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Luigi Cremonini

“2005 WAS A SATISFACTORY AND SUCCESSFUL YEAR. WE HAVE ACHIEVED SIGNIFICANT RESULTS AND LISTED OUR SUBSIDIARY MARR”.

Dear Shareholders,

For the sixth successive year, we have improved financial statements with the best results in our history, despite the unfavourable scenario and consumption stagnation.

With revenues in excess of 2 billion Euro, we have achieved a goal that, ignoring the figures for the moment, is an expression of our capabilities of interpreting as best as possible the dynamics of the market and consumer requirements.

The most significant event of the year was undoubtedly the listing of MARR on the Italian Stock Exchange, a company that has continually expanded for over a decade, and is a leader in a modern and innovative business activities.The listing had an excellent response from the financial markets and enabled the best possible valorisation of our company shareholding.

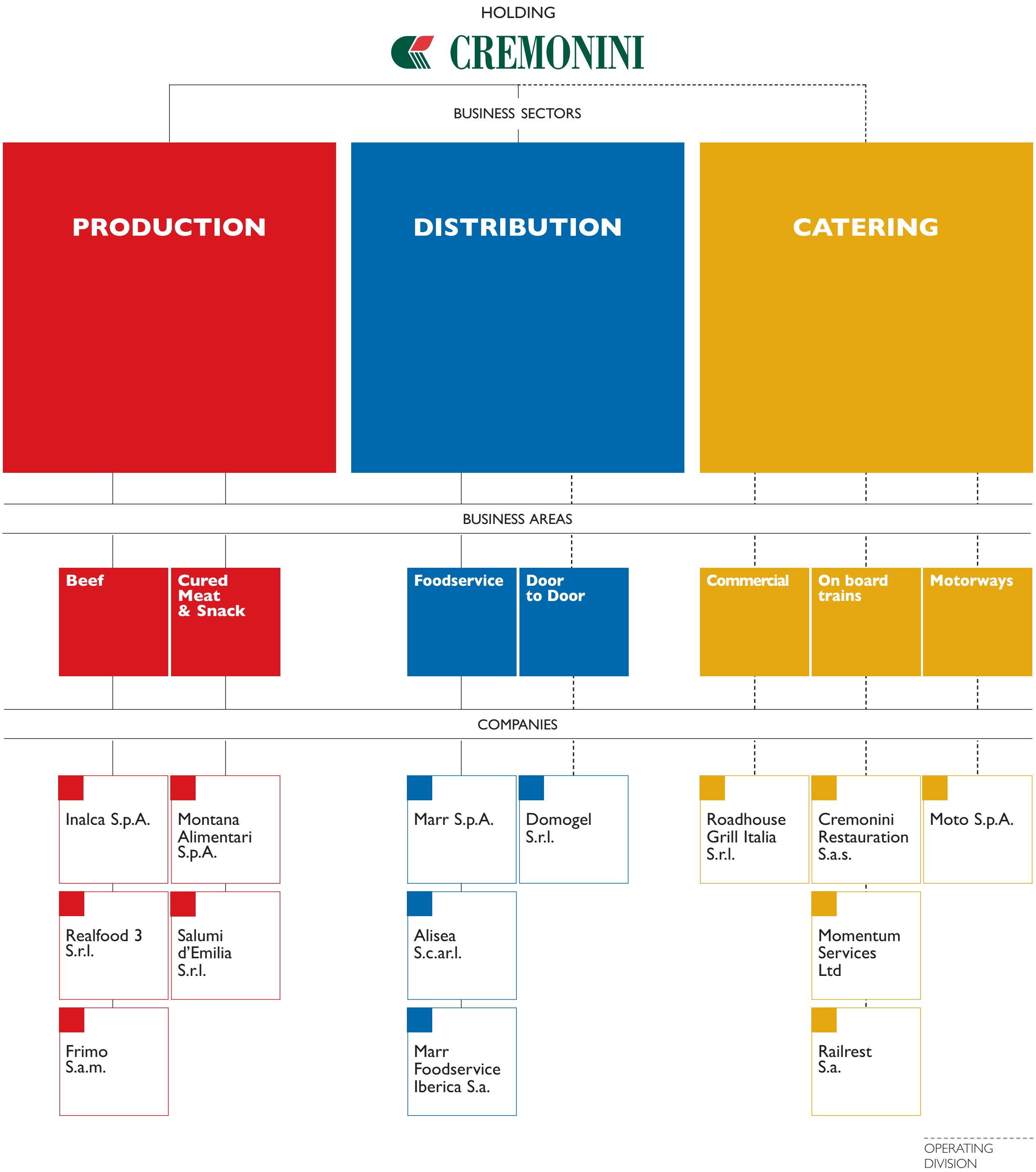
We can now boast leadership in all the sectors in which we operate, and in some business segments – such as catering on-board trains in Europe and motorway catering in Italy – we have been recognized as having excellent service quality in a time span of a few years.

Production, distribution and catering, although in different ways, have all contributed towards the creation of value, which rewards our shareholders for their faith in us, with increasing profits and dividends.

I would also like to underline the vital contribution of those who share these results every day: the 6,700 people who work for the Group all over the world, and the motivated, dynamic and highly professional management team in charge of our business.

I am convinced that in 2006, we will continue to progress and continue to deserve the faith of those who believe in the Cremonini Group, our shareholders, suppliers, customers and all those who, near or far, construct our future day by day.

The Chairman
Luigi Cremonini


HOLDING
CREMONINI
BUSINESS SECTORS
PRODUCTION
DISTRIBUTION
CATERING
BUSINESS AREAS
Beef
Cured Meat & Snack
Foodservice
Door to Door
Commercial
On board trains
Motorways
COMPANIES
Inalca S.p.A.
Montana Alimentari S.p.A.
Realfood 3 S.r.l.
Salumi d'Emilia S.r.l.
Frimo S.a.m.
Marr S.p.A.
Domogel S.r.l.
Alisea S.c.ar.l.
Marr Foodservice Iberica S.a.
Roadhouse Grill Italia S.r.l.
Cremonini Restauration S.a.s.
Moto S.p.A.
Momentum Services Ltd
Railrest S.a.
OPERATING DIVISION

Director
Edoardo Rossini
(1)(2)

Director
Giorgio Pedrazzi

Chairman
Luigi Cremonini
(1)

Director
Paolo Lualdi

Director
Valentino Fabbian
(3)

Chief Executive Officer
Vincenzo Cremonini

Director
Mario Rossetti
(2)

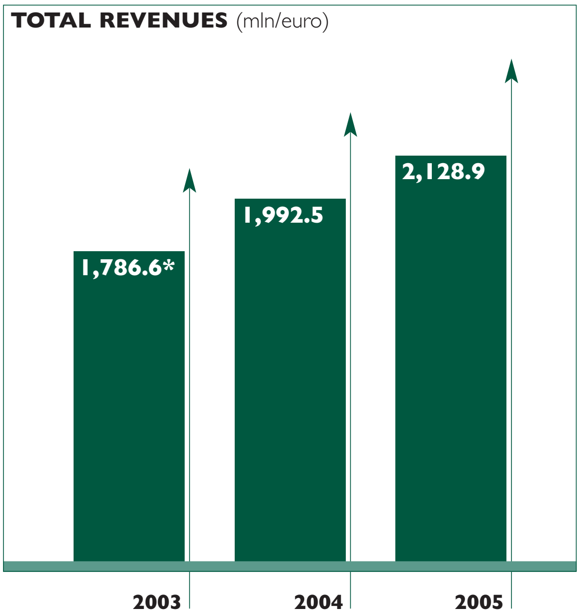
Vice-Chairman
Paolo Sciumè
(1)(2)

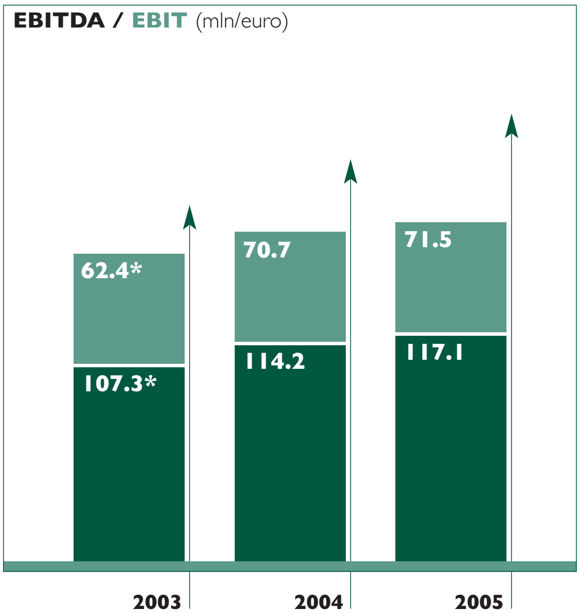
The Board of Directors of Cremonini Spa
(1) Member of the Compensation Committee - (2) Member of the Internal Audit Committee and Corporate Governance Committee
(3) With mandate for the management of the catering business-unit

2005 ANOTHER YEAR OF CONTINUOUS GROWTH

Main financial ratios

	2001*	2002*	2003*	2004	2005
ROS (Ebit / Revenues)	3.2%	3.7%	3.5%	3.5%	3.4%
ROI (Ebit / Net Capital Equipment)	5.0%	7.0%	7.2%	8.4%	8.1%
EBITDA / Net Financial Expenses	2.2	3.1	4.1	4.9	5.6
Interest Coverage (Ebit / Net Financial Expenses)	1.2	1.8	2.4	3.0	3.4
Net Debt / Ebitda	7.8	5.9	5.2	4.7	4.4
Net Debt / Equity	2.7	2.5	1.8	1.7	1.4
Net Debt / Revenues	47%	37%	31%	27%	24%





* Pro-forma figure for purposes of comparison obtained by applying IAS/IFRS compliant adjustments to historical data.

Vincenzo Cremonini

"ALL THE PRE-ESTABLISHED OBJECTIVES ACHIEVED: INCREASED REVENUES, MARGINS AND PROFITS AND ALL MAIN FINANCIAL INDICATORS CONTINUALLY IMPROVING."

Economic and Financial results
The Cremonini Group's revenues exceeded 2 billion Euro for the first time in 2005, reaching 2,128.9 million Euro, an increase of 6.8% compared to 2004.

This is a particularly satisfying result because it has been achieved by further improving all the economic and financial indicators. This goal is testimony to the Group's capacity to expand over time, chiefly because of our focused and constant policy of investments, which is entirely financed by the cash-flow.

The gross operating margin (EBITDA) and the operating profit (EBIT) amounted to 117.1 and 71.5 million Euro respectively showing an improvement over the past year, as well as the profit from normal operations which amounted to 50.6 million Euro (+7.1%).

The pre-tax profits reached 76.8 million Euro compared to 45.9 million Euro for the same period in 2004, a result which was achieved thanks to the extraordinary income from the MARR IPO, which accounted for 26.1 million Euro.

The Group's net consolidated profits amounted to 40.6 million Euro, quadrupled compared to 10.8 million Euro for the same period in 2004.

The Net Debt was 512.1 million Euro, a decrease of over 20 million Euro compared to 2004.
Consequently, the ratio between Net Debt/Equity improved, falling to 1.4 compared to 1.7 in the previous year.

Trends of the 3 sectors
The **PRODUCTION** sector registered revenues that were substantially in line with those of the previous year, while the margins decreased, mainly due to the increase in the cost of raw materials, which does not involve immediate recovery through sales prices.

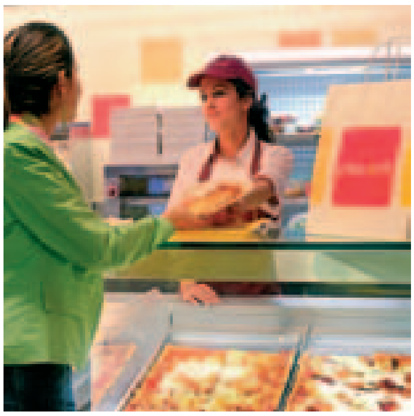
The **DISTRIBUTION** sector, through our subsidiary MARR, achieved positive results on all fronts, in line with expectations. In particular, the increase in revenues amounted to 12.2%, for the most part through corporate expansion, while the gross operating margin and operating profit rose by 7.2% and 4.9% respectively.

The **CATERING** sector performed beyond all expectations – also thanks to the increasing contribution of Moto in motorway catering – with revenues increasing by 11.6% and a gross operating margin and operating profit up by 10.6% and 14.0% respectively.

Expectations for 2006
The objective is to continue growth in terms of turnover and profitability through development drivers providing:

- in Production, the recovery of marginality in the various channels and also strengthening of our international presence also through direct investments, such as the new platform in Russia.
- in Distribution, internal growth through strengthening of the sales network and external growth through the acquisition of local competitors. An investment in the new platform in Tuscany is also planned.
- in Catering, internal growth supported by the award of new concessions and external growth through acquisitions of other catering companies.

1 Production 2 Distribution 3 Catering



BREAKDOWN OF REVENUES BY BUSINESS AREA

3 BUSINESS AREAS AND THE STRENGTH OF A MAJOR INTERNATIONAL GROUP: CREMONINI IS AN IMPORTANT PLAYER IN THE ITALIAN AND EUROPEAN FOOD INDUSTRY.

Listed on the STAR segment of the Italian Stock Exchange, the Group, based in Castelvetro di Modena, employs 6,700 people all over the world and is active in three business areas: production, foodservice distribution and catering.

The Group

Created in 1963 through an entrepreneurial initiative of Luigi Cremonini, in little more than 40 years, the Group has become nationally and internationally renowned as a point of reference in the food industry, not only in the historical beef sector but also in the more recently developed sectors of distribution and catering.

The Cremonini Group is composed of independent companies operating as leaders in their respective markets or in any event in significant positions.

Cremonini S.p.A.

The Cremonini S.p.A. Parent Company, as well as owning shareholdings in the operating companies, also defines strategies in the various sectors and plays a support role in the following areas: finance, information systems, corporate and tax, legal, human resources and pubblic relations.

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 the specific requirements of information transparency, liquidity and corporate governance.

Three operating sectors

In the **PRODUCTION** sector, which represents 45% of the 2005 consolidated revenues, the Group is represented by Inalca S.p.A, which operates in the production and commercialization of beef products and meats-based processed products and which itself controls various companies in the same sector in Italy and abroad. The production of cured meats is carried out by Montana Alimentari S.p.A.

In the sector of food **DISTRIBUTION** to operators in the non-domestic catering sector, the reference company is MARR S.p.A., listed on the STAR segment on the Italian Stock Exchange since June 2005 and 57.4% of whose share capital is owned by Cremonini. This business represents 40% of the 2005 consolidated revenues.

In the **CATERING** sector, Cremonini S.p.A. operates directly through its own Catering Division, which controls, in the context of catering on-board trains in Europe, the companies Momentum Services Ltd, Railrest S.a. and Cremonini Restauration S.a.s. and, for commercial catering, Roadhouse Grill Italia S.r.l. (steakhouse) and Moto S.p.A. (motorway catering). In 2005, catering activities accounted for 15% of the consolidated revenues.

PRODUCTION

1 BILLION EURO IN REVENUES AND 240,000 TONNES OF PRODUCTS, WITH THE SAME QUALITY AS ALWAYS

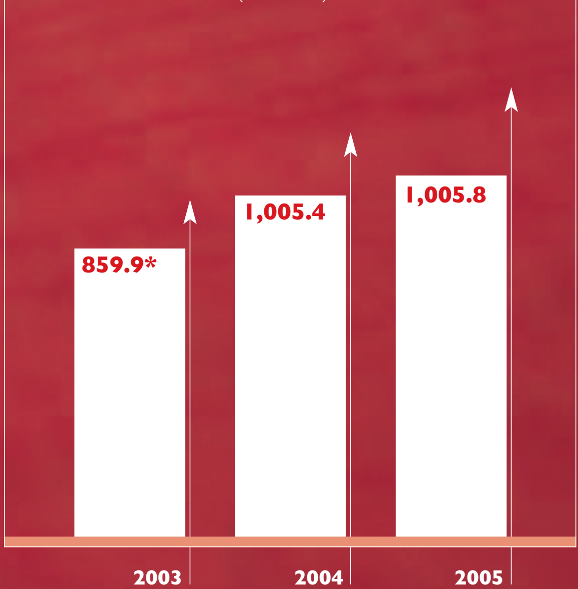
In the production sector the Cremonini Group operates in two business areas: beef and cured meats & snacks.

In the beef sector, it is the leader in Italy and one of the major players in Europe, while it is one of the main Italian operators in the sector of cured meats & snacks.

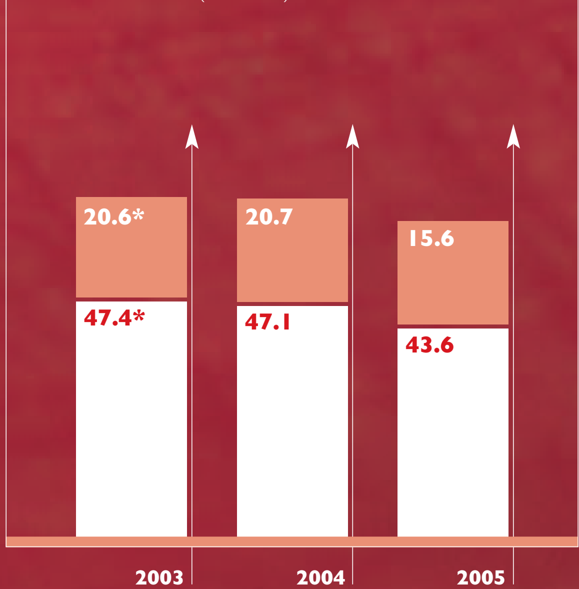
The entire sector can count on ten highly automated plants which are specialized by type of product: six are used for the production of beef and four are active in the area of cured meats & snacks and ready-to-serve gastronomy.

In 2005 the production sector registered total revenues of 1,005.8 million Euros, in line with 2004, with a gross operating margin of 43.6 million Euro and an operating profit of 15.6 million Euro.

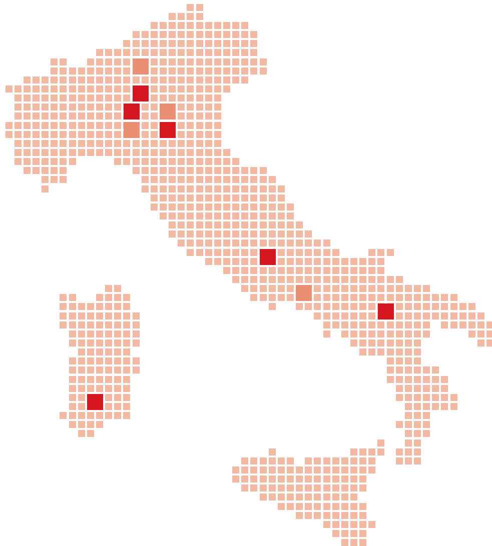
TOTAL REVENUES (mln/euro)



EBITDA / EBIT (mln/euro)



* Pro-forma figures for purposes of comparison obtained by applying IAS/IFRS compliant adjustments.



