>Increases</i>	<i>Decreases</i>	<i>31.12.2003</i>
<i>Due within 12 months</i>				
Cremonini International b.v.	516	-	-	516
Momentum Services Ltd	250	-	(250)	-
Mutina Consulting s.r.l.	-	565	-	565
Provision for bad debts	-	(50)	-	(50)
Total within 12 months	766	515	(250)	1,031
<i>Due between 1 and 5 years</i>				
SGD s.r.l.	220	-	-	220
Total between 1 and 5 years	220	-	-	220
Total	986	515	(250)	1,251

Loans to Cremonini International (interest rate 5%, falling due in February 2004 and renewed for another year) and SGD (interest rate 5%, indeterminate due date), shown at their nominal value, refer to interest-bearing financing.

The increase in the balance refers to the residual credit connected with the security deposit paid to ex CRC (now Mutina Consulting) and the corresponding provision for bad debts, reclassified from loans to others following acquisition of the controlling share in this company.

Loans to associated companies

The balance due beyond 12 months as of December 31, 2003, equal to 4,584 thousand euros, refers entirely to interest-bearing financing granted to the associated company Moto s.p.a. to support its activities in the sector of motorway restaurant services.

NOTES TO THE FINANCIAL STATEMENTS

Loans to others

<i>(in thousands of euros)</i>	31.12.2002	Incr./Utiliz.	Decr./Acc.	Reclass.	31.12.2003
<i>Due within 12 months</i>					
Sundry and other loans	242	-	-	-	242
Deposit to CRC	7,845	-	(7,280)	(565)	-
Provision for bad debts	(1,159)	5,450	(4,500)	50	(159)
Total within 12 months	6,928	5,450	(11,780)	(515)	83
<i>Due between 1 and 5 years</i>					
Due from the State Treasury	71	-	-	-	71
Tax credit on T.F.R.	123	-	(111)	-	12
Cautionary deposits	409	74	(20)	-	463
Total between 1 and 5 years	603	74	(131)	-	546
<i>Due over 5 years</i>					
Cremonini Sec. cautionary deposit	2,529	-	(541)	-	1,988
Total over 5 years	2,529	-	(541)	-	1,988
Total	10,060	5,524	(12,452)	(515)	2,617

The most significant change in receivables from others have concerned the items connected to the securitization transactions of the commercial credits mentioned previously. Particularly, the "Deposit to CRC", paid to guarantee the transaction extinguished in advance on July 15 2002, decreased by 7,280 thousand euros due to encashments during the year, while the residual amount of 565 thousand euros has been reclassified among receivables from subsidiaries following Cremonini s.p.a.'s acquisition of the controlling share in this company. For more comments, the reader is referred to the section on "Stockholdings in subsidiaries".

The "Cremonini Sec. cautionary deposit" represents the guarantee paid to the "vehicle" company Cremonini Sec. s.r.l. to guarantee the existing securitization operation (see section on "Securitization transaction"). This guarantee, while decreased during the year on the basis of criteria specified in the contract, was paid by Cremonini s.p.a. for the seller companies Marr, INALCA and Montana Alimentari, for more rational administration of the operation. The costs of the financial typing up of the deposit were charged in advance to each seller in the previous year (see section on "Accrued expenses and deferred income").

Other securities

<i>(in thousands of euros)</i>	31.12.2002	Increases	Decreases	31.12.2003
Cremonini Finance plc eurobond	15,505	-	(15,505)	-
Others	-	-	-	-
Total	15,505	-	(15,505)	-

The eurobond issued by the subsidiary Cremonini Finance plc was repaid on its due date, February 12, 2003 and Cremonini s.p.a. was therefore refunded for the bonds it held.

Treasury stock

Treasury stock has been recorded under financial fixed assets by effect of a specific resolution of the Board of Directors that, based on the conditions of the main markets in which the Group operates and the possible future implementation of the strategic corporate plans, identified the investment as one of an enduring nature.

In view of the lasting unfavourable situation on the stock exchange, treasury stock appearing under financial fixed assets was prudentially written-down during the year by 4,216 thousands euros. This devaluation was applied on the basis of average listings for the share in the second half of 2003.

For information purposes it is specified that, had the treasury stock been valued at the market price as of March 29 2004, the value at December 31, 2003 would have been approximately 934 thousand euros lower. This lower valuation was connected to that particular moment in the market and does not reflect an enduring loss of value.

The reader is referred to the Directors' Report for information on changes in this item during the year and other information.

Current assets

Inventories

Final inventories in stock include 1,730 thousand euros' worth of goods for restaurant services (1,610 thousand euros as of December 31, 2002). These inventories are not pledged nor subject to other restrictions on ownership and the valuation does not significantly differ from current costs.

Receivables

Trade receivables

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Trade receivables due within 12 months	18,737	20,970
Trade receivables due between 1 and 5 years	385	577
Provision for bad debts	(768)	(532)
Total	18,354	21,015

The balance in trade receivables includes receivables from Trenitalia s.p.a. amounting to about 9,683 thousand euros (10,198 thousand euros as of December 31, 2002).

NOTES TO THE FINANCIAL STATEMENTS

Changes in the provision for bad debts were as follows:

<i>(in thousands of euros)</i>	31.12.2002	Provision	Utilized	31.12.2003
Provision for bad debts per art. 71	107	96	(107)	96
Taxed provision for bad debts	425	597	(350)	672
Total	532	693	(457)	768

Receivables from subsidiaries

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Receivables from central treasury	95,199	126,442
Trade receivables	4,222	1,061
Receivables for "s.b.f." and other	1,712	9,347
Loans for dividends distribution	6,622	5,519
Total within 12 months	107,755	142,369
<i>Due between 1 and 5 years</i>		
Central treasury – Marr s.p.a.	-	83,667
Central treasury – Roadhouse Grill Italia s.r.l.	-	5,336
Total between 1 and 5 years	-	89,003
Total	107,755	231,372

The reader is referred to the Directors' Report for more information on Cremonini s.p.a.'s role in Group finances.

Exhibit 1 shows details for each individual subsidiary. Receivables due from the central treasury within 12 months primarily include the balance receivable of internal current accounts. On reduction of the balance, the reader is referred to the comment in the section on "Payables to subsidiaries".

Loans for dividends distribution refer to the proposal of the Board of Directors of the subsidiary Marr s.p.a. (5,349 thousand euros), Momentum Services Ltd (421 thousand euros), Railrest s.a. (586 thousand euros) and Global Service s.r.l. (266 thousand euros) for distribution of profits from the year 2003 to stockholders. Note that Momentum had already distributed 1,836 thousand euros in dividends in 2003.

The absence of receivables from subsidiaries due between 1 to 5 years is primarily connected, in the case of Marr, with collection of cash following the increase in capital stock with share premium by the subsidiary, amounting to 65 million euros, and, in the case of Roadhouse Grill, reclassification of a long term hot money loan to the short term internal current account.

Receivables from associated companies

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Food & Co. s.r.l.	177	197
Moto s.p.a.	158	-
Plose Veneta s.r.l.	63	-
Total	398	197

Receivables from others

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Due from the State Treasury – V.A.T.	5,667	8,169
Due from the State Treasury – withholding tax and other	11	75
Due from the State Treasury – income tax	-	3,887
Pre-paid tax assets	1,959	1,794
Due from sale of stockholding and businesses	126	242
Receivables and deposits with suppliers	178	647
Receivables for cessions-CRC transaction	-	1,595
Cautionary deposits	510	62
Others	1,294	963
Provision for bad debts	(100)	-
Total within 12 months	9,645	17,434
<i>Due between 1 and 5 years</i>		
Due from the State Treasury	597	219
Pre-paid tax assets	1,513	-
Others	21	21
Provision for bad debts	(160)	-
Total between 1 and 5 years	1,971	240
<i>Due over 5 years</i>		
Due from the State Treasury	34	31
Total over 5 years	34	31
Total	11,650	17,705

The credit linked with calculation of 2002 income tax was used to reduce tax payables, which were greater as of December 31, 2003.

“Pre-paid tax assets” increased mainly due to the amount classified as receivable in 1 to 5 years corresponding to write-down of financial assets affecting taxation in future years. The short term amount essentially represents taxed provisions for receivables, controversies with personnel and lawsuits. Pre-paid tax assets are recorded in the financial statements because they are considered recoverable from future taxable amounts.

The “Receivables for cessions-CRC transaction” linked with the previous securitization operation, concluded in July 2002, were encashed in January 2003.

The “Cautionary deposits” item includes 500 thousand euros for a cautionary deposit paid to the affiliated company Le Cupole s.r.l. for purchase of a building in Rome (see section on “Transactions with non consolidated subsidiaries, associated and affiliated companies” in the Directors’ Report).

NOTES TO THE FINANCIAL STATEMENTS

Financial current assets

Treasury stock

The treasury stock included under current assets was all acquired in the course of the 2001, 2002 and 2003 financial years with the aim of maintaining the stability of the stock. This stock, which is not a durable investment, was valued according to the criteria of the official market value at the end of the financial year. The use of the market value, which is lower than the application of the weighted average cost, led to a write-down of the value of the shares as of December 31, 2002 of 1,436 thousand euros. Following the recovery in the listed share price in 2003, this amount was restored to the value of the shares (see "Adjustments to the value of financial assets – write-ups").

For information, note that if the shares had been valued on the basis of the March 29 2004 listings, the December 31, 2003 value would have been about 1,377 thousand euros lower.

The reader is referred to the "Directors' Report" as regards movements in 2003 and further information.

Cash and cash equivalent

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Bank accounts	683	22,618
Cash on hand	848	699
Total	1,531	23,317

The amount of liquidity at the end of the previous year was particularly high because it was linked to obtaining the financing required to repay the debt to Cremonini Finance plc for refund of the eurobond issued by the subsidiary, duly completed on February 12, 2003.

Accrued income and prepaid expenses

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Accrued interest on securities, bonds and interest rate swap contracts	-	881
Prepaid commissions for guarantees	530	448
Prepaid rentals	435	475
Sundry prepayments	142	176
Total	1,107	1,980

LIABILITIES

Shareholders' equity

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

Capital stock

Capital stock as of December 31, 2003 amounted to 73,746,400 euros, unchanged over December 31, 2002, represented by n. 141,820,000 ordinary shares, fully subscribed and released, regularly bearing interest, with a nominal value of 0.52 euros each.

As of December 31, 2003 the profit per share, obtained by dividing the year's profit by the number of shares in circulation (excluding treasury stock held as of December 31, 2003), was about 0.14 euros.

Share premium reserve

This reserve consists of the premium paid by shareholders at the time of the Public Subscription Offer in 1998.

This reserve, equal to 70,928 thousand euros (71,609 thousand euros on December 31, 2002), was used in the year up to the amount of 681 thousand euros to increase the treasury stock reserve.

Legal reserve

The legal reserve, amounting to 14,749 thousand euros, was unchanged since December 31, 2002, having reached the limit provided by art. 2430 of the Civil Code.

Reserve for treasury stock

This is the unavailable reserve covering the treasury stock shown in the financial statements. In accordance with the provisions of the Civil Code, the Company may have up to a maximum of 14,182,000 shares in treasury stock.

Other reserves

The retained profits reserve generated in previous years decreased by 807 thousand euros in the year due to payment of dividends according to the April 26, 2003 shareholders' resolution.

NOTES TO THE FINANCIAL STATEMENTS

Available funds in reserves

Please note the following in relation to available funds in shareholders' equity reserves:

<i>(in thousands of euros)</i>	<i>Freely available</i>	<i>Restricted by the law</i>	<i>Restricted by the Articles</i>
Share premium reserve	70,789	139	-
Legal reserve	-	14,749	-
Reserve for treasury stock	-	20,704	-
Retained profits reserve	13	-	-
Total	70,802	35,592	-

The restricted part of the share premium reserve complies with the provisions of art. 2426 of the Civil Code.

Provision for liabilities and charges

<i>(in thousands of euros)</i>	<i>31.12.2002</i>	<i>Provision</i>	<i>Utilized</i>	<i>Other mov.</i>	31.12.2003
Provision for taxation	80	20	-	-	100
Other	3,366	1,408	(820)	38	3,992
Total	3,446	1,428	(820)	38	4,092

Other funds may be broken down as follows:

<i>(in thousands of euros)</i>	<i>31.12.2002</i>	<i>Provision</i>	<i>Utilized</i>	<i>Other mov.</i>	31.12.2003
Provision for losses on stockholdings	562	423	(562)	-	423
Personnel grievances	220	438	(258)	38	438
Litigation and minor disputes	2,582	-	-	-	2,582
Risks and future losses	2	547	-	-	549
Total	3,366	1,408	(820)	38	3,992

As of December 31, 2003, the provision for losses on stockholdings covers the deficit in net equity of Mister Food s.p.a. (212 thousand euros), Roadhouse Grill Italia s.r.l. (143 thousand euros) and Cremonini Finance plc (68 thousand euros).

Provisions for litigation and minor disputes include the following provisions, which saw no changes during the year:

- 516 thousand euros which refers to a dispute in connection with a former subsidiary company sold to third parties;
- 1,756 thousand euros as a provision for possible costs in connection with guarantees given, at the time of sale of stockholdings.

Provision for risks and future losses amounting to 547 thousand euros refer to "fair value" valuation of interest rate swap contracts (see section on "Bank loans and overdrafts").

It should be noted that two disputes concerning Castelvetro s.p.a., a corporation merged by the Parent Company during 1999, are still pending. According to the opinion of the legal advisors who are defending the Company in such disputes, there should not be any financial impact for the Company.

Staff severance indemnities

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Initial balance	9,227	8,566
Utilized during the year	(1,280)	(1,191)
Accruals during the year	1,906	1,824
Other movements	(89)	28
Final balance	9,764	9,227

Payables

Bank loans and overdrafts

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Due within 12 months	91,129	127,266
Due between 1 and 5 years	112,390	48,466
Due over 5 years	1,845	10,342
Total	205,364	186,074

Changes in bank loans and overdrafts are primarily linked with the dynamics of investment by Company and the Group it leads, for which Cremonini s.p.a. performs centralised treasury management. The reader is referred to the Directors' Report for further comments.

The balance as of December 31, 2003 includes the following mortgages:

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Due within 12 months	33,126	82,571
Due between 1 and 5 years	112,390	48,466
Due over 5 years	1,845	10,342
Total	147,361	141,379

Interest is payable on these loans at variable rates which, in 2003, were on average about 3.32%.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2003 (and today's date) the Company was involved in a number of "interest rate swap" transactions. These transactions, with a notional net value of 139 million euros (notional net value does not take into consideration transactions which have been cancelled over time through equal transactions with the opposite sign - "unwinding"), consist of three "interest rate swap" contracts with Cofiri SIM worth 129 million euros (with due dates between 14.11.2005 and 12.4.2008) allowing replacement of the variable interest rate of the Company's financial position from Euribor to Libor US\$ and an "interest rate swap" contract with Sanpaolo IMI worth 10 million euros (due date 19.12.2006) covering the risk of rises in the Euribor rate on financing of the same duration and amount at a fixed interest rate.

Valuation of these transactions at fair-value resulted in entry of 547 thousand euros in provisions for risks (refer to section on "Provisions for liabilities and charges").

Short term bank facilities as of December 31, 2003 amounted to about 123 million euros (130 million euros as of December 31, 2002). Banks were given guarantees for both short and long-term loans as detailed in the memorandum accounts and in the notes on tangible fixed assets.

Loans from other financial institutions

Loans from other financial institutions include 3,614 thousand euros for sale without recourse to Fercredit of receivables connected with transactions with Trenitalia s.p.a..

Payables to subsidiaries

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Due from centralized treasury	39,361	140,354
Loans from Cremonini Finance plc	-	129,114
Trade payables	2,271	1,754
Others	1,253	782
Total	42,885	272,004

Exhibit 1 shows details for each subsidiary. Treasury payables include all balances of internal current accounts. The decrease over the previous year is prevalently attributable to extinction of current account linked with the securitization transaction resulting in transfer of the balance reducing the ordinary current account. This transfer comported a reduction of the creditor balances of treasury accounts (see section on "Receivables from subsidiaries").

"Loan from Cremonini Finance plc" as of December 31, 2002 refers to a 17.4 billion yen loan in response to this subsidiary's issuing of a five-year eurobond worth 129,114 thousand euros. Cremonini s.p.a. extinguished its debt to Cremonini Finance plc prior to repayment of the eurobond on February 12, 2003.

Tax payables

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
I.R.P.E.F. for employees and external collaborators	942	897
Substitute and direct taxes	737	2,645
Other	-	40
Total	1,679	3,582

Payables to pension and social security institutions

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Inps/Inail/Scau	1,054	921
Inpdai/Previndai/Fasi/Besusso	36	64
Other institutions	14	23
Total	1,104	1,008

Other payables

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Trade advances and deposits received	645	637
Staff salary and holiday pay	2,768	2,639
Payables for purchases of stockholdings:		
- Biancheri & C. s.r.l.	173	173
- Food & Co. s.r.l.	-	759
- Mutina Consulting s.r.l.	10	-
Payables for acquiring company branches	1,473	2,260
Emoluments to directors and auditors	117	120
Other payables	293	165
Total	5,479	6,753

The decrease in the total balance primarily reflects reduction of debts consequent upon purchase of stockholdings and company branches.

NOTES TO THE FINANCIAL STATEMENTS

Accrued expenses and deferred income

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Accrued interest on loans	364	1,629
Sundry accruals	33	73
Total accruals	397	1,702
Deferred Cremonini Sec. cautionary deposit	553	673
Sundry deferred income	356	173
Total deferred income	909	846
Total	1,306	2,548

The decrease in "Accrued interest on loans" is interrelated with the dynamics of indebtedness and its composition.

The "Deferred Cremonini Sec. cautionary deposit" results from charging of the costs that Cremonini s.p.a. will incur for the cautionary deposit paid to Cremonini Sec., within the securitization transaction, to future years. The financial burden connected to the payment of this deposit by Cremonini on behalf of the seller companies has indeed been charged in advance to the subsidiaries Marr, INALCA and Montana Alimentari, the actual beneficiaries of the financial transaction, and accrued on the basis of the duration of the same (see paragraph "Receivables from others" in the fixed assets).

Comments on the main headings in the memorandum accounts

Direct guarantees - sureties

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

Affiliated companies – For information on guarantees provided in favour of affiliated companies, the reader is referred to the section on "Transactions with non consolidated subsidiaries, associated and affiliated companies" in the Directors' Report.

Other companies – With reference to guarantees provided to “Other companies”, please note that this category normally includes guarantees provided directly to third parties by Cremonini s.p.a., exclusively in its own interest. Only rarely are such guarantees granted in the interests of other companies, and even in these cases they are for transactions benefiting the Company. This category includes the following (in thousands of euros):

<i>Company to which the guarantee is provided</i>	<i>Beneficiary</i>	<i>Amount</i>	<i>Reason</i>
Credem s.p.a. – securitization	Cremonini Sec.	19,000	For more comments the reader is referred to the section "Securitization transaction"
Modena Inland Revenue Office	Cremonini s.p.a.	60,046	VAT for compensation
Banca di Roma - Modena	Cremonini s.p.a.	6,456	Counter-guarantee for contractual fulfilment on transfer of company branch
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc.)	Cremonini s.p.a.	3,921	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities
Mcd2 s.r.l.	Cremonini s.p.a.	3,873	Contractual fulfilment
Other minor items	Cremonini s.p.a.	4,062	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		97,358	

Direct guarantees – letters of comfort

Letters of comfort exclusively concern guarantees given to financial institutions for the provision of financing or lines of credit and include “simple” letters of comfort amounting to 44,625 thousand euros.

Indirect guarantees – credit mandates

Credit mandates refer to bank overdrafts and endorsement credits, both for subsidiaries and third parties, secured by bank guarantees provided to the Company.

NOTES TO THE FINANCIAL STATEMENTS

Comments on the main headings in the statement of income

The statement of income is structured in accordance with the provisions of art. 2425 of the Civil Code and there has been no compensation of different income and cost items contributing to it. Details of income and charges divided among subsidiaries, associated and affiliated companies appear in Exhibit 2.

Value of production

Revenues from sales and services

<i>(in thousands of euros)</i>	2003	2002
Sales of goods	8,446	9,222
Other sales	7,648	7,174
Supply of services	98,596	97,231
Consultancy	4,255	3,427
Rentals	2,313	1,992
Other	2,606	2,678
Total	123,864	121,724

Below is a breakdown of revenues by geographical area:

<i>(in thousands of euros)</i>	2003	2002
Italy	122,826	121,697
European Union	1,038	27
Outside the European Union	-	-
Total	123,864	121,724

The reader is referred to the Directors' Report for comments on the breakdown by business sector.

Other revenues and income

<i>(in thousands of euros)</i>	2003	2002
<i>Other revenues and income</i>		
Suppliers' contributions	894	986
Other cost reimbursements	678	860
Other	946	662
Total	2,518	2,508

Costs of production

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

<i>(in thousands of euros)</i>	2003	2002
Purchase of goods	25,454	24,951
Purchase of other products	6,356	6,182
Purchase of consumable materials	2,217	2,227
Stationery and printed materials	232	233
Total	34,259	33,593

Costs for services

<i>(in thousands of euros)</i>	2003	2002
Technical services	9,863	10,030
Corporate's emoluments	2,330	2,031
Utilities and supply	1,583	1,334
Maintenance and repairs	2,684	2,723
Sales services	2,661	2,670
Consultants' fees	3,277	1,591
Insurance	883	1,028
Information and advertising	360	403
Transportation	323	388
Administrative services	1,209	519
Post, phone and courier	599	493
General services	308	323
Franchising	8,586	10,000
Total	34,666	33,533

The increase in consultants' fees is primarily linked to expenses connected with the study and implementation of corporate and financial transactions.

NOTES TO THE FINANCIAL STATEMENTS

Costs for the use of third party assets

<i>(in thousands of euros)</i>	2003	2002
Business rentals, royalties and others	9,270	9,125
Lease payments	175	191
Rent of property and other assets	2,785	2,146
Total	12,230	11,462

Business rentals, royalties and other costs primarily include rentals for station buffets and other restaurant outlets.

Leasing costs were entered by debiting the lease payments pertaining to the year to the statement of income. Had the financial method been applied (in accordance with the International Accounting Standard no. 17), the impact on profitability and shareholders' equity would have been insignificant.

For personnel

<i>(in thousands of euros)</i>	2003	2002
Salaries and wages	23,399	22,158
Socieal security costs	6,735	6,414
Staff severance indemnities	1,906	1,824
Other staff expenses	39	67
Total	32,079	30,463

The increase in personnel costs is due to both an increase in the number of employees in the restaurant business division as a result of development of points of sale and renewal of the "National Collective Contract of Work" in this sector during the year.

