

# Financial Statements and Consolidated Accounts



2004



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# Letter to the Shareholders

“ In 2004 we reached an important landmark...



... since 1998, the year that  
the company was listed on the  
Stock Exchange, Group revenues  
have doubled, rising from  
1 to 2 billion Euros.”

**Dear Shareholders,**

we are pleased to report another year of growth, and even more so considering the difficult economic environment, the stagnation in consumption and the weakness of the dollar.

The Italian food industry grew by 1.5%, while the Cremonini Group leapt ahead by more than 10%, both in terms of revenues and operating profit. We are proud of this growth, which we owe to the management's dedication as well as to our efficient industrial policies and winning market strategies.

2004 was therefore a decisive landmark in the growth of the Group that began in 1998 with the listing on the Stock Exchange. Since that date, in only 6 years, we have doubled our revenues from 1 to nearly 2 billion Euros.

The Group employs more than 6,000 people in 15 countries, and is a strong player in the food market, now a benchmark all over the world.

25% of our revenues are generated abroad and export has grown by 35%. As well as the Eastern European markets, we have also strengthened our presence in the African markets of

Angola, the Congo and Algeria amongst others. We have also grown in the on-board railway catering sector in Great Britain, France and Belgium. New positive steps have also been made in the distribution to the foodservice sector.

In 2005 we will list a portion of the subsidiary Marr, the company that distributes food products to non-domestic catering operators. In the last decade Marr has reported good growth rates and currently operates in a rapidly growing market.

We would again like to underline that the results in this Financial Report and all our past results are the fruit of an entrepreneurial culture that has known how to seize each and every opportunity in order to give more value and merit to the Group.

My gratitude also goes to our shareholders, who have believed and who continue to believe in our company. Their trust supports our professional dedication, which will in turn reward those who are close to us and who are betting on the Groups' future.

The Chairman  
**Luigi Cremonini**

# Board of Directors



## The Board of Directors of Cremonini Spa

Seated from the left: P. Sciumè, L. Cremonini, V. Cremonini

Standing from the left: G. Pedrazzi, E. Rossini, V. Fabbian, U. Ravanelli, M. Rossetti.

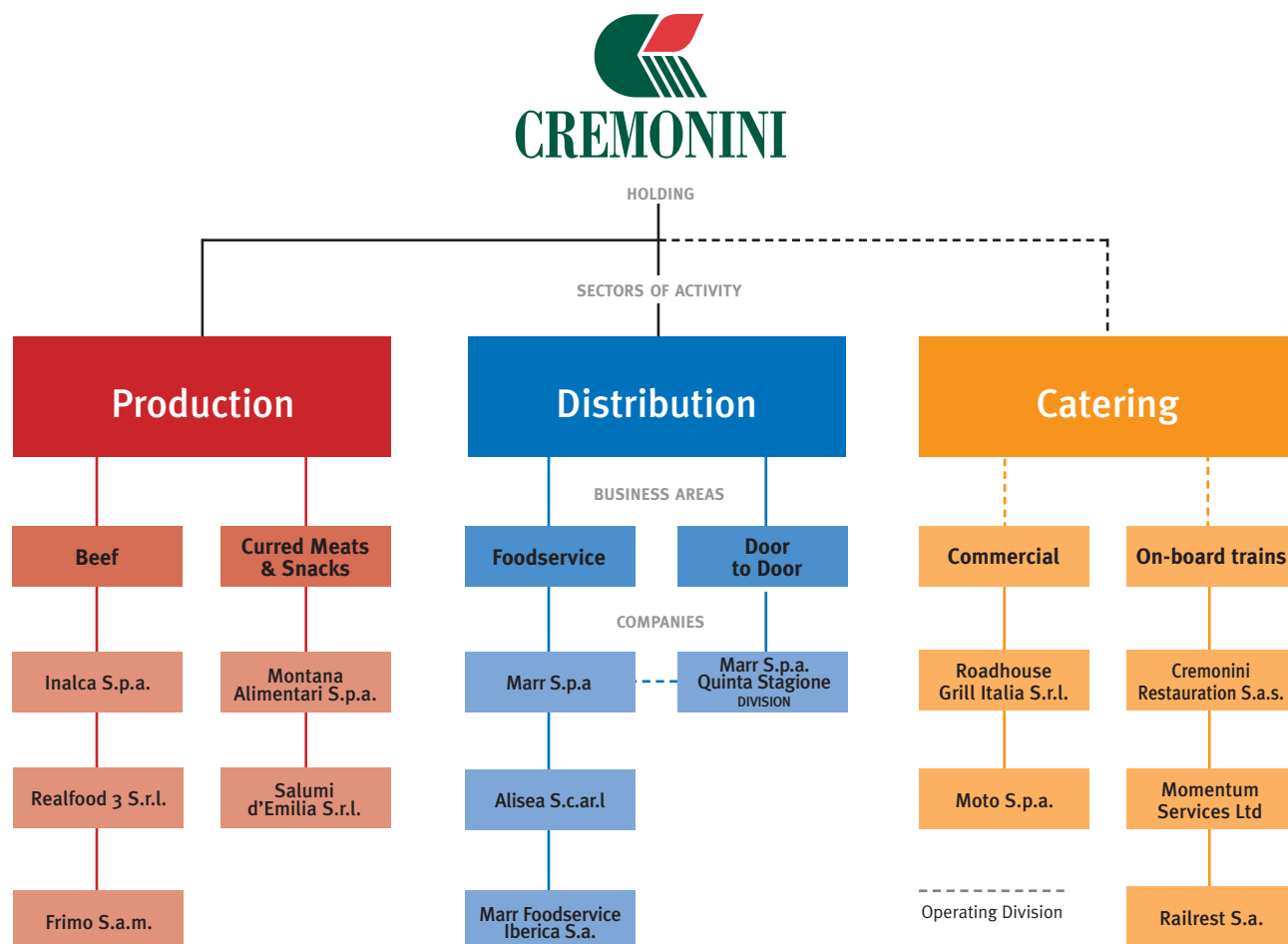
<b>Chairman</b>	Luigi Cremonini <sup>(1)</sup>
<b>Vice-Chairman</b>	Paolo Sciumè <sup>(1)(2)</sup>
<b>Managing Director</b>	Vincenzo Cremonini
<b>Directors</b>	Ugo Ravanelli
	Valentino Fabbian <sup>(3)</sup>
	Giorgio Pedrazzi
	Edoardo Rossini <sup>(1)(2)</sup>
	Mario Rossetti <sup>(2)</sup>

(1) Member of the Compensation Committee

(2) Member of the Internal Audit Committee and Corporate Governance Committee

(3) With mandate for the management of the catering business-unit

# Group organization



## Three operating sectors

The Cremonini Group is one of the most important European operators in the food sector, and is active in three business areas: production, distribution to the foodservice sector and catering. In December 1998 Cremonini S.p.a. was listed on the Electronic Stock Market managed by the Italian Stock Exchange and in July 2001 it joined the STAR segment, which is reserved for companies that fulfil demanding requirements. The Cremonini S.p.a. parent company, as well as owning shareholdings in the operating companies, also provides services to the Group companies in the fields of finance, computing, legal affairs, human resources and external relations.

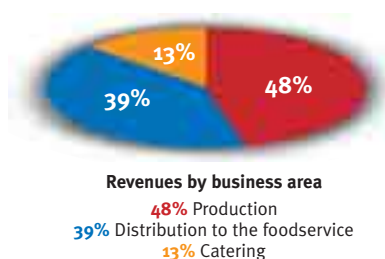
The sub-holding Inalca S.p.a. owns various companies that are active in the preparation of meat in Italy and abroad, while the sub-holding Marr S.p.a. owns shareholdings in companies active in the distribution to the foodservice sector in Italy and Spain. The production of cured meat is ensured by Montana Alimentari S.p.a., a company that is directly owned by Cremonini S.p.a.

## One operating division

In the catering sector Cremonini operates through a specific operating division which owns, in the field of on-board catering services, Momentum Services Ltd (Eurostar), Railrest S.a. (Thalys) and Cremonini Restauration S.a.s. (TGV) and, for commercial catering, Roadhouse Grill Italia S.r.l. (steakhouse) and Moto S.p.a. (motorway catering).

## Two sub-holdings

Cremonini S.p.a. controls two operational sub-holdings, Inalca S.p.a. e Marr S.p.a., which are active in the production and distribution sectors respectively.

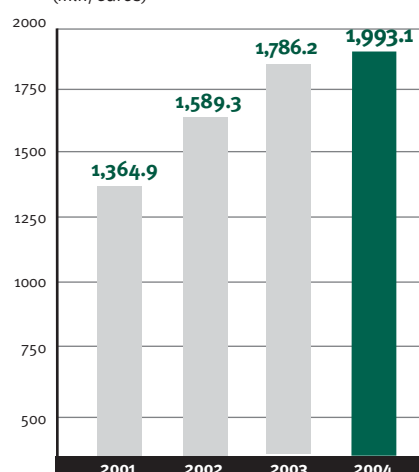


# Financial Highlights

## Group figures

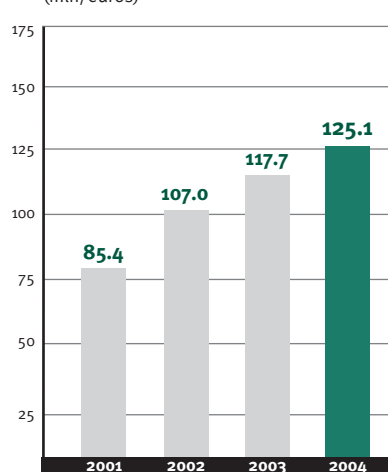
### TOTAL REVENUES

(mln/euros)



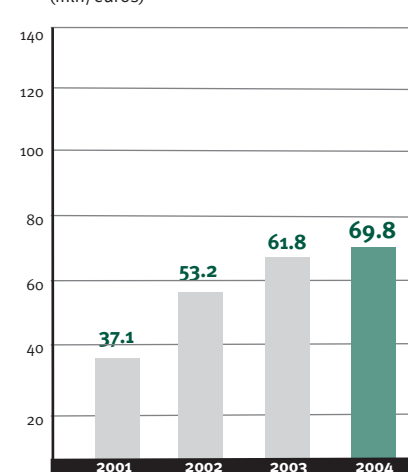
### EBITDA

(mln/euros)



### EBIT

(mln/euros)



### Summary of data

(mln/euros)

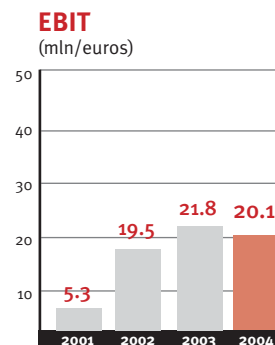
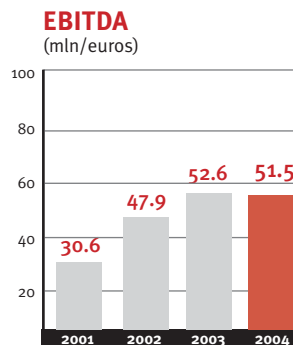
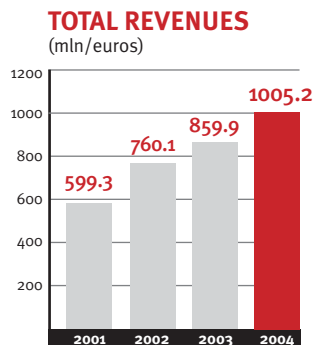
	2001	2002	2003	2004
Total Revenues	1,364.9	1,589.3	1,786.2	1,993.1
Ebitda	85.4	107.0	117.7	125.1
Ebit	37.1	53.2	61.8	69.8
Profit from Ordinary Operations	0.7	21.1	35.9	47.0
Pre-Tax Profit	(2.5)	17.6	54.4	41.8
Profit Before Third-party Share	(13.5)	3.1	34.8	17.5
Group Net Profit	(13.5)	2.5	29.5	8.0
Fixed Assets	547.8	542.5	522.5	540.9
Net Working Capital	190.8	162.1	221.2	175.8
Net Capital Equipment	701.5	663.5	699.8	671.4
Shareholders' Equity	172.4	175.7	248.7	245.6
Net financial position	529.1	487.8	451.1	425.8

## Main financial ratios

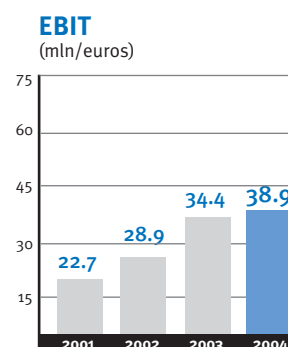
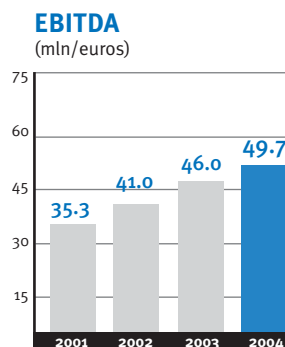
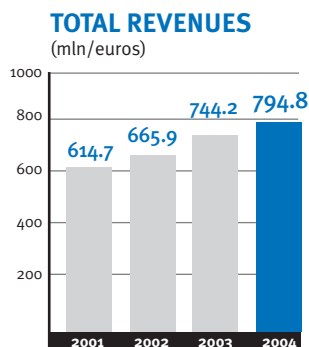
	2000	2001	2002	2003	2004
ROS (Ebit / Revenues)	1.5%	2.7%	3.3%	3.5%	3.5%
ROI (Ebit / Net Capital Equipment)	3.0%	5.3%	8.0%	8.8%	10.4%
EBITDA / NET FINANCIAL EXPENSES	2.0	2.3	3.3	4.5	5.5
INTEREST COVERAGE (Ebit / Net Financial Expenses)	0.6	1.0	1.7	2.4	3.1
NET DEBT / EBITDA	7.6	6.2	4.6	3.8	3.4
NET DEBT / EQUITY	2.6	3.1	2.8	1.8	1.7
NET DEBT / REVENUES	36%	39%	31%	25%	21%

# Financial Highlights

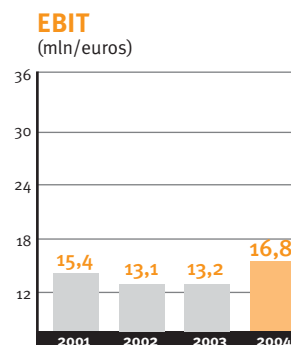
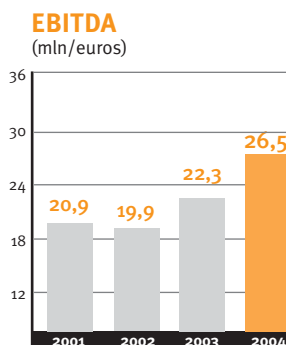
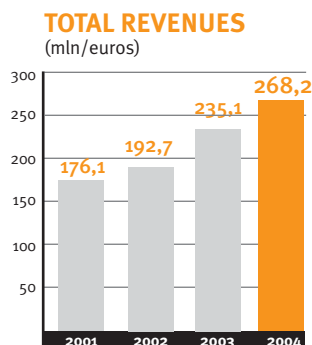
## Production figures



## Distribution figures



## Catering figures



N.B.: It should be noted that the consolidated Group data also includes the Holding results as well as the three operating sectors.

# A word with CEO



**Vincenzo Cremonini**  
Cremonini S.p.a.  
Chief Executive Officer

“

In 2004 we exceeded all our targets and we were also rewarded by a strong rise in the price of Cremonini shares.

”

## **“The Group ended 2004 with extremely positive results”**

We revised our revenue estimates upwards twice during the year, first to 6% and then to 9%, closing the year's accounts with a growth of +11.6%. Total revenues reached 1,993.1 million Euros, which corresponds to an increase in value of around 207 million Euros, 85% of which was generated by organic growth and 15% by new acquisitions. The gross operating margin (EBITDA) rose by 6.3% coming to 125.1 million Euros and the Operating profit (EBIT) increased by 13% reaching 69.8 million Euros.

Profit from ordinary operations, excluding all extraordinary items, rose by 30.7% reaching 47.0 million Euros. The Group net profit was 8.0 million Euros, a growth of 11.1 million Euros, if we take into account the fact that the net profit in 2003 of 29.5 million Euros included an extraordinary net profit of 32.6 million Euros related to the sale of 33.33% of Marr.

## **“Positive financial results”**

The increased ability of the Group to generate cash-flow not only allowed investments of 60.6 million Euros and a payment of 21.1 million Euros of dividends, but also allowed the improvement of the net financial position which came to 425.8 million Euros compared to the 451.1 million Euros on the 31st December 2003. All main financial indicators were also positive, in particular the Ebitda/Net Financial Expenditure ratio which was 5.5, more than double that of 2000, while the Net debt/Ebitda ratio halved dropping from 7.6 to 3.4. Shareholders' Equity was 245.6 million Euros and the Net Debt/Equity ratio dropped to 1.7.

The economic and financial results were rewarded by an increase in the share price that rose by more than 45% in 2004.



## **“All 3 operating sectors contributed to the Group's excellent performance”**

The production sector - beef and cured meat – strengthened its position of market

**1,993.1 mln/Euros Total Revenues**  
**8 mln/Euros Net Profit**  
**6,000 Employees**  
**3 Business Areas**



leader by consolidating market share and reported revenues that rose by 145.4 million Euros. Moreover, thanks to the specialisation of the production plants, the strategy of lending value to typical products and those with PDO and PGI certification as well as an efficient marketing strategy for the “Montana” brand, achieved results that outperformed the reference market. In the distribution sector the Group continued to consolidate its leadership on the market, with a growth in revenues of 50.7 million Euros. During the year Marr pursued their strategy of acquisitions in the sector, ensuring that its network is even more wide-spread nationwide. This strategy led to the purchase at the start of 2004 of Sogema S.p.a., a leading company in Piedmont and the Valle d’Aosta and which operates in the food distribution sector and, at the start of 2005, a branch of Sfera S.r.l., a company that has a significant presence on the Rivas in Romagna and the Marches. Finally we come to the catering division. This sector grew by more than 33 million Euros thanks to the development of both on-board railway catering and motorway catering.

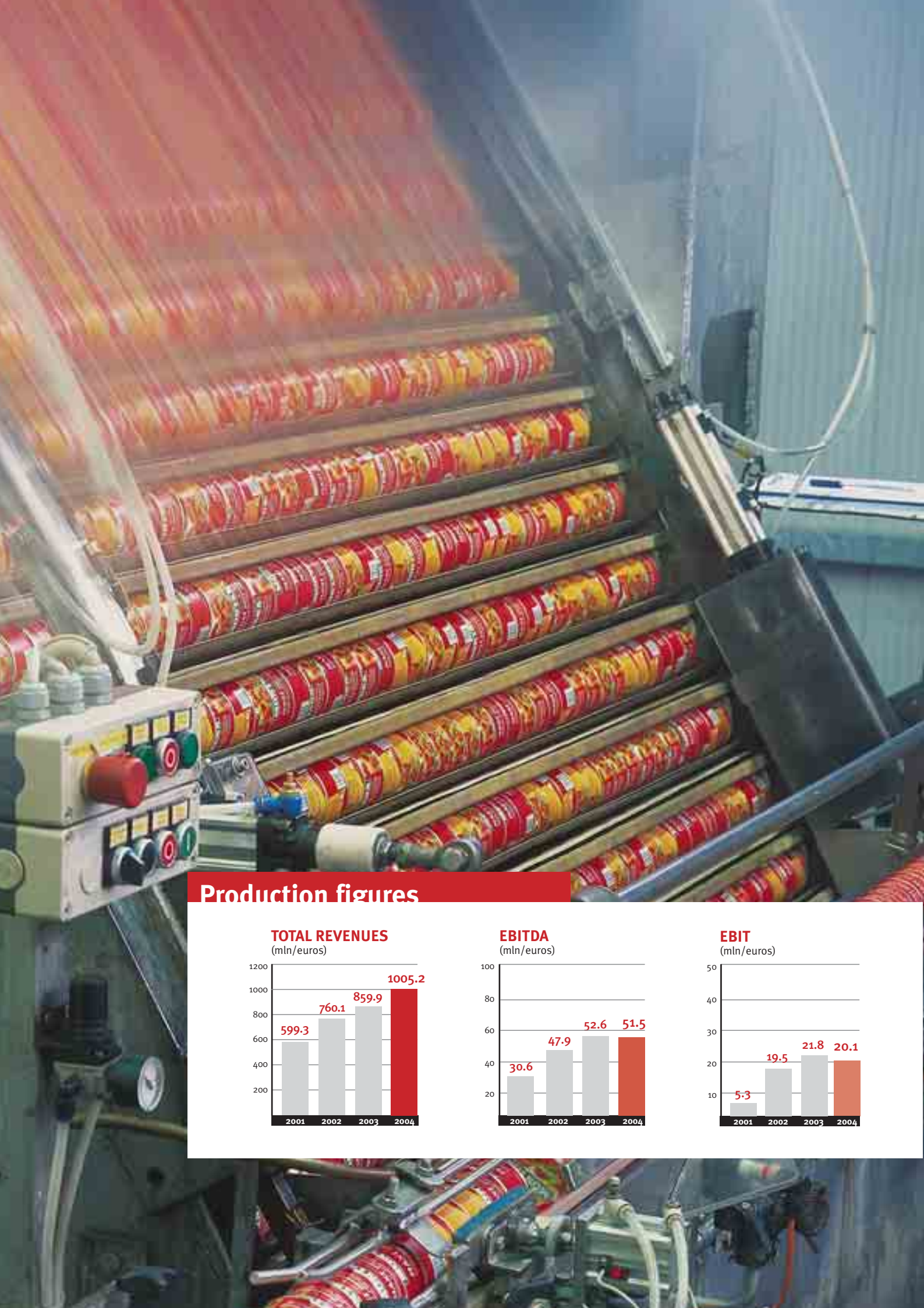


It is important to note the strong margin growth, which as regards EBITDA and EBIT rose by +19.2% and +26.4% respectively, that confirms the validity of the choices made over the past two years.

#### **“Our forecasts for 2005”**

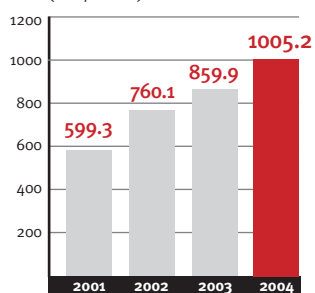
Despite the economic environment and the fact that market trends show weakness and uncertainty, we forecast further improvements in group results in 2005, even if growth rates are likely to be slower than in the past. We will achieve this improvement by continuing to follow a rigorous company management and pursuing the development strategy for the various operating sectors.

As regards the economic and financial profile, Cremonini’s strategy aims to respect profitability targets and to improve cash-flow generation. Tough challenges await us, but we are certain that we shall overcome them successfully thanks to our know-how and the organisational structure which have always been our strong points.

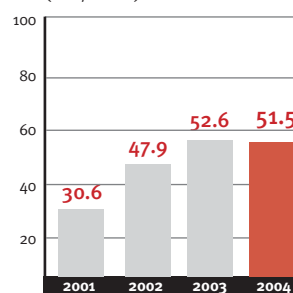


## Production figures

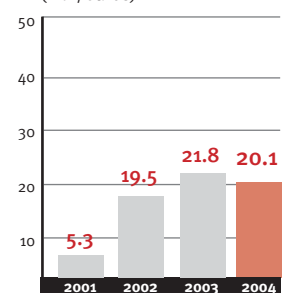
**TOTAL REVENUES**  
(mln/euros)



**EBITDA**  
(mln/euros)



**EBIT**  
(mln/euros)



# Production

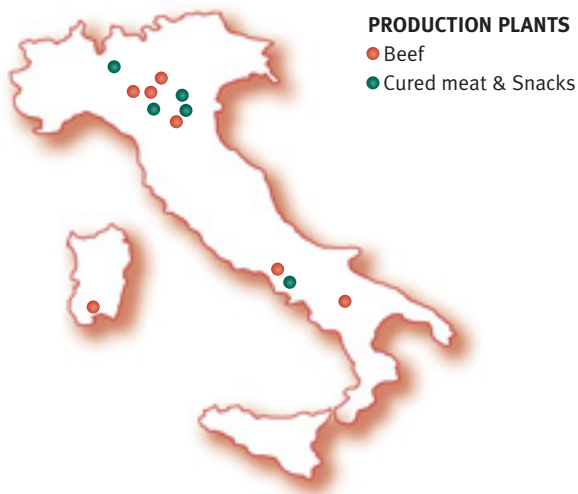
“ In 2004 the production sector produced good growth and won new market share, laying the foundations for interesting growth opportunities. ”

In the production sector the Cremonini Group is active in two areas: beef and cured meat & snacks.

In 2004 the production sector generated total revenues of 1,005.2 million Euros, an increase of +16.9%, a gross operating margin of 51.5 million Euros (52.6 million Euros in 2003) and an operating profit of 20.1 million Euros (21.8 million Euros in 2003). In 2004 the Group adopted a

marketing policy for the production sector that was aimed at gaining new market share and creating interesting development opportunities for the future.

The entire sector can count on twelve highly automated **MONTANA** plants which are specialised by type of product: seven are used for the production of beef and five cater for cured meat, snacks and ready-to-serve dishes.



# Production

## Beef

The Cremonini Group company that is concerned with this sector is Inalca, which generated total revenues of 908.1 million Euros (+18.8%) in 2004 compared to 764.1 million Euros in 2003. The company is Italian market leader and is amongst the top European producers, and manages the entire

wide range of by-products.

European leader in the production of tinned meat (more than two-hundred million tins are produced every year) which is sold under the Montana brand in Italy and in the rest of the world with the brands Bill Beef, Texana and Montex, Inalca is also lea-

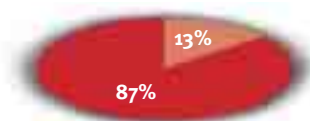


production chain – from raising the livestock to the finished product – operating successfully on international markets: more than 35% of the 2004 revenues derive from exports to Europe, Eastern Europe and Western Africa. Inalca produces and markets a complete range of beef products, both fresh and deep-frozen, vacuum-sealed in a protected atmosphere, ready-to-use cooked and prepared meat, tinned meat and meat-based products, as well as a



der in the hamburger and frozen ground beef products, with a yearly production of more than 40,000 tons.

Inalca's production structure comprises seven plants specialised by product line. All the buildings use modern production technology and advanced safety systems which allow the company to be at the forefront in its control methods, industry programming and meat identification and labelling procedures.



Revenues  
by type of product

87% Beef  
13% Cured meat & Snacks

7 meat production plants  
5 cured meat production plants  
200,000 tons of meat  
200 million tins  
40,000 tons of hamburgers  
5 productions of PDO and PGI

## Cured meat & Snacks



Montana Alimentari represents the Group in this sector and is one of the leading companies in the cured meat market in Italy, which in 2004 generated

distinguished by PDO and PGI certification (Culatello from Zibello, Bresaola from the Valtellina and Mortadella from Bologna). The company markets more than



revenues of 131.1 million Euros (126.8 million Euros in 2003). The industrial structure comprises 5 plants, specialised by type of production: Gazoldo degli Ippoliti (MN), head-office and distribution platform for the entire sector, where frankfurters, pre-sliced meats, snacks and ready-to-serve dishes are produced; Paliano (FR) which produces boiled hams and roasts; Mirandola (MO) which produces salami and pre-cooked products; Busseto (PR) base for the production of mortadella and typical cured meats and Postalesio (SO) which is dedicated to bresaola.

The purchase of these last two plants in 2002 and 2003 respectively, fit into the Group strategy that aims at enhancing and integrating typical cured meat products in the local areas that are

**MONTANA**  
**ALIMENTARI**

**ibiSe**  
Salumificio di Parma

230 products with the Montana brand from traditional cured meats, boiled hams and roasts, to the more modern sandwiches.

Montana, which is well-known for the more classic production of tinned-meat, to which meat sauce and paté have been added in recent years, today has a market share of more than 16% and is second national operator in the sector.

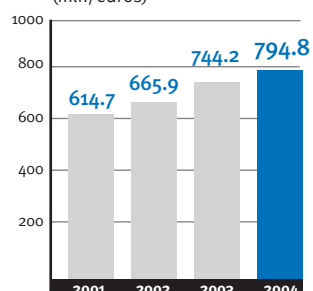
In 2004 the company also consolidated its position in foreign markets: it is present through branches with warehouses or with collaboration agreements and joint ventures with local companies in numerous nations, amongst which Russia, Angola, Congo, Brazil, Algeria, Cuba, Poland, etc. Together, Montana Alimentari and Inalca, export to 22 countries.



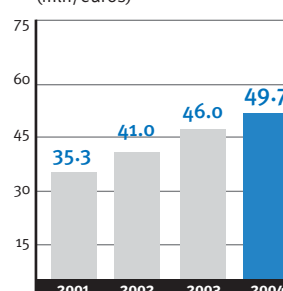


## Distribution figures

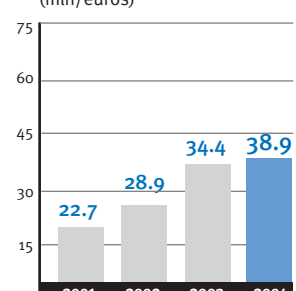
**TOTAL REVENUES**  
(mln/euros)



**EBITDA**  
(mln/euros)



**EBIT**  
(mln/euros)



# Distribution

“During the year the expansion strategy for the Marr network continued with purchases aimed at strengthening the leadership of the company and to prepare for the arrival in the Stock Exchange.”

The Cremonini Group operates with Marr in the distribution to the foodservice sector, the Italian leader in the marketing and distribution of fresh, frozen and preserved food products destined for operators in the non-domestic catering market.

Marr's activity is mainly aimed at the commercial catering

sector (restaurants, hotels, pizzerias, fast food outlets, holiday villages, etc.), a market thought suited to the company philosophy which aims to emphasise quality and the level of service, and also collective catering (company canteens, schools, hospitals, armed forces, etc.), a segment that is attractive because of its low seasonality.



# Distribution

In 2004 Marr generated total revenues of 794.8 million Euros, a growth of 6.8% compared to the previous year, the gross operating margin reached 49.7 million Euros, an increase of +8.3%, and operating profit was 38.9 million Euros (+12.9%). With more than 30 years of experience, Marr represents a benchmark for



warehouses, more than 500 dedicated vehicles and a commercial structure with 600 salesmen and area managers, Marr can guarantee a rapid service to more than 30,000 clients served every year nationally.

61.8% of Marr's revenues are generated by non-structured commercial catering (restaurants,



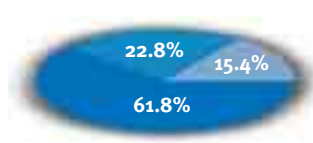
catering operators and presents itself as unique nationwide supplier of a wide range of products that comprises more than 10,000 food products (meat, fish, various food products, fruit and vegetables), as well as 8,000 non-food articles (kitchen equipment, utensils, crockery and glassware).

With a network that boasts 22 distribution centres, 4 cash & carries, 4 agents with

pizzerias, hotels that do not belong to groups or chains), 22.8% by wholesale and 15.4% by structured commercial catering and collective catering (amongst which company canteens, schools, hospitals). The Marr sales-mix comprises 39% fish

products, 35% various food products, 23% from meat, 2% from fruit and vegetables and the remaining 1% from kitchen equipment.

At the start of 2004 Marr bought Sogema,



**MARR: revenues by type of client**

61.8% Non-structured commercial catering  
22.8% Wholesalers  
15.4% Structured commercial catering and collective catering

**22 distribution centres**  
**4 cash & carries**  
**500 vehicles**  
**600 sales agents and area managers**  
**10,000 food products**  
**30,000 clients**



a leading company in Piedmont and the Valle d'Aosta with revenues of around 33 million Euros, and in the first months of 2005 also bought the business branch from Sfera, a company that is active on the Riviera in Romagna and the

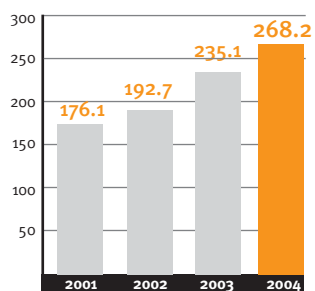
Marches. These transactions represent a further stage in Marr's acquisition strategy aimed at strengthening their leadership in the sector and making the distribution network even more well-spread throughout the country.



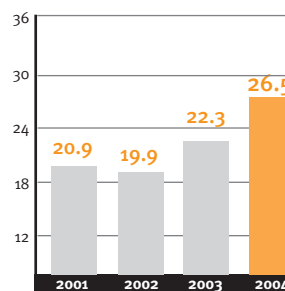


## Catering figures

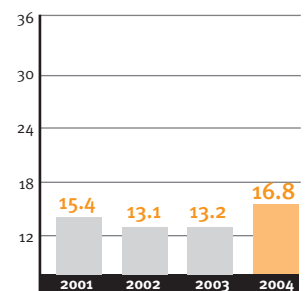
**TOTAL REVENUES**  
(mln/euros)



**EBITDA**  
(mln/euros)



**EBIT**  
(mln/euros)

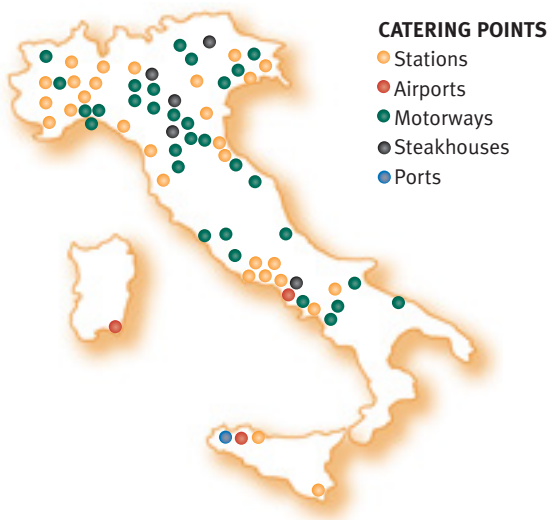


# Catering

“ In 2004 the growth trend in the catering sector continued, confirming the validity of the strategy that has led to the diversification of our catering concessions in Italy and Europe. ”

Cremonini S.p.a. is active in the concession catering sector with its own division.

In particular it operates in railway catering – on-board trains and in station buffets – in airports and in motorway catering.



In 2004 consolidated revenues of the Catering division came to 268.2 million Euros, a growth of 14.1% compared to 2003, the gross operating margin reached 26.5 million Euros (+19.2%) and the operating profit was 16.8 million Euros (+26.4%).



# Catering

## On-board catering



In only 13 years of activity in the on-board catering sector, Cremonini has become the second

Brussels, Paris, Cologne, Düsseldorf and Amsterdam, on the Italo-Swiss Cisalpino trains,



operator in Europe and in 2004 it generated revenues of 149.0 million Euros. The reasons behind this success can be found in the efficiency of the operating model, which is specialised in catering services on-board high-speed trains, and the ability to understanding the new requirements of the passengers.

Cremonini is present daily on more than 630 trains in 7 European countries, managing catering services in restaurant carriages, self services, mini-bars and bars. Last year we served more than 35 million clients. The Group is present on Italian Trenitalia trains, the British Eurostar trains that connect London, Paris and Brussels through the Channel Tunnel, on Belgian Thalys trains that run between

French TGV trains, as well as Lyria trains that connect Paris to Lausanne and Paris to Zurich and on the Corail trains that connect Paris Austerlitz-Toulouse, Paris-Clermont-Ferrand and Bordeaux-Nice.

Moreover since February 2005 the Group manages the catering and entertainment service on-board the French iDTGV trains on the Paris-Avignon-Marseilles-Toulon line, with more destinations to follow. During the year Cremonini won the "Catering Award 2005" Oscar, a prize for the best on-board catering service chosen from amongst all catering operators that work on British transport (aeroplanes, trains, ships and ferries).



### ● Trains served by the group in Europe:

- Trenitalia (I)
- Cisalpino (CH, I)
- Eurostar (GB, F, B)
- Thalys (GB, D, F, B, NL)
- SNCF (F)

630 trains served in 7 European countries  
32 railway stations  
3 airports  
31 motorway service-areas  
60 million clients served every year

## Station and Airport catering

With a market share of 35.9%, the Cremonini Group is leader in concession catering in Italian railway stations: it manages services such as bars, buffets, restaurants, self service restaurants, fast food outlets, pizzerias and kiosks.

Today the Group manages 32 railway stations in Italy, of which 7 are main stations: Roma Termini, Firenze SMN, Venezia Mestre, Genova Porta Principe, Genova Brignole, Palermo Centrale and Torino Porta Nuova.

Cremonini's catering division is also present with services in airports at Roma Fiumicino, Palermo and Cagliari as well as the port of Palermo.

In the field of concession catering Cremonini uses its own brands, like Bar Chef Express, Gusto Ristorante, Harry's Bar Roma and Mr Panino, and also the brands of large international chains with franchising contracts.



At the start of 2005 the Group purchased 100% of Infer S.r.l., a company that operates with the Mokà brand in buffet catering at Roma Termini station and that owns the concessions for the Milano

Centrale and Napoli Centrale stations. Mokà premises are characterised by their modern style and the elegance of the environment: a catering concept that is in the medium-high quality bracket of the market and which completes the range of services that Cremonini offers in the concession catering sector.



### Steakhouse

The Group continues the project of expansion of the steakhouse chain with the Roadhouse Grill brand, strengthened by the growing success of the first 5 Italian restaurants that have been opened (Rome, Bologna, Legnano, Pordenone and Mantova).





## Motorway catering

In 2003 Cremonini began operating in the motorway catering sector with Moto S.p.a., a company that is jointly owned with the British Compass Group Plc. 2004 was an important year for Moto S.p.a. in the award process for service-areas tendered by the main Italian motorway management companies. In fact Moto



In this way Moto became the second Italian motorway catering operator, with a market share of more than 6% and estimated full-capacity annual revenues of around 80 million Euros. Moto service-areas are characterised by some innovative solutions like the Infopoint, which allows Internet navigation, and the buffet with seating.



won 24 new areas during the year, which when added to another 7 deriving from previous acquisitions brought the total number of service-areas run with the “Moto” brand in Italy to 31.



The company’s development plans foresee interesting growth possibilities deriving from the future award procedures of Italian motorway concessions, which will be tendered in the next two years.