PRODUCTION PLANTS ■ 6 Beef ■ 4 Cured Meats & Snacks

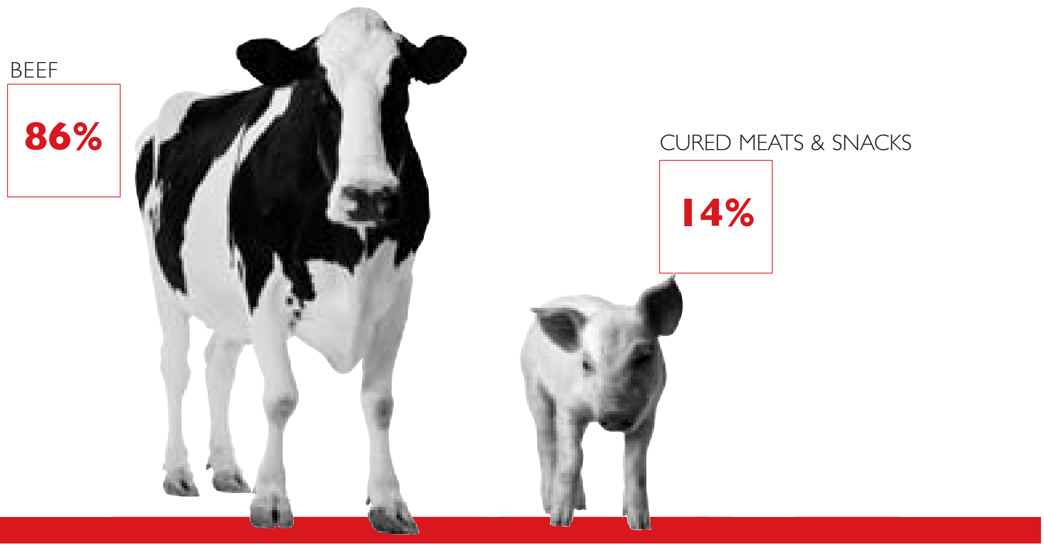








BREAKDOWN OF REVENUES BY TYPE OF PRODUCT



6 MEAT PRODUCTION PLANTS, 4 CURED MEAT PRODUCTION PLANTS, 240,000 TONNES OF MEAT, 200 MILLION TINS, 40,000 TONNES OF HAMBURGERS, 4 P.D.O./P.G.I. PRODUCTIONS.

All plants, specialized by product line, use modern production technology and advanced safety systems which enable the company to be at the forefront in its control methods, industry programming and meats identification and labelling procedures.

INALCA

Beef

The reference company in the Group in this sector is Inalca, which in 2005 achieved total consolidated revenues of 903.3 million Euro, substantially in line with that achieved in 2004.

The company, the leader in Italy and among the main European operators, supervises the entire production line – from raising animals to the end product – and successfully operates on international markets: over 33% of its revenues come from exports to countries in the European Union, Eastern Europe and Africa.

The industrial structure comprises 6 plants specialized by production line: Castelvetro di Modena, Ospedaletto Lodigiano (LO), Roveleto di Cadeo (PC) and Flumeri (AV), where the meats is butchered, boned, processed and packed; Rieti and Cagliari where the processing, packing and logistic platform activities are carried out.

Inalca produces and markets a complete range of beef products, fresh and frozen, vacuum-packed and packaged in a protective atmosphere, ready-to-serve products, tinned meats and meats extracts. The company processes and transforms every year over 240,000 tonnes of beef, of which more than 40,000 tonnes of hamburgers and 200 million tins.

ibiSè Salumificio di Parma

MONTANA ALIMENTARI

Cured meats & snacks

The reference company in this sector is Montana Alimentari, one of the main operators on the cured meats market in Italy, which achieved revenues of 139.0 million Euro in 2005 (131.1 million Euro in 2004).

The industrial structure comprises 4 plants, specialized by type of production: Gazoldo degli Ippoliti (MN), where the company produces pre-sliced meats, snacks and ready-to-serve gastronomy; Paliano (FR), for the production of boiled and roast hams; Busseto (PR), where culatello, mortadella and traditional cured meats are produced, and Postalesio (SO) where the company produces bresaola.

One of the pillars of Montana Alimentari's strategic plan is constituted by the exploitation and integration of the typical production of cured meats in the areas distinguished by the Protected Denomination of Origin (P.D.O.) and Protected Geographic Indication (P.G.I.) brands (Culatello di Zibello, Bresaola della Valtellina, Mortadella di Bologna, Salamino alla Cacciatora).

The company is specialized in the production of pre-sliced products, marketed under both its own brands and the brands of the more significant chains in the large-scale distribution. It can count on a structure of 8 production rooms, so called "white rooms", which have the capacity of producing 5,000 tonnes per year.


MARR
530
144L

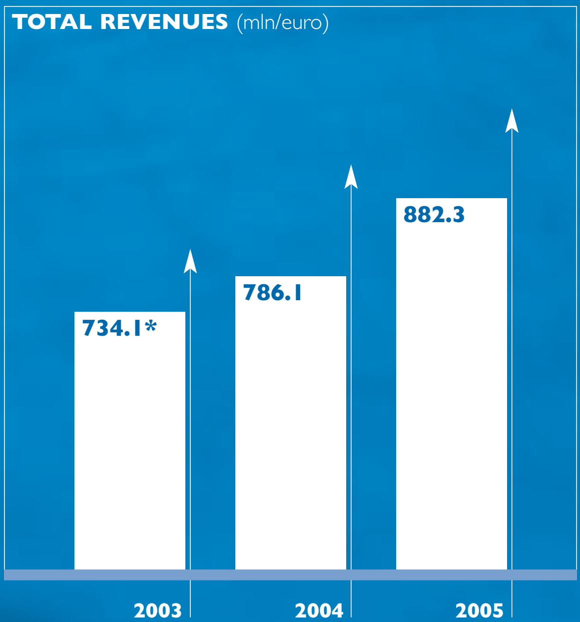
DISTRIBUTION

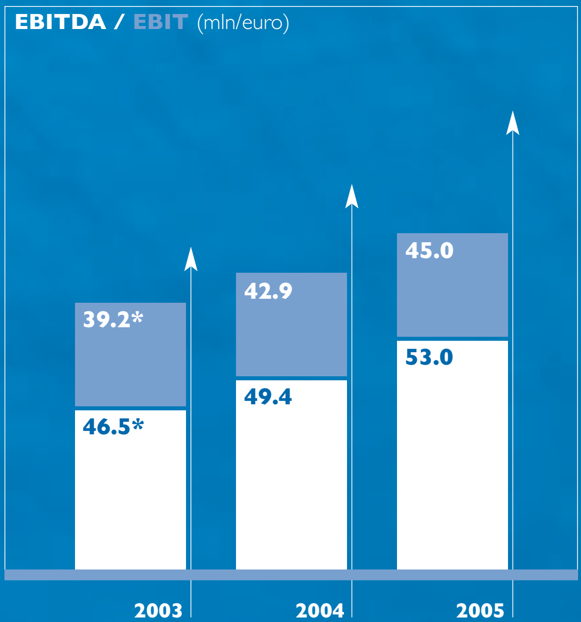
MORE THAN 10,000 PRODUCTS DAILY TO SERVICE THE CATERING SECTOR

In the distribution sector, the Cremonini Group operates through MARR, the leader in Italy in the distribution of food products to catering operators.

MARR is a reality which has been continuously expanding for over a decade, and is present nationally with a wide range of products preserved in various ways (frozen, fresh, at room temperature).

Revenues from the distribution sector reached 882.3 million Euro in 2005 (+12.2% compared to 2004). The gross operating margin amounted to 53.0 million Euro (+7.2%) and the operating profit amounted to 45.0 million Euro (+4.9%).





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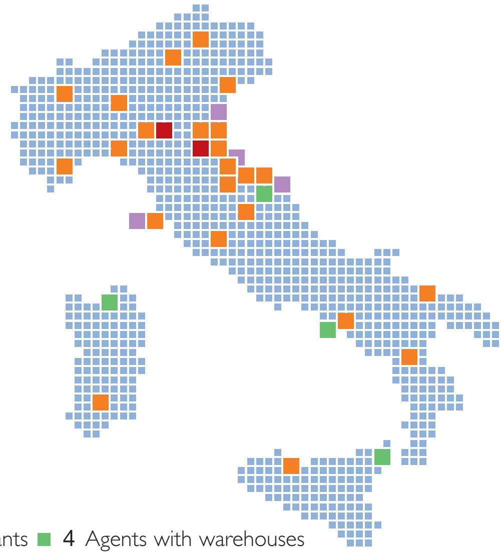
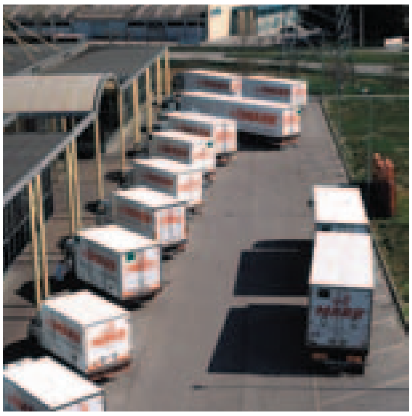


DISTRIBUTION CENTRES ■ 23 Branches ■ 4 Cash & Carry ■ 2 Processing plants ■ 4 Agents with warehouses



MARR: BREAKDOWN OF REVENUES BY TYPE OF CUSTOMERS

23 BRANCHES, 4 CASH&CARRY, 4 AGENTS WITH WAREHOUSES, 550 DEDICATED TRUCKS, 650 SALES AGENTS, 10,000 FOOD PRODUCTS, OVER 36,000 CUSTOMERS.

With a history of more than 30 years, MARR represents a point of reference for the operators in the catering sector, proposing itself as the only supplier on a national scale for their purchases.

The products

MARR provides its customers with a personalised consultancy service, assisting them in planning their purchases of a wide range of products, including about 10,000 foodstuffs (meats, fish, sundry foodstuffs, fruit and vegetables), and more than 8,000 non-food items (kitchen equipment, utensils, tableware, etc.).

MARR's sales mix constituted 39.4% fish products, 35.2% sundry food stuff, 23.0% meat, 1.7% fruit and vegetables and the remaining 0.7% by kitchen equipment.

MARR ensures a timely and careful service and is capable of responding to the various and changing requirements of the different segments of clientele.

The market

Through a network comprising 23 branches, 4 cash&carry, 4 agents with warehouses, 550 dedicated trucks, and a commercial structure of 650 sales agents, MARR ensures a timely service to more than 36,000 customers served nationally each year.

Activities are mainly aimed at the segment of commercial non-domestic catering sector (restaurants, hotels, pizza outlets, fast food, tourist villages, etc.). Coherent with corporate philosophy, these are aimed at favouring quality and level of service, and collective catering (corporate canteens, schools, hospitals, armed forces, etc.), an interesting segment due to its less seasonal nature.

In particular, the revenues are arise from non-structured commercial catering (restaurants, pizza outlets and hotels not belonging to groups or chains) 62.8%, wholesalers 22.1% and structured and collective commercial catering 15.1%.

Development

The domestic development of MARR, which also has a branch in Spain's Balearic Islands, furthermore arose from an acquisitions policy aimed at regional operators, capable of providing an increasingly widespread and timely service.

This context also includes the transactions which led to the acquisitions in 2005 of the Sfera business branch, a company operating on the Emilia Romagna and Marche Riviera, As.Ca., a company in Bologna and, at the beginning of 2006, of Prohoga, operating in Trentino Alto Adige.

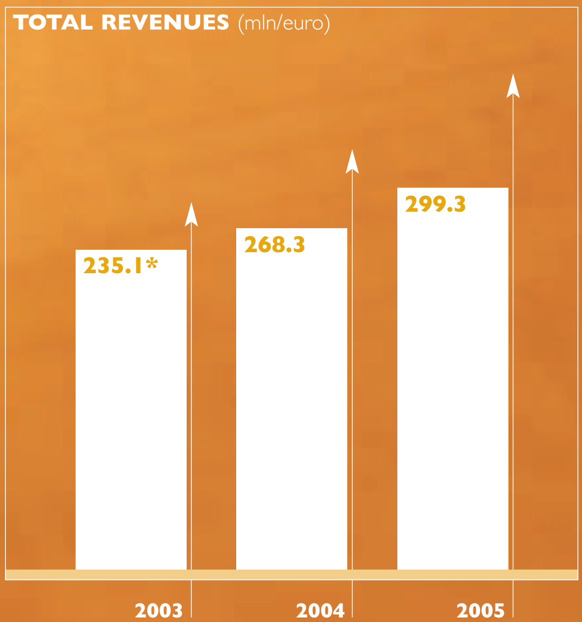
CATERING

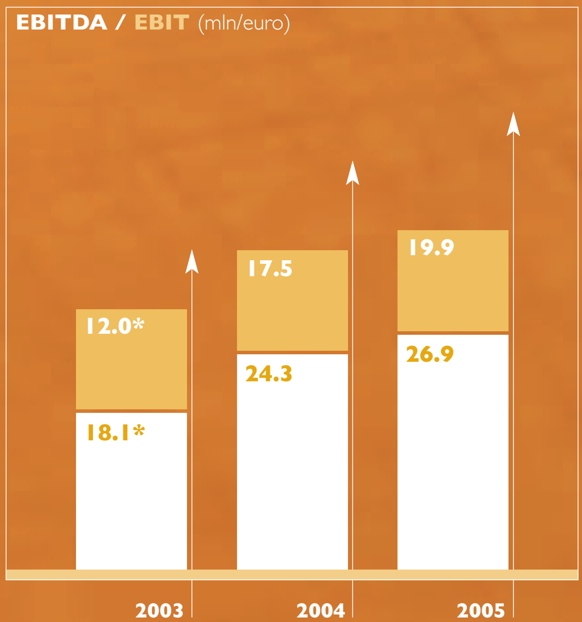
60 MILLION CUSTOMERS SERVED EVERY YEAR, WITH THE PLEASURE OF A WARM WELCOME

In the catering sector, the Group is specialized in concession activities and operates in three business areas: on-board trains, railway station buffets and motorway service areas.

Through the Chef Express brand, it is the leader in Italy in catering in railway stations and the second player in Europe in catering on-board trains. With the Moto brand, it is also the second largest Italian operator in motorway catering.

In 2005, Catering Division's consolidated revenues amounted to 299.3 million Euro (an increase of 11.6% compared to 2004), the gross operating margin reached 26.9 million Euro (+10.6%) and the operating profit amounted to 19.9 million Euro (+14.0%).





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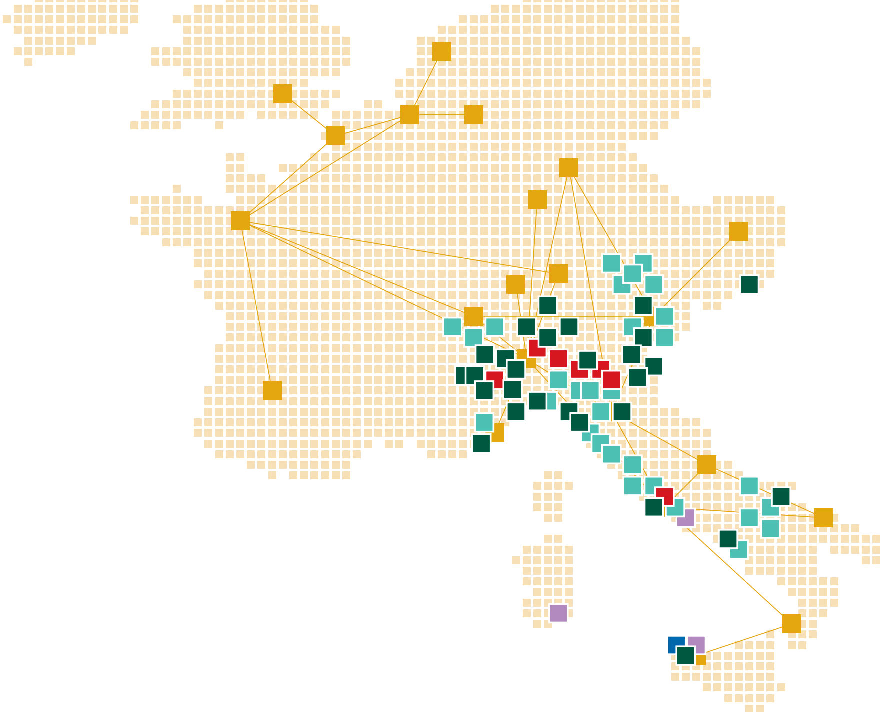
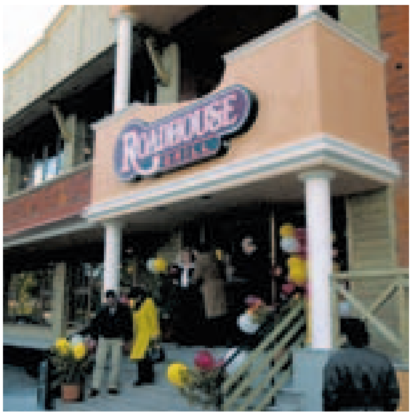
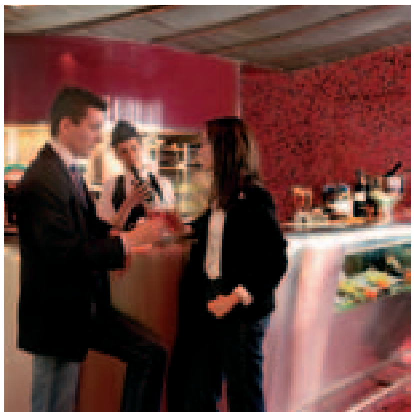


CATERING POINTS ■ 32 Railway Stations ■ 3 Airports ■ 7 Steakhouses ■ 1 Harbour ■ 630 Trains ■ 31 Motorway Service Areas



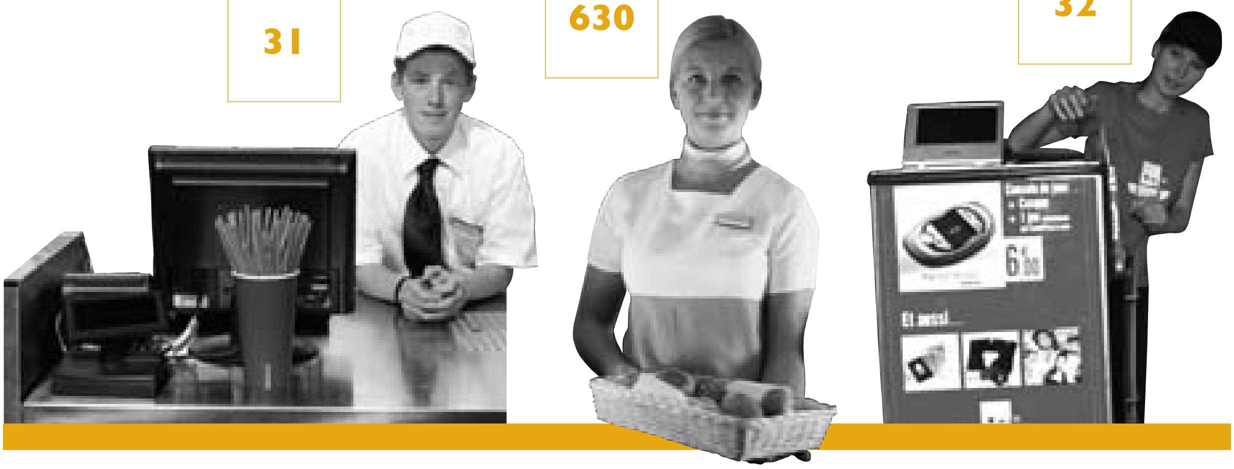


TYPES OF CATERING

MOTORWAY SERVICE AREAS
31

TRAINS
630

RAILWAY STATIONS
32



630 TRAINS SERVED IN 7 EUROPEAN COUNTRIES, 32 RAILWAY STATIONS, 31 MOTORWAY SERVICE AREAS, 3 AIRPORTS, 7 STEAKHOUSES, 60 MILLION CUSTOMERS SERVED EVERY YEAR.