As of December 31, 2003 the company employed a total staff of 1,388, as follows:

	<i>Factory staff</i>	<i>Office staff</i>	<i>Manager</i>	Total
Employees as at 31.12.2002	1,083	131	16	1,230
Employees as at 31.12.2003	1,217	153	18	1,388
Increases (decreases)	134	22	2	158
Average no. of employees during year 2003	1,208	141	16	1,365

Amortization, depreciation and write-down

<i>(in thousands of euros)</i>	2003	2002
Amortization of intangible fixed assets	3,718	6,178
Depreciation of tangible fixed assets	3,310	2,825
Other write-down of fixed assets	-	1,678
Provision for bad debts and write-down of other current assets	953	284
Total	7,981	10,965

The decrease in amortization of intangible fixed assets is primarily due to completion of amortization of the cost of stock exchange listing, for which the last quota of amortization, 1,695 thousand euros, was calculated in the previous year. Amortization of tangible fixed assets, on the other hand, is affected by new investments made or completed during the year.

Provisions for risks

This item includes 438 thousand euros provided for disputes with personnel (see section on "Provisions for liabilities and charges").

Sundry administration costs

<i>(in thousands of euros)</i>	2003	2002
Fines and settlements	263	263
Indirect and other taxes	707	451
Bad debts	14	-
Loss on sale of tangible fixed assets	-	19
Membership fees and expenses	90	89
Reimbursement of securitization costs	1,562	-
Others	900	865
Total	3,536	1,687

The item reimbursement of securitization costs refers to partial reimbursement of costs born by the subsidiary Marr s.p.a. in the securitization transaction, linked with specific contractual commitments.

NOTES TO THE FINANCIAL STATEMENTS

Financial income and expense

Income from stockholdings

<i>(in thousands of euros)</i>	2003	2002
From subsidiaries		
- Dividends	8,458	5,519
- Tax credits on dividends	3,104	5,278
- Profit on cessions	2	-
Total subsidiaries	11,564	10,797
From others		
- Dividends and tax credits	212	132
Total from others	212	132
Total	11,776	10,929

Dividends from subsidiaries consist of profits earmarked for distribution by a number of subsidiaries, entered on the basis of maturation, of which only a small part has already been encashed in the year 2003. They refer to the following companies in particular:

<i>(in thousands of euros)</i>	Amount
Marr s.p.a.	5,349
Momentum Services Ltd	2,257
Railrest s.a.	586
Global Service s.r.l.	266
Total	8,458

Tax credits on dividends refer to Marr s.p.a. dividends entered in the year 2002, and collected in 2003, amounting to a total of 5,519 thousand euros.

Other financial income

<i>(in thousands of euros)</i>	2003	2002
a) From fixed loans		
- from subsidiaries	37	40
- from associated companies	93	-
- from others	-	116
b) From fixed securities other than stockholdings	98	926
c) From current securities other than stockholdings	-	24
d) From other than described above		
- from subsidiaries	8,005	16,655
- from others		
- financial income from banks	110	203
- foreign exchange translation gains	7	17
- other financial income	4,175	4,419
Total	12,525	22,400

The principal decrease in this item is a result of the drop in income from subsidiaries, primarily as a result of reduction of the balance of the corresponding assets (see section on "Receivables from subsidiaries" under current assets).

Other financial income included 4,175 thousand euros from interest rate swap contracts (4,416 thousand euros as of December 31, 2002) (see section on "Bank loans and overdrafts").

Interest and other financial costs

<i>(in thousands of euros)</i>	2003	2002
- From subsidiaries	2,512	6,953
- From others		
- interest payable to banks	2,265	1,812
- interest payables on mortgages	4,587	5,621
- foreign exchange translation losses	3	9
- Silver Castle Ltd swap cost	463	4,374
- other swap costs	2,206	1,212
- other financial expense	389	230
	9,913	13,258
Total	12,425	20,211

This item includes all interest payable in relation to the Group treasury service and interest, commissions and charges payable to banks and other financial institutions. These costs decreased in 2003 due to the effect of reduced indebtedness and interest rate trends. In particular, expenses payable to subsidiaries decreased following a drop in the corresponding liability (see section on "Payables to subsidiaries").

The "Silver Castle Ltd swap cost", corresponding to the cost of coverage of exchange rate risk on the financing in yen received by Cremonini Finance plc, decreased due to closure of the swap following repayment of the financing it referred to in February 2003 (see section on "Payables to subsidiaries").

NOTES TO THE FINANCIAL STATEMENTS

Adjustments to the value of financial assets

Write-ups

The figure of 1,436 thousand euros refers to restoration of the value of treasury stock recorded as current assets, assessed at cost price or market value, whichever is lower (see "Treasury stock" section in current assets).

Write-downs

<i>(in thousands of euros)</i>	2003	2002
a) Of stockholdings	9,858	5,549
b) Of financial fixed assets other than stockholdings	4,216	-
c) Of current securities other than stockholdings	-	1,436
Total	14,074	6,985

The write-downs of stockholdings refer to those described in Exhibit 6, applied due to lasting loss of value (see section on "Stockholdings in subsidiaries").

Write-downs of financial fixed assets other than stockholdings refer entirely to the lasting loss of value of treasury stock classified as financial fixed assets (See section on "Treasury stock" in fixed assets).

Extraordinary income and expense

Income

<i>(in thousands of euros)</i>	2003
Gains on sale of 33.33% share in Marr to institutional investors	26,446
Other minor items	5
Total surplus on sales of assets	26,451
Use of fund for losses expected on Mutina Consulting s.r.l. cautionary deposit:	
Provisions made in 2003 for expected losses	(4,500)
Use of provisions made in 2003	4,500
Use of provisions made in 2002	950
Revenues and reversal of costs from previous years	281
Other minor items	88
Total miscellaneous	1,319
Total	27,770

For more comments on the capital gains resulting from sale of a stockholding in Marr, the reader is referred to the section on "Private equity transaction involving Marr capital stock"; for information on amounts referable to Mutina Consulting s.r.l., refer to the section on "Stockholdings in subsidiaries".

Expense

<i>(in thousands of euros)</i>	2003
Sale of stockholdings - Guardamiglio s.r.l.	1,846
Sale of stockholdings - Az. Agr. Corticella s.r.l.	12
Sale of stockholdings - Emil-Food s.r.l.	111
Losses on closure of business branches	603
Total	2,572
Tax amnesty costs (Law 289/02)	101
Others	-
Total	101
Write-down of the Planet Hollywood receivable	1,852
Costs and reversal of revenues from previous fiscal years	512
Settlements and penalties	495
Others	175
Total	3,034
Total	5,707

For information on sale of stockholdings, the reader is referred to the section on "Stockholdings in subsidiaries", while the "Closure of business branches" item regards the points of sale in the Formello sports centre, the Olgiate Olona shopping centre and the Piacenza cinema complex.

"Write-down of the Planet Hollywood receivable" refers to write-down of Cremonini s.p.a.'s credit from Planet Hollywood Italia s.r.l. (declared bankrupt in 2003) following the shut down of the company branch leased to it due to the initiation of bankruptcy proceedings.

Income taxes

<i>(in thousands of euros)</i>	2003	2002
I.R.P.E.G.	-	1,595
I.R.A.P.	1,532	1,546
Substitute taxes	5,025	-
Reversal of pre-paid taxes	-	3,635
Income from pre-paid taxation	(1,678)	-
Total	4,879	6,776

Substitute tax includes 19% taxation of Cremonini s.p.a.'s capital gains on the sale of Marr s.p.a. shares (refer to section on "Private equity transaction involving Marr capital stock"). Primarily due to separate taxation of these capital gains, there is no fiscal burden due to corporate income tax (IRPEG).

Income due to pre-paid taxes prevalently refers to tax benefits corresponding to write-downs of financial fixed assets in the next four years. This income is entered net of the decrease in pre-paid taxes set aside in previous years for allocation to taxed provisions.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of theoretical tax burden and actual tax burden

Corporate income tax (IRPEG)

<i>(in euros)</i>	Taxable amount	Tax
Profit before taxation	22,657,592	
Taxation rate	34%	
<i>Theoretical tax burden</i>		7,703,581
Permanent differences		
Non-deductible depreciation	425,174	
Write-down of financial assets (non-deductible part)	536,710	
Taxes and tax amnesties	208,794	
Other non-deductible costs	1,005,371	
Total	2,176,049	
Dividends from foreign companies (95%)	(1,744,200)	
Gains on disposals subject to substitute tax	(26,445,779)	
Other	(140,628)	
Total	(28,330,607)	
Temporary differences deductible in future years		
Write-down of financial assets (4/5)	5,646,860	
Provisions to taxed funds	1,294,627	
Other	37,599	
Total	6,979,086	
Temporary differences taxable in future years		
Dividends not collected	(6,622,436)	
Total	(6,622,436)	
Reversal of temporary differences from previous years		
Dividends not collected	5,519,000	
Total	5,519,000	
Use of taxed provisions	(1,557,045)	
Write-down of financial assets (1/5)	(174,638)	
Other	(774,487)	
Total	(2,506,170)	
Taxable income	(127,486)	
Tax rate	34%	
<i>Actual tax burden</i>		-

Substitute tax

<i>(in euros)</i>	Rate	Amount
Income subject to substitute tax		26,445,779
Substitute tax rate	19%	
Substitute tax		5,025,000

Regional production tax (IRAP)

<i>(in euros)</i>	Taxable amount	Tax
Pre-tax profit	22,657,592	
Costs not relevant for Irap		
Extraordinary income and expense	(22,062,669)	
Adjustment to the value of financial assets	12,637,813	
Financial income and expense	(11,876,690)	
Personnel costs	32,078,768	
Total	10,777,222	
Theoretical taxable amount	33,434,814	
Taxation rate	4.25%	
<i>Theoretical tax burden</i>		1,420,980
Permanent differences		
Other	2,612,235	
Total	2,612,235	111,020
Taxable income	36,047,049	
Tax rate	4.25%	
<i>Actual tax burden</i>		1,532,000

NOTES TO THE FINANCIAL STATEMENTS

Information on emoluments

In accordance with the law, the total emoluments due to Directors and Statutory Auditors for the year 2003, including emoluments for activities performed in other companies belonging to the Group, are listed below:

<i>(in thousands of euros)</i>		Fees	Salary	Other	Total
Board of Directors					
Cremonini Luigi	Chairman	700	103	-	803
Sciumè Paolo	Vice Chairman	13	-	-	13
Cremonini Vincenzo	Chief Executive Off.	633	238	-	871
Fabbian Valentino	Director *	461	113	-	574
Aratri Ilias	Director	158	90	-	248
Ravanelli Ugo	Director	357	103	-	460
Pedrazzi Giorgio	Director	347	80	-	427
Barberis Giovanni	Director **	51	51	-	102
Rossini Edoardo	Director	13	-	-	13
Total Board of Directors		2,733	778	-	3,511
Statutory Auditors					
Artese Alessandro	Chairman	67	-	-	67
Zanasi Giovanni	Auditor	42	-	-	42
Simonelli Ezio Maria	Auditor	42	-	-	42
Total Statutory Auditors		151	-	-	151
Total		2,884	778	-	3,662

* Chief Executive Officer of the restaurant services business unit.

** for the period of appointment.

Also note that Studio Legale Tributario Sciumè e Associati received additional payments for their professional services during the year.

These financial statements as of December 31, 2003, consisting of the balance sheet, statement of income and notes to the financial statements, accurately represent the company's results and financial situation.

Castelvetro di Modena, March 30, 2004

CHAIRMAN
OF THE BOARD OF DIRECTORS
(Cav. Lav. Luigi Cremonini)



Exhibits

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

- | | | |
|-----------|---|--|
| Exhibit 1 | - | Details of receivables and payables to subsidiary, associated and affiliated companies as of December 31, 2003; |
| Exhibit 2 | - | Details for the 2003 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 ending on December 31, 2003; |
| Exhibit 4 | - | Schedule of the changes in tangible fixed assets for the year ending on December 31, 2003; |
| Exhibit 5 | - | Schedule of the changes in financial fixed assets for the year ending on December 31, 2003; |
| Exhibit 6 | - | List of stockholdings as of December 31, 2003, classified as financial fixed assets; |
| Exhibit 7 | - | List of stockholdings in subsidiary and associated companies as of December 31, 2003 (art. 2427 n. 5 C.C.); |
| Exhibit 8 | - | Schedule of the changes in net equity for the years ending on December 31, 2003 and December 31, 2002; |
| Exhibit 9 | - | Statement of cash flow for the years ending on December 31, 2003 and December 31, 2002. |

Exhibit 1

Details of receivables from and payables to subsidiary, associated and affiliated companies as of December 31, 2003

(in thousands of euros)	Treasury		Commercial		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:								
Alisea soc. cons. a r.l.	33						33	-
Az. Agr. Corticella s.r.l.	10,003						10,003	-
Cons. Centro Comm. Ingrosso Carni s.r.l.	5,455						5,455	-
Cremonini Finance plc						41	-	41
Cremonini International b.v.					574		574	-
Cremonini Restauration s.a.s.	565		91			27	656	27
Fe.Ber. Carni s.r.l. in liquidation		135					-	135
Fernie s.r.l. in liquidation		75				413	-	488
Frimo s.a.m.			30				30	-
Ges.Car. s.r.l.		2,141					-	2,141
Global Service s.r.l.		1,231		22	267		267	1,253
Guardamiglio s.r.l.		179					-	179
INALCA s.p.a.	64,821		669	52	3		65,493	52
In.Al.Sarda s.r.l.	2,025						2,025	-
Interjet s.r.l.	263						263	-
Marr Alisurgel s.r.l. in liquidation		48					-	48
Marr s.p.a.		1,146	2,571	1,071	5,349	429	7,920	2,646
Mister Food s.p.a.	2,323						2,323	-
Momentum Services ltd			11	1	421		432	1
Montana Alimentari s.p.a.		34,111	817	1,079	548		1,365	35,190
Mutina Consulting s.r.l.			5		565		570	-
Railrest s.a.			4		586		590	-
Realfood 3 s.r.l.	93						93	-
Roadhouse Grill Italia s.r.l.	6,631		24	14			6,655	14
S.A.M. s.r.l.	322						322	-
S.I.A.S. s.p.a.	17						17	-
Salumi d'Emilia s.r.l.	2,483				1,102		3,585	-
Sara s.r.l.		295					-	295
SGD s.r.l.	40			32	220		260	32
So.Ge.Bar s.r.l.	125						125	-
Taormina Catering s.r.l. in liquidation						2	-	2
Provision for bad debts					(50)		(50)	-
Reimbursement SEC costs						341	-	341
Total subsidiaries	95,199	39,361	4,222	2,271	9,585	1,253	109,006	42,885
Associated companies:								
Az. Agr. Serra della Spina s.r.l. in liq.					5		5	-
Food & Co. s.r.l.			177				177	-
Moto s.p.a.			158		4,584		4,742	-
Plose Veneta s.r.l.			63				63	-
Total associated companies	-	-	398	-	4,589	-	4,987	-
Affiliated companies:								
Alfa 95 s.p.a. in liquidation					1		1	-
Cre-Am s.r.l. in liquidation					52		52	-
Le Cupole s.r.l.					500		500	-
Tre Holding s.r.l.					150		150	-
Total affiliated companies	-	-	-	-	703	-	703	-

Exhibit 2

Details for the 2003 financial year of revenues from and costs payable to subsidiary, associated and affiliated companies

(in thousands of euros)	Revenues				Total	Expenses				Total
	Financial	Services	Sales	Other	revenues	Financial	Services	Sales	Other	expenses
Subsidiaries:										
Alisea soc. cons. a r.l.	2	1			3					-
Az. Agr. Corticella s.r.l.	451	25			476					-
C. Centro Comm. Ingrosso Carni s.r.l.	329	6			335					-
Cremonini Finance plc					-	10			3	13
Cremonini International b.v.				26	26					-
Cremonini Restauration s.a.s.	47	97	14	15	173		225	72		297
Emil-Food s.r.l.		6			6	5				5
Fe.Ber. Carni s.r.l. in liquidation					-	2				2
Fernie s.r.l. in liquidation					-	2				2
Frimo s.a.m.		20			20					-
Ges.Car. s.r.l.		16			16	66				66
Global Service s.r.l.		24		124	148	15	636		136	787
Guardamiglio s.r.l.	1	59		2	62	3				3
INALCA s.p.a.	2,241	2,617	4	224	5,086	352	5	182	1,873	2,412
In.Al.Sarda s.r.l.	25			1	26					-
Interjet s.r.l.	38	11		5	54				287	287
Marr Alisurgel s.r.l. in liquidation					-	1				1
Marr s.p.a.	4,182	1,668		5,126	10,976	962	1	3,618	1,576	6,157
Mister Food s.p.a.	40	137	1	127	305	10				10
Momentum Services ltd		465			465				3	3
Montana Alimentari s.p.a.	30	847	1	30	908	968	87	3,511	22	4,588
Railrest s.a.		431		694	1,125					-
Realfood 3 s.r.l.	15	224		1	240	109				109
Roadhouse Grill Italia s.r.l.	246	16	25	104	391		8		2	10
S.A.M. s.r.l.	31	22		16	69		1			1
S.I.A.S. s.p.a.	1				1					-
Salumi d'Emilia s.r.l.	318	185		7	510					-
Sara s.r.l.		4			4	7				7
SGD s.r.l.	8	11		11	30				158	158
So.Ge.Bar s.r.l			5	8	13					-
Total subsidiaries	8,005	6,892	50	6,521	21,468	2,512	963	7,383	4,060	14,918
Associated companies:										
Food & Co. s.r.l.				15	15					-
Moto s.p.a.		176	2	117	295					-
Plose Veneta s.r.l.		123		4	127					-
Total associated companies	-	299	2	136	437	-	-	-	-	-
Affiliated companies:										
Alfa 95 s.p.a. in liquidation		1			1					-
Total affiliated companies	-	1	-	-	1	-	-	-	-	-

Notes

Financial proceeds derive from application of interest to transactions within the group, regulated as follows:

- current account overdrafts: Euribor 3m average (monthly average) + 70 b.p.

Financial expenses resulting from application of interest to transactions within the group, regulated as follows:

- current account creditor interest rate: Euribor 3m average (monthly average) + 70 b.p.

Exhibit 3

Schedule of the changes in intangible fixed assets for the year ending on December 31, 2003

(in thousands of euros)	Opening balance			Movements during the year				Closing balance	
	Original cost	Provision for amort.	Balance 31.12.2002	Purchases	Net decreases	Reclass./ Other mov	Amortiz.	Original cost	Provision for amort. 31.12.2003
Formation and start-up costs	8,809	(8,608)	201				(62)	8,809	(8,670)
Cost of industrial patents and rights for the use of intellectual property	718	(401)	317	352	(25)		(291)	1,044	(691)
Concessions, licences, brand names and similar rights	308	(150)	158	4			(33)	312	(183)
Goodwill	13,198	(6,209)	6,989	583		59	(1,697)	13,840	(7,906)
Intangible fixed assets under development and advances	324		324	1,204	(321)	(1,167)		40	
Other intangible fixed assets	23,884	(16,595)	7,289	1,184	(342)	1,064	(1,635)	25,773	(18,213)
Total	47,241	(31,963)	15,278	3,327	(688)	(44)	(3,718)	49,818	(35,663)
									14,155

Exhibit 4

Schedule of the changes in tangible fixed assets for the year ending on December 31, 2003

(in thousands of euros)	Opening balance			Movements during the year				Closing balance		
	Original cost	Write-up/ (down)	Provision for depr.	Purchases	Net decreases	Reclass./ Other mov.	Deprec.	Original cost	Write-up/ (down)	Provision for depr.
			Balance 31.12.2002							Balance 31.12.2003
Land and buildings	47,911		43,975	83		135	(904)	48,129		(4,840)
Plant and machinery	9,072		3,110	749	(80)	197	(815)	9,938		(6,777)
Industrial and commercial equipment	4,465		1,013	349	(7)	16	(429)	4,823		(3,881)
Other tangible assets	11,124		4,475	1,325	(183)	866	(1,162)	13,122		(7,801)
Tangible fixed assets under development and advances	1,928		1,928	901		(1,242)		1,587		
Total	74,500		54,501	3,407	(270)	(28)	(3,310)	77,599		(23,299)
										54,300

Exhibit 5

Schedule of the change in financial fixed assets for the year ending on December 31, 2003

(in thousands of euros)	Opening balance			Movements during the year				Closing balance		
	Original cost	Write-up	Write-down	Balance 31.12.2002	Increases	Decreases	Write-up / Rest.	Reclass./ Other mov.	Balance 31.12.2003	Of which: Write-up
Stockholdings in subsidiary and associated companies valued at cost:										
- subsidiaries	306,956	35	(30,864)	276,127	11,005	(27,432)	(9,368)	(494)	250,193 (a)	35
- associated companies	1,165			1,165	3,111		(490)	(693)	3,093	
Stockholdings in other companies	2,484		(5)	2,479	447			(20)	2,906	
Total stockholdings	310,605	35	(30,869)	279,771	14,563	(27,432)	(9,858)	(1,207)	256,192	35
Loans:										
- to subsidiaries	986			986		(250)		515	1,251	
- to associated companies	5			5	4,784	(200)			4,589	
- to others	11,060		(1,000)	10,060	73	(7,952)	950	(515)	2,616	
Total loans	12,051		(1,000)	11,051	4,857	(8,402)	950		8,456	
Other securities	15,505			15,505		(15,505)				
Trasury stock	10,501			10,501			(4,216)		6,285	
Total	348,662	35	(31,869)	316,828	19,420	(51,339)	(13,124)	(1,207)	270,933	35

(a) The amount for write-downs in excess of the stockholding's book value has been allocated to a specific provision for risks.

Exhibit 6

List of stockholdings as of December 31, 2003 classified as financial fixed assets

<i>(in thousands of euros)</i>	<i>Percentage holding</i>	<i>Opening value</i>	<i>Acquired or subscribed</i>	<i>Sold</i>	<i>(Write-down) Write-up</i>	<i>Other mov.</i>	<i>Percentage holding</i>	<i>Closing value</i>
Subsidiaries:								
Azienda Agricola Corticella s.r.l.	100.00	2,862		(2,862)				
Biancheri & C. s.r.l.	100.00	1,909		(1,909)				
Cons. C. Comm. Ingr. Carni s.r.l.	77.05	4,635					77.05	4,635
Cremonini Finance plc	100.00		887		(535)	(352)	100.00	- (a)(b)
Cremonini International b.v.	100.00	20			(20)		100.00	-
Cremonini Restauration s.a.s.	86.00	1,290			(1,095)		86.00	195
Emil-Food s.r.l.	100.00	261		(261)				
Fe.Ber. Carni s.r.l. in liq.	100.00	252					100.00	252
Fernie s.r.l. in liq.	95.00	527					95.00	527
Global Service s.r.l.	100.00		278			(142)	100.00	136 (b)
Guardamiglio s.r.l.	100.00	13,846		(13,846)				
INALCA s.p.a.	100.00	145,094					100.00	145,094
Interjet s.r.l.	100.00	1,443	796		(940)		100.00	1,299
Marr s.p.a.	100.00	57,435		(8,554)			66.67	48,881
Mister Food s.p.a.	100.00	131			(343)		100.00	- (a)
Momentum Services Ltd	51.00	188					51.00	188
Montana Alimentari s.p.a.	100.00	45,510					100.00	45,510
Mutina Consulting s.r.l.			5,958		(5,948)		99.90	10
Railrest s.a.	51.00	255					51.00	255
Roadhouse Grill Italia s.r.l.	99.00	244			(387)		99.00	- (a)
S.A.M. s.r.l.	100.00	183	135		(100)		100.00	218
SGD s.r.l.	50.00	42					50.00	42
So.Ge.Bar s.r.l.			2,951				100.00	2,951
Total subsidiaries		276,127	11,005	(27,432)	(9,368)	(494)		250,193
Associated companies:								
Az. Agr. Serra della Spina s.r.l. in liq.	33.33	10					33.33	10
Food & Co. s.r.l.	30.00	1,155			(459)	(693)	30.00	3
Moto s.p.a.			2,764		(31)		50.00	2,733
Autoplose gmbh			347				50.00	347
Total associated companies		1,165	3,111	-	(490)	(693)		3,093
Other companies:								
Emilia Romagna Factor s.p.a.		1,744	347					2,091
Futura s.p.a.		600						600
Others		135	100			(20)		215
Total other companies		2,479	447	-	-	(20)		2,906
Total stockholdings		279,771	14,563	(27,432)	(9,858)	(1,207)		256,192

(a) The amount of write-downs in excess of the stockholding's book value has been allocated to a special provision for risks.