# Financial statements and consolidated accounts



2004

## NOTICE OF CALL TO THE SHAREHOLDERS' MEETING

Shareholders who hold common shares are called to the ordinary shareholders' meeting set for 30th April 2005, at 10am, in Castelvetro di Modena, Via Modena no. 53, to discuss and deliberate the following

### Agenda

- 1) Financial Statements for the year as at 31st December 2004, the Directors' report, the Statutory Auditors' report; connected and attendant resolutions;
- 2) Fulfilment of Article 2383 of the Italian Civil Code and Article 16 of the company by-laws (Appointment of Directors); connected and attendant resolutions;
- 3) Fulfilment of Article 2400 of the Italian Civil Code and Article 23 of the company by-laws (Appointment of Statutory Auditors); connected and attendant resolutions;
- 4) Authorisation to the Board of Directors to buy and sell Treasury Stock; connected and attendant resolutions.

In accordance with the law, documentation regarding the points under discussion and the proposals contained in the minutes will be made available to the interested parties by depositing them at the Head Office and the Italian Stock Exchange. The Shareholders can obtain a copy from the "Company Affairs" Office on weekdays from 9am until 1pm and from 3pm until 6pm.

The Group consolidated financial statement at 31st December 2004 will be provided to the shareholders during the meeting.

In order to have the right to attend the meeting, shareholders with ordinary shares are required to present the required certification released by an authorised intermediary in accordance with current legislation.

The Shareholders are advised that in accordance with Article 23 of the company by-laws, those who either on their own or together with other shareholders can prove that they own at least 3% of the voting capital in the ordinary meeting have the right to present a list for the appointment of the Statutory Auditors. The list, including curricula and acceptances, must be deposited at the Company's Head Office at least 10 days before the date of the meeting.

Accreditation of those attending the general meeting shall begin at 9.30 am.

The Chairman  
(Cav. Lav. Luigi Cremonini)



Notice published in the Official Gazette – Announcement Sheet 71 dated the 26th March 2005, announcement S-2762

## OFFICERS OF CREMONINI S.P.A.

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### 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.	

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(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 Catering business unit

## DIRECTORS' REPORT

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### Group progress and operating results

In 2004 the Group continued the positive growth trend in both revenues and profitability that had characterised the previous three years.

In the period under examination total consolidated revenues grew by 11.6% compared to the previous year, from 1,786.2 million euros to 1,993.1 million (+206.9 million euros), the gross operating margin rose 6.3%, from 117.7 million euros to 125.1 million (+7.4 million euros) while operating profit increased by 13.0%, rising from 61.8 million euros to 69.8 million (+8.0 million euros).

Profit on ordinary activities rose by 30.7% compared to 2003, going from 35.9 to 47.0 million euros (+11.1 million euros).

Profit before taxation was 41.8 million euros and more than doubled when compared to the 2003 adjusted profit of 20.2 million euros (adjusted for the extraordinary net profit of 34.2 million euros, deriving from the sale of 33.33% of Marr's capital).

The net consolidated profit before minority interests was 17.5 million euros while the Group's share of profit was 8.0 million euros, which are both improved when compared to the corresponding data from 2003, which were 34.8 million euros and 29.5 million euros respectively, and which included the extraordinary profit from the sales of a minority share of the subsidiary Marr s.p.a..

We should also highlight the drop in net debt, both compared to the 30th September 2004 (-14.2%), and compared to the 31st December 2003 (-5.6%). This result is even more impressive if we consider the investments made and the dividend paid during the year.

Below you will find a summary of the economic and financial data concerning financial year 2004 compared to those of the previous year. For a more complete analysis of the Groups' results, details are shown below, broken down by single sector.

## Consolidated statement of income

<i>(in thousands of euros)</i>	<b>Year 2004</b>	<b>Year 2003</b>	<b>Change %</b>
<b>Total revenues</b>	<b>1,993,052</b>	<b>1,786,230</b>	<b>11.58</b>
Changes in inventories of work-in-progress and finished products	(23,132)	28,064	
<b>Value of production</b>	<b>1,969,920</b>	<b>1,814,294</b>	<b>8.58</b>
Costs of production	(1,663,981)	(1,536,659)	
<b>Value added</b>	<b>305,939</b>	<b>277,635</b>	<b>10.19</b>
Staff expenses	(180,869)	(159,968)	
<b>Gross operating margin</b>	<b>125,070</b>	<b>117,667</b>	<b>6.29</b>
Depreciations, amortizations and write-downs	(55,267)	(55,879)	
<b>Operating profit (b)</b>	<b>69,803</b>	<b>61,788</b>	<b>12.97</b>
Net financial income (expense)	(22,832)	(25,861)	
<b>Profit (loss) on ordinary activities (b)</b>	<b>46,971</b>	<b>35,927</b>	<b>30.74</b>
Net income (expense) from stockholdings	(1,424)	(9,681)	
Net extraordinary income (expense)	(3,785)	28,155	
<b>Profit (loss) before taxation</b>	<b>41,762</b>	<b>54,401</b>	<b>(a) (23.23)</b>
Taxation for the financial year	(24,294)	(19,628)	
<b>Profit (loss) before minority interests</b>	<b>17,468</b>	<b>34,773</b>	<b>(a) (49.77)</b>
Minority's share of (profit) loss	(9,440)	(5,323)	
<b>Group's share of profit (loss)</b>	<b>8,028</b>	<b>29,450</b>	<b>(a) (72.74)</b>

(a) These results include the net extraordinary profit of 34.2 million euros (31.3 million euros net of taxation and 32.6 net of minorities) deriving from the sale of a minority share in Marr.

(b) You are referred to the additional notes on the consolidated financial statements (in the section "Comments on the main headings of the income statement") for the reconciliation of data.

## DIRECTORS' REPORT

### Consolidated balance sheet

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	31.12.2003	Change %
Intangible fixed assets	116,460	104,694	
Tangible fixed assets	406,706	392,072	
Stockholdings and other financial fixed assets	17,697	25,690	
<b>Total fixed assets</b>	<b>540,863</b>	<b>522,456</b>	3.52
<i>Trade net working capital</i>			
- Trade receivables	255,831	253,751	
- Inventories	211,106	212,831	
- Trade payables	(299,100)	(268,467)	
Total trade net working capital	167,837	198,115	
Other current assets	81,468	78,065	
Other current liabilities	(73,552)	(55,020)	
<b>Net working capital</b>	<b>175,753</b>	<b>221,160</b>	(20.53)
<b>Staff severance indemnities and other medium-long term provision</b>	<b>(45,265)</b>	<b>(43,815)</b>	
<b>Net capital employed</b>	<b>671,351</b>	<b>699,801</b>	(4.07)
Group net equity	191,632	200,797	
Minority interests	53,927	47,860	
<b>Total shareholders' equity</b>	<b>245,559</b>	<b>248,657</b>	(1.25)
Medium-long term debts	165,408	200,758	
Short term debts	260,384	250,386	
<b>Net financial position</b>	<b>425,792</b>	<b>451,144</b>	(5.62)
<b>Shareholders' equity and debts</b>	<b>671,351</b>	<b>699,801</b>	(4.07)

As regards the balance sheet, note the reduction in the working capital (-20.5%), mainly due to the trend of the production sector.

### Net consolidated financial position

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	31.12.2003
Bank loans, bonds and other financing		
- payable within 12 months	(312,486)	(312,362)
- payable between 1 and 5 years	(115,210)	(154,090)
- payable over 5 years	(50,198)	(46,668)
<b>Total bank loans, bonds and other financing</b>	<b>(477,894)</b>	<b>(513,120)</b>
Liquidity		
- cash and banks	47,605	50,937
- financial assets	4,497	11,039
<b>Total liquidity</b>	<b>52,102</b>	<b>61,976</b>
<b>Total financial position, net of liquidity</b>	<b>(425,792)</b>	<b>(451,144)</b>

The Group net financial position came to 425.8 million euros, a drop when compared to the 30th September 2004 (-14.2% or -70.2 million euros), and also to the end of the previous year (-5.6% or -25.4 million euros). This result was obtained thanks to cash-flow generated by the ordinary activity and is even more impressive if we bear in mind that during the year the Group invested 60.6 million euros and paid dividends for 21 million euros.

### The evolution of consolidated net financial position during fiscal year 2004

<i>(in thousands of euros)</i>	<i>At 31 December 2004</i>	<i>At 30 September 2004</i>	<i>At 30 June 2004</i>	<i>At 31 March 2004</i>	<i>At 31 December 2003</i>
Medium-long term indebtedness	(165,408)	(175,472)	(176,284)	(165,178)	(200,758)
Short term indebtedness	(312,486)	(364,551)	(373,541)	(379,304)	(312,362)
Total financial indebtedness	(477,894)	(540,023)	(549,825)	(544,482)	(513,120)
Cash and banks and other financial assets	52,102	44,044	51,899	45,908	61,976
<b>Total financial position, net of liquidity</b>	<b>(425,792)</b>	<b>(495,979)</b>	<b>(497,926)</b>	<b>(498,574)</b>	<b>(451,144)</b>

## Financial results by segment of activity

The Group operates in the food sector and holds positions of leadership in three macro areas of business:

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

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

# DIRECTORS' REPORT

## Breakdown of revenues by sector

<i>(in thousands of euros)</i>	<b>Year 2004</b>	<i>Year 2003</i>	<i>Change total value</i>	<i>Change %</i>
<b>Production</b>				
<i>Net revenues</i>	959,961	821,481	138,480	16.86
<i>Intercompany revenues</i>	45,264	38,369		
Total revenues	1,005,225	859,850	145,375	16.91
Gross operating margin	51,489	52,643	(1,154)	(2.19)
Depreciations, amortizations and write-downs	(31,418)	(30,820)	(598)	1.94
Operating profit (loss)	20,071	21,823	(1,752)	(8.03)
<b>Distribution</b>				
<i>Net revenues</i>	759,724	726,343	33,381	4.60
<i>Intercompany revenues</i>	35,112	17,821		
Total revenues	794,836	744,164	50,672	6.81
Gross operating margin	49,748	45,953	3,795	8.26
Depreciations, amortizations and write-downs	(10,876)	(11,522)	646	(5.61)
Operating profit (loss)	38,872	34,431	4,441	12.90
<b>Catering</b>				
<i>Net revenues</i>	268,291	235,040	33,251	14.15
<i>Intercompany revenues</i>	(49)	41		
Total revenues	268,242	235,081	33,161	14.11
Gross operating margin	26,548	22,278	4,270	19.17
Depreciations, amortizations and write-downs	(9,796)	(9,029)	(767)	8.49
Operating profit (loss)	16,752	13,249	3,503	26.44
<b>Parent Company and centralized activities</b>				
<i>Net revenues</i>	5,076	3,366	1,710	50.80
<i>Intercompany revenues</i>	6,447	8,296		
Total revenues	11,523	11,662	(139)	(1.19)
Gross operating margin	(2,528)	(2,874)	346	(12.04)
Depreciations, amortizations and write-downs	(3,177)	(4,508)	1,331	(29.53)
Operating profit (loss)	(5,705)	(7,382)	1,677	(22.72)
<b>Consolidation adjustments</b>				
Total revenues	(86,774)	(64,527)		
Gross operating margin	(187)	(333)		
Depreciations, amortizations and write-downs				
Operating profit (loss)	(187)	(333)		
<b>Total</b>				
Total revenues	1,993,052	1,786,230	206,822	11.58
Gross operating margin	125,070	117,667	7,403	6.29
Depreciations, amortizations and write-downs	(55,267)	(55,879)	612	(1.10)
Operating profit (loss)	69,803	61,788	8,015	12.97

**Total consolidated revenues** rose by 206.9 million euros to 1,993.1 million euros (+11.58%) thanks to contributions from all Group business sectors. Production increased their revenues by 145.4 million euros (+16.91%), Distribution by 50.7 million (+6.81%), and Catering increased their revenues by 33.2 million euros (+14.11%).

The **consolidated gross operating margin** showed an increase of 7.4 million euros (+6.29%), and drew benefit from the positive trend in catering, with growth of 4.3 million euros (+19.17%) and distribution which rose 3.8 million euros (+8.26%). The production margin dropped by 1.2 million euros (-2.19%).

The **consolidated operating profit**, which grew by 8.0 million euros (+12.97%), also benefited from the positive trend in catering, which rose by 3.5 million euros (+26.44%) and distribution that increased by 4.4 million euros (+12.90%). Production profit dropped by 1.8 million euros (-8.03%).

## Breakdown of revenues from sales and services by geographic area

*Year 2004 - (in thousands of euros)*

	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	617,775	64.8	708,588	94.5	162,508	62.2	2,338	97.1	<b>1,491,209</b>	75.8
European Union	144,993	15.2	15,645	2.1	98,427	37.7	48	2.0	<b>259,113</b>	13.2
Outside the E.U.	190,154	20.0	25,572	3.4	214	0.1	22	0.9	<b>215,962</b>	11.0
Total	952,922	100	749,805	100	261,149	100	2,408	100	<b>1,966,284</b>	100

*Year 2003 - (in thousands of euros)*

	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	583,267	71.6	674,260	94.6	150,398	64.9	2,520	99.2	<b>1,410,445</b>	80.0
European Union	116,933	14.3	19,292	2.7	81,336	35.1	21	0.8	<b>217,582</b>	12.4
Outside the E.U.	114,830	14.1	19,321	2.7	-	-	-	-	<b>134,151</b>	7.6
Total	815,030	100	712,873	100	231,734	100	2,541	100	<b>1,762,178</b>	100

## DIRECTORS' REPORT

### Consolidated balance sheet by business sector

<b>As at 31 December 2004</b>	<i>Production</i>	<i>Distribution</i>	<i>Catering</i>	<i>Parent Company and centralized</i>	<i>Consolidation adjustments</i>	<i>Total</i>
<i>(in thousands of euros)</i>						
Intangible fixed assets	24,098	54,295	36,948	1,119		116,460
Tangible fixed assets	302,841	31,012	18,005	54,848		406,706
Financial fixed assets	6,328	465	630	10,274		17,697
<b>Total fixed assets</b>	<b>333,267</b>	<b>85,772</b>	<b>55,583</b>	<b>66,241</b>		<b>540,863</b>
<i>Trade net working capital</i>						
- Trade receivables	106,206	125,034	33,045	6,133	(14,587)	255,831
- Inventories	125,195	80,790	5,106	15		211,106
- Trade payables	(140,947)	(131,199)	(41,158)	(2,085)	16,289	(299,100)
Total trade net working capital	90,454	74,625	(3,007)	4,063	1,702	167,837
Other current assets	30,156	24,434	6,782	33,865	(13,769)	81,468
Other current liabilities	(22,895)	(24,046)	(19,782)	(21,547)	14,718	(73,552)
<b>Net working capital</b>	<b>97,715</b>	<b>75,013</b>	<b>(16,007)</b>	<b>16,381</b>	<b>2,651</b>	<b>175,753</b>
<b>Staff severance indemnities and other provision</b>	<b>(19,895)</b>	<b>(9,838)</b>	<b>(11,497)</b>	<b>(4,035)</b>		<b>(45,265)</b>
<b>Net capital employed</b>	<b>411,087</b>	<b>150,947</b>	<b>28,079</b>	<b>78,587</b>	<b>2,651</b>	<b>671,351</b>

<b>As at 31 December 2003</b>	<i>Production</i>	<i>Distribution</i>	<i>Catering</i>	<i>Parent Company and centralized</i>	<i>Consolidation adjustments</i>	<i>Total</i>
<i>(in thousands of euros)</i>						
Intangible fixed assets	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
<b>Total fixed assets</b>	<b>332,123</b>	<b>75,359</b>	<b>52,338</b>	<b>62,636</b>		<b>522,456</b>
<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)
<b>Net working capital</b>	<b>128,402</b>	<b>84,870</b>	<b>(16,227)</b>	<b>24,110</b>	<b>5</b>	<b>221,160</b>
<b>Staff severance indemnities and other provision</b>	<b>(19,550)</b>	<b>(9,525)</b>	<b>(10,677)</b>	<b>(4,063)</b>		<b>(43,815)</b>
<b>Net capital employed</b>	<b>440,975</b>	<b>150,704</b>	<b>25,434</b>	<b>82,683</b>	<b>5</b>	<b>699,801</b>

## Net consolidated financial position by business sector

<b>As at 31 December 2004</b>	<i>Production</i>	<i>Distribution</i>	<i>Catering</i>	<i>Parent Company and centralized</i>	<i>Total</i>
<i>(in thousands of euros)</i>					
<u>Bank loans, bonds and other financing</u>					
- payable within 12 months	(171,235)	(13,594)	(2,075)	(125,582)	(312,486)
- payable between 1 and 5 years	(38,001)	(28,471)		(48,738)	(115,210)
- payable over 5 years	(39,311)	(7,712)		(3,175)	(50,198)
<b>Total bank loans, bonds and other financing</b>	<b>(248,547)</b>	<b>(49,777)</b>	<b>(2,075)</b>	<b>(177,495)</b>	<b>(477,894)</b>
<u>Liquidity</u>					
- cash and banks	13,085	23,582	9,071	1,867	47,605
- financial assets	497	320	1,749	1,931	4,497
<b>Total liquidity</b>	<b>13,582</b>	<b>23,902</b>	<b>10,820</b>	<b>3,798</b>	<b>52,102</b>
<b>Internal treasury current accounts</b>	<b>1,077</b>	<b>(4)</b>	<b>(15,737)</b>	<b>14,664</b>	
<b>Total financial position, net of liquidity</b>	<b>(233,888)</b>	<b>(25,879)</b>	<b>(6,992)</b>	<b>(159,033)</b>	<b>(425,792)</b>

<b>As at 31 December 2003</b>	<i>Production</i>	<i>Distribution</i>	<i>Catering</i>	<i>Parent Company and centralized</i>	<i>Total</i>
<i>(in thousands of euros)</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)
<b>Total bank loans, bonds and other financing</b>	<b>(236,069)</b>	<b>(66,474)</b>	<b>(4,473)</b>	<b>(206,104)</b>	<b>(513,120)</b>
<u>Liquidity</u>					
- cash and banks	15,155	23,497	11,560	725	50,937
- financial assets	1,828	5,558	28	3,625	11,039
<b>Total liquidity</b>	<b>16,983</b>	<b>29,055</b>	<b>11,588</b>	<b>4,350</b>	<b>61,976</b>
<b>Internal treasury current accounts</b>	<b>(42,324)</b>	<b>1,147</b>	<b>(21,523)</b>	<b>62,700</b>	
<b>Total financial position, net of liquidity</b>	<b>(261,410)</b>	<b>(36,272)</b>	<b>(14,408)</b>	<b>(139,054)</b>	<b>(451,144)</b>

## DIRECTORS' REPORT

### The operating sectors of the Group

#### Production

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

<i>Company</i>	<i>Business carried out</i>
<b>a) Beef and meat-based products</b>	
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. - 1, Rue du Gabian "Le Thales" 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. - Via Spilamberto n. 30/C Castelvetro di Modena (MO)	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.
INALCMMIL Ltda - Luanda Angola	Food marketing.
INALCA ALGERIE s.a r.l. - 08, Rue Cherif Hamani - Algiers (Algeria)	Food marketing.
INTER INALCA ANGOLA Ltda - Luanda Angola	Food marketing.
IN.AL.SARDA s.r.l. - Via Monastir n. 219 Cagliari	Processing and marketing beef-based products.
INALCA KINSHASA sprl - Kinshasa Democratic Republic of Congo	Food marketing.
INALCA RUSSIA I.l.c. - Ryabinovaja Str. 43 Moscow (Russia)	Food marketing.
MARR RUSSIA I.l.c. - Ryabinovaja Str. 43 Moscow (Russia)	Food marketing.
AZ. AGR. RONDINE BIANCA s.r.l. - Via Corticella n. 3 - Spilamberto (MO)	Agricultural activities.

**b) Cured meats and snack foods**

MONTANA ALIMENTARI s.p.a. –  
Via Marconi n. 3, Gazoldo Degli Ippoliti (MN)  
  
SALUMI D'EMILIA s.r.l. - Via Modena n. 53  
Castelvetro di Modena (MO)

Production and marketing of food products  
(cured meats and gastronomy).

Production and marketing of cured meats.

<b>Breakdown of revenues by activity</b> (in thousands of euros)	<b>Year 2004</b>	<b>Year 2003</b>	<b>Chg. %</b>
Beef and meat-based products	908,118	764,139	18.84
- intercompany revenues	(32,453)	(28,161)	
<b>Net total</b>	<b>875,665</b>	<b>735,978</b>	
Cured meats and gastronomy/snack foods	131,055	126,831	3.33
- intercompany revenues	(1,495)	(2,959)	
<b>Net total</b>	<b>129,560</b>	<b>123,872</b>	
	<b>1,005,225</b>	<b>859,850</b>	<b>16.91</b>

In 2004 the production sector recorded an increase in revenues, rising from 859.9 million euros in the same period last year to 1,005.2 million euros (+16.91%). The gross operating margin dropped slightly from 52.6 to 51.5 million euros (-2.19%) while the operating profit went from 21.8 to 20.1 million euros (-8.03%).

The beef business

In 2004 the beef market was characterised by various factors that had different influences on the results of the sector.

On one hand, the recovery of Italian beef consumption continued, which, together with the well-known process of concentration of operators, contributed to favouring the development of the Group companies.

On the other hand, competitive pressure increased, also due to the presence in the domestic market of other community operators, and the negative influence of the American dollar remains strong (the currency used in nearly all exports to countries outside the European Union).

Within this market scenario, the sector has nevertheless managed to develop good growth, which is mainly organic.

The margins have been influenced not only by the above-mentioned circumstances but also by the strategic choice to adopt a marketing strategy which is aimed at favouring the needs of the large-retail sector above all, which is particularly oriented to reducing the pressure on prices. This strategy has allowed Cremonini to gain new market share and lay the foundations for interesting development opportunities in the near future.

All main products in the sector have shown an increase in volume and in particular vacuum-sealed fresh-cut meat, frozen hamburgers, pre-portioned and prepared products, such as Montana brand fresh hamburgers, and lastly tinned meats.

During the year advertising investments continued on Montana brand products, which is owned by INALCA s.p.a.; it is the brand that is used on all self-service products sold by the Cremonini Group. Under this brand we market fresh-beef products produced by INALCA, cured meats produced by Montana Alimentari (a company that is part of the Group to which has been granted the use of the brand name) and, obviously, the tinned products from which the brand derives its historical origins.

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During the year there was an increase in the sale of tinned-meats destined to countries outside the European Union, with the signature of important supply contracts in new countries, as well as in the destinations managed by our foreign subsidiaries, above all in Africa.

There was also excellent progress in the Russian activity where investment is being made for a distribution platform in Moscow. A new branch will be opening in Luanda, Angola, during the second half of 2005.

Finally it should be noted that the slaughtering activity in the Avellino plant began during December, managed by the associated company Realbeef s.r.l.. This company will strengthen the purchasing network of adult cattle in Italy.

### Cured-meat and snack sector

In 2004 the cured meats market was characterised by various negative factors which influenced the commercial activity and margins in a significant way, above all in the second half of the year.

The prices of raw materials rose in an absolutely unprecedented way. This growth is due to speculative and distorting phenomenon linked, at least partly, to the increase of volumes purchased by countries that joined the European Union in May.

This all coincided with a general drop in demand (a phenomenon that was common to the entire food sector) and the ever stronger presence of modern distribution channels at the expense of the traditional retail stores. There was also important growth in the Hard Discount sector and the consequent demand for “best price” products which led to further margin compression. The drop in consumption led to strong competition between the different distribution chains and the inevitable request for larger discounts, promotions and contributions. The other factor that should be underlined is the increasing popularity of the on-line auction as a purchase method, even by modern distribution.

In the second half of the year there was also the “Distribution – Government” agreement that was aimed at blocking price increases for different types of food products. This further worsened the situation, preventing the recovery of increased production costs with the sales price.

Despite this scenario, the segment nonetheless managed to keep revenues at a good level, even in terms of quantity, accepting, however, a large reduction in margins. As far as products are concerned, there was a significant and constant increase in the demand for the so-called “self-service” products (pre-sliced and pre-portioned) at the expense of “over the counter” products.

The snacks division showed an increase in quantities sold, with an excellent performance in fresh products and “ATP”. Margins benefited from the industrial reorganisation that was completed in November last year, and that gathered together all processes regarding snacks in Gazoldo.

Tinned products, marketed by Montana Alimentari s.p.a., showed excellent results against the market trend, thanks to the improvement in quality and the never-ending research for, and offer of, innovative products. In fact the division not only consolidated the excellent performance of the previous year but its sales (by quantity) rose by more than 5%.

## Distribution

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

<i>Company</i>	<i>Business carried out</i>
<b>a) Foodservice distribution</b>	
MARR s.p.a. – Foodservice div. - Via Spagna n. 20 - Rimini	Marketing and distribution of fresh, dry and frozen food products for catering operators.
MARR ALISURGEL s.r.l. in liquidation – 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.
ALISEA soc. cons. a r.l. – Via Imprunetana per Tavernuzze n. 231/b, Impruneta (FI)	Restaurant services within hospital structures.
SFERA s.p.a. (ex SOGEMA) - Via del Carpino n. 4 Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dry and frozen food products for catering operators.
<b>b) Door to door distribution</b>	
MARR s.p.a. – “Quinta Stagione” div. – Via Spagna n. 20, Rimini	Marketing and distributing frozen food products door to door.

<i>Breakdown of revenues by activity</i> <i>(in thousands of euros)</i>	<i>Year 2004</i>	<i>Year 2003</i>	<i>Chg. %</i>
<u>Foodservice distribution</u>	786,126	734,144	7.08
- intercompany revenues			
<b>Net total</b>	<b>786,126</b>	<b>734,144</b>	
<u>Door to door distribution</u>	8,710	10,020	(13.07)
- intercompany revenues			
<b>Net total</b>	<b>8,710</b>	<b>10,020</b>	
	<b>794,836</b>	<b>744,164</b>	<b>6.81</b>

In 2004 the Distribution sector showed an increase in revenues that went from 744.2 million euros in 2003 to 794.8 million euros in 2004 (+6.81%). The gross operating margin was 49.7 million euros, compared to the 46.0 in 2003 (+8.26%). Operating profit was 38.9 million euros compared to 34.4 million euros in 2003 (+12.90%).

### Foodservice

Marr maintained and confirmed their undisputed position of Italian market leader for the marketing and distribution of fresh, dried and frozen food products to “non-domestic” catering operators.

The Italian “non-domestic” catering market comprises commercial restaurants (restaurants, hotels, pizzerias, fast food, holiday villages, etc.) and collective catering (company canteens, schools, hospitals, armed forces, etc.) and generates total revenues of more than 52 billion euros (more than 10 billion are related to drinks served away from mealtimes).

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The catering universe comprises roughly 245,000 structures, with a concentration in the commercial sector (88% of the value of which 66% is in restaurants and 34% in bars, above all for snacks and breakfast). Collective catering contributes to 12% of the total. The commercial catering sector has estimated average growth for the next three years of +1.2% per annum; the trend for collective catering will remain substantially stable (-0.8%).

In reference to the cost of food products purchased, the market is worth around 14,000 million euros. In this market, which is characterised by the presence of a large number of operators, Marr is market leader with a share close to 6%.

The first part of the year was characterised by a shrink in the market as a consequence of generally unfavourable market conditions. The market thus felt the impact of the economic situation which has had a negative influence on demand, above all in the hotel sector. Demand in the modern commercial catering sector was positive although the trend is slowing (snacks, fast food, transport catering) and, in a smaller way, collective catering was also positive.

The later part of the year confirmed the difficulties in the sector which are closely tied to the general conditions of the national economy. In fact with respect to previous years there was a decrease in non-domestic food consumption during the end-of-year festivities.

The foodservice sector confirms an interesting trend, both as regards revenues and margins in 2004, despite the unfavourable market scenario. The increase in revenues was also helped by the revenues from Sogema/branch of Marr Torino, which joined the Marr Group on the 1st June 2004.

All product lines and sales channels continue to show growth.

On the 31st December, the sales network comprised more than 600 sales people, of whom 531 were salesmen, and a fleet of about 511 vehicles (of which 457 of third parties and 54 directly managed by the company with its employees). The number of clients served in 2004 was 44,024, a rise of more than 3,000 compared to last year.

Amongst the main events during the year were the following:

- On the 1st March 2004 final contracts were signed for the purchase of Sogema s.p.a. with head-office in Turin and active in the North-West, with revenues of around 33 million euros and 4,000 clients served in 2003. The transaction allowed the purchase of 100% of the foodservice activity of Sogema s.p.a. with effect from the 1st June 2004. Starting from the 1st November 2004, the business runned by Sogema was entrusted to Marr and, since that date, is run with the name "Marr Turin branch".
- On the 17th March 2004 the preliminary contracts were signed for the purchase of two company branches in Spezzano Albanese (Cs) in which the new branch "Marr Calabria" started on 1st March 2005. The final contracts were signed on the 14th January 2005.
- On the 21st May 2004 we signed a contract with Efibanca s.p.a. for the concession of a credit line of 40 million euros and with a duration of 5 years, of which 18 million euros were used during the year.
- On the 30th November 2004 a bond was repaid, at its natural maturity, for 18 million euros, that had been agreed with CARIM s.p.a. in 1999.

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#### Door-to-door

At 31 December 2004 the marketing structure of the door-to-door sector comprised a branch (direct sales) and 9 concessionaries (indirect sales). The revenues are in line with the budget forecasts despite the drop in the period compared to the previous year. The sector shows balanced results for operating profit.

#### Information concerning the Marr Stock Option Plan

On the 2nd September 2003 the Shareholders Meeting authorised a future capital increase in Marr (up to a maximum of 133,131 new shares) to service the Stock Option Plan reserved for certain employees; to date this increase has not been undertaken.

In 2004 options for 22,736 shares were awarded while in 2003 the number was 22,100, for a total of 44,836 options.

# DIRECTORS' REPORT

## Catering

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

<i>Company</i>	<i>Business carried out</i>
<b>a) On-board catering</b>	
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 trains catering in Italy.
MOMENTUM SERVICES Ltd Parklands Court, 24 Parklands Birmingham Great Park Rubery, Birmingham (GB)	Operating, in concession, on-board catering of the trains which connect London with Paris and Brussels through the “Channel Tunnel”.
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>b) Commercial catering</b>	
CREMONINI s.p.a. – Commercial Division Via Modena n. 53, Castelvetro di Modena (MO)	Operator in the sector of commercial catering in concession. Specifically operating restaurants services in the buffets of important Italian railway stations, airports, ports and other areas.
ROADHOUSE GRILL ITALIA s.r.l. - Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of “steakhouse” restaurants in Italy.
SGD s.r.l. - Via Modena n. 53 Castelvetro di Modena (MO)	Management of commercial areas for catering activities.
MOTO s.p.a. – Via Modena n. 53 Castelvetro di Modena (MO) (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 Austria’s motorways.

<b>Breakdown of revenues by activity</b> (in thousands of euros)	<b>Year 2004</b>	<b>Year 2003</b>	<b>Chg. %</b>
On-board catering	150,984	133,960	12.71
- intercompany revenues	(1,984)	(1,306)	
<b>Net total</b>	<b>149,000</b>	<b>132,654</b>	
Commercial catering	119,825	103,020	16.31
- intercompany revenues	(583)	(593)	
<b>Net total</b>	<b>119,242</b>	<b>102,427</b>	
	<b>268,242</b>	<b>235,081</b>	<b>14.11</b>

In 2004 the catering sector showed a strong increase in all main economic indicators compared to 2003. Revenues rose by 14.11%, rising from 235.1 million euros to 268.2 million. The gross operating margin also grew from 22.3 million euros to 26.5 million euros (+19.17%) while the operating profit increased by 26.44% from 13.2 to 16.8 million euros.

The catering sector operates in two different areas:

- On-board catering: Management, under concession, of catering services on-board trains and logistics activities in railway stations;
- Commercial catering: Management, under concession, of catering services inside railway stations, airports, motorway service stations and a chain of "steakhouse" restaurants.

#### On-board catering

In 2004 the on-board catering market grew strongly, also thanks to the general increase in the numbers of high-speed trains.

After having suffered attacks in recent years from low-cost airlines, railway companies are now reacting: with the introduction of new high-speed routes, the modernisation of carriages, new services offered to customers, and ever-more aggressive marketing strategies (including low-cost policies), European railway companies have increased the number of passengers transported.

The European on-board catering market in concession to third-parties (i.e. not directly managed by the railway companies), reached an estimated value of 550 million euros in 2004. The Group is now the second European player with a market share of more than 27%.

This trend and the Group's focus on this important market have allowed the reaching of important targets, above all concerning sales volumes.

In so far as important events occurring during the period under examination, the following must be mentioned.

- In May Momentum Services Ltd renewed the agreement with the English Eurostar Group Ltd for on-board catering services on high-speed trains that connect London to Paris and Brussels daily through the Channel Tunnel. The new contract has a duration of three years, and will expire on the 31st May 2007. For Momentum it is their third consecutive mandate, after winning the international tender in 2000 and the first contract renewal in 2003.
- In June Cremonini s.p.a. won for the fourth consecutive time and for a duration of three years (up to 2007), the international tender run by Trenitalia s.p.a. - Ferrovie dello Stato Group (Italian National railways) – regarding catering services on-board Italian trains.

## DIRECTORS' REPORT

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- During the third-quarter of 2004, the Group was awarded part of the tender run by the SNCF (Société Nationale des Chemins de Fer) for the management of catering services on-board 40 Corail trains. In particular, the concession regards the award of Paris Austerlitz – Toulouse, Paris - Clermont-Ferrand and Bordeaux – Nice routes.

We should also highlight the excellent performance of the logistics management service in the Gare du Nord in Paris that began at the start of the year with the subsidiary Cremonini Restauration. This unit caters for the handling for all the trains that leave the Parisian station and also for the composition of the meal-trays served on Eurostar, Thalys, and some high-speed French trains.

### Commercial catering

Despite an unfavourable economic climate in 2004, the reference market showed growth trends, admittedly slower than the trends shown in previous years. The market is also characterised by the process of concentration of the main operators in the sector, a process that began several years ago.

In this context the commercial catering business showed an interesting performance, both in terms of revenues and profitability.

In particular, as far as the station buffet sector is concerned, the Group continues to consolidate their national leadership, having reached a market share of 38%. In 2005 this growth strategy will be pursued, even through acquisitions, to strengthen their position on the domestic market.

Significant events during the year were, in the third-quarter, the signing of an agreement with Cento Stazioni for the renewal of rental contracts concerning 13 station buffets for a duration of 15 years.

There was also decided growth in the motorway catering sector activity, where Moto has confirmed their place as second national player with more than 6% of the market, thanks to their winning of new concessions.

In particular, during the first quarter, Moto s.p.a. was awarded another 12 service areas following the tenders for the re-allocation of concessions on stretches of Italian motorways.

In the airport sector the Group is the third player at national level, with a market share of 13%.

As far as the "steakhouse" project is concerned, this also grew both in terms of volumes and profitability, and we should highlight the opening of a new restaurant in the "Roadhouse Grill" chain in Mantova in the second half of April 2004. Today in Italy there are 5 restaurants open with this brand.

Lastly, in corporate matters, we must highlight the incorporation into Moto s.p.a. of Plose Veneta s.r.l. and the incorporation into Cremonini s.p.a. of the subsidiaries (100%) Mister Food s.p.a., So.Ge.Bar s.r.l. and S.A.M. s.r.l., companies that manage station buffets in Genova Porta Principe, Chiavari, Turin Porta Nuova and Faenza.

## Centralized activities (holding company, property and services)

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

<i>Company</i>	<i>Business carried out</i>
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-estate portfolio.
GLOBAL SERVICE s.r.l. - Via Modena n. 53 Castelvetro di Modena (MO)	<i>Technical services:</i> buildings and plants design, management of maintenance, restructuring and renovation activities; <i>IT services:</i> centralized management of hardware and software for the Group; <i>personnel services:</i> salary 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.

<i>Breakdown of revenues by activity</i> <i>(in thousands of euros)</i>	<i>Year 2004</i>	<i>Year 2003</i>	<i>Chg. %</i>
Property and services	5,465	6,853	(20.25)
- intercompany revenues	(426)	(167)	
<b>Net total</b>	<b>5,039</b>	<b>6,686</b>	
Parent Company	6,612	6,154	7.44
- intercompany revenues	(128)	(1,178)	
<b>Net total</b>	<b>6,484</b>	<b>4,976</b>	
	<b>11,523</b>	<b>11,662</b>	<b>(1.19)</b>

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### Transactions with non consolidated subsidiaries, associated and affiliated companies

With reference to transactions during 2004 with non-consolidated subsidiaries, associated and affiliated companies, carried out at market conditions, it is stated that these transactions concerned the sorts of income and expenditure shown in the table below. In special appendices to the additional notes to the consolidated financial statements we show economic and financial data divided by type of transaction regarding each company. It is also highlighted that transactions with affiliated companies (those companies owned by the major shareholder, but not included in the scope of consolidation) are insignificant.

<i>(in thousands of euros)</i>	<i>Parent companies</i>	<i>Subsidiaries</i>	<i>Associated companies</i>	<i>Affiliated companies</i>
<i>Revenues</i>				
Trade income	-	59	4,590	24
Other income	-	72	-	43
<b>Total revenues</b>	<b>-</b>	<b>131</b>	<b>4,590</b>	<b>67</b>
<i>Costs</i>				
Trade expense	43	12	6,391	744
Other expense	-	2	-	1
<b>Total costs</b>	<b>43</b>	<b>14</b>	<b>6,391</b>	<b>745</b>
<i>Loans and receivables</i>				
Trade receivables	-	1,056	6,262	5
Other receivables	25	565	410	2,205
<b>Total loans and receivables</b>	<b>25</b>	<b>1,621</b>	<b>6,672</b>	<b>2,210</b>
<i>Loans and payables</i>				
Trade payables	-	115	499	-
Other payables	28	522	-	260
<b>Total loans and payables</b>	<b>28</b>	<b>637</b>	<b>499</b>	<b>260</b>

As far as both parent companies and affiliated companies are concerned, the breakdown is as follows:

(in thousands of euros)	Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Parent and affiliated companies:						
Agricola 2000 s.r.l.	5				5	-
Cre.Am. s.r.l. in liq.			52		52	-
Cremofin s.r.l. (parent company)			25	28	25	28
Le Cupole s.r.l.			2,153	260	2,153	260
<b>Total parent and affiliated</b>	<b>5</b>	<b>-</b>	<b>2,230</b>	<b>288</b>	<b>2,235</b>	<b>288</b>

(in thousands of euros)	Trade		Other		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Parent and affiliated companies:						
Alfa 95 s.p.a. in liq.	1				1	-
Agricola 2000 s.r.l.	12				12	-
Cremofin s.r.l. (parent company)		43			-	43
Emil Food s.r.l.				1	-	1
Le Cupole s.r.l.	6	744			6	744
Tre Holding s.r.l.	5		43		48	-
<b>Total parent and affiliated</b>	<b>24</b>	<b>787</b>	<b>43</b>	<b>1</b>	<b>67</b>	<b>788</b>

The receivables towards the affiliated company Le Cupole mainly concern:

- for 500 thousand euros, the payment of a cautionary deposit for the purchase by Cremonini s.p.a. of a building to be used for offices in Rome. The signing of the notary's transfer contract is due in 2005;
- for 1,650 thousand euros, interest bearing loans granted on the last quarter of 2004 and reimbursed in March 2005.