Cremonini is also a synonymous of quality in the catering sector, where it has been able to offer a combination of the pleasure of good food with the efficient and rapid service required in "travel" scenarios, such as trains, stations, airports and motorways.

ON-BOARD CATERING

Cremonini has operated in this segment with the Chef Express brand for 16 years, with a daily presence on more than 630 trains in 7 European countries, on which it manages catering services in restaurant cars, self service, mini-bars and bars.

The Group manages the catering on Italian Trenitalia trains, British Eurostar trains connecting London, Paris and Brussels, on Belgian Thalys trains, on Italo-Swiss Cisalpino trains, French TGV trains and the latest iDTGV as well as the Lyria trains connecting France and Switzerland and French Corail trains.

RAILWAY STATION AND AIRPORT CATERING

With a market share of 38.6%, the Cremonini Group is the leader in Italy in concession catering in railway stations, managing services in bars, buffets, restaurants, self service, fast food outlets, pizza outlets and kiosks.

Today the Group manages 32 railway stations in Italy, of which 9 are main stations: Roma Termini, Firenze SMN, Venezia Mestre, Genova Porta Principe, Genova Brignole, Palermo Centrale and Torino Porta Nuova. Opening in the near future will be at Milano Centrale and Napoli Centrale. Cremonini's catering division also supplies services in 3 airports, Roma Fiumicino, Palermo and Cagliari, as well as in Palermo harbour.

In the field of concession catering, Cremonini uses its own brands, such as Bar Chef Express, Mokà, Gusto Ristorante, Mr Panino, Pizza&Vizi and also the brands of large international chains with franchising contracts.

MOTORWAY CATERING

Through Moto, a company jointly owned by Cremonini and its British counterpart Compass Group Plc., the Group entered the motorway catering market in 2003 and has become the second largest operator in Italy after only two years, with a market share of approximately 7.0%.

Moto currently manages 31 motorway service areas on all the main Italian motorway networks, with development plans that include interesting growth prospects deriving from the process of re-assigning motorway concessions in Italy over the next few years.

ROADHOUSE GRILL

The Group is continuing with its expansion project of the Roadhouse Grill brand steakhouse chain, strengthened by the growing success of the first 7 restaurants that have been opened in Italy: Rome, Bologna, Legnano, Piacenza, Mantova, Rozzano (MI) and Reggio Emilia.

FINANCIAL STATEMENTS AND CONSOLIDATED ACCOUNTS **2005**

CREMONINI

NOTICE OF ORDINARY SHAREHOLDERS' MEETING

Notice is hereby given to shareholders holding ordinary shares that an ordinary shareholders' meeting will be held at 10 a.m. on 29 April 2006 at Castelvetro di Modena, Via Modena no. 53, to discuss and approve the following

Agenda

1) Financial statements as at 31 December 2005 and the Directors' Report and inhe-rent and consequent resolutions;
2) Board of Directors' authorization for the acquisition and sale of treasury shares, inhe-rent and consequent resolutions.

The documentation related to the subjects and proposals in the Agenda will be made available to those concerned, in accordance with the law, at the company's registered office, the Italian Stock Exchange and on the site www.cremonini.com. Shareholders may obtain a copy by contacting the "Corporate Affairs" Office from Monday to Friday between 9 a.m. and 1 p.m. and 3 p.m. to 6 p.m.

The Group's consolidated financial statements as at 31 December 2005 will be available to shareholders at the ordinary shareholders' meeting.

Shareholders who, at least two days before the date established for the meeting, have sent the company a communication from their authorised intermediary and who lodge a copy of the said communication on the occa-sion of the meeting will have the right to take part (art. 11 of the Articles of Association – art. 34 bis of Consob Regulation 11768/1998).

The accrediting of those attending the meeting will commence at 9.30 a.m.

The Chairman
(Cav. Lav. Luigi Cremonini)

Notice pulished in the Official Gazette - Announcement Sheet 69 dated 23 March 2006, announcement S-2295

CORPORATE BODIES OF CREMONINI S.P.A.

Board of Directors

Chairman	Luigi Cremonini (1)
Vice Chairman	Paolo Sciumè (1) (2)
Chief Executive Officer	Vincenzo Cremonini
Directors	Valentino Fabbian (3) Giorgio Pedrazzi Edoardo Rossini (1) (2) Mario Rossetti (2) Paolo Lualdi

Board of Statutory Auditors

Chairman	Alessandro Artese
Auditors	Giovanni Zanasi Ezio Maria Simonelli
Alternates	Claudio Malagoli Alberto Baraldi
Independent Auditors	PricewaterhouseCoopers S.p.a.

(1) Member of the Remuneration Committee

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

(3) Chief Executive Officer of the Catering business unit

DIRECTORS' REPORT

DIRECTORS' REPORT

Introduction

The financial statements as at 31 December 2005, as provided by Legislative Decree No. 38 of 28 February 2005, have been drawn-up in accordance with the criteria for evaluation and measurement established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002.

Group Performance and Analysis of the Results for the 2005 financial year

In the 2005 financial year total revenues amounted to 2,128.9 million Euros compared to 1,992.5 million in 2004, showing an increase of 136.4 million Euros (+6.8%). The gross operating margin amounted to 117.1 million compared to the 114.2 million in 2004, showing an increase of 2.9 million Euros (+2.6%) and the operating income totalled 71.5 million compared to the 70.7 million Euros in 2004, showing an increase of 0.8 million (+1.1%).

Profit from ordinary activities amounted to 50.6 million Euros compared to the 47.3 million of 2004, an increase of 3.3 million (+7.1%).

The profit before taxes amounted to 76.8 million compared to the 45.9 million Euros of 2004, increased by 30.9 million (+67.3%) also benefiting from income deriving from Marr's IPO contributing for 26.1 million.

Net profits totalling 40.6 million Euros also increased, almost quadruplicated, compared to the 10.8 million of the previous financial year.

Finally to be noted is the decrease in indebtedness amounting to 512.1 million Euros compared to the 567.0 million as at 30 September 2005 (-54.9 million) and the 532.8 million as at 31 December 2004 (-20.7 million).

Below is a summary of the consolidated economic data for the financial year as at 31 December 2005, compared with the previous financial year. For a more complete analysis of the Group's results, details have been set out below which are broken down by sector of activity.

Consolidated statement of income

(in thousands of Euros)	Year 2005	Year2004	Change %
Total revenues	**2,128,918**	**1,992,516**	**6.85**
Changes in inventories of product in progress and finished products	(1,747)	(22,185)	
Value of production	**2,127,171**	**1,970,331**	**7.96**
Costs of production	(1,816,249)	(1,673,341)	
Value added	**310,922**	**296,990**	**4.69**
Staff expenses	(193,855)	(182,839)	
Gross operating margin(a)	**117,067**	**114,151**	**2.55**
Amortization and write-downs	(45,565)	(43,426)	
Operating profit	**71,502**	**70,725**	**1.10**
Net financial income (expense)	(20,864)	(23,458)	
Profit from normal operations	**50,638**	**47,267**	**7.13**
Net income (expense) from stockholdings	78	(1,370)	
Net extraordinary income (expense)	26,061		
Profit (loss) before taxation	**76,777**	**45,897**	**67.28**
Taxation for the financial year	(24,271)	(24,864)	
Profit (loss) before minority interests	**52,506**	**21,033**	**n.a.**
Minority's share of (profit) loss	(11,948)	(10,219)	
Group's share of profit (loss)	**40,558**	**10,814**	**n.a.**

It should be noted that in the consolidated income statement, non-recurring items have been reclassified under the ordinary items as a result of the adoption of IAS/IFRS. In the prospectus shown above, the income and expenses deriving from Marr's IPO has been reclassified under the "Net extraordinary income and expenses" in order to provide a correct representation of profitability trends in the Group. Accordingly, revenues and the other profitability indicators commented on in this report do not show such effects.

a - Ebitda (Gross operating margin) is an economic indicator not defined in the International Financial Reporting Standards. At present (subject to a later in depth study regarding the evolution of the IFRS accounting practices) Ebitda is the measurement used by the company's management to monitor and evaluate its operations. The managements retains that Editda is an important indicator for measuring the Group's performance as it is not affected by the volatile nature of the effects of the various criteria of calculating taxable income, the amount and characteristics of the invested capital as well as the relative depreciation criteria. Therefore Ebitda is defined as the Profit/Loss net of the depreciation of tangible and intangible assets, allocations and write-downs, financial expenses and income and income taxes.

Consolidated balance sheet

(in thousands of Euros)	31.12.2005	31.12.2004	Change %
Intangible fixed assets	128,078	95,710	
Tangible fixed assets	564,132	555,510	
Stockholdings and other financial fixed assets	11,075	10,845	
Total fixed assets	**703,285**	**662,065**	**6.23**
Trade net working capital			
- Trade receivables	382,293	364,005	
- Inventories	222,248	211,046	
- Trade payables	(309,610)	(299,137)	
Total trade net working capital	294,931	275,914	
Other current assets	65,383	70,802	
Other current liabilities	(82,843)	(66,861)	
Net working capital	**277,471**	**279,855**	**(0.85)**
Staff severance indemnities and other medium-long term provision	**(104,840)**	**(96,106)**	
Net capital employed	**875,916**	**845,814**	**3.56**
Group net equity	299,083	265,813	
Minority interests	64,749	47,206	
Total shareholders' equity	**363,832**	**313,019**	**16.23**
Medium-long term debts	352,669	284,712	
Short term debts	159,415	248,083	
Net financial position	**512,084**	**532,795**	**(3.89)**
Shareholders' equity and debts	**875,916**	**845,814**	**3.56**

Net consolidated financial position

(in thousands of Euros)	31.12.2005	30.09.2005	30.06.2005	31.12.2004
Bank loans, bonds and other financing				
- payable within 12 months	(250,356)	(252,509)	(242,970)	(319,053)
- payable between 1 and 5 years	(261,522)	(287,715)	(286,577)	(231,303)
- payable over 5 years	(91,147)	(96,523)	(100,830)	(50,197)
Total bank loans, bonds and other financing	**(603,025)**	**(636,747)**	**(630,377)**	**(600,553)**
Liquidity				
- cash and cash equivalent	89,203	68,026	68,808	66,009
- financial assets	1,738	1,764	1,759	1,749
Total liquidity	**90,941**	**69,790**	**70,567**	**67,758**
Total financial position, net of liquidity	**(512,084)**	**(566,957)**	**(559,810)**	**(532,795)**

The Group's net financial debt amounts to 512.1 million Euros, decreased compared to 30 September 2005 (-9.7% equivalent to 54.9 million), and to the end of the previous financial year (-3.9% equivalent to 20.7 million).

This decrease was predominantly obtained thanks to the contribution of the cash flows generated by ordinary activities. This result assumes even more importance if one considers that the Group, during the year, made investments for 58 million and distributed dividends for 15.8 million. Amongst the investments leading to important cash outlays we would indicate acquisitions, for a total of 17.5 million Euros (Sfera, Marr Calabria, Infer s.r.l. - Mokà brand and As. Ca. s.p.a.). Indebtedness has also benefited from the financial flows deriving from the listing of Marr.

FINANCIAL RESULTS BY SECTOR OF ACTIVITY

The Group operates within the food sector, with the position of market leader in three macro business areas:
- production;
- distribution
- catering.

The Parent Company, both directly and indirectly through its subsidiaries, carries out activities of support to the operational sectors, mainly providing services in the financial, corporate and fiscal, human resource and IT system sectors.

Breakdown of revenues by sector

(in thousands of Euros)	Year 2005	Year 2004	Change	Change %
Production				
Net revenues	959,910	960,172	(262)	(0.03)
Intercompany revenues	45,845	45,264		
Total revenues	1,005,755	1,005,436	319	0.03
Gross operating margin	43,620	47,065	(3,445)	(7.32)
Depreciations and write-downs	(28,057)	(26,394)	(1,663)	6.30
Operating profit (loss)	15,563	20,671	(5,108)	(24.71)
Distribution				
Net revenues	859,722	753,054	106,668	14.16
Intercompany revenues	22,535	33,016		
Total revenues	882,257	786,070	96,187	12.24
Gross operating margin	52,954	49,387	3,567	7.22
Depreciations and write-downs	(7,946)	(6,499)	(1,447)	22.26
Operating profit (loss)	45,008	42,888	2,120	4.94
Catering				
Net revenue	299,228	268,279	30,949	11.54
Intercompany revenues	100	42		
Total revenues	299,328	268,321	31,007	11.56
Gross operating margin	26,858	24,278	2,580	10.63
Depreciations and write-downs	(6,917)	(6,781)	(136)	2.01
Operating profit (loss)	19,941	17,497	2,444	13.97
Holding division and centralized activities				
Net revenues	10,058	11,011	(953)	(8.65)
Intercompany revenues	7,343	8,931		
Total revenues	17,401	19,942	(2,541)	(12.74)
Gross operating margin	(6,170)	(6,380)	210	(3.29)
Depreciations and write-downs	(2,645)	(3,752)	1,107	(29.50)
Operating profit (loss)	(8,815)	(10,132)	1,317	(13.00)
Consolidation adjustment				
Total revenues	(75,823)	(87,253)		
Gross operating margin	(195)	(199)		
Depreciations and write-downs				
Operating profit (loss)	(195)	(199)		
Total				
Total revenues	2,128,918	1,992,516	136,402	6.85
Gross operating margin	117,067	114,151	2,916	2.55
Depreciations and write-downs	(45,565)	(43,426)	(2,139)	4.93
Operating profit (loss)	71,502	70,725	777	1.10

For a better comparison the figures for the distribution sector as at 31 December 2004 do not include those relating to the door-to-door division, reclassified under the holding and centralised activities categories.

The total consolidated revenues amounting to 2,128.9 million Euros compared to the 1,992.5 million of 2004, increased by 136.4 million Euros thanks to the development recorded in the distribution and catering sectors. In particular distribution revenues increased by 96.2 million and catering revenues by 31.0 million whilst production revenues remained substantially unchanged.

The consolidated gross operating margin amounted to 117.1 million Euros compared to the 114.2 million of 2004, showing an increase of 2.9 million Euros, with distribution increasing by 3.6 million and catering by 2.6 million. The gross operating margin for the production sector instead showed a decrease of 3.4 million Euros.

The consolidated operating profit increased by 0.8 million Euros, also benefiting from the distribution sector profit, which increased by 2.1 million, the catering sector, which increased by 2.4 million whilst the operating profit for the production sector showed a decrease of 5.1 million.

Breakdown of revenues from sales and services by geographic area

As at 31 December 2005 - (in thousands of Euros)

	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	624,233	65.8	783,128	92.9	185,763	63.9	9,882	99.5	1,603,006	76.6
European Union	145,823	15.4	26,129	3.1	104,902	36.1	-	-	276,854	13.2
Outside the European Union	178,479	18.8	33,375	4.0	116	-	54	0.5	212,024	10.1
Total	948,535	100.0	842,632	100.0	290,781	100.0	9,936	100.0	2.091,884	100.0

As at 31 December 2004 (in thousands of Euros)

	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	617,775	64.8	700,370	94.5	162,508	62.2	10,370	99.3	1,491,023	75.8
European Union	144,993	15.2	15,645	2.1	98,427	37.7	48	0.5	259,113	13.2
Outside the European Union	190,154	20.0	25,508	3.4	214	0.1	22	0.2	215,898	11.0
Total	952,922	100.0	741,523	100.0	261,149	100.0	10,440	100.0	1,966,034	100.0

Consolidated balance sheet structure by business sector

As at 31 December 2005 (in thousands of Euros)	Production	Distribution	Catering	Holding div. and centralized activities	Consolidation adjustments	Total
Intangible fixed assets	18,732	74,414	33,916	1,016		128,078
Tangible fixed assets	406,131	54,268	31,424	72,309		564,132
Financial fixed assets	6,520	463	706	3,386		11,075
Total fixed assets	**431,383**	**129,145**	**66,046**	**76,711**		**703,285**
Trade net working capital						
- Trade receivables	162,778	206,098	27,600	4,626	(18,809)	382,293
- Inventories	131,564	83,742	6,250	460	232	222,248
- Trade payables	(133,536)	(146,270)	(45,553)	(3,385)	19,134	(309,610)
Total trade and net working capital	160,806	143,570	(11,703)	1,701	557	294,931
Other current assets	20,808	21,074	6,314	21,609	(4,422)	65,383
Other current liabilities	(21,572)	(22,185)	(24,292)	(17,894)	3,100	(82,843)
Net working capital	**160,042**	**142,459**	**(29,681)**	**5,416**	**(765)**	**277,471**
Provision for staff severance indemnities and other	**(61,384)**	**(19,379)**	**(12,171)**	**(11,906)**		**(104,840)**
Net capital employed	**530,041**	**252,225**	**24,194**	**70,221**	**(765)**	**875,916**

As at 31 December 2004 (in thousands of Euros)	Production	Distribution	Catering	Holding div. and centralized activities	Consolidation adjustments	Total
Intangible fixed assets	18,690	49,318	25,729	1,973		95,710
Tangible fixed assets	405,569	46,572	28,306	75,063		555,510
Financial fixed assets	6,328	465	630	3,422		10,845
Total fixed assets	**430,587**	**96,355**	**54,665**	**80,458**		**662,065**
Trade net working capital						
- Trade receivables	160,841	175,622	33,045	9,084	(14,587)	364,005
- Inventories	125,135	80,203	5,106	602		211,046
- Trade payables	(140,947)	(130,832)	(41,158)	(2,489)	16,289	(299,137)
Total trade and net working capital	145,029	124,993	(3,007)	7,197	1,702	275,914
Other current assets	31,313	25,246	7,665	22,919	(16,341)	70,802
Other current liabilities	(22,584)	(22,630)	(19,782)	(16,582)	14,717	(66,861)
Net working capital	**153,758**	**127,609**	**(15,124)**	**13,534**	**78**	**279,855**
Provision for staff severance indemnities and other	**(58,891)**	**(15,228)**	**(11,716)**	**(10,271)**		**(96,106)**
Net capital employed	**525,454**	**208,736**	**27,825**	**83,721**	**78**	**845,814**