(b) Other movements include the effect of use of a part (Cremonini Finance plc) or all (Global Service s.r.l.) of the provisions for coverage of losses on stockholdings allocated as of December 31, 2002.

Exhibit 7

List of stockholdings in subsidiary and associated companies as of December 31, 2003 (art. 2427 no. 5 of the Italian Civil Code)

(in thousands of euros)	Name	Registered office	Capital stock (in Euro if not otherwise stated)	Net profit (loss) for the year ended 31.12.2003	Net equity at 31.12.2003	Percentage directly held at 31.12.2003	Carrying value (A)	Valuation based on NE (B)	Difference (B) - (A)	Note
Subsidiaries: (c)										
	Cons. Centro Comm. Ingrosso Carni s.r.l.	Bologna	1,500,000	57	1,903	77.05%	4,653	4,558	(77)	
	Cremonini Finance plc	London (Great Britain)	GBP 50,000	(521)	(82)	100.00%	-	(15)	(15)	(b) (g)
	Cremonini International b.v.	Amsterdam (Holland)	20,000	(38)	(80)	100.00%	-	(80)	(80)	(d)
	Cremonini Restauration s.a.s.	Paris (France)	1,500,000	140	227	86.00%	195	207	12	
	Fe.Ber. Carni s.r.l. in liquidation	Castelvetro di Modena (MO)	98,200	(23)	271	100.00%	252	272	20	
	Fernie s.r.l. in liquidation	Modena	1,033,000	(6)	1,121	95.00%	527	1,065	538	(d)
	Global Service s.r.l.	Castelvetro di Modena (MO)	93,000	285	421	100.00%	136	155	19	
	INALCA s.p.a.	Castelvetro di Modena (MO)	140,000,000	(758)	132,665	100.00%	145,094	133,649	(11,445)	
	Interjet s.r.l.	Castelvetro di Modena (MO)	1,550,000	(328)	1,299	100.00%	1,299	1,299	-	
	Marr s.p.a.	Rimini	32,617,060	8,501	134,036	66.67%	48,881	58,368	9,487	
	Mister Food s.p.a.	Castelvetro di Modena (MO)	100,000	(294)	(212)	100.00%	-	(74)	(74)	(b)
	Momentum Services Ltd	Birmingham (Great Britain)	368,000	46	441	51.00%	188	225	37	(h)
	Montana Alimentari s.p.a.	Gazoldo degli Ippoliti (MN)	40,248,000	(3,000)	38,126	100.00%	45,510	37,571	(7,939)	
	Mutina Consulting s.r.l.	Castelvetro di Modena (MO)	10,000	14	24	99.90%	10	24	14	(d)
	Railrest s.a.	Brussels (Belgium)	500,000	732	1,722	51.00%	255	292	37	(f)
	Roadhouse Grilli Italia s.r.l.	Castelvetro di Modena (MO)	90,000	(766)	(144)	99.00%	-	-	-	(b)
	S.A.M. s.r.l.	Castelvetro di Modena (MO)	46,500	140	216	100.00%	218	218	-	
	SGD s.r.l.	Castelvetro di Modena (MO)	83,000	(1)	190	50.00%	42	91	49	
	So.Ge.Bar s.r.l.	Torino	20,000	104	498	100.00%	2,951	498	(2,453)	(a) (d)
Total subsidiaries							250,193	238,323	(11,870)	
Associated companies:										
	Autoplose gmbh	Matrei - Austria	36,336	106	373	50.00%	347	406	59	(e)
	Az. Agr. Serra della Spina s.r.l. in liq.	Monacilloni (CB)	10,846	(2)	26	33.33%	10	9	(1)	(a) (d)
	Food & Co s.r.l.	Rome	150,000	(139)	10	30.00%	3	3	-	(a)
	Moto s.p.a.	Trezzano sul Naviglio (MI)	100,000	(61)	864	50.00%	2,733	2,364	(369)	(e)
Total associated companies							3,093	2,782	(311)	

NOTE

- (a) - Figures refer to December 31, 2002, last available financial statements.
(b) - A provision for risks has been set up under liabilities in view of the deficit in net equity.
(c) - Note that for the 100% owned subsidiaries, under art. 2362 of the Civil Code the Company is responsible for company obligations referring to liabilities appearing in the subsidiaries' financial statements and reflected in liabilities of consolidated balance sheet.
(d) - Valued using the share of net equity reported in the last available financial statements.
(e) - Valued on the basis of net equity method as of September 30, 2003, the date to which the figures refer.
(f) - This company, established in 2002, closed its first financial statements on 31.12.2003. The figures appearing here are those used for consolidation purposes.
(g) - Amounts expressed in euros on the basis of conversion of original amounts in foreign currency at the exchange rate in effect on the date of closure of the financial statements.
(h) - Figures on profits in the financial year and net equity are shown after subtraction of 2003 dividends.

Exhibit 8

Schedule of the changes in net equity for the years ending on December 31, 2003 and December 31, 2002

<i>(in thousands of euros)</i>	Capital stock	Share premium reserve	Legal reserve	Reserve for treasury stock	Retained profits reserve	Profit (loss) for the year	Total
Financial statements as at December 31, 2001	73,746	73,426	14,642	18,206	132	795	180,947
Distribution of 2001 profits			107		688	(795)	
Utilisation of reserves for reserve for treasury stock increase		(1,817)		1,817			
Profit for the year ended December 31, 2002						1,841	1,841
Financial statements as at December 31, 2002	73,746	71,609	14,749	20,023	820	1,841	182,788
Distribution of 2002 profits - Dividends					(807)	(1,841)	(2,648)
Utilisation of reserves for reserve for treasury stock increase		(681)		681			
Profit for the year ended December 31, 2003						17,779	17,779
Financial statements as at December 31, 2003	73,746	70,928	14,749	20,704	13	17,779	197,919

Exhibit 9
Statement of cash flow for the years ending on December 31, 2003 and December 31, 2002

<i>(in thousands of euros)</i>		2003	2002
A) Net short term loans from banks and other financial institutions			
Cash and cash equivalent	23,317		2,515
Financial assets	18,034		17,130
Bank loans (within 12 months)	(127,266)		(72,724)
Loans from other financial institutions (within 12 months)	-	(85,915)	(5,939)
			(59,018)
Internal treasury current accounts			
Balances receivable	225,030		204,344
Balances payable	(269,534)	(44,504)	(257,249)
			(52,905)
Total initial net short term financial indebtedness		(130,419)	(111,923)
B) Cash flow from operations			
Profit (loss) for the year		17,779	1,841
Depreciation and amortization			
- intangible		3,718	6,178
- tangible		3,310	2,826
(Gains) or losses on disposal of tangible and intangible fixed assets		587	(35)
Gains on sale of Marr stocks		(26,446)	-
Write-down of treasury stock net of restoration of value		2,780	1,436
Extraordinary write-down of stockholding		5,948	-
Net variation in provision for liabilities and charges		647	(92)
Net variation in staff severance indemnities		537	661
Profit from operations in the year prior to change in net working capital		8,860	12,815
(Increase) decrease in treasury stock under current assets		(3,461)	(3,253)
(Increase) decrease in receivables in current assets and other		1,973	17,462
Increase (decrease) in payables to suppliers and other		(2,728)	(149)
Increase (decrease) in accruals and prepayments		(370)	498
		4,274	27,373
C) Cash flow from (for) investments			
Investments in fixed assets			
- intangible		(3,327)	(5,877)
- tangible		(3,407)	(6,069)
Net variation in financial assets		11,129	2,145
Sale or reimbursement value of tangible and intangible fixed assets sold		443	1,640
		4,838	(8,161)
D) Cash flow generated (absorbed) by change in net equity			
Distribution of dividends		(2,648)	-
		(2,648)	-
E) Cash flow from (for) financial assets			
Increase (decrease) in medium/long-term financing		55,426	(37,708)
		55,426	(37,708)
F) Effect of sale of Marr stocks			
Sale price of Marr stocks		35,000	-
		35,000	-
G) Cash flow in the year (B+C+D+E+F)		96,890	(18,496)
H) Total final net short term financial indebtedness (A + G)		(33,529)	(130,419)
Net short term loans from banks and other financial institutions			
Liquidity	1,531		23,317
Financial assets	4,178		18,034
Bank loans (within 12 months)	(91,128)		(127,266)
Loans from other financial institutions (within 12 months)	(3,614)	(89,033)	-
			(85,915)
Internal treasury current accounts			
Balances receivable	94,659		225,030
Balances payable	(39,155)	55,504	(269,534)
			(44,504)
Total final net short term financial indebtedness		(33,529)	(130,419)
Net medium-long term loans from banks and other financial institutions			
Bank loans (between 1 and 5 years)	(112,390)		(48,466)
Bank loans (over 5 years)	(1,845)	(114,235)	(10,342)
			(58,808)
Total final medium/long term financial indebtedness		(114,235)	(58,808)
Total financial position, net of liquidity		(147,764)	(189,227)

Statutory auditors' report on the financial statements of the year ended December 31, 2003

as laid down by article 153 of Law Decree 58/1998 and by article 2429 of the Italian Civil Code

To the shareholders of Cremonini s.p.a.,

The annual report for the year ended December 31, 2003, prepared by the Board of Directors, was duly forwarded to the Board of Statutory Auditors within the terms established by law, together with financial statements, exhibits and the Directors' Report. The financial statements show a profit for the year amounting to € 17,778,592 and can be summarized as follows:

Balance sheet	€
Assets	496,332,029
Liabilities	298,413,219
Capital stock	73,746,400
Reserves	106,393,818
Profit for the year	17,778,592

with a total of € 575,718,766 listed to the memorandum accounts.

Statement of income	€
Value of production	126,381,750
Costs of production	(125,025,704)
Financial income and expense	11,876,690
Adjustments to the value of financial assets	(12,637,813)
Extraordinary income and expense	22,062,669
Income tax for the year	(4,879,000)
Profit for the year	17,778,592

During fiscal year 2003, the Board of Statutory Auditors carried out its supervisory activities in accordance with the provisions of Legislative Decree 58 dated February 24, 1998 in relation to companies with stocks listed for trading on regulated markets, and also in accordance with the principles of behaviour recommended by Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri (National Boards of Chartered Accountants and Bookkeepers, ndt.). In drawing up the present report, the Board of Statutory Auditors also considered CONSOB Notices n. 1025564 dated April 6, 2001, n. 97001574 dated February 20, 1997 and n. 98015375 dated February 27, 1998.

As regards its areas of responsibility and based on the information in its possession, the Board of Statutory Auditors acknowledges that:

- the financial statements were drawn up in compliance with the provisions of article 2423 and following articles of the Italian Civil Code;
- in drawing up the document herewith there was no need to apply any exceptions to the principles for drawing up financial statements as provided for by Article 2423, paragraph 4, of the Italian Civil Code;
- the financial statements correspond to the entries posted in the company accounts;
- the assessment criteria used have not changed with respect to the previous year, including the assessment criterion adopted for treasury stock in portfolio entered under current assets.

The evaluation criteria are the ones provided for by Article 2426 of the Italian Civil Code, corresponding to the criteria indicated by the Board of Directors in the notes to the financial statements, to which the reader is referred for a detailed explanation

- the postulate of truthfulness and clarity has been observed, understood in the legal sense and thus meaning the compliance of values and estimates with regulations, principles and the necessary additional information; we feel that the information provided by the Board of Directors in the notes to the financial statements offers appropriate justification of the choices that have been made with regard to the discretionary powers that are acknowledged to the Directors by law;
- the notes to the financial statements provide the indications provided for by Article 2427 of the Italian Civil Code, as well as the information required by other legal provisions and the information deemed appropriate in order to represent the results and financial situation of the company.

The obligation to keep the Board of Statutory Auditors informed, in accordance with Article 150, paragraph 1, of Law Decree 58/1998, has duly been fulfilled by the Directors on a regular basis through the information and figures reported during the meetings of the Board of Directors, which the Board of Statutory Auditors always attended.

During the year, the Board of Statutory Auditors also notes the following in relation to its responsibilities:

- it has noted that the provisions passed by resolution and implemented comply with the requirements of the law and of the Articles of Association and that, in general, they observe the principles of proper management. In particular, the performance was followed and monitored by analyzing the information provided by the Directors on the business carried out and on the most important economic, financial and equity operations carried out by the Company and its subsidiaries. The infra-group operations and those with affiliated parties implemented during the year can be considered connected to and inherent in the achievement of the corporate aim. The Board of Statutory Auditors has noted that these operations comply with the law, with the Articles of Association and with general criteria of economic rationality. In this regard, no conflicts of interests were reported or noted, nor were any manifestly imprudent or risky operations performed such that could jeopardize the economic, equity and financial situation of the company or Group;
- no irregular and/or atypical operations have been conducted with third parties, affiliated parties or infra-group parties, nor were there any operations involving atypical securities in general. In their report, the Directors indicate and illustrate the main management and corporate events that occurred during fiscal year 2003. Please refer to this report for a more detailed examination of the initiatives undertaken in the sectors of production, distribution, commercial restaurant services, and on board catering.
- with regard to timeliness and completeness, the Board of Statutory Auditors has monitored the adequacy of the administrative/accounting system, as well as its reliability in correctly representing information on operations, and it was assisted in this by the auditing firm. Based on the results of the quarterly audits performed on the accounting books kept regularly by the company, there emerged no important technical-administrative events or data to be reported;
- with regard to timeliness and completeness, the Board of Statutory Auditors has monitored the adequacy of the instructions the company conveyed to its subsidiaries and it noted that these provisions guaranteed the prompt flow of information to the parent company as required in order to meet the notification obligations provided for by law.

In addition, in accordance with the CONSOB recommendations, the Board of Statutory Auditors hereby specifies the following:

- during the year information was exchanged with PricewaterhouseCoopers, the auditing firm appointed to audit the financial statements referred to herein as well as the Group's consolidated financial statements, as well as limited auditing of the half-year report;
- during the year, eleven Board meetings and six meetings of the Internal Auditing Committee were held, and were attended by the Board of Statutory Auditors;
- during the year, ten meetings of the Board of Statutory Auditors were held;
- the Board of Statutory Auditors did not receive any complaints from shareholders pursuant to Article 2408 of the Italian Civil Code, nor were there petitions in general;
- today, the auditing firm PricewaterhouseCoopers issued its report as required under Article 156 of Law Decree 58/1998, stating that the financial statements and the consolidated financial statements as of December 31, 2003 give a true and fair representation of the equity and financial status of the Company and of the Group, as well as their economic performance;
- in 2003, the Company also appointed Pricewaterhouse-Coopers to perform additional tasks involved in the "document of verification" of Marr s.p.a. and "aggregate schedules" for the catering sector.

As laid down by its Corporate Governance Code and by the laws regulating parties issuing financial statements, the company:

- has adopted its own "Self-disciplinary code";
- has adopted the "Meeting Regulation";
- has adopted the "Internal dealing code";
- has nominated a "Committee for Emoluments" and an "Internal Control and Corporate Governance Committee".

In addition, and on the basis of the provisions of Legislative Decree 196/2003, the company:

- has adopted the "Programmatic Security Document" regarding protection of personal information.

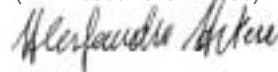
With regard to the above, the Board of Statutory Auditors has expressed a favourable opinion on approval of the financial statements dated December 31, 2003 listing a profit of € 17,778,592. Likewise, it is in favour of the proposal of the Board of Directors for the allocation of profit, specifying that pursuant to Article 2426, paragraph 1, point 5) of the Italian Civil Code, in relation to "long term costs" entered in the financial statement under intangible fixed assets for a net sum of € 138,708, there are available reserves in excess of this amount.

Castelvetro di Modena, April 14, 2004

BOARD OF STATUTORY AUDITORS

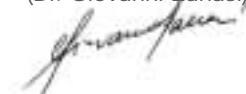
Chairman

(Dr. Alessandro Artese)



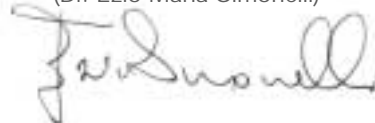
Statutory Auditor

(Dr. Giovanni Zanasi)



Statutory Auditor

(Dr. Ezio Maria Simonelli)



**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 financial statements of CREMONINI SpA as of and for the year ended 31 December 2003. These financial statements are the responsibility of CREMONINI's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards 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 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 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. The audits of the financial statements of three subsidiaries and one associated company, insofar as they relate to 1,3 percent of the amount of "stockholding in subsidiaries and associated companies" and to 0,7 percent of the amount of "total assets", are the responsibility of other auditors. Furthermore, other auditors audit the financial statements of another subsidiary and another associated company indirectly owned by CREMONINI SpA.

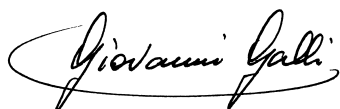
For the opinion on the financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 10 April 2003.

- 3 In our opinion, the financial statements of CREMONINI SpA as of and for the year ended 31 December 2003 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 Company.

- 4 The Notes to the accounts disclose the Company's economic and financial effects (mainly extraordinary income and related substitute tax expense) connected with the Capital stock increase of the subsidiary MARR SpA which was subscribed and fully paid-in by professional investors external to CREMONINI Group and the direct sale of shares by CREMONINI SpA to the above mentioned investors.

Bologna, 14 April 2004

PricewaterhouseCoopers SpA



Giovanni Galli
(Partner)

This report has been translated from the original which was issued in accordance with Italian practice.

Consolidated financial statements as of December 31, 2003



Balance sheet

Memorandum accounts

Statement of income

Notes to the financial statements

BALANCE SHEET - ASSETS

Consolidated financial statements as of December 31, 2003

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
B) Fixed assets		
<i>I. Intangible</i>		
1) Formation and start-up costs	1,260	3,870
2) Cost of research, development and advertising	5,368	4,384
3) Cost of industrial patents and rights for the use of intellectual property	2,038	2,218
4) Concessions, licences, brand names and similar rights	18,489	26,159
5) Goodwill	10,641	11,547
5 bis) Consolidation differences	44,581	52,573
6) Intangible fixed assets under development and advances	703	2,663
7) Other intangible fixed assets	21,614	19,326
	104,694	122,740
 <i>II. Tangible</i>		
1) Land and buildings	234,913	231,761
2) Plant and machinery	126,443	130,587
3) Industrial and commercial equipment	5,764	5,405
4) Other tangible fixed assets	17,672	15,694
5) Tangible fixed assets under development and advances	7,280	4,396
	392,072	387,843
 <i>III. Financial</i>		
1) Stockholdings in		
a) subsidiaries	4,315	1,605
b) associated companies	3,226	4,214
d) other companies	4,844	4,407
	12,385	10,226
2) Loans		
a) to subsidiaries		
- within 12 months	1,031	516
- over 12 months	220	220
b) to associated companies		
- within 12 months	5	4
- over 12 months	60	60
d) to others		
- within 12 months	3,798	7,664
- over 12 months	3,894	5,253
	9,008	13,717
3) Other securities	3	
4) Treasury stock (total nominal value at 31.12.2003 Euro 2,138,760)	6,285	10,501
	27,681	34,444
Total fixed assets (B)	524,447	545,027

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
C) Current assets		
<i>I. Inventories</i>		
1) Raw material, supplies and consumables	14,354	15,822
2) Work-in-progress and semi-finished products	8,988	5,589
4) Finished products and goods for resale	189,039	148,328
5) Advance payments	450	514
	212,831	170,253
<i>II. Receivables</i>		
1) Trade receivables		
- within 12 months	238,220	208,146
- over 12 months	777	1,040
	238,997	209,186
2) From subsidiaries		
- within 12 months	12,887	15,508
	12,887	15,508
3) From associated companies		
- within 12 months	10,678	9,541
	10,678	9,541
5) From others		
- within 12 months	59,132	59,147
- over 12 months	23,533	22,600
	82,665	81,747
	345,227	315,982
<i>III. Financial current assets</i>		
5) Treasury stock (total nominal value at 31.12.2003 Euro 5,212,733)	14,419	9,522
6) Other securities	25	574
	14,444	10,096
<i>IV. Cash and cash equivalent</i>		
1) Bank and post office accounts	37,286	51,020
2) Cheques	9,929	7,193
3) Cash on hand	3,722	1,579
	50,937	59,792
Total current assets (C)	623,439	556,123
D) Accrued income and prepaid expenses		
- miscellaneous	3,346	3,857
Total accrued income and prepaid expenses (D)	3,346	3,857
Total assets (B+C+D)	1,151,232	1,105,007

BALANCE SHEET - LIABILITIES

Consolidated financial statements as of December 31, 2003

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
A) Shareholders' equity		
I. Capital stock	73,746	73,746
II. Share premium reserve	70,928	71,609
IV. Legal reserve	14,749	14,749
V. Reserve for treasury stock	20,704	20,023
VII. Other reserves		
Consolidation reserve	3,255	3,302
Reserve for translation differences	(86)	(33)
VIII. Profits (losses) brought-forward	(11,949)	(12,789)
IX. Group's share of profit (loss) for the financial year	29,450	2,501
Total Group net equity	200,797	173,108
Minority interest in capital and reserves	42,537	1,982
Minority's share of profit (loss) for the financial year	5,323	598
Total minority interests	47,860	2,580
Total shareholders' equity (A)	248,657	175,688
B) Provision for liabilities and charges		
1) Allowance for severance payments and similar obligations	1,404	1,314
2) Provision for taxation	1,523	1,987
3) Other	5,047	4,273
Total provision for liabilities and charges (B)	7,974	7,574
C) Staff severance indemnities	35,841	33,492

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
D) Payables		
1) Bonds and debentures		
- within 12 months	18,000	113,621
- over 12 months		18,000
	18,000	131,621
3) Bank loans and overdrafts		
- within 12 months	252,389	246,191
- over 12 months	197,351	145,400
	449,740	391,591
4) Loans from other financial institutions		
- within 12 months	42,186	30,435
- over 12 months	3,407	3,972
	45,593	34,407
5) Advance payments		
- within 12 months		17
		17
6) Trade payables		
- within 12 months	283,505	264,707
- over 12 months	17	
	283,522	264,707
8) Payables to subsidiaries		
- within 12 months	747	605
	747	605
9) Payables to associated companies		
- within 12 months	597	66
	597	66
10) Payables to parent companies		
- within 12 months	29	
	29	
11) Tax payables		
- within 12 months	13,049	15,816
	13,049	15,816
12) Payables to pension and social security institutions		
- within 12 months	9,102	9,399
- over 12 months	4,364	6,341
	13,466	15,740
13) Other payables		
- within 12 months	28,205	26,483
- over 12 months	1,087	852
	29,292	27,335
Total payables (D)	854,035	881,905
E) Accrued expenses and deferred income		
- miscellaneous	4,725	6,348
Total accrued expenses and deferred income (E)	4,725	6,348
Total liabilities (A+B+C+D+E)	1,151,232	1,105,007