The payables towards Le Cupole concern a deposit paid to Marr for the sale by the latter of land in Miramare (RN). The signing of the notary's transfer contract is due in 2005.

The expenses of 744 thousand euros towards the related company Le Cupole concern the rental of an industrial property historically used by Marr.

It is also stated that during the year the following transactions were made:

- Azienda Agricola Corticella, requested the termination of a preliminary contract for the purchase of land owned by Le Cupole, receiving a repayment of 2,250 thousand euros paid in advance;
- In June Cremofin (an holding company of menage of stockholdinhg) transferred to Cremonini s.p.a. an IRPEG credit of 1,850 thousand euros, used in payment of owed taxation.

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As far as guarantees given by the Group on behalf of affiliated companies are concerned, the list is as follows:

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

These are guarantees given (in 1989 and 1990) in favour of companies that were already part of the Group at that time; it is considered that these guarantees present no risks. In detail:

Cre.Am. s.r.l. under liquidation – Guarantee given to the Council of San Daniele del Friuli to cover a payment or urbanisation costs for the construction of a ham-production plant, a project that has still not started.

Alfa 95 s.p.a. under 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 Revenues 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.

## Investments

In 2004 the total amount of net investment came to 60.6 million euros of which 47.9 million euros were in tangible and intangible assets and 12.7 million in financial assets. Amongst the latter are an investment of 12 million euros for the purchase of Sogema s.p.a. by Marr. In detail, the investments net of sales of tangible and intangible assets made in 2004 were as follows.

### Net investment by business sector

<i>(in thousands of euros)</i>	<i>Production</i>	<i>Distribution</i>	<i>Catering</i>	<i>Others</i>	<i>Total</i>
<b><i>Intangibles</i></b>					
Formation and start-up costs	55	15	136		206
Cost of research, development and advertising	2,410		361		2,771
Cost of industrial patents and rights for the use of intellectual property	484	148	336	244	1,212
Concessions, licenses, brand names and similar rights	5	8	286		299
Goodwill	70		(47)		23
Intangible fixed assets under development and advances	830	2,125	636		3,591
Other intangible fixed assets	65	953	4,089	46	5,153
<b>Total intangible fixed assets</b>	<b>3,919</b>	<b>3,249</b>	<b>5,797</b>	<b>290</b>	<b>13,255</b>
<b><i>Tangibles</i></b>					
Land and buildings	4,892	307	2	89	5,290
Plant and machinery	9,382	423	2,182	134	12,121
Industrial and commercial equipment	1,212	74	587		1,873
Other tangible fixed assets	1,008	295	1,744	440	3,487
Tangible fixed assets under development and advances	10,415		1,451	16	11,882
<b>Total tangible fixed assets</b>	<b>26,909</b>	<b>1,099</b>	<b>5,966</b>	<b>679</b>	<b>34,653</b>
<b>Total</b>	<b>30,828</b>	<b>4,348</b>	<b>11,763</b>	<b>969</b>	<b>47,908</b>

More detailed information on investments made during the period can be found in the Explanatory Notes to the consolidated accounts.

## DIRECTORS' REPORT

### Research and development

The main activities of Research and Development, broken down by sector, were as follows:

- Beef Sector – The sector had already started its own research into alternative technology for the disposal of derivative products and new techniques for the conservation of food products.
- Cured meats and snacks sector - The research and development activity carried out in 2004 mainly concerned the area of IGP products and its branches with a high quality content that are recognised by the public, and in the study of both production and industrial processes in the search for even more efficient solutions.
- Foodservice distribution sector – Here we continue to expand the range of products with their own brand name. Here we should underline the recent launch of a new product line (in December 2004 with the brand “tavola reale”) called finger food and aimed at sectors such as snacks, happy hours, etc..

### Treasury stock

The Parent Company owns treasury stock bought in accordance with the mandate given by the Administrators and to the decisions made by the Board, with the aim of stabilising the shares on the market. The mandate allows the acquisition of treasury stock up to the maximum amount permitted by Article 2357 of the Italian Civil Code.

The variations in treasury stock in the year 2004 have been as follows:

	Number of shares	Total nominal value	% of capital	Purchase/ Sale amount write-downs/write-ups (in thousands of euros)	Balance sheet value (in thousands of euros)
<i>Treasury stock under fixed assets</i>					
As at 31.12.2003	4,113,000	2,138,760	2.90	-	6,285
- Purchases	-	-	-	-	-
- Sales	-	-	-	-	-
- Write-ups / (downs)	-	-	-	-	-
<b>As at 31.12.2004</b>	<b>4,113,000</b>	<b>2,138,760</b>	<b>2.90</b>	<b>-</b>	<b>6,285</b>
<i>Treasury stock under current assets</i>					
As at 31.12.2003	10,024,486	5,212,733	7.07	-	14,419
- Purchases	384,141	199,753	0.27	536	-
- Sales	(1,537,729)	(799,619)	(1.08)	(2,477)	-
<b>As at 31.12.2004</b>	<b>8,870,898</b>	<b>4,612,867</b>	<b>6.26</b>	<b>(1,941)</b>	<b>12,746</b>
<b>Total treasury stock</b>					
<b>as at December 31, 2004</b>	<b>12,983,898</b>	<b>6,751,627</b>	<b>9.16</b>	<b>(1,941)</b>	<b>19,031</b>

Further to that which is written in the section below "Events subsequent to the closure of the 2004 financial year", it should be noted that Cremonini s.p.a. does not own treasury stock, neither through fiduciary trusts nor through a proxy.

The subsidiary and associated companies do not own shares in Cremonini s.p.a., neither directly nor through fiduciary trusts or proxies and those companies did not purchase nor sell shares in the Parent Company during the year.

## Events subsequent to the closure of the 2004 financial year

Amongst the events that have occurred since the end of the financial year are the following:

### Distribution

Following the Board of Directors' decision dated the 18th February 2005, on the 11th March 2005 the Shareholders' Meeting of Marr s.p.a. approved the request for listing of ordinary shares in the Company on the Star segment of the Stock Market run by the Italian Stock Exchange.

The role of Joint Global Coordinator for the transaction has been awarded to Banca IMI and Merrill Lynch International. Banca IMI will also carry out the activities of Sponsor and Market Specialist.

The Shareholders' Meeting also approved the modification of the Articles of Association, in order to make them conform to the applicable rules that relate to listed companies.

In January Sogema s.p.a. had bought the branch of the business from Sfera s.r.l. concerning the distribution activity to the foodservice sector for around 6 million euros with effect from the 1st February 2005. On that date Sogema s.p.a. changed their name to Sfera s.p.a..

In 2004 the activity purchased generated revenues of over 30 million euros and served more than 4,000 clients, and has a significant presence on the Riviera Romagnola and Riviera Marchigiana, in the hinterland behind Rimini, Forlì e Pesaro, with clients as far away as Umbria, Marche, Emilia and Veneto.

With the purchase of Sfera, Marr has further strengthened its presence on the territory of the Riviera Romagnola and Riviera Marchigiana making the most of the logistical and distribution synergies of the Cash & Carry activity that Sfera already had.

### Catering

In January Moto s.p.a. was awarded the management of the San Benedetto Est service area on the CISA Parma-La Spezia (A15) motorway. The premises were opened in March.

The concession will last 6 years and was awarded by Autocamionale della Cisa s.p.a., part of the Gavio Group, and it is estimated that it will generate annual revenues of around 1.5 million euros.

Since the beginning of the year Moto has accelerated their growth process on Italian motorways. In fact, apart from San Benedetto Est, Moto also took over the management of 3 service-areas in La Pioppa Est (A14), Reggello Ovest (A1) and S. Martino Ovest (A1), concessions that will generate total yearly revenues of around 20 million euros and which the company was awarded in March 2004. The number of service-areas managed by Moto in Italy thus rises to 28. In February we also opened premises on the service-area at Tolfa Est.

## DIRECTORS' REPORT

As regards railway station catering, in February we opened the buffet at Grosseto.

As far as the "steakhouse" project is concerned, the final contract was signed for the purchase of another area destined for new premises in Modena.

Finally, in the on-board railways catering sector, Cremonini Restauration s.a.s. was awarded a contract for the exclusive management of catering and entertainment services on board the new French iDTGV trains, the new rail offer launched by the SNCF and which only allows on-line reservation at extremely low prices.

### Other

In accordance with some existing contractual agreements, on the 18th March 2005, Domogel s.r.l. company with registered office in Castelvetro (created for this purpose) - company completely owned by Cremonini s.p.a. - bought the branch "Quinta Stagione" from Marr s.p.a., which is active in door-to-door sales of frozen goods, contract with effects from 1st April 2005.

The price of the transaction has been provisionally set at 239 thousand euros; this amount, which has already been paid, will be adjusted on the basis of the branch balance sheet as at the 31st March 2005 which will be prepared by the 30th April 2005.

Lastly, on the 25th March 2005, the Treasury Stock owned by Cremonini s.p.a. were 12,704,898 for a consideration of 18,892 thousand euros; variations during 2005 up to the 25th March 2005 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>
<b>31 December 2004</b>	<b>12,983,898</b>	-	<b>19,031</b>
- Change January 2005	(90,000)	(212)	
- Change February 2005	31,000	55	
- Change March 2005	(220,000)	(596)	
<b>25 March 2005</b>	<b>12,704,898</b>	-	<b>18,892</b>

## Managements views on future developments

Despite an unfavourable market situation that will slow the growth rates that we have seen up to now, the Company nevertheless expects even better results in 2005.

Management remains oriented to pursuing a policy of development in the various operative sectors, in a context of continuous improvement of both profitability and the main financial indicators.

# 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>	<i>Year 2004</i>	<i>Year 2003</i>	<i>Chg. %</i>
<b>Total revenues</b>	<b>132,487</b>	<b>126,382</b>	4.83
Changes in inventories of work-in-progress and finished products			
<b>Value of production</b>	<b>132,487</b>	<b>126,382</b>	4.83
Costs of production	(86,336)	(84,509)	
<b>Value added</b>	<b>46,151</b>	<b>41,873</b>	10.22
Staff expenses	(35,122)	(32,079)	
<b>Gross operating margin</b>	<b>11,029</b>	<b>9,794</b>	12.61
Depreciations, amortizations and write-downs	(7,571)	(8,438)	
<b>Operating profit</b>	<b>3,458</b>	<b>1,356</b>	155.01
Net financial income (expense)	(4,027)	101	
<b>Profit (loss) on ordinary activities</b>	<b>(569)</b>	<b>1,457</b>	n.a.
Net income (expense) from stockholdings	13,901	(862)	
Net extraordinary income (expense)	(1,971)	22,063	
<b>Profit (loss) before taxation</b>	<b>11,361</b>	<b>22,658</b>	(49.86)
Taxation for the financial year	(1,568)	(4,879)	
<b>Profit (loss) for the year</b>	<b>9,793</b>	<b>17,779</b>	(44.92)

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

<i>(in thousands of euros)</i>	<i>31.12.2004</i>	<i>31.12.2003</i>	<i>Chg %</i>
Intangible fixed assets	19,139	14,155	
Tangible fixed assets	48,204	54,300	
Stockholdings and other financial fixed assets	270,094	268,945	
<b>Total fixed assets</b>	<b>337,437</b>	<b>337,400</b>	0.01
- Trade receivables	23,617	23,014	
- Inventories	1,913	1,730	
- Trade payables	(28,377)	(25,246)	
Total trade net working capital	(2,847)	(502)	
Other current assets	50,972	33,621	
Other current liabilities	(25,897)	(10,979)	
<b>Net working capital</b>	<b>22,228</b>	<b>22,140</b>	0.40
<b>Staff severance indemnities and other medium-long term provisions</b>	<b>(14,022)</b>	<b>(13,857)</b>	
<b>Net capital employed</b>	<b>345,643</b>	<b>345,683</b>	(0.01)
<b>Shareholders' equity</b>	<b>190,225</b>	<b>197,919</b>	(3.89)
Medium-long term debts	42,941	114,235	
Short term debts	112,477	33,529	
<b>Net financial position</b>	<b>155,418</b>	<b>147,764</b>	5.18
<b>Shareholders' equity and debts</b>	<b>345,643</b>	<b>345,683</b>	(0.01)

## DIRECTORS' REPORT

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

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Bank loans, bonds and other financing		
- payable within 12 months	(124,222)	(94,742)
- payable between 1 and 5 years	(42,643)	(112,390)
- payable over 5 years	(298)	(1,845)
<b>Total bank loans, bonds and other financing</b>	<b>(167,163)</b>	<b>(208,977)</b>
Liquidity		
- cash and banks	2,749	1,531
- financial assets	1,931	4,178
<b>Total liquidity</b>	<b>4,680</b>	<b>5,709</b>
<b>Internal treasury current accounts</b>	<b>7,065</b>	<b>55,504</b>
<b>Total financial position, net of liquidity</b>	<b>(155,418)</b>	<b>(147,764)</b>

As well as the typical activities of a Holding Company, the Parent Company supplies specific services to Group companies and ensures catering services (both on-board trains and commercial) with a special division. The table below shows economic data split by business area.

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>	<b>Chg. %</b>	<b>2004</b>	<b>2003</b>	<b>Chg. %</b>	<b>2004</b>	<b>2003</b>	<b>Chg. %</b>
	<b>Catering</b>			<b>Parent company</b>			<b>Total</b>		
<b>Total revenues</b>	<b>125,875</b>	<b>118,837</b>	<b>5.92</b>	<b>6,612</b>	<b>7,545</b>	<b>(12.37)</b>	<b>132,487</b>	<b>126,382</b>	<b>4.83</b>
Changes in inventories									
<b>Value of production</b>	<b>125,875</b>	<b>118,837</b>	<b>5.92</b>	<b>6,612</b>	<b>7,545</b>	<b>(12.37)</b>	<b>132,487</b>	<b>126,382</b>	<b>4.83</b>
Costs of production	(75,245)	(74,139)		(11,091)	(10,370)		(86,336)	(84,509)	
<b>Value added</b>	<b>50,630</b>	<b>44,698</b>	<b>13.27</b>	<b>(4,479)</b>	<b>(2,825)</b>	<b>(58.55)</b>	<b>46,151</b>	<b>41,873</b>	<b>10.22</b>
Staff expenses	(32,548)	(29,963)		(2,574)	(2,116)		(35,122)	(32,079)	
<b>Gross operating margin</b>	<b>18,082</b>	<b>14,735</b>	<b>22.71</b>	<b>(7,053)</b>	<b>(4,941)</b>	<b>(42.74)</b>	<b>11,029</b>	<b>9,794</b>	<b>12.61</b>
Depreciations, amortizations and write-downs	(5,968)	(6,364)		(1,603)	(2,074)		(7,571)	(8,438)	
<b>Operating profit</b>	<b>12,114</b>	<b>8,371</b>	<b>44.71</b>	<b>(8,656)</b>	<b>(7,015)</b>	<b>(23.39)</b>	<b>3,458</b>	<b>1,356</b>	<b>155.01</b>
Net financial income (expense)	(127)	(6)		(3,900)	107		(4,027)	101	
<b>Profit (loss) on ordinary activities</b>	<b>11,987</b>	<b>8,365</b>	<b>43.30</b>	<b>(12,556)</b>	<b>(6,908)</b>	<b>(81.76)</b>	<b>(569)</b>	<b>1,457</b>	<b>n.a.</b>
Net income (expense) from stockholdings	18	(2,414)		13,883	1,552		13,901	(862)	
Net extraordinary income (expense)	(765)	(3,211)		(1,206)	25,274		(1,971)	22,063	
<b>Profit (loss) before taxation</b>	<b>11,240</b>	<b>2,740</b>	<b>n.a.</b>	<b>121</b>	<b>19,918</b>	<b>n.a.</b>	<b>11,361</b>	<b>22,658</b>	<b>(49.86)</b>
Taxation for the financial year							(1,568)	(4,879)	
<b>Profit (loss) for the year</b>							<b>9,793</b>	<b>17,779</b>	<b>(44.92)</b>

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### ***Catering***

The company manages both directly and also partially through subsidiaries the activity in the concession catering sector, including both commercial and on-board train catering.

For comments and a synthesis of the results of this activity, you are referred to the more complete details about the Group's activities above.

### ***Property services***

Cremonini s.p.a. directly manages this activity both for their own property that is destined for civil use and also property destined to the activity of the catering division.

### ***Direct services***

The transactions and services rendered, carried out mainly with to Group companies, generally concern the following three operational areas:

Finance: management of a centralised treasury and planning of special and medium-long term loans;

Guarantees and advisory services: issuing of guarantees (banking and insurance) and general advisory concerning accounting, corporate law, tax, legal and contractual services;

Insurance: management of insurance cover for all Group companies;

Factoring of trade receivables: sub-servicer on behalf of the company Cremonini Sec. s.r.l. in operational 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 receivables and the net proceeds of the disposals. The turnover and the other elements of the securitisation transaction are shown in the additional notes;

Fiscal consolidation: as consolidator, Cremonini s.p.a. has obeyed Article 117 of the T.U.I.R. concerning the preparation of the "National Fiscal Consolidation" (Consolidato fiscale nazionale). All main companies owned by Cremonini s.p.a. have adhered to this standard.

## DIRECTORS' REPORT

### Transactions with Group and affiliated companies

With particular reference to Cremonini s.p.a.'s own activity and the specific financial and service transactions with subsidiary and affiliated companies it is noted that the transactions impacted the classes of income and expenditure shown in the table below. In special appendices to the additional notes the financial and economic data are broken down by type of transaction and by company. It is underlined that the transactions with affiliated companies are not of a significant amount.

<i>(in thousands of euros)</i>	<i>Subsidiaries</i>	<i>Associated companies</i>	<i>Affiliated companies</i>
Revenues			
Financial income	2,767	-	43
Income from services	6,544	319	1
Sales of goods	14	39	-
Other income	14,927	165	-
<b>Total revenues</b>	<b>24,252</b>	<b>523</b>	<b>44</b>
Costs			
Financial expense	1,079	-	-
Services expense	1,050	6	-
Purchase of goods	7,533	-	-
Other expense	2,716	6	-
<b>Total costs</b>	<b>12,378</b>	<b>12</b>	<b>-</b>
Loans and receivables			
Internal treasury	48,338	-	-
Trade receivables	5,230	508	-
Other loans and receivables	33,136	45	2,202
<b>Total loans and receivables</b>	<b>86,704</b>	<b>553</b>	<b>2,202</b>
Loans and payables			
Internal treasury	46,257	-	-
Trade receivables	1,922	211	-
Other loans and receivables	1,713	-	-
<b>Total loans and payables</b>	<b>49,892</b>	<b>211</b>	<b>-</b>

As regards transactions with affiliated companies you are referred to the analysis in the comments section of the consolidated data.

## Directors' and Statutory Auditors' stockholdings

On the 31st December 2004, shareholdings in Cremonini s.p.a. and its subsidiaries are owned solely by Directors, as shown below:

Name	Company	Held at 31.12.2003	Purchases Assignments Subscriptions	Sales	Held at 31.12.2004
		Shares no.	Shares no.	Shares no.	Shares no.
Numbers and values in thousands					
Cremonini Luigi	Cremonini s.p.a.	9,250			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

## 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 November 28, 2003;
- 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 November 28, 2003;
- 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 November 28, 2003.

In the current Company Body structure, an Executive Committee has not been established and a General Manager has not been appointed.

During 2004 both the Chairman and the Managing Directors 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

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### Other informations

#### **Introduction of International Accounting Standards (IFRS)**

With reference to the Consob communication DME/5015175 dated the 10th March 2005 concerning the state of preparation of systems and accounting procedures for the application of IAS/IFRS accounting principles, it is noted that the Group has begun the necessary transition procedures towards IAS/IFRS. There is a team active at the Parent Company that is analysing and quantifying the effects that the introduction of these principles will have on the financial statements.

In accordance with the contents of Consob Consultation Document “International Accounting Standards: periodical presentation of financial reports, prospectuses for solicitation/quotation, definition of the concept of affiliated companies”, that foresees a transitory period for the first two reports in 2005, Cremonini will use the new International Accounting Standards starting with the 3rd Quarter of 2005, which will be approved on the 11th November 2005.

For the half-yearly report in 2005, there will be a reconciliation between economic and financial data based on current law with those calculated according to International Accounting Standards.

On the basis of work already achieved, we foresee that the most significant effects deriving from the switch to new accounting principles will concern - from an equity, economic and financial point of view - the following items:

- intangible fixed assets, with particular reference to capitalised long-term costs, goodwill and consolidation differences;
- tangible assets, in particular the value of land and buildings;
- calculation of amortisations concerning intangible and tangible fixed assets;
- recording of securitisation transactions;
- recording of the treasury stock in the financial statements;
- recalculation of severance pay and client indemnities;
- recording of medium to long-term receivables and payables;
- the accounting of the stock option plan.

#### **Application of new corporate law**

In accordance with the requirements of Law 6 dated the 17.1.2003, the Company has adapted its Articles of Association after deliberation of the extraordinary meeting held on the 14th September 2004 recorded in deed 14854/6904 by the notary Guido Vellani.

\* \* \* \* \*

Shareholders,

prior to concluding and requesting your votes, we confirm that the financial statements as of 31st December 2004, which have been presented for your examination and approval at this Shareholders' meeting, have been prepared in accordance 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 additional notes to the financial statements for comments on individual items, we invite you to approve the financial statements as of 31st December 2004, together with the Directors' Report.

Moreover, we propose the following use of the yearly net profit of 9,792,524 euros:

- a dividend of 0.061 euros for each ordinary share that has the right to it, with payment on the 19th May 2005 and coupon surrender date (coupon no. 5) on the 16th May 2005, in accordance with Italian Stock Exchange regulations;
- allocation of the remaining sum to the “undivided profit” reserves for the residual amount deriving from rounding off of numbers and decimals.

Castelvetro di Modena, 30th March 2005

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





# Financial statements as of December 31, 2004



Balance sheet

Memorandum accounts

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## BALANCE SHEET - ASSETS

### Cremonini S.p.A. financial statements as of December 31, 2004

<i>(in euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>B) Fixed assets</b>		
<i>I. Intangible</i>		
1) Formation and start-up costs	79,197	138,708
3) Cost of industrial patents and rights for the use of intellectual property	205,495	352,470
4) Concessions, licences, brand names and similar rights	136,286	129,271
5) Goodwill	9,311,255	5,933,970
6) Intangible fixed assets under development and advances	105,570	39,933
7) Others	9,301,172	7,560,316
<b>Total</b>	<b>19,138,975</b>	<b>14,154,668</b>
 <i>II. Tangible</i>		
1) Land and buildings	36,731,175	43,289,055
2) Plant and machinery	3,265,014	3,160,659
3) Industrial and commercial equipment	847,738	942,340
4) Other tangible fixed assets	5,719,736	5,321,164
5) Tangible fixed assets under development and advances	1,640,485	1,586,402
<b>Total</b>	<b>48,204,148</b>	<b>54,299,620</b>
 <i>III. Financial</i>		
1) Stockholdings in		
a) subsidiaries	251,819,573	250,193,038
b) associated companies	7,882,401	3,092,999
d) other companies	2,875,240	2,905,919
	<b>262,577,214</b>	<b>256,191,956</b>
2) Loans		
a) to subsidiaries		
- within 12 months	515,073	1,031,473
- over 12 months	119,380	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	82,633
- over 12 months	2,440,785	2,534,270
	<b>3,162,519</b>	<b>8,456,285</b>
4) Treasury stock (total nominal value at 31.12.2004 Euro 2,138,760)	6,284,664	6,284,664
<b>Total</b>	<b>272,024,397</b>	<b>270,932,905</b>
<b>Total fixed assets (B)</b>	<b>339,367,520</b>	<b>339,387,193</b>

<i>(in euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>C) Current assets</b>		
<i>I. Inventories</i>		
4) Finished products and goods for sale	1,913,266	1,730,446
Total	1,913,266	1,730,446
<i>II. Receivables</i>		
1) Trade receivables		
- within 12 months	17,688,753	17,969,360
- over 12 months	264,459	384,667
	17,953,212	18,354,027
2) From subsidiaries		
- within 12 months	86,070,759	107,754,853
	86,070,759	107,754,853
3) From associated companies		
- within 12 months	547,435	398,168
	547,435	398,168
4) From parent companies		
- within 12 months	25,293	
	25,293	0
4 BIS) Tax receivables		
- within 12 months	2,830,881	5,678,638
- over 12 months	13,622	471,186
	2,844,503	6,149,824
4 TER) Pre-paid taxes		
- within 12 months	1,112,000	1,959,000
- over 12 months	839,802	1,512,802
	1,951,802	3,471,802
5) From others		
- within 12 months	3,814,720	2,007,072
- over 12 months	1,611	21,448
	3,816,331	2,028,520
Total	113,209,335	138,157,194
<i>III. Financial current assets</i>		
5) Treasury stock (total nominal value at 31.12.2004 Euro 4,612,866.96)	12,746,189	14,419,146
Total	12,746,189	14,419,146
<i>IV. Cash and cash equivalent</i>		
1) Bank and post office accounts	1,820,845	682,872
3) Cash on hand	928,338	848,181
Total	2,749,183	1,531,053
<b>Total current assets (C)</b>	<b>130,617,973</b>	<b>155,837,839</b>
<b>D) Accrued income and prepaid expenses</b>		
- miscellaneous	2,125,450	1,106,997
<b>Total accrued income and prepaid expenses (D)</b>	<b>2,125,450</b>	<b>1,106,997</b>
<b>Total assets (B+C+D)</b>	<b>472,110,943</b>	<b>496,332,029</b>

## BALANCE SHEET - LIABILITIES

### Cremonini S.p.A. financial statements as of December 31, 2004

<i>(in euros)</i>	<b>31.12.2004</b>	<b>31.12.2003</b>
<b>A) Shareholders' equity</b>		
I. Capital stock	73,746,400	73,746,400
II. Share premium reserve	72,601,169	70,928,213
IV. Legal reserve	14,749,280	14,749,280
VI. Reserve for treasury stock	19,030,853	20,703,810
VII. Other reserves		
Retained profit reserve	304,462	12,515
IX. Profit (loss) for the year	9,792,524	17,778,592
<b>Total (A)</b>	<b>190,224,688</b>	<b>197,918,810</b>
<b>B) Provision for liabilities and charges</b>		
2) For taxation, even deferred	100,686	100,000
3) Other	3,046,428	3,992,286
<b>Total (B)</b>	<b>3,147,114</b>	<b>4,092,286</b>
<b>C) Staff severance indemnities</b>	<b>10,875,070</b>	<b>9,764,168</b>
<b>D) Payables</b>		
4) Bank loans and overdrafts		
- within 12 months	120,955,597	91,128,520
- over 12 months	42,941,505	114,235,022
	163,897,102	205,363,542
5) Loans from other financial institutions		
- within 12 months	3,266,595	3,614,346
	3,266,595	3,614,346
7) Trade payables		
- within 12 months	25,585,167	23,125,707
	25,585,167	23,125,707
9) Payables to subsidiaries		
- within 12 months	49,891,690	42,884,870
	49,891,690	42,884,870
10) Payables to associated companies		
- within 12 months	211,193	
	211,193	0
12) Tax payables		
- within 12 months	12,122,162	1,679,233
	12,122,162	1,679,233
13) Payables to pension and social security institutions		
- within 12 months	1,119,218	1,103,994
	1,119,218	1,103,994
14) Other payables		
- within 12 months	5,276,968	5,478,741
	5,276,968	5,478,741
<b>Total (D)</b>	<b>261,370,095</b>	<b>283,250,433</b>
<b>E) Accrued expenses and deferred income</b>		
- Miscellaneous	6,493,976	1,306,332
<b>Total accrued expenses and deferred income (E)</b>	<b>6,493,976</b>	<b>1,306,332</b>
<b>Total liabilities (A+B+C+D+E)</b>	<b>472,110,943</b>	<b>496,332,029</b>

## MEMORANDUM ACCOUNTS

### Cremonini S.p.A. financial statements as of December 31, 2004

<i>(in euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Direct guarantees – sureties		
- subsidiaries	226,293,324	234,942,983
- associated companies		
- affiliated companies	119,619	119,619
- other companies	89,815,107	97,357,799
	316,228,050	332,420,401
Direct guarantees – letter of comfort		
- subsidiaries	152,926,582	107,565,524
- associated companies	18,350,000	5,100,000
- affiliated companies		
- other companies		
	171,276,582	112,665,524
Indirect guarantees – credit mandates		
- subsidiaries	120,203,091	129,892,104
- associated companies		
- affiliated companies		
- other companies		
	120,203,091	129,892,104
Future leasing instalments	10,224,636	740,737
<b>Total memorandum accounts</b>	<b>617,932,359</b>	<b>575,718,766</b>

## STATEMENT OF INCOME

### Cremonini S.p.A. financial statements as of December 31, 2004

<i>(in euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>A) Value of production</b>		
1) Revenues from sales and services	128,505,327	123,863,740
4) Increase in fixed assets produced internally		
5) Other revenues and income		
- Miscellaneous	3,982,185	2,518,010
<b>Total</b>	<b>132,487,512</b>	<b>126,381,750</b>
<b>B) Costs of production</b>		
6) For raw materials, supplies, consumables and goods for resale	36,712,200	34,259,229
7) For services	31,971,780	34,665,613
8) For use of third party assets	13,357,822	12,229,915
9) For personnel		
a) Salaries and wages	25,318,138	23,399,143
b) Social security costs	7,348,081	6,734,641
c) Staff severance indemnities	2,060,683	1,906,271
e) Other expenses	395,658	38,713
	35,122,560	32,078,768
10) Amortization, depreciation and write-down		
a) Amortization of intangible fixed assets	3,132,164	3,717,737
b) Depreciation of tangible fixed assets	3,318,910	3,310,196
d) Provision for bad debts and write-down of other current assets	808,323	952,743
	7,259,397	7,980,676
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	(69,828)	(182,126)
12) Provision for risks	311,121	457,746
14) Sundry administration costs	4,364,085	3,535,883
<b>Total</b>	<b>129,029,137</b>	<b>125,025,704</b>
<b>Difference between value and costs of production (A-B)</b>	<b>3,458,375</b>	<b>1,356,046</b>

<i>(in euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>C) Financial income and expense</b>		
15) Income from stockholdings		
- from subsidiaries	14,395,143	11,563,750
- others	81,124	212,480
	<b>14,476,267</b>	<b>11,776,230</b>
16) Other financial income		
a) from fixed loans		
- from subsidiaries	30,113	36,789
- from associated companies	38,332	93,244
- others	539	136
	<b>68,984</b>	<b>130,169</b>
b) from fixed securities other than stockholdings		98,251
c) from current securities other than stockholdings	269,178	
d) income other than described above		
- from subsidiaries	2,768,160	8,004,769
- from parent companies	25,293	
- others	3,673,531	4,285,572
	<b>6,466,984</b>	<b>12,290,341</b>
	<b>6,805,146</b>	<b>12,518,761</b>
17) Interest and other financial costs		
- from subsidiaries	(1,079,325)	(2,511,934)
- others	(9,753,973)	(9,910,113)
	<b>(10,833,298)</b>	<b>(12,422,047)</b>
17 BIS) Gain and losses on foreign exchange rates		
- foreign exchange rates gains	137,160	6,688
- foreign exchange rates losses	(136,035)	(2,942)
	<b>1,125</b>	<b>3,746</b>
<b>Total (15+16+17+17bis)</b>	<b>10,449,240</b>	<b>11,876,690</b>
<b>D) Adjustments to the value of financial assets</b>		
18) Write-ups		
c) of current securities other than stockholdings		1,436,101
	<b>0</b>	<b>1,436,101</b>
19) Write-downs		
a) of stockholdings	(575,620)	(9,857,780)
b) of financial fixed assets other than stockholdings		(4,216,134)
	<b>(575,620)</b>	<b>(14,073,914)</b>
<b>Total of adjustments (18+19)</b>	<b>(575,620)</b>	<b>(12,637,813)</b>
<b>E) Extraordinary income and expense</b>		
20) Income		
- surplus on sales of assets	565,005	26,451,251
- miscellaneous	892	1,318,627
	<b>565,897</b>	<b>27,769,878</b>
21) Expense		
- loss on sales of assets	(681,361)	(2,572,039)
- taxation relating to preceding financial years	(241,733)	(100,970)
- miscellaneous	(1,613,822)	(3,034,200)
	<b>(2,536,916)</b>	<b>(5,707,209)</b>
<b>Total extraordinary items (20+21)</b>	<b>(1,971,019)</b>	<b>22,062,669</b>
<b>Profit before taxation (A-B+C+D+E)</b>	<b>11,360,976</b>	<b>22,657,592</b>
22) Taxation on profit for the financial year, current, deferred and pre-paid	(1,568,452)	(4,879,000)
<b>23) Profit (loss) for the year</b>	<b>9,792,524</b>	<b>17,778,592</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Cremonini S.p.A. financial statements as of December 31, 2004

### Structure and contents of the financial statements

The financial statements for the year January 1, 2004 - December 31, 2004 have been drawn up in accordance with the requirements of the Italian Civil Code and consist of the balance sheet (conforming to the scheme outlined in articles 2424 and 2424bis of the Italian Civil Code), the statement of income (conforming to the scheme contained in articles 2425 and 2425bis of the Italian Civil Code) and these notes to the financial statements supplying the information required under art. 2427 of the Italian 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.

Both the balance sheet and statement of income are expressed up in euros without decimals, allocating the rounding-up to the statement of income. The additional notes are expressed in thousands of Euros, as permitted by article 2423, paragraph 5, of the Italian Civil Code.

For comparison purposes the balance sheet as at December 31, 2004 also shows the figures as at December 31, 2003, which has been reclassified according to new scheme for balance sheets and statements of income outlined by the new regulations in the Italian Civil Code. As regards the comparison between the results of 2004 and the previous year, it should be noted that 2003 figures are influenced by the effects of the sale of a minority share of Marr. In fact, this transaction affected extraordinary items in the income in 2003 for a net profit of 26.4 million Euros.

### Valuation rules

The valuation rules used in drawing up the financial statements as at December 31, 2004 have remained unchanged in respect to the previous year. The most significant are listed below.

#### Intangible fixed assets

The intangible assets are stated at incorporation value or at their purchase or production cost, including ancillary expenses and amortised on the basis of their residual useful life.

Formation and start-up costs are amortised over five years.

Research, development and advertising costs are amortised over a period 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 their residual useful life.

### **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 systematically 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 asset is written down irrespective of the depreciation already applied; should the reason for the write-down no longer apply, the original value is reinstated only adjusted for depreciation.

Ordinary maintenance costs are debited in full to the statement of income. 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.

## NOTES TO THE FINANCIAL STATEMENTS

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Shareholdings in subsidiaries and associated companies are valued according to the net equity method through the consolidation process; the reader is referred to the consolidated financial statements as at December 31, 2004 for more complete information about the financial position and economic results of the Company and the Group.

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

### **Inventories**

Inventories are valued at the lower of purchase price, determined on the basis of a method similar to FIFO (First In First Out), and the estimated realisable market value based on market trends. The cost is determined on the base of the purchase price plus ancillary expenses. Obsolete or slow-moving items are written-down according to an estimate of their possible use or sale.

### **Receivables**

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

### **Financial current assets**

Financial current assets are valued at the lower of cost and realizable value based on official 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, with the FIFO method.

### **Cash and financial instruments**

Cash balances are shown at nominal value. Derivatives contracts are valued on the basis of the risk-hedging policy and do not have speculative purposes. Derivatives contracts are valued consistently with the asset or liability hedged or with the contractual commitment taken on as of the date of the financial statements. If the existence of a hedging relationship with the underlying financial transactions cannot be sufficiently documented and demonstrated, these financial instruments are valued at their "fair value", and on the basis of these valuations any eventual potential losses are estimated, with a suitable provision to the provision 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 provided to cover the entire commitment to date towards employees in accordance with current legislation and the labour contract, taking into account all types of continuous remuneration. The provision includes the total of all employee indemnities due at balance sheet date, net of advances paid.

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## **Payables**

These are shown at nominal value

## **Accruals and prepayments**

Accrued income 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 in the memorandum accounts at their contractual value.

Provisions for risks, deemed certain or likely to result in liabilities, are set-up on a prudential basis as provision for liabilities and charges. Contingent risks that may only eventually result in liabilities are described in the additional notes and are not covered by the corresponding provisions.

## **Recognition of costs and income**

Sales revenues and purchase costs are recognised at the moment of transfer of property, which is generally the date of delivery or shipment of the goods.

Revenue and costs for services are recorded according to the period covered by those services and the revenues 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 (competence principle) or, in the case of dividends from subsidiaries, in the year in which the profits are generated (maturity principle). 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.

It should be noted that, in accordance with Article 117 of the "TUIR" (Testo Unico delle Imposte sui Redditi, or Income Tax Law), Cremonini s.p.a. and some of its subsidiaries have decided to opt for the "National Tax consolidation" method. This decision is irrevocable for three-years and the accounting effects deriving from this choice are described in these additional notes.

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 amongst prepaid taxes.

# NOTES TO THE FINANCIAL STATEMENTS

## Accounting for foreign currency transactions

Foreign currency debits and credits that are not covered by hedging contracts are converted into the accounting currency at the exchange-rate on the date of the transaction. At year end, those same items are converted based on the year-end exchange rates. The positive or negative differences between the payables and receivables valued at the exchange rates at which these items were recorded with the converted values at the year-end are debited or credited to the statement of income in gain and losses on foreign exchange rates.

Shareholdings 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 Group has a credit securitisation transaction in progress, stipulated in July 2002 in accordance with Law 130/1999. This transaction replaced the previous securitisation transaction that began in 1994 and that was renewed in 1997 (transactions concluded with the full repayment of the corresponding "Asset Backed Securities").

The structure of the transaction provides for transfer without recourse (with notification in the Official Gazette), on a weekly basis, of trade receivables with specific 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., 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%). The nominal amount of credits transferred in 2004 was 490 million Euros.