Net consolidated financial position broken down by sector

As at 31 December 2005 (in thousands of Euros)	Production	Distribution	Catering	Holding division activities	Total
Bank loans, bonds and other financing					
- payable within 12 months	(137,502)	(24,907)	(262)	(87,685)	(250,356)
- payable between 1 and 5 years	(65,756)	(32,668)	(2,417)	(160,681)	(261,522)
- payable over 5 years	(53,793)	(7,432)	(2,046)	(27,876)	(91,147)
Total bank loans, bonds and other financing	**(257,051)**	**(65,007)**	**(4,725)**	**(276,242)**	**(603,025)**
Liquidity					
- cash and banks	8,994	35,878	11,736	32,595	89,203
- financial assets			1,738		1,738
Total liquidity	**8,994**	**35,878**	**13,474**	**32,595**	**90,941**
Internal treasury current accounts	**(41,394)**	**(65,849)**	**(10,473)**	**117,716**	
Total financial position, net of liquidity	**(289,451)**	**(94,978)**	**(1,724)**	**(125,931)**	**(512,084)**

As at 31 December 2004 (in thousands of Euros)	Production	Distribution	Catering	Holding division activities	Total
Bank loans, bonds and other financing					
- payable within 12 months	(180,360)		(2,075)	(136,618)	(319,053)
- payable between 1 and 5 years	(37,894)	(25,048)		(168,361)	(231,303)
- payable over 5 years	(39,311)	(7,712)		(3,174)	(50,197)
Total bank loans, bonds and other financing	**(257,565)**	**(32,760)**	**(2,075)**	**(308,153)**	**(600,553)**
Liquidity					
- cash and banks	10,861	25,785	9,071	20,292	66,009
- financial assets			1,749		1,749
Total liquidity	**10,861**	**25,785**	**10,820**	**20,292**	**67,758**
Internal treasury current accounts	**(43,932)**	**(58,441)**	**(15,736)**	**118,109**	
Total financial position, net of liquidity	**(290,636)**	**(65,416)**	**(6,991)**	**(169,752)**	**(532,795)**

THE OPERATING SECTORS OF THE GROUP

PRODUCTION

This sector includes the following areas of business and companies within the scope of consolidation:

Companies	Business carried out
a) Beef and meat-based products	
INALCA s.p.a. - Via Spilamberto n. 30/C Castelvetro di Modena (MO)	Slaughtering, processing and marketing of beef-based products.
GES.CAR. s.r.l. - Via Spilamberto n. 30/C Castelvetro di Modena (MO)	Service provision connected to beef processing and treatment at the INALCA plant in Ospedaletto Lodigiano.
GUARDAMIGLIO s.r.l. - Via Coppalati n. 52 Piacenza	Retail outlet management (butcher's and charcuterie shops).
SOC. 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" Principato di Monaco	Food marketing.
QUINTO VALORE s.c.a r.l. - Via Due Canali n.13 Reggio Emilia (50% consolidated on a proportional basis)	Sale of beef. Slaughtering by-products (leathers).
SARA s.r.l. - Via Spilamberto n. 30/C Castelvetro di Modena (MO)	Recovery and processing of agricultural and livestock waste.
REALFOOD 3 s.r.l. - Via Spilamberto n. 30/C Castelvetro di Modena (MO)	Slaughtering, processing and marketing of beef-based products.
INALCAMMIL ltda - Rua Deolinda Rodrigues 563 - Luanda (Angola)	Food marketing.
INALCA ALGERIE s.a r.l. - 08, Rue Cherif Hamani Algeri (Algeria)	Food marketing.
INTER INALCA ANGOLA ltda - Rua Major Kayangulo 504 Luanda (Angola)	Food marketing.
IN.AL.SARDA s.r.l. - Via Guicciardini n. 9 Cagliari	Processing and marketing of beef-based products.
INALCA KINSHASA sprl - Kinshasa Democratic Republic of the Congo	Food marketing.
INALCA RUSSIA l.l.c. - Ryabinovaja Str. 43 121471 Moscow - Russia	Food marketing.
MARR RUSSIA l.l.c. - Ryabinovaja Str. 43 121471 Moscow - Russia	Food marketing.
KASKAD l.l.c. Via Vostochnaya 5, Odincovo (Mosca) - Russia	Real estate services.
b) Cured meats and snacks	
MONTANA ALIMENTARI s.p.a. - Via Marconi n. 3, Gazoldo Degli Ippoliti (MN)	Production and marketing of food products (cured meats and delicatessen).
SALUMI D'EMILIA s.r.l. - Via Modena n. 53 Castelvetro di Modena (MO)	Production and marketing of cured meats.

Breakdown of revenues by activity			
(in thousands of Euros)	**Year 2005**	**Year 2004**	**Chg. %**
Beef and meat-based products	903,340	908,313	(0.55)
- intercompany revenues	(35,463)	(32,433)	
Net total	**867,877**	**875,880**	
Cured meats and gastronomy/snack food	138,999	131,072	6.05
- intercompany revenues	(1,121)	(1,516)	
Net total	**137,878**	**129,556**	
	1,005,755	**1,005,436**	**0.03**

The production sector in the 2005 financial year substantially confirmed the turnover figures recorded in the previous financial year. The operating margin passed from 47.1 to 43.6 million Euros with a decrease of 3.4 million. The operating profit amounted to 15.6 million Euros compared to the 20.7 million of 2004, showing a decrease of 5.1 million.

Notwithstanding the drop in margins, the profit from normal operations increased by 3.1 million Euros reaching 8.6 million Euros compared to the 5.5 million of the 2004 financial year mainly thanks to the favourable trend in exchange rates.

However the period was penalised by a high degree of pressure in the sales prices in particular in the Large Scale Distribution-DO sales channels that, combined to the increase in the cost of raw materials (livestock), has penalised the margins for the year.

The beef business

The beef market in 2005 was influenced by two external factors that affected the results: on the one hand consumption increased due to the crisis in the aviculture sector, on the other, the stock of beef decreased by effect of the adoption, by the Italian Government, of the community regulation regarding the "decoupling" of production awards from the livestock sector.

The steady demand as opposed to the limited availability of raw materials has generated a high degree of tension in the prices of livestock penalising the sector's margins as it was not possible, in the short-term, to reverse the increased costs sustained on the sales prices. The company managed to mitigate the above effects by increasing the sales of products with a higher added value amongst which hamburgers, portioned products and processed meats in general.

The advertising campaigns continued for the Montana branch, a brand owned by INALCA s.p.a. and used today for all the products sold by the Cremonini Group as free service.

In the financial year investments were made in land, buildings and plant. With regard to the land and buildings, the major areas involved were the compoting plant in Nonantola and the new meat "maturation" cells in the Ospedaletto Lodigiano plant. For as much as regards plant engineering the expansion of the hamburger and minced meat production plants in Ospedaletto Lodigiano and the improvement of the production processes in the Modena plant in the boning room should be noted.

Cured meats and snack sector

The cured meat market, in 2005, was influenced, like almost all the foodstuff markets, by a standstill that affected commercial activities. This situation was particularly important for as much as regards branch products.

For raw materials, the prices remained substantially stable throughout the year.
The drop in consumers' buying power favoured the distribution channels and low cost products. In this phase of general recession, even the modern distribution chains have intensified the sale of "fist price" products and "private labels" to the detriment of brand products.

The market registered a general drop in the consumption of cured meats and this has also triggered off heavy competition between the various distribution chains, creating a difficult general economic situation and continuous demand for additional discounts, promotions and contributions with a continuous increase in the cost of contract renewals. To be noted too is the spreading of the on-line auction practice as the instrument for buying even by the modern distribution.

The so-called "super buying centres", where the largest distribution groups are present, have rendered the power of the modern distribution stronger, producing, given the continuous movement of Companies from one super centre to another, a substantial equalisation of the contracts with considerable decreases in the margins of the companies that operate in the sector.

In this scenario the division was in any case able to increase turnover, operating in a decisive manner on processing costs and maintaining a price/quality position interesting for the customers.

The good performance of pre-sliced meats and the fresh snack and "ATP" divisions should be noted.

Amongst the principle events occurring in the financial year we would indicate the entry into production of the Busseto (PR) plant and the consequent ceasing of production in Mirandola (MO).

DISTRIBUTION

This sector includes the following companies within the scope of consolidation:

Companies	**Business carried out**
Foodservice (distribution to catering)	
MARR s.p.a - Via Spagna n. 20 - Rimini	Marketing and distribution of fresh, dried and frozen foodstuffs for catering operators.
MARR ALISURGEL s.r.l. in liquidazion - Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Non-operating company, now being liquidated.
MARR FOODSERVICE IBERICA s.a. - Calle Goya n. 99, Madrid (Spagna)	Marketing and distribution on the Spanish market of fresh, dried and frozen foodstuffs for catering operators.
ALISEA soc. cons. a r.l. Via Imprunetana per Tavernuzze n. 231/b, Impruneta (FI)	Hospital catering.
SFERA s.p.a. (ex SOGEMA s.p.a.) Via del Carpino n.4, Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen foodstuffs for catering operators.
AS. CA. s.p.a. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen foodstuffs for catering operators.

The distribution sector recorded an increase in revenues in the 2005 financial year rising from 786.1 million Euros to 882.3 million with an increase of 96.2 million. The operating margin passed from 49.4 to 53.0 million Euros with an increase of 3.6 million. The operating profit totalled 45.0 million Euros compared to the 42.9 million of 2004, showing an increase of 2.1 million.

Marr maintains and confirms its position as leader in the Italian market in the marketing and distribution of fresh, dried and frozen foodstuffs for the non-domestic catering operators.

The Italian non-domestic catering market is composed of commercial catering (restaurants, hotels, pizza restaurants, fast food restaurants, tourist villages, etc.) and group catering (company canteens, hospitals, the armed forces, barracks, schools, etc.).

The 2005 financial year was characterised by an overall decline in the market. In fact the increase in value of the non-domestic market of 2.5% compared to the 2004 financial year derives from the net effect of an increase in the price per meal of about 4.5% and a fall in the number of meals of about 2% (ISTAT data).

The extra-domestic catering market therefore continues to grow and the forecasts indicate an expected growth of more than 12% in 2008 compared to 2005 (2004 and 2005 Istat data - AC Nielsen research forecasts).
Further it is forecasted that the cost of extra domestic foodstuff consumption that in Italy in 2004 represented 33% of the total costs for foodstuffs will increase to 36% in 2008.

Amongst the sectors in major growth, in the perspective of the three-year period analysed, we find restaurants (+ 13.5% as compared to an average growth in foodstuff consumption of 6.5%); the sector in which the predominant share of Marr's business is developed.

In terms of client segment, growth in sales was fuelled by the Street Market that in the 2005 financial year registered an increase of 13.5% compared to 2004. The National Account segment with an increase of 10.1% in the 2005 financial year confirms MARR's growth in this particular segment. The Wholesale segment also grew, with an increase of 8.1% in the 2005 financial year.

Below are the main events occurred during the financial year:

- the shareholders' meeting of 11 March 2005 decided, inter alia, upon the application for admission to the official listing of Marr S.p.a. ordinary shares on the Electronic Stock Market STAR Segment (Segmento Titoli ad Alti Requisiti) organised and managed by the Italian Stock Exchange;

- on 18 March 2005 Marr transferred the "Quinta Stagione" branch of business to Domogel s.r.l., effective from 1 April 2005 following the start of the listing process;

- on 21 June 2005 the MARR S.p.A. ordinary shares began to be negotiated on the Computerised Share Market - STAR sector managed by the Italian Stock Exchange.

- on 5 September MARR s.p.a. signed the purchase of 100% of the capital stock of AS.CA S.p.A. with headquarters in Santarcangelo di Romagna (RN) operating in the foodservice sector with a turnover of more than 30 million Euros in 2004. The total cost of the operation was 14.2 million Euros of which 7.1 million paid in the financial year.

CATERING

The business conducted in this sector, within the scope of consolidation, includes the following companies:

Companies	Business carried out
a) On-board catering	
CREMONINI s.p.a. - Railway division Registered and administrative office, Via Modena n. 53 Castelvetro di Modena (MO) "Agape" commercial offices, Via Giolitti n. 50 Roma	Operating, under contract, on-board railway catering in Italy.
MOMENTUM SERVICES ltd - Parklands Court, 24 Parklands Birmingham Great Park Rubery, Birmingham (GB)	Operating, under contract, on-board catering on the trains that connect London with Paris and Bruxelles through the Euro tunnel.
CREMONINI RESTAURATION s.a.s. - 83, Rue du Charolais, Paris (France)	Operating, under contract, on-board catering in France. Management of logistics services in railway stations.
RAILREST s.a. - Frankrijkstraat, 95 Bruxelles (Belgio)	Operating, under contract, on-board catering on Thalys high speed trains connecting Belgium with France, Holland and Germany.
b) Commercial catering	
CREMONINI s.p.a. - Commercial Division Via Modena n. 53, Castelvetro di Modena (MO)	Operator in the sector of commercial contracted catering. Specifically operating buffet services in 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 steakhouses in Italy.
MOTO s.p.a. - Via Modena n. 53, Castelvetro di Modena (MO) (50% consolidated on a proportional basis)	Operating, under contract, catering services in the service stations on the motorway network.
AUTOPLOSE gmbh - 6143 Matrei am Brenner Brennerautobahn (Austria) (50% consolidated on a proportional basis)	Operating, under contract, catering services in the service stations on the motorway network.
SGD s.r.l. - Via Modena n. 53, Castelvetro di Modena (MO)	Management of commercial areas set aside for catering services.

Breakdown of revenues by activity			
(in thousands of Euros)	**Year 2005**	**Year 2004**	**Chg. %**
On-board catering	156,620	150,984	3.73
- intercompany revenues	(1,645)	(1,984)	
Net total	**154,975**	**149,000**	
Commercial catering	145,085	119,904	21.00
- intercompany revenues	(732)	(583)	
Net total	**144,353**	**119,321**	
	299,328	**268,321**	**11.56**

Revenues from the catering sector in the 2005 financial year grew from 268.3 million Euros to 299.3 million with an increase of 31.0 million. The operating margin passed from 24.3 to 26.9 million Euros with an increase of 2.6 million. The operating profit amounted to 19.9 million Euros compared to the 17.5 million of 2004, showing an increase of 2.4 million.

The catering sector carries out its business in two business areas:

- **On-board Catering:** the management, under contract, of catering services on board trains and logistics services in railway stations;

- **Commercial Catering:** the management, under contract, of catering services in railways stations, airports, service stations on the motorway network and a chain of steakhouses.

On-board catering

The catering market on board trains registered a further increase in 2005 with respect to 2004. More specifically, revenues in the domestic market confirmed the results of the previous financial year whilst the European market continued to grow thanks to the beginning of new entertainment and catering service on board of the new iDTGV trains in France.

Thanks to these contracts the Group has consolidated its position as the second player in the European catering sector. As evidence of this, during the year, the subsidiary Momentum Ltd received the "Cost Sector Catering Award 2005" as the best on board catering operator (airplanes, trains, ships and ferries) in England in 2005.

Below are the main events occurred during the financial year:

- the contract with Cisalpino Ag was extended until December 2006;

- Cremonini Restauration s.a.s. won the contract for the exclusive management of the on board catering and entertainment services on board the new French iDTGV high speed trains;

- the contract for catering on board the high speed Thalys trains was renewed for a further 3 years.

Commercial Catering

The commercial catering sector closed the 2005 year with an important increase predominantly fuelled by railway and service station buffets that registered increases in both revenues and margins.

In particular, for as much as regards the railway station buffets, the Group consolidated its position as national leader, having reached a share of the market of approximately 40%, also due to the latest acquisitions (Moka).

As far as the motorway catering business is concerned, in which Moto was confirmed as the second national player, a significant increase was registered thanks to the adjudication of new contracts. At present Moto manages 31 service areas throughout Italy.

The performance of Roadhouse Grill was also good and although not yet reaching an important size it continues to grow both in terms of volume and profitability. During 2005 a new steakhouse was opened in Piacenza whilst 4 new openings are planned for 2006.

Below are the main events occurred during the financial year:

- Moto s.p.a. was awarded the management of the San Benedetto Est (A15), La Pioppa Est (A14), Reggello Ovest (A1), S. Martino Ovest (A1) motorway service areas;

- an agreement was concluded to take over the Piave service area and at the same time the Sangro service area was ceded;

- 100% of Infer s.r.l. (Mokà brand) was acquired. The company owns the concession for station buffet catering at the Rome railway station and the rights to open two new buffets at the Milan Central station and Naples Central station. This company was merged by incorporation into Cremonini s.p.a. in December.

CENTRALISED ACTIVITIES (HOLDING DIVISION OF CREMONINI SPA, PROPERTY AND SERVICES)

The activities carried out in this area are mainly connected to the provision of specialised services providing support to the operating sectors and management of real estate assets, and include the following companies and/or divisions:

Companies	Business carried out
CREMONINI s.p.a. - Holding Division Via Modena n. 53, Castelvetro di Modena (MO)	Provides support services to Group companies in the areas of finance, insurance, legal and management/administration. It also manages the Group's real estate assets.
GLOBAL SERVICE s.r.l. - Via Modena n. 53 Castelvetro di Modena (MO)	*Technical services:* design of buildings and plants, management of maintenance and restructuring activities; *IT services:* centralised management of the Group's hardware and software. *Personnel services:* processing and administrative management of payrolls.
INTERJET s.r.l. - Via Belvedere n. 23 Castelvetro di Modena (MO)	Air transport services (t.p.p.) and owner of the license for rail transport.
CONS. CENTRO COMM. INGROSSO CARNI s.r.l. - Via Fantoni n. 31, Bologna	Real estate services.
CREMONINI SEC s.r.l. - Via Modena n. 53, Castelvetro di Modena (MO)	Vehicle company for the securitization transaction concerning trade receivables.
MUTINA CONSULTING s.r.l. - Via Modena n. 53, Castelvetro di Modena (MO)	Technical services.
DOMOGEL s.r.l. - Via Modena n. 53, Castelvetro di Modena (MO)	Door to door marketing and distribution of frozen foodstuffs.

Breakdown of revenues by activity

(in thousands of Euros)	Year 2005	Year 2004	Chg. %
Door-to-door distribution	6,981	8,710	(19.85)
- intercompany revenues			
Net total	**6,981**	**8,710**	
Property and services	6,205	5,424	14.40
- intercompany revenues	(431)	(426)	
Net total	**5,774**	**4,998**	
Holding division	4,962	6,612	(24.95)
- intercompany revenues	(316)	(378)	
Net total	**4,646**	**6,234**	
	17,401	**19,942**	**(12.74)**

During listing process for Marr, Domogel s.r.l. took over the “Quinta Stagione” branch of business from Marr, relating to the Door to Door sale of frozen products.