MEMORANDUM ACCOUNTS

Consolidated financial statements as of December 31, 2003

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Direct guarantees – sureties		
- subsidiaries	238,890	294,311
- associated companies		
- affiliated companies	120	122
- other companies	98,400	80,450
	337,410	374,883
Direct guarantees – letters of comfort		
- subsidiaries	116,143	86,252
- associated companies	5,100	100
- affiliated companies		
- other companies		
	121,243	86,352
Indirect guarantees – credit mandates		
- subsidiaries	129,892	114,697
- associated companies		
- affiliated companies		
- other companies		
	129,892	114,697
Future leasing instalments	982	20,633
Other risks and commitments	34,537	21,486
Total memorandum accounts	624,064	618,051

STATEMENT OF INCOME

Consolidated financial statements as of December 31, 2003

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
A) Value of production		
1) Revenues from sales and services	1,762,178	1,570,870
2) Changes in inventories for work-in-progress, products, partly completed and finished products	28,064	(754)
4) Increase in fixed assets produced internally	518	726
5) Other revenues and income		
- miscellaneous	21,848	16,474
- subsidies	1,686	1,187
Total value of production (A)	1,814,294	1,588,503
B) Costs of production		
6) For raw materials, supplies, consumables and goods for resale	1,233,100	1,058,555
7) For services	278,195	248,038
8) For use of third party assets	24,396	23,077
9) For personnel		
a) Salaries and wages	116,959	105,970
b) Social security costs	35,820	33,106
c) Staff severance indemnities	6,807	6,595
e) Other staff expenses	382	201
	159,968	145,872
10) Amortization, depreciation and write-down		
a) Amortization of intangible fixed assets	18,032	17,807
b) Depreciation of tangible fixed assets	30,001	27,996
c) Other write-down of fixed assets	222	1,678
d) Provision for bad debts and write-down of other current assets	6,743	5,122
	54,998	52,603
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	(8,131)	(2,024)
12) Provision for risks	829	1,069
13) Other accruals	52	172
14) Sundry administration costs	13,509	14,635
Total costs of production (B)	1,756,916	1,541,997
Difference between value and costs of production (A-B)	57,378	46,506

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
C) Financial income and expense		
15) Income from stockholdings		
- from subsidiaries		84
- from associated companies	105	
- others	217	132
	322	216
16) Other financial income		
a) from fixed loans		
- from subsidiaries	37	39
- from associated companies	47	
- others	22	140
	106	179
b) from fixed securities other than stockholdings		25
c) from current securities other than stockholdings	9	51
d) from other than described above		
- from subsidiaries	34	2
- others	9,852	13,119
	9,886	13,121
	10,001	13,376
17) Interest and other financial costs		
- from subsidiaries	(4)	(91)
- others	(31,448)	(38,726)
	(31,452)	(38,817)
Total financial income and expense	(21,129)	(25,225)
D) Adjustments to the value of financial assets		
18) Write-ups		
a) of stockholdings		243
c) of current securities other than stockholdings	1,436	
	1,436	243
19) Write-downs		
a) of stockholdings	(7,223)	(145)
b) of financial fixed assets other than stockholdings	(4,216)	
c) of current securities other than stockholdings		(1,441)
	(11,439)	(1,586)
Total adjustments to the value of financial assets (D)	(10,003)	(1,343)
E) Extraordinary income and expense		
20) Income		
- surplus on sales of assets	40,101	1,333
- miscellaneous	2,312	2,527
	42,413	3,860
21) Expense		
- loss on sales of assets	(2,682)	(620)
- taxation relating to preceding financial years	(1,310)	(71)
- miscellaneous	(10,266)	(5,472)
	(14,258)	(6,163)
Total extraordinary income and expense (E)	28,155	(2,303)
Profit before taxation (A-B+C+D+E)	54,401	17,635
22) Taxation on profit for the financial year	(19,628)	(14,536)
26) Profit (loss) for the year		
- Profit (loss) for the year	34,773	3,099
- Minority's share of (profit) loss	(5,323)	(598)
Group's share of profit (loss) for the financial year	29,450	2,501

NOTES TO THE FINANCIAL STATEMENTS

Consolidated financial statements as of December 31, 2003

Structure and contents of the consolidated financial statements

The consolidated financial statements for the year ending on December 31, 2003 have been drawn up in accordance 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 Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri. These principles have been applied to the financial statements of the Parent Company as well as those of the subsidiaries included within the scope of consolidation, with reference to the date December 31, 2003 (in the case of the companies Moto s.p.a., Plose Veneta s.r.l. and Autoplose gmbh, whose financial years close on September 30, accounting reports up to December 31, 2003 have been prepared). These financial statements have been reclassified and, where necessary, modified and altered to conform to the accounting principles of the Group and to remove fiscal classifications.

The 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 of December 31, 2003 show the information from the preceding year for comparative purposes.

Rules and methods of consolidation

The consolidated financial statements have been prepared using the global integration method, which consists in assimilating all assets and liabilities in their entirety. The principal consolidation criteria adopted for the application of this method are the following:

- The book 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 December 31, 1994. The resulting negative differences have been charged to a "consolidation reserve" in the consolidated net equity. Positive differences in existence at the time of initial consolidation or subsequent acquisition have been charged to the consolidated financial statements and, where possible, to assets of the relevant company included in the consolidation, or, if not pluriennial, deducted from the consolidation reserve. The resulting residual difference is shown under assets as "Consolidation differences". These consolidation differences are amortized using the straight-line method over a period of between 5 to 20 years, because this is their reasonably estimated useful life, considering the sector in which each of the subsidiaries operates, and corresponds to the period they will continue to have a strategic value within the Group, considering their prospects for profitability. 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.
- Profits (or losses) arising after the first consolidation are allocated to the consolidated shareholders' equity 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.

- Minority interests and minority shareholders' results for the period are shown separately under net equity in the consolidated balance sheet and in the consolidated statement of income.

Conversion of the financial statements of foreign companies

The conversion into euros of the financial statements of foreign subsidiaries which do not use the single European currency was performed in the case of Cremonini Finance plc on the basis of the temporal method, in view of the business it conducts. As regards the other foreign companies, the current exchange rate method was used. The following exchange rates were used:

Currency	Exchange rates at year end		Average exchange rates	
	2003	2002	2003	2002
Dollars (USA)	1.2630		1.131160	
Dinaro Algerino	84.9238		85.479700	
Sterling (Gran Bretagna)	0.7048	0.6505	0.691993	0.6288
Zloty (Polonia)	4.7019	4.0210	4.399580	3.8574

Scope of consolidation

The consolidated financial statements as of December 31, 2003 include those of the Parent Company, Cremonini s.p.a., and subsidiaries controlled directly or indirectly as of that date as per Article 2359 of the Civil Code.

Subsidiaries which were subject to liquidation proceedings, inactive for reasons such as recent start-up, or whose financial figures were not significant either alone or in combination were not included in the consolidation process. In particular, the consolidated financial statements as of December 31, 2003 exclude the following subsidiaries:

Directly owned subsidiaries

Cremonini International b.v.
 Fe.Ber. Carni s.r.l. in liquidation
 Fernie s.r.l. in liquidation
 Ge.Mark International d.o.o.
 Ibis s.p.a.
 In.Al.Sarda s.r.l.
 Inalcammil ltda
 Inalca Hellas e.p.e. in liquidation
 Inalca Kinshasa sprl
 Inalca Russia I.I.c.
 Mutina Consulting s.r.l.
 SGD s.r.l.
 So.Ge.Bar s.r.l.
 Taormina Catering s.r.l. in liquidation

Indirectly owned subsidiaries

Marr Russia I.I.c.
 Roadhouse Grill Europe b.v.

NOTES TO THE FINANCIAL STATEMENTS

Stockholdings in these companies were valued at cost, with the exception of Fe.Ber. Carni s.r.l. in liquidation and SGD s.r.l., which were consolidated using the net equity method.

The subsidiaries Inalca Russia, Inalca Kinshasa and Marr Russia were not included in the scope of consolidation for the following reasons:

- these companies have been fully operative only recently;
- their impact on consolidated Group figures is insignificant (with a turnover of about 28 million euros, equal to 1.6% of the Group's consolidated turnover), also in view of the fact that:
 - most of these subsidiaries' turnover is a product of purchases by Group companies;
 - the companies are almost entirely financed by the parent company: it is not advisable for the Group to obtain financing from local credit institutions in countries with developing economies. As a result, consolidation of these companies would have no impact on the Group's net financial position either.
- partly as a result of the socio-economic context in which these companies operate, their administrative structures and local staff normally require a lengthy training period before they are capable of supplying the figures required to join the Cremonini consolidation area (within 30 days of the close of each quarter).

However, training and adaptation to Group procedures ought to permit inclusion of these companies (Inalca Kinshasa, Inalca Russia and Marr Russia) in the consolidation area in 2004 as planned. Figures for the draft 2003 financial statements of these subsidiaries are shown below:

<i>(in thousand of euros)</i>	<i>Inalca Kinshasa</i>	<i>Inalca Russia</i>	<i>Marr Russia</i>
Turnover	11,634	78	16,850
Profit for the financial year	2	2	270
(Indebtedness) Financial assets, net	8	20	57
Shareholders' equity	19	341	332
Total staff	99	3	57

Inalca Algeria s.a r.l. and Inter Inalca Angola Ltda were consolidated only in the fourth quarter of 2003, principally for the reasons specified above. These subsidiaries did not prepare quarterly reports during the year, but only at the close of the year 2003.

A complete list of the companies consolidated as of December 31, 2003, indicating the method of consolidation, is given in Exhibit 7. This list has undergone some variations compared to the consolidated financial statements of the previous year, as described below. However, these variations have had little effect on its comparability with the December 31, 2002 figures.

Specifically, the following companies joined the consolidation area since December 31, 2002:

- Quinto Valore soc. cons. a r. l., a company 50% owned by Inalca s.p.a. This company, which began operations during the year, markets the by-products of cattle butchering (hides) and was consolidated by the proportional method;
- Moto s.p.a. (which owns 100% of Plose Veneta s.r.l.) and Autoplose gmbh, companies 50% owned by Cremonini s.p.a. which works in the field of motorway restaurant services in partnership with the multinational Compass Group; these companies have been consolidated by the proportional method;
- Inter Inalca Angola Ltda and Inalca Algeria s. a r.l., companies marketing food products in the corresponding African nations; these companies have been fully consolidated.

Moreover, following the sale to an affiliated company (refer to the section on "Transactions with non consolidated subsidiaries, associated and affiliated companies" in the Directors' Report), Emil-Food s.r.l., a company which is no longer operative, left the consolidation area; its income statement alone was consolidated, as it was sold at the end of the year.

In addition to the sale of 33.33% of Marr s.p.a., other operations were carried out during the course of the financial year that did not affect the consolidation area. In particular:

- Mister Food s.p.a. merged Biancheri & C. s.r.l.;
- Marr acquired full control of Marr Foodservice Iberica s.a., previously 82% owned;
- Montana Alimentari s.p.a. increased its controlling share in Montana Farm s.p.zo.o. to 95.88% (85% on December 31, 2002);
- the entire controlling share in Azienda Agricola Corticella s.r.l. and Guardamiglio s.r.l. was transferred from the Parent Company to INALCA s.p.a..

Valuation rules

The valuation rules used in the consolidated financial statements for the year ended December 31, 2003 have remained unchanged over the previous year. The most significant valuation rules 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 entered at their merging value or purchase price or production cost, including ancillary expenses, and are amortized over the period of their expected useful economic life.

Formation and start-up costs are amortized over 5 years. The criteria adopted differ from those used by the Parent Company inasmuch as, based on the principles of the Group, the amortization of formation and start-up costs commences from the time the benefits of these costs are enjoyed.

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

Industrial patent rights and the rights for the use of 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.

Goodwill purchased for cash or arising from mergers is amortized on the basis of its useful economic life, estimated to range between 5 and 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 that a period of amortization of over 5 years is to be considered suitable, given the peculiarity of the business. Specifically, the amortization of goodwill paid for station buffets is calculated following the duration indicated in the lease agreement.

Consolidation differences are amortized as specified in the section on "Rules and methods of consolidation".

The other intangible fixed assets mainly include leasehold improvements which are amortized at rates consistent with the foreseen duration of the leasing contract. Charges and commissions on loans are amortized on the basis of the duration of the transactions to which they refer. The other long term charges are amortized on the basis of the expected period of future utility.

NOTES TO THE FINANCIAL STATEMENTS

Tangible fixed assets

Tangible fixed assets are entered at their merging value or purchase price or production cost, adjusted by their corresponding provisions for depreciation. Costs also include ancillary expenses and direct and indirect costs which are considered reasonably attributable to the assets. Costs also include interests paid on borrowings to finance assets in course of construction, up to the date of the asset utilization.

The value of certain land and buildings includes, in addition, the partial allocation of surplus 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.

Fixed assets are depreciated every year over their expected useful economic life, 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 were first posted:

- Land and buildings	1.5% - 4%
- Light constructions	5% - 10%
- Plant and machinery	3.75% - 30%
- Industrial and commercial equipment	7% - 25%
- Other fixed assets	5% - 40%

In the event of a permanent loss in asset value, the relative asset is written-down irrespective of the depreciation already applied. Should the reason for the write-down no longer apply in any given financial year, then the original value is reinstated, only adjusted to account for the appropriate depreciation.

Ordinary maintenance costs are debited in full to the income statement. Maintenance costs that increase productivity are attributed to the assets concerned and depreciated over their residual useful life.

Capital contributions relevant to tangible fixed assets are recorded by directly reducing the investment, or in relation to the depreciation of the assets to which they refer.

Financial fixed assets

Stockholdings in non-consolidated subsidiaries (except for Fe.Ber. Carni s.r.l. in liquidation and SGD s.r.l. which are valued using the net equity method), in other companies, treasury stock and other securities held on a long-term basis, are valued at their purchase price or subscription cost, appropriately written up in accordance with relevant legal requirements, or written-down to account for permanent losses in value. Should the reason for the write-down no longer apply in any given financial year, then the original value is reinstated.

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

Long-term receivables are entered at their estimated realizable value.

Inventories

Inventories are valued at the lower of purchase price (including ancillary expenses) or production cost and the estimated realizable market value. 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.

Specifically:

- As far as the beef business is concerned, valuation of inventories is based on a method which is very similar to the FIFO method. Raw materials, ancillary and finished products (tinned meat) are valued at their purchase price or production cost, while all slaughtering by-products are valued at amounts which are very close to their costs. Frozen products have been valued at the cost of purchase or production, where possible, or at amounts very close to their cost, considering market reference quotes between the last month of 2003 and the very first days of 2004.
- In the production, restaurant services and distribution sectors, the valuation method is very similar to the FIFO method.

Receivables

Receivables are shown at their estimated realizable value, taking into account, bad debts already identified and presumed, estimated by considering each individual debt and past experience.

Financial current assets

Financial current assets are valued at the lower of cost and realizable value, based on current market prices. The cost is the purchase cost including ancillary expenses, determined, in the case of treasury stock, by the weighted average cost method and, for other stocks, by the First In, First Out method.

Cash and financial instruments

Cash balances are shown at nominal value. Derivative contracts are valued on the basis of the risk coverage policy and have no speculative purposes. Derivative contracts, described in the notes to the financial statements, are valued consistently with the asset or liability covered or with the contractual commitment taken on as of the date of the financial statements. If the existence of a coverage relationship with the financial transactions below it is not sufficiently documented, financial instruments of this kind are valued at their "fair value", setting aside latent losses to the provisions for liabilities and charges.

Provisions for liabilities and charges

Provisions for liabilities and charges are set up 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 on a prudent basis and following the accrual principle, based on the best possible estimates according to the information available.

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.

NOTES TO THE FINANCIAL STATEMENTS

Payables

These are shown at nominal value.

Accruals and prepayments

Accruals and prepayments include shares of income and charges common to two or more accounting periods, and are accounted for according to the period to which they refer.

Commitments, guarantees and risks

Commitments and guarantees are shown under the memorandum accounts at their contractual values.

Provisions for risks deemed certain or likely to result in liabilities are set-up on a prudent basis as provisions for liabilities and charges. Contingent risks that may only eventually result in liabilities are described when and where appropriate in these notes and are not covered by corresponding provisions.

Recognition of costs and income

Sales income and purchase costs are recorded following transfers of ownership, generally the date of delivery or shipment.

Income and costs relating to services provided to third parties are recorded according to the period that these services cover and income and costs of a financial nature are recorded in the period to which they refer.

Income taxes

Current income taxes are based upon a realistic forecast of taxes payable, complying with the tax regulations in force; the corresponding debt is reported net of advances, withholding taxes and tax credits to be offset, under the "Tax payables" heading. If there should be a credit it is classified in the item "Receivables from others" among current assets.

Deferred and prepaid taxes are based on the existing timing differences between the amounts shown in the financial statements and the fiscal values and the deferred tax effects of consolidation adjustments. Any deferred taxes due are accounted for within the provision for taxation. Pre-paid tax assets 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 taxes due.

Accounting for foreign currency transactions

Foreign currency debits and credits reported under current assets/liabilities, which are uncovered against currency risks by means of hedge contracts, are normally converted into the currency unit based on the exchange rate of the transaction date. Upon closing of the balance sheet, the same are converted based on the year end exchange rate. 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 period, are credited or debited to the income statement.

Stockholdings in foreign companies, which are not denominated in euros, are carried at the purchase price based on the historical exchange rate of the transaction.

Securitization transaction

The Parent Company has a credit securitization transaction in progress, stipulated in July 2002 on the basis of Law 130/1999. This transaction replaced the previous securitization transaction, which began in 1994 and was subsequently renewed in 1997 (transactions concluded with full repayment of the corresponding "Asset Backed Securities").

The structure of the transactions provides for transfer without recourse (with notification in the Official Gazette), on a weekly basis, of trade receivables with particular characteristics by the subsidiaries: Montana Alimentari s.p.a., Marr s.p.a. and INALCA s.p.a. to the vehicle company Cremonini Sec. s.r.l., a subsidiary of the Dutch foundation Stichting Diamond Castle (81%), not a member of the Cremonini Group, in which the subsidiary Global Service s.r.l. holds a minority share (19%). Credits transferred in 2003 amounted to 488 million euros.

Cremonini Sec. s.r.l., with a guarantee of the credits received, issued "ABSs" ("Asset Backed Securities") worth 120 million euros, listed on the London Stock Exchange. The securities, issued at par and with a Standard & Poors AAA rating, have a quarterly coupon regulated at Euribor 3 months plus a 0.50% spread.

The transaction was arranged by AbaxBank and Bank of America (Co-Lead Managers) and has a duration of 7 years (expiration in July 2009).

In this transaction Cremonini s.p.a. performs the role of factor for presentation of receivables on behalf of the transferors and encashment of the net proceeds of the sales. Cremonini also plays the role of sub-servicer for Cremonini Sec. s.r.l. (keeping the accounting records and managing the operation).

As for guarantees, in addition to the receivables specifically transferred under the transaction, Cremonini s.p.a. also guarantees, in the last resort, commitments undertaken by the Bank of America, which is in turn counter-guaranteed by Credem s.p.a., under a Letter of Credit for 19 million euros issued by the Bank of America for Cremonini Sec. s.r.l. (and, in the final analysis, in favour of bondholders). Note that the Letter of Credit has not been used at all so far.

These notes to the financial statements identify items in the financial statements referring to the operation of disinvestment of these credits. Also note that the Offering Circular published when the ABSs were issued and other information is available to the public on the Cremonini s.p.a. site (www.cremonini.com in the Financial Reports section – ref. July 23 2002).

NOTES TO THE FINANCIAL STATEMENTS

Private equity transaction involving Marr capital stock

As stated in the Directors' Report, the results of the 2003 fiscal year are significantly affected by the private equity transaction involving a minority share in the capital of the subsidiary Marr s.p.a..

The transaction involved sale of a 33.33% share in Marr s.p.a. to private corporate investors for 100 million euros. Specifically, of the 100 million euros resulting from the sale, 65 million euros were destined for subscription of an increase in Marr's capital stock, while the remaining 35 million euros was encashed by Cremonini s.p.a. through direct sale of 11.67% of its stockholding in the subsidiary.

On May 7, 2003, the Marr shareholders' meeting resolved, in an extraordinary session, upon an increase of capital stock from 25.5 to 32.6 million euros. The increase, fully subscribed by a pool of investors, was implemented by issuing 1,413,412 ordinary shares with a nominal value of 5.00 euros each, for which investors paid a total of 65 million euros, including a share premium of 40.988 euros per share, equal to a total share premium of 57.9 million euros.

On the same date Cremonini s.p.a. sold 761,068 ordinary shares with a nominal value of 5.00 euros each, worth a total of 35 million euros, to the same investors, resulting in a 8,554 thousand euros reduction in Cremonini s.p.a.'s stockholding and a capital gain of 26,446 thousand euros.

In the consolidated financial statements, this transaction generated an increase in minority interest of 42,150 thousand euros, a net reduction in assets (consolidation differences, intangible fixed assets, and others) worth 18,041 thousand euros and a resulting capital gain of 39,809 thousand euros.

On December 31, 2003, therefore, the pool of corporate investors held 2,174,480 Marr shares, equal to 33.33% of the new capital stock, while the remaining 66.67% continued to be owned by Cremonini s.p.a..

The ultimate purpose of this transaction was listing of Marr s.p.a. on the stock exchange beginning in 2005. On the basis of agreements in effect between Cremonini s.p.a. and the corporate investors, in the event that the company's shares should not be listed by April 30, 2007, in 2008 Cremonini and the corporate investors may exercise options of sale and purchase of each other's shares on the basis of the market value of Marr s.p.a. as of that date or sell them to a third party. At present there is no reason to believe that the company will not be listed by this deadline.

Other information

With reference to the censurable facts, please note:

- the full absolution, due to non-existence of the incident and, subordinately, due to prescription ordered by the Court of Modena, of the Chairman in relation to alleged acquisitions and transfers of money from false financial transactions performed by third parties in the period 1994-1995;
- conclusion of the case pending before the Court of Milan against a Marr manager and a member of the INALCA s.p.a. Board of Directors (at the time of the incident, director of a company which was later purchased), regarding alleged episodes of corruption for the supply of food products at the beginning of the 1990's. The sentences did not involve decisions requiring the company to pay compensation;
- the sending of a summons by the Court of Potenza to the Chairman regarding allegations of giving of money to a civil servant. The Court of Review decreed that the Judge of Rome has territorial jurisdiction over the matter;

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- the case pending before the Court of Appeal of Turin against a Chairman and a manager in the subsidiary INALCA s.p.a. regarding sentencing for alleged “misleading advertising”;
 - the penal sentence, challenged by the sentenced in that the alleged crime was committed by someone else, issued by the Judge of the District Court of Rome against the Chief Executive Officer of the restaurant services division, regarding serving of preserved foodstuffs which were not identified as such on the menu presented to customers. The fine amounts to about 671 euros.