Cremonini Sec. s.r.l., with a guarantee of credits received, issued in July 2002 Asset Backed Securities for 120 million Euros, listed on the London Stock Exchange. The securities were issued at par and have a Standard & Poors AAA rating, and pay a quarterly coupon regulated at Euribor 3 months plus a 0.5% spread.

The transaction has a duration of 7 years (expiry July 2009).

In this transaction Cremonini s.p.a. has the role of agent for the presentation of receivables on behalf of the transferors and encashment of the net proceeds of the sales, as well as sub-servicer on behalf of 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 terms of the transaction and the cautionary deposit of about 1.9 million Euros described in the notes to financial fixed assets, Cremonini s.p.a. also guarantees, in the last resort, for the commitments undertaken under the Letter of Credit for 19 million Euros issued in the interest of Cremonini Sec. s.r.l. (and, in the final analysis, in favour of bond-holders). Starting from 19th July 2004 Deutsche Bank replaced Bank of America as underwriter of the Letter of Credit. The letter of credit has not been used at all so far.

These additional notes also show the items on the balance sheet that correspond to the operation of disinvestment of these credits. Also note that the Offering Circular published when the ABSs were issued and other information are available to the public on the Cremonini s.p.a. web-site ([www.cremonini.com](http://www.cremonini.com) in the Investor Relations - Financial Reports section).

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## Other informations

With reference to censurable facts, we highlight:

- the issue 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 Turin Court of Appeal against the Chairman of the Board of Directors of Cremonini s.p.a. and a manager of the subsidiary INALCA s.p.a. concerning the sentence 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 Rome District Court against the Chief Executive Officer of the Catering division, regarding the serving of preserved foodstuffs which were not identified as such on the menu presented to customers. The fine amounts about 671 Euros.

Even taking into account the consequences of the above-mentioned lawsuits in progress, the figures and information contained in the financial statements at December 31, 2004 are correct from a formal and substantial point of view and provide a fair view of the Company's results and financial position.

## Exemptions under the terms of the paragraph 4 of Article 2423 of the Italian Civil Code

There have not been exceptional cases which have required exemption provided by paragraph 4 of Article 2423 of the Italian Civil Code.

## Information included in the Directors' Report

The Directors' Report contains information on the Company's business, on all post balance sheet events, on transactions between the Group Companies and affiliates and on other information regarding the business areas in which the Company operates, even through its subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

### Comments on the main headings in the balance sheet

#### ASSETS

##### Fixed assets

Following are exhibitis relating to the three asset classes (intangible, tangible and financial) indicating for each heading the historical cost, previous provisions for depreciations and previous write-ups and write-downs, the changes occurred during the year, the final balances and the overall revaluation at year-end.

##### Intangible fixed assets

<i>(in thousands of euros)</i>	<i>Balance 31.12.2003</i>	<i>Purchases</i>	<i>Decreases</i>	<i>Other</i>	<i>Amortiz.</i>	<i>Balance 31.12.2004</i>
Formation and start-up costs	139	-	-	3	(63)	79
Cost of industrial patents and rights for the use of intellectual property	353	166	(32)	4	(285)	206
Concessions, licences, brand names and similar rights	129	51	-	-	(44)	136
Goodwill	5,934	-	(47)	4,644	(1,220)	9,311
Intangible fixed assets under development and advances	40	360	-	(294)	-	106
Other intangible fixed assets	7,560	2,414	(447)	1,294	(1,520)	9,301
<b>Total</b>	<b>14,155</b>	<b>2,991</b>	<b>(526)</b>	<b>5,651</b>	<b>(3,132)</b>	<b>19,139</b>

##### Cost of industrial patents and rights for the use of intellectual property

This item concerns software costs. During the year application software was purchased both for the management area and for the administrative/financial area.

##### Goodwill

The heading mainly includes the amount paid to third parties for the acquisition of business branches for restaurant services. The increase in respect of last year mainly concern the effect of the purchase of So.Ge.Bar s.r.l. (2,895 thousand euros), Mister Food s.p.a. (1,747 thousand euros), S.A.M. s.r.l. (2 thousand euros).

## Other intangible fixed assets

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Leasehold improvement costs	7,293	6,205
Expenses and commissions on loans	219	281
Others	1,789	1,074
<b>Total</b>	<b>9,301</b>	<b>7,560</b>

The other intangible assets mainly regard the costs incurred for improvements to third-party buildings where the restaurant services are carried out. In particular, the increases during the year concerned, for 2,090 thousand euros, the station buffets at Roma Termini and Brescia and the airport buffet at Roma Fiumicino. Other changes are mainly due to the effects of the acquisition of So.Ge.Bar (4 thousand euros), Mister Food (706 thousand euros) and S.A.M. (290 thousand euros) and are also referred to improvements of third-party assets.

The decrease refers to the removal of capitalisations following the closure of a branch of the catering sector.

## Tangible fixed assets

<i>(in thousands of euros)</i>	<i>Balance 31.12.2003</i>	<i>Purchases</i>	<i>Decreases</i>	<i>Other</i>	<i>Deprec.</i>	<b><i>Balance 31.12.2004</i></b>
Land and buildings	43,289	104	(5,988)	-	(674)	36,731
Plant and machinery	3,161	854	(112)	250	(888)	3,265
Industrial and commercial equipment	942	380	(16)	9	(467)	848
Other tangible fixed assets	5,321	1,527	(277)	439	(1,290)	5,720
Tangible fixed assets under development and advances	1,587	168	-	(115)	-	1,640
<b>Total</b>	<b>54,300</b>	<b>3,033</b>	<b>(6,393)</b>	<b>583</b>	<b>(3,319)</b>	<b>48,204</b>

Land and buildings – The decrease refers entirely to the sale of a building, now leased. The profit from the transaction was 6,027 thousand euros, and has been depreciated over the length of the rental contract (see sections on "Accrued expenses and deferred income" and "Extraordinary income and expenses"). The effects of the accounting of this contract based on financial methodology (International Accounting Principle no. 17), are shown in the section "Expenses for use of third-party assets".

Plants and machinery – Investments mainly concerned the catering division and in particular, for 633 thousand euros, the purchase of specific plants. Other changes regard, for 205 thousand euros to the effect of the mergers mentioned above.

Other assets - The main increase concerned the catering division (1,120 thousand euros) and in particular for 907 thousand euros the purchase of furniture and fittings for the premises, and for 120 thousand euros the purchase of electronic machinery. In the holdings division the increase of 407 thousand euros mainly refers to the purchase of furniture and fittings (285 thousand euros) and the purchase of vehicles (99 thousand euros). Other changes mainly concern the effects of the above-mentioned mergers (370 thousand euros).

The land and buildings are burdened by mortgages, for financing obtained, for a total amount of 38,218 thousand euros. Moreover it should be noted that in past years, financial interest related to buildings was capitalised for a residual amount of around 3,700 thousand euros.

# NOTES TO THE FINANCIAL STATEMENTS

## Financial fixed assets

### Stockholdings

The main changes that took place during the year are shown below and are detailed in Exhibit 6. Exhibit 7 also shows the information required by item 5 of Article 2427 of the Italian Civil Code.

#### *Stockholdings in subsidiaries*

The changes occurred during 2004 were mainly:

- the purchase, for 650 thousand Euros, of an additional share of 8.87% in the capital of Consorzio Centro Commerciale Ingrosso Carni s.r.l. which is today controlled by Cremonini s.p.a. at 85.92%;
- the payment of 4,549 thousand Euros for a capital increase and to cover losses at Roadhouse Grill Italia s.r.l., a company that is further developing the "steakhouse" restaurant chain in Italy. After this payment the risk provisions fund at the 31st December 2003 was also used (143 thousand Euros). The value of the shareholding was further increased (2 thousand Euros) for the purchase of shares owned by third-parties (1%);
- the write-off of the value of the shareholding in Fe.Ber. Carni s.r.l. (252 thousand Euros) after the completion of liquidation proceedings;
- the increase in the value of the shareholding in Cremonini International b.v. for 451 thousand Euros, after the remission of part of a credit owed to Cremonini s.p.a.; following the completion of the company liquidation proceedings the value of the shareholding was totally written-off;
- the effects of the merger in Cremonini s.p.a. of S.A.M. s.r.l. and So.Ge.Bar s.r.l. (which led to the reduction in value of the relative shareholdings by 218 thousand euros and 2,951 thousand euros, respectively) and the company Mister Food s.p.a. (which led to the use of risk provisions at the 31st December 2003 of 212 thousand euros).

Surplus in the residual book value of each single shareholding in subsidiaries with respect to the valuation based on the net equity method (Exhibit 7) are not attributable to lasting losses, but refers to the goodwill of industrial and commercial activities managed by them.

The main changes are the following:

- Montana Alimentari s.p.a. - The higher book value compared to the company net equity is justified by expectations of future profits to be generated according to the company budget;
- INALCA s.p.a. - European leader in their sector has extremely high potential profitability, thanks to technological innovation and the most modern industrial structures, especially after the "BSE" crisis that radically changed the beef market and the concentration of the market players.

#### *Stockholdings in associated companies*

The main change is due to the effect of the merger of the companies active in Italian motorway catering. In fact, during the year, Plose Veneta s.r.l. was merged into Moto s.p.a., the former being a company bought at 50% during the year by Cremonini s.p.a. for 4,789 thousand euros.

Concerning Moto s.p.a., it should be noted that the company recently started operating in the Italian motorway catering market. Future profit forecasts will allow the recovery of the greater book value of the shareholdings when compared to the current Group's equity.

## Loans

### Loans to subsidiaries

<i>(in thousands of euros)</i>	<i>31.12.2003</i>	<i>Increases</i>	<i>Decreases</i>	<i>31.12.2004</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)
<b>Total within 12 months</b>	<b>1,031</b>	<b>-</b>	<b>(516)</b>	<b>515</b>
<i>Due between 1 and 5 years</i>				
SGD s.r.l.	220	-	(101)	119
<b>Total between 1 and 5 years</b>	<b>220</b>	<b>-</b>	<b>(101)</b>	<b>119</b>
<b>Total</b>	<b>1,251</b>	<b>-</b>	<b>(617)</b>	<b>634</b>

The loan to Cremonini International is reduced due to the closure of the company (see section "Shareholdings in subsidiaries").

The receivable towards Mutina Consulting, net of its provision for bad debt (amounting to 50 thousand euros), refers to the residual receivable connected to a security deposit.

Receivables towards SGD (at 5%, indefinite duration), is stated at the nominal value and refers to an interest bearing loan.

### Loans to associated companies

The balance at the 31st December 2004 decreased in respect to the previous year due to repayment of a loan granted to the associated company Moto s.p.a..

### Loans to others

<i>(in thousands of euros)</i>	<i>31.12.2003</i>	<i>Incr./Utilizz.</i>	<i>Decr./Acc.</i>	<i>Reclass.</i>	<i>31.12.2004</i>
<i>Due within 12 months</i>					
Sundry and other loans	242	-	-	-	242
Provision for bad debts	(159)	-	-	-	(159)
<b>Total within 12 months</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83</b>
<i>Due between 1 and 5 years</i>					
Due from the State Treasury	71	-	-	(71)	-
Tax credit on T.F.R.	12	45	(49)	(8)	-
Cremonini Sec. cautionary dep.	-	-	-	1,931	1,931
Cautionary deposits	463	30	(24)	41	510
<b>Total between 1 and 5 years</b>	<b>546</b>	<b>75</b>	<b>(73)</b>	<b>1,893</b>	<b>2,441</b>
<i>Due over 5 years</i>					
Cremonini Sec. cautionary dep.	1,988	-	(57)	(1,931)	-
<b>Total over 5 years</b>	<b>1,988</b>	<b>-</b>	<b>(57)</b>	<b>(1,931)</b>	<b>-</b>
<b>Total</b>	<b>2,617</b>	<b>75</b>	<b>(130)</b>	<b>(38)</b>	<b>2,524</b>

The reclassification of "tax receivables" refer to the movement of the amount to the item "Tax receivables" in the current assets.

## NOTES TO THE FINANCIAL STATEMENTS

The “Cautionary deposit Cremonini Sec.”, reclassified amongst the receivables due within 1 to 5 years, represents guarantees paid to the “vehicle company” Cremonini Sec. s.r.l. to guarantee the current securitisation transaction (see section “Securitisation Transaction”). This guarantee, reduced in the period based on contractually agreed parameters, was paid by Cremonini s.p.a. on behalf of Marr, INALCA and Montana Alimentari, for a more rational management of the transaction. The related costs of the financial asset of the deposit have been debited in advance in the 2002, to each selling company (see section “Accrued expenses and deferred income”).

### Treasury stock

Treasury Stock has been recorded under financial fixed assets after a specific resolution by the Board of Directors of Cremonini s.p.a. which identified the investment as one of an enduring nature, based on the conditions of the main markets in which the Company operates and its subsidiaries as well as the possible future implementation of strategic corporate plans. The use of the market price on the 31st December 2004, higher than the historical cost, would have led to a higher value of around 1,460 thousand euros.

For your information, if the shares were valued at the price on the 25th March 2005, the value at 31st December 2004 would be around 4,088 thousand euros higher.

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

## Current assets

### Inventories

Final inventories include goods related to the catering activity for 1,913 thousand euros (1,730 thousand Euros as of 31st December 2003). 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>	<b>31.12.2004</b>	<i>31.12.2003</i>
Trade receivables due within 12 months	18,641	18,737
Trade receivables due between 1 and 5 years	264	385
Provision for bad debts	(952)	(768)
<b>Total</b>	<b>17,953</b>	<b>18,354</b>

The balance of trade receivables includes receivables from Trenitalia s.p.a. for about 9,266 thousand euros (9,683 thousand euros as of 31st December 2003).

Changes to provisions for bad debts were as follows:

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Initial balance	768	532
Utilized during the year	(514)	(457)
Accruals during the year	698	693
<b>Final balance</b>	<b>952</b>	<b>768</b>

#### Receivables from subsidiaries

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Receivables from central treasury	51,593	95,199
Trade receivables	5,231	4,222
Receivables for "s.b.f." and other	1,663	1,712
Loans for dividends distribution	14,376	6,622
Receivables from subsidiaries for transferred tax receivables	13,208	-
<b>Total</b>	<b>86,071</b>	<b>107,755</b>

The breakdown by single subsidiary company is shown in Exhibit 1.

The centralised treasury receivables mainly include positive balances of internal current accounts. The reduction in this balance when compared to the 31st December 2003 is due to the lower amount of line of credit granted to the Group companies for the drop in debt which, in particular, concerns INALCA s.p.a..

"Loans for dividends distribution" refer to that which has been proposed by the Board of Directors of the subsidiary Marr s.p.a. (12,090 thousand euros), Momentum Services Ltd (1,198 thousand euros), Railrest s.a. (765 thousand euros) and Global Service s.r.l. (323 thousand euros) for the dividend payments to shareholders for financial year 2004.

"Receivables towards subsidiaries for transferred tax receivables" represent that which is owed by the subsidiaries which have adhered to the national fiscal consolidation plan, regarding the transfer to the consolidating company Cremonini s.p.a. of fiscal profits for the year.

#### Receivables from associated companies

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Fiorani & C. s.p.a.	37	-
Food & Co. s.r.l.	81	177
Moto s.p.a.	429	158
Plose Veneta s.r.l.	-	63
<b>Total</b>	<b>547</b>	<b>398</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Tax receivables

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Due from the State Treasury – V.A.T.	2,358	5,667
Due from the State Treasury – withholding tax and other	741	12
Provision for bad debts	(268)	-
<b>Total within 12 months</b>	<b>2,831</b>	<b>5,679</b>
<i>Due between 1 and 5 years</i>		
Due from the State Treasury	11	597
Provision for bad debts	-	(160)
<b>Total between 1 and 5 years</b>	<b>11</b>	<b>437</b>
<i>Due over 5 years</i>		
Due from the State Treasury	3	34
<b>Total over 5 years</b>	<b>3</b>	<b>34</b>
<b>Total</b>	<b>2,845</b>	<b>6,150</b>

The lower balance is mainly due to a change in VAT receivables.

### Pre-paid taxes

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Pre-paid taxes due within 12 months	1,112	1,959
Pre-paid taxes due between 1 and 5 years	840	1,513
<b>Total</b>	<b>1,952</b>	<b>3,472</b>

The "Pre-paid taxes", recorded since considered recoverable, derive from the temporary differences described below:

<i>(in thousands of euros)</i>		<b>31.12.2004</b>		<b>31.12.2003</b>
	<b>Amount of temporary differences</b>	<b>Tax Effect</b>	<b>Amount of temporary differences</b>	<b>Tax Effect</b>
<b><u>Advance Taxation</u></b>				
Write-down of financial fixed assets	4,585		6,171	
Taxed Provisions	1,881		3,965	
Other	696		0	
<b>Total</b>	<b>7,162</b>		<b>10,136</b>	
Taxable amount for I.R.PE.G/I.RE.S.	<b>7,162</b>		<b>10,136</b>	
Tax Rate	33%		34%	
Advanced taxation for I.R.PE.G/I.RE.S.		<b>2,363</b>		<b>3,345</b>
Taxable amount for I.R.A.P.	<b>0</b>		<b>2,982</b>	
Tax Rate	4.25%		4.25%	
Advanced taxation for I.R.A.P.		<b>0</b>		<b>127</b>
<b><u>Deferred Taxation</u></b>				
Advanced amortisations	(1,247)		0	
Other	0		0	
<b>Total</b>	<b>(1,247)</b>		<b>0</b>	
Taxable amount for I.R.PE.G/I.RE.S.	<b>(1,247)</b>		<b>0</b>	
Tax Rate	33%		34%	
Deferred taxation for I.R.PE.G/I.RE.S.		<b>(412)</b>		<b>0</b>
Taxable amount for I.R.A.P.	<b>0</b>		<b>0</b>	
Tax Rate	4.25%		4.25%	
Deferred taxation for I.R.A.P.		<b>0</b>		<b>0</b>
<b>Net advanced (deferred) taxation</b>		<b>1,952</b>		<b>3,472</b>
Advanced taxation pertaining to fiscal loss in period		<b>0</b>		<b>0</b>
Advanced taxation pertaining to fiscal loss in previous period		<b>0</b>		<b>0</b>
Temporary difference excluded from the calculation of (advanced) and deferred taxation:				
Tax losses that can be brought forward	0		0	
Other	0		0	
<b>Total</b>		<b>1,952</b>		<b>3,472</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Receivables from others

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Due from sale of stockholding and businesses	10	126
Receivables and deposits with suppliers	122	178
Receivables for loans	1,650	-
Cautionary deposits	510	510
Others	1,623	1,293
Provision for bad debts	(100)	(100)
<b>Total within 12 months</b>	<b>3,815</b>	<b>2,007</b>
<i>Due between 1 and 5 years</i>		
Others	1	21
<b>Total between 1 and 5 years</b>	<b>1</b>	<b>21</b>
<b>Total</b>	<b>3,816</b>	<b>2,028</b>

"Receivables for loans" refer to two interest bearing loans granted to the affiliated Le Cupole s.r.l., a company related to the Chairman of Cremonini.

The item "Cautionary Deposits" includes, for 500 thousand Euros, a deposit paid to the associated company Le Cupole s.r.l. for the purchase of a building in Rome.

For further comments about the transactions with Le Cupole s.r.l. the reader is referred to the section "Transactions with non-consolidated subsidiaries, associated and affiliated companies" in the Directors' Report.

During the year there were also these following transactions:

- financial advance – interest bearing at market rates – of 1,500 thousand euros granted to Cremofin in January and repaid by the latter in the same month;
- financial advance – interest bearing at market rates – of 4,600 thousand euros granted to Cremofin in April and repaid in May;
- financial advance – interest bearing at market rates – originally for 1,750 thousand euros granted to Tre Holding in January and repaid in June, successively renewed for 1,700 thousand euros in July and definitively repaid in September.

## Financial current assets

### Treasury stock

The Treasury stock in the current assets was acquired in the years 2001 to 2004, with the aim of maintaining price stability. These shares, which are not a long-term investment, are valued at the weighted average cost. The use of the market price as of 31st December 2004, which was higher than the weighted average cost price, would have led to an higher value of about 3,958 thousand euros.

For general information purposes, if the shares had been evaluated at prices on the market on the 25th March, the value at 31st December 2004 would be about 9,626 thousand euros higher.

For movements occurred during the year and other information the reader is referred to the Directors' Report.

### Cash and cash equivalent

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Bank accounts	1,821	683
Cash on hand	928	848
<b>Total</b>	<b>2,749</b>	<b>1,531</b>

## Accrued income and prepaid expenses

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Prepaid commissions for guarantees	489	530
Prepaid rentals	258	435
Down-payment for leasing contract	1,088	-
Sundry prepayments	290	142
<b>Total</b>	<b>2,125</b>	<b>1,107</b>

The variation in accrued income concerns the down-payment given at the signing of the property lease contract that has a duration of eight years, commented in the section "Tangible fixed assets".

The portion of prepaid expenses over 12 months is 1,128 thousand euros, of which 351 thousand euros are over 5 years.

# NOTES TO THE FINANCIAL STATEMENTS

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## LIABILITIES

### Shareholders' equity

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

#### Capital stock

On the 31st December 2004 the Company capital amounted to 73,746,400 Euros, unchanged over the 31st December 2003, represented by 141,820,000 ordinary shares, fully subscribed and released, with regular ownership, and with a nominal value of 0.52 euros each.

On the 31st December the profit per share, calculated dividing the years' profit by the number of shares issued (excluding the Treasury stock held on the 31st December 2004), was about 0.076 euros.

#### Share premium reserve

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

The reserve amounts to 72,601 thousand euros (70,928 thousand Euros on the 31st December 2003), was added to during the year by the amount of 1,673 thousand euros after a reduction in the Treasury stock reserve.

#### Legal reserve

The legal reserves amounting to 14,749 thousand euros remained unchanged since 31st December 2003 having reached the maximum limit allowed by Article 2430 of the Italian Civil Code.

#### Reserve for treasury stock

This is the unavailable reserve covering the Treasury stock shown in the financial statements. In accordance with the regulations in the Italian Civil Code, Cremonini s.p.a. may have up to a maximum of 14,182,000 shares in treasury stock.

#### Other reserves

The retained profits reserve increased by 292 thousand Euros during the year following the partial payment of the previous year's profit, as decided by the Shareholders' Meeting on the 30th April 2004.

## Available funds in reserves

In relation to available reserves of net equity the following is noted:

(in thousands of euros)	Amount	Possibility of use	Freely available	Use of the reserves in the three previous years	
				for cover of losses	for other reasons
<b>Capital stock</b>	73,746	-	-	-	-
<b>Reserves:</b>					
Share premium reserve	72,601	A,B,C	72,601	13,033	21,709
<b>Reserves:</b>					
Legal reserver	14,749	B	-	-	-
Reserve for treasur stock	19,031	-	-	-	-
Retained profits reserve	305	A,B,C	305	-	3,997
<b>Total</b>	<b>180,432</b>		<b>72,906</b>	<b>13,033</b>	<b>25,706</b>
Non-distributable portion			(79)		
<b>Remaining distributable portion</b>			<b>72,827</b>		

Key:

A: for capital increase

B: for cover of losses

C: for distribution to shareholders

The share premium reserve in the three previous years for "other reasons" was mainly used, for 11,003 thousand euros, to increase the legal reserves (2001) and, for 10,204 thousand euros, to increase the reserves for treasury stock (2001, 2002 and 2003).

The non-distributable portion of the reserves is in accordance with the regulations in Article 2426 of the Italian Civil Code.

## Provision for liabilities and charges

(in thousands of euros)	31.12.2003	Provision	Utilized	Other mov.	31.12.2004
For taxation, even deferred	100	-	-	1	101
Others	3,992	2,181	(3,127)	-	3,046
<b>Total</b>	<b>4,092</b>	<b>2,181</b>	<b>(3,127)</b>	<b>1</b>	<b>3,147</b>

During 2004 the Company underwent controls by the Finance Police regarding tax years 1999 to 2003, for the investigation into the correct applications of fiscal law for both direct taxation and VAT.

## NOTES TO THE FINANCIAL STATEMENTS

Following these investigations, on the 15th December 2004 the Tax Authority Modena Office sent the Company advice of further investigations for tax year 1999, regarding the deduction of costs regarding securitisation transactions during the year, as well as costs related to the listing of the shares in the Company on the Italian Stock Exchange in 1998.

The total amount that Company is required to pay for increased taxation and fines is 4,977 thousand euros.

On the 10th February 2005 the Company appealed against these investigations. To date the company is still waiting to know the date when the appeal will be discussed.

Based on reasons that are shown in detail in the appeal and supported by the opinions of its consultants, the Company retains that all remarks in the fiscal investigation report have no basis in fact, either actually or legally. Therefore the Company has not allocated to fiscal dispute provisions on the Balance Sheet.

The other provision funds can be detailed as follows:

<i>(in thousands of euros)</i>	<i>31.12.2003</i>	<i>Provision</i>	<i>Utilized</i>	<i>Other mov.</i>	<b>31.12.2004</b>
Provision for losses on stockholdings	423	2	(417)	-	8
Personnel grievances	438	215	(438)	-	215
Litigation and minor disputes	2,582	96	(2,272)	-	406
Risks and future losses	549	1,868	-	-	2,417
<b>Total</b>	<b>3,992</b>	<b>2,181</b>	<b>(3,127)</b>	<b>-</b>	<b>3,046</b>

With reference to the decrease of the provisions for losses on shareholdings the reader is referred to the note on the "Shareholdings in subsidiary companies".

The decrease of the provisions for litigation and other minor disputes mainly refers, for 516 thousand euros, to the settlement of a litigation concerning a company formerly owned by Cremonini s.p.a. and sold to third parties and, for 1,756 thousand euros, related to a dispute relevant to guarantees given during the sale of shareholdings.

Allocation to the provisions for risk and future losses of 1,868 thousand Euros, refers to interest-rate swaps contracts (see section "Bank loans and overdrafts").

## Staff severance indemnities

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Initial balance	9,764	9,227
Utilized during the year	(1,325)	(1,280)
Accruals during the year	2,061	1,906
Other movements	375	(89)
<b>Final balance</b>	<b>10,875</b>	<b>9,764</b>

# Payables

## Bank loans and overdrafts

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Due within 12 months	120,956	91,129
Due between 1 and 5 years	42,643	112,390
Due over 5 years	298	1,845
<b>Total</b>	<b>163,897</b>	<b>205,364</b>

Changes in banks loans and overdrafts is mainly due to the dynamics of the investments of both the Company and the Group it leads, for which Cremonini s.p.a. manages the centralized treasury. The reader is referred to the Directors' Report for further comments.

The balance at 31st December 2004 includes mortgage loans as follows:

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Due within 12 months	66,340	33,126
Due between 1 and 5 years	42,643	112,390
Due over 5 years	298	1,845
<b>Total</b>	<b>109,281</b>	<b>147,361</b>

Medium-Long term loans accrued variable interest which in 2004 were on average 3.24%.

On the 31st December 2004 (and to date) the Company was involved in some "interest rate swap" transactions. These transactions, with a net notional value of 139 million euros (the net notional value does not take into account transactions that have been cancelled over time by transactions with same amount and opposite sign called "unwinding contracts"), consist of three "interest rate swap" contracts with Cofiri SIM for 129 million Euros (with expiry date between 14.11.2005 and 12.4.2008) which allowed the replacement of the variable rate of the Company's financial position from Euribor to Libor US\$ and an "interest rate swap" contract with Sanpaolo IMI for 10 million euros (expiry date 19.12.2006) that covers the risk of a rise in Euribor rates with a fixed rate of the same duration and amount.

The estimated loss has been quantified, considering the valuation at fair-value of the above-mentioned transactions and the forecast of the trend of interest rates. Such estimate has led to the creation of a risks provision amounting to 2,416 thousand Euros on the 31st December 2004 (547 thousand euros on the 31st December 2003 see section "Provisions for risks and liabilities").

Short-term bank facilities as of 31st December 2004 amounted to about 113 million euros (123 million euros on the 31st December 2003). Banks have been given guarantees for both short and long-term loans, as detailed in the memorandum accounts and in the notes on tangible fixed assets.

# NOTES TO THE FINANCIAL STATEMENTS

## Loans from other financial institutions

Payables from other financial institutions refer, for 3,267 thousand Euros (3,614 thousand euros on the 31st December 2003), to the sale of receivables with recourse to Fercredit, connected to transactions with Trenitalia s.p.a..

## Payables to subsidiaries

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Due from centralized treasury	46,258	39,361
Payables to subsidiaries for transferred tax payables	477	-
Trade payables	1,921	2,271
Others	1,236	1,253
<b>Total</b>	<b>49,892</b>	<b>42,885</b>

The detail for each subsidiary is shown in Exhibit 1.

Treasury payables include all balances of the internal current accounts.

The "Payables towards subsidiaries for transferred tax receivables" represent the amount due to the subsidiaries which have adhered to the national fiscal consolidation project, concerning the transfer to Cremonini s.p.a. of 2004 fiscal losses.

## Payables to associated companies

The amount of "Payables towards associated companies" refer to commercial transactions with Moto s.p.a..

## Tax payables

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
I.R.PE.F. for employees and external collaborators	892	942
I.R.A.P	1,803	-
I.RE.S	9,368	-
Other	59	737
<b>Total</b>	<b>12,122</b>	<b>1,679</b>

The I.RE.S. balance refers to the fiscal expenses relevant to the result of the fiscal consolidation to which Cremonini s.p.a. adhered as consolidator.

## Payables to pension and social security institutions

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	31.12.2003
<i>Due within 12 months</i>		
Inps/Inail/Scau	1,074	1,054
Inpdai/Previndai/Fasi/Besusso	26	36
Other institutions	19	14
<b>Total</b>	<b>1,119</b>	<b>1,104</b>

## Other payables

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	31.12.2003
<i>Due within 12 months</i>		
Trade advances and deposits received	621	645
Staff salary and holiday pay	2,567	2,768
Payables for purchases of stockholdings:		
- Biancheri & C. s.r.l.	173	173
- Mutina Consulting s.r.l.	-	10
Payables for acquiring company branches	440	1,473
Emoluments to directors and auditors	149	117
Other payables	1,327	293
<b>Total</b>	<b>5,277</b>	<b>5,479</b>

The decrease in debt for acquiring company branches of businesses is due to payments made in accordance with contractual agreements, while the increase of other payables is mainly due to the liability towards third-parties, amounting to 750 thousand euros, concerning a litigation settled during the year (refer to section "Provisions for liabilities and charges").

## Accrued expenses and deferred income

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	31.12.2003
Accrued interest on loans	255	364
Sundry accruals	96	33
<b>Total accruals</b>	<b>351</b>	<b>397</b>
Deferred Cremonini Sec. cautionary deposit	502	553
Deferral of capital gains on transfers of real estate	5,462	-
Sundry deferred income	179	356
<b>Total deferred income</b>	<b>6,143</b>	<b>909</b>
<b>Total</b>	<b>6,494</b>	<b>1,306</b>

The "Deferred of Cremonini Sec. cautionary deposit" concerns the deferral to future years of the recharging of the costs that Cremonini s.p.a. will bear for the cautionary deposit paid to Cremonini Sec. for the securitisation transaction. The financial burden of the repayment of this deposit by Cremonini on behalf of the selling companies has been charged in advance during year 2002, 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 section "Receivables from others" in the fixed assets).

## NOTES TO THE FINANCIAL STATEMENTS

The "Deferral of capital gains on transfers of real estate" refers to the deferral over the duration of the contract of the total profit (6,027 thousand euros) made after the transfer of a building currently held with a leasing contract with a duration of 8 years. The portion of the capital gain attributable to this year, amounting to 565 thousand euros, has been classified amongst extraordinary income (see section "Tangible fixed assets").

The portion of deferred income over 12 months amounts to 5,083 thousand euros, of which 1,698 thousand euros over 5 years.

### Breakdown of receivables and payables by geographical area

<i>(in thousands of euros)</i>	<i>Italy</i>	<i>European Union</i>	<i>Outside the European Union</i>	<i>Total</i>
<b>Receivables</b>				
<i>Loans</i>				
Loans to subsidiaries and to associated companies	639			<b>639</b>
Loans to others	2,524			<b>2,524</b>
<b>Total loans</b>	<b>3,163</b>			<b>3,163</b>
<i>Receivables</i>				
Trade receivables	17,903	39	11	<b>17,953</b>
Receivables from subsidiaries	82,369	3,702		<b>86,071</b>
Receivables from associated and parent comp.	572			<b>572</b>
Tax receivables and pre-paid taxes	4,797			<b>4,797</b>
Receivables from others	3,816			<b>3,816</b>
<b>Total receivables</b>	<b>109,457</b>	<b>3,741</b>	<b>11</b>	<b>113,209</b>
<b>Total loans and receivables</b>	<b>112,620</b>	<b>3,741</b>	<b>11</b>	<b>116,372</b>
<b>Payables</b>				
Bank loans and overdrafts and loans from other financial institutions	167,164			167,164
Trade payables	25,380	171	34	25,585
Payables to subsidiaries	48,127	1,765		49,892
Payables to associated companies	211			211
Tax payables and payables to pension and social security institutions	13,241			13,241
Other payables	5,263	12	2	5,277
<b>Total payables</b>	<b>259,386</b>	<b>1,948</b>	<b>36</b>	<b>261,370</b>

## Comments on the main headings in the memorandum accounts

### Direct guarantees - sureties

Sureties include both guarantees provided directly by the Company in favour of subsidiaries and third-parties to financial institutions for loans or lines of credit, and include also guarantees for which the Company is jointly committed. These guarantees provided by banks or insurance companies, refers to commercial transactions, Group VAT compensation, contract tendering, etc.

Affiliated Companies - As regards guarantees provided for affiliated companies the reader is referred to the section "Transactions with non-consolidated subsidiaries, associated and affiliated companies" in the Directors' Report.

Other companies - With reference to guarantees to "Other companies" please note that this category normally includes guarantees provided directly to third-parties by Group companies, exclusively in their own interest. Only rarely such guarantees given in the interests of third-party companies and even in this case the transactions benefit 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>
Deutsche Bank 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.	59,262	VAT for compensation
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, ecc.)	Cremonini s.p.a.	7,091	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities
Other minor items	Cremonini s.p.a.	4,462	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
<b>Total</b>		<b>89,815</b>	

## NOTES TO THE FINANCIAL STATEMENTS

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### **Direct guarantees – letters of comfort**

Letters of comfort exclusively concern guarantees given to financial institutions for loans or lines of credit and include “simple” letters of comfort from the Parent Company amounting to 67,287 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.

### **Future leasing instalments**

The changes are mainly relevant to the signing of a leasing contract for a building (see also "Tangible fixed assets").

## Comments on the main headings in the statement of income

The statement of income has been drawn up in accordance with the guidelines in Article 2425 of the Italian Civil Code and there have not been adjustments between the various income and expenditure contained therein. The detail of income and expenditure divided by subsidiary, associated and affiliated companies is shown in Exhibit 2.

### Value of production

#### Revenues from sales and services

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Sales of goods	8,104	8,446
Other sales	9,114	7,648
Supply of services	102,695	98,596
Consultancy	4,132	4,255
Rentals	2,002	2,313
Other	2,458	2,606
<b>Total</b>	<b>128,505</b>	<b>123,864</b>

The breakdown of revenues by geographical area is as follows:

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Italy	126,084	122,826
European Union	2,183	1,038
Outside the European Union	238	-
<b>Total</b>	<b>128,505</b>	<b>123,864</b>

For comments on the breakdown by category of activity, the reader is referred to the Directors' Report.

#### Other revenues and income

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
<i>Other revenues and income</i>		
Suppliers' contributions	1,156	894
Other cost reimbursements	606	678
Other	2,220	946
<b>Total</b>	<b>3,982</b>	<b>2,518</b>

The increase in the item "Other" is mainly due to extraordinary income.

## NOTES TO THE FINANCIAL STATEMENTS

### Costs of production

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

<i>(in thousands of euros)</i>	<b>2004</b>	2003
Purchase of goods	26,587	25,454
Purchase of other products	7,921	6,356
Purchase of consumable materials	2,061	2,217
Stationery and printed materials	143	232
<b>Total</b>	<b>36,712</b>	<b>34,259</b>

#### Costs for services

<i>(in thousands of euros)</i>	<b>2004</b>	2003
Technical services	8,851	9,863
Corporate's emoluments	2,429	2,330
Utilities and supply	2,030	1,583
Maintenance and repairs	2,559	2,684
Sales services	2,748	2,661
Consultants' fees	2,539	3,277
Insurance	1,004	883
Information and advertising	925	360
Transportation	295	323
Administrative services	610	1,209
Post, phone and courier	657	599
General services	371	308
Franchising	6,954	8,586
<b>Total</b>	<b>31,972</b>	<b>34,666</b>

The decrease in administrative and commercial consultancy costs is mainly due to the presence in last years' balance of legal fees regarding the study and execution of corporate and financial transactions.

## Costs for the use of third party assets

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Business rentals, royalties and others	9,760	9,270
Lease payments	1,141	175
Rent of property and other assets	2,457	2,785
<b>Total</b>	<b>13,358</b>	<b>12,230</b>

Business rentals, royalties and other cost primarily include rentals for station buffets and other catering activities.

The company has only one financial leasing contract regarding a building sold to the leasing company by Cremonini (see section "Tangible fixed assets"). This contract has been accounted for by charging the statement of income for the cost of the instalments paid during the year.

In the table below we have shown information about the effects on the Net Equity and statement of income is the financial method had been used to show this transaction, as required by International Accounting Principles no. 17.

<i>(Amounts in thousands of euros)</i>	<i>Effect on</i>		<i>Effect on</i>	
	<i>Balance Sheet (decrease) increase</i>	<i>Income Statement (cost) income</i>	<i>Years' Profit (cost) income</i>	<i>Net Equity at 31.12.2004 (decrease) increase</i>
Net value of buildings	4,377			
Value of land	7,435			
Depreciation of tangible assets		(189)	(189)	(189)
Payables to other fin. inst. (within 12 months)	1,108			
Payables to other fin. inst. (1 to 5 years)	6,096			
Payables to other fin. Inst. (over 5 years)	2,876			
Prepays (maxi-instalment)	(1,088)			
Leasing instalment		1,068	1,068	1,068
Financial expenditure		(236)	(236)	(236)
<b>Total effect gross of fiscal effect</b>		<b>643</b>	<b>643</b>	<b>643</b>
<i>Fiscal effect on year</i>				
Provisions to deferred taxation fund		(240)	(240)	(240)
Deferred taxation fund	240			
<b>Total effect net of fiscal effect</b>		<b>403</b>	<b>403</b>	<b>403</b>

## NOTES TO THE FINANCIAL STATEMENTS

### For personnel

<i>(in thousands of euros)</i>	<b>2004</b>	<i>2003</i>
Salaries and wages	25,318	23,399
Social security costs	7,348	6,735
Staff severance indemnities	2,061	1,906
Other staff expenses	396	39
<b>Total</b>	<b>35,123</b>	<b>32,079</b>

The increase in staff costs is mainly due to the effects of the incorporation of Mister Food, So.Ge.Bar and S.A.M..