RELATIONS WITH UNCONSOLIDATED SUBSIDIARIES, ASSOCIATED, CONTROLLING AND RELATED COMPANIES

With reference to the Group's relations, in the 2005 financial year, with unconsolidated subsidiaries, associated, controlling and related companies on market conditions, it should be noted that these operations affected the types of costs and revenues summarised in the following table. Balance sheet and income statement data are shown in specific annexes to the notes to the consolidated financial statements relating to each company, broken down by type of relationship. It should further be noted that relations with related companies (i.e., companies referable to the controlling shareholder and outside the Cremonini Group's scope of consolidation) are on the whole, insignificant.

(in thousands of Euros)	Controlling companies	Subsidiaries	Associated companies	Related companies
Revenues				
Trade income	6	-	3,431	16
Other income	-	4	-	13
Total revenues	**6**	**4**	**3,431**	**29**
Costs				
Trade expense	-	-	25,962	744
Other expense	-	2	-	-
Total costs	**-**	**2**	**25,962**	**744**
Loans and receivables				
Trade receivables	-	345	7,116	-
Other receivables	-	413	410	577
Total loans and receivables	**-**	**758**	**7,526**	**577**
Loans and payables				
Trade payables	-	-	890	-
Other payables	-	471	-	-
Total loans and payables	**-**	**471**	**890**	**-**

As far as both controlling companies and related companies are concerned, the breakdown is as follows:

(in thousands of Euros)	Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Related and controlling companies:						
Collizzolli s.p.a.	-	-	4	-	**4**	**-**
Cre.Am. s.r.l. in liq.	-	-	52	-	**52**	**-**
Le Cupole s.r.l.	-	-	521	-	**521**	**-**
Total parent and affiliated	-	-	577	-	**577**	**-**

(in thousands of Euros)	Trade		Other		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Related and controlling companies:						
Agricola 2000 s.r.l.	-	-	12	-	**12**	**-**
Cremofin s.r.l. (controlling company)	6	-	-	-	**6**	**-**
Le Cupole s.r.l.	-	744	13	-	**13**	**744**
Tre Holding s.r.l.	-	-	4	-	**4**	**-**
Total related and controlling	6	744	29	-	**35**	**744**

The receivables from the related company le Cupole s.r.l. is mainly relevant to the payment of a deposit, by Cremonini s.p.a., for the acquisition of a property for office use in Rome. The stipulation of the notarial deed of transfer is forecasted for 2006.

The payables of 744 thousand Euros to Le Cupole refer to the rental of an industrial property, in Rimini, used for some time by Marr.

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

(in thousands of Euros)	Amount	Counter-party
Direct guarantees - sureties	18	Cre.Am s.r.l. in liquidation
Direct guarantees - sureties	102	Alfa 95 s.p.a. in liquidation
Toal affiliated companies	**120**	

These are guarantees given (in 1989 and 1990) in favour of companies that where already part of the Group at that time; it is considered that these guarantees do not present collection risks. In detail:

Cre.Am. s.r.l. under liquidation - Guarantee given to the Council of San Daniele del Friuli to cover a payment of 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 given to the old-VAT office of Modena for a tax refund for the year 1986. The Modena Revenue Office, despite reminders and following the transfer of its offices, has not yet extinguished the guarantee and returned the original deed explicitly requested by the bank for final release, even though this fidejussion expired several years ago.

INVESTMENT

In the 2005 the total amount of net investments were 71.9 million Euros whilst those paid were 58 million of which 17.1 for acquisitions.
The net change in intangible and tangible assets was 52.1 million Euros whilst long-term investments increased by 19.8 million. Amongst the latter the acquisitions of Infer s.r.l. for 5.4 million Euros and As. Ca. s.p.a. for 14.3 million should be noted

The following is the detail of the net change in intangible and tangible assets in the 2005 financial year.

Net investments broken down by sector

(in thousands of Euros)	Production	Distribution	Catering	Others	Total
Intangibles					
Cost of industrial patents and rights for the use of intellectual property	447	621	446	38	1,552
Concessions, licenses, brand names and similar rights	23		58		81
Goodwill		10,758	873		11,631
Intangible fixed assets under development and advances	175	80	1,638		1,893
Other intangible fixed assets		127	433		560
Total intangible fixed assets	**645**	**11,586**	**3,448**	**38**	**15,717**
Tangibles					
Land and buildings	2,462	1,204	1,479	235	5,380
Plant and machinery	5,836	1,819	2,425	261	10,341
Industrial and commercial equipment	919	170	911	3	2,003
Other tangible fixed assets	1,482	1,218	2,166	(718)	4,148
Tangible fixed assets under development and advances	14,124		415		14,539
Total tangible fixed assets	**24,823**	**4,411**	**7,396**	**(219)**	**36,411**
Total	**25,468**	**15,997**	**10,844**	**(181)**	**52,128**

More detailed information on the investments made during the year can be found in the notes to the consolidated financial statements.

RESEARCH AND DEVELOPMENT

The main research and development activities, broken-down by sector, were as follows:

- **Beef Sector** - - This sector had already started research regarding the technological alternatives for the disposal of derivative-products, new preservation techniques for food products, technologies for the pasteurisation of products and technologies for energy saving.
- **Cured meats and snack sector** - The research and development activities carried out in 2005 concerned the area of IGP products (Protected Geographical Indication) and the high quality content production line recognisable by the public, and the study of both production and industrial processes in the search for ever more efficient solutions.
- **Foodservice distribution sector** - The development and expansion of the own brand line of products continues.

Treasury stock

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

The changes in treasury stock in 2005 were as follows:

	Number of shares	Total nominal value	% of capital	Purchase/Sale amount write-down/ write-up (in thousands of Euros)	Balance sheet value (in thousands of Euros)
As at 31.12.2004	12,983,898	6,751,627	9.16	-	19,031
- Purchases	1,004,607	522,396	0.71	2,338	-
- Sales	(942,969)	(490,344)	(0.66)	(1,383)	-
Total treasury stock as at December 31, 2005	**13,045,536**	**6,783,679**	**9.20**		**19,986**

It should be noted that Cremonini s.p.a. does not hold other treasury stock, either through trust companies or third parties.

Subsidiaries and associated companies do not hold Cremonini s.p.a. shares, neither directly nor through trust companies or third parties, and the same companies have not effected transactions for the purchase or sales of Parent Company's shares during 2005.

For the purposes of the consolidated financial statements and applying IAS 32, the treasury stock has been entered as a direct reduction of the share capital.

EVENTS OCCURRING AFTER THE CLOSURE OF THE 2005 FINANCIAL YEAR

The following events occurred after the closure of the financial year:

Production

In the month of March the subsidiary INALCA was chosen by McDonald's to produce and supply hamburgers in Russia. The agreement provides for the construction of a production plant, which is estimated to be completed by the end of 2007 and that will have a total annual production capacity over 20,000. The Capex related to this new plant is about 10.0 million Euros.

Distribution

On 27 February 2006 the subsidiary Marr signed an agreement for the purchase of the Prohoga - Prodotti per Hotel e Gastronomia S.r.l. branch of business - a company with headquarters in Arco (Trento). The company in 2005 totalled revenues of approximately 25 million Euros with about 4,000 clients. The total price for the transaction amounts to 4.3 million Euros and will be paid partially by cash and partially through assumption of debts.

Outlook

Even though market conditions have had different effects on the various sectors in which the Group operates, the Company is nonetheless able to forecast an improvement in revenues from ordinary operations for the 2006 financial year.

The management remains committed to pursuing development policies in the various operating sectors in a context of continuing improvement in profitability.

Other informations

On 12 January 2006 became effective the Law n. 265/2005 concerning "Regulations for the protection of savings and the control of financial market" which introduces new corporate governance rules.

Some regulations of the law require adjustments and statutory changes which will be adopted by the Company subject to the issuing of specific procedures and rules by Supervisory Authorities and Government.
Therefore, the Company will modify its Article of Association according to these regulations, within the terms defined in art. 42 of the Law.

With reference to the new market abuse regulation (Title I-bis - Item I of Legislative Decree n. 58/1998 and Title VIII - Item I of Consob Decision n. 11971/1999), in force from 1 April 2006, the Board of Directors adopted a specific procedure, defining also the setting-up the book of the persons having access to "priviledged informations".

On 1 April 2006, the "Internal dealing procedure" is to be considerated out-of-date since, starting from that date, became effective the new specific Consob Decision (Title VII - Item II of the decision n. 11971/1999) which set-up information requirements concerning transactions of shares and financial instruments issued by the Company effected by "relevant persons and persons closely connected".

THE PARENT COMPANY CREMONINI S.P.A

The summary of the Parent Company's results drawn up in accordance with International Accounting Principles IAS/IFRS is shown below.

Income statement of the Parent Company Cremonini s.p.a.

(in thousands of Euros)	Year 2005	Year 2004	Chg. %
Total revenues	**135,448**	**132,500**	**2.22**
Changes in inventories of product in progress and finished products			
Value of production	**135,448**	**132,500**	**2.22**
Costs of production	(88,542)	(87,824)	
Value added	**46,906**	**44,676**	**4.99**
Staff expenses	(37,054)	(35,307)	
Gross operating margin	**9,852**	**9,369**	**5.16**
Amortization and write-downs	(6,065)	(6,330)	
Operating profit	**3,787**	**3,039**	**24.61**
Net financial income (expense)	(9,924)	(4,613)	
Profit from normal operations	**(6,137)**	**(1,574)**	**n.a.**
Net income (expense) from stockholdings	11,116	13,919	
Net extraordinary income (expense)	41,160		
Profit (loss) before taxation	**46,139**	**12,345**	**n.a.**
Taxation for the financial year	665	(1,837)	
Profit (loss) for the year	**46,804**	**10,508**	**n.a.**

Balance Sheet of the Parent Company Cremonini s.p.a.

(in thousands of Euros)	31.12.2005	31.12.2004	Chg. %
Intangible fixed assets	18,843	12,537	
Tangible fixed assets	85,865	81,891	
Stockholdings and other financial fixed assets	276,538	263,809	
Total fixed assets	**381,246**	**358,237**	**6.42**
Trade net working capital			
- Trade receivables	14,913	23,618	
- Inventories	2,198	1,913	
- Trade payables	(27,609)	(28,377)	
Total trade net working capital	(10,498)	(2,846)	
Other current assets	34,464	37,913	
Other current liabilities	(25,618)	(20,435)	
Net working capital	**(1,652)**	**14,632**	**(111.29)**
Staff severance indemnities and other medium-long term provision	**(22,353)**	**(20,209)**	
Net capital employed	**357,241**	**352,660**	**1.30**
Shareholders' equity	**223,586**	**184,966**	**20.88**
Medium-long term debts	73,109	54,110	
Short term debts	60,546	113,584	
Net financial position	**133,655**	**167,694**	**(20.30)**
Shareholders' equity and debts	**357,241**	**352,660**	**1.30**

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

(in thousands of Euros)	31.12.2005	31.12.2004
Bank loans, bonds and other financing		
- payable within 12 months	(87,515)	(125,330)
- payable between 1 and 5 years	(43,186)	(50,935)
- payable over 5 years	(29,923)	(3,175)
Total bank loans, bonds and other financing	**(160,624)**	**(179,440)**
Liquidity		
- cash and cash equivalent	17,481	2,749
- financial assets		
Total liquidity	**17,481**	**2,749**
Internal treasury current accounts	**9,488**	**8,997**
Total financial position, net of liquidity	**(133,655)**	**(167,694)**

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

(in thousands of Euros)	2005 Catering	2004 Catering	Chg.%	2005 Parent comp.	2004 Parent comp.	Chg.%	2005 Total	2004 Total	Chg.%
Total revenues	**129,730**	**125,888**	3.05	**5,718**	**6,612**	(13.52)	**135,448**	**132,500**	2.22
Changes in inventories of work in progress, semi-finished and finished goods									
Value of production	**129,730**	**125,888**	3.05	**5,718**	**6,612**	(13.52)	**135,448**	**132,500**	2.22
Costs of production	(78,516)	(76,116)		(10,026)	(11,708)		(88,542)	(87,824)	
Value added	**51,214**	**49,772**	2.90	**(4,308)**	**(5,096)**	15.46	**46,906**	**44,676**	4.99
Staff expenses	(34,297)	(32,566)		(2,757)	(2,741)		(37,054)	(35,307)	
Gross operating margin	**16,917**	**17,206**	(1.68)	**(7,065)**	**(7,837)**	9.85	**9,852**	**9,369**	5.16
Amortization and write-downs	(4,696)	(4,552)		(1,369)	(1,778)		(6,065)	(6,330)	
Operating profit	**12,221**	**12,654**	(3.42)	**(8,434)**	**(9,615)**	12.28	**3,787**	**3,039**	24.61
Net financial income (expense)	(64)	(127)		(9,860)	(4,486)		(9,924)	(4,613)	
Profit from normal operations	**12,157**	**12,527**	(2.95)	**(18,294)**	**(14,101)**	(29.74)	**(6,137)**	**(1,574)**	n.a.
Net income (expense) from stockholdings	24	18		11,092	13,901		11,116	13,919	
Net extraordinary income (expense)				41,160			41,160	0	
Profit (loss) before taxation	**12,181**	**12,545**	n.a.	**33,958**	**(200)**	n.a.	**46,139**	**12,345**	n.a.
Taxation for the financial year							665	(1,837)	
Profit (loss) for the year							**46,804**	**10,508**	n.a.

Catering activities
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 summary of the results of these activities please refer to the more detailed comment previously made on the results of the activities of the Group.

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.

The direct services
The transactions and services rendered, carried out mainly in relation to Group companies, generally concern the following operational areas:

finance: management of the centralised treasury and planning of special and medium-long term loans;

guarantees and advisory services: issuing of guarantees (bank and insurance) and general assistance concerning accounting, corporate law, taxes, legal and contractual services;

factoring of trade receivables: sub-servicer on behalf of Cremonini Sec. S.r.l. in the 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 the encashment of receivables and the net proceeds from the disposals. The turnover and other elements of the securitisation transaction are described in the note to the consolidated financial statements;

fiscal consolidation: as consolidator, Cremonini s.p.a. has adhered to art. 117 of the T.U.I.R. the preparation of the "national fiscal consolidation". All the main companies controlled by Cremonini s.p.a. have adhered to this standard.

Relations with Group and related companies

With particular reference to its own activities and the specific financial and service relations with the subsidiaries and related companies it should be noted that Cremonini s.p.a.'s relations involved the type of costs and revenues summarised in the following table. The economic and financial data by type of relation for each company is indicated in the specific attachment to the supplementary note. It should further be noted that the relations with related companies are of a minor entity.

(in thousands of Euros)	Controlling Company	Subsidiaries	Associated companies	Related companies
Revenues				
Financial income	6	2,128	1	13
Income from services	-	4,711	535	-
Sales of goods	-	25	3	-
Other income	-	14,749	99	-
Total revenues	**6**	**21,613**	**638**	**13**
Costs				
Financial expense	-	1,265	-	-
Services expense	-	1,171	17	-
Purchase of goods	-	8,213	-	-
Other expense	-	1,472	-	-
Total costs	**-**	**12,121**	**17**	**-**
Loans and receivables				
Internal treasury	-	52,471	-	-
Trade receivables	-	3,552	301	-
Other loans and receivables	-	16,682	32	577
Total loans and receivables	**-**	**72,705**	**333**	**577**
Loans and payables				
Internal treasury	-	46,978	-	-
Trade receivables	-	2,775	229	-
Other loans and receivables	-	3,368	-	-
Total loans and payables	**-**	**53,121**	**229**	**-**

Directors' and Statutory Auditors' Stockholdings

As at 31 December 2005, shareholdings in Cremonini s.p.a. and its subsidiaries were owned by Directors and Auditors as follows:

Name	Company	Held at 31.12.2004	Purchases Assignments Subscriptions	Sales	Held at 31.12.2005
		Shares no.	Shares no.	Shares no.	Shares no.
		Numbers and values in thousands			
Cremonini Luigi	Cremonini s.p.a.	9,250.0			9,250.0
Cremonini Vincenzo	Cremonini s.p.a.	48.0	40.6		88.6
Fabbian Valentino	Cremonini s.p.a.	54.6			54.6
Pedrazzi Giorgio	Cremonini s.p.a.	46.6			46.6
Lualdi Paolo (1)	Cremonini s.p.a.		6.5		6.5
Simonelli Ezio Maria (1)	Cremonini s.p.a.		10.0		10.0
Cremonini Vincenzo	Marr s.p.a.		10.9		10.9
Lualdi Paolo (1)	Marr s.p.a.		0.9		0.9
Fabbian Valentino	Marr s.p.a.		0.4		0.4

(1) owned by the spouse

Nature of the powers conferred to the Directors

With reference to Consob Recommendation of 20 February 1997, the powers granted to the single Directors were as follows:

- the Chairman Mr. Luigi Cremonini, besides legal representation as per art. 21 of the company by-laws, was granted the powers necessary to carry out the actions relative to the company's activities, to be exercised under single signature, within the sphere of the powers granted by resolution of the Board of Directors of 13 May 2005;
- the Chief Executive Officer Mr. Vincenzo Cremonini, besides the legal representation as per art. 21 of the company by-laws, was granted the powers necessary to carry out the actions relative to the company's activities, to be exercised under single signature, within the sphere of the powers granted by resolution of the Board of Directors of 13 May 2005;
- the Managing Director Mr. Valentino Fabbian, was granted the powers necessary to carry out the actions relative to the specific catering activities, to be exercised under single signature, within the sphere of the powers granted by resolution of the Board of Directors of 13 May 2005.

In the current Corporate Body structure, there is no Executive Committee or General Manager.
During the financial year, both the Chairman and the Chief Executive Officers only used the powers granted to them for the normal management of the company's activities, whilst transactions of significance due to their type, nature and value were approved by the Board of Directors.

* * * * * * * * *

Dear Shareholders,

Prior to concluding and requesting your votes, we confirm that the financial statements as of 31st December 2005, 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 to the Directors' Report for comments on the overall situation of the Company and the Group, and the notes to the financial statements for descriptions on individual items, we invite you to approve the financial statements closed at as 31st December 2005, together with the Directors' Report.

Moreover, we would propose to distribute the net profit for the financial year of Euro 46,803,736 as follows:

- a dividend of 0.226 Euros for each ordinary share that has the right to it, with payment on the 25 May 2006 and coupon surrender date (coupon no. 6) on the 22 May 2006, in accordance with Italian Stock Exchange regulations;
- allocation of the remaining sum to the "retained profit reserve" reserves for the residual amount deriving from rounding off of numbers and decimals.