Even taking into account the consequences of the above-mentioned lawsuits in progress, the figures and information contained in the December 31, 2003 consolidated financial statements are correct from a formal and substantial point of view and provide a fair view of the Group's results and financial position.

Exemptions under the terms of paragraph 4 of art. 2423 of the Civil Code

The exemptions provided by paragraph 4, Article 2423 of the Civil Code do not apply.

Figures shown in the consolidated financial statements

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

Information included in the Directors' Report

The Directors' Report contains information on the company's business, on all post balance sheet events, on transactions with the Group companies and affiliates, the components of current assets and liabilities and on other information relating to the businesses in which the Group operates.

NOTES TO THE FINANCIAL STATEMENTS

Comments on the main headings in the consolidated balance sheet

ASSETS

Fixed assets

Following are exhibits relating to the three fixed asset classes (intangible, tangible and financial), indicating for each heading the historical cost, previous provisions for depreciation and previous write-ups or write-downs. The tables also show the changes which occurred in the financial year and the final balances, as well as the year-end overall revaluation (write-ups).

Intangible fixed assets

<i>(in thousands of euros)</i>	<i>Balance 31.12.02</i>	<i>Chg. in cons. area</i>	<i>Purchases</i>	<i>Decreases</i>	<i>Other</i>	<i>Amortiz.</i>	<i>Balance 31.12.03</i>
Formation and start-up costs	3,870	19	104	-	(33)	(2,700)	1,260
Cost of research, development and advertising	4,384	-	3,804	-	33	(2,853)	5,368
Cost of industrial patents and rights for the use of intellectual property	2,218	9	931	(34)	8	(1,094)	2,038
Concessions, licences, brand names and similar rights	26,159	-	688	(6,742)	(7)	(1,609)	18,489
Goodwill	11,547	-	891	-	59	(1,856)	10,641
Consolidation differences	52,573	-	6,007	(10,663)	-	(3,336)	44,581
Intangible fixed assets under development and advances	2,663	-	2,036	(1,210)	(2,786)	-	703
Other intangible fixed assets	19,326	567	4,259	(616)	2,662	(4,584)	21,614
Total	122,740	595	18,720	(19,265)	(64)	(18,032)	104,694

Formation and start-up costs

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Costs of altering the Art. of Association and formation costs	112	305
Expenses for the Stock Market listing	-	1,597
Other minor costs	1,148	1,968
Total	1,260	3,870

The changes in the formation and start-up costs mainly refer to the year's depreciation. In particular, the depreciation period for costs born by the Parent Company for listing on the Stock Exchange was completed.

The item "other minor costs" includes costs, amounting to a residual value of 539 thousand euros, regarding the start-up of the INALCA plant in Ospedaletto Lodigiano, capitalized in previous years.

Costs of research, development and advertising

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Costs of television advertising	4,812	4,072
Other advertising, research and development costs	556	312
Total	5,368	4,384

Television advertising refers to costs incurred by the subsidiaries Montana Alimentari s.p.a. (717 thousand euros) and INALCA s.p.a. (4,095 thousand euros) for advertising campaigns directed towards launching new products. The relevant effects on volumes of sale are expected in the future years. In 2003 investments continued in INALCA (3,290 thousand euros).

Costs of industrial patents and rights for the use of intellectual property

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Industrial patents	26	15
Software	2,012	2,203
Total	2,038	2,218

INALCA and Cremonini increased investment in software, by 338 thousand euros and 352 thousand euros respectively, in both the operational and administrative/financial areas.

Concessions, licences, brand names and similar rights

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Brand names and registrations	5,084	4,976
“Marr” brand	12,912	20,658
Other	493	525
Total	18,489	26,159

The “Brand names and registrations” item includes the value attributed to the “Montana” brand name and other minor ones owned by INALCA, amounting to a net value of 4,221 thousand euros.

The value of the “Marr” brand comes from the allocation of the merger deficit (and consequently also of the consolidation difference) following the merger of Marr s.p.a. into Grex s.r.l. which occurred in 1999. The decrease in this amount in the year 2003 is attributable to amortization in the year (1,004 thousand euros) and the effects (6,742 thousand euros) of sale of 33.33% of Marr (refer to the section of “Private equity transaction involving Marr capital stock”).

Goodwill

The heading basically includes the amount paid to third parties for the acquisition of business branches. The increase over the year is attributable to restaurant services (771 thousand euros) with reference to the acquisition of station buffets in the Reggio Emilia and Firenze Campo di Marte railway stations and acquisition of the company branch concerned with motorway restaurant services from Moto s.p.a..

NOTES TO THE FINANCIAL STATEMENTS

Consolidation differences

The consolidation differences represent the excess of the cost incurred for the acquisition of stockholdings in consolidated subsidiaries over the current value of assets and liabilities at the time of the first consolidation (1994), or at the time of acquisition if this took place later.

Details of the movement of the consolidation differences, broken down according to the Group's main business sectors, are as follows:

<i>(in thousands of euros)</i>	<i>Balance 31.12.2002</i>	<i>Increases</i>	<i>Decreases</i>	<i>Amortization</i>	<i>Balance 31.12.2003</i>
Restaurant services	9,721	6,007	-	(1,110)	14,618
Distribution	32,679	-	(10,663)	(1,601)	20,415
Production – Beef	9,400	-	-	(576)	8,824
Production – Other	773	-	-	(49)	724
Total	52,573	6,007	(10,663)	(3,336)	44,581

The increase is connected to the Group's entrance in the field of motorway restaurant services through acquisition of Moto s.p.a. (and therefore of its subsidiary Plose Veneta s.r.l.) and Autoplose gmbh. The decrease registered in the distribution sector corresponds to the sale of a 33.33% share in Marr s.p.a. (refer to the section on "Private equity transaction involving Marr capital stock").

Intangible fixed assets under development and advances

The intangible fixed assets under development and advances mainly refer to improvements to leased premises in which restaurant services and foodservice distribution activities will be carried out.

Most of the investments initiated in the year 2003 and those in progress as of December 31, 2002 were completed and transferred to other intangible fixed assets. Specifically, increases include 1,567 thousand euros in the restaurant services sector. The decrease refers primarily to a decrease in charges for the leasing contract cancelled during the year by Montana Alimentari s.p.a. (refer to the section on "Tangible fixed assets").

Other intangible fixed assets

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Leasehold improvement costs	14,751	11,788
Expenses and commissions on loans	1,044	1,339
Others	5,819	6,199
Total	21,614	19,326

The increase of leasehold improvements is mainly due to the costs incurred for improvements to third party premises used for restaurant services and foodservice distribution activities. The principal increases applied to:

- Cremonini's restaurant services division, amounting to 1,169 thousand euros, for various points of sale in railway stations and other facilities;
- Mister Food, amounting to 600 thousand euros, linked with charges related to renewal of the leasehold contract for the station buffet in Genova Porta Principe;
- Marr, amounting to 559 thousand euros, principally related to work performed in various branches;
- Roadhouse Grill Italia, amounting to 538 thousand euros, connected prevalently with work in the Bologna and Pordenone premises.

Tangible fixed assets

<i>(in thousands of euros)</i>	<i>Balance</i>	<i>Chg. in</i>	<i>Purch.</i>	<i>Decr.</i>	<i>Other</i>	<i>Amort.</i>	<i>Balance</i>
	<i>31.12.02</i>	<i>cons. area</i>					<i>31.12.03</i>
Land and buildings	231,761	429	15,404	(7,274)	2,773	(8,180)	234,913
Plant and machinery	130,587	18	11,175	(851)	994	(15,480)	126,443
Industrial and commercial equipment	5,405	119	1,970	(47)	18	(1,701)	5,764
Other tangible fixed assets	15,694	478	6,872	(1,950)	1,218	(4,640)	17,672
Tangible fixed assets under development and advances	4,396	-	7,972	-	(5,088)	-	7,280
Total	387,843	1,044	43,393	(10,122)	(85)	(30,001)	392,072

Land and buildings - The increases primarily concerned:

- Salumi d'Emilia, amounting to 6,211 thousand euros, for purchase of land and buildings in Busseto (PR) included in the IBIS company branch, previously operated under a company leasehold contract;
- Realfood 3, amounting to 4,951 thousand euros, connected with purchase of land in Ospedaletto Lodigiano previously under the leasing contract stipulated in previous years by Montana Alimentari; as part of Montana Alimentari's project for enhancement and expansion of its productive areas in IGP zones (the IBIS and Postalesio plants), better opportunities for Realfood 3's use of the land were identified, resulting in cancellation of the leasing contract and purchase of the land;
- Montana Alimentari, amounting to 1,769 thousand euros, for purchase of the plant in Postalesio (SO) for bresaola production;
- INALCA, amounting to 1,397 thousand euros, for renovation and expansion work in various productive plants.

Decreases include primarily Montana Alimentari's sale of a part of the Mirandola production plant (6,200 thousand euros) originating in a capital loss of 1,808 thousand euros (see the section of "Extraordinary income and expense").

Plant and machinery - The principal increases applied to:

- INALCA, amounting to 4,135 thousand euros, for plant and machinery at all productive plants;
- Montana Alimentari, amounting to 2,656 thousand euros, including 1,004 thousand euros for plant and machinery in the Postalesio factory purchased during the year;
- Salumi d'Emilia, amounting to 2,064 thousand euros, including 1,240 thousand euros relating to the IBIS company branch purchased during the year.

Industrial and commercial equipment - The principal investments were made by INALCA (581 thousand euros) and Montana Alimentari (312 thousand euros).

Other tangible fixed assets - The biggest increases applied to Marr (2,295 thousand euros, including 1,582 thousand euros in motor vehicles) and INALCA (1,224 thousand euros, principally for motor vehicles and electronic machines). Dismissals primarily regarded sale of motor vehicles by Marr (1,372 thousand euros).

Tangible fixed assets under development and advances - Investments in progress in the year included 3,269 thousand euros for INALCA, including 1,494 for buildings and 1,702 for specific plants, both primarily connected with the new Castelvetro fat dripping line, the Nonantola composting plant and a new hamburger area in Ospedaletto. In addition, Azienda Agricola Corticella invested 1,280 thousand euros in construction of new veal raising stalls and Montana Alimentari invested 1,612 thousand euros primarily in the Gazoldo plant. The upward reclassification of the item land and buildings included 2,475 thousand euros for Montana Alimentari's productive areas.

Tangible fixed assets are burdened by mortgages and privileges amounting to 423 million euros and 77 million euros respectively, for financing obtained.

NOTES TO THE FINANCIAL STATEMENTS

The total amount of capitalised interests on land and buildings as of December 31, 2003 is 20,699 thousand euros.

In the consolidation process, land and buildings were allocated a portion of the positive difference arising out of elimination of stockholdings against their respective net equities; about 4,233 thousand euros was allocated to buildings, net of the corresponding depreciation (4,519 thousand euros as of December 31, 2002) and 5,390 thousand euros to land (5,585 thousand euros as of December 31, 2002). Attribution of the consolidation difference to land and buildings was reduced by effect of depreciation during the year and sale of 33.33% of Marr s.p.a. (refer to the section on "Private equity transaction involving Marr capital stock").

Financial fixed assets

Stockholdings

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

Stockholdings in subsidiaries

Movements in the year 2003 referred to:

- 325 thousand euros for the increase in Inalca Russia I.l.c. capital stock, aimed at supporting the Group's growth in Russia;
- 31 thousand euros for INALCA s.p.a.'s establishment of In.Al.Sarda s.r.l., a company working as a marketing platform for Sardinia;
- 53 thousand euros for the establishment of Inalcammil Ltda, an Angola company established to further support growth of business in the African country;
- 10 thousand euros for purchase of 99.9% of Mutina Consulting s.r.l.. This stockholding was purchased, in application of the Cremonini s.p.a. Board of Directors' November 13 2003 resolution, to follow repayment of its credit through direct intervention in management of residual credits recorded under Mutina's assets. Due to the effect of the loss resulting from Mutina's preparation of infrannual financial statements as of October 31, 2003, Cremonini s.p.a. settled about 5.9 million euros;
- 2,951 thousand euros for the purchase of 100% of So.Ge.Bar s.r.l., the company operating the buffet in Torino Porta Nuova railway station;
- inclusion in the consolidation area of the following companies:
 - Quinto Valore soc. cons. a r. l., a company 50% owned by INALCA s.p.a. which began operations during the year in the field of marketing the by-products of cattle slaughtering (hides) and was consolidated by the proportional method;
 - Inter Inalca Angola Ltda and Inalca Algerie s. a r.l., companies selling food products in the corresponding African nations, which have been consolidated in full.

In addition, the value of stockholdings in subsidiary companies increased, with no effects on the control percentage, due to deposits into the account for coverage of losses (5,948 thousand euros for Mutina Consulting s.r.l.), and decreased due to the effect of write-downs due to lasting loss of value as follows:

<i>(in thousands of euros)</i>	Amount
Mutina Consulting s.r.l.	5,948
Ibis s.p.a.	506
In.Al.Sarda s.r.l.	31
Cremonini International b.v.	20
Total	6,505

Write-down was essentially performed on the basis of the pertinent net equity, taking into account valuation made during consolidation and the forecast income of each company.

Specifically, in relation to the write-down of Mutina Consulting s.r.l., this is a deposit paid to cover the losses of the subsidiary "below zero" (previously CRC s.p.a., a vehicle company for previous securitization transactions undertaken in 1994 and in 1997).

This loss derives from write-offs by the Administrative Body of the vehicle company of receivables related to the previous securitization transactions (1994/1997 – 1997/2002).

As of September 30 2003, Cremonini s.p.a. held a credit with Mutina Consulting s.r.l. worth 6,515 thousand euros, for which it had already set aside a total of 5,500 thousand euros to the provision for bad debts in the 2002 financial statements and subsequent quarterly statements.

Following coverage of Mutina Consulting s.r.l.'s losses by Cremonini s.p.a. (December 2003), this credit was encashed by Cremonini in the amount of 5,950 thousand euros. Consequently, the provision previously established was reversed, including the amount set aside up to that time in the statement of income (refer to the section on "Extraordinary income and expense").

Ibis s.p.a., no longer operative and undergoing bankruptcy proceedings, was written-down as the capital gain paid in 2002 is not expected to be recovered in the short term.

Further variations involved application of the net equity method to valuation of Fe.Ber. Carni s.r.l. in liquidation and SGD s.r.l..

Stockholdings in associated companies

Changes in the year 2003 referred to:

- write-down due to lasting loss of value (459 thousand euros) of the stockholding in Food & Co. s.r.l., which is going out of business; the value of this stockholding has also been reduced by 693 thousand euros as a result of redefinition of the purchase price with a corresponding reduction of the debt to the seller of the shares;
- INALCA s.p.a.'s purchase, for 232 thousand euros, of Farm Service s.r.l., a company concerned with disposal of "low risk" material from butchering;
- purchase for 131 thousand euros, with the aim of increasing control over the industry process, of 20% of the capital stock in Parma France s.a.s., a French company concerned with exports of young French cattle (broutards) to the Italian and Spanish markets;
- purchase for 1,003 thousand euros of the company Pierre Franco Investissement s.a.s., a holding company owning the controlling share in Toupnot s.a., operating on the non-EU tinned meat market;
- sale to the affiliated company Le Cupole s.r.l. of the company Immobiliare Athena s.p.a. (refer to the section on "Transactions with non consolidated subsidiaries, associated and affiliated companies" in the Directors' Report).

NOTES TO THE FINANCIAL STATEMENTS

Further variations are a result of application of the net equity method to valuation of Buona Italia Alimentos Ltda and A.O. Konservni.

Stockholdings in other companies

The principal change in the book value of stockholdings in other companies refers to subscription of the capital stock increase with share premium in Emilia Romagna Factor s.p.a., worth 347 thousand euros.

Loans

Loans to subsidiaries

<i>(in thousands of euros)</i>	<i>31.12.2002</i>	<i>Increases</i>	<i>Decreases</i>	<i>31.12.2003</i>
<i>Due within 12 months</i>				
Cremonini International b.v.	516	-	-	516
Mutina Consulting s.r.l.	-	565	-	565
Provision for bad debts	-	(50)	-	(50)
Total within 12 months	516	515	-	1,031
<i>Due between 1 and 5 years</i>				
SGD s.r.l.	220	-	-	220
Total between 1 and 5 years	220	-	-	220
Total	736	515	-	1,251

Loans to Cremonini International (interest rate 5%, falling due in February 2004 and renewed for another year) and SGD (interest rate 5%, indeterminate due date), shown at their nominal value, refer to interest-bearing financing.

The increase in the balance refers to the residual credit connected with the security deposit paid to ex CRC (now Mutina Consulting) and the corresponding provision for bad debts, reclassified from loans to others following acquisition of the controlling share in this company.

Loans to others

<i>(in thousands of euros)</i>	<i>31.12.2002</i>	<i>Incr./Utiliz.</i>	<i>Decr./Acc.</i>	<i>Reclass.</i>	<i>31.12.2003</i>
<i>Due within 12 months</i>					
Sundry and other loans	765	-	(523)	-	242
Deposit to CRC	7,845	-	(7,280)	(565)	-
Earnest money	-	2,750	-	-	2,750
Cautionary deposits	213	782	(16)	(14)	965
Provision for bad debts	(1,159)	5,450	(4,500)	50	(159)
Total within 12 months	7,664	8,982	(12,319)	(529)	3,798
<i>Due between 1 and 5 years</i>					
Due from the State Treasury	71	3	-	-	74
Tax credit on T.F.R.	1,198	23	(421)	-	800
Cautionary deposits	768	617	(526)	15	874
Others	121	10	(9)	-	122
Total between 1 and 5 years	2,158	653	(956)	15	1,870
<i>Due over 5 years</i>					
Cautionary deposits	31	19	(14)	-	36
Cremonini Sec. cautionary dep.	2,529	-	(541)	-	1,988
Others	535	-	(535)	-	-
Total over 5 years	3,095	19	(1,090)	-	2,024
Total	12,917	9,654	(14,365)	(514)	7,692

The most significant variations in receivables from others have concerned the items connected to the securitization transactions of the commercial credits mentioned previously. Particularly, the "Deposit to CRC", paid to guarantee the transaction extinguished in advance on July 15 2002, decreased by 7,280 thousand euros due to encashments during the year, while the residual amount of 565 thousand euros has been reclassified among receivables from subsidiaries following Cremonini s.p.a.'s acquisition of the controlling share in this company. For more comments, the reader is referred to the section on "Stockholdings in subsidiaries".

The increase in earnest money corresponds to the company Azienda Agricola Corticella, and regards:

- 750 thousand euros paid to the affiliated company Le Cupole s.r.l. for purchase of land in Castelnuovo Rangone (see section on "Transactions with non consolidated subsidiaries, associated and affiliated companies" in the Directors' Report);
- 2,000 thousand euros paid to third parties for purchase of a farm estate including both land and buildings.

Both purchases will be completed in 2004.

The increase in cautionary deposits due within 12 months includes 700 thousand euros paid to the Court of Parma to guarantee payment of registry tax due on the decree of transfer of the Ibis company branch to Salumi d'Emilia.

The "Cremonini Sec. cautionary deposit" represents the guarantee paid to the "vehicle" company Cremonini Sec. s.r.l. to guarantee the existing securitization operation (see section on "Securitization transaction"). This guarantee, while decreased during the year on the basis of criteria specified in the contract, was paid by Cremonini s.p.a. for the seller companies Marr, INALCA and Montana Alimentari, for more rational administration of the operation. The costs of the financial typing up of the deposit were charged in advance to each seller in the previous year (see section on "Accrued expenses and deferred income").

NOTES TO THE FINANCIAL STATEMENTS

The “Others” due in more than 5 years refer entirely to a confirming deposit regarding a property leasing contract of Montana Alimentari s.p.a. decreased following cancellation of the contract in favour of Realfood 3, which then proceeded to purchase the land identified in the contract.

Treasury stock

Treasury stock has been recorded under financial fixed assets by effect of a specific resolution of the Board of Directors of the Parent Company that, based on the conditions of the main markets in which the Group operates and the possible future implementation of the strategic corporate plans, identified the investment as one of an enduring nature.

In view of the lasting unfavourable situation on the stock exchange, treasury stock appearing under financial fixed assets was prudentially written-down during the year by 4,216 thousands euros. This devaluation was applied on the basis of average listings for the share in the second half of 2003.

For information purposes it is specified that, had the treasury stock been valued at the market price as of March 29 2004, the value at December 31, 2003 would have been approximately 934 thousand euros lower. This lower valuation was connected to that particular moment in the market and does not reflect an enduring loss of value.

The reader is referred to the Directors’ Report for information on changes in this item during the year and other information.

Current assets

Inventories

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Raw materials, supplies and consumables	14,455	15,822
Work-in-progress and semi-finished products	8,988	5,589
Finished products and goods for resale	189,722	148,828
Advances payments	450	514
Provision for inventories	(784)	(500)
Total	212,831	170,253

Inventories are not pledged nor subject to other restrictions on ownership and the valuation does not significantly differ from current costs.

The increase refers primarily to beef (INALCA +23.4 million euros over last year) and is a result of the extraordinary purchases of meat from E.C. auctions.

Receivables

Trade receivables

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Trade receivables due within 12 months	254,399	222,573
Trade receivables due between 1 and 5 years	766	947
Trade receivables due over 5 years	62	93
Provision for bad debts	(16,230)	(14,427)
Total	238,997	209,186

The increase in the balance can be mainly attributed to the increase in turnover during the year.

Changes in the provision for bad debts were as follows:

<i>(in thousands of euros)</i>	31.12.2002	Provision	Utiliz.	Other mov.	31.12.2003
<i>For receivables due within 12 months</i>					
Provision for bad debts per art. 71	1,464	1,506	(1,004)	(13)	1,953
Taxed provision for bad debts	11,932	4,871	(3,735)	52	13,120
Bad debt provision – late paid interest	1,031	78	(55)	52	1,106
Total for receivables due within 12 months	14,427	6,455	(4,794)	91	16,179
<i>For receivables due over 12 months</i>					
Provision for bad debts per art. 71	-	57	-	(6)	51
Total for receivables due over 12 months	-	57	-	(6)	51
Total	14,427	6,512	(4,794)	85	16,230

Receivables from subsidiaries

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Cremonini International b.v.	58	33
Ibis s.p.a.	-	2,347
Inalca Algerie s. a r.l.	-	271
Inalca Hellas e.p.e. in liquidation	723	723
Inalca Kinshasa sprl	5,216	2,400
Inalca Russia I.I.c.	47	-
In.Al.Sarda s.r.l.	3,419	-
Inter Inalca Angola Itda	-	7,114
Marr Russia I.I.c.	3,258	2,476
Mutina Consulting s.r.l.	5	-
Quinto Valore soc. cons. a r.l.	-	15
SGD s.r.l.	41	131
So.Ge.Bar s.r.l.	125	-
Provision for bad debts	(5)	(2)
Total	12,887	15,508

NOTES TO THE FINANCIAL STATEMENTS

The variation of the balance is partly due to the Group's expansion process through its own subsidiaries. INALCA in particular has intensified its commercial penetration in the Congo through Inalca Kinshasa sprl and in Russia through Marr Russia I.I.c., a subsidiary of Inalca Russia I.I.c.. Other changes reflect the effect of consolidation of Inter Inalca Angola and the start-up of In.Al.Sarda s.r.l..