On the 31st December 2004 the Company employed a total staff of 1,425 persons, as follows:

	<i>Factory staff</i>	<i>Office staff</i>	<i>Managers</i>	<b>Total</b>
Employees as at 31.12.2003	1,217	153	18	1,388
<b>Employees as at 31.12.2004</b>	<b>1,267</b>	<b>143</b>	<b>15</b>	<b>1,425</b>
Increases (decreases)	50	(10)	(3)	37
<b>Average no. of employees during year 2004</b>	<b>1,302</b>	<b>155</b>	<b>15</b>	<b>1,472</b>

### Amortization, depreciation and write-down

<i>(in thousands of euros)</i>	<b>2004</b>	<i>2003</i>
Amortization of intangible fixed assets	3,132	3,718
Depreciation of tangible fixed assets	3,319	3,310
Provision for bad debts and write-downs of other current assets	808	953
<b>Total</b>	<b>7,259</b>	<b>7,981</b>

### Provisions for risks

This item refers for 215 thousand Euros to provisions for staff disputes and for 96 thousand euros to provisions for litigation and other minor disputes (see section "Provisions for liabilities and charges").

## Sundry administration costs

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Fines and settlements	250	263
Indirect and other taxes	567	707
Bad debts	-	14
Loss on sale of tangible fixed assets	70	-
Membership fees and expenses	96	90
Reimbursement of securitization costs	2,096	1,562
Others	1,285	900
<b>Total</b>	<b>4,364</b>	<b>3,536</b>

The item “Reimbursement of securitisation cost” is referred to the partial repayment of costs borne by the subsidiary Marr s.p.a. for the securitisation transaction, linked to specific contractual obligations.

## Financial income and expense

### Income from stockholdings

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
<u>From subsidiaries</u>		
- Dividends	14,376	8,458
- Tax credits on dividends	-	3,104
- Profit on cessions	19	2
<b>Total subsidiaries</b>	<b>14,395</b>	<b>11,564</b>
<u>From others</u>		
- Dividends and tax credits	81	212
<b>Total from others</b>	<b>81</b>	<b>212</b>
<b>Total</b>	<b>14,476</b>	<b>11,776</b>

Dividends from subsidiaries comprise the payable profits from some subsidiaries, recorded on the basis of maturation. In particular this item refers to the following companies:

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Marr s.p.a.	12,090	5,349
Momentum Services Ltd	1,198	2,257
Railrest s.a.	765	586
Global Service s.r.l.	323	266
<b>Total</b>	<b>14,376</b>	<b>8,458</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Other financial income

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
a) From fixed loans		
- from subsidiaries	30	37
- from associated companies	38	93
- from other	1	-
b) From fixed securities other than stockholdings	-	98
c) From current securities other than stockholdings	269	-
d) From other than described above		
- from subsidiaries	2,768	8,005
- from parent company	25	-
- from other		
- financial income from banks	35	110
- other financial income	3,639	4,176
<b>Total</b>	<b>6,805</b>	<b>12,519</b>

The decrease in this figure is mainly due to the decrease in income from subsidiaries, primarily as a result of reduction of the balance of the corresponding assets (see section "Receivables from subsidiaries" in the current assets).

The item "Income from fixed securities other than stockholdings" entirely refer to profits made from the sale of Treasury Stock.

Other financial revenues include revenues from interest-rate swap transactions for 3,585 thousand euros (4,175 thousand Euros on the 31st December 2003) (see section "Payables towards banks").

### Interest and other financial costs

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
- from subsidiaries	<b>1,079</b>	<b>2,512</b>
- from other		
- interest payable to banks	128	-
- interest payables on mortgages	2,002	2,265
- Silver Castle Ltd swap cost	3,982	4,587
- other swap cost	3,585	2,669
- other financial expense	57	389
	<b>9,754</b>	<b>9,910</b>
<b>Total</b>	<b>10,833</b>	<b>12,422</b>

This item includes all interest payable connected to the Group treasury service and the interest, commissions and costs payable to banks and other financial institutions. These costs decreased in 2004 mainly due to the effect in average balances and corresponding equity balances.

"Other swap cost", is entirely related to interest rate swap transactions (see section "Bank loans and overdrafts") and includes 1,868 thousand euros of provisions in "Provisions for risks and future losses" (see section "Provisions for liabilities and charges").

## Gain and losses on foreign exchange rates

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Foreign exchange rates gains		
- realized	23	7
- unrealized	114	-
<b>Total foreign exchange rates gains</b>	<b>137</b>	<b>7</b>
Foreign exchange rates losses		
- realized	(1)	(3)
- unrealized	(135)	-
<b>Total foreign exchange rates losses</b>	<b>(136)</b>	<b>(3)</b>
<b>Total</b>	<b>1</b>	<b>4</b>

The "unrealized" foreign exchange differences concern the evaluation of assets and liabilities expressed in foreign currency existing on the 31st December 2004 converted at end-of-year exchange rates.

## Adjustments to the value of financial assets

### Write-ups

The figure of 1,436 thousand Euros from the previous year referred to the restoration of the value of treasury stock recorded in current assets, valued at the lesser of cost price or market price.

### Write-downs

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
a) Of stockholdings	576	9,858
b) Of financial fixed assets other than stockholdings	-	4,216
<b>Total</b>	<b>576</b>	<b>14,074</b>

Write-downs of stockholdings refer to those described in Exhibit 6, applied for lasting loss of value (see section on "Shareholdings in subsidiaries")

Write-downs of financial fixed assets other than stockholdings, stated in last year's balance sheet, entirely referred to the adjustment for lasting loss of value of treasury stock classified as financial fixed assets.

## NOTES TO THE FINANCIAL STATEMENTS

### Extraordinary income and expense

<i>(in thousands of euros)</i>	<b>2004</b>
<b>Income</b>	
Capital gain from real estate sales	565
Extraordinary income and other sundry	1
<b>Total income</b>	<b>566</b>
<b>Expense</b>	
Liquidation of assets after closure of business branches	(681)
Costs for tax amnesty	(235)
Taxation regarding previous years	(7)
Costs for closure of legal disputes	(1.434)
Extraordinary expenditure, fines and other sundry	(180)
<b>Total expense</b>	<b>(2.537)</b>
<b>Total extraordinary income and expense</b>	<b>(1.971)</b>

As regards "Capital gain from real estate sales" the reader is referred to the notes of "Tangible Assets" paragraph.

"Costs for closure of legal disputes" refer to the cost incurred for the closure of two disputes described in "Provisions for liabilities and charges".

### Income taxes

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
I.R.E.S.	10,976	-
Net income from subsidiaries for transferred taxable amounts	(12,731)	-
	<b>(1,755)</b>	-
I.R.A.P.	1,803	1,532
Substitute taxes	-	5,025
Income of pre-paid taxes	-	(1,678)
Utilization of assets for advanced taxation	1,520	-
<b>Total</b>	<b>1,568</b>	<b>4,879</b>

The I.R.E.S. balance concerns the cost related to the results of the fiscal consolidation to which Cremonini s.p.a. has adhered in the role of consolidator.

The "Net income from subsidiaries for transferred fiscal income" are the amounts that Cremonini s.p.a. has received from the companies taking part in the fiscal consolidation, linked to the transfer to the consolidating company of all fiscal profits for the year, net of any eventual losses.

The substitute tax stated at 31st December 2003 concerned the profits made from the sale of a minority share in Marr s.p.a.. Mainly due to separate taxation of this profit, in 2003 there wasn't a fiscal charge for I.R.P.E.G..

The fiscal burden deriving from the reversal of deferred tax assets is mainly referred to the use of taxed provisions.

## Reconciliation of theoretical tax burden and actual tax burden

### I.R.E.S.

<i>(in thousands of euros)</i>	Year 2004		Year 2003	
	Taxable amount	Tax	Taxable amount	Tax
<b>Profit before taxation</b>	<b>11,361</b>		<b>22,658</b>	
Taxation rate	33%		34%	
Theoretical tax burden		<b>3,749</b>		<b>7,704</b>
<b>Permanent differences</b>				
Non-deductible depreciation	316		425	
Write-down of financial assets (non-deductible part)	-		537	
Taxes and tax amnesties	368		209	
Other non-deductible costs	1,597		1,005	
<b>Total</b>	<b>2,281</b>		<b>2,176</b>	
Dividends from foreign companies (95%)	(13,760)		(1,744)	
Gains on disposals subject to substitute tax	-		(26,446)	
Other	(135)		(141)	
<b>Total</b>	<b>(13,895)</b>		<b>(28,331)</b>	
<b>Temporary differences deductible in future years</b>				
Write-down of financial assets (4/5)	-		5,647	
Provisions to taxed funds	915		1,295	
Other	688		38	
<b>Total</b>	<b>1,603</b>		<b>6,980</b>	
<b>Temporary differences taxable in future years</b>				
Dividends not collected	(719)		(6,622)	
Anticipated depreciations	(1,247)		-	
<b>Total</b>	<b>(1,966)</b>		<b>(6,622)</b>	
<b>Reversal of temporary diff. from previous years</b>				
Receipt of dividends related to previous year	50		5,519	
<b>Total</b>	<b>50</b>		<b>5,519</b>	
Use of taxed provisions	(3,129)		(1,557)	
Write-down of financial assets (1/5)	(1,586)		(175)	
Other	(37)		(774)	
<b>Total</b>	<b>(4,752)</b>		<b>(2,506)</b>	
<b>Taxable income</b>	<b>(5,318)</b>		<b>(126)</b>	
Tax rate	33%		34%	
Actual tax durden		<b>(1,755)</b>		

## NOTES TO THE FINANCIAL STATEMENTS

### I.R.A.P.

<i>(in thousands of euros)</i>		Year 2004		Year 2003	
		Taxable amount	Tax	Taxable amount	Tax
<b>Profit before taxation</b>		<b>11,361</b>		<b>22,658</b>	
<b>Costs not relevant for I.R.A.P.</b>					
Extraordinary income and axpense		1,971		(22,063)	
Adjustment to the value of financial assets		576		12,638	
Financial income and expense		(10,449)		(11,877)	
Personnel costs		35,123		32,079	
	<b>Total</b>	<b>27,221</b>		<b>10,777</b>	
<b>Theoretical taxable amount</b>		<b>38,582</b>		<b>33,435</b>	
Taxation rate		4.25%		4.25%	
<b>Theoretical tax burden</b>			<b>1,640</b>		<b>1,421</b>
<b>Permanent differences</b>					
Other		3,835		2,612	
	<b>Total</b>	<b>3,835</b>	163	<b>2,612</b>	111
<b>Taxable income</b>		<b>42,417</b>		<b>36,047</b>	
Tax rate		4.25%		4.25%	
<b>Actual tax burden</b>			<b>1,803</b>		<b>1,532</b>

## Information on emoluments

In accordance with legal requirements, the total remuneration paid to the Directors and Statutory Auditors in 2004 for activities performed even in other Group companies is as follows:

<i>(in thousands of euros)</i>		<i>Fees</i>	<i>Salary</i>	<i>Other</i>	<i>Total</i>
<i>Board of Directors</i>					
Cremonini Luigi	Chairman	1,000	174	113	1,287
Sciumè Paolo	Vice chairman	29	-	-	29
Cremonini Vincenzo	Chief Executive Officers	565	243	-	808
Fabbian Valentino	Director *	486	116	-	602
Aratri Illias	Director **	72	91	-	163
Ravanelli Ugo	Director	357	109	-	466
Pedrazzi Giorgio	Director	365	85	-	450
Rossetti Mario	Director **	13	-	-	13
Rossini Edoardo	Director	20	-	-	20
<b>Total Board of Directors</b>		<b>2,907</b>	<b>818</b>	<b>113</b>	<b>3,838</b>
<i>Statutory Auditors</i>					
Artese Alessandro	Chairman	84	-	-	84
Zanasi Giovanni	Auditor	46	-	-	46
Simonelli Ezio Maria	Auditor	42	-	-	42
<b>Totale Statutory Auditors</b>		<b>172</b>	<b>-</b>	<b>-</b>	<b>172</b>
<b>Total</b>		<b>3,079</b>	<b>818</b>	<b>113</b>	<b>4,010</b>

\* with mandate to manage the catering business-unit.with mandate to manage the catering business-unit.

\*\* for the entire duration of the mandate

It is stated that the Fiscal Law firm Studio Sciumè e Associati received other payments for their professional services given during the year.

These Financial Statements as at 31st December 2004, comprising Balance Sheet, statement of income and Additional Notes, correctly show the economic and financial situation of the Company.

Castelvetro di Modena, 30th March 2005

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





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## Exhibits

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

- |           |   |  |
|-----------|---|--|
| Exhibit 1 | - | Details of receivables and payables to subsidiary, associated, affiliated and parent companies as of December 31, 2004;            |
| Exhibit 2 | - | Details for the 2004 financial year of revenues from and costs payable to subsidiary, associated, affiliated and parent companies; |
| Exhibit 3 | - | Schedule of the changes in intangible fixed assets for the year ending on December 31, 2004;                                       |
| Exhibit 4 | - | Schedule of the changes in tangible fixed assets for the year ending on December 31, 2004;   |
| Exhibit 5 | - | Schedule of the changes in financial fixed assets for the year ending on December 31, 2004;  |
| Exhibit 6 | - | List of stockholdings as of December 31, 2004, classified as financial fixed assets;   |
| Exhibit 7 | - | List of stockholdings in subsidiary and associated companies as of December 31, 2004 (art. 2427 n. 5 C.C.);                        |
| Exhibit 8 | - | Schedule of changes in net equity in the years ending on December 31, 2004 and December 31, 2003;                                  |
| Exhibit 9 | - | Statement of cash flow for the years ending on December 31, 2004 and December 31, 2003.  |

**Exhibit 1**
**Details of receivables from and payables to subsidiary, associated, affiliated and parent companies as of December 31, 2004**

(in thousands of euros)	Treasury		Commercial		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:	(a)							
Az. Agr. Corticella s.r.l.	7,478					223	7,478	223
Az. Agr. Rondine Bianca s.r.l.		23					-	23
Cons. Centro Comm. Ingrosso Carni s.r.l.	4,506					16	4,506	16
Cremonini Finance plc						41	-	41
Cremonini Restauration s.a.s.	3,109					28	3,109	28
Fernie s.r.l. in liquidation		68				413	-	481
Frimo s.a.m.	51						51	-
Ges.Car. s.r.l.		3,917			92		92	3,917
Global Service s.r.l.		825			336		336	825
Guardamiglio s.r.l.	1,609				193		1,802	-
INALCA s.p.a.	18,185		629	45	3,254		22,068	45
In.Al.Sarda s.r.l.	3,902						3,902	-
Interjet s.r.l.	438					109	438	109
Marr s.p.a.	4		3,343	673	24,765	417	28,112	1,090
Momentum Services Ltd		1,000	521	12	1,199		1,720	1,012
Montana Alimentari s.p.a.		32,888	718	1,097	489		1,207	33,985
Mutina Consulting s.r.l.					565		565	-
Railrest s.a.		765		12	765		765	777
Realfood 3 s.r.l.		6,488			235		235	6,488
Roadhouse Grill Italia s.r.l.	2,853		19	38			2,872	38
Salumi d'Emilia s.r.l.	6,203				1,174	128	7,377	128
Sara s.r.l.		106				1	-	107
SGD s.r.l.		177		45	119		119	222
Provision for bad debts					(50)		(50)	-
Reimbursement SEC costs						337	-	337
<b>Total subsidiaries</b>	<b>48,338</b>	<b>46,257</b>	<b>5,230</b>	<b>1,922</b>	<b>33,136</b>	<b>1,713</b>	<b>86,704</b>	<b>49,892</b>
Associated companies:								
Az. Agr. Serra della Spina s.r.l. in liq.					5		5	-
Food & Co. s.r.l.			81				81	-
Fiorani & C. s.p.a.					37		37	-
Moto s.p.a.			427	211	3		430	211
<b>Total associated companies</b>	<b>-</b>	<b>-</b>	<b>508</b>	<b>211</b>	<b>45</b>	<b>-</b>	<b>553</b>	<b>211</b>
Affiliated companies:								
Cre-Am s.r.l. in liquidation					52		52	-
Le Cupole s.r.l.					2,150		2,150	-
<b>Total affiliated companies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,202</b>	<b>-</b>	<b>2,202</b>	<b>-</b>

(a) Other receivables include receivables for dividends calculated on the distributable portion of profits for the 2004.

## Exhibit 2

### Details for the 2004 financial year of revenues from and costs payable to subsidiary, associated, affiliated and parent companies

<i>(in thousands of euros)</i>										
	Revenues				Total	Expenses				Total
	Financial	Services	Sales	Other	revenues	Financial	Services	Sales	Other	expenses
Subsidiaries:				(a)						
Alisea soc. cons. a r.l.	1				1					-
Az. Agr. Corticella s.r.l.	412	20		4	436					-
C. Centro Comm. Ingrosso Carni s.r.l.	160	6			166					-
Cremonini International b.v.				20	20					-
Cremonini Restauration s.a.s.	111	317	10	7	445		170	27	2	199
Fernie s.r.l. in liquidation					-	2				2
Frimo s.a.m.	82	24			106					-
Ges.Car. s.r.l.		17			17	59				59
Global Service s.r.l.		23		415	438	27	777		187	991
Guardamiglio s.r.l.	31	72		20	123					-
INALCA s.p.a.	1,360	2,659	2	206	4,227		1	173	12	186
In.Al.Sarda s.r.l.	53	1			54					-
Interjet s.r.l.	16	10			26				195	195
Marr s.p.a.	16	1,004		12,110	13,130	4		3,533	2,108	5,645
Momentum Services Ltd		676	4	1,199	1,879	12				12
Montana Alimentari s.p.a.	25	722	1	26	774	949	63	3,799	26	4,837
Railrest s.a.		612		765	1,377	12				12
Realfood 3 s.r.l.	96	147		1	244	1				1
Roadhouse Grill Italia s.r.l.	139	11	(3)	138	285		39	1	5	45
Salumi d'Emilia s.r.l.	215	200		6	421					-
Sara s.r.l.		4			4	9				9
Sardegna s.r.l.	50	12			62					-
SGD s.r.l.		7		10	17	4			181	185
<b>Total subsidiaries</b>	<b>2,767</b>	<b>6,544</b>	<b>14</b>	<b>14,927</b>	<b>24,252</b>	<b>1,079</b>	<b>1,050</b>	<b>7,533</b>	<b>2,716</b>	<b>12,378</b>
Associated companies:										
Food & Co. s.r.l.				9	9					-
Moto s.p.a.		271	39	156	466		6		6	12
Fiorani & C. s.p.a.		48			48					-
<b>Total associated companies</b>	<b>-</b>	<b>319</b>	<b>39</b>	<b>165</b>	<b>523</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>12</b>
Affiliated companies:										
Alfa 95 s.p.a. in liquidation		1			1					-
Tre Holding s.r.l.	43				43					-
<b>Total affiliated companies</b>	<b>43</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(a) Other revenues include dividends from subsidiaries.

Exhibit 3

Schedule of the changes in intangible fixed assets for the year ending on December 31, 2004

(in thousands of euros)	Opening balance			Movements during the year			Closing balance		
	Original cost	Provision for amort.	Balance 31.12.2003	Purchases	Net decreases	Reclass./ Other mov.	Amortiz.	Original cost	Provision for amort.
Formation and start-up costs	8,809	(8,670)	139			3	(63)	8,824	(8,745)
Cost of industrial patents and rights for the use of intellectual property	1,044	(691)	353	166	(32)	4	(285)	1,191	(985)
Concessions, licences, brand names and similar rights	312	(183)	129	51			(44)	348	(212)
Goodwill	13,840	(7,906)	5,934		(47)	4,644	(1,220)	18,593	(9,282)
Intangible fixed assets under development and advances	40		40	360		(294)		106	
Other intangible fixed assets	25,773	(18,213)	7,560	2,414	(447)	1,294	(1,520)	29,728	(20,427)
<b>Total</b>	<b>49,818</b>	<b>(35,663)</b>	<b>14,155</b>	<b>2,991</b>	<b>(526)</b>	<b>5,651</b>	<b>(3,132)</b>	<b>58,790</b>	<b>(39,651)</b>
									<b>19,139</b>

### Schedule of the changes in tangible fixed assets for the year ending on December 31, 2004

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Exhibit 5

Schedule of the change on financial fixed assets for the year ending on December 31, 2004

(in thousands of euros)	Opening balance			Movements during the year				Closing balance			
	Original cost	Write-up	Write down	Balance 31.12.2003	Increase	Decrease	Write-up	(Write down)/ Rest.	Reclass/ Other mov.	Balance 31.12.2004	Of which: Write-up
Stockholdings in subsidiary and associated companies valued at cost:											
- subsidiaries	279,140	35	(28,982)	250,193	5,509	-	-	(463)	(3,004)	251,820	35
- associated companies	3,595		(502)	3,093	4,789	-	-	(13)	13	7,882	
Stockholdings in other companies	3,010		(104)	2,906	-	-	-	(100)	69	2,875	
<b>Total stockholdings</b>	<b>285,745</b>	<b>35</b>	<b>(29,588)</b>	<b>256,192</b>	<b>10,298</b>	<b>-</b>	<b>-</b>	<b>(576)</b>	<b>(2,922)</b>	<b>262,577</b>	<b>35</b>
Loans:											
- to subsidiaries	1,301		(50)	1,251	-	(617)	-	-	-	634	
- to associated companies	4,589			4,589	-	(4,585)	-	-	-	4	
- to other	2,776		(159)	2,617	75	(130)	-	-	(38)	2,524	
<b>Total loans</b>	<b>8,666</b>		<b>(209)</b>	<b>8,457</b>	<b>75</b>	<b>(5,332)</b>	<b>-</b>	<b>-</b>	<b>(38)</b>	<b>3,162</b>	
<b>Other securities</b>	<b>-</b>			<b>-</b>						<b>-</b>	
Treasury stock	10,501		(4,216)	6,285						6,285	
<b>Total</b>	<b>304,912</b>	<b>35</b>	<b>(34,013)</b>	<b>270,934</b>	<b>10,373</b>	<b>(5,332)</b>	<b>-</b>	<b>(576)</b>	<b>(2,960)</b>	<b>272,024</b>	<b>35</b>

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

b) Other movements include the effect of utilization of a portion (Cremonini Finance plc) or the total (Roadhouse Grill Italia s.r.l. e Mister Food s.p.a.) of the provision for coverage of losses on stockholdings allocated as of December 31, 2003.

## Exhibit 6

### List of stockholdings as of December 31, 2004 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>
<b>Subsidiaries:</b>								
Cons. C. Comm. Ingr. Carni s.r.l.	77.05	4,635	650				85.92	5,285
Cremonini Finance plc	100.00	-				62	100.00	- (b)
Cremonini International b.v.	100.00	-	451		(451)			(e)
Cremonini Restauration s.a.s.	86.00	195					86.00	195
Fe.Ber. Carni s.r.l. in liq.	100.00	252				(252)		(e)
Fernie s.r.l. in liq.	95.00	527					95.00	527
Global Service s.r.l.	100.00	136					100.00	136
INALCA s.p.a.	100.00	145,094					100.00	145,094
Interjet s.r.l.	100.00	1,299					100.00	1,299
Marr s.p.a.	66.67	48,881					66.67	48,881
Mister Food s.p.a.	100.00	-				212		(b)(c)
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.	99.90	10			(12)		99.90	- (a)
Railrest s.a.	51.00	255					51.00	255
Roadhouse Grill Italia s.r.l.	99.00	-	4,408			143	100.00	4,408 (b)
S.A.M. s.r.l.	100.00	218				(218)		(c)
SGD s.r.l.	50.00	42					50.00	42
So.Ge.Bar s.r.l.	100.00	2,951				(2,951)		(c)
<b>Total subsidiaries</b>		<b>250,193</b>	<b>5,509</b>	<b>-</b>	<b>(463)</b>	<b>(3,004)</b>		<b>251,820</b>
<b>Associated companies:</b>								
Az. Agr. Serra della Spina s.r.l. in liq.	33.33	10					33.33	10
Autoplose gmbh	50.00	347					50.00	347
Food & Co. s.r.l.	30.00	3			(13)	13	30.00	3
Moto s.p.a.	50.00	2,733				4,789	50.00	7,522 (d)
Plose Veneta s.r.l.			4,789			(4,789)		(d)
<b>Total associated companies</b>		<b>3,093</b>	<b>4,789</b>	<b>-</b>	<b>(13)</b>	<b>13</b>		<b>7,882</b>
<b>Other companies:</b>								
Emilia Romagna Factor s.p.a.		2,091						2,091
Futura s.p.a.		600						600
Others		215			(100)	69		184
<b>Total other companies</b>		<b>2,906</b>	<b>-</b>	<b>-</b>	<b>(100)</b>	<b>69</b>		<b>2,875</b>
<b>Total stockholdings</b>		<b>256,192</b>	<b>10,298</b>	<b>-</b>	<b>(576)</b>	<b>(2,922)</b>		<b>262,577</b>

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

(b) Othe movements include the effect of utilization of a portion (Cremonini Finance plc) or the total (Roadhouse Grill Italia s.r.l. e Mister Food s.p.a.) of the provision for coverage of losses on stockholdings allocated as of December 31, 2003.

(c) Company merged during the year 2004.

(d) Other movements include the effect of the merger of Plose Veneta s.r.l. in Moto s.p.a..

(e) Company liquidated during the year 2004.

Exhibit 7

List of stockholdings in subsidiary and associated companies as at December 31, 2004  
(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 31.12.2004	Net equity at 31.12.2004	Percentage held at 31.12.2004	Carrying value (A)	Valuation based on NE (B)	Difference (B) - (A)	Notes
<b>Subsidiaries:</b>										
	Cons. Centro Comm. Ingrosso Carni s.r.l.	Bologna	1,500,000	(78)	1,826	85.92%	5,285	5,040	(245)	
	Cremonini Finance plc	London (Great Britain)	GBP 50,000	(521)	(82)	100.00%	0	(82)	(82)	(a) (c)
	Cremonini Restauration s.a.s.	Paris (France)	1,500,000	852	1,079	86.00%	195	931	736	
	Fernie s.r.l. in liquidation	Modena	1,033,000	(15)	1,106	95.00%	527	1,051	524	
	Global Service s.r.l.	Castelvetro di Modena (MO)	93,000	323	478	100.00%	136	155	19	
	INALCA s.p.a.	Castelvetro di Modena (MO)	140,000,000	233	132,898	100.00%	145,094	137,833	(7,261)	
	Interjet s.r.l.	Castelvetro di Modena (MO)	1,550,000	(296)	1,003	100.00%	1,299	1,003	(296)	
	Marr s.p.a.	Rimini	32,617,060	19,113	145,203	66.67%	48,881	66,609	17,728	
	Momentum Services ltd	Birmingham (Great Britain)	368,000	2,309	2,750	51.00%	188	204	16	
	Montana Alimentari s.p.a.	Gazoldo degli Ippoliti (MN)	40,248,000	(717)	37,468	100.00%	45,510	36,676	(8,834)	
	Mutina Consulting s.r.l.	Castelvetro di Modena (MO)	10,000	(24)	0	99.90%	0	0	0	
	Railrest s.a.	Brussels (Belgium)	500,000	1,531	2,103	51.00%	255	306	51	
	Roadhouse Grill Italia s.r.l.	Castelvetro di Modena (MO)	4,000,000	222	4,626	100.00%	4,408	4,601	193	
	SGD s.r.l.	Castelvetro di Modena (MO)	83,000	7	196	50.00%	42	82	40	
<b>Total subsidiaries</b>							<b>251,820</b>	<b>254,409</b>	<b>2,589</b>	
<b>Associated companies:</b>										
	Autoplose gmbh	Matrei (Austria)	36,336	52	428	50.00%	347	397	50	(b)
	Az. Agr. Serra della Spina s.r.l. in liq.	Monacilioni (CB)	10,846	(2)	24	33.33%	10	8	(2)	(a)
	Food & Co s.r.l.	Rome	10,000	(3)	7	30.00%	3	3	0	(a)
	Moto s.p.a.	Castelvetro di Modena (MO)	500,000	(1,528)	1,248	50.00%	7,522	5,848	(1,674)	(b)
<b>Total associated companies</b>							<b>7,882</b>	<b>6,256</b>	<b>(1,626)</b>	

NOTES

(a) - Figures refer to December 31, 2003, last available financial statements.

(b) - The data refers to the reporting used for the consolidation in as much as the Company ends its financial year on the 30th September every year.

(c) - 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.

**Exhibit 8**
**Schedule of the changes in net equity for the years ending on December 31, 2004 and December 31, 2003**

<i>(in thousands of euros)</i>	<i>Capital Stock</i>	<i>Share premium reserve</i>	<i>Legal reserve</i>	<i>Reserve for treasury stock</i>	<i>Retained profit reserve</i>	<i>Profit (loss) for the year</i>	<i>Total</i>
<b>Financial statements as at December 31, 2002</b>	<b>73,746</b>	<b>71,609</b>	<b>14,749</b>	<b>20,023</b>	<b>820</b>	<b>1,841</b>	<b>182,788</b>
Distribution of 2002 profits - Dividends					(807)	(1,841)	(2,648)
Utilization of reserves for reserve for treasury stock increase		(681)		681			0
Profit for the year ended December 31, 2003						17,779	17,779
<b>Financial statements as at December 31, 2003</b>	<b>73,746</b>	<b>70,928</b>	<b>14,749</b>	<b>20,704</b>	<b>13</b>	<b>17,779</b>	<b>197,919</b>
Distribution of 2003 profits - Dividends						(17,487)	(17,487)
- Allocated to reserves					292	(292)	0
Reconstitution of reserves for decrease of Treasury Stock reserves		1,673		(1,673)			0
Profit for the year ended December 31, 2004						9,793	9,793
<b>Financial statements as at December 31, 2004</b>	<b>73,746</b>	<b>72,601</b>	<b>14,749</b>	<b>19,031</b>	<b>305</b>	<b>9,793</b>	<b>190,225</b>

**Exhibit 9**
**Statement of cash flow for the years ending on December 31, 2004 and December 31, 2003**

<i>(in thousands of euros)</i>		<b>2004</b>	<b>2003</b>
<b>A) Net short term loans from banks and other financial institutions</b>			
Cash and cash equivalent	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)	0
			(85,915)
<b>Internal treasury current accounts</b>			
Balances receivable	94,659		225,030
Balances payable	(39,155)	55,504	(269,534)
			(44,504)
<b>Total initial net short term financial indebtedness</b>		<b>(33,529)</b>	<b>(130,419)</b>
<b>B) Cash flow from operations</b>			
Profit (loss) for the year		9,793	17,779
Depreciation and amortization			
- Intangible		3,132	3,718
- Tangible		3,319	3,310
(Gains) or losses on disposal of tangible and intangible fixed assets		70	587
Gains on sale of Marr stocks			(26,446)
Write-down of treasury stock net of restoration of value			2,780
Extraordinary write-down of stockholding			5,948
Net variation in provision for liabilities and charges		(946)	647
Net variation in staff severance indemnities		499	537
Profit from operations in the year prior to change in net working capital		15,867	8,860
(Increase) decrease in treasury stock under current assets		1,673	(3,461)
(Increase) decrease in receivables in current assets and other		(18,093)	1,973
Increase (decrease) in payables to suppliers and other		8,309	(2,728)
Increase (decrease) in accruals and prepayments		(1,144)	(370)
		6,612	4,274
<b>C) Cash flow from (for) investments</b>			
Investments in fixed assets			
- Intangible		(2,991)	(3,327)
- Tangible		(3,033)	(3,407)
Net variation in financial assets		(4,597)	11,129
Sale or reimburs. value of tangible and intangible fixed assets sold		12,912	443
		2,291	4,838
<b>D) Cash flow generated (absorbed) by change in net equity</b>			
Distribution of dividends		(17,487)	(2,648)
		(17,487)	(2,648)
<b>E) Cash flow from (for) financial assets</b>			
Increase (decrease) in medium/long-term financing		(71,294)	55,426
		(71,294)	55,426
<b>F) Effect of sale of Marr stocks</b>			
Sale price of Marr stocks			35,000
			35,000
<b>G) Cash flow in the year before merger operations (B+C+D+E+F)</b>		<b>(79,878)</b>	<b>96,890</b>
<b>H) Effects related to the incorporations during the period</b>			
On the cash flow from assets during year			
(Increase) of receivables in working cap, accrued and other		(885)	
Increase in payables to suppliers and other payables		4,589	
Increase in severance pay provisions and other		613	
On the cash flow from investment activity			
(Increase) in tangible and intangible assets		(3,339)	
(Increase) in financial fixed assets		(156)	
Decrease Net Equity incorporated companies		108	
		930	
<b>I) Cash flow in the year (G+H)</b>		<b>(78,948)</b>	<b>96,890</b>
<b>Total final short-term net financial indebtedness (A + I)</b>		<b>(112,477)</b>	<b>(33,529)</b>
<b>Net short term loans from banks and other financial institutions</b>			
Cash and cash equivalent	2,749		1,531
Financial assets	1,931		4,178
Bank loans (within 12 months)	(120,956)		(91,128)
Loans from other financial institutions (within 12 months)	(3,266)		(3,614)
		(119,542)	(89,033)
<b>Internal treasury current accounts</b>			
Balances receivable	53,256		94,659
Balances payable	(46,191)	7,065	(39,155)
			55,504
<b>Total final net short term financial indebtedness</b>		<b>(112,477)</b>	<b>(33,529)</b>
<b>Net medium-long term loans from banks and other financial institutions</b>			
Bank loans (between 1 and 5 years)	(42,643)		(112,390)
Bank loans (over 5 years)	(298)		(1,845)
		(42,941)	(114,235)
<b>Total final medium/long-term financial indebtedness</b>		<b>(42,941)</b>	<b>(114,235)</b>
<b>Total financial position, net of liquidity</b>		<b>(155,418)</b>	<b>(147,764)</b>

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## Statutory Auditors' Report

### In accordance with Article 153 of Law 58/1998 and Article 2429 of the Italian Civil Code (Annual Report at 31.12.2004)

Dear Cremonini s.p.a. Shareholder,

With this report we aim to fulfil the requirements of Article 153 of Law 58 dated the 24.2.1998 that obliges the Statutory Auditors to report to the Assembly about the activities of control that they have undertaken, as well as giving the Auditors the possibility of suggesting proposals for the financial statements, their approval of the latter and matters for which we have authority.

In 2004, we have observed our duties shown in Article 149 of the above-mentioned Law 58/1998 and acted in accordance with the principles of behaviour recommended by the National Accountant's Association (Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri).

In particular, and in accordance with the applicable Consob Regulations, modified and integrated with document DEM/3021582 dated the 4th April 2003, we can inform you about the following arguments.

In full observance of the Law, the Board of Directors has made available to us both the half-yearly and yearly Directors' Reports and also the information regarding the quarterly reports.

We attended the meetings of the Board of Directors during which the Directors informed us about the activity carried out and the most important transactions in both economic and financial terms that had been entered into by the Company and/or its largest subsidiaries.

In this regard, we have noted that the transactions decided upon and carried out obey current legislation and the company by-laws, as well as being organised with the principles of correct administrative behaviour, are not in contrast with resolutions made by the shareholders' meeting and do not create conflicts of interest.

The organisational structure of the Company is suitable for the dimensions of the latter. Meetings held with department managers and representatives from independent auditors have always allowed us to gather the necessary information regarding the respect of the principles of correct and diligent administration.

In accordance with the guidelines in the Autodisciplinary Code for Corporate Governance and laws regarding listed companies, the Company has created, within the Board of Directors, the "Internal Audit Committee" and the "Compensation Committee".

The Internal Audit Committee, understood as a system that has the task of ensuring the respect of the internal procedures – both operative and administrative – that have been adopted so as to guarantee a correct management and avoid possible financial and operational risks, appears adequate for the size of the Company.

The instructions given by the Company and information received from their subsidiaries, in accordance with Article 114 of Law 58/1998, are also considered sufficient.

In relation to our areas of responsibility, we can state that:

- the financial statements correspond to that which is shown in the accounts and that they have been prepared in accordance with the guidelines contained in Articles 2423 and following of the Italian Civil Code;
- during the preparation of the document under examination there has been no need to resort to the exemptions allowed by Article 2423, 4th Paragraph of the Italian Civil Code;
- the evaluation criteria used – the same as those used last year – are those foreseen by Article 2426 of the Italian Civil Code and correspond to the indications given by the Board of Directors in the Additional Notes, to which you are referred for further details;
- the Additional Notes, as well as the indications required by Article 2427 of the Italian Civil Code, supply the information required by other laws and that which is considered useful to represent the economic and financial situation of the Company;
- the postulate of truthfulness and clarity has been respected – in the legal sense of the term – in so far as the amounts and estimates conform to standards, principles and the additional information;
- the document prepared by the Board of Directors contains the information necessary regarding the management of the company, which is to be considered exhaustive and complete;
- the obligation to supply information to the Statutory Auditors shown in Article 150 of Law 58/1998 and Article 21 of the company by-laws, has been fulfilled by the Directors with the required regularity, by news and data given during the Board meetings, which the Statutory Auditors have always attended;
- we have not found any atypical or unusual transactions with Group companies, third parties or affiliated parties. Infra-group transactions regarding the exchange of goods and services, as highlighted by the Directors, have been carried out under normal market conditions. In this regard, no conflict of interest has been noted nor has emerged, neither has emerged any transactions that were obviously imprudent or dangerous, or such that would prejudice the economic and financial situation of the company and the Group;
- as already underlined, the Statutory Auditors have controlled the adequate nature of the administrative and accounting system as regards timeliness and completeness, as well as concerning its reliability to correctly represent transactions, assisted in this by the independent auditors. From the results of the quarterly audits made on the correct nature of the company accounts, no facts or important technical-administrative events emerged;
- as regards certification released today by PricewaterhouseCoopers in accordance with Article 156 of Law 58/1998, there are no comments or warnings, nor related observations or limitations;
- during the course of the year, the Board of Directors held nine meetings which we always attended, just as we have always attended the meetings of the Statutory Auditors;
- during the year, the Statutory Auditors held ten meetings and during the meetings regarding quarterly reports we also had an exchange of information with the independent auditors;
- during the year, we published the opinions requested of the Statutory Auditors in accordance with the Laws and by-laws;
- no condemnations were made to the Statutory Auditors by Shareholders regarding Article 2408 of the Italian Civil Code, nor were there any complaints in general;
- in addition to the revision of the years' financial statements, the consolidated financial statements, the limited audit of the half-yearly report and the audit procedures agreed for the audit of quarterly reports, PricewaterhouseCoopers was given the task of professional collaboration in the scope of the transition process aimed at preparing the Company's consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The fees were agreed at €180 an hour with monthly invoicing based on the actual time spent.