Castelvetro di Modena, 28 March 2006

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

FINANCIAL STATEMENTS AS AT 31 DECEMBER **2005**

FINANCIAL STATEMENTS

BALANCE SHEET ASSETS

(in Euros)	Note	31.12.2005	31.12.2004
Non-current assets			
Tangible assets	1	85,864,845	81,890,810
Goodwill	2	16,593,695	10,513,389
Other intangible assets	3	2,249,631	2,023,319
Investments in subsidiaries and associated companies	4	272,980,661	259,701,974
Investments in other companies	5	2,875,240	2,875,240
Non-current financial receivables	6	2,001,740	2,050,080
Deferred tax assets	7	3,187,954	2,726,954
Other non-current assets	8	636,195	854,935
Total non-current assets		**386,389,961**	**362,636,701**
Current assets			
Current assets	9	2,198,148	1,913,266
Current financial receivables	10	69,315,143	83,277,220
Current trade receivables	11	14,970,653	23,467,043
Current tax assets	12	13,510,203	2,830,881
Cash and cash equivalents	13	17,481,264	2,749,183
Other current assets	14	3,580,883	2,978,022
Total current assets		**121,056,294**	**117,215,615**
Total assets		**507,446,255**	**479,852,316**

BALANCE SHEET LIABILITIES

(in Euros)	Note	31.12.2005	31.12.2004
Shareholders' Equity			
Share capital	15	66,962,721	66,994,773
Reserves	16	106,891,440	107,158,832
Retained earnings		2,927,869	304,462
Result for the period		46,803,736	10,508,273
Total Shareholders' Equity		**223,585,766**	**184,966,340**
Non-current liabilities			
Non-current financial payables	17	66,996,996	51,693,987
Financial instruments / Derivatives	18	6,111,629	2,415,563
Employee benefits	19	11,053,238	10,848,937
Non-current provisions for risks and charges	20	1,061,217	731,551
Deferred tax liabilities	21	10,238,202	8,627,093
Other non-current liabilities		254,317	0
Total non-current liabilities		**95,715,599**	**74,317,131**
Current liabilities			
Current financial payables	22	137,485,220	172,518,531
Current tax liabilities	23	12,256,951	12,122,162
Current trade liabilities	24	28,287,172	28,499,706
Other current liabilities	25	10,115,547	7,428,446
Total current liabilities		**188,144,890**	**220,568,845**
Total liabilities		**507,446,255**	**479,852,316**

INCOME STATEMENT

(in Euros)	Note	31.12.2005	31.12.2004
Revenues	26	132,108,700	128,505,327
Other revenues	27	3,339,661	3,994,939
Costs for purchases	28	(38,984,985)	(36,642,372)
Other operating costs	29	(49,557,438)	(51,181,848)
Personnel costs	30	(37,054,106)	(35,307,061)
Amortization and depreciation	31	(5,249,332)	(5,210,986)
Write-downs and provisions	31	(815,532)	(1,119,444)
Revenues from equity investments	32	52,275,979	13,919,113
Financial (Income)/Charges	33	(9,924,104)	(4,612,703)
Result before taxes		**46,138,843**	**12,344,965**
Income taxes	34	664,893	(1,836,692)
Result for the period		**46,803,736**	**10,508,273**

Basic earning per share		0.3625	0.0816
Diluted earning per share		0.3625	0.0816

NOTES TO THE FINANCIAL STATEMENTS

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements as at 31 December 2005 were prepared in accordance with the accounting policies and measurement criteria laid down by the International Financial Reporting Standard (IFRS) issued by the 'International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure referred to in article 6 of the (EC) Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002. For the purposes of preparation of the resent report IFRS 1 (first-time adoption of the International Financial Reporting Standard) was applied, as the present financial statements form part of the period of transition to the above international accounting principles.

The section "Accounting principles" illustrates the international accounting principles adopted in the drawing-up of the consolidated balance sheet.

Annex 9 contains the "Explanatory notes to the transition to IAS/IFRS", showing the effects of the transition to the IFRS and the reconciliation statements set out by IFRS 1: "First-time adoption of International Financial Reporting Standard", accompanied by explanatory notes.

The consolidated financial statements as at 31 December 2005 were prepared in accordance with the cost method, with the exception of the following balance sheet postings:

- land and buildings for which the fair value as at 1 January 2004 was adopted, as "deemed cost" as provided for by IFRS 1, as detailed later in this report;
- derivative contracts entered at the fair value against an entry in the income statement.

Cremonini S.p.A. has chosen to apply IAS 32 and IAS 39 in advance as from 1 January 2004; the relevant effects are detailed in Annex 9.

For the purposes of comparison, the financial statements as at 31 December 2005 show the figures for the financial year ended as at 31 December 2004.

The following classifications have been used:

- Balance Sheet for current/non-current postings;
- Income Statement by nature;
- Financial statement indirect method.

The functional currency for the presentation is the Euro.

ACCOUNTING PRINCIPLES

For the purposes of preparing the financial statements as at 31 December 2005, the same accounting standards and criteria used in the drawing-up of the IAS-IFRS reconciliation prospectuses as better illustrated in Annex 9 were applied.

The most important accounting principles used for the drawing-up of the financial statements were as follows:

Tangible assets

The tangible assets are entered at their purchase cost or production cost, inclusive of directly allocated additional charges required to make them available for use. As indicated in the section on the "effects of the application of the international accounting standards", as permitted by IFRS 1, the Company has measured certain owned land and buildings at fair value, and had adopted such fair value as the new cost subject to depreciation.
Apart from the foregoing, no revaluations are allows, even if in pursuance to specific laws. Assets subject to capital lease are entered under tangible assets against a financial payable to the lessor and depreciated in accordance with the criteria below.
Tangible assets are systematically depreciated on a straight line basis over their expected useful life, based on the estimate of the period over which the assets will be used by the Company. When the tangible asset is made up of a number of significant components, each with a different useful life, depreciation is made for each single component. The depreciation value is represented by the book value minus the presumable net transfer value at the end of its useful life, if materials and reasonable determinable. Land is not depreciated, even if purchased together with a building, as well as tangible assets held for sale, measured at the lower between the book value and fair value after transfer charges.
Costs for improvement, upgrading and transformation increasing tangible assets are entered in the balance sheet's assets.
The recoverability of the book value of tangible assets is determined by adopting the criteria indicated in the section "Impairment of assets".

The rates applied are the following:

▶ Buildings	2% - 4% (useful life)
▶ Plant and machinery	8% - 20%
▶ Industrial and business equipment	15% - 25%
▶ Other assets:	
▶ Furniture and fittings	10% - 15%
▶ Electronic office machines	20%
▶ Motor vehicles and means of internal transport	20%
▶ Cars	25%
▶ Other minor assets	10%-40%
▶ Altre minori	10%-40%

Leasing

The leasing contracts are classified as finance leasings whenever the terms of the contracts substantially transfer all the risks and benefits of ownership to the lessee.

The assets leased are recognised as assets of the Group at their fair value on the date of execution of the contract, or, if less, at the present value of the minimum payments due for the leasing. The corresponding payable to the lessor is included in the balance sheet as a payable for leases. The payments for rentals are split between capital and interest portions in order to obtain a constant interest rate on the remaining liability. The financial charges are directly entered in the income statement.

The costs for rentals deriving from operative leases are recorded to income statement in constant instalments on the basis of the duration of the contract.

Goodwill and other intangible assets

Intangible assets are assets that lack physical substance, controlled by the Company and capable of generating future economic benefits, as well as goodwill, whenever purchased for a valuable consideration.

Identification is defined by reference to the possibility of distinguishing acquired intangible assets from the goodwill. This requirement is normally satisfied when:

(i) the intangible assets are traceable to a legal or contractual right, or

(ii) the asset is separable, that is it may be assigned, transferred, leased out or exchanged autonomously or is an integral part of other assets. Control over the business consists in the power to exploit the future economic benefits deriving from the assets and the possibility of limiting access to it by others.

Intangible assets are entered at cost, measured in accordance with the criteria established for tangible assets. No revaluations are allowed, even in pursuance to specific laws.

Intangible assets with a definite useful life are systematically amortised over their useful life, based on the estimate of the period over which the assets will be used by the Company; the recoverability of their book value is determined by adopting the criteria included in the section "Impairment of assets".

Goodwill and other intangible assets, if any, with an indefinite useful life, are not subject to amortisation; the recoverability of their book value is determined at least each year and, in any case, whenever in the presence of events implying a loss in value. As far as goodwill is concerned, verification is made on the smallest aggregate, upon which Management, either directly or indirectly assesses the return on investment, including the goodwill itself (cash generating unit). Write-downs are not subject to value restoration.

Goodwill is considered as having an indefinite useful life and is therefore not related to the period of the contractual license. The management has decided to use this accounting treatment since:

- the licence price initially paid is related to the value of the turnover of the business purchased and is independent with regard to the remaining contractual period;
- in the past, on expiry of the contract, the Group was always able to renew the licenses;
- the redefining of contractual relations occurred in the past resulted from voluntary agreements. From the conclusion of these operations, the Group, besides having solidified trade relations with the companies, has also obtained extensions to the contractual terms. In these cases, as in the previous, the goodwill eventually paid has not shown an impairment.

Other intangible assets have been amortised by adopting the following criteria:

▶ Patents and intellectual property rights	5 years
▶ Concessions, licences, trademarks and similar rights	5 years / 20 years
▶ Other assets	5 years / contract term

Equity investments in subsidiaries, associated and other companies

Equity investments in subsidiaries, associated and other companies are valued at purchase, subscription or contribution cost, eventually written.-down in the case of long-term losses in value; the original value is reinstated in later financial years if the reasons for writing-down no longer exist.

Inventories

Inventories are entered at the lower of purchase or production cost, calculated by the FIFO method and the presumed realisable value in consideration of the market trend.

Cash and cash equivalent

Cash and cash equivalent includes cash, current bank accounts, deposits payable on demand and other easily cashable short-term investments not subject to the risk of a change in value.

Receivables and other short-term assets

Trade and other short-term receivables are initially entered at their fair value and then valued at their amortised cost, after write-down. Upon entry, the nominal value of receivables represents their fair value upon said date. Given the high receivables turnover, application of amortised cost produces no effects. Provision for bad debts, as at said date, represents the difference between the book value of receivables and the reasonable expectation of financial flows forecasted from their collection.

Impairment of assets

In the event of cases implying an impairment of an asset, the recoverability of its value is determined by comparing the book value with the relevant recoverable value, which is the higher between the fair value, net of disposal charges and the use value.
Failing a binding sales agreement, fair value is estimated on the basis of the value expressed by an active market, by recent transactions or on the basis of the best available information reflecting the sum the Company may gain by selling the asset.
The use value is determined by discounting back the expected cash flows deriving from the use of the asset and, if material and reasonable determinable, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions, to be supported by documentary evidence, representing the best estimate of future economic conditions, occurring over the residual useful life of the asset, attaching greater importance to external indications. Discounting back is made at a rate that considers the risks inherent in the specific line of business.
Evaluation is made for each single asset or for the smallest identifiable group of assets generating autonomous incoming cash flows, deriving from constant use (the so-called cash generating unit). When the reasons for write-down no longer apply, the assets, except for goodwill, are revalued and the adjustment is entered in the income statement as a revaluation (value restoration). Revaluation is made at the lower between the recoverable value and the book value before write-downs previously made, minus the amortisation and depreciation rates that would have been allocated should no write-down have been made.

Capital stock

The costs relative to the issue of shares or options are classified in the shareholder's equity (net of the fiscal benefits related to them) as a deduction of the revenues deriving from the issue of such instruments.
In the case of acquisition of treasury stock, the price paid, including any directly attributable accessory costs, is deducted from the shareholders' equity until the shares are cancelled, re-issued or disposed of. When the treasury stock is sold or re-issued, the price cashed, net of any directly attributable accessory costs and the relative tax effect, is entered as shareholders' equity.

Earnings per share

Basic

The basic earnings per share is calculated on the basis of the net profits divided by the weighted average number of shares in the financial year, excluding treasury stock.

Diluted

The diluted earnings per share is calculated on the basis of the net profits divided by the weighted average number of shares in the financial years, excluding treasury stock. In order to calculate the diluted earnings per share, the weighted average number of share is amended assuming the conversion of all the potential shares with a dilutive effect, whilst the net profit is adjusted to take account of the effects, net of tax, of the conversion.

Employee benefits

As provided by IAS 19, the staff severance provision falls within the frame of the so-called benefit plans forming post-employment benefits. The accounting treatment established for such forms of benefit requires an actuarial calculation, which allows for a future projection of the amount of Staff Severance Provision already carried and for discounting it back, in order to consider the time running before actual payment. The actuarial calculation weighs variables such as average staff employment period, inflation rates and expected interest rates. Liabilities are valued by an independent actuary.
The Company has taken advantage of the possibility of applying the "corridor" mechanism on actuarial profits or losses, in entering the actuarial profits or losses relative to defined benefit plans which allows to dilute the valuation effect deriving from the change in some of the calculation parameters over a series of financial years: therefore actuarial profits and losses generated after the date of transition to the IFRS do not have to be entered immediately in the income statement, but rather diluted using the corridor method. According to this method only the portion of net actuarial profits and losses at the end of the previous period in excess of the greater between 10% of the present value of the obligations and 10% of the fair value of the eventual assets serving the plan at the same date, divided by the remaining working life of the employee.

Provisions for risks and charges
Provisions for risk and charges involve determined costs and charges, considered definite or probable, for which the amount or due date could not yet be determined at year-end. Provisions are recognised when: (i) the existence of a current, legal or implied obligation is probable, arising from a previous event; (ii) the discharge of the obligation may likely carry charges; (iii) the amount of the obligation may be reliably estimated. Provisions are entered at the value representing the best estimate of the amount the Company would reasonably pay to redeem the obligation or to transfer it to third parties at the end of the period. When the financial effect of time is significant and the payment dates of the obligations are reliably estimable, the provision is discounted back; the increase in the provision, associated with the passage of time, is entered in the income statement under "Financial income (charges)". The supplementary clientele severance indemnity, as all other provisions for risks and charges, has been appropriated, based on a reasonable estimate of future probable liabilities, and taking the elements available into consideration.

Financial liabilities
Financial liabilities are initially valued at their fair value equal to consideration received at such date. They are then measured by amortised cost adopting the actual interest rate method.

Financial risk management
The Company uses derivative financial instruments in order to hedge exposure to exchange rate and interest rate risks. Nonetheless, in cases where derivative financial instruments do not satisfy all conditions laid down for the accounting treatment of hedging derivative financial instruments, they have been entered at their fair value against an entry in the income statement.

Accounting treatment of derivative contracts
Derivative instruments are assets and liabilities entered at their fair value.
Derivatives are classified as hedging instruments when the relation between the derivative and the subject matter of the hedge has been formally documented and the effectiveness of the hedge, checked periodically, is high. When the hedging derivative covers the risk of variation of the fair value of the instruments to be hedged (fair value hedge - e.g., hedging variations in fair value of fixed rate assets/liabilities), the derivatives are entered at their fair value with the recognition of the related effects in the income statement; consistently, the instruments are adjusted to reflect variations in fair value associated to the risk hedged. When the derivatives hedge risks of variation in the cash flow of the instruments to be hedged (cash flow hedge, e.g., hedging variations of cash flow of assets/liabilities by effect of exchange rate fluctuations), the variations in the fair value of the derivatives are initially entered under shareholders' equity and subsequently entered in the income statement consistently with the economic effects produced by the transaction hedged. Variations in the fair value of derivatives not satisfying the conditions allowing them to be identified as hedging instruments, are entered in the income statement.
The Company has decided to apply IAS 32 and 39 in advance and, in relation to derivative contracts existing at the reference dates, has entered such transactions at their fair value against an entry in the income statement since they do not satisfy the hedge conditions required by IAS 39.
The above accounting method has had no effects since such transactions were recorded in the same way (under the provision for risks and charges) in earlier consolidated financial statements drawn up in accordance with the Italian accounting standards.

Income taxes
Current income taxes are calculated on the basis of the estimate of taxable income. Tax assets and liabilities for current taxes are recognised at the value expected to be paid/recovered to/from the tax authorities, by applying the rates and tax regulations in force or basically approved as at the end of the period.
Deferred taxes and deferred tax assets are calculated on the provisional differences between the value of assets and liabilities entered in the financial statements and the corresponding values recognised for tax purposes. Deferred tax assets are recorded when their recovery is probable. Deferred tax assets and liabilities for deferred taxes are classified under non-current assets and liabilities and are offset if referring to taxes which may be offset. The offsetting balance, if a credit, is entered under " deferred tax assets"; if a liability, under "Liabilities for deferred taxes". When the results of the operations are directly recognised in the shareholders' equity, current taxes, assets for pre-paid taxes and liabilities for deferred taxes are also recorded in the shareholders' equity.
Deferred tax assets and deferred taxes are calculated on the basis of the tax rates expected to be applied in the year said assets will realise or said liabilities will extinguish.

Currency conversion
Receivables and payables initially expressed in foreign currency are converted in Euro at the exchange rates prevailing at the date of the relevant transactions. Exchange rates differences generated upon collection of receivables and payment of payables in foreign currency are entered in the income statement. Upon the date of preparation of these financial statements, receivables and payables in foreign currency are converted at the exchange rates prevailing at such date, and the relevant effects are entered in the profit income statement against the respective balance sheet items.

Recognition of revenues
Revenues from the sale of products are recognised upon transfer of all the risks and charges deriving from ownership of the goods transferred, which is generally their shipment or delivery date.

Financial income and revenues from services are recognised on an accrual basis.

Recognition of costs
Costs are recognised when related to goods and services acquired and/or received over the period to which they refer.

The lease rental instalments are entered in the income statement on the basis of their pertinence.

The financial leasing instalments are entered, for as much as regards the capital portion as a reduction of the financial debt, for as much as regards the interest portion in the income statement.

Financial costs and charges for services are recognised on an accrual basis.

Dividends
The dividends are recognised when their distribution is certain, that is, when the company has resolved to distribute dividends or, in the case of dividends from subsidiaries, in the financial year in which the profits were generated.

Main estimates adopted by Management
The application of generally accepted accounting standards for the drafting of the interim financial statements and accounting reports means that the management of the company is required to carry out accounting estimates based on complex and/or subjective judgements, estimates based on previous experience and hypotheses considered reasonable and realistic on the basis of the information known at the time when the estimate is made. The use of these accounting estimates influences the value at which assets and liabilities are entered into the accounts and information on potential assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs over the reference period. Actual results may differ from those estimated because of the uncertainty characterising the hypotheses and the conditions on which the estimates are based. Below are the accounting estimates of critical importance in the process of drawing up the interim financial statements and accounting reports because involving a high degree of reliance on subjective judgements, assumptions and estimates relating to questions which are by their nature uncertain. A change in the conditions underlying the judgements, assumptions and estimates adopted may have a significant impact on subsequent results.
Below are the main estimates and assumptions adopted by Management to prepare this annual report, whose variations, unpredictable at this time, may affect the Group's economic and financial situation:

- Estimates adopted to value the impairment of assets

In order to measure any impairment of goodwill entered in the financial statements, the Company has adopted the method previously illustrated in the section on "Impairment of assets".
Cash flows of cash generating units attributable to each goodwill/consolidation difference have been inferred for 2005-2007 from the Business Plan approved by the Board of Directors, while the following years up to 2019 are based on the assumption of a constant growth rate in line with expected inflation levels. The Weighted Average Cost of Capital (WACC) has been adopted as the discount rate, which is 7.5%. The measurement of any impairment of assets (Goodwill) was made on an annual basis by referring to the situation at 31 December 2004 and 31 December 2005.