The receivable from Ibis s.p.a. was encashed in 2003 by compensation with a payable for purchase of the company branch previously leased in an auction.

Receivables from associated companies

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
A.O. Konservni	9,060	9,017
Buona Italia Alimentos Ltda	278	279
Food & Co. s.r.l.	335	213
Farm Service s.r.l.	426	-
International Meat Company s.a.	-	10
Prometex s.a.m.	402	23
Realbeef s.r.l.	11	-
Touptot s.a.	168	-
Provision for bad debts	(2)	(1)
Total	10,678	9,541

The amount almost entirely refers to trade receivables due from the subsidiary of INALCA in Russia, A.O. Konservni, which has further developed its own production and marketing business of tinned meat.

This receivable, deriving from commercial transactions, is periodically reduced due to encashment of the oldest items and increased by new supplies. This receivable also provides the Russian company with financial support fulfilling its need for working capital deriving from sales to public entities and the fact that the company does not obtain financing on the local market, as this is not considered convenient.

The increase in this receivable was also affected by the volume of purchases by the associated company at the end of the year. These purchases were connected with use of contingent rights to importation of meat on the Russian market to be used by December 31, 2003, generating sales on the local market in 2004.

After the December 31, 2003 financial statements 946 thousand euros were encashed for payment of the oldest debts.

Receivables from others

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Due from the State Treasury	10,983	18,592
Pre-paid tax assets	5,261	2,178
Advances to suppliers	15,804	17,818
Short-term loans	5,540	1,187
Due from factoring companies	209	698
Receivables for cessions – CRC transaction	-	1,595
Receivables for repayments of Cremonini Sec. transaction costs	383	833
Receivables for cessions – Cremonini Sec. transaction	6,663	6,074
Due from insurance companies	4,674	1,430
Due from agents	1,971	1,624
Government contributions from Department of Agriculture	1,189	1,150
Others	8,195	8,113
Provision for bad debts	(1,740)	(2,145)
Total within 12 months	59,132	59,147
<i>Due between 1 and 5 years</i>		
Due from the State Treasury	9,235	8,721
Pre-paid tax assets	10,484	13,414
Others	3,940	416
Provision for bad debts	(160)	-
Total between 1 and 5 years	23,499	22,551
<i>Due over 5 years</i>		
Due from the State Treasury	34	39
Others	-	10
Total over 5 years	34	49
Total	82,665	81,747

NOTES TO THE FINANCIAL STATEMENTS

Receivables due from the State Treasury are made up as follows:

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
V.A.T.	8,182	11,890
Income tax advances	690	1,582
Withholding tax	20	77
Taxes to be reimbursed	245	240
Direct taxes for Parent Company compensation and others	1,846	4,803
Total within 12 months	10,983	18,592
<i>Due between 1 and 5 years</i>		
Taxes to be reimbursed	7,621	8,717
Others	1,614	4
Total between 1 and 5 years	9,235	8,721
<i>Due over 5 years</i>		
Taxes to be reimbursed	-	8
Others	34	31
Total over 5 years	34	39
Total	20,252	27,352

The "Pre-paid tax assets" include 4,129 thousand euros which refer to losses carried over by INALCA, 3,472 thousand euros for Cremonini s.p.a.'s write-down of financial assets affecting taxation in future years (1,513 thousand euros) and taxed provisions (1,959 thousand euros), as well as 4,603 thousand euros for Marr in relation to taxed provisions and capital gains on sales of fixed assets with deferred taxation and 865 thousand euros for losses carried over by Roadhouse Grill Italia. Pre-paid tax assets are recorded in the financial statements because they are considered recoverable from future taxable income.

The "Receivables for cessions-CRC transaction" linked with the previous securitization operation, concluded in July 2002, were encashed in January 2003.

The "Receivables for repayments of Cremonini Sec. transaction costs" item refers to the higher cost of cessions charged to the sellers which will be repaid in 2004 according to the provisions of the contract.

The "Receivables for cessions - Cremonini Sec. transaction" concern the credit for the weekly cession of the end of December 2003, paid by Cremonini Sec. in the first few days of 2004 according to the contractual agreements.

The item "Government contributions from Department of Agriculture" refer to contributions on the beef economic sector from the Government, yet to be paid.

Other minor receivables due within 12 months include payment of a deposit for the purchase of a property from the affiliated company Le Cupole s.r.l. (see section on "Transactions with non consolidated subsidiaries, associated and affiliated companies" in the Directors' Report).

Financial current assets

Treasury stock

The treasury stock included under current assets was all acquired in the course of the 2001, 2002 and 2003 financial years with the aim of maintaining the stability of the stock. This stock, which is not a durable investment, was valued according to the criteria of the official market value at the end of the financial year. The use of the market value, which is lower than the application of the weighted average cost, led to a write-down of the value of the shares as of December 31, 2002 of 1,436 thousand euros. Following the recovery in the listed share price in 2003, this amount was restored to the value of the shares (see "Adjustments to the value of financial assets – write-ups").

For information, note that if the shares had been valued on the basis of the March 29 2004 listings, the December 31, 2003 value would have been about 1,377 thousand euros lower.

The reader is referred to the "Directors' Report" as regards movements in 2003 and further information.

Accrued income and prepaid expenses

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Accrued interests	27	892
Sundry accruals	26	193
Total accruals	53	1,085
Prepaid rentals	772	660
Prepaid financial expenses and guarantees	852	832
Prepaid expenses for commercial and advertising costs	140	259
Sundry prepayments	1,529	1,021
Total prepayments	3,293	2,772
Total	3,346	3,857

NOTES TO THE FINANCIAL STATEMENTS

LIABILITIES

Shareholders' equity

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

Capital stock

Capital stock as of December 31, 2003 amounted to 73,746,400 euros, unchanged over December 31, 2002, represented by n. 141,820,000 ordinary shares of the Parent Company, fully subscribed and released, regularly bearing interest, with a nominal value of 0.52 euros each.

As of December 31, 2003 the consolidated profit per share, obtained by dividing the year's profit, after deducting that attributable to minority interests, by the number of shares in circulation (excluding treasury stock held as of December 31, 2003), was about 0.23 euros.

Share premium reserve

This reserve consists of the premium paid by shareholders at the time of the Public Subscription Offer in 1998.

This reserve, equal to 70,928 thousand euros (71,609 thousand euros on December 31, 2002), was used in the year up to the amount of 681 thousand euros to increase the treasury stock reserve.

Legal reserve

The legal reserve, amounting to 14,749 thousand euros, was unchanged since December 31, 2002, having reached the limit provided by art. 2430 of the Civil Code.

Reserve for treasury stock

This is the unavailable reserve covering the treasury stock shown in the financial statements.

Other reserves

The other reserves mainly include the consolidation reserve of 3,255 thousand euros (3,302 thousand euros on December 31, 2002) emerging from the negative differences arising from the elimination of the book value of the consolidated stockholdings against the relevant shareholders' equity at the time of the first consolidation or at the acquisition if this occurred later.

No provision for taxation on the reserves included in shareholders' equity as of December 31, 2003 was made, as no transactions which could determine its taxation are foreseen.

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

<i>(in thousands of euros)</i>	Financial year as at 31.12.2003			Financial year as at 31.12.2002		
	<i>Capital stock and reserve</i>	<i>Profit/(loss)</i>	<i>Shareholders' equity</i>	<i>Capital stock and reserve</i>	<i>Profit/(loss)</i>	<i>Shareholders' equity</i>
Parent Company's shareholders' equity and profit/(loss) for the year	180,140	17,779	197,919	180,948	1,841	182,789
Elimination of carrying value of consolidated subsidiaries:						
• Difference between the carrying value and pro rata shareholder's equity, net of the effects of intra-Group transactions	(68,122)	12,490	(55,632)	(81,832)	2,172	(79,660)
• Pro rata subsidiary profit (losses)		1,861	1,861		5,670	5,670
• Surpluses attributed to assets on first consolidation	9,780	(157)	9,623	10,213	(109)	10,104
• Consolidation differences	47,917	(3,336)	44,581	57,521	(4,948)	52,573
Elimination of the effects of commercial transactions between Group companies	(2,100)	1,903	(197)	(470)	(1,630)	(2,100)
Elimination of allowances for anticipated depreciation which are exclusively for fiscal purposes	2,545	(39)	2,506	2,630	(85)	2,545
Adjustment of the financial statement of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	1,187	(1,051)	136	1,597	(410)	1,187
<i>Total adjustments</i>	<i>(8,793)</i>	<i>11,671</i>	<i>2,878</i>	<i>(10,341)</i>	<i>660</i>	<i>(9,681)</i>
Group's share of net equity and profit/(loss)	171,347	29,450	200,797	170,607	2,501	173,108
Minorities' share of net equity and profit/(loss)	42,537	5,323	47,860	1,982	598	2,580
Consolidated financial statements shareholders' equity and profit/(loss) for the year	213,884	34,773	248,657	172,589	3,099	175,688

NOTES TO THE FINANCIAL STATEMENTS

Provision for liabilities and charges

<i>(in thousands of euros)</i>	<i>31.12.2002</i>	<i>Provision</i>	<i>Utiliz.</i>	<i>Other mov.</i>	31.12.2003
Allowance for severance payments and similar obligations	1,314	220	(94)	(36)	1,404
Provision for taxation	1,987	406	(871)	1	1,523
Other	4,273	1,046	(287)	15	5,047
Total	7,574	1,672	(1,252)	(20)	7,974

The allowance for severance payments and similar obligations consists of the indemnity provision for sales agents amounting to 1,404 thousand euros (1,282 thousand euros on December 31, 2002).

The provisions for taxes include 1,422 thousand euros of the deferred tax provision (1,907 thousand euros on December 31, 2002). The deferred tax provision has been used following the taxation of the elements determining the provision. The balance as of December 31, 2003 mainly refers to the effect of the elimination of anticipated depreciation when drawing up the consolidated financial statements.

The other provisions are comprised of the following:

<i>(in thousands of euros)</i>	<i>31.12.2002</i>	<i>Provision</i>	<i>Utiliz.</i>	<i>Other mov.</i>	31.12.2003
Personnel disputes provision	345	438	(258)	48	573
Litigation and minor disputes	2,730	-	(24)	-	2,706
Periodic maintenance	60	52	-	-	112
Risks and future losses	1,138	556	(5)	(33)	1,656
Total	4,273	1,046	(287)	15	5,047

The other provisions have mainly changed due to the effect of the following:

- charging and using a provision for personnel disputes which basically refers to the Parent Company;
- provisions to the provision for risks and future losses by the Parent Company amounting to 547 thousand euros with reference to fair value valuation of interest rate swaps (refer to the section on "Bank loans and overdrafts").

Provisions for litigation and other minor disputes include 2,582 thousand euros for the Parent Company and include the following provisions, which saw no changes during the year:

- 516 thousand euros which refers to a dispute in connection with a former subsidiary company sold to third parties;
- 1,756 thousand euros as a provision for possible costs in connection with guarantees given, at the time of sale of stockholdings.

It should be noted that two disputes concerning Castelvetro s.p.a., a corporation merged by the Parent Company during 1999, are still pending. According to the opinion of the legal advisors who are defending the Company in such disputes, there should not be any financial impact for the Company itself or for the entire Group.

Staff severance indemnities

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Initial balance	33,492	29,279
Effects of changes in the area of consolidation	408	2,175
Utilized during the year	(4,018)	(4,579)
Accruals during the year	6,397	6,914
Other movements	(438)	(297)
Final balance	35,841	33,492

Payables

Bonds

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Due within 12 months	18,000	113,621
Due between 1 and 5 years	-	18,000
Total	18,000	131,621

Bonds due within 12 months as of December 31, 2002 relate to the bonded loan issued by the subsidiary Cremonini Finance plc in 1998, which reached their natural maturity and were fully repaid on February 12, 2003.

Bonds due within 12 months include the bonded loan placed by Marr s.p.a. under the following conditions:

Currency:	euros
Original amount:	18 million
Duration:	5 years
Date of issue:	30 November 1999
Issue price:	at nominal value
Interest:	n. 10 half-yearly coupons, of which the first became due on May 31 2000
Interest rate on next maturing coupon:	2.6% annually

NOTES TO THE FINANCIAL STATEMENTS

Bank loans and overdrafts

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Due within 12 months	252,389	246,191
Due between 1 and 5 years	151,597	84,286
Due over 5 years	45,754	61,114
Total	449,740	391,591

The balance as of December 31, 2003 includes the following mortgages:

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Due within 12 months	44,713	91,948
Due between 1 and 5 years	151,597	84,286
Due over 5 years	45,754	61,114
Total	242,064	237,348

Interest is payable on these loans at variable rates which, in 2003, were on average about 3.53%.

Refer to the Directors' Report for more comments on the Group's financial position.

The Group makes use of financial tools available on the market (including so-called derivative tools) only for the purpose of optimising the cost of its financial position and covering interest rate and exchange rate fluctuation risks.

As of December 31, 2003 (and today's date), the Cremonini Group was involved in the following transactions:

- Cremonini s.p.a. - "interest rate swap" transactions with a notional net value of 139 million euros (notional net value does not take into consideration transactions which have been cancelled over time through equal transactions with the opposite sign - "unwinding") consist of three "interest rate swap" contracts with Cofiri SIM worth 129 million euros (with due dates between 14.11.2005 and 12.4.2008) allowing replacement of the variable interest rate of the Company's financial position from Euribor to Libor US\$ and an "interest rate swap" contract with Sanpaolo IMI worth 10 million euros (due date 19.12.2006) covering the risk of rises in the Euribor rate on financing of the same duration and amount at a fixed interest rate.
- Inalca s.p.a. - "put option" transactions with counterparts Unicredit Banca, Sanpaolo IMI, Banca di Roma and Banca Nazionale del Lavoro with a notional value of 9.8 million euros (11.5 million euros as of today's date). These options permit, within certain parameters, coverage of a portion of the EUR/US\$ exchange rate risk for credits deriving from the company's exports in US\$.

Short term bank facilities of the companies in the Group amounted to about 460 million euros as of December 31, 2003 (408 million euros as of December 31, 2002). Banks were given guarantees for both short and long-term loans as detailed in the memorandum accounts and in the notes on tangible fixed assets.

Loans from other financial institutions

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Mortgages and loans	565	544
Factoring companies	28,859	18,537
Cremonini Sec.	12,548	11,352
Other	214	2
Total within 12 months	42,186	30,435
<i>Due between 1 and 5 years</i>		
Mortgages and loans	2,493	2,398
Total between 1 and 5 years	2,493	2,398
<i>Due over 5 years</i>		
Mortgages and loans	914	1,574
Total over 5 years	914	1,574
Total	45,593	34,407

As regards payables for mortgages and loans, the following details are reported:

<i>Description</i>	<i>Rate of interest</i>	<i>Maturity</i>	<i>Current portion</i>	<i>Portion between 1 and 5 years</i>	<i>Portion over 5 years</i>	Balance 31.12.2003
<i>(in thousands of euros)</i>						
Ministero dell'Industria n. 2061	4.11%	16-02-08	121	534	-	655
Ministero dell'Industria n. 0161	4.11%	24-05-10	61	259	140	460
M.I.C.A. Compost	4.11%	27-09-09	102	451	124	677
M.I.C.A. ex Icar	4.11%	16-05-09	164	729	201	1,094
M.I.C.A.P. (sala disosso)	4.11%	31-07-12	117	520	449	1,086
Total			565	2,493	914	3,972

Loans due to factoring companies mainly refer to the sale, with recourse, of receivables.

The item "Cremonini Sec." concern payables collected by the companies of the Group but concerning receivables previously transferred within the securitization programme. The seller companies periodically return these payables to Cremonini Sec., as laid down by the contract provisions.

NOTES TO THE FINANCIAL STATEMENTS

Payables to subsidiaries

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months – Commercial</i>		
In.Al.Sarda s.r.l.	65	-
Inalca Russia l.l.c.	25	-
SGD s.r.l.	32	-
<i>Due within 12 months – Financing and other</i>		
Taormina Catering s.r.l. in liquidation	2	4
Fernie s.r.l. in liquidation	488	498
Fe.Ber. Carni s.r.l. in liquidation	135	99
SGD s.r.l.	-	4
Total	747	605

Tax payables

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Withholding taxes	4,024	6,706
V.A.T.	1,413	1,102
Registry tax	628	-
Substitute and direct taxes and other	6,984	8,008
Total	13,049	15,816

The registry tax, amounting to 628 thousand euros, refers to purchase of the Ibis company branch by Salumi d'Emilia s.r.l..

Payables to pension and social security institutions

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Inps/Inail/Scau	6,376	6,002
Inpdai/Previndai/Fasi/Besusso	101	222
Enasarco/FIRR	402	390
Other institutions	2,223	2,785
Total within 12 months	9,102	9,399
<i>Due between 1 and 5 years</i>		
Sundry institutions	4,364	6,341
Total between 1 and 5 years	4,364	6,341
Total	13,466	15,740

The inclusion of social security contributions in medium-long term payables refers to deferrals of payment granted to companies in the beef sector penalised by the "BSE" crisis.

Other payables

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
<i>Due within 12 months</i>		
Advances and other payables to customers	6,136	5,271
Staff salaries	16,282	13,334
Payables for purchase of stockholdings in:		
- Mutina Consulting s.r.l.	10	-
- Food & Co. s.r.l.	-	759
- Biancheri & C. s.r.l.	173	173
- Others	-	3
Guarantees and deposits received	655	608
Payables to directors and statutory auditors	1,049	1,279
Payables to agents	468	523
Others	3,432	4,533
Total within 12 months	28,205	26,483
<i>Due between 1 and 5 years</i>		
Cautionary deposit	352	352
Others	735	500
Total between 1 and 5 years	1,087	852
Total	29,292	27,335

Staff salaries include current remuneration outstanding as of December 31, 2003 and provisions regarding deferred remuneration.

The "Cautionary deposit" refers to a guarantee received against supplies from INALCA to the associated company A.O. Konservni.

Accrued expenses and deferred income

<i>(in thousands of euros)</i>	31.12.2003	31.12.2002
Accrued interest on loans	1,503	3,159
Accruals for employees emoluments	718	773
Sundry accruals	183	371
Total accruals	2,404	4,303
Contributions deferred	580	427
Deferrals for interest received from customers	478	539
Sundry deferred income	1,263	1,079
Total deferred income	2,321	2,045
Total	4,725	6,348

Movement in accrued interest on loans is interrelated with the dynamics of indebtedness and its composition.

NOTES TO THE FINANCIAL STATEMENTS

“Sundry deferred income” includes 553 thousand euros in deferred income resulting from charging of the costs that Cremonini s.p.a. will incur for the cautionary deposit paid to Cremonini Sec., within the securitization transaction, to future years. The financial burden connected to the payment of this deposit by Cremonini on behalf of the seller companies has indeed been charged in advance to the subsidiaries Marr, INALCA and Montana Alimentari, the actual beneficiaries of the financial transaction, and accrued on the basis of the duration of the same (see paragraph “Receivables from others” in the fixed assets).

Receivables and payables expressed in foreign currency

Below is a brief summary of all credits and debits denominated in non-euro currencies (concerning the companies coming in the euros area), converted at the year-end exchange rates:

<i>(in thousands of euros)</i>	<i>Trade and other receivables</i>	<i>Trade and other payables</i>
Danish Crown	-	10
Swedish Crown	72	1
U.S. Dollar	33,527	2,550
Swiss Franc	106	8
Brazilian Real	420	-
British Sterling	-	7
Total	34,125	2,576

Comments on the main headings in the consolidated memorandum accounts

Direct guarantees - sureties

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

Affiliated companies – For information on guarantees provided in favour of affiliated companies, the reader is referred to the section on “Transactions with non consolidated subsidiaries, associated and affiliated companies” in the Directors’ Report.

Other companies – With reference to guarantees provided to “Other companies”, please note that this category normally includes guarantees provided directly to third parties by companies in the Group, exclusively in their own interest. Only rarely are such guarantees granted in the interests of another company, and even in these cases they are for transactions benefiting Group companies. This category includes the following (in thousands of euros):

<i>Company to which the guarantee is provided</i>	<i>Beneficiary</i>	<i>Amount</i>	<i>Reason</i>
Credem s.p.a. – securitization	Cremonini Sec.	19,000	For more comments the reader is referred to the section on the "Securitization transaction"
Modena Internal Revenue Office	Inter carne Qualità s.c.a r.l.	920	Refund of taxes payable by consortium entrusted with promotion of meat and receiving public contributions
Unicredit Banca	Assocarni	66	Trade association given a guarantee on overdrafts
Modena Internal Revenue Office	Cremonini s.p.a.	60,046	VAT for compensation
Banca di Roma - Modena	Cremonini s.p.a.	6,456	Counterguarantee for contractual fulfilment on sale of company branch
Ferrovie dello Stato and operative companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc.)	Cremonini s.p.a.	3,921	Guaranteeing on-board catering concessions, station buffets and operation of storage facilities
Mcd2 s.r.l.	Cremonini s.p.a.	3,873	Contractual fulfilment
Other minor items	Cremonini s.p.a. and Salumi d'Emilia (€ 55,565)	4,118	Administration of rented properties, energy supplies, credit cards, due fulfilment of contracts, etc.
Total		98,400	

NOTES TO THE FINANCIAL STATEMENTS

Direct guarantees – letters of comfort

Letters of comfort exclusively concern guarantees given to financial institutions for the provision of financing or lines of credit and include “simple” letters of comfort from the Parent Company amounting to 44,625 thousand euros.

Indirect guarantees – credit mandates

Credit mandates refer to bank overdrafts and endorsement credits, both for subsidiaries and third parties, secured by bank guarantees provided to the Parent Company.

Future leasing instalments

The change is primarily a result of cancellation of the leasing contract for the purchase of land by Montana Alimentari s.p.a. (refer to section on “Tangible fixed assets”), which, as of December 31, 2002, had registered commitments for leasing fees falling due amounting to 19,704 thousand euros.

Other risks and commitments

Details of “Other risks and commitments” for commitments of Group companies are shown below (in thousands of euros):

<i>Description</i>	<i>Company to which the risk or commitment refers</i>	<i>Amount</i>
Others’ goods for processing	Montana Alimentari s.p.a.	18
Letters of credit for purchases of goods	Marr s.p.a.	4,097
Proposal for purchase of Realfood s.r.l. plant	Realfood 3 s.r.l.	6,422
Annual commitment for currency sales (Est/€)	Momentum Services Ltd	24,000
Total		34,537

The amount for the proposal to purchase the Realfood plant refers to the irrevocable offer presented in the proceedings by Realfood 3 s.r.l. for the entire company complex, currently managed by the latter through a company rental contract.

The Momentum Services Ltd commitment for sale of currency was stipulated to reduce pound sterling/euro exchange rate risks involved in the contractual relationship with Eurostar.