In accordance with the guidelines contained in the Autodisciplinary Code for Corporate Governance and the regulations for Listed Companies, as well as in accordance with other legal requirements, the Company:

- has created the “Internal Audit Committee” and the “Compensation Committee”;
- has created its own “Autodisciplinary Code”;
- has adopted the “Assembly regulations”;
- has adopted the “Internal dealing code”;
- has adopted its own “Organisational Model” and “Code of Ethics” in accordance with Law 231/2001;
- has adopted the “Safety Planning Document” as regards protection of personal information in reference to Law 196/2003;
- has adapted the company by-laws in accordance with that which is foreseen in company reform for the governance of listed companies in reference to Law 6/2003.

Having noted that due to the effects of Article 2426, paragraph 1, comma 5 of the Italian Civil Code, for “expenses with a long-term use” stated on the Balance Sheet amongst the Intangible Assets for an amount of €79,197, and that there are available reserves of a greater amount, the Statutory Auditors, based on the audit carried out during the year, announces that it is favourable towards the approval of the financial statements as at 31st December 2004 and the proposals for decisions suggested by the Board of Directors.

Castelvetro di Modena, 14th April 2005

BOARD OF STATUTORY AUDITORS

The 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 2004. These financial statements are the responsibility of CREMONINI SpA'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, insofar as they relate to some 0,25 percent of the amount of "stockholding in subsidiaries" and to some 0,14 percent of the amount of "total assets", are the responsibility of other auditors. Furthermore, other auditors audit the financial statements of three indirectly owned subsidiaries.

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 14 April 2004.

- 3 In our opinion, the financial statements of CREMONINI SpA as of and for the year ended 31 December 2004 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.

Bologna, 14 April 2005

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, 2004



Balance sheet

Memorandum accounts

Statement of income

Notes to the financial statements

Exhibits

## BALANCE SHEET - ASSETS

### Consolidated financial statements as of December 31, 2004

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>B) Fixed assets</b>		
<i>I. Intangible</i>		
1) Formation and start-up costs	678	1,260
2) Cost of research, development and advertising	4,595	5,368
3) Cost of industrial patents and rights for the use of intellectual property	2,061	2,038
4) Concessions, licences, brand names and similar rights	17,308	18,489
5) Goodwill	9,457	10,641
5 bis) Consolidation differences	55,628	44,581
6) Intangible fixed assets under development and advances	3,405	703
7) Others	23,328	21,614
<b>Total</b>	<b>116,460</b>	<b>104,694</b>
<i>II. Tangible</i>		
1) Land and buildings	246,224	234,913
2) Plant and machinery	124,056	126,443
3) Industrial and commercial equipment	5,912	5,764
4) Other tangible fixed assets	16,686	17,672
5) Tangible fixed assets under development and advances	13,828	7,280
<b>Total</b>	<b>406,706</b>	<b>392,072</b>
<i>III. Financial</i>		
1) Stockholdings in		
a) subsidiaries	527	4,315
b) associated companies	3,646	3,226
d) other companies	4,780	4,844
	<b>8,953</b>	<b>12,385</b>
2) Loans		
a) to subsidiaries		
- within 12 months	565	1,031
- over 12 months		220
b) to associated companies		
- within 12 months	5	5
- over 12 months	60	60
d) to others		
- within 12 months	368	3,798
- over 12 months	3,392	3,894
	<b>4,390</b>	<b>9,008</b>
3) Other securities	3	3
4) Treasury stock (total nominal value at 31.12.2004 Euro 2,138,760)	6,285	6,285
<b>Total</b>	<b>19,631</b>	<b>27,681</b>
<b>Total fixed assets (B)</b>	<b>542,797</b>	<b>524,447</b>

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>C) Current assets</b>		
<i>I. Inventories</i>		
1) Raw material, supplies and consumables	17,985	14,354
2) Work-in-progress and semi-finished products	10,050	8,988
4) Finished products and goods for sale	182,635	189,039
5) Advance payments	436	450
Total	211,106	212,831
<i>II. Receivables</i>		
1) Trade receivables		
- within 12 months	253,765	238,220
- over 12 months	714	777
	254,479	238,997
2) From subsidiaries		
- within 12 months	1,057	12,887
	1,057	12,887
3) From associated companies		
- within 12 months	6,608	10,678
	6,608	10,678
4) From parent companies		
- within 12 months	25	
	25	0
4 BIS) Tax receivables		
- within 12 months	26,187	10,983
- over 12 months	974	9,109
	27,161	20,092
4 TER) Pre-paid taxes		
- within 12 months	3,824	5,261
- over 12 months	9,047	10,484
	12,871	15,745
5) From others		
- within 12 months	46,143	42,888
- over 12 months	348	3,940
	46,491	46,828
Total	348,692	345,227
<i>III. Financial current assets</i>		
4) Other stockholdings	30	
5) Treasury stock (total nominal value at 31.12.2004 Euro 4,612,866.96)	12,746	14,419
6) Other securities		25
Total	12,776	14,444
<i>IV. Cash and cash equivalent</i>		
1) Bank and post office accounts	33,557	37,286
2) Cheques	10,156	9,929
3) Cash on hand	3,892	3,722
Total	47,605	50,937
<b>Total current assets (C)</b>	<b>620,179</b>	<b>623,439</b>
<b>D) Accrued income and prepaid expenses</b>		
- miscellaneous	5,289	3,346
<b>Total accrued income and prepaid expenses (D)</b>	<b>5,289</b>	<b>3,346</b>
<b>Total assets (B+C+D)</b>	<b>1,168,265</b>	<b>1,151,232</b>

## BALANCE SHEET - LIABILITIES

### Consolidated financial statements as of December 31, 2004

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>A) Shareholders' equity</b>		
I. Capital stock	73,746	73,746
II. Share premium reserve	72,601	70,928
IV. Legal reserve	14,749	14,749
VI. Reserve for treasury stock	19,031	20,704
VII. Other reserves		
Consolidation reserve	3,255	3,255
Reserve for translation differences	(69)	(86)
VIII. Profits (losses) brought-forward	291	(11,949)
IX. Group share of profit (loss) for the financial year	8,028	29,450
Total Group net equity	191,632	200,797
Minority interest in capital and reserve	44,487	42,537
Minority's share of profit (loss) for the financial year	9,440	5,323
Total minority interests	53,927	47,860
<b>Total (A)</b>	<b>245,559</b>	<b>248,657</b>
<b>B) Provision for liabilities and charges</b>		
1) Allowance for severance payments and similar obligations	1,478	1,404
2) For taxation, even deferred	1,032	1,523
3) Other	4,653	5,047
<b>Total (B)</b>	<b>7,163</b>	<b>7,974</b>
<b>C) Staff severance indemnities</b>	<b>38,102</b>	<b>35,841</b>

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>D) Payables</b>		
1) Bonds and debentures		
- within 12 months		18,000
	0	18,000
4) Bank loans and overdrafts		
- within 12 months	280,943	252,389
- over 12 months	148,031	197,351
	428,974	449,740
5) Loans from other financial institutions		
- within 12 months	31,543	42,186
- over 12 months	17,377	3,407
	48,920	45,593
6) Advance payments		
- within 12 months	260	
	260	0
7) Trade payables		
- within 12 months	319,386	283,505
- over 12 months		17
	319,386	283,522
9) Payables to subsidiaries		
- within 12 months	637	747
	637	747
10) Payables to associated companies		
- within 12 months	499	597
	499	597
11) Payables to parent companies		
- within 12 months	28	29
	28	29
12) Tax payables		
- within 12 months	22,287	13,049
	22,287	13,049
13) Payables to pension and social security institutions		
- within 12 months	11,124	9,102
- over 12 months	2,350	4,364
	13,474	13,466
14) Other payables		
- within 12 months	30,829	28,205
- over 12 months	1,011	1,087
	31,840	29,292
<b>Total (D)</b>	<b>866,305</b>	<b>854,035</b>
<b>E) Accrued expenses and deferred income</b>		
- Miscellaneous	11,136	4,725
<b>Total accrued expenses and deferred income (E)</b>	<b>11,136</b>	<b>4,725</b>
<b>Total liabilities (A+B+C+D+E)</b>	<b>1,168,265</b>	<b>1,151,232</b>



## MEMORANDUM ACCOUNTS

### Consolidated financial statements as of December 31, 2004

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Direct guarantees – sureties		
- subsidiaries	232,078	238,890
- associated companies		
- affiliated companies	120	120
- other companies	90,695	98,400
	322,893	337,410
Direct guarantees – letter of comfort		
- subsidiaries	165,188	116,143
- associated companies	20,670	5,100
- affiliated companies		
- other companies	3,643	
	189,501	121,243
Direct guarantees – credit mandates		
- subsidiaries	120,203	129,892
- associated companies		
- affiliated companies		
- other companies		
	120,203	129,892
Future leasing instalments	171	982
Other risks and commitments	27,762	34,537
<b>Total memorandum accounts</b>	<b>660,530</b>	<b>624,064</b>

## STATEMENT OF INCOME

### Consolidated financial statements as of December 31, 2004

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>A) Value of production</b>		
1) Revenues from sales and services	1,966,284	1,762,178
2) Changes in inventories for work-in-progress, products, partly completed and finished products	(23,132)	28,064
4) Increase in fixed assets produced internally	614	518
5) Other revenues and income		
- miscellaneous	24,362	21,848
- subsidies	1,792	1,686
<b>Total</b>	<b>1,969,920</b>	<b>1,814,294</b>
<b>B) Costs of production</b>		
6) For raw materials, supplies, consumables and goods for resale	1,331,129	1,233,100
7) For services	302,932	278,195
8) For use of third party assets	27,495	24,397
9) For personnel		
a) Salaries and wages	131,456	116,959
b) Social security costs	41,229	35,820
c) Staff severance indemnities	7,220	6,807
e) Other expenses	964	382
	180,869	159,968
10) Amortization, depreciation and write-down		
a) Amortization of intangible fixed assets	16,546	18,032
b) Depreciation of tangible fixed assets	32,309	30,001
c) Other write-down of fixed assets	29	222
d) Provision for bad debts and write-downs of other current assets	5,985	6,743
	54,869	54,998
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	(7,886)	(8,131)
12) Provision for risks	346	829
13) Other accruals	52	52
14) Sundry administration costs	13,914	13,509
<b>Total</b>	<b>1,903,720</b>	<b>1,756,917</b>
<b>Difference between value and costs of production (A-B)</b>	<b>66,200</b>	<b>57,377</b>

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<b>C) Financial income and expense</b>		
15) Income from stockholdings		
- from associated companies	42	105
- others	89	217
	131	322
16) Other financial income		
a) from fixed loans		
- from subsidiaries	20	37
- from associated companies		47
- others	15	22
	35	106
c) from current securities other than stockholdings	269	9
d) income other than described above		
- from subsidiaries	52	34
- from parent companies	25	
- others	4,763	5,825
	4,840	5,859
	5,144	5,974
17) Interest and other financial costs		
- from subsidiaries	(2)	(4)
- others	(22,022)	(22,082)
	(22,024)	(22,086)
17 BIS) Gain and losses on foreign exchange rates		
- foreign exchange rates gains	7,909	4,027
- foreign exchange rates losses	(10,259)	(9,365)
	(2,350)	(5,338)
<b>Total (15+16+17+17bis)</b>	<b>(19,099)</b>	<b>(21,128)</b>
<b>D) Adjustments to the value of financial assets</b>		
18) Write-ups		
a) of stockholdings	5	
c) of current securities other than stockholdings		1,436
	5	1,436
19) Write-downs		
a) of stockholdings	(1,559)	(7,223)
b) of financial fixed assets other than stockholdings		(4,216)
	(1,559)	(11,439)
<b>Total of adjustments (18+19)</b>	<b>(1,554)</b>	<b>(10,003)</b>
<b>E) Extraordinary income and expense</b>		
20) Income		
- surplus on sales of assets	565	40,101
- miscellaneous	446	2,312
	1,011	42,413
21) Expense		
- loss on sales of assets	(692)	(2,682)
- taxation relating to preceding financial years	(285)	(1,310)
- miscellaneous	(3,819)	(10,266)
	(4,796)	(14,258)
<b>Total extraordinary items (20+21)</b>	<b>(3,785)</b>	<b>28,155</b>
<b>Profit before taxation (A-B+C+D+E)</b>	<b>41,762</b>	<b>54,401</b>
22) Taxation on profit for the financial year, current, deferred and pre-paid	(24,294)	(19,628)
23) Profit (loss) for the year		
- Profit (loss) for the year	17,468	34,773
- Minority's share of (profit) loss	(9,440)	(5,323)
<b>Group's share of profit (loss) for the financial year</b>	<b>8,028</b>	<b>29,450</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Consolidated financial statements as of December 31, 2004

#### Structure and contents of the consolidated financial statements

The Consolidated Financial Statements for the period 1st January – 31st December 2004 have been prepared in accordance with Law 127/1991, with additions and interpretations according to accounting principles recommended by the Commission of Accounting Principles of 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 31st December 2004 (for the companies Moto s.p.a. and Autoplose gmbh whose financial years close on the 30th September, accounting reports has been prepared as at the 31st December 2004). These financial statements were reclassified and, where necessary, modified and adjusted to conform to Group accounting principles.

These notes to the consolidated financial statements have the purpose of illustrating, analysing and in some cases interpreting the content of the Consolidated Balance Sheet and contain the information required by Article 38 of Law 127/1991. Moreover, we have also supplied all information considered necessary to give a true and fair view of the consolidated results, even if not required by specific legislation.

For comparative purposes the Consolidated Balance Sheet as at the 31st December 2004 also shows the data as at the 31st December 2003, which has been reclassified according to new layouts for Balance Sheet and Income Statements required by the new regulations introduced in the Italian Civil Code. Regarding the comparison of 2004 result and the previous year result, it should be noted that 2003 result has been affected by the presence of the sale of a minority share in Marr. In fact this transaction generated an extraordinary income in 2003 of about 34.2 million euros.

#### Rules and methods of consolidation

The consolidation is carried out with the global integration method, which consists in stating all items in the assets and liabilities. The main consolidation criteria used for the application of this method are as follows:

- The book value of the consolidated subsidiaries has been eliminated against the relative net equity at the time of the first consolidation (i.e. 1994) if existing at the time or at the time of acquisition if this occurred after December 31, 1994; the resulting differences, if negative, have been charged to a "consolidation reserves" 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 that do not use the European Currency has been done using the current exchange rate method. The exchange rates used are as follows:

Currency	Exchange rates at year end		Average exchange rates	
	2004	2003	2004	2003
Dollars (USA)	1.3621	1.2630	1.2439	1.131160
Algerian Dinars	97.5743	84.9238	87.9152	85.479700
Readjustado Kwanza (Angola)	116.5590	n.a.	103.6070	n.a.
Rublo (Russia)	37.8425	n.a.	35.8084	n.a.
Sterling (Great Britain)	n.a.	0.7048	n.a.	0.691993
Zloty (Poland)*	4.5236	4.7019	4.7342	4.399580

\* Exchange rates of June 30, 2004, date of the last consolidation of the subsidiary Montana Farm s.p.zo.o.

## Scope of consolidation

The consolidated financial statements as of December 31, 2004 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 subsidiaries below were excluded:

### Directly owned subsidiaries

Cremonini Finance plc in liquidation  
 Fernie s.r.l. in liquidation  
 Ge.Mark International d.o.o. in liquidation  
 Ibis s.p.a.  
 Inalca Hellas e.p.e. in liquidation  
 Montana Farm s.p.zo.o. (a)  
 Mutina Consulting s.r.l.

(a) Company that ceased the activity from the second half of 2004 and that was therefore consolidated up to the 30th June 2004. Accordingly the consolidated income statement for 2004 includes 6 months of activity, up to 30th June 2004.

## NOTES TO THE FINANCIAL STATEMENTS

The shareholdings in these companies have been valued at cost and possibly adjusted for permanent losses of value.

Exhibit 7 shows the complete list of companies included in the consolidation area as of the 31st December 2004, indicating the method of consolidation. This list has undergone some changes, described below, when compared to the list on the previous year. These changes did not have a significant impact on the comparability of figures referring to the 31st December 2003.

In particular, compared to the 31st December 2003, the following companies have joined the consolidation area:

- In.Al.Sarda s.r.l., company that is the commercial platform of Inalca in Sardinia;
- Sogema s.p.a. (now Sfera s.p.a.), company wholly bought by Marr with effect from the 1st June 2004 (and consolidated from that date) that carries out activities of marketing and distribution in the catering sector;
- Inalca Russia I.L.C. and Marr Russia I.L.C., companies marketing food products in Russia;
- Azienda Agricola Rondine Bianca s.r.l., a company wholly owned by Azienda Agricola Corticella s.r.l., and that carries out agricultural activities;
- Inalcammil ltda, a company that is not yet operational and that will develop the activity of Inalca in Angola and Inalca Kinshasa sprl, a company that markets food products in the Democratic Republic of Congo;
- SGD s.r.l., company that manages premises destined for commercial catering.

In addition, the following have been removed from the consolidation area:

- Montana Farm sp.zo.o., company that ceased production activity starting from the second half of 2004;
- Cremonini Finance plc, company in liquidation and which ceased to operate in February 2003.

During the year there were other transactions that did not have an effect on the consolidation area. In particular:

- Cremonini s.p.a. has incorporated the subsidiaries Mister Food s.p.a., S.A.M. s.r.l. and So.Ge.Bar s.r.l.;
- Moto s.p.a. incorporated Plose Veneta s.r.l.;
- Inalca bought total control of Inter Inalca Angola ltda, previously 50% owned;
- Cremonini s.p.a. bought total control of Roadhouse Grill Italia s.r.l., previously 99% owned;
- a share of 3% held by INALCA s.p.a. in Quinto Valore was transferred to Realfood 3 s.r.l.;
- Marr s.p.a. incorporated S.I.A.S. s.p.a.;
- Cremonini s.p.a. bought a further share (8.87%) in Consorzio Centro Commerciale Ingrosso Carni s.r.l..

### Valuation rules

The valuation rules used in the consolidated financial statements for the year ended December 31, 2004 have remained unchanged over the previous year. However it should be noted that financial leasing contracts, considering the growing importance that they have in treasury management, and starting from the Half-year Report 2004, are accounted for on the basis of the financial methodology (International Accounting Principles no. 17). This method requires that assets purchased with a finance leasing be stated amongst the tangible assets in the pertaining heading and be amortised on a straight-line basis, according to the residual useful life. As counterparty to the statement of the asset are the debts, both short-term and medium-term, towards the financial leasing entity; leasing instalments are reversed from the expenses and the portion of instalment relevant to interests is stated in financial expenses.

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.

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### **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.

Research, development and advertising costs are amortised over a period of not more than five years.

Industrial patent and know-how rights, mainly software costs, are amortised over a period not exceeding 5 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. Long-term expenses are amortised based on the residual useful life.

### **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.

## NOTES TO THE FINANCIAL STATEMENTS

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:

- Buildings	1.5% - 4%
- Light constructions	5% - 10%
- Plants and machinery	3.75% - 30%
- Industrial and commercial equipment	7% - 25%
- Other 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, the original value is reinstated only adjusted 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

Shareholdings in non-consolidated subsidiaries, 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 legal requirements, or written-down to account for permanent losses of 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 according to the net equity method, unless these investments are insignificant in value, in which case they are valued with the method described above.

Long-term receivables are entered at their estimated value.

### Inventories

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

In particular:

- As far as the beef sector is concerned, the valuation of inventories is based on with a method similar to FIFO. In particular the raw materials, ancillary and finished products (tinned meats) are valued at their purchase price or production cost while slaughtering by-products are valued at amounts that approximate the cost. Valuation of frozen products is carried out at the purchase or production cost where possible, or otherwise at amounts that approximate that cost, bearing in mind the reference prices on the market in the last month of 2004 and of the first days of the new year.
- For other production sectors and for the catering and distribution sectors, the method valuation is similar to 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, with the FIFO 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 underlying financial transactions it is not sufficiently documented, financial instruments of this kind are valued at their “fair value”, any eventual latent losses are estimated, with a suitable accrual to the provision 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 accordance with current legislation and the labour contract, taking into account all types of continuous remuneration. The provision includes the total of all employee indemnities due at the date of the Balance Sheet, net of advances paid.

### **Payables**

These are shown at nominal value.

### **Accrued income and prepayments**

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

# NOTES TO THE FINANCIAL STATEMENTS

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## **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 is based on a realistic estimate of taxes payable in accordance with current tax regulations; the corresponding debt is stated net of advances, tax withheld and tax credits to be offset, under the "Tax Payables" heading. If there should be a credit, the amount is classified in the item "Tax receivables" amongst current assets.

It should be noted that, in accordance with Article 117 of the "TUIR" (Testo Unico delle Imposte sui Redditi, or Income Tax Law), Cremonini s.p.a. and some of its subsidiaries have chosen to opt for the "National Tax consolidation" method. The choice of this option is irrevocable for three-years and has generated transactions between the companies in the group that in were eliminated in consolidating.

Deferred and/or prepaid taxes are based on the existing temporary differences between the amounts shown in the financial statements and the fiscal values and to reflect the deferred taxation effects of consolidation adjustments. Any eventual deferred taxation are accounted for within the corresponding provisions. Pre-paid tax assets are only accounted for when there is a reasonable certainty of recovery and are classified amongst the assets.

## **Accounting for transactions in foreign currency**

Foreign currency payables and receivables not covered by hedging contracts, reported in current assets or liabilities, are converted into the accounting currency at the exchange-rate on the transaction date. At year end, those same are converted at year-end exchange rates. The positive or negative differences between the pre-existing values of payables or receivables in foreign currency with the converted values at the end of the year are credited or debited to in 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.

## Securitisation Transactions

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

The structure of the transaction provides for transfer without recourse (with notification in the Official Gazette), on a weekly basis, of trade receivables with specific 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., 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. owns a minority share (19%). The nominal amount of credits transferred in 2004 was 490 million euros.

Cremonini Sec. s.r.l., with a guarantee of credits received, issued in July 2002 "ABS" (Asset Backed Securities) for 120 million euros, listed on the London Stock Exchange. The securities were issued at par and have a Standard & Poors AAA rating, with a quarterly coupon regulated at 3-month Euribor + 0.5% spread.

The transaction has a duration of 7 years (expiry July 2009).

In this transaction Cremonini s.p.a. has the role of factor for the presentation of receivables on behalf of the transferors and encashment of the net proceeds of the sales, as well as sub-servicer on behalf of Cremonini Sec. s.r.l. (keeping the accounting records and management of the transaction).

As for guarantees, in addition to the receivables specifically transferred under the terms of the transaction and the cautionary deposit of around 1.9 million euros described in the notes to financial fixed assets, Cremonini s.p.a. guarantees, in the last resort, for the commitments undertaken regarding the Letter of Credit for 19 million euros issued for Cremonini Sec. s.r.l. (and, in the final analysis, in favour of bond-holders). On the 19th July 2004 Deutsche Bank replaced Bank of America as underwriter of the Letter of Credit. It is noted that to date, the Letter of Credit has not been used at all so far.

These notes identify the items on the financial statement referring to disinvestment transactions of these credits. Also note that the Offering Circular published for the issue of the ABS and other information are available to the public on the Cremonini s.p.a. web-site ([www.cremonini.com](http://www.cremonini.com) in the Investor Relations - Financial Reports section).

## Other information

With reference to censurable facts, we highlight:

- the issue of a "warning of investigation" by the Potenza Courts and sent to the Chairman of the Board of Directors of Cremonini s.p.a. concerning an alleged payment to a public official. The Review Court has decreed that the Judge of Rome has territorial jurisdiction over the matter;
- the case pending before the Turin Court of Appeal against the Chairman of the Board of Directors of Cremonini s.p.a. and a manager of the subsidiary INALCA s.p.a. concerning the sentence for alleged "misleading advertising";

## NOTES TO THE FINANCIAL STATEMENTS

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- the penal sentence, challenged by the sentenced in that the alleged crime was committed by someone else, issued by the Judge of the Rome District Court against the Chief Executive Officer of the Catering division, regarding the serving of preserved foodstuffs which were not identified as such on the menu presented to customers. The fine amounts to around 671 euros.

Even taking into account the consequences of the above-mentioned lawsuits, the figures and information contained in the consolidated Financial Statements at the 31st December 2004 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 the 4th Paragraph of Article 2423 of the Italian Civil Code**

It is stated that there have not been exceptional cases which have required exemption to the Law in accordance with the 4th Paragraph of Article 2423 of the Italian Civil Code.

### **Presentation methods for consolidated Financial Statements**

The consolidated Financial Statements are shown in thousands of euros in order to facilitate their presentation and reading.

### **Information included in the Directors' Report**

The Directors' Report contains information about the nature of the Company's business, the subsequent events since the end of the year, transactions between the Group Companies and affiliates and other information concerning the business areas in which the Group operates.

# Comments on the main headings in the consolidated balance sheet

## ASSETS

### Fixed assets

Below you will find tables for each of the three fixed asset classes (intangible, tangible and financial), also shown in the appendices, indicating for each heading the historical cost, previous depreciations and previous write-ups and write-downs, the changes which occurred in the financial year, the final balances and the overall revaluation at year-end.

#### Intangible fixed assets

<i>(in thousands of euros)</i>	<i>Balance 31.12.03</i>	<i>Chg. in cons. area</i>	<i>Purch.</i>	<i>Decr.</i>	<i>Other</i>	<i>Amortiz.</i>	<b><i>Balance 31.12.04</i></b>
Formation and start-up costs	1,260	246	206	-	(14)	(1,020)	678
Cost of research, develop. and advertising	5,368	-	2,771	-	-	(3,544)	4,595
Cost of industrial patents and rights for the use of intellectual property	2,038	3	1,297	(85)	46	(1,238)	2,061
Concessions, licences, brandnames and similar rights	18,489	30	300	(1)	(29)	(1,481)	17,308
Goodwill	10,641	-	70	(47)	-	(1,207)	9,457
Consolidation differences	44,581	3,338	11,275	-	-	(3,566)	55,628
Intangible fixed assets under development and advances	703	-	3,591	-	(889)	-	3,405
Other intangible fixed assets	21,614	876	5,697	(544)	175	(4,490)	23,328
<b>Total</b>	<b>104,694</b>	<b>4,493</b>	<b>25,207</b>	<b>(677)</b>	<b>(711)</b>	<b>(16,546)</b>	<b>116,460</b>

#### Formation and start-up costs

<i>(in thousands of euros)</i>	<b><i>31.12.2004</i></b>	<i>31.12.2003</i>
Costs of altering the Art. of Association and formation costs	110	112
Other minor costs	568	1,148
<b>Total</b>	<b>678</b>	<b>1,260</b>

The changes in the "Formation and start-up costs" are mainly related to the years' amortisation and the effects of changes in the consolidation area.

The item "Other minor costs" includes 279 thousand euros of legal fees linked to the opening of new restaurants by Roadhouse Grill Italia.

## NOTES TO THE FINANCIAL STATEMENTS

### Cost of research, development and advertising

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	31.12.2003
Costs of television advertising	3,994	4,812
Other advertising, research and development costs	601	556
<b>Total</b>	<b>4,595</b>	<b>5,368</b>

Television advertising is related to costs incurred by the subsidiaries Montana Alimentari s.p.a. (408 thousand euros) and INALCA s.p.a. (3,586 thousand euros) for advertising campaigns aimed at launching new products whose impact on sales revenues are expected in the future. In 2004 these investments were continued in INALCA (2,386 thousand euros).

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

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	31.12.2003
Industrial patents	17	26
Software	1,892	2,012
Other rights	152	-
<b>Total</b>	<b>2,061</b>	<b>2,038</b>

The main purchases in software, both in the management and administration/financial areas mainly concerned the production sector (538 thousand euros) and the catering sector (367 thousand euros).

### Concessions, licences, brand names and similar rights

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	31.12.2003
Brand names and registrations	4,540	5,084
"Marr" brand	12,051	12,912
Other	717	493
<b>Total</b>	<b>17,308</b>	<b>18,489</b>

The "Brand names and registrations" item includes, for a net value of 3,825 thousand euros, the value attributed to the "Montana" brand name and other minor names owned by INALCA.

The value of the "Marr" brand derives from the allocation of the merger deficit (and consequently also the consolidation difference) following the merger of Marr s.p.a. into Grex s.r.l. (now Marr s.p.a.) which occurred in 1999. The decrease in this amount in 2004 is attributable to amortisation in the year.

### Goodwill

This heading mainly includes the amount paid to third parties for the purchase of branches of businesses. The increase over last year (70 thousand euros) is related to the purchase of new sales-points by Guardamiglio s.r.l..

### 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>31.12.2003</i>	<i>Increases</i>	<i>Decreases</i>	<i>Amortization</i>	<b>31.12.2004</b>
Restaurant service	14,618	2,895	-	(1,287)	16,226
Distribution	20,415	11,275	-	(1,654)	30,036
Production – Beef	8,824	443	-	(577)	8,690
Production – Other	724	-	-	(48)	676
<b>Total</b>	<b>44,581</b>	<b>14,613</b>	<b>-</b>	<b>(3,566)</b>	<b>55,628</b>

The increase refers:

- in the catering sector, to the consolidation of So.Ge.Bar s.r.l., a Company acquired at the end of 2003 and which was merged into Cremonini s.p.a. in 2004;
- in the distribution sector, to the purchase by Marr s.p.a. of Sogema s.p.a. starting from the 1st June 2004;
- in the beef production sector, to the purchase of the entire stockholding in Inter Inalca Angola Ltda by INALCA s.p.a.

The reader is referred to the Directors' Report for further information about the main transactions described above.

### Intangible fixed assets under development and advances

Changes in Intangible fixed assets under development and advances is relevant to confirmation deposits paid by Marr (2.5 million euros) regarding the purchase of branches of businesses including the property of a building in Spezzano Albanese (CS) in which the new Marr Calabria branch will be created in the first half of 2005. Further increases are mainly related to leasehold improvements on premises where a restaurant activity will be carried out.

### Other intangible fixed assets

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Leasehold improvement costs	16,789	14,751
Expenses and commissions on loans	1,262	1,044
Others	5,277	5,819
<b>Total</b>	<b>23,328</b>	<b>21,614</b>

Leasehold improvements mainly regard costs incurred for restructuring and adapting third-party premises used for catering and foodservice distribution activities. The main increases are:

- Cremonini's catering division for 2,026 thousand euros, for various sales points both inside railway stations and in other facilities;
- leasehold improvements made by Cremonini Restauration s.a.s. (944 thousand euros)
- Roadhouse Grill Italia for 259 thousand euros, mainly for work in the Mantova restaurant.

## NOTES TO THE FINANCIAL STATEMENTS

The increase in loan expenses and commissions are mainly related, for 440 thousand euros, to expenses incurred for the obtaining of a loan by Marr with Efibanca s.p.a. on the 21st May 2004.

The main increase in long-term costs is related to legal fees (527 thousand euros) incurred by Moto s.p.a. and relevant to the assignment of concessions for the management of motorway rest-area services.

### Tangible fixed assets

<i>(in thousands of euros)</i>	<i>Balance 31.12.03</i>	<i>Chg. in cons. area</i>	<i>Purch.</i>	<i>Decr.</i>	<i>Other</i>	<i>Amortiz.</i>	<i>Balance 31.12.04</i>
Land and buildings	234,913	3,717	5,319	(29)	10,790	(8,486)	246,224
Plant and machinery	126,443	979	12,930	(809)	1,667	(17,154)	124,056
Industrial and commercial equipment	5,764	136	1,955	(82)	(20)	(1,841)	5,912
Other tangible fixed assets	17,672	511	5,119	(1,632)	(156)	(4,828)	16,686
Tangible fixed assets under development and advances	7,280	478	11,902	(20)	(5,812)		13,828
<b>Total</b>	<b>392,072</b>	<b>5,821</b>	<b>37,225</b>	<b>(2,572)</b>	<b>6,469</b>	<b>(32,309)</b>	<b>406,706</b>

Land and Buildings – The change in the consolidation area mainly refers to the purchase of Azienda Agricola Rondine Bianca (2,934 thousand euros, including the allocation of the consolidation difference). The increases are mainly due to INALCA (2,288 thousand euros) for expansion works in the various production plants and the composting plant of Nonantola and at the Azienda Agricola Corticella for the purchase of agricultural land and buildings for a total amount of 2,146 thousand euros. Other variations refer to the reclassification of assets in progress and, for 6,598 thousand euros, to the amount relevant to the higher value, when compared to the net accounting value at 31st December 2003, originated the sale of two buildings currently leased back. The accounting as a finance lease has led to the elimination of the effects of the sale of the buildings and their statement at sale-price. The profits realised were deferred and amortized over the period of the duration of the rental contracts (see section "Accrued expenses and deferred income").

Plants and machinery – The main increases are relevant to the beef sector (8,031 thousand euros) for the purchase of plants and machinery in various production plants and the cured-meats and snacks food sector (1,857 thousand euros) largely connected to the purchase of assets for the plants at Gazoldo, Postalesio and Busseto.

Industrial and commercial equipment - The main investments were made by INALCA (690 thousand euros) and by Cremonini s.p.a.'s catering division (379 thousand euros).

Other tangible fixed assets - The main increase concerned Marr for 1,413 thousand euros, of which 1,003 thousand euros for vehicles, Cremonini s.p.a. (of which 1,119 thousand euros in the catering division) and INALCA (540 thousand euros).

Tangible fixed assets under development and advances – Investments in progress during the year mainly refer to the enlargement of the Salumi d'Emilia plant in Busseto (5,690 thousand euros). Investments for a total of 3,503 thousand euros regard improvements to commercial structures in Russia and in Angola. Lastly 1,248 thousand euros are referred to the purchase of an area for a new Roadhouse Grill restaurant. Other variations represent reclassifications to the relevant items, due to the completion of the investments concerned.

Tangible fixed assets are burdened by mortgages and privileges amounting to 409 million euros and 77 million euros respectively for financing obtained. Moreover it should be noted that that in past years financial interest related to buildings were capitalised for a residual amount of around 18,836 thousand euros.

In the consolidation process land and buildings were allocated a portion of the positive difference arising from the elimination of stockholdings against their respective net equities; about 4,545 thousand euros were allocated to buildings net of their corresponding depreciation (4,233 thousand euros at the 31st December 2003) and for 7,094 thousand euros to land (5,390 thousand euros on the 31st December 2003). Attribution of the consolidation difference to buildings increased (by 481 thousand euros) after the purchase of a further share in Consorzio Centro Commerciale Ingrosso Carni s.r.l. and was reduced by the effect of depreciation during the year (169 thousand euros). The increase concerning land refers, for the entire amount (1,704 thousand euros), to the purchase of Azienda Agricola Rondine Bianca s.r.l..

## Financial fixed assets

### Stockholdings

The main changes that took place during the year are shown below and are detailed in Exhibits 6. Exhibits 7 also shows the information required by item 5 of Article 2427 of the Italian Civil Code.

#### *Stockholdings in subsidiaries*

Movements occurred during the 2004 are mainly due to the changes in the consolidation area and the writing-off of the value of the stockholdings in Fe.Ber. Carni s.r.l. (272 thousand euros) after the completion of liquidation proceedings.

Moreover the increase in the value of the stockholdings in Cremonini International b.v. for 451 thousand euros after the remission of part of a credit owed to Cremonini s.p.a.; following the completion of the company liquidation proceedings the value of the stockholding was totally written-off.

#### *Stockholdings in associated companies*

The changes occurring during 2004 referred to:

- for 245 thousand euros, at the incorporation of the company Fiorani & C. s.p.a., active starting from the beginning of July in the manufacturing and marketing of beef for the large-scale retail trade;
- for 273 thousand euros referred to the capital increase in Parma France s.a.s., a French company associated with INALCA that is active in the breeding of cattle.

## NOTES TO THE FINANCIAL STATEMENTS

### Loans

#### Loans to subsidiaries

<i>(in thousands of euros)</i>	<i>31.12.2003</i>	<i>Increases</i>	<i>Decreases</i>	<i>31.12.2004</i>
<i>Due within 12 months</i>				
Cremonini International b.v.	516	-	(516)	-
Mutina Consulting s.r.l.	565	-	-	565
Montana Farm s.p.zo.o.	-	50	-	50
Provision for bad debts	(50)	-	-	(50)
<b>Total within 12 months</b>	<b>1,031</b>	<b>50</b>	<b>(516)</b>	<b>565</b>
<i>Due between 1 and 5 years</i>				
SGD s.r.l.	220	-	(220)	-
<b>Total between 1 and 5 years</b>	<b>220</b>	<b>-</b>	<b>(220)</b>	<b>-</b>
<b>Total</b>	<b>1,251</b>	<b>50</b>	<b>(736)</b>	<b>565</b>

The loan to Cremonini International bv reduced due to the liquidation of the company (see section "Shareholdings in subsidiaries").

The receivable towards Mutina Consulting, net of provisions for bad debt of 50 thousand euros, refers to the residual receivable connected to a security deposit.

The variation in receivables towards SGD refers to it's inclusion into the consolidation area.

#### Loans to others

<i>(in thousands of euros)</i>	<i>31.12.2003</i>	<i>Incr./Utiliz.</i>	<i>Decr./Acc.</i>	<i>Reclass.</i>	<i>31.12.2004</i>
<i>Due within 12 months</i>					
Sundry and other loans	242	-	-	-	242
Earnest money	2,750	-	(2,750)	-	-
Cautionary deposits	965	23	(659)	(44)	285
Provision for bad debts	(159)	-	-	-	(159)
<b>Total within 12 months</b>	<b>3,798</b>	<b>23</b>	<b>(3,409)</b>	<b>(44)</b>	<b>368</b>
<i>Due between 1 and 5 years</i>					
Due from the State Treasury	74	-	-	(74)	-
Cautionary deposits	874	67	(110)	50	881
Cremonini Sec. cautionary dep.	-	-	-	1,931	1,931
Others	922	35	(377)	(133)	447
<b>Total between 1 and 5 years</b>	<b>1,870</b>	<b>102</b>	<b>(487)</b>	<b>1,774</b>	<b>3,259</b>
<i>Due over 5 years</i>					
Cautionary deposits	36	4	(5)	(13)	22
Advances on shares/ shareholdings to be bought	-	111	-	-	111
Cremonini Sec. cautionary dep.	1,988	-	(57)	(1,931)	-
<b>Total over 5 years</b>	<b>2,024</b>	<b>115</b>	<b>(62)</b>	<b>(1,944)</b>	<b>133</b>
<b>Total</b>	<b>7,692</b>	<b>240</b>	<b>(3,958)</b>	<b>(214)</b>	<b>3,760</b>

During 2004 there was a decrease in cautionary deposits:

- following the purchase by Azienda Agricola Corticella of Azienda Agricola Rondine Bianca s.r.l. for which a deposit of 2,000 thousand euros had been paid in 2003;
- for the repayment of a deposit of 750 thousand euros, paid in 2003 to the affiliated company Le Cupole for the purchase of land, according to the mutually agreed termination of the commitment on the signing of the purchase contract.