- Estimates adopted in the actuarial calculation for the purpose of determining the benefit plans defined in the context of staff severance provisions

The valuation of payables for the staff severance provision was made by an independent actuary on the basis of the following assumptions:
- the expected inflation rate is 2%;
- the discounting back rate used is 4%;
- the expected rate of increase in retribution (including inflation) can be split as follows: (i) Directors 4.5%; (ii) White-collar workers/Executives 3%; (iii) Blue-collar workers 3%;
- the expected annual rate of increase in the staff severance provision is 3%;
- the turnover of employees is 10%.

The net actuarial losses not recognised in the balance sheet as at 31 December 2005 amount to 213 thousand Euros.

Securitisation transaction
The Company is involved in an on-going securitisation transaction concerning trade receivables entered into in July 2002 pursuant to Law No. 130/1999. This transaction replaced the previous securitisation initiated in 1994 and subsequently renewed in 1997 (transactions concluded with the complete redemption of the "Asset Backed Securities").

The structure of the transaction entails the assignment on a weekly basis (with the relevant notice published in the Official Gazette) 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., an associated company of the subsidiary company Global Service s.r.l. (19%). The face value of the receivables assigned in 2005 was 495.3 million Euros.

Cremonini Sec. s.r.l., with security for the receivables received, issued "ABS" ("Asset Backed Securities") worth Euros 120 million, listed on the London Stock Exchange. The securities concerned, ranking pari passu with Standard & Poors AAA rating, having a quarterly coupon settled at 3-month Euribor, plus a 0.50% spread.

In this transaction Cremonini s.p.a. performs the role of representative upon presentation of receivables on behalf of the assignors and upon encashment of the net income from the assignments, as well as sub-servicer on behalf of Cremonini Sec. s.r.l. (book-keeping and carrying out the operational management of the transaction).

As far as guarantees are concerned, in addition to those receivables specifically assigned in the context of the transaction and the guarantee deposit of approximately 1.9 million Euros described in the notes relating to financial assets, Cremonini s.p.a. also acts as the ultimate guarantor of the commitments undertaken in the context of the Letter of Credit of 19 million Euros issued by Deutsche Bank in favour of Cremonini Sec. s.r.l. (which is, in the final analysis, for the benefit of the bondholders). It should be noted that, as at the date of this report, no use has ever been made of the above Letter of Credit.

Below are indicated the financial statements' items referable to the disinvestment of the receivables in question. Also note that the Offering Circular published when the ABS were issued and other information are available to the public on the Cremonini s.p.a website. (www.cremonini.com in the "Investor Relations - Financial Reports" section).

With particular reference to the specific financial and service relations Cremonini s.p.a. has with Cremonini Sec s.r.l. it should be noted that in the financial statements as at 31 December 2005 these relations involved receivables for 1,917 thousand Euros, revenues from services for 188 thousand Euros and financial charges for 24 thousand Euros.

The disposal of minority shares in Marr connected to the operation of listing the subsidiary
As already disclosed in the Directors' Report, the 2005 financial year's profits were significantly affected by the listing Marr.

The operation, which has led to the recognition of a capital gain of 41,160 thousand Euros and an overall impact on the net financial position of approximately 37,279 thousand Euros, occurred as follows:

- dilution of the percentage of control of Marr due to the exercise of the stock-options by the Marr employees destinees of the plan approved in 2003 (-0.85%);
- acquisition of 0.47% of Marr's capital stock in the month of June 2005 due to the exercise by the destinees of the stock-option plan of the sales option signed with Cremonini s.p.a.;
- sale of 10.8% of the Marr capital stock due to the public offering;
- on 5 July 2005 the Global Coordinators Banca Imi and Merryll Linch exercised the Greenshoe regarding 1,225,929 Marr s.p.a. shares placed on sale by Cremonini s.p.a..

After the listing, on 8 July 2005, Cremonini s.p.a. exercised the option to acquire 2,478,900 ordinary MARR shares, equivalent to approximately 3.75% of the capital stock, from the pool of institutional Investors. This option, provided for by the agreement signed between Cremonini s.p.a. and institutional Investors in 2003 and subsequent amendments and supplements, involved the shares owned by the Investors that were not transferred in the context of the Global Offer.
The unit price for the purchase was the same as the Offer Price (6.65 Euros) net of the charges for placing, whilst the transfer of the shares was through transactions carried out outside the market.
Following the exercise of this option, Cremonini S.p.A holds a stockholding of 57.39% in Marr's capital stock.

Other information
With reference to censurable facts, it should be noted that:

- at the end of 2003, a summons of investigation was issued by the Court of Potenza and sent to the Chairman of the Board of Directors of Cremonini s.p.a. regarding allegations of giving of money to a public official. The Court of Review decreed that the Judge of Rome has territorial jurisdiction over the matter;

- a case is 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 criminal sentence, appealed 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 that were not identified as such on the menu presented to customers. The fine amounts to 671 Euros.

Even taking into account the consequences of the aforesaid law suits, the figures and information contained in the financial statements as at 31 December 2005 are correct from a formal and substantial point of view and provide a fair view of the Group's results and financial position.

Presentation of the financial statements
The financial statements have been drawn up in thousands of Euros in order to facilitate their presentation and interpretation.

Information included in the Directors' Report
With respect to the nature of the Group's business activities, the events of significance occurring after the closing of the financial year, relations with associated and related companies together with other information relating to the different business sectors in which the Group operates, reference is made to the Directors' Report.

DETAILS OF THE MAIN ITEMS OF THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

Specific statements have been prepared for the two categories of fixed assets (intangible and tangible) which have been attached hereto. These indicate for each item the historic cost, previous amortisation and depreciation, changes over the period and final balances.

1. Tangible assets

(in thousands of Euros)	Balance at 31.12.2004	Purchases	Decreases	Other	Amort.	Balance at 31.12.2005
Land and buildings	67,644	3,846		76	(1,415)	70,151
Plant and machinery	7,641	1,755	(42)	336	(1,528)	8,162
Industrial and business equipment	848	418	(12)	71	(473)	852
Other assets	5,720	1,793	(44)	569	(1,391)	6,647
Fixed assets under construction and advances	38	144		(129)		53
Total	**81,891**	**7,956**	**(98)**	**923**	**(4,807)**	**85,865**

Land and buildings
Increases principally refer to the acquisition, by means of finance leasing, of a building in Legnano (3 million Euros). The acquisition of this building, for commercial catering use, has been recorded on the basis of the accounting prescribed for finance lease.
As at 31 December 2005 two finance leasing agreements were in force related to the acquisition of buildings. The following is a summary of the transactions.

	Building Ca' di Sola	Building Legnano
Commencement of the lease term	01/12/2004	01/12/2005
Duration finance lease	96 months	180 months
Nr. of lease payments	95 months	179 months
Value of the leased asset	12.4 million Euros	3 million Euros
Initial payment at the sign of the contract	1,200 thousand Euros	300 thousand Euros
Amont of the monthly payment	117 thousand Euros	18 thousand Euros
Interest rate	Euribor + 1.2	Euribor 3 months
Amount of final option	1,200 thousand Euros	300 thousand Euros
2005 payments	1,410 thousand Euros	down-payment
Residual value as at 31 December 2005	9.0 million Euros	2.7 million Euros

Plant and machinery
The main investments were in the catering division and in particular 592 thousand Euros for the purchase of specific plants and 839 thousand Euros for improvements to third party plants. The other changes refer for 175 thousand Euros to the effects of the acquisition and successive merger by incorporation of Infer s.r.l. mentioned above.

Industrial and business equipment
The main investments have been made in the catering division (415 thousand Euros) and are related to the purchase of kitchen equipment.

Other assets
The main investments were made in the catering division (1,353 thousand Euros), and in particular 616 thousand Euros for the purchase of furniture and fittings, 323 thousand Euros for means of internal transport and 210 thousand Euros for electronic machines. In the holding division the increase of 440 thousand Euros principally regards the purchase of furniture and fittings and electronic machines. The other changes regard the effects of the already mentioned merger for 373 thousand Euros.

The land and buildings are mortgaged for a total of 38,218 thousand Euros.

2. Goodwill

This item mainly includes the goodwill deriving from the merger of companies and the goodwill paid for the acquisition of business branches for catering services. The increase of 5,421 thousand Euros regards the effects of the acquisition and subsequent merger by incorporation of Infer s.r.l. occurred during 2005 and, for 800 thousand Euros, the acquisition of the branch of business named Tibus, a premises near the Tiburtina bus station in Rome.

3. Other intangible assets

(in thousands of Euros)	Balance at 31.12.2004	Purchases	Decreases	Other	Amort.	Balance at 31.12.2005
Patents and intellectual property rights	205	157	(7)	5	(195)	165
Concessions, licences, trademarks and similar rights	136	-	-	(15)	(28)	93
Fixed assets under development and advances	72	358	-	43	-	473
Long-term costs	1,610	128	-	-	(219)	1,519
Total	**2,023**	**643**	**(7)**	**33**	**(442)**	**2,250**

The other intangible assets mainly include the costs for the renewal of licenses for the sale of tobacco and the premises managed. The increase in respect of last year concern for 31 thousand Euros the renewal licenses for the sale of tobacco and for 97 thousand Euros the cost of renewing station buffets.

4. Equity investments in subsidiaries and associated companies

The main changes in the financial year and other information on the subsidiaries and associated companies are set out in detail in annexes 6 and 7.

Equity investments in subsidiaries
The main changes occurred during 2005, regarded:

- the acquisition, for 5,421 thousand Euros, of 100% of the capital stock of Infer s.r.l., which, as described before, was then merged by incorporation into Cremonini s.p.a.;
- the reduction in the share of control in Marr s.p.a. (see the paragraph "The disposal of minority shares in Marr connected to the operation of listing the subsidiary");
- the contribution of 300 thousand Euros to the Interjet s.r.l.'s capital stock and the write-down of the value of the stockholding by 705 thousand Euros in order to adjust the book value to the shareholders' equity value as at 31 December 2005;
- the incorporation of Domogel s.r.l. through the payment of 100 thousand Euros and the subsequent contribution of 2,000 thousand Euros as a future increase in the capital stock. The book value of the stockholding was later written-off and a stockholding risk fund was set up for 234 thousand Euros to reflect the reduction in equity as a consequence of the losses suffered in the financial year.

The surplus in the residual book value of each single shareholding in subsidiaries with respect to the valuation based on the net equity method (Annex 7) is not to be attributed to lasting losses, but refers to goodwill of the industrial and commercial activities managed by them.

Equity investments in associated companies
The change of 2 million Euros regards the increase in the Moto s.p.a. capital stock. The growth in motorway catering together with revenues and margins justifies maintaining the shareholding at greater book value compared to its present shareholders' equity value.

5. Investments in other companies

For more information on the "Investments in other companies" reference is made to Annex 5.

6. Non-current financial receivables

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables from subsidiaries		
- SGD s.r.l.	85	119
Cremonini Sec. cautionary deposit	1,917	1,931
Total	**2,002**	**2,050**

The "Cremonini Sec cautionary deposit" represents the amounts paid to the "vehicle" company Cremonini Sec to guarantee the current securitization transaction in course (see the paragraph "Securitisation transaction"). This guarantee, decreased in the period 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 were charged to each company in advance, in 2002.

7. Deferred tax assets

The amount of deferred tax assets (3,187 thousand Euros) mainly refers to the tax effect (I.RE.S. and I.R.A.P. taxes) calculated on taxed provisions and on the write-down of financial assets tax deductibles in subsequent financial years.
The deferred tax assets, considered recoverable in future tax assessments, derive from the temporary differences described below:

(in thousands of Euros)	31.12.2005		31.12.2004	
	Amount of temporary differences	Fiscal Effect	Amount of temporary differences	Fiscal Effect
Advance Taxation				
Write-down of financial fixed assets	2,999		4,585	
Write-down of intangible fixed assets	2,345		2,349	
Taxed Provisions	2,112		1,881	
Other	2,201		696	
Total	**9,657**		**9,511**	
Taxable amount for I.R.PE.G./I.RE.S.	**9,657**		**9,511**	
Tax Rate	33%		33%	
Advanced taxation for I.R.PE.G./I.RE.S.		**3,187**		**3,139**
Taxable amount for I.R.A.P.	**0**		**0**	
Tax Rate	4.25%		4.25%	
Advanced taxation for I.R.A.P.		**0**		**0**
Diferred Taxation				
Advanced amortisations			(1,247)	
Total	**0**		**(1,247)**	
Taxable amount for I.R.PE.G./I.RE.S.	**0**		**(1,247)**	
Tax Rate	33%		33%	
Deferred taxation for I.R.PE.G./I.RE.S.		**0**		**(412)**
Taxable amount for I.R.A.P.	**0**		**0**	
Tax Rate	4.25%		4.25%	
Deferred taxation for I.R.A.P.		**0**		**0**
Net advanced (deferred) taxation		**3,187**		**2,727**
Advanced taxation pertaining to fiscal loss in period		**0**		**0**
Advanced taxation pertaining to fiscal loss in previous period		**0**		**0**
Temporary difference excluded from the calculation of (advanced) and deferred taxation:				
Tax losses that can be brought forward	0		0	
Other	0		0	
Total		**3,187**		**2,727**

8. Other non-current assets

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables from customers		264
Tax assets	7	14
Accrued income and prepaid expenses	139	65
Other receivables	490	512
Total	**636**	**855**

CURRENT ASSETS

9. Inventories

The inventories include goods related to catering activity for 2,198 thousand Euros (1,913 thousand Euros as of 31 December 2004). These inventories are not pledged nor subjected to other restrictions on ownership and the valuation made does not substantially differ from current costs.

10. Current financial receivables

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables from subsidiaries	69,068	81,355
Receivables from associated companies	5	5
Receivables from controlling companies	-	25
Other financial receivables	242	1,892
Total	**69,315**	**83,277**

The receivables from subsidiaries are broken down as follows:

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables from subsidiaries		
Mutina Consulting s.r.l.	71	565
Montana Alimentari s.p.a.	625	489
Interjet s.r.l.	249	438
INALCA s.p.a.	13,705	21,439
Marr s.p.a.	382	4
Alisea soc. cons. a r.l.	34	-
Soc. Agr. Corticella s.r.l.	11,920	7,478
Roadhouse Grill Italia s.r.l.	648	2,854
Cons. Centro Comm. Ingrosso Carni s.r.l.	3,663	4,506
Frimo s.a.m.	-	51
Guardamiglio s.r.l.	2,519	1,609
Cremonini Restauration s.a.s.	679	3,109
Salumi d'Emilia s.r.l.	15,213	7,377
In.Al.Sarda s.r.l.	1,612	3,902
SGD s.r.l.	5	-
Domogel s.r.l.	3,236	-
Bad debt provision	(50)	(50)
Receivable for dividends distribution		
Marr s.p.a.	12,399	12,090
Momentum Services ltd	867	1,198
Railrest s.a.	714	765
Global Service s.r.l.	130	323
Receivables from subsidiaries for transferred tax payables		
Montana Alimentari s.p.a.	113	13
Global Service s.r.l.	117	
Marr s.p.a.		12,675
Soc. Agr. Corticella s.r.l.	150	
Cons. Centro Comm. Ingrosso Carni s.r.l.	63	
Ges.Car. s.r.l.		92
Guardamiglio s.r.l.		193
Realfood 3 s.r.l.		235
Sara s.r.l.	2	
Sfera s.r.l.	2	
Total	**69,068**	**81,355**

The reduction in the item "Other financial receivables" is mainly due to the repayment of two interest-bearing loans to the associated company Le Cupole s.r.l.. The remaining receivables from the related company, of 21 thousand Euros, regards interests accrued. On the date of presentation of the financial statements this amount had been paid in its entirety.
During the financial year a loan bearing interest at the market rate amounting to 950 thousand Euros was issued to Cremofin. The loan issued in January was refunded in March.

11. Current trade receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables from customers		
Due within 12 months	12,150	18,641
Provision for bad debts	(1,059)	(952)
Receivables from subsidiaries		
Montana Alimentari s.p.a.	597	718
Marr s.p.a.	2,038	3,343
INALCA s.p.a.	508	629
Roadhouse Grill Italia s.r.l.	30	-
Frimo s.a.m.	108	19
Momentum Services ltd	271	521
Receivables from associated companies		
Moto s.p.a.	282	430
Fiorani & C. s.p.a.	-	37
Food & Co. S.r.l.	46	81
Total	**14,971**	**23,467**

The amount of receivables from customers includes receivables from Trenitalia for approximately 4,053 thousand Euros (9,266 thousand Euros as at 31 December 2004).

The change in the provision for bad debts was as follows:

(in thousands of Euros)	31.12.2005	31.12.2004
Initial balance	952	768
Utilized during the year	(352)	(514)
Accruals during the year	459	698
Final balance	**1,059**	**952**

12. Current tax assets

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables for advance on direct taxes	13,024	-
Receivables for withholdings	34	1
VAT credit and other taxes requested for reimbursement	260	2,650
Other sundry receivables	442	448
Provision for bad debts	(250)	(268)
Total	**13,510**	**2,831**

The increase in the balance is mainly related to an increase in pre-paid taxes partially compensated for by a reduction in the VAT receivables.
As at 31 December 2005 the result of the fiscal consolidation, to which Cremonini adhered as consolidator, was a tax credit; last year the tax balance showed a debit.

13. Cash and cash equivalents

(in thousands of Euros)	31.12.2005	31.12.2004
Cash	1,860	928
Bank and postal accounts	15,621	1,821
Total	**17,481**	**2,749**

The balance represents the cash on hand and cash equivalents at the date of closure of the period. For changes in the financial position reference is made to the cash flow statement.

14. Other current assets

(in thousands of Euros)	31.12.2005	31.12.2004
Accrued income and prepaid expenses	735	973
Other receivables		
Advances to suppliers	678	122
Receivables from insurance companies	125	78
Receivables from social security institutions	274	496
Receivables from employees	41	40
Guarantee deposits	1,180	510
Other sundry receivables	807	1,018
Provision for bad debts	(259)	(259)
Total	**3,581**	**2,978**

The increase in the balance is mainly due to:

- increased advances to the suppliers of services;
- increased guarantee deposit for the acquisitions of buildings to be concluded in 2006;
- reduction in prepaid expenses for guarantees.

With regard to receivables from related companies it should be noted that the other current assets include 521 thousand Euros due from Le Cupole s.r.l. (of which 500 thousand Euros referred to a down payment for the acquisition of a building); 4 thousand Euros from Collizzoli s.p.a. and 52 thousand Euros from Cre. Am. S.r.l. in liquidation.