Variation in the balance over the previous year is mainly the result of an increase due to the Momentum currency sale contract and a decrease due to cancellation of the commitment involved in the irrevocable acquisition proposal presented by Salumi d’Emilia s.r.l. for the entire company complex owned by Ibis s.p.a. (7,747 thousand euros as of December 31, 2002) following the adjudication of the company in an auction held in 2003.

Comments on the main headings in the consolidated statement of income

A table of reconciliation of the reclassified statement of income appearing in the Directors' Report and the figures appearing in the consolidated financial statements is provided below.

<i>(in thousands of euros)</i>	2003	2002
Difference between the value and cost of production (A-B)	57,378	46,506
Losses on transfer of credits (securitization) classified under sundry administration costs	4,410	6,682
Operating profit (reclassified statement of income)	61,788	53,188
Financial income and expense (section C)	(21,129)	(25,225)
Losses on transfer of credits (securitization) classified under sundry administration costs	(4,410)	(6,682)
Income from stockholdings (section C item 15)	(322)	(216)
Profit from normal operations (reclassified statement of income)	35,927	21,065
Adjustments to the value of financial assets (section D)	(10,003)	(1,343)
Income from stockholdings (section C item 15)	322	216
Extraordinary income and expense (section E)	28,155	(2,303)
Profit before taxation	54,401	17,635

Value of production

Revenues from sales and services

Below is a breakdown of revenues by geographical area:

<i>(in thousands of euros)</i>	2003	2002
Italy	1,410,445	1,263,635
European Union	217,582	199,280
Outside European Union	134,151	107,955
Total	1,762,178	1,570,870

The reader is referred to the Directors' Report for comments on the breakdown by business sector.

NOTES TO THE FINANCIAL STATEMENTS

Other revenues and income

<i>(in thousands of euros)</i>	2003	2002
<i>Other revenues and income</i>		
Rentals	251	205
Insurance reimbursements	4,558	1,038
Suppliers bonus	9,620	8,133
Profit on sale of fixed assets	357	551
Other cost reimbursement	1,631	1,952
Services, consultancy and others	5,431	4,595
Total other revenues and income	21,848	16,474
<i>Subsidies</i>		
Others	1,686	1,187
Total subsidies	1,686	1,187
Total	23,534	17,661

The increase in the balance as of December 31, 2003 is principally attributable to an insurance refund registered by Marr amounting to 3,413 thousand euros connected with damage suffered to goods in storage on a third party's premises, caused by the collapse of a refrigerator cell, resulting in a corresponding negative variation in the value of inventories as of December 31, 2003.

Subsidies include 1,325 thousand euros provided to Azienda Agricola Corticella for contributions paid as an indemnity and assistance for the "BSE" crisis.

Costs of production

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

<i>(in thousands of euros)</i>	2003	2002
Raw materials	507,092	435,216
Goods for resale	622,826	541,718
Supplies and consumables, semi-finished products and packaging	46,821	41,121
Finished products	19,459	20,802
Oil purchases	16,060	-
Stationery and printed materials	1,359	1,503
Other materials, products and purchase adjustments	19,483	18,195
Total	1,233,100	1,058,555

"Oil purchases" refer to fuel in motorway service stations.

Costs for services

<i>(in thousands of euros)</i>	2003	2002
Energy consumption and utilities	17,793	15,939
Maintenance and repairs	12,977	11,356
Transport on sales	51,780	46,118
Commissions, commercial and distribution services	66,450	62,260
Third party services and outsourcing	41,153	35,905
Purchasing services	16,213	10,667
Franchising	8,586	10,000
Other technical and general services	63,243	55,793
Total	278,195	248,038

Costs for the use of third party assets

<i>(in thousands of euros)</i>	2003	2002
Business rentals, royalties and others	11,551	11,938
Lease payments	509	453
Rent of property and other assets	12,336	10,686
Total	24,396	23,077

Leasing costs were entered by debiting the lease payments pertaining to the year to the statement of income. Had the financial method been applied (in accordance with the International Accounting Standard no. 17), the impact on profitability and shareholders' equity would have been insignificant.

For personnel

<i>(in thousands of euros)</i>	2003	2002
Salaries and wages	116,959	105,970
Social security costs	35,820	33,106
Staff severance indemnities	6,807	6,595
Other staff expenses	382	201
Total	159,968	145,872

The variation in personnel costs is mainly affected by the fact that the subsidiary Railrest s.a. operated for only 7 months in 2002, bearing personnel costs amounting to 5,342 thousand euros, while in 2003, in full operation, personnel costs amounted to 10,882 thousand euros. A further increase of 2,917 thousand euros is a result of changes in the consolidation area.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2003 the number of employees in the Group totalled 5,388, as compared to 4,893 on December 31, 2002. The increase of 153 was partly determined by the change in the consolidation area, and partly by the effect of growth of the Group's business. Division by category and the average number of employees in 2003 are shown in the table below:

	<i>Factory staff</i>	<i>Office staff</i>	<i>Managers</i>	Total
Employees as at 31.12.2002	3,766	1,053	74	4,893
Employees as at 31.12.2003	3,735	1,546	107	5,388
<i>Increases (decreases)</i>	(31)	493	33	495
Average no. of employees during year 2003	3,785	1,484	106	5,375

Amortization, depreciation and write-down

<i>(in thousands of euros)</i>	2003	2002
Amortization of intangible fixed assets	18,032	17,807
Depreciation of tangible fixed assets	30,001	27,996
Other write-down of fixed assets	222	1,678
Provision for bad debts and write-down of other current assets	6,743	5,122
Total	54,998	52,603

The increase in fixed tangible and intangible assets depreciation/amortization is mainly due to the new investments effected or completed in the year.

Sundry administration costs

<i>(in thousands of euros)</i>	2003	2002
Bad debts	2,126	2,600
Taxation and indirect taxes	2,768	1,856
Loss on sales of fixed assets	196	580
Membership fees and expenses	466	458
Loss on sale of receivables to CRC	-	4,350
Loss on sale of receivables to Cremonini Sec.	4,410	2,332
Others	3,543	2,459
Total	13,509	14,635

The losses on sale of receivables, within the CRC transaction up to July 15, 2002 and subsequently in the Cremonini Sec. one, refer to the costs incurred by the companies participating in the securitization transaction when the transfer without recourse of trade receivables was carried out. The decrease in losses on transfers without recourse essentially reflects the decreased cost of the new credit securitization transaction with Cremonini Sec. as compared to the previous one.

Financial income and expense

Other financial income

<i>(in thousands of euros)</i>	2003	2002
a) From fixed loans		
- from subsidiaries	37	39
- from associated companies	47	
- others	22	140
b) From fixed securities other than stockholdings		25
c) From current securities other than stockholdings	9	51
d) From other than described above		
- from subsidiaries	34	2
- others		
- interests from banks	167	275
- foreign exchange translation gains	4,027	3,136
- other financial income	5,658	9,708
Total	10,001	13,376

The item "other financial income" includes 0.5 million euros (4.4 million euros in 2002) in revenue from Silver Castle Ltd connected to the Eurobond transaction of Cremonini Finance plc, already described in previous financial statements and concluded in February 2003.

Interest and other financial costs

<i>(in thousands of euros)</i>	2003	2002
- from subsidiaries	4	91
- others		
- interests payables on mortgages	8,159	10,074
- factoring interests paid	1,382	1,285
- interests payable on overdrafts and other loans	7,369	7,370
- foreign exchange translation losses	9,366	6,103
- commissions and bank charges	558	658
- interests payable on bonds	1,394	7,504
- other financial expenses	3,220	5,732
	31,448	38,726
Total	31,452	38,817

The decrease in interest and financial charges is primarily a result of reduction of the Group's overall indebtedness and the drop in interest rates. This reduction is opposed by a significant increase in the cost of foreign exchange translation differences, largely due to the strengthening of the Euro in comparison with the US Dollar.

Interest on bonds refers to the cost of the bonded loan issued by the subsidiaries Cremonini Finance plc (repaid in February 2003) and Marr s.p.a..

NOTES TO THE FINANCIAL STATEMENTS

Adjustments to the value of financial assets

Write-ups

<i>(in thousands of euros)</i>	2003	2002
a) Of stockholdings	-	243
c) Of current securities other than stockholdings	1,436	-
Total	1,436	243

The figure of 1,436 thousand euros refers to restoration of the value of treasury stock recorded as current assets, assessed at cost price or market value, whichever is lower (see "Treasury stock" section in current assets).

Write-downs

<i>(in thousands of euros)</i>	2003	2002
a) Of stockholdings		
- Mutina Consulting s.r.l.	5,948	-
- Ibis s.p.a.	506	-
- Food & Co. s.r.l.	459	-
- Buona Italia Alimentos Itda	81	57
- other stockholdings	229	88
b) Of financial fixed assets other than stockholdings		
- fixed treasury stock	4,216	-
c) Of current securities other than stockholdings		
- current treasury stock	-	1,436
- other securities	-	5
Total	11,439	1,586

The write-downs of stockholdings refer to those described in Exhibit 6, applied due to lasting loss of value (see sections on "Stockholdings in subsidiaries" and "Stockholdings in associated companies").

Write-downs of financial fixed assets other than stockholdings refer entirely to the adjustment due to lasting loss of value of treasury stock classified as financial fixed assets (See section on "Treasury stock" in fixed assets).

Extraordinary income and expense

Income

<i>(in thousands of euros)</i>	2003
Gains on sale of 33.33% share in Marr to institutional investors	39,809
Other minor items	292
Total surplus on sales of assets	40,101
Use of fund for losses expected on Mutina Consulting s.r.l. cautionary deposit:	
Provision made in 2003 for expected losses	(4,500)
Use of provision made in 2003	4,500
Use of provision made in 2002	950
Other minor items	1,362
Total miscellaneous	2,312
Total	42,413

For more comments on the capital gains resulting from sale of a stockholding in Marr, the reader is referred to the section on "Private equity transaction involving Marr capital stock"; for information on amounts referable to Mutina Consulting s.r.l., refer to the section on "Stockholdings in subsidiaries".

The item "Other minor items" includes, among surplus on sales of assets, 286 thousand euros in income from sale of a restaurant in Florence.

The item "Other minor items" among various proceeds is made up of items which are individually not highly significant, including income from collection of a disputed receivable in Momentum Services Ltd which arose in previous years (482 thousand euros) and various contingent assets due to refunds, cancellation of debts, unforeseen premiums and other various minor items.

Expense

<i>(in thousands of euros)</i>	2003
Loss on sale of the plant in Mirandola	1,808
Losses on closure of business branches	817
Other minor items	57
Total losses on sales of assets	2,682
Tax amnesty costs	1,255
Other minor items	55
Total taxation relating to preceding financial years	1,310
Commissions and fees on sale of 33.33% share in Marr	5,610
Write-down of the Planet Hollywood receivable	1,852
Settlements and penalties	831
Contractual penalty due to extraordinary event in foreign subsidiary (strike)	641
Other minor items	1,332
Total miscellaneous	10,266
Total	14,258

NOTES TO THE FINANCIAL STATEMENTS

The loss on sale of the plant in Mirandola (Modena) is a result of sale of a part of the area on which the old Montana Alimentari s.p.a. production plant stands.

Write-down of the Planet Hollywood receivable – This item represents write-down of Cremonini s.p.a.'s credit from Planet Hollywood Italia s.r.l. (declared bankrupt in 2003) following the shut down of the company branch leased to it due to the initiation of bankruptcy proceedings.

Other minor items – This amount, made up of items which are individually insignificant in size, mainly includes contingencies and non-existent items, as well as costs and/or reversals of revenues from previous years.

Income taxes

<i>(in thousands of euros)</i>	2003	2002
I.R.P.E.G. and other direct taxes	10,855	8,199
I.R.A.P.	7,810	7,715
Deferred and pre-paid taxes, net	(638)	(1,378)
Substitute taxes on surplus from sales of assets	5,264	-
Tax credits on dividends	(3,663)	-
Total	19,628	14,536

Substitute tax includes 5,025 thousand euros in 19% taxation of Cremonini s.p.a.'s capital gains on the sale of Marr s.p.a. shares (refer to section on "Private equity transaction involving Marr capital stock").

The item "Tax credit on dividends" reflects reclassification during consolidation of the tax credit for dividends recorded due to maturation in 2002 and collected in 2003 by the Parent Company (3,104 thousand euros) and by Marr s.p.a. (559 thousand euros).

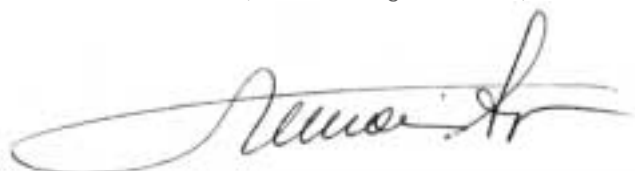
Directors' and Statutory Auditors' emoluments

The table below reports the total emoluments, detailed in the notes to the Parent Company's financial statements, payable to the members of the Board of Directors and to the Statutory Auditors of the Parent Company regarding the year 2003, also including emoluments for activities performed in other companies belonging to the Group:

<i>(in thousands of euros)</i>	Fees	Salary	Other	Total
Board of Directors	2,733	778	-	3,511
Statutory Auditors	151	-	-	151
Total	2,884	778	-	3,662

Castelvetro di Modena, March 30 2004

CHAIRMAN
OF THE BOARD OF DIRECTORS
(Cav. Lav. Luigi Cremonini)



Exhibits

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

- | | | |
|-----------|---|--|
| Exhibit 1 | - | Details of receivables and payables to subsidiary, associated and affiliated companies as of December 31, 2003; |
| Exhibit 2 | - | Details for the 2003 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 ending on December 31, 2003; |
| Exhibit 4 | - | Schedule of the changes in tangible fixed assets for the year ending on December 31, 2003; |
| Exhibit 5 | - | Schedule of the changes in financial fixed assets for the year ending on December 31, 2003; |
| Exhibit 6 | - | List of stockholdings as of December 31, 2003 classified as financial fixed assets; |
| Exhibit 7 | - | List of stockholdings in subsidiary and associated companies as of December 31, 2003 (art. 2427 n. 5 C.C.), with indication of those included in the scope of consolidation; |
| Exhibit 8 | - | Schedule of the changes in consolidated net equity for the year ending on December 31, 2003; |
| Exhibit 9 | - | Statement of consolidated cash flow for the years ending on December 31, 2003 and December 31, 2002. |

Exhibit 1

Details of receivables and payables to subsidiary, associated and affiliated companies as of December 31, 2003

(in thousands of euros)	Commercial		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:						
Cremonini International b.v.			574		574	-
Fe.Ber. Carni s.r.l. in liquidation				135	-	135
Fernie s.r.l. in liquidation				488	-	488
Ibis s.p.a.					-	-
In.Al.Sarda s.r.l.	1,394	65	2,025		3,419	65
Inalca Hellas e.p.e. in liquidation	723				723	-
Inalca Kinshasa sprl	5,216				5,216	-
Inalca Russia I.I.c.	47	25			47	25
Marr Russia I.I.c.	3,258				3,258	-
Mutina Consulting s.r.l.	5		565		570	-
SGD s.r.l.		32	261		261	32
So.Ge.Bar s.r.l.			125		125	-
Taormina Catering s.r.l. in liquidation				2	-	2
Provision for bad debts	(5)		(50)		(55)	-
Total subsidiaries	10,638	122	3,500	625	14,138	747
Associated companies:						
A.O. Konservni	9,060				9,060	-
Az. Agr. Serra della Spina s.r.l. in liq.			5		5	-
Buona Italia Alimentos Itda	278				278	-
Farm Service s.r.l.		457	426		426	457
Food & Co. s.r.l.	335				335	-
International Meat Company s.a.		57			-	57
Prometex s.a.m.	402	82	60		462	82
Realbeef s.r.l.			11		11	-
Toupnot s.a.	168	1			168	1
Provision for bad debts	(2)				(2)	-
Total associated companies	10,241	597	502	-	10,743	597
Affiliated companies:						
Cre-Am s.r.l. in liquidation			52		52	-
Cremofin s.r.l.				29	-	29
Alfa 95 s.p.a. in liquidation			1		1	-
Tre Holding s.r.l.			150		150	-
Le Cupole s.r.l.			1,254		1,254	-
Total affiliated companies	-	-	1,457	29	1,457	29

Exhibit 2

Details for the 2003 financial year of revenues from and costs payable to subsidiary, associated and affiliated companies

(in thousands of euros)	Commercial		Other		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Subsidiaries:						
Cremonini International b.v.			26		26	-
Fe.Ber. Carni s.r.l. in liquidation				2	-	2
Fernie s.r.l. in liquidation				2	-	2
Ibis s.p.a.				11	-	11
In.Al.Sarda s.r.l.	3,099	16	11	40	3,110	56
Inalca Kinshasa sprl	12,351		4	198	12,355	198
Inalca Russia I.I.c.				100	-	100
Marr Russia I.I.c.	4,107		2	256	4,109	256
SGD s.r.l.			30	158	30	158
So.Ge.Bar s.r.l	5		8		13	-
Total subsidiaries	19,562	16	81	767	19,643	783
Associated companies:						
A.O. Konservni	4,866		396	653	5,262	653
Buona Italia Alimentos Ltda	51		15	10	66	10
Farm Service s.r.l.				149	-	149
Food & Co. s.r.l.	4		15		19	-
International Meat Company s.a.	7			13	7	13
Prometex s.a.m.	588		6	36	594	36
Toupnot s.a.	1,155	2,909		20	1,155	2,929
Total associated companies	6,671	2,909	432	881	7,103	3,790
Affiliated companies:						
Alfa 95 s.pa. in liquidation	1				1	-
Cremofin s.r.l.				39	-	39
Le Cupole s.r.l.		744			-	744
Ristoro s.r.l.		75			-	75
Total affiliated companies	1	819	-	39	1	858

Schedule of the changes in intangible fixed assets for the year ending on December 31, 2003

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Exhibit 4

Schedule of the changes in tangible fixed assets for the year ending on December 31, 2003

(in thousands of euros)	Opening balance			Movements during the year					Closing balance		
	Original cost	Write-up/ (down)	Provision amortiz. 31.12.2002	Net impact of changes in consolid. area	Purchases	Net decreases	Reclass./ Other mov.	Amortiz.	Original cost	Write-up/ (down)	Provision amortiz. 31.12.2003
Land and buildings	265,174	(33,413)	231,761	429	15,404	(7,274)	2,773	(8,180)	273,950	(39,037)	234,913
Plant and machinery	199,237	(68,650)	130,587	18	11,175	(851)	994	(15,480)	209,059	(82,616)	126,443
Industrial and commercial equipment	15,181	(9,776)	5,405	119	1,970	(47)	18	(1,701)	17,117	(11,353)	5,764
Other tangible assets	41,922	(26,228)	15,694	478	6,872	(1,950)	1,218	(4,640)	47,822	(30,150)	17,672
Tangible fixed assets under development and advances	4,396		4,396		7,972		(5,088)		7,280		7,280
Total	525,910	(138,067)	387,843	1,044	43,393	(10,122)	(85)	(30,001)	555,228	(163,156)	392,072

Exhibit 5

Schedule of the changes in financial fixed assets for the year ending on December 31, 2003

(in thousands of euros)	Opening balance			Movements during the year					Closing balance	
	Original cost	Write-up	Write-down	Balance 31.12.2002	Net impact of changes in consolid. area	Increases	Decreases	(Write down)/Rest.	Reclass./ Other mo. 31.12.2003	Of which: Write-up
Stockholdings in subsidiary and associated companies valued with net equity method:										
- subsidiaries	294	94		388				(25)	363	69
- associated companies	4,423	183	(493)	4,113			(954)	(665)	(693)	58
Stockholdings in subsidiary and associated companies valued at cost:										
- subsidiaries	1,218	35	(36)	1,217		9,318		(6,505)	(78)	35
- associated companies	133		(29)	104		1,366	(17)	(28)	1,425	
Stockholdings in other companies	4,405			4,405		459			(20)	
Total stockholdings	10,473	312	(558)	10,227		11,143	(971)	(7,223)	(791)	162
Receivables:										
- to subsidiaries	736			736					515	1,251
- to associated companies	64			64		1				65
- to other	12,917			12,917		4,204	(9,865)	950	(514)	7,692
Total receivables	13,717			13,717		4,205	(9,865)	950	1	9,008
Other securities					3					3
Treasury stock	10,501			10,501				(4,216)		6,285
Total	34,691	312	(558)	34,445	3	15,348	(10,836)	(10,489)	(790)	162

Exhibit 6

List of stockholdings as of December 31, 2003 classified as financial fixed assets

<i>(in thousands of euros)</i>	<i>Percentage holding</i>	<i>Opening value</i>	<i>Acquired or subscribed.</i>	<i>Sold</i>	<i>(Write-down) Write-up</i>	<i>Other mov.</i>	<i>Percentage holding</i>	<i>Closing value</i>
Subsidiaries:								
Cremonini International b.v.	100.00	20			(20)		100.00	-
Fe.Ber. Carni s.r.l. in liq.	100.00	294			(22)		100.00	272
Fernie s.r.l. in liq.	95.00	527					95.00	527
Ge.Mark International d.o.o.	65.00	-					65.00	-
Ibis s.p.a.	98.00	506			(506)		98.00	-
In.Al.Sarda s.r.l.			31		(31)		51.00	-
Inalcammil ltda			53				55.00	53
Inalca Algerie s. a r.l.	55.00	8				(8)		
Inalca Hellas e.p.e. in liq.	95.00	-					95.00	-
Inalca Kinshasa sprl	55.00	30					55.00	30
Inalca Russia I.I.c.	100.00	56	325				100.00	381
Inter Inalca Angola ltda	50.00	25				(25)		
Mutina Consulting s.r.l.			5,958		(5,948)		99.90	10
Quinto Valore soc.cons. a r.l.	50.00	45				(45)		
SGD s.r.l.	50.00	94			(3)		50.00	91
So.ge.Bar s.r.l			2,951				100.00	2,951
Taormina Catering s.r.l. in liq.	60.00	-					60.00	-
Total subsidiaries		1,605	9,318		(6,530)	(78)		4,315
Associated companies:								
A.O. Konservni	25.00	1,686			(125)		25.00	1,561
Az. Agr. Serra della Spina s.r.l. in liq.	33.33	10					33.33	10
Buona Italia Alimentos ltda	49.00	318			(81)		49.00	237
Consorzio I.R.I.S. a r.l.	25.00	3					25.00	3
Farm Service s.r.l.			232	(17)			37.00	215
Food & Co. s.r.l.	30.00	1,155			(459)	(693)	30.00	3
Immobiliare Athena s.p.a.	34.00	954		(954)				
International Meat Company s.a.	25.00	28			(28)		25.00	-
Parma France s.a.s.			131				20.00	131
Pierre Franco Investissement s.a.s.			1,003				20.62	1,003
Prometex s.a.m.	39.33	59					39.33	59
Realbeef s.r.l.	24.00	4					24.00	4
Technoaliment com s.r.l	33.00	-					33.00	-
Total associated companies		4,217	1,366	(971)	(693)	(693)		3,226
Other companies:								
Centro Agroalimentare Riminese s.p.a.		274						274
Emilia Romagna Factor s.p.a.		1,744	347					2,091
Futura s.p.a.		600						600
Nuova Campari s.p.a.		1,549						1,549
Other		238	112			(20)		330
Total other companies		4,405	459			(20)		4,844
Total stockholdings		10,227	11,143	(971)	(7,223)	(791)		12,385