The decrease in cautionary deposits due within 12 months concerns, for 628 thousand euros, the payment of registration tax on the transfer of Ibis to Salumi d'Emilia for which a guarantee of 700 thousand euros was paid in 2003 to the Parma Courts. The difference of 72 thousand euros was repaid in March.

"Advances on shares/shareholdings to be bought" refer to advanced payment paid by Inalca Russia for the purchase of a company for the development of the activity in that country.

The "Cremonini Sec. Cautionary deposit", reclassified amongst the receivables due within 1 to 5 years, represents guarantees paid to the "vehicle company" Cremonini Sec. s.r.l. to guarantee the existing securitisation transaction (see section "Securitisation Transaction"). This guarantee, decreased during the year on the basis of criteria specified in the contract, was paid by Cremonini s.p.a. on behalf of Marr, INALCA and Montana Alimentari, for a more rational management of the transaction. The related costs of the financial asset of the deposit were charged in advance in the 2002, to each seller (see section "Accrued expenses and deferred income").

### Treasury Stock

Treasury Stock has been recorded under financial fixed assets after a specific resolution of the Board of Directors of Cremonini s.p.a. which identified the investment as one of an enduring nature based on the conditions of the main markets in which the Group operates and the possible future implementation of strategic corporate plans. The use of the market price on the 31st December 2004, higher than the historical cost, would have led to a higher value of around 1,460 thousand euros.

For information purposes it is specified that, had the treasury stock been valued at market price as of 25th March 2005, the value of the shares held as at 31st December 2004 would have been approximately 4,088 thousand euros higher.

The reader is referred to the Directors' Report for variations during the period and for other information.

## Current assets

### Inventories

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Raw material, supplies and consumables	18,006	14,455
Work-in-progress and semi-finished products	10,050	8,988
Finished products and goods for sale	183,144	189,722
Advance payments	436	450
Provision for inventories	(530)	(784)
<b>Total</b>	<b>211,106</b>	<b>212,831</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

Despite the substantial increase in revenues, there was a decrease in the value of inventories, mainly in the beef sector (INALCA around -24 million euros compared to last year due to the use in the production process of important purchases of meat during 2003).

### Receivables

#### Trade receivables

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Trade receivables due within 12 months	271,008	254,399
Trade receivables due between 1 and 5 years	683	766
Trade receivables due over 5 years	31	62
Provision for bad debts	(17,243)	(16,230)
<b>Total</b>	<b>254,479</b>	<b>238,997</b>

The increase of the balance is mainly due to the increase in revenues during the period.

Changes to provisions for bad debts were as follows:

<i>(in thousands of euros)</i>	<i>31.12.2003</i>	<i>Provision</i>	<i>Utiliz.</i>	<i>Other mov.</i>	<b>31.12.2004</b>
<i>For receivables due within 12 months</i>					
Provision for bad debts	15,073	5,698	(4,813)	141	16,099
Bad debt provision – late paid interest	1,106	70	(32)	-	1,144
<b>Total for receivables due within 12 months</b>	<b>16,179</b>	<b>5,768</b>	<b>(4,845)</b>	<b>141</b>	<b>17,243</b>
<i>For receivables due over 12 months</i>					
Provision for bad debts	51	-	(51)	-	-
<b>Total for receivables due over 12 months</b>	<b>51</b>	<b>-</b>	<b>(51)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>16,230</b>	<b>5,768</b>	<b>(4,896)</b>	<b>141</b>	<b>17,243</b>

#### Receivables from subsidiaries

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Cremonini International b.v.	-	58
Inalca Hellas e.p.e. in liquidation	723	723
Inalca Kinshasa sprl	-	5,216
Inalca Russia I.L.C.	-	47
In.AL.Sarda s.r.l.	-	3,419
Marr Russia I.L.C.	-	3,258
Montana Farm s.p.zo.o.	338	-
Mutina Consulting s.r.l.	-	5
SGD s.r.l.	-	41
So.Ge.Bar s.r.l.	-	125
Provision for bad debts	(4)	(5)
<b>Total</b>	<b>1,057</b>	<b>12,887</b>

The reduction in the balance is mainly due to the change of the consolidation area.

#### Receivables from associated companies

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
A.O. Konservni	5,465	9,060
Buona Italia Alimentos Itda	311	278
Farm Service s.r.l.	490	426
Fiorani & C. s.p.a.	57	-
Food & Co. s.r.l.	81	335
Prometex s.a.m.	5	402
Realbeef s.r.l.	-	11
Toupnot s.a.	201	168
Provision for bad debts	(2)	(2)
<b>Total</b>	<b>6,608</b>	<b>10,678</b>

The amount is nearly entirely attributable to trade receivables due from the subsidiary INALCA's Russian subsidiary, A.O. Konservni, which operates in the production and marketing of tinned meat. This receivable, deriving from transactions of a commercial nature, decreased during the period mainly due to the encashment of older receivables. This receivable is also a financial support to the Russian company fulfilling its needs for working capital deriving from sales to public entities and the fact that the company does not obtain local financing, as this is not considered convenient.

#### Tax receivables

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
VAT settlement	4,170	8,182
Direct taxation advances	8,257	690
Tax withheld	13	20
Tax repayment requests	10,468	245
Others	3,552	1,846
Write-down fund	(273)	-
<b>Total within 12 months</b>	<b>26,187</b>	<b>10,983</b>
<i>Due between 1 and 5 years</i>		
Tax repayment requests	662	7,621
Others	309	1,614
Write-down fund	-	(160)
<b>Total between 1 and 5 years</b>	<b>971</b>	<b>9,075</b>
<i>Due over 5 years</i>		
Others	3	34
<b>Total over 5 years</b>	<b>3</b>	<b>34</b>
<b>Total</b>	<b>27,161</b>	<b>20,092</b>

In regards to the item "Direct taxation advances" refers to section "Tax payables".

The balance of "Tax to be reimbursed" on the 31st December 2004 mainly refers to INALCA (7,540 thousand euros) and Quinto Valore (2,424 thousand euros) VAT credits.

## NOTES TO THE FINANCIAL STATEMENTS

### Pre-paid taxes

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Pre-paid taxes due within 12 months	3,824	5,261
Pre-paid taxes due between 1 and 5 years	9,047	10,484
<b>Total</b>	<b>12,871</b>	<b>15,745</b>

The “Pre-paid taxes” derive from temporary differences described below:

<i>(in thousands of euros)</i>	<b>31.12.2004</b>			<i>31.12.2003</i>		
	<i>Amount of temporary differences</i>	<i>Rate</i>	<i>Tax effect</i>	<i>Amount of temporary differences</i>	<i>Rate</i>	<i>Tax effect</i>
<i>Advanced Taxation</i>						
Write-down of financial assets	6,303	33%	2,080	8,447	34%	2,872
Taxed provisions	18,593	33%	6,136	19,983	34%	6,794
Other (IRES taxable)	4,387	33%	1,448	1,775	34%	604
Other (IRAP taxable)	282	4.25%	12	3,194	4.25%	136
<b>Total (A)</b>			<b>9,675</b>			<b>10,405</b>
<i>Deferred taxation</i>						
Advanced amortisation	1,247	33%	412			0
<b>Total (B)</b>			<b>412</b>			<b>0</b>
<b>Net (deferred) advanced taxation (A-B)</b>			<b>9,264</b>			<b>10,405</b>
<b>Advanced taxation regarding tax loss</b>	10,930	33%	<b>3,607</b>	15,706	34%	<b>5,340</b>
<b>Total net assets for advanced taxation</b>			<b>12,871</b>			<b>15,745</b>

## Receivables from others

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<b>31.12.2003</b>
<i>Due within 12 months</i>		
Advances to suppliers	20,928	15,804
Short-term loans	7,634	5,540
Due from factoring companies	359	209
Receivables for repayments of Cremonini Sec. Transaction costs	817	383
Receivables for cession - Cremonini Sec. Transaction	-	6,663
Due from insurance companies	2,776	4,674
Due from agents	1,691	1,971
Receivables for contributions to be encashed	1,978	1,189
Receivables from social security and pension organisations	892	802
Others	10,878	7,393
Provision for bad debts	(1,810)	(1,740)
<b>Total within 12 months</b>	<b>46,143</b>	<b>42,888</b>
<i>Due between 1 and 5 years</i>		
Loans to third-parties	113	-
Others	285	3,940
Provision for bad debts	(52)	-
<b>Total between 1 and 5 years</b>	<b>346</b>	<b>3,940</b>
<i>Due over 5 years</i>		
Others	2	-
<b>Total over 5 years</b>	<b>2</b>	<b>-</b>
<b>Total</b>	<b>46,491</b>	<b>46,828</b>

“Advances to suppliers” concern, for 16,861 thousand euros, the distribution sector and the amount is linked to the re-supply methods typical of that activity.

The item “Short-term loans” mainly includes loans to Marr transporters (2,334 thousand euros) and loans granted to minority shareholders by the subsidiaries Momentum Services (1,000 thousand euros) and Railrest (746 thousand euros). The figure also includes a loan of 1,650 thousand euros towards the related company Le Cupole s.r.l. (for more details on transactions with affiliated companies you are referred to the “Directors’ Report”).

“Receivables for repayments of Cremonini Sec. transaction costs” refers to the higher sale costs debited to the companies which, on the basis of the contents of the contract, were repaid in the first quarter of 2005.

“Receivables for cession Cremonini Sec. transaction” on the 31st December 2003 was related to the receivables for cessions made near to the end of the year. This amount was repaid by the seller in January 2005, in accordance with the dispositions of the contract.

As of 31st December 2004 no receivables exists since the year end cession, dated 28th December 2004, has been debited to bank accounts before year end.

The decrease in “Insurance receivables” is mainly due to the encashment by Marr (for 1,200 thousand euros) of a portion of the indemnity regarding the accident occurred in June 2003 in a storage warehouse in Aprilia (Roma).

“Receivables for contributions to be encashed” refers to contributions from AGEA not yet received related to the beef sector.

## NOTES TO THE FINANCIAL STATEMENTS

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The increase of "Others" due within 12 months is mainly due to the reclassification of 3,357 thousand euros of receivables due within 1 to 5 years, regarding receivables from Montana Alimentari after the sale of the Mirandola factory occurred in the previous year, since the receivable has become due in the short-term.

The remaining "Other receivables" due within 12 months include, for 500 thousand euros, the payment of a deposit for the purchase of a building by the affiliated company Le Cupole s.r.l. (see section "Transactions with non-consolidated subsidiaries, associated, holding and affiliated companies" in the Directors' Report).

During the year there were also these following transactions:

- financial advance – interest bearing at market rates – of 1,500 thousand euros granted to Cremofin in January and refunded by the latter in the same month;
- financial advance – interest bearing at market rates – of 4,600 thousand euros granted to Cremofin in April and refunded in May;
- financial advance – interest bearing at market rates – originally for 1,750 thousand euros granted to Tre Holding in January and refunded in June, successively renewed for 1,700 thousand euros in July and definitively refunded in September.

### Financial current assets

#### Treasury stock

The Treasury stock included under current assets was acquired in the financial years 2001 to 2004, with the aim of maintaining price stability. These shares, which are not a long-term investment, are valued at the weighted average cost. The use of the market price on the 31st December, which was higher than the weighted average cost price, would have led to a valuation 3,958 thousand euros higher in respect to the book value.

For information, if the shares had been valued at the prices on 25th March 2005, the value at 31st December 2004 would have been about 9,626 thousand euros higher.

The reader is referred to the Directors' Report for variations during the period and for other information.

## Accrued income and prepaid expenses

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	31.12.2003
Accrued interests	4	27
Sundry accruals	38	26
<b>Total accruals</b>	<b>42</b>	<b>53</b>
Prepaid rentals	1,405	772
Prepaid financial expenses and guarantees	803	852
Prepaid expenses for commercial and advertising costs	493	140
Sundry prepayments	2,546	1,529
<b>Total prepayments</b>	<b>5,247</b>	<b>3,293</b>
<b>Total</b>	<b>5,289</b>	<b>3,346</b>

The increase in the balance is above all due to the increase in rental costs for the premises in which motorway catering activities are carried out.

The portion of prepaids for over 5 years is equal to 596 thousand euros.

# NOTES TO THE FINANCIAL STATEMENTS

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## LIABILITIES

### Shareholders' Equity

As regards the changes you are referred to Exhibit 8.

#### Capital stock

On 31st December 2004 the Company capital amounted to 73,746,400 euros, unchanged over 31st December 2003, and was represented by 141,820,000 ordinary shares in the Parent Company, fully subscribed and released and with a nominal value of 0.52 euros each.

On 31st December the consolidated profit per share, calculated dividing the years' profit after third-party share by the number of shares issued (excluding the Treasury stock owned on 31st December 2004), was around 0.062 euros.

#### Share premium reserve

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

The reserve amounting to 72,601 thousand euros (70,928 thousand euros on the 31st December 2003), increased during the year for an amount of 1,673 thousand euros due to the reduction of the Treasury stock reserve.

#### Legal Reserve

The legal reserve remained unchanged since 31st December 2003 at 14,749 thousand euros, having reached the maximum limit provided by Article 2430 of the Italian Civil Code.

#### Reserve for treasury stock

This is the unavailable reserve covering the accounting value of the Treasury stock shown in the Financial Statements. Based on regulations in the Italian Civil Code, Cremonini s.p.a. can own up to 14,182,000 of its own shares.

#### Other reserves

The other reserves mainly include the consolidation reserve of 3,255 thousand euros (remained unchanged since 31st December 2003) 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 provisions for taxation on reserves has been made in the shareholders' equity at 31st December 2004 in so far as there are no transactions which could require their taxation.

The reconciliation between shareholders' equity and the Parent Company's results and the corresponding consolidated data are as follows:

(in thousands of euros)	Financial year as at 31.12.2004			Financial year as at 31.12.2003		
	Capital stock and reserve	Profit/(loss)	Shareholders' equity	Capital stock and reserve	Profit/(loss)	Shareholders' equity
<b>Parent Company's shareholders' equity and profit/(loss) for the year</b>	<b>180,432</b>	<b>9,793</b>	<b>190,225</b>	<b>180,140</b>	<b>17,779</b>	<b>197,919</b>
Parent Company's shareholders' equity and profit/(loss) for the year						
• Difference between the carrying value and pro rata shareholder's equity, net of the effects of intra-Group transactions	(70,275)	(10,606)	(80,881)	(68,122)	12,490	(55,632)
• Pro rata subsidiary profits (losses)		13,687	13,687		1,861	1,861
• Surpluses attributed to assets on first consolidation	11,808	(169)	11,639	9,780	(157)	9,623
• Consolidation differences	59,194	(3,566)	55,628	47,917	(3,336)	44,581
Elimination of the effects of commercial transactions between Group companies	(197)	142	(55)	(2,100)	1,903	(197)
Elimination of allowances for anticipated depreciation which are exclusively for fiscal purposes	1,471	(1,471)	0	1,523	(52)	1,471
Adjustment of the financial statement of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	1,171	218	1,389	2,209	(1,038)	1,171
<i>Total adjustments</i>	<i>3,172</i>	<i>(1,765)</i>	<i>1,407</i>	<i>(8,793)</i>	<i>11,671</i>	<i>2,878</i>
<b>Group's share of net equity and profit/(loss)</b>	<b>183,604</b>	<b>8,028</b>	<b>191,632</b>	<b>171,347</b>	<b>29,450</b>	<b>200,797</b>
Minorities' share of net equity and profit/(loss)	44,487	9,440	53,927	42,537	5,323	47,860
<b>Consolidated financial statements shareholders' equity and profit/(loss) for the year</b>	<b>228,091</b>	<b>17,468</b>	<b>245,559</b>	<b>213,884</b>	<b>34,773</b>	<b>248,657</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Provision for liabilities and charges

<i>(in thousands of euros)</i>	<i>31.12.2003</i>	<i>Provision</i>	<i>Utiliz.</i>	<i>Other mov.</i>	<b><i>31.12.2004</i></b>
Allowance for severance payments and similar obligations	1,404	176	(85)	(17)	1,478
Provision for taxation	1,523	886	(629)	(748)	1,032
Other	5,047	2,439	(2,973)	140	4,653
<b>Total</b>	<b>7,974</b>	<b>3,501</b>	<b>(3,687)</b>	<b>(625)</b>	<b>7,163</b>

The allowance for severance payments and similar rights consists of the indemnity provisions for sales agents amounting to 1,478 thousand euros (1,404 thousand euros on the 31st December 2003).

Taxation provisions include deferred tax provision for 751 thousand euros (1,422 thousand euros on the 31st December 2003).

During 2004 Cremonini – together with subsidiaries Inalca and Marr – were subjected to fiscal inspection performed by the Bologna Revenue Authorities regarding fiscal years 1999 to 2003 for the Parent Company and tax fiscal years 2002 and 2003 for the subsidiaries.

After these inspections, Cremonini received an assessment relating fiscal year 1999, as described in the same section of the Additional Notes to the Cremonini Financial Statements, while the subsidiaries Inalca and Marr did not receive assessment from the Revenue Authorities, but only the minutes of the inspections.

The total amount that Cremonini s.p.a. is required to pay for additional income taxes and penalties amounts to 4,977 thousand euros.

On the 10th February 2005 Cremonini s.p.a. filed an appeal against the assessment. To date the company is still waiting to know the date when the appeal will be discussed.

Cremonini, INALCA and Marr, supported by the opinions of their fiscal advisors, consider that all the fiscal remarks without basis, neither actually nor legally. Therefore these companies have not accrued any amounts to the provisions for fiscal risks in the Balance Sheet.

As regards Marr s.p.a. there is still pending a fiscal dispute for alleged violations relevant to income taxes (fiscal years 1993 to 1999) and VAT (fiscal years 1998 and 1999). In 2004 the Rimini Regional Tax Commission imposed tax and penalties for a maximum amount of 4.7 million euros as well as interest; regarding this sentence, in September and October 2004 Marr paid 1,334 thousand euros for tax payment for pending judgement, this amount has been recorded as tax receivable. On the 20th December 2004 Marr s.p.a. filed an appeal against the sentence above mentioned issued by the Regional Tax Commission. The Directors of Marr, supported by the opinions of their fiscal advisors, retain that there are no probable tax liabilities therefore no provision for tax risk has been accounted for.

The other provisions are as follows:

<i>(in thousands of euros)</i>	<i>31.12.2003</i>	<i>Provision</i>	<i>Utiliz.</i>	<i>Other mov.</i>	<b><i>31.12.2004</i></b>
Personnel disputes provision	573	235	(438)	4	374
Litigation and minor disputes	2,706	102	(2,396)	(1)	411
Periodic maintenance	112	52	-	-	164
Coverage of losses on stockholdings	-	179	(137)	143	185
Risks and future losses	1,656	1,871	(2)	(6)	3,519
<b>Total</b>	<b>5,047</b>	<b>2,439</b>	<b>(2,973)</b>	<b>140</b>	<b>4,653</b>

The utilization of the provisions for “litigation and other minor disputes” mainly refers to Cremonini s.p.a., and regards, for 516 thousand euros, to a litigation with a former subsidiary company sold to third-parties and, for 1,756 thousand euros, to a dispute in connection with guarantees given at the time of sale of stockholdings.

It should be noted that two disputes regarding Castelvetro s.p.a., a company merged into the Parent Company during 1999 are still pending. Accordind 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 Group.

## Staff severance indemnities

<i>(in thousands of euros)</i>	<b><i>31.12.2004</i></b>	<i>31.12.2003</i>
Initial balance	35,841	33,492
Effects of changes in the area of consolidation	562	408
Utilized during the year	(4,557)	(4,018)
Accruals during the year	6,925	6,397
Other movements	(669)	(438)
<b>Final balance</b>	<b>38,102</b>	<b>35,841</b>

## Payables

### Bonds

<i>(in thousands of euros)</i>	<i>31.12.2003</i>	<i>Incr./Decr.</i>	<i>Other mov.</i>	<b><i>31.12.2004</i></b>
Due within 12 months	18,000	(18,000)	-	-
Due between 1 and 5 years	-	-	-	-
<b>Total</b>	<b>18,000</b>	<b>(18,000)</b>	<b>-</b>	<b>-</b>

On the 31st December 2003 the balance regarded the bond issued in 1999 by the subsidiary Marr s.p.a., which was repaid at the natural expiry in November 2004.

## NOTES TO THE FINANCIAL STATEMENTS

### Bank loans and overdrafts

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Due within 12 months	280,943	252,389
Due between 1 and 5 years	103,689	151,597
Due over 5 years	44,342	45,754
<b>Total</b>	<b>428,974</b>	<b>449,740</b>

The balance as at the 31st December 2004 includes mortgage debt as follows:

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Due within 12 months	80,006	44,713
Due between 1 and 5 years	99,535	151,597
Due over 5 years	41,145	45,754
<b>Total</b>	<b>220,686</b>	<b>242,064</b>

Medium-Long term loans accrued variable interest which, in 2004 were on average about 3.06%.

For additional comments on Group financial position the reader is referred to the Directors' Report.

The Group make use of the financial tools available on the market (including so-called derivatives tools) only to optimise the cost of its financial position and to hedge interest rate and exchange rate fluctuation risks.

As of 31st December 2004 (and today's date), the Cremonini Group was involved in the following transactions:

- Cremonini s.p.a. - “Interest rate swap” transactions with a net notional value of 139 million euros (the net notional value does not take into consideration transactions that have been cancelled over time by transactions with same amounts and opposite sign called “unwinding”), consist of three “interest rate swap” contracts with Cofiri SIM for 129 million euros (with expiry between 14.11.2005 and 12.4.2008) which allowed the replacement of the variable rate of the Company's financial position from Euribor to Libor US\$ and an “interest rate swap” contract with Sanpaolo IMI for 10 million euros (expiry 19.12.2006) that covers the risk of a rise in Euribor rates with a fixed rate of the same duration and amount.
- Inalca s.p.a. – “Put option” transactions with counterparties Unicredit Banca, Sanpaolo IMI, Banca di Roma and Banca Nazionale del Lavoro with a notional value of 4.9 million Dollars (8.5 million Dollars today); at the closure of the Balance Sheet the negative value of these options is 87 thousand euros. These options permit, within certain parameters, coverage of part of the EUR/US\$ exchange rate risk for receivables deriving from the Company's exports in US\$.

The calculation of estimated losses, considering the valuation at fair-value of the above-mentioned transactions and considering the forecasted evolution of interest rates, required the accrual of a risk provision, on the 31st December 2004, of 2,416 thousand euros (547 thousand euros on the 31st December 2003 - see section “Provisions for risks and charges”).

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>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Mortgages and loans	587	565
Factoring companies	23,248	28,859
Payables for leasing contracts	1,802	-
Cremonini Sec.	5,785	12,548
Other	121	214
<b>Total within 12 months</b>	<b>31,543</b>	<b>42,186</b>
<i>Due between 1 and 5 years</i>		
Mortgages and loans	2,443	2,493
Payables for leasing contracts	9,078	-
Other	-	-
<b>Total between 1 and 5 years</b>	<b>11,521</b>	<b>2,493</b>
<i>Due over 5 years</i>		
Mortgages and loans	305	914
Payables for leasing contracts	5,479	-
Other	72	-
<b>Total over 5 years</b>	<b>5,856</b>	<b>914</b>
<b>Total</b>	<b>48,920</b>	<b>45,593</b>

The details of mortgages and loans are shown below:

<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>	<b>Balance 31.12.2004</b>
<i>(in thousands of euros)</i>						
Ministero dell'Industria n. 2061	4.11%	16-02-08	126	409		535
Ministero dell'Industria n. 0161	4.11%	24-05-10	62	266		328
M.I.C.A. Compost	4.11%	27-09-09	106	469		575
M.I.C.A. ex Icar	4.11%	16-05-09	171	758		929
M.I.C.A.P. (sala disosso)	4.11%	31-07-12	122	541	305	968
<b>Total</b>			<b>587</b>	<b>2,443</b>	<b>305</b>	<b>3,335</b>

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

The item "Cremonini Sec." concern payables collected by the Group companies but concerning receivables previously transferred within the securitisation programme. The selling companies periodically return these payables to Cremonini Sec., in accordance with the provisions of the contract.

"Payables for leasing contracts" refer to the accounting of leasing contracts subscribed in 2004 and accounted as finance leasing, which are related to two "lease-back" transactions.

## NOTES TO THE FINANCIAL STATEMENTS

### Payables to subsidiaries

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months - Commercial</i>		
In.AL.Sarda s.r.l.	-	65
Inalca Russia l.l.c.	-	25
Montana Farm s.p.zo.o.	115	-
SGD s.r.l.	-	32
<i>Due within 12 months – Financing and other</i>		
Cremonini Finance plc	41	-
Taormina Catering s.r.l. in liquidation	-	2
Fernie s.r.l. in liquidation	481	488
Fe.Ber. Carni s.r.l. in liquidation	-	135
<b>Total</b>	<b>637</b>	<b>747</b>

The change in the balance is mainly due to the change in the consolidation area

### Payables to associated companies

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Fiorani & C. s.p.a.	324	-
Farm Service s.r.l.	51	457
International Meat Company s.a.	-	57
Prometex sam	121	82
Realbeef s.r.l.	3	-
Toupnot s.a.	-	1
<b>Total</b>	<b>499</b>	<b>597</b>

### Tax payables

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Withholding taxes	4,282	4,024
V.A.T.	2,127	1,413
I.R.P.E.G. / I.R.E.S.	11,373	3,651
Registration tax	-	628
Substitute and olther taxes	4,505	3,333
<b>Total</b>	<b>22,287</b>	<b>13,049</b>

The increase in tax payables for I.R.P.E.G./I.R.E.S. is linked to the new accounting method for balances regarding current taxation connected to the application of the national fiscal consolidation occurred in 2004. Please note that tax receivables include advances for direct taxation for 8,257 thousand euros.

The registration tax, which is referred to the purchase of a branch of Ibis by Salumi d'Emilia s.r.l., was paid during the year.

## Payables to pension and social security institutions

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Inps/Inail/Scau	6,588	6,376
Inpdai/Previndai/Fasi/Besusso	81	101
Enasarco/FIRR	502	402
Other institutions	3,953	2,223
<b>Total within 12 months</b>	<b>11,124</b>	<b>9,102</b>
<i>Due between 1 and 5 years</i>		
Other institutions	2,350	4,364
<b>Total between 1 and 5 years</b>	<b>2,350</b>	<b>4,364</b>
<b>Total</b>	<b>13,474</b>	<b>13,466</b>

The inclusions of social security contributions in medium-long term payables refers to payment deferrals granted to companies in the beef sector that had been penalised by the “BSE” crisis.

## Other payables

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
<i>Due within 12 months</i>		
Advances and other payables to customers	5,967	6,136
Staff salaries	17,969	16,282
Payables for purchase of stockholdings in:		
- Mutina Consulting s.r.l.	-	10
- Biancheri & C. s.r.l.	173	173
- Sogema s.p.a.	167	-
Guarantees and deposits received	509	655
Payables to directors and auditors	940	1,049
Payables to agents	448	468
Others	4,656	3,432
<b>Total within 12 months</b>	<b>30,829</b>	<b>28,205</b>
<i>Due between 1 and 5 years</i>		
Cautionary deposit	174	352
Payables for purchase of stockholdings	333	-
Others	504	735
<b>Total between 1 and 5 years</b>	<b>1,011</b>	<b>1,087</b>
<b>Total</b>	<b>31,840</b>	<b>29,292</b>

Staff salaries includes current remuneration outstanding as of 31st December 2004 and provisions for deferred remuneration.

The “Cautionary Deposit” refers to a guarantee received against supplies from INALCA to the associated company A.O. Konservni.

The "Payables for purchase of shareholdings" within 1 to 5 years are the Marr's residual payables to the ex-shareholders of Sogema s.p.a..

## NOTES TO THE FINANCIAL STATEMENTS

### Accrued expenses and deferred income

<i>(in thousands of euros)</i>	<b>31.12.2004</b>	<i>31.12.2003</i>
Accrued interest on loans	899	1,503
Accruals for employees emoluments	800	718
Sundry accruals	544	183
<b>Total accruals</b>	<b>2,243</b>	<b>2,404</b>
Contributions deferred	494	580
Deferrals for interest received from customers	287	478
Deferral of profit from property sales	6,711	-
Sundry deferred income	1,401	1,263
<b>Total deferred income</b>	<b>8,893</b>	<b>2,321</b>
<b>Total</b>	<b>11,136</b>	<b>4,725</b>

The “Deferral of profit from property sales” refer to the deferral of profits over the duration of the contract, relating to profits made by Cremonini s.p.a. (6,027 thousand euros) and Marr s.p.a. (1,249 thousand euros) for the sale of buildings which are currently used with 8-year leasing contracts.

“Sundry deferred income” includes, for 502 thousand euros, deferrals to future years of the charging of costs that Cremonini s.p.a. will bear for the cautionary deposit paid to Cremonini Sec., for the securitisation transaction. The financial burden of the payment of this deposit by Cremonini on behalf of the selling companies was charged in advance, during the year 2002, 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 section “Receivables from others” in the fixed assets).

The portion of deferrals of over 5 years amounts to 2,147 thousand euros.

## Breakdown of receivables and payables by geographical area

<i>(in thousands of euros)</i>	<i>Italy</i>	<i>European Union</i>	<i>Outside the European Union</i>	<i>Total</i>
<b>Receivables</b>				
<i>Loans</i>				
Loans to subsidiaries	515	50		565
Loans to associated companies	5		60	65
Loans to others	3,607	40	113	3,760
<b>Total loans</b>	<b>4,127</b>	<b>90</b>	<b>173</b>	<b>4,390</b>
<i>Receivables</i>				
Trade receivables	183,493	34,688	36,298	254,479
Receivables from subsidiaries		1,057		1,057
Receivables from associated companies	6,094	205	309	6,608
Receivables from parent companies	25			25
Tax receivables	25,028	927	1,206	27,161
Pre-paid taxes	12,871			12,871
Receivables from others	34,438	4,626	7,427	46,491
<b>Total receivables</b>	<b>261,949</b>	<b>41,503</b>	<b>45,240</b>	<b>348,692</b>
<b>Total receivables</b>	<b>266,076</b>	<b>41,593</b>	<b>45,413</b>	<b>353,082</b>
<b>Payables</b>				
Bank loans and overdrafts	421,802	2,705	4,467	428,974
Loans from other financial institutions	48,920			48,920
Advance payments	260			260
Trade payables	269,428	34,268	15,690	319,386
Payables to subsidiaries	522	115		637
Payables to associated companies	378	121		499
Payables to parent companies	28			28
Tax payables	17,521	4,473	293	22,287
Payables to pension and social security institutions	9,568	3,896	10	13,474
Other payables	26,356	5,122	362	31,840
<b>Total payables</b>	<b>794,783</b>	<b>50,700</b>	<b>20,822</b>	<b>866,305</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Receivables and payables expressed in foreign currency

Below is a brief summary of all payables and receivables denominated in non-Euro currencies (regarding companies in the Euro 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	-	1
Swedish Crown	68	-
U.S. Dollar	17,255	12,703
Swiss Franc	12	111
Brazilian Real	325	-
Polish Zloty	21	124
British Sterling	3,949	3,090
<b>Total</b>	<b>21,630</b>	<b>16,029</b>

## Comments on the main headings of the consolidated memorandum accounts

### Direct guarantees - sureties

Sureties include both guarantees provided directly by the companies for Group companies and third-parties to financial institutions for loans or lines of credit, and also guarantees for which the Parent Company is jointly committed, provided by banks or insurance companies, for various commercial transactions, for Group VAT compensation, for contract tendering, etc.

Affiliated Companies - As regards guarantees provided for affiliated companies you are referred to the section "Transactions with non-consolidated subsidiaries, associated and affiliated companies" in the Directors' Report.

Other companies - With reference to guarantees to "Other companies" please note that this category normally includes guarantees provided directly to third-parties by Group companies, exclusively in their own interest. Only rarely are these guarantees given in the interests of third-party companies and even in this case the transactions benefit 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>
Deutsche Bank 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.	59,262	VAT for compensation
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, ecc.)	Cremonini s.p.a.	7,091	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities
Other minor items	Cremonini s.p.a. and other subsidiaries	5,342	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
<b>Total</b>		<b>90,695</b>	

### Direct guarantees - letters of comfort

Letters of comfort towards subsidiaries and associated companies exclusively concern guarantees given to financial institutions for loans or lines of credit and include "simple" letters of comfort from the Parent Company amounting to 67,287 thousand euros.

Letters of comfort towards third-parties were mainly granted to customs agencies (1,670 thousand euros) and towards a partner of an INALCA associated company (1,698 thousand euros). Both guarantees refer to transactions related to INALCA commercial relationships.

## NOTES TO THE FINANCIAL STATEMENTS

### Indirect guarantees - credit mandates

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

### 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>
Credit letter of purchase of goods	Marr s.p.a.	4,972
Discounted notes issued by clients	Marr s.p.a.	4,858
Sale of receivables with recourse	INALCA s.p.a.	9,270
Purchase proposal for Realfood s.r.l. factory	Realfood 3 s.r.l.	5,699
Promise of purchase of property	Roadhouse Grill Italia s.r.l.	1,958
Other sundry	Montana Al. spa-Marr spa-Roadhouse G.l. srl	1,005
<b>Total</b>		<b>27,762</b>

The amount regarding the offer 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 with a company rental contract. The amount is reduced by the payment of rental instalments foreseen in the contract.

Commitments to purchase buildings mainly refer to potential contracts, for the purchase of buildings required to further develop the "steakhouse" chain.

## Comments on the main headings in the consolidated statement of income

A table of reconciliation of the reclassified Income Statement appearing in the Directors' Report and figures appearing in the Consolidated Financial Statements.

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Difference between value and costs of production (A-B)	66,200	57,378
Losses on transfer of credit (securitization) classified under sundry administration costs	3,604	4,410
<b>Operating profit (reclassified statement of income)</b>	<b>69,804</b>	<b>61,788</b>
Financial income e expense (section C)	(19,099)	(21,129)
Losses on transfer of credit (securitization) classified under sundry administration costs	(3,604)	(4,410)
Income from stockholdings (section C item 15)	(130)	(322)
<b>Profit from normal operations (reclas. statement of income)</b>	<b>46,971</b>	<b>35,927</b>
Adjustments to the value of financial assets (section D)	(1,554)	(10,003)
Income from stockholdings (section C item 15)	130	322
Extraordinary income and expense (section E)	(3,785)	28,155
<b>Profit before taxation</b>	<b>41,762</b>	<b>54,401</b>

## Value of production

### Revenues from sales and services

The breakdown of revenues by geographical area is as follows:

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Italy	1,491,209	1,410,445
European Union	259,113	217,582
Outside European Union	215,962	134,151
<b>Total</b>	<b>1,966,284</b>	<b>1,762,178</b>

For comments on the breakdown by category of activity, the reader is referred to the Directors' Report.

## NOTES TO THE FINANCIAL STATEMENTS

### Other revenues and income

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
<i>Other revenues and income</i>		
Rentals	261	251
Insurance reimbursements	1,442	4,558
Suppliers bonus	12,238	9,620
Profit on sale of fixed assets	438	357
Other cost reimbursement	3,053	1,631
Services, consultancy and others	6,930	5,431
<b>Total other revenues and income</b>	<b>24,362</b>	<b>21,848</b>
<b>Subsidies</b>	<b>1,792</b>	<b>1,686</b>
<b>Total</b>	<b>26,154</b>	<b>23,534</b>

The increase in the balance as at the 31st December 2004 is mainly due to a positive balance of suppliers' premiums and the reimbursement of sundry expenses. As far as insurance refunds are concerned, in the balance as at the 31st December 2003 there was an insurance refund registered by Marr for 3,413 thousand euros and connected to damage suffered by goods in storage in third-party premises caused by the collapse of a refrigerator cell.

Subsidies include 1,728 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>	<b>2004</b>	<b>2003</b>
Raw materials	515,686	507,092
Goods for resale	687,499	622,826
Supplies and consumables, semi-finished products and packaging	49,059	46,821
Finished products	19,881	19,459
Oil purchases	22,019	16,060
Stationery and printed materials	1,239	1,359
Other materials, products and purchase adjustments	35,746	19,483
<b>Total</b>	<b>1,331,129</b>	<b>1,233,100</b>

## Costs for services

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Energy consumption and utilities	18,891	17,793
Maintenance and repairs	13,593	12,977
Transport on sales	56,743	51,780
Commissions, commercial and distribution services	74,309	66,450
Third party services and outsourcing	42,076	41,153
Purchasing services	29,261	16,213
Franchising	6,954	8,586
Other technical and general services	61,105	63,243
<b>Total</b>	<b>302,932</b>	<b>278,195</b>

The increase in expenses for purchasing services is mainly due to the variation in the consolidation area (8,152 thousand euros).

## Costs for the use of third party assets

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Business rentals, royalties and others	13,136	11,551
Lease payments	348	509
Rent of property and other assets	14,011	12,337
<b>Total</b>	<b>27,495</b>	<b>24,397</b>

## For personnel

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Salaries and wages	131,456	116,959
Sociaal security costs	41,229	35,820
Staff severance indemnities	7,220	6,807
Other expenses del personale	964	382
<b>Total</b>	<b>180,869</b>	<b>159,968</b>

The change in personnel costs is mainly impacted by the change in the number of staff in the Group and variations in the consolidation area.

## NOTES TO THE FINANCIAL STATEMENTS

On the 31st December 2004 the Group employed 6,160 staff compared to 5,388 on the 31st December 2003. 395 of this change were due to variations in the consolidation area, while the remaining was due to the development of the Group's businesses and above all the activities of the subsidiaries Cremonini Restauration and Moto. The breakdown by category and the average number of employees in 2004 are shown in the table below:

	<i>Factory staff</i>	<i>Office staff</i>	<i>Managers</i>	<b>Total</b>
Employees as at 31.12.2003	3,735	1,546	107	5,388
<b>Employees as at 31.12.2004</b>	<b>4,194</b>	<b>1,805</b>	<b>161</b>	<b>6,160</b>
<i>Increases (decreases)</i>	459	259	54	772
<b>Average no. of employees during year 2004</b>	<b>4,252</b>	<b>1,820</b>	<b>164</b>	<b>6,236</b>

### Amortization, depreciation and write-down

<i>((in thousands of euros))</i>	<b>2004</b>	<i>2003</i>
Amortization of intangible fixed assets	16,546	18,032
Depreciation of tangible fixed assets	32,309	30,001
Other write-down of fixed assets	29	222
Provision for bad debts and write-downs of other current assets	5,985	6,743
<b>Total</b>	<b>54,869</b>	<b>54,998</b>

### Sundry administration costs

<i>(in thousands of euros)</i>	<b>2004</b>	<i>2003</i>
Bad debts	1,580	2,126
Taxation and indirect taxes	3,563	2,768
Loss on sales of fixed assets	384	196
Membership fees and expenses	553	466
Loss on cessions to Cremonini Sec.	3,604	4,410
Others	4,230	3,543
<b>Total</b>	<b>13,914</b>	<b>13,509</b>

The losses of sales of receivables to Cremonini Sec., refer to the costs incurred by the companies participating in the securitisation 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 credit securitisation transaction compared to the previous one.

## Financial income and expense

### Other financial income

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
a) from fixed loans		
- from subsidiaries	20	37
- from associated companies	-	47
- others	15	22
c) from current securities other than stockholdings	269	9
d) income other than described above		
- from subsidiaries	52	34
- from parent companies	25	
- others		
- interests from banks	103	167
- other financial income	4,660	5,658
<b>Total</b>	<b>5,144</b>	<b>5,974</b>

The item "Income from fixed securities other than shareholdings" entirely refer to profits made from the sale of Treasury Stock.

Other financial revenues include revenues from Parent company interest-rate swap transactions for 3,585 thousand euros (4,175 thousand euros on the 31st December 2003) (see section "Payables towards banks").

### Interest and other financial costs

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
- from subsidiaries	<b>2</b>	<b>4</b>
- others		
- interests payables on mortgages	7,396	8,159
- factoring interests paid	2,090	1,382
- interests payable on overdrafts and other loans	7,158	7,369
- commissions and bank charges	245	558
- interests payable on bonds	420	1,394
- other financial expenses	4,713	3,220
	<b>22,022</b>	<b>22,082</b>
<b>Total</b>	<b>22,024</b>	<b>22,086</b>

The decrease in bond interest is due to the reimbursement in November 2004 of the bond issued by Marr (which led to payable interest of 420 thousand euros in 2004 compared to 603 thousand euros in 2003) and the absence, in 2004, of interest on bonds issued by the subsidiary Cremonini Finance plc since expired in February 2003.

## NOTES TO THE FINANCIAL STATEMENTS

### Gain and losses on foreign exchange rates

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
Foreign exchange rates gains		
- realized	6,838	3,910
- estimated	1,071	117
<b>Total foreign exchange rates gains</b>	<b>7,909</b>	<b>4,027</b>
Foreign exchange rates losses		
- realized	(3,967)	(4,265)
- estimated	(6,292)	(5,100)
<b>Total foreign exchange rates losses</b>	<b>(10,259)</b>	<b>(9,365)</b>
<b>Total</b>	<b>(2,350)</b>	<b>(5,338)</b>

The "estimated" foreign exchange differences refer to the valuation of balances in foreign currency at year-end exchange rates.

## Adjustments to the value of financial assets

### Write-ups

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
a) Of stockholdings	5	-
c) Of current securities other than stockholdings	-	1,436
<b>Total</b>	<b>5</b>	<b>1,436</b>

The figure of 1,436 thousand euros from the previous year referred to the recovery of the value of treasury stock recorded in current assets, valued at the lesser of cost price or market price.

### Write-downs

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
a) Of stockholdings		
- Buona Italia Alimentos Itda	90	81
- Cremonini International b.v.	451	-
- Food & Co. s.r.l.	12	459
- Ibis s.p.a.	-	506
- In.Al.Sarda s.r.l.	530	-
- Montana Farm s.p.zo.o.	159	-
- Mutina Consulting s.r.l.	12	5,948
- Sardegna s.r.l. (ex In.Al.Sarda s.r.l.)	200	-
- Taormina Catering s.r.l. in liq.	5	-
- Other stockholdings	100	229
b) Of financial fixed assets other than stockholdings		
- Fixed treasury stock	-	4,216
<b>Total</b>	<b>1,559</b>	<b>11,439</b>

Write-downs of shareholdings refer to those described in Exhibits 6, applied for lasting loss of value (see sections on "Shareholdings in subsidiaries" and "Shareholdings in associated companies").

## Extraordinary Income and expense

### Income

<i>(in thousands of euros)</i>	<b>2004</b>
Profit from sale of Parent Company property	565
Income from dispossessed land	108
Extraordinary income and other sundry items	338
<b>Total</b>	<b>1,011</b>

Concerning the "Profit from the sale of the Parent Company's premises" you are referred to the notes on Accrued expenses and deferred income.

### Expense

<i>(in thousands of euros)</i>	<b>2004</b>
Liquidation of assets after closure of Parent Company business branches	681
Costs for tax amnesty	277
Costs for closure of Parent Company legal disputes	1,434
Loss on insurance repayment	852
Extraordinary expenditure and other sundry items	1,552
<b>Total</b>	<b>4,796</b>

"Costs for the closure of Parent Company legal disputes" refer to increased costs incurred for the closure of the two disputes described in "Provisions for liabilities and charges".

The "Loss on insurance repayment" is due to the non-payment of the refund by the insurance company for damage sustained after the collapse of a refrigerator cell in past years.

### Income taxes

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
I.R.P.E.G. / I.R.E.S.	13,374	10,855
I.R.A.P.	8,626	7,810
Deferred and pre-paid taxes, net	2,294	(638)
Substitute taxes on surplus from sales of assets	-	5,264
Tax credits on dividends	-	(3,663)
<b>Total</b>	<b>24,294</b>	<b>19,628</b>

## Directors' and Statutory Auditors' emoluments

The table below shows total remuneration, detailed in the Additional Notes to the Cremonini s.p.a. Financial Statements, payable to members of the Board of Directors and to the Parent Company Statutory Auditors regarding activities performed even in other Group companies during 2004:

<i>(in thousands of euros)</i>	<i>Fees</i>	<i>Salary</i>	<i>Other</i>	<i>Total</i>
Board of Directors	2,907	818	113	3,838
Statutory Auditors	172	-	-	172
<b>Total</b>	<b>3,079</b>	<b>818</b>	<b>113</b>	<b>4,010</b>

Castelvetro di Modena, 30th March 2005

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



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## Exhibits

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

- |           |   |  |
|-----------|---|--|
| Exhibit 1 | - | Details of receivables and payables to subsidiary, associated, affiliated and parent companies as of December 31, 2004;  |
| Exhibit 2 | - | Details for the 2004 financial year of revenues from and costs payable to subsidiary, associated, affiliated and parent companies;   |
| Exhibit 3 | - | Schedule of the changes in intangible fixed assets for the year ending on December 31, 2004;   |
| Exhibit 4 | - | Schedule of the changes in tangible fixed assets for the year ending on December 31, 2004;   |
| Exhibit 5 | - | Schedule of the changes in financial fixed assets for the year ending on December 31, 2004;  |
| Exhibit 6 | - | List of stockholdings as of December 31, 2004, classified as financial fixed assets;   |
| Exhibit 7 | - | List of stockholdings in subsidiary and associated companies as of December 31, 2004 (art. 2427 n. 5 C.C.), with indication of those included in the scope of consolidation; |
| Exhibit 8 | - | Schedule of changes in consolidated net equity in the years ending on December 31, 2004 and December 31, 2003;   |
| Exhibit 9 | - | Statement of consolidated cash flow for the years ending on December 31, 2004 and December 31, 2003.   |

## Exhibit 1

### Details of receivables from and payables to subsidiary, associated, affiliated and parent companies as of December 31, 2004

(in thousands of euros)	Commercial		Others		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:						
Cremonini Finance plc				41	-	41
Fernie s.r.l. in liquidation				481	-	481
Inalca Hellas e.p.e. in liquidation	723				723	-
Montana Farm s.p.zo.o.	338	115	50		388	115
Mutina Consulting s.r.l.			565		565	-
Provision for bad debts	(5)		(50)		(55)	-
<b>Total subsidiaries</b>	<b>1,056</b>	<b>115</b>	<b>565</b>	<b>522</b>	<b>1,621</b>	<b>637</b>
Associated companies:						
A.O. Konservni	5,465				5,465	-
Az. Agr. Serra della Spina s.r.l.			5		5	-
Buona Italia Alimentos Itda	311				311	-
Farm Service s.r.l.	145	51	345		490	51
Fiorani & C. s.p.a.	57	324			57	324
Food & Co s.r.l.	81				81	-
Prometex s.a.m.	4	121	60		64	121
Realbeef s.r.l.		3			-	3
Toupnot s.a.	201				201	-
Provision for bad debts	(2)				(2)	-
<b>Total associated companies</b>	<b>6,262</b>	<b>499</b>	<b>410</b>	<b>-</b>	<b>6,672</b>	<b>499</b>
Parent companies						
Cremofin s.r.l.			25	28	25	28
<b>Total parent companies</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>28</b>	<b>25</b>	<b>28</b>
Affiliated companies:						
Agricola 2000 s.r.l.	5				5	-
Cre.Am. s.r.l. in liquidation			52		52	-
Le Cupole s.r.l.			2,153	260	2,153	260
<b>Total affiliated companies</b>	<b>5</b>	<b>-</b>	<b>2,205</b>	<b>260</b>	<b>2,210</b>	<b>260</b>

## Exhibit 2

### Details for the 2004 financial year of revenues from and costs payable to subsidiary, associated, affiliated and parent companies

<i>(in thousands of euros)</i>						
	Commercial		Others		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Subsidiaries:						
Cremonini International b.v.			20		20	-
Fernie s.r.l. in liquidation				2	-	2
IBIS s.p.a.		4			-	4
Montana Farm s.p.zo.o.	46	8	2		48	8
Sardegna s.r.l.	13		50		63	-
<b>Total subsidiaries</b>	<b>59</b>	<b>12</b>	<b>72</b>	<b>2</b>	<b>131</b>	<b>14</b>
Associated companies:						
A.O. Konservni	362				362	-
Buona Italia Alimentos Itda	46				46	-
Farm Service s.r.l.	347	656			347	656
Fiorani & C. s.p.a.	176	1,970			176	1,970
Food & Co s.r.l.	9				9	-
Prometex s.a.m.	366	25			366	25
Toupnot s.a.	3,284	3,740			3,284	3,740
<b>Total associated companies</b>	<b>4,590</b>	<b>6,391</b>	<b>-</b>	<b>-</b>	<b>4,590</b>	<b>6,391</b>
Parent companies						
Cremofin s.r.l.		43			-	43
<b>Total parent companies</b>	<b>-</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43</b>
Affiliated companies:						
Agricola 2000 s.r.l.	12				12	-
Alfa 95 s.r.l. in liquidation	1				1	-
Emil-Food s.r.l.				1	-	1
Le Cupole s.r.l.	6	744			6	744
Tre Holding s.r.l.	5		43		48	-
<b>Total affiliated companies</b>	<b>24</b>	<b>744</b>	<b>43</b>	<b>1</b>	<b>67</b>	<b>745</b>

Exhibit 3

Schedule of the changes in intangible fixed assets for the year ending on December 31, 2004

(in thousands of euros)	Opening balance			Movements during the year				Closing balance			
	Original cost	Provision for amort.	Balance 31.12.2003	Net impact of chg. in consol. Area	Purchases	Net decreases	Reclass./ Other mov.	Amortiz.	Original cost	Provision for amort.	Balance 31.12.2004
Formation and start-up costs	14,274	(13,014)	1,260	246	206		(14)	(1,020)	14,696	(14,018)	678
Cost of research, development and advertising	12,046	(6,678)	5,368		2,771			(3,544)	13,929	(9,334)	4,595
Cost of industrial patents and rights for the use of intellectual property	6,994	(4,956)	2,038	3	1,297	(85)	46	(1,238)	8,228	(6,167)	2,061
Concessions, licences, brand names and similar rights	26,475	(7,986)	18,489	30	300	(1)	(29)	(1,481)	26,807	(9,499)	17,308
Goodwill	17,359	(6,718)	10,641		70	(47)		(1,207)	17,432	(7,975)	9,457
Consolidation differences	62,342	(17,761)	44,581	3,338	11,275			(3,566)	76,956	(21,328)	55,628
Intangible fixed assets under development and advances	703		703		3,591		(889)		3,405		3,405
Other intangible fixed assets	52,047	(30,433)	21,614	876	5,697	(544)	175	(4,490)	58,878	(35,550)	23,328
Total	192,240	(87,546)	104,694	4,493	25,207	(677)	(711)	(16,546)	220,331	(103,871)	116,460

### Schedule of the changes in tangible fixed assets for the year ending on December 31, 2004

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Exhibit 5

Schedule of the changes on financial fixed assets for the year ending on December 31, 2004

(in thousands of euros)	Opening balance			Movements during the year				Closing balance	
	Original cost	Write-up	Write-down	Balance 31.12.2003	Net impact of chg. in consolid. Area	Increases	Decreases	Write-up	(Write down) Rest.
Stockholdings in subsidiary and associated companies valued with net equity method (a):									
- subsidiaries	294	69		363				(363)	
- associated companies	1,743	58		1,801				12	58
Stockholdings in subsidiary and associated companies valued at cost:									
- subsidiaries	3,917	35		3,952		1,614			
- associated companies	1,482		(57)	1,425		551	(41)		35
Stockholdings in other companies	4,844			4,844		12			
<b>Total stockholdings</b>	<b>12,280</b>	<b>162</b>	<b>(57)</b>	<b>12,385</b>		<b>2,177</b>	<b>(41)</b>	<b>(4,142)</b>	<b>93</b>
Receivables:									
- to subsidiaries	1,251			1,251		50			
- to associated companies	65			65					
- to other	7,692			7,692		240	(3,958)	(214)	
<b>Total receivables</b>	<b>9,008</b>			<b>9,008</b>		<b>290</b>	<b>(3,958)</b>	<b>(950)</b>	
<b>Other securities</b>	<b>3</b>			<b>3</b>					
<b>Treasury stock</b>	<b>10,501</b>		<b>(4,216)</b>	<b>6,285</b>					
<b>Total</b>	<b>31,792</b>	<b>162</b>	<b>(4,273)</b>	<b>27,681</b>	<b>0</b>	<b>2,467</b>	<b>(3,999)</b>	<b>(5,092)</b>	<b>93</b>

(a) The evaluation of Net Equity has been calculated on the basis of the latest available Balance Sheet.

(b) 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, 2004 classified as financial fixed assets

<i>(in thousands of euros)</i> Name	Percentage holding	Opening value	Acquired or subscribed.	Sold	<i>((Write-down)</i> Write-up	Other mov.	Percentage holding	Closing value	Notes
<b>Subsidiaries:</b>									
Cremonini International b.v.	100.00	-	451		(451)				(b)
Cremonini Finance plc						62	100.00	-	(d)
Fe.Ber. Carni s.r.l. in liq.	100.00	272				(272)			(b)
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	-					98.00	-	
In.Al.Sarda s.r.l.			930		(530)	(400)			(c)
Inalcammil ltda	55.00	53				(53)			(c)
Inalca Hellas e.p.e. in liq.	95.00	-					95.00	-	
Inalca Kinshasa sprl	55.00	30				(30)			(c)
Inalca Russia l.l.c.	100.00	381				(381)			(c)
Montana Farm s.p.zo.o.			33		(159)		100.00	-	(a)
Mutina Consulting s.r.l.	99.90	10			(12)		99.90	-	(a)
Sardegna s.r.l. (ex In.Al.Sarda s.r.l.)	51.00	-	200		(200)				(b)
SGD s.r.l.	50.00	91				(91)			(c)
So.Ge.Bar s.r.l	100.00	2,951				(2,951)			(c)
Taormina Catering s.r.l. in liq.	60.00	-			(5)				(b)
<b>Total subsidiaries</b>		<b>4,315</b>	<b>1,614</b>		<b>(1,357)</b>	<b>(4,116)</b>		<b>527</b>	
<b>Associated companies:</b>									
A.O. Konservni	25.00	1,561					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	237			(90)		49.00	147	
Consorzio I.R.I.S. a r.l.	25.00	3					25.00	3	
Due Effe Service s.r.l.			1				24.00	1	
Farm Service s.r.l.	37.00	215		(41)			30.00	174	
Fiorani & C. s.p.a.			245				49.00	245	
Food & Co. s.r.l.	30.00	3			(12)	12	30.00	3	
Masofico s.a.			12				40.00	12	
Parma France s.a.s.	20.00	131	273				30.40	404	
Pierre Franco Investissement s.a.s.	20.62	1,003					20.62	1,003	
Prometex s.a.m.	39.33	59					39.33	59	
Realbeef s.r.l.	24.00	4	20				24.00	24	
<b>Total associated companies</b>		<b>3,226</b>	<b>551</b>	<b>(41)</b>	<b>(102)</b>	<b>12</b>		<b>3,646</b>	
<b>Other companies:</b>									
Centro Agroalimentare Riminese s.p.a.		274						274	
Emilia Romagna Factor s.p.a.		2,091						2,091	
Futura s.p.a.		600						600	
Nuova Campari s.p.a.		1,549						1,549	
Other		330	12		(100)	24		266	
<b>Total other companies</b>		<b>4,844</b>	<b>12</b>		<b>(100)</b>	<b>24</b>		<b>4,780</b>	
<b>Total stockholdings</b>		<b>12,385</b>	<b>2,177</b>	<b>(41)</b>	<b>(1,559)</b>	<b>(4,080)</b>		<b>8,953</b>	

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

(b) Company liquidated during the year 2004.

(c) Company included in the consolidation area.

(d) Other movements include the effect of use of a part of the provision for coverage of losses on stockholdings allocated as of December 31, 2003.

## Exhibit 7

**List of stockholdings in subsidiary and associated companies as of December 31, 2004 (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 Euro if not otherwise stated)	Net profit (loss) for the year ended 31.12.04	Net equity at 31.12.04	Percentage held at 31.12.04	Effective holding at 31.12.04	Method of consolidation	Stockholders as at 31.12.2003	Percentage held at 31.12.03	Effective holding at 1.12.03	Notes
<b>Companies consolidated through the global integration method:</b>												
	Alisea soc.cons. a r.l.	Impruneta (FI)	50,000	414	686	55.00%	36.67%	Line-by-line	Marr s.p.a.	55.00%	36.67%	
	Azienda Agricola Corticella s.r.l.	Spilamberto (MO)	2,800,000	(493)	3,280	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
	Azienda Agricola Rondine Bianca s.r.l.	Spilamberto (MO)	1,500,000	64	1,400	100.00%	100.00%	Line-by-line	Azienda Agricola Corticella s.r.l.	-	-	
	Autoplose gmbh	Matrei (Austria)	36,336	52	428	50.00%	50.00%	Proportional	Cremonini s.p.a.	50.00%	50.00%	(e)
	Cons. Centro Comm.	Bologna	1,500,000	(78)	1,826	86.69%	86.54%	Line-by-line	Cremonini: 85.92%. Ges.Cat.: 0.77%	77.82%	77.67%	
	Ingresso Carni s.r.l.								Cremonini s.p.a.	86.00%	86.00%	
	Cremonini Restauration s.a.s.	Parigi (Francia)	1,500,000	852	1,079	86.00%	86.00%	Line-by-line				
	<b>Cremonini s.p.a.</b>	<b>Castelvetro di Modena (MO)</b>	<b>73,746,400</b>	<b>9,793</b>	<b>190,225</b>			<b>Parent Company</b>		<b>Parent Company</b>		
	Frimo s.a.m.	Montecarlo	150,000	74	557	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	8	279	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	323	478	100.00%	100.00%	Line-by-line	Cremonini s.p.a.	100.00%	100.00%	
	Guardamiglio s.r.l.	Piacenza	4,135,000	231	4,724	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	233	132,898	100.00%	100.00%	Line-by-line	Cremonini s.p.a.	100.00%	100.00%	
	Inalcammil Itda	Kwanza (Angola)	Kwanza 7,700,000	26	1454	55.00%	55.00%	Line-by-line	INALCA s.p.a.	55.00%	55.00%	(b)
	Inalca Algerie s. a r.l.	Algeria (Algeria)	DA 1,000,000	292	917	55.00%	55.00%	Line-by-line	INALCA s.p.a.	55.00%	55.00%	(b)
	Inalca Kinshasa sprl	Kinshasa (Dem.Rep.Congo)	USD 500,000	117	503	55.00%	55.00%	Line-by-line	INALCA s.p.a.	55.00%	55.00%	(b)
	Inalca Russia I.L.C.	Moscow (Russia)	Rubli 12,565,004	59	388	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	(b)
	Inter Inalca Angola Itda	Kwanza (Angola)	Kwanza 900,000	(177)	317	100.00%	100.00%	Line-by-line	INALCA s.p.a.	50.00%	50.00%	(b)
	Interjet s.r.l.	Castelvetro di Modena (MO)	1,550,000	(296)	1,003	100.00%	100.00%	Line-by-line	Cremonini s.p.a.	100.00%	100.00%	
	In.AL.Sarda s.r.l.	Cagliari	100,850	(732)	69	100.00%	100.00%	Line-by-line	INALCA s.p.a.	-	-	
	Marr Alisurjel s.r.l. in liquidation	Santarcangelo di Romagna (RN)	10,000	68	1,518	97.00%	64.67%	Line-by-line	Marr s.p.a.	97.00%	64.67%	
	Marr Foodservice Iberica s.a.	Madrid (Spain)	600,000	(296)	836	100.00%	66.67%	Line-by-line	Marr s.p.a.	100.00%	66.67%	
	Marr Russia I.L.C.	Moscow (Russia)	Rubli 100,000	862	1,140	60.00%	60.00%	Line-by-line	Inalca Russia I.L.C.	60.00%	60.00%	(b)
	Marr s.p.a.	Rimini	32,617,060	19,113	145,203	66.67%	66.67%	Line-by-line	Cremonini s.p.a.	66.67%	66.67%	
	Momentum Services Ltd	Birmingham (Great Britain)	368,000	2,309	2,750	51.00%	51.00%	Line-by-line	Cremonini s.p.a.	51.00%	51.00%	
	Montana Alimentari s.p.a.	Gazoldo degli Ippoliti (MN)	40,248,000	(717)	37,408	100.00%	100.00%	Line-by-line	Cremonini s.p.a.	100.00%	100.00%	
	Moto s.p.a.	Trezzano sul Naviglio (MI)	500,000	(1,528)	1,248	50.00%	50.00%	Proportional	Cremonini s.p.a.	50.00%	50.00%	(e)
	Quinto Valore soc.cons. a r.l.	Reggio Emilia	90,000	0	90	50.00%	50.00%	Proportional	INALCA: 47%. Realfood 3: 3%	50.00%	50.00%	
	Railrest s.a.	Brussels (Belgium)	500,000	1,531	2,103	51.00%	51.00%	Line-by-line	Cremonini s.p.a.	51.00%	51.00%	
	Realfood 3 s.r.l.	Castelvetro di Modena (MO)	2,500,000	297	2,976	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
	Roadhouse Grill Italia s.r.l.	Castelvetro di Modena (MO)	4,000,000	222	4,626	100.00%	100.00%	Line-by-line	Cremonini s.p.a.	99.00%	99.00%	
	Salumi d'Emilia s.r.l.	Castelvetro di Modena (MO)	3,000,000	(446)	2,302	100.00%	100.00%	Line-by-line	Montana Alimentari s.p.a.	100.00%	100.00%	
	Sara s.r.l.	Castelvetro di Modena (MO)	100,000	(21)	132	100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
	SGD s.r.l.	Castelvetro di Modena (MO)	83,000	7	196	50.00%	50.00%	Line-by-line	Cremonini s.p.a.	50.00%	50.00%	
	Sogema s.p.a.	Santarcangelo di Romagna (RN)	220,000	3	225	100.00%	66.67%	Line-by-line	Marr s.p.a.	-	-	

Exhibit 7 cont'd

(in thousands of euros)													
Name	Registered office	Capital stock (in Euro if not otherwise stated)	Not profit (loss) for the year ended 31.12.04	Net equity at 31.12.04	Percentage held at 31.12.04	Effective holding at 31.12.04	Carrying value (A)	Net equity held (B)	Difference (B) - (A)	Stockholders as at 31.06.2004	Percentage held at 31.12.03	Effective holding at 31.12.03	Notes
Companies valued with net equity method:													
Subsidiaries:													
A.O. Konservni	Stavropol (Russia)	RUB 46,667	653 (483)	3,918	25.00%	25.00%	1,561	1,561	(a)	INALCA s.p.a.	25.00%	25.00%	(b) (d)
Buona Italia Alimentos Ltda	San Paolo (Brazil)	Reais 3,589,505		63	49.00%	49.00%	147	147	(a)	Montana Alimentari s.p.a.	49.00%	49.00%	(b)
Food & Co. s.r.l.	Roma	10,000	(3)	7	30.00%	30.00%	3	3	(a)	Cremonini s.p.a.	30.00%	30.00%	
Stockholdings valued at cost:													
Subsidiaries:													
Cremonini Finance plc	London (Great Britain)	GBP 50,000	(521)	(82)	100.00%	100.00%	-	(82)	(82)	Cremonini s.p.a.	100.00%	100.00%	(b)(d)
Fernie s.r.l. in liquidation	Modena	1,033,000	(15)	1,106	95.00%	95.00%	527	1,051	524	Cremonini s.p.a.	95.00%	95.00%	
Ge.Mark International d.o.o.	Zagabria (Croazia)	Kune 400,000	(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	(481)	(8,487)	98.00%	98.00%	-	-	-	Montana Alimentari s.p.a.	98.00%	98.00%	(f)
Inalca Hellas e.p.e.													
in liquidation	Athens (Greece)	147,322	(198)	(42)	95.00%	95.00%	-	(40)	(40)	INALCA s.p.a.	95.00%	95.00%	(g)
Montana Farm s.p.z.o.o.	Olsztyn (Poland)	Zloty 3,394,000	(301)	(218)	100.00%	100.00%	-	(218)	(218)	Montana Alimentari s.p.a.	95.88%	95.88%	(i)
Mulina Consulting s.r.l.	Castelvetro di Modena (MO)	10,000	(24)	0	99.90%	99.90%	0	0	0	Cremonini s.p.a.	99.90%	99.90%	
Associated companies:													
Az.Agr.Serra della Spina s.r.l.													
in liquidation	Monacilioni (CB)	10,846	(2)	24	33.33%	33.33%	10	8	(2)	Cremonini s.p.a.	33.33%	33.33%	(d)
Due Effe Service s.r.l.	Cagliari	10,000	0	10	24.00%	24.00%	1	2	1	INALCA s.p.a.	-	-	(d)
Consorzio IRIS a r.l.	Bolzano	10,000	(2)	24	25.00%	25.00%	3	6	3	Interjet s.r.l.	25.00%	25.00%	
Farm Service s.r.l.	Reggio Emilia	500,000	44	960	30.00%	30.00%	174	288	114	INALCA s.p.a.	37.00%	37.00%	
Florani & C. s.p.a.	Piacenza	500,000	155	655	49.00%	49.00%	245	321	76	INALCA s.p.a.	-	-	
Masofico	Nouakchott (Mauritania)	Ouguiya 9,600,000	-	-	40.00%	26.67%	12	-	-	Marr s.p.a.	-	-	(c)
Parma France s.a.s.	Lyon (France)	650,000	209	1,034	30.40%	30.40%	404	314	(90)	INALCA s.p.a.	20.00%	20.00%	(h)
Pierre Franco													
Investissement s.a.s.	Lourdes (France)	832,224	217	1,211	20.62%	20.62%	1,003	250	(753)	INALCA s.p.a.	20.62%	20.62%	(d)
Prometex s.a.m.	Principato di Monaco	150,000	18	197	39.33%	19.82%	59	77	18	Frimo s.a.m.	39.33%	19.82%	
Realbeef s.r.l.	Rocca San Felice (AV)	100,000	(5)	10	24.00%	24.00%	24	2	(22)	INALCA s.p.a.	24.00%	24.00%	(d)

NOTES

(a) Evaluated using net equity method. / (b) Amounts shown in euros deriving from the conversion of the original amounts in foreign currency. / (c) Data not yet available in 50 far as Company created during 2004. / (d) Data refers to 31st December 2003 (Ge.Mark 31st December 2002), last available Report. / (e) Data refer to reporting used for the consolidation as at 31.12.2004, in as much as the company's financial year ends on the 30th September every year. / (f) Balance Sheet Data refer to the latest Balance Sheet prepared by the official liquidator on the 31st December 2004. Company bought when it was already in bankruptcy proceedings: equity deficit is not charged to the holding company. / (g) Data referring to 31st December 2000, last available report. / (h) Data referring to 31st July 2004, last available report. / (i) To face equity deficit, risk fund has been created in the liabilities.

# Exhibit 8

## Schedule of the changes in consolidated net equity for the year ending on December 31, 2004

(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	Minority interest in capital and reserve	Minority's share of profit / (loss)	Total minority interests	Total
Balance 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
Destination of previous years' profits:													
- to reserve							11,963	(11,963)		1,706	(1,706)		
- dividends								(17,487)	(17,487)		(3,617)	(3,617)	(21,104)
Use of reserves to increase Treasury Stock reserves		1,673		(1,673)									
Movements for translation reserve and other						17	277		294	244		244	538
Profit (loss) for the year ended December 31, 2004								8,028	8,028		9,440	9,440	17,468
Balance as at December 31, 2004	73,746	72,601	14,749	19,031	3,255	(69)	291	8,028	191,632	44,487	9,440	53,927	245,559

**Exhibit 9**
**Statement of consolidated cash flow for the years ending on December 31, 2004 and December 31, 2003.**

<i>(in thousands of euros)</i>	<b>2004</b>	<b>2003</b>
<b>A) Net short term loans from banks and other financial institutions</b>		
Cash and cash equivalent	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)
Receivable from other financial institutions	213	
<b>Total initial net short term financial indebtedness</b>	<b>(250,386)</b>	<b>(320,445)</b>
<b>B) Cash flow from operations</b>		
Profit (loss) for the year including minority shareholders' profit	17,468	34,773
Depreciation and amortization		
- intangible	16,546	18,032
- tangible	32,309	30,001
Source (use) referred to variation of provisions/assets for deferred taxation	2,294	(637)
(Gains) or losses from disposal of tangible and intangible assets	63	2,008
Gains on transfer 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
Extraordinary write-down of stockholdings		5,948
Net variation in provision for liabilities and charges	(811)	400
Variation in provision for bad debts	1,013	1,398
Net variation in staff severance indemnities	2,261	2,349
<b>Profit from operations in the year before variation in working capital</b>	<b>71,143</b>	<b>62,853</b>
(Increase) decrease in treasury stock under current assets	1,673	(3,461)
(Increase) decrease in receivables in current assets and other	(13,475)	(27,678)
(Increase) decrease in inventories	1,725	(42,578)
Increase (decrease) in payables to suppliers and other	47,709	16,416
Increase (decrease) in accruals and prepayments	(2,243)	(1,112)
	<b>106,532</b>	<b>4,440</b>
<b>C) Cash flow from (for) investments</b>		
Investment in fixed assets		
- intangible	(13,756)	(18,720)
- tangible	(37,225)	(43,393)
Purchase of shareholding Sogema s.p.a.	(11,451)	0
Net variation in financial assets	7,993	(3,939)
Effects of changes in consolidation area of intangible and tangible assets	(10,314)	(1,639)
Sale or reimbursement value of tangible and intangible fixed assets sold	4,139	9,440
	<b>(60,614)</b>	<b>(58,251)</b>
<b>D) Cash flows from (for) movements in net equity</b>		
Distribution of dividends	(21,104)	(4,258)
Other variations, including minorities' variations	538	351
	<b>(20,566)</b>	<b>(3,907)</b>
<b>E) Cash flows from (for) financial operations</b>		
Increase in short-term share of bonded loans		(18,000)
Increase in medium-long term loans	(35,350)	51,387
	<b>(35,350)</b>	<b>33,387</b>
<b>F) Effect of private equity transaction involving Marr capital stock</b>		
Net sale price		94,390
		<b>94,390</b>
<b>G) Cash flow in the year (B+C+D+E+F)</b>	<b>(9,998)</b>	<b>70,059</b>
<b>H) Total final short term net indebtedness (A + G)</b>	<b>(260,384)</b>	<b>(250,386)</b>
<b>Net short term loans from banks and other financial institutions</b>		
Cash and cash equivalent	47,605	50,937
Financial assets	4,497	11,039
Bonds (within 12 months)	-	(18,000)
Bank loans (within 12 months)	(280,943)	(252,389)
Loans from other financial institutions (within 12 months)	(31,543)	(42,186)
Receivable from other financial institutions	-	213
<b>Total net final short term financial indebtedness</b>	<b>(260,384)</b>	<b>(250,386)</b>
<b>Net medium-long term loans from banks and other financial institutions</b>		
Bank loans (between 1 and 5 years)	(103,689)	(151,597)
Bank loans (over 5 years)	(44,342)	(45,754)
Loans from other financial institutions (between 1 and 5 years)	(11,521)	(2,493)
Loans from other financial institutions (over 5 years)	(5,856)	(914)
<b>Total final medium-long financial indebtedness</b>	<b>(165,408)</b>	<b>(200,758)</b>
<b>Total financial position, net of liquidity</b>	<b>(425,792)</b>	<b>(451,144)</b>

## Statutory Auditors' Report in accordance with Article 41 of Law 127/1991 (Consolidated Financial Statements at 31.12.2004)

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

The 2004 consolidated financial statements – Balance Sheet, Income Statement and Additional Notes – which are at your disposal, show a year's profit of 17,468 thousand euros and a Group profit of 8,028 thousand euros.

The document under examination has been prepared in accordance with the provisions of Law 127/1991 and has been submitted to us, together with the Directors' Report, within the terms established by the Law.

For comparison purposes, the Balance Sheet and Income Statement show values from the previous years consolidated financial statements.

In the Directors' Report and Additional Notes – which complete and comment the consolidated financial statements – the Board of Directors sets forth the consolidation methods and evaluation criteria as well as information about the overall situation of the companies included in the consolidation area, including any events that have characterised operations.

The information supplied to the Parent Company by subsidiaries for the preparation of the consolidated financial statements has been examined by the auditors of each single company in the scope of the audit prepared by the bodies in charge; therefore the Statutory Auditors did not audit these financial statements.

The consolidated financial statements have been audited by PricewaterhouseCoopers.

In their audit, the independent auditors confirmed that:

- the values shown in this document correspond to actual accounting values of the Parent company, to the subsidiaries' financial statements prepared by the Boards for the respective Shareholders' Meetings and to the information they submitted to the Parent company;
- the determination of the consolidation area, the choice of accounting principles for consolidation purposes and the operating procedures used for consolidation comply with legal requirements and accounting regulations and that consequently the composition of the consolidated financial statement can be considered in line with specific regulations.

In relation to our areas of responsibility, we note:

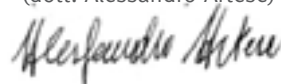
- that the Additional Notes show that which is required by Articles 38 and 39 of Law 127/1991;
- that the Directors' Report provides the information required by Article 2428 of the Italian Civil Code and Article 40 of Law 127/1991 and that it can be considered consistent with the other results listed in the consolidated financial statements.

Therefore the Board of Statutory Auditors is of the opinion that the Cremonini Group consolidated financial statements as at 31st December 2004 correctly represent the economic and financial situation of the Parent company and of the consolidated companies.

Castelvetro di Modena, 14th April 2005

BOARD OF STATUTORY AUDITORS

Chairman  
(dott. Alessandro Artese)



Statutory Auditor  
(dott. Giovanni Zanasi)



Statutory Auditor  
(dott. 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 year ended 31 December 2004. These consolidated financial statements are the responsibility of CREMONINI SpA'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 six subsidiaries, insofar as they relate to some 4,5 percent of the amount of "consolidated total assets" and to some 8,6 percent of the "consolidated value of production", are the responsibility of other auditors.

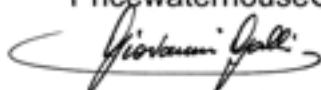
For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by law, reference is made to our report dated 14 April 2004.

- 3 In our opinion, the consolidated financial statements of CREMONINI Group as of and for the year ended 31 December 2004 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.

Bologna, 14 April 2005

PricewaterhouseCoopers SpA



Giovanni Galli  
(Partner)

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

## SUMMARY OF RESOLUTIONS

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### Ordinary shareholders meeting 30th April 2005

With a notice published in the Italian Republic Official Gazette – Announcement Sheet 71 dated the 26th March 2005, shareholders were called to the shareholders' meeting held on the 30th April 2005. The meeting was duly held on the date indicated in Castelvetro di Modena, Via Modena, 53, under the chairmanship of Dr. Luigi Cremonini (Cavaliere del Lavoro).

Forty-six shareholders attended the meeting either in person or by proxy, representing a total of 84,001,119 ordinary shares or 59.230% of the entire share capital.

During the deliberative session, after the reading of the reports, the Directors' proposal and the Statutory Auditors report, the Assembly unanimously approved:

- the financial statements as at 31st December 2004 and the Directors' Report, including allotment of the gross dividend of € 0.061 due to every single share;
- the appointment of the Board of Directors for the three-year period 2005-2007, comprising the following members:
  - Cremonini Luigi - Chairman
  - Sciumè Paolo - Vice-chairman
  - Cremonini Vincenzo
  - Fabbian Valentino
  - Lualdi Paolo
  - Pedrazzi Giorgio
  - Rossini Edoardo
  - Rossetti Mario
- the appointment of Statutory Auditors for the three-year period 2005-2007, comprising the following members:
  - Artese Alessandro - Chairman
  - Zanasi Giovanni - Auditor
  - Simonelli Ezio Maria - Auditor
  - Malagoli Claudio - Deputy
  - Baraldi Alberto - Deputy
- authorisation given to the Board of Directors to buy or sell Treasury Stock as per articles 2357 and 2357c of the Italian Civil Code.





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