Exhibit 7

List of stockholdings in subsidiary and associated companies as of December 31, 2003 (art. 2427 n. 5 C.C.) with indication of those included in the scope of consolidation

(in thousands of euros)	Name	Registered office	Capital stock (in euros if not otherwise stated)	Net profit/loss for the year ended 31.12.2003	Net equity 31.12.03	% held as at 31.12.03	Effective holding at 31.12.03	Method of consolidation	Stockholders as at 31.12.2003	% held as at 31.12.02	Effective holding at 31.12.02	Notes
Companies consolidated through the global integration method:												
	Alisea soc. cons. a r.l.	Impruneta (FI)	50,000	33	272	55.00%	36.67%	Line-by-line	Marr s.p.a.	55.00%	55.00%	
	Azienda Agricola Corticella s.r.l.	Spilamberto (MO)	95,000	(24)	3,428	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
	Autoplose gmbh	Matrei (Austria)	36,336	106	373	50.00%	50.00%	Proportional	Cremontini s.p.a.	-	-	(e)
	Cons. Centro Comm. Ingrosso Carni s.r.l.	Bologna	1,500,000	57	1,903	77.82%	77.67%	Line-by-line	Cremontini: 77.05%; Ges.Car: 0.77%	77.82%	77.67%	
	Cremontini Finance plc	London (Great Britain)	GBP 50,000	(521)	(82)	100.00%	100.00%	Line-by-line	Cremontini s.p.a.	100.00%	100.00%	(b)
	Cremontini	Paris (France)	1,500,000	140	227	86.00%	86.00%	Line-by-line	Cremontini s.p.a.	86.00%	86.00%	
	Cremontini s.p.a.	Castelvetro di Modena (MO)	73,746,400	17,779	197,919			Parent Company				
	Frimo s.a.m.	Montecarlo	150,000	55	484	50.40%	50.40%	Line-by-line	INALCA s.p.a.	50.40%	50.40%	
	Ges.Car. S.r.l.	Castelvetro di Modena (MO)	330,000	1	271	80.00%	80.00%	Line-by-line	INALCA s.p.a.	80.00%	80.00%	
	Global Service s.r.l.	Castelvetro di Modena (MO)	93,000	285	421	100.00%	100.00%	Line-by-line	Cremontini s.p.a.	100.00%	100.00%	
	Guardamiglio s.r.l.	Piacenza	4,135,000	253	4,493	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
	INALCA s.p.a.	Castelvetro di Modena (MO)	140,000,000	(758)	132,665	100.00%	100.00%	Line-by-line	Cremontini s.p.a.	100.00%	100.00%	
	Inalca Algerie s. a r.l.	Algiers (Algeria)	DA 1,000,000	724	740	55.00%	55.00%	Line-by-line	INALCA s.p.a.	55.00%	55.00%	(b)
	Inter Inalca Angola Ltda	Luanda (Angola)	USD 50,000	443	840	50.00%	50.00%	Line-by-line	INALCA s.p.a.	50.00%	50.00%	(b)
	Interjet s.r.l.	Castelvetro di Modena (MO)	1,550,000	(328)	1,299	100.00%	100.00%	Line-by-line	Cremontini s.p.a.	100.00%	100.00%	
	Marr Alisurgel s.r.l. in liquidation	Santarcangelo di Romagna (RN)	10,000	48	1,450	97.00%	64.67%	Line-by-line	Marr s.p.a.	97.00%	97.00%	
	Marr Foodservice	Madrid (Spain)	600,000	(873)	512	100.00%	66.67%	Line-by-line	Marr s.p.a.	82.00%	82.00%	
	Marr s.p.a.	Rimini	32,617,060	8,501	134,036	66.67%	66.67%	Line-by-line	Cremontini s.p.a.	100.00%	100.00%	
	Mister Food s.p.a.	Castelvetro di Modena (MO)	100,000	(294)	(212)	100.00%	100.00%	Line-by-line	Cremontini s.p.a.	100.00%	100.00%	
	Momentum Services ltd	Birmingham (Great Britain)	368,000	46	441	51.00%	51.00%	Line-by-line	Cremontini s.p.a.	51.00%	51.00%	
	Montana Alimentari s.p.a.	Gazoldo degli Ippoliti (MN)	40,248,000	(3,000)	38,126	100.00%	100.00%	Line-by-line	Cremontini s.p.a.	100.00%	100.00%	
	Montana Farm s.p.z.o.	Platyni (Poland)	Zloty 2,000,000	(695)	(452)	95.88%	95.88%	Line-by-line	Montana Alimentari s.p.a.	85.00%	85.00%	(b)
	Moto s.p.a.	Trezzano sul Naviglio (MI)	100,000	(61)	864	50.00%	50.00%	Proportional	Cremontini s.p.a.	-	-	(e)
	Plose Veneta s.r.l.	Trezzano sul Naviglio (MI)	46,800	(176)	2,085	50.00%	50.00%	Proportional	Moto s.p.a.	-	-	(e)
	Quinto Valore	Reggio Emilia	90,000	0	90	50.00%	50.00%	Proportional	INALCA s.p.a.	50.00%	50.00%	(c)
	soc.cons. a r.l.	Brussels (Belgium)	500,000	732	1,722	51.00%	51.00%	Line-by-line	Cremontini s.p.a.	51.00%	51.00%	(h)
	Railrest s.a.	Castelvetro di Modena (MO)	90,000	124	2,680	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
	Railfood 3 s.r.l.	Castelvetro di Modena (MO)	90,000	124	2,680	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
	Roadhouse Grill	Castelvetro di Modena (MO)	90,000	(766)	(144)	99.00%	99.00%	Line-by-line	Cremontini s.p.a.	99.00%	99.00%	
	Italia s.r.l.	Castelvetro di Modena (MO)	90,000	(766)	(144)	99.00%	99.00%	Line-by-line	Montana Alimentari s.p.a.	100.00%	100.00%	
	Salumi d'Emilia s.r.l.	Castelvetro di Modena (MO)	3,000,000	(252)	2,748	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
	Sara s.r.l.	Ospedaletto di Lodigiano (LO)	516,457	(2)	366	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
	S.I.A.S. Società Italiana Appalti e Servizi s.p.a.	Santarcangelo di Romagna (RN)	258,000	32	763	100.00%	66.67%	Line-by-line	Marr s.p.a.	100.00%	100.00%	
	S.A.M. s.r.l.	Castelvetro di Modena (MO)	46,500	140	216	100.00%	100.00%	Line-by-line	Cremontini s.p.a.	100.00%	100.00%	

(in thousands of euros)													
Name	Registered office	Registered office (in euros if not otherwise stated)	Net profit/ (loss) for the year ended 31.12.2003	Net equity 31.12.03	Percentage held as at 31.12.2003	Effective holding at 31.12.03	Carrying Value (A)	Net equity held (B)	Difference (B) - (A)	Stockholders as at 31.12.2003	Percentage held as at 31.12.02	Effective holding at 31.12.02	Notes
Companies valued with net equity method:													
Subsidiaries:													
Fe.Ber. Carni s.r.l. in liq.	Castelvetro di Modena (MO)	98,200	(23)	271	100.00%	100.00%	272	272	(a)	Cremonini s.p.a.	100.00%	100.00%	
SGD s.r.l.	Castelvetro di Modena (MO)	83,000	(1)	190	50.00%	50.00%	91	91	(a)	Cremonini s.p.a.	50.00%	50.00%	
Associated companies:													
A.O. Konservni Buona Italia	Stavropol (Russia)	RUB 46,667	718	2,786	25.00%	25.00%	1,561	1,561	(a)	INALCA s.p.a.	25.00%	25.00%	(b) (d)
Alimentos Ltda Food & Co s.r.l.	San Paolo (Brazil) Rome	Reais 3,589,505 150,000	(162) (139)	243 10	49.00% 30.00%	49.00% 30.00%	237 3	237 3	(a) (a)	Montana Alimentari s.p.a. Cremonini s.p.a.	49.00% 30.00%	49.00% 30.00%	(b) (d)
Stockholdings valued at cost:													
Subsidiaries:													
Cremonini International b.v. Fernie s.r.l. in liq.	Amsterdam (Holland) Modena	20,000 1,033,000	(38) (6)	(80) 1,121	100.00% 95.00%	100.00% 95.00%	- 527	(80) 1,065	(80) 538	Cremonini s.p.a. Cremonini s.p.a.	100.00% 95.00%	100.00% 95.00%	
Ge.Mark International d.o.o.	Zagabria (Croatia)	-	(98)	(46)	65.00%	65.00%	-	(30)	(30)	Guardamiglio s.r.l.	65.00%	65.00%	(b) (d)
Ibis s.p.a.	Busseto (PR)	471,750	(6,533)	(7,976)	98.00%	98.00%	-	-	-	Montana Alimentari s.p.a.	98.00%	98.00%	(f)
In.Al.Sarda s.r.l.	Castelvetro di Modena (MO)	60,000	(28)	32	51.00%	51.00%	-	16	16	INALCA s.p.a.	-	-	(b) (c)
Inalcammil Ltda	Kuwanza (Angola)	7,700,000	-	-	55.00%	55.00%	53	-	-	INALCA s.p.a.	-	-	(b) (c)
Inalca Hellas e.p.e. in liq.	Athens (Greece)	147,322	(198)	(42)	95.00%	95.00%	-	(40)	(40)	INALCA s.p.a.	95.00%	95.00%	(g)
Inalca Kinshasa sprl	Kinshasa												
(Dem. Rep. Congo)		USD 50,000	2	19	55.00%	55.00%	30	10	(20)	INALCA s.p.a.	55.00%	55.00%	(b)
Inalca Russia I.l.c.	Moscow (Russia)	RUB 12,492,716	2	341	100.00%	100.00%	381	341	(40)	INALCA s.p.a.	100.00%	100.00%	(b)
Mulina Consulting s.r.l.	Castelvetro di Modena (MO)	10,000	14	24	99.90%	99.90%	10	24	14	Cremonini s.p.a.	-	-	
So.Ge.Bar s.r.l.	Torino	20,000	104	498	100.00%	100.00%	2,951	498	(2,453)	Cremonini s.p.a.	-	-	(d)
Taormina Catering s.r.l. in liq.	Sant'Angelo in Vado (PU)	10,200	678	7	60.00%	40.00%	-	4	4	Marr s.p.a.	60.00%	60.00%	(d)
Associated companies:													
Az. Agr. Serra della													
Spina s.r.l. in liq.	Monacilioni (CB)	10,846	(2)	26	33.33%	33.33%	10	9	(1)	Cremonini s.p.a.	33.33%	33.33%	(d)
Consorzio IRIS a r.l.	Bolzano	10,000	(2)	22	25.00%	25.00%	3	6	3	Interjet s.r.l.	25.00%	25.00%	
Fam Service s.r.l.	Reggio Emilia	500,000	398	941	37.00%	37.00%	215	348	133	INALCA s.p.a.	-	-	
International Meat Company s.a.	Paris (France)	-	-	-	25.00%	12.60%	-	-	-	Frimo s.a.m.	25.00%	12.60%	(l)
Parma France s.a.s. Pierre Franco	Montpeyroux (France)	650,000	174	825	20.00%	20.00%	131	165	34	INALCA s.p.a.	-	-	(l)
Investissement s.a.s.	Lourdes (France)	832,224	234	993	20.62%	20.62%	1,003	205	(798)	INALCA s.p.a.	-	-	(d)
Prometex s.a.m.	Montecarlo	150,000	7	167	39.33%	19.82%	59	66	7	Frimo s.a.m.	39.33%	19.82%	(d)
Realbeef s.r.l.	Rocca San Felice (AV)	15,000	(5)	10	24.00%	24.00%	4	2	(2)	INALCA s.p.a.	24.00%	24.00%	
Technoalim com s.r.l.	Bucarest (Romania)	LEU 261,000,000	19	15	33.00%	16.63%	-	5	5	Frimo s.a.m.	33.00%	16.63%	(b) (d)

NOTE

(a) Valued on the basis of the net equity method. / (b) Amounts expressed in euros resulting from conversion of original amounts in foreign currency at the exchange rate in effect on the date of closure of the financial statements. / (c) Figures not yet available as this company was established in 2003. / (d) Figures dated December 31, 2002, last available financial statements. / (e) Figures appearing in the financial statements refer to the most recent balance sheet, prepared by the official receiver on December 31, 2003. Company purchased when it had already initiated bankruptcy proceedings: the deficit in net equity is not payable by the parent company. / (g) Figures dated December 31, 2000, last available financial statements. / (h) This company, established in 2002, closed its first financial statements on December 31, 2003. The figures appearing here are those used for consolidation purposes. / (l) Figures refer to July 31, 2003, last available financial statements. / (l) the company is completing the liquidation process: financial statements not yet available.

Exhibit 8

Schedule of the changes in consolidated net equity for the year ending on December 31, 2003

(in thousands of euros)	Capital stock	Share premium reserve	Legal reserve	Reserve for treasury stock	Consolidation reserve	Translation reserve	Profits (losses) brought forward	Group profit (loss) for the year	Total Group net equity	Monitory interest in capital and reserve	Monitory's share of profit/ (loss)	Total monitory interests	Total
Balances as at December 31, 2002	73,746	71,609	14,749	20,023	3,302	(33)	(12,789)	2,501	173,108	1,982	598	2,580	175,688
Distribution of Parent Company profits:													
- to reserve							2,501	(2,501)		598	(598)		
- dividends							(2,648)		(2,648)	(1,610)		(1,610)	(4,258)
Utilisation of reserves for reserve for treasury stock increase		(681)		681									
Effects of private equity transaction involving MARR capital stock					(47)				(47)	42,150		42,150	42,103
Movements for translation reserve and other						(53)	987		934	(583)		(583)	351
Profit (loss) for the year ended December 31, 2003								29,450	29,450		5,323	5,323	34,773
Balances as at December 31, 2003	73,746	70,928	14,749	20,704	3,255	(86)	(11,949)	29,450	200,797	42,537	5,323	47,860	248,657

Exhibit 9
Statement of consolidated cash flow for the years ending on December 31, 2003 and December 31, 2002

<i>(in thousands of euros)</i>		2003	2002
A) Net initial short term financial indebtedness			
Liquidity		59,792	22,135
Financial assets		10,010	545
Bonds (within 12 months)		(113,621)	-
Bank loans (within 12 months)		(246,191)	(188,042)
Loans from other financial institutions (within 12 months)		(30,435)	(39,826)
Total initial net short term financial indebtedness		(320,445)	(205,188)
B) Cash flow from operations			
Profit (loss) for the year including minority shareholders' profit		34,773	3,099
Depreciation and amortization			
- intangible		18,032	17,807
- tangible		30,001	27,996
(Gains) or losses from disposal of tangible and intangible assets		2,008	(686)
Gains on sale of Marr stocks		(39,809)	-
Commissions and charges on sale of Marr stocks		5,610	-
Write-down of treasury stock net of restoration of value		2,780	1,436
Extraordinary write-down of stockholdings		5,948	-
Net variation in provision for liabilities and charges		400	(307)
Variation in provision for bad debts		1,398	1,179
Net variation in staff severance indemnities		2,349	4,213
Profit from operations in the year before variation in working capital		63,490	54,737
(Increase) decrease in treasury stock under current assets		(3,461)	(3,253)
(Increase) decrease in receivables in current assets and other		(28,315)	(5,096)
(Increase) decrease in inventories		(42,578)	(993)
Increase (decrease) in payables to suppliers and other		16,416	33,188
Increase (decrease) in accruals and prepayments		(1,112)	2,268
		4,440	80,851
C) Cash flow from (for) investments			
Investment in fixed assets			
- intangible		(18,720)	(23,151)
- tangible		(43,393)	(30,537)
Net variation in financial assets		(3,939)	4,303
Effects of changes in consolidation area of intangible and tangible assets		(1,639)	(657)
Sale or reimbursement value of tangible and intangible fixed assets sold		9,440	11,862
		(58,251)	(38,180)
D) Cash flows from (for) movements in net equity			
Distribution of dividends		(4,258)	-
Other variations, including minorities' variations		351	232
		(3,907)	232
E) Cash flows from (for) financial assets			
Increase in short term share of bonded loans		(18,000)	(113,621)
Increase in medium-long term loans		51,387	(44,539)
		33,387	(158,160)
F) Effect of private equity transaction involving Marr capital stock			
- Sale price	100,000		
- Fees and other expenses	(5,610)		
Net sale price		94,390	-
		94,390	-
G) Cash flow in the year (B+C+D+E+F)		70,059	(115,257)
H) Total final short term net indebtedness (A + G)		(250,386)	(320,445)
Net short term loans from banks and other financial institutions			
Liquidity		50,937	59,792
Financial assets		11,039	10,010
Bonds (within 12 months)		(18,000)	(113,621)
Bank loans (within 12 months)		(252,389)	(246,191)
Loans from other financial institutions (within 12 months)		(42,186)	(30,435)
Receivables from other financial institutions		213	
Total net final short term financial indebtedness		(250,386)	(320,445)
Net medium-long term loans from banks and other financial institutions			
Bonds (between 1 and 5 years)		-	(18,000)
Bank loans (between 1 and 5 years)		(151,597)	(84,286)
Bank loans (over 5 years)		(45,754)	(61,114)
Loans from other financial institutions (between 1 and 5 years)		(2,493)	(2,398)
Loans from other financial institutions (over 5 years)		(914)	(1,574)
Total final medium-long financial indebtedness		(200,758)	(167,372)
Total financial position, net of liquidity		(451,144)	(487,817)

Statutory auditors' report on the consolidated financial statements of the year ended December 31, 2003

To the shareholders of Cremonini s.p.a.,

The Cremonini Group's December 31, 2003 consolidated financial statements, which have been put at your disposal and submitted to us within the terms established by law, were drawn up in accordance with the provisions of Legislative Decree 127/1991. They can be summarized as follows:

Consolidated balance sheet	€/thousand
Assets	1,151,232
Liabilities	902,575
Minority interests	47,860
Group net equity	200,797

with the total of 624,064 thousand euros listed in the memorandum accounts.

Consolidated statement of income	€/thousand
Value of production	1,814,294
Costs of production	(1,756,916)
Financial income and expense	(21,129)
Adjustments to the value of financial assets	(10,003)
Extraordinary income and expense	28,155
Income taxes	(19,628)
Profit for the year	34,773
Minority's share of profit	(5,323)
Group's share of profit	29,450

The balance sheet and statement of income show values from the previous year's consolidated financial statements for comparative purposes.

In the Directors' Report and the notes to the financial statements, which complete and explain the consolidated financial statements, the Board of Directors sets forth the consolidation methods and valuation rules, as well as information on the overall situation of the companies included in the scope of consolidation and on the events that have characterized operations.

The information the subsidiaries forwarded to the Parent Company to draw up the consolidated financial statements was examined by the auditors of the individual companies as part of the auditing plan prepared by the bodies in charge. Therefore, the Board of Statutory Auditors did not audit these financial statements.

The consolidated financial statements were audited by PricewaterhouseCoopers. In their work, the auditing firm confirmed that:

- the values set forth in this document correspond to the accounting entries of the Parent Company, to the subsidiaries' financial statements prepared by the Boards of Directors for the respective Shareholders' Meetings, and to the information they submitted to the Parent Company;
- the determination of the scope of consolidation, the choice of accounting principles for consolidation purposes and the operating procedures adopted for consolidation comply with legal requirements and accounting regulations; consequently, in terms of their composition the consolidated financial statements can be considered in line with specific regulations.

In relation to our areas of responsibility, we note:

- that the notes to the financial statements highlight the aspects required by Articles 38 and 39 of Legislative Decree 127/1991;
- that the Directors' Report provides the information required by Article 2428 of the Italian Civil Code and by Article 40 of Legislative Decree 127/1991, and that it can be considered consistent with the other results listed in the consolidated financial statements.

Therefore, the Board of Statutory Auditors is of the opinion that the consolidated financial statements of the Cremonini Group as at December 31, 2003 correctly represent the results and financial situation of the Parent Company and of the companies included in the scope of consolidation.

Castelvetro di Modena, April 14, 2004

BOARD OF STATUTORY AUDITORS

Chairman
(Dr. Alessandro Artese)



Statutory Auditor
(Dr. Giovanni Zanasi)



Statutory Auditor
(Dr. Ezio Maria Simonelli)



**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 and for the period ended 31 December 2003. These consolidated financial statements are the responsibility of CREMONINI's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards 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. The audits of the financial statements of four subsidiaries and two associated companies, insofar as they relate to some 3,7 percent of the amount of "consolidated total assets" and to some 8 percent of the "consolidated value of production", are the responsibility of other auditors.

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 10 April 2003.
- 3 In our opinion, the consolidated financial statements of CREMONINI Group as of and for the year ended 31 December 2003 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.
- 4 The Notes to the accounts disclose the Group's economic and financial effects (mainly extraordinary income with related substitute tax charge, extraordinary costs for services and increase in Minority interests in equity) connected with the Capital

stock increase of the subsidiary MARR SpA which was subscribed and fully paid-in by professional investors external to CREMONINI Group and the direct sale of shares by CREMONINI SpA to the above mentioned investors.

Bologna, 14 April 2004

PricewaterhouseCoopers SpA



Giovanni Galli
(Partner)

This report has been translated from the original which was issued in accordance with Italian practice.

SUMMARY OF THE RESOLUTIONS

Ordinary and extraordinary shareholders meeting of 30 April 2004

With notice published in the Official Gazette of the Italian Republic – Announcement Sheet no. 75 of 30 March 2004, the shareholders were called to the shareholders meeting on 30 April 2004. The meeting was duly held on the date indicated in Castelvetro di Modena, Via Modena no. 53, under the chairmanship of Mr. Luigi Cremonini, Knight of Labour.

Forty-one shareholders representing 82,170,385 common shares, equivalent to 57.939% of the entire share capital, attended the meeting in person or by proxy.

Following the reading of the reports and proposals of the Directors and the reports and opinions of the Board of Auditors during the deliberative session of the ordinary part, the shareholders unanimously approved:

- the financial statements as at 31 December 2003 and the business report, including allotment of the dividend of € 0.137 due to every single common share;
- granting the assignment to audit the year-end balance sheet, the consolidated financial statements and the bi-yearly report for the 2004-2006 three-year period to the company PricewaterhouseCoopers S.p.A.;
- the appointment of Mr. Mario Rossetti to the office of director until the mandate of the current directors expires, or until the date of the shareholders meeting for approval of the financial statements as at 31 December 2004, setting eight as the number of members of the board of directors;
- authorisation given to the Board of Directors to buy and sell their own shares as per articles 2357 and 2357 C of the Italian Civil Code.

After the report and proposal of the Directors was read during the deliberative session of the extraordinary part, the shareholders unanimously approved:

- the merger project to incorporate subsidiary companies Mister Food S.p.A., So.Ge.Bar S.r.l. and S.A.M. S.r.l. in Cremonini s.p.a.