LIABILITIES

SHAREHOLDERS' EQUITY

As far as changes are concerned, reference is made to Annex 7.

15. Capital stock

The capital stock as at 31 December 2005 of Euro 73,746,400 is represented by No. 141,820,000 ordinary shares of the Parent Company Cremonini s.p.a., with a par value of Euro 0.52 each, fully subscribed and paid up, with regular enjoyment.

Treasury stock
As at 31 December 2005 the Parent Company held 13,045,537 treasury stock (12,518,898 as at 31 December 2004).
1,004,607 shares were purchased in the 2005 financial year, with the assignment of 942,969, achieving a total net capital gain of Euro 708 thousand. Considerations paid and received were entered directly under Shareholders' Equity and no profit was entered in the income statement.

16. Reserves

Share premium reserve
This reserve is made up of the share premium paid by the shareholders at the time of the Public Subscription Offer in 1998. This reserve amounting to 78,280 thousand Euros has not undergone changes compared to 31 December 2004.

Legal reserve
The legal reserve amounting to 14,749 thousand Euros remained unchanged in the financial year, having reached the limit referred to in Article 2430 of the Italian Civil Code.

Reserve for transition to IAS
This is the reserve set up following the first-time adoption of the International Accounting Standards. For more details, reference is made to Annex 9.

Reserve for treasury stock
This reserve includes the profits and losses deriving from the acquisition and sale of treasury stock and the portion of the book value of the treasury stock in excess of the face value already used to reduce the capital stock.

Basic earnings per share
Basic earnings per share as at 31 December 2005 amounted to Euro 0.3625 (Euro 0.0816 as at 31 December 2004) and has been calculated on the basis of net profits of Euro 46,804 thousand divided by the weighted average number of ordinary shares in 2005 equal to 129,122,092.

Diluted earnings per share
There is no difference between the basic and diluted earnings per share.

NON-CURRENT LIABILITIES

17. Non-current financial payables

(in thousands of Euros)	31.12.2005	31.12.2004
Due between 1 and 5 years		
Payables to banks	31,589	42,424
Payables to other financial institutions	5,485	6,096
Total payables due between 1 and 5 years	**37,074**	**48,520**
Due beyond 5 years		
Payables to banks	25,000	298
Payables to other financial institutions	4,923	2,876
Total payables due beyond 5 years	**29,923**	**3,174**
Total	**66,997**	**51,694**

The payables to other financial institutions are the result of entering the leasing contracts with the financial method.

During the financial year the Group concluded a loan agreement for 100 million Euros, of which 50 million Euros pertaining to the Company, with a pool of banks led by Sanpaolo IMI. The 10-year loan envisages repayment in 18 six-monthly instalments, the first of which is due on 25 September 2006.
The interest rate was fixed as 6 month Euribor plus a spread of 120 points per annum, in line the best market conditions. Further the spread may change based on the step-up/down clauses linked to the attainment of specific financial parameters calculated annually on the Cremonini Group's consolidated financial statements. It should also be noted that this contract provides for some financial covenants, indicated below, on the occurrence of which the bank reserves the right to revoke the loan.

The covenants on loans in force as at 31 December 2005, completely complied with, are listed in the following table.

	San Paolo IMI	San Paolo Multiborr
Amount of the loans as at 31 December 2005	5,000 thousand Euros	50,000 thousand Euros
Expiry date	19/12/2006	25/03/2015
Covenants (*)	Net financial position/Gross operating margin < 4.5	Net Debt / Equity < 2.3
	Equity > 215 milion Euros	Net Debt / Ebitda < 4.5

(*) the compliance of covenants is calculated on year and balances applying the accounting principles in use when the loans were signed.

18. Liabilities from derivative instruments

The Group uses financial instruments offered by the market (including the so-called "derivatives") solely with a view to optimise debt costs and to hedge the risk of fluctuation in interest and exchange rates.

During the year, in order to limit exposition to the risk of fluctuations in the interest rate, an interest rate swap transaction was set up through which the variable Euribor rate was substituted with a fixed rate of 3.175%. The face value of this transaction was 50 million Euros and the expiry date 25.03.2015. This transaction was recorded with the hedge accounting method as satisfying the conditions stated by IAS 39.

On 31 December 2005 the Company was involved in an interest rate swap contract with Sanpaolo IMI for a face value of Euro 5 million (expiring on 19.12.2006) with the purpose of fixed-rate hedging against the risk of possible increases in the Euribor rate for a loan of the same duration and amount.

On the same date, the Company was involved in some interest rate swap transactions on interest rates not configurable as hedgings. These transactions, for a net face value of Euro 77.5 million (the net face value does not take into account those transactions which have been written-off over time through unwinding transactions of equal and opposite value), were composed of two interest rate swap contracts with Cofiri SIM (now Capitalia Group) expiring between 25.03.2008 and 12.4.2008 allowing the substitution of the reference variable rate for the financial debt of Cremonini s.p.a. from Euribor to US$ Libor.

The quantification of estimated losses considering the valuation of the above-mentioned transactions at their fair value and taking account of the forecast of future interest rates, led to the recognition of a liability of 6,112 thousand Euros as at 31 December 2005 (2,416 thousand Euros as at 31 December 2004).

19. Employee benefits

Below are the changes in the staff severance provision over the period:

(in thousands of Euros)	31.12.2005	31.12.2004
Opening balance	10,849	9,578
Effect of merger		271
Use for the financial year	(1,459)	(1,325)
Provision for the financial year	2,110	2,245
Other changes	(447)	80
Closing balance	**11,053**	**10,849**

20. Provisions for risk and charges

(in thousands of Euros)	31.12.2005	31.12.2004
Provisions for taxes	101	101
Labour disputes	304	215
Minor lawsuits and disputes	406	406
Provision for losses on equity investments	234	8
Provision for future risks and losses	16	2
Total	**1,061**	**732**

During 2004 the Company was subjected to a fiscal inspection performed by the Revenue Authorities regarding the fiscal years from 1999 to 2003, on the correct fulfilment of the fiscal law for both direct taxation and VAT.

With regard to the assessment issued by the Modena Revenue Office following the report prepared by the Revenue Authorities for the fiscal years from 1999 to 2003, the dispute was settled on the basis of the Revenue Authorities proposal. Settlement of the above dispute led to a total expenditure of Euro 34,296 for taxes, penalties and interests.

The allocation to the provision for losses on equity investments refers to the subsidiary Domogel s.r.l.. The amount of 234 thousand Euros refers to the portion of losses exceeding the value of the shareholding already written-down in the balance sheet assets.

21. Deferred tax liabilities

As at 31 December 2005 this item totalling 10,238 thousand Euros was mainly composed of deferred tax liabilities deriving from the revaluation of land and buildings upon the transition to the international accounting standards. The increase in the financial year, amounting to 1,611 thousand Euros, is mainly due to the tax effect calculated on the difference between the income statement amortisation and depreciation compared to those deductible for tax purposes.

CURRENT LIABILITIES

22. Current financial payables

(in thousands of Euros)	31.12.2005	31.12.2004
Payables to subsidiaries	49,970	47,188
Payables to banks	86,251	120,956
Payables to other financial institutions	1,264	4,375
Total	**137,485**	**172,519**

Payables to subsidiaries are broken down as follows:

(in thousands of Euros)	31.12.2005	31.12.2004
Payables to consolidated subsidiaries		
Montana Alimentari s.p.a	43,786	32,888
Global Service s.r.l.	495	825
Ges.Car. s.r.l.	16	3,917
Momentum Services ltd	1,000	1,000
Sara s.r.l.	276	106
Realfood 3 s.r.l.	145	6,488
Railrest s.a.	765	765
Az.Agr. Rondine Bianca s.r.l.		23
SGD s.r.l.	437	177
Payables to unconsolidated subsidiaries		
Cremonini finance plc		41
Fernie s.r.l. in liq.	471	481
Payables to subsidiaries for transferred tax receivables		
Interjet s.r.l.	160	109
Marr s.p.a.	775	
Soc. Agr. Corticella s.r.l.		223
Cons. Centro Comm. Ingrosso Carni s.r.l.		16
Ges.Car. s.r.l.	24	
Guardamiglio s.r.l.	33	
Sara s.r.l.		1
Realfood 3 s.r.l.	302	
Salumi d'Emilia s.r.l.	203	128
In.Al.Sarda s.r.l.	301	
Domogel s.r.l.	781	
Total	**49,970**	**47,188**

23. Current taxes payable

(in thousands of Euros)	31.12.2005	31.12.2004
VAT	1,195	
I.R.A.P.	1,641	1,803
I.RE.S.	8,382	9,368
Withholding taxes	955	893
Substitute taxes and other taxes payable	84	58
Total	**12,257**	**12,122**

I.RE.S. payables are related to the residual amount of 2005 taxes not yet paid at the closing date of 2005.
As at 31 December 2005 the Cremonini consolidated tax position showed a tax credit (see the description of the item "Current tax assets").

24. Current trade payables

(in thousands of Euros)	31.12.2005	31.12.2004
Suppliers	24,907	25,585
Payables to consolidated subsidiaries		
Montana Alimentari s.p.a	1,118	1,097
Global Service s.r.l.	169	
Marr s.p.a.	1,222	1,090
INALCA s.p.a.	144	45
Roadhouse Grill Italia s.r.l.	37	38
Momentum Services ltd	15	12
Cremonini Restauration s.a.s.	10	28
Railrest s.a.	32	12
SGD s.r.l.	28	45
Rimborsi costi SEC	376	337
Payables to associated companies		
Moto s.p.a.	229	211
Total	**28,287**	**28,500**

25. Other current liabilities

(in thousands of Euros)	31.12.2005	31.12.2004
Accrued expenses and deferred income	1,089	1,032
Inps/Inail/Scau	1,104	1,074
Inpdai/Previndai/Fasi/Besusso	31	27
Payables to other social security institutions	20	19
Other payables	57	114
Payables for employee remuneration	2,779	2,567
Payables for acquisition of equity investments:		
- Biancheri & C. s.r.l.	173	173
- Infer s.r.l.	3,253	
Guarantee deposits and down payments received	784	507
Payables to directors and auditors	230	149
Other minor payables	596	1,767
Total	**10,116**	**7,429**

Payables due to employees include current salaries still to be paid as at 31 December 2005 and the allocations set aside to deferred remuneration.

"Payable for acquisition of equity investments" referring to Infer s.r.l., regards payments to be made on the basis of the contractual clauses whilst the reduction in other minor payables is mainly due to the settlement of a payable related to a dispute settled in the 2004 financial year.

GUARANTEES, SURETIES AND COMMITMENTS

(in thousands of Euros)	31.12.2005	31.12.2004
Direct guarantees - sureties		
- subsidiaries	204,905	226,293
- associated companies		
- affiliated companies	120	120
- other companies	106,662	89,815
	311,687	316,228
Direct guarantees - letter of comfort		
- subsidiaries	201,028	152,927
- associated companies	24,825	18,350
- affiliated companies		
- other companies	500	
	226,353	171,277
Direct guarantees - credit mandates		
- subsidiaries	154,064	120,203
- associated companies		
- affiliated companies		
- other companies		
	154,064	120,203
Future leasing instalments	800	
Total guarantees, sureties and commitments	**692,904**	**607,708**

Direct guarantees - sureties

These guarantees include both the guarantees given directly by the companies, both in the interests of Group companies and third parties to banks for loans or credit lines, and those guarantees for which the Parent Company is jointly liable, given by banks or insurance companies, for a variety of commercial transactions, for Group VAT set-offs, for participation in tenders, etc.

Related companies- With respect to guarantees given for the benefit of related companies, amounting to 120 thousand Euros, reference is made to the paragraph "Relations with unconsolidated subsidiaries, associated, controlling and related companies" in the Directors' Report.

Other companies - It should be noted that, with reference to guarantees given to "Other companies", this is the classification normally given to guarantees given directly to third parties by Group companies, but exclusively in their own interests. Such guarantees are rarely given in the interests of third-party companies and even in such a case, in the context of transactions effected for the benefit of Group companies. In particular this item includes the following (in thousands of Euro):

Company to whom the guarantee was granted	Beneficiary	Amount	Reason
Deutsche Bank s.p.a. - Cartularisation operation	Cremonini Sec.	19,000	For further details see the paragraph "Securitisation transaction"
Revenue Office/VAT Office Modena	Cremonini s.p.a.	74,663	VAT compensation and VAT credit guarantee
The State Railways and management companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc.)	Cremonini s.p.a.	4,567	To guarantee the licenses for catering services on board trains, in the station buffets and warehouse premises.
Other minor companies	Cremonini s.p.a.	8,432	Rental of property, electricity supply, credit cards, good performance of contracts, etc.
Total		**106,662**	

Direct guarantees - comfort letters

Comfort letters are exclusively concerned with guarantees given to banks for the grant of loans or credit lines and include "simple" comfort letters of the Parent Company for 72,431 thousand Euros.

Indirect guarantees - credit mandates

Credit mandates relate to bank overdrafts and endorsement credits of subsidiaries guaranteed by credit lines granted by banks to the Company.

Fixed asset sale/acquisition commitments

The commitments regard the acquisition of a building in Castelvetro di Modena to be concluded at the beginning of 2006.

DETAILS OF THE MAIN ITEMS OF THE INCOME STATEMENT

26. Revenues

These are broken down as follows:

(in thousands of Euros)	2005	2004
Revenues from sales - Goods for resale	8,283	8,104
Revenues from sales - Others	8,853	9,114
Revenues from services	106,987	102,695
Advisory services to third parties	3,439	4,132
Rent income	3,289	2,002
Other revenues from ordinary activities	1,258	2,458
Total	**132,109**	**128,505**

Below is a break-down of revenues by geographical area:

(in thousands of Euros)	2005	2004
Italy	130,098	126,084
European Union	1,895	2,183
Extra-EU countries	116	238
Total	**132,109**	**128,505**

27. Other revenues

(in thousands of Euros)	2005	2004
Contributions by suppliers and others	1,254	1,161
Other sundry revenves	2,086	2,834
Totale	**3,340**	**3,995**

Other sundry revenves

(in thousands of Euros)	2005	2004
Insurance reimbursements	109	79
Capital gains on disposal of capital goods	99	117
Other cost reimbursements	856	606
Services, consultancy and other minor revenues	1,022	2,032
Total	**2,086**	**2,834**

28. Costs for purchases

(in thousands of Euros)	2005	2004
Costs for purchases - Goods for resale	(28,880)	(26,587)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(2,138)	(2,106)
Costs for purchases - Stationery and printed paper	(186)	(143)
Changes in inventories of raw materials, secondary materials, consumables and goods for resale	243	70
Other costs for purchases	(8,024)	(7,876)
Total	**(38,985)**	**(36,642)**

29. Other operating costs

(in thousands of Euros)	2005	2004
Costs for services	(32,820)	(31,973)
Costs for leases and rentals	(13,001)	(12,289)
Other operating charges	(3,736)	(6,920)
Total	**(49,557)**	**(51,182)**

Costs for services

(in thousands of Euros)	2005	2004
Energy consumption and utilities	(2,074)	(2,030)
Maintenance and repairs	(2,944)	(2,559)
Transport on sales	(53)	(50)
Commissions, commercial and distribution services	(4,531)	(3,806)
Third-party services and outsourcing	(809)	(545)
Purchasing services	(264)	(249)
Franchising	(5,444)	(6,954)
Other technical and general services	(16,701)	(15,780)
Total	**(32,820)**	**(31,973)**

Costs for leases and rentals

(in thousands of Euros)	2005	2004
Lease of business premises, royalties and others	(10,588)	(9,760)
Costs for leases	(9)	(73)
Leases and rentals related to real and personal property	(2,404)	(2,456)
Total	**(13,001)**	**(12,289)**

The leases of business premises, royalties and others mainly include the leases of railway station buffets and other catering activities. The increase in cost compared to the previous year refers to the increase in the number of premises and service stations managed by the business operating in the catering sector.

Other operating charges

(in thousands of Euros)	2005	2004
Indirect taxes and duties	(866)	(808)
Capital losses on disposal of assets	(180)	(752)
Contributions and membership fees	(101)	(95)
Other minor costs	(2,589)	(5,265)
Total	**(3,736)**	**(6,920)**

The change in respect of 2004 figure is mainly attributable to the reduction in the cartularisation costs indemnity recognised to Marr s.p.a. in the context of the securitisation transaction (2.1 million Euros in 2004 compared to the 1.0 million of 2005) and the existence in 2004 of charges for 1.4 million Euro referring to the settlement of two lawsuits.

30. Personnel costs

(in thousands of Euros)	2005	2004
Salaries and wages	(27,303)	(25,318)
Social security contributions	(7,547)	(7,348)
Staff Severance Provision	(2,110)	(2,245)
Other personnel costs	(94)	(396)
Total	**(37,054)**	**(35,307)**

The increase in personnel costs is mainly due to the increases in staff in the catering sector, linked to the development of the sales points.

On 31 December 2005 the Company employed a total staff of 1,564 persons, as follows:

	Factory staff	Office staff	Managers	Total
Employees as at 31.12.2004	1,267	143	15	1,425
Employees as at 31.12.2005	**1,380**	**170**	**14**	**1,564**
Increases (decreases)	113	27	(1)	139
Average no. of employees during year 2005	**1,414**	**160**	**15**	**1,589**

31. Amortisation, depreciation and write-downs

(in thousands of Euros)	2005	2004
Depreciation of tangible assets	(4,807)	(4,696)
Amortization of intangible assets	(442)	(515)
Other write-downs of fixed assets	(37)	
Write-downs and provisions	(779)	(1,119)
Total	**(6,065)**	**(6,330)**

32. Revenue from equity investments

(in thousands of Euros)	2005	2004
Income (Charges) from investments in subs. and ass. comp.	55,268	14,414
Income (Charges) from investments in other comp.	76	81
Write-downs of investments	(3,068)	(576)
Total	**52,276**	**13,919**

Income (Changes) from investments in subsidiaries

(in thousands of Euros)	2005	2004
Dividends from subsidiaries		
Marr s.p.a.	12,399	12,090
Momentum Services ltd	867	1,198
Railrest s.a.	714	765
Global Service s.r.l.	130	323
Other income (Charges) from investments in subsidiaries		
Income from Marr s.p.a. listing.	41,160	
Other minor	(2)	38
Total	**55,268**	**14,414**

The increase in the item "Income (Costs) from investments in subsidiaries" is due to the capital gain (41 million Euros) realised from the disposal of a portion of the stockholding in the context of the subsidiary Marr's IPO (in this regard see the Directors' Report).
The dividends from subsidiaries are related to the profits to be distributed by some subsidiaries, recorded on the basis of their maturation, and refers to Marr s.p.a., Momentum Services ltd, Railrest (see table above).

Write-downs of investments

(in thousands of Euros)	2005	2004
Domogel s.r.l.	(2,334)	
Interjet s.r.l.	(705)	
Cremonini Finance plc	(29)	
Cremonini International b.v.		(451)
Mutina Consulting s.r.l.		(12)
Food & Co. s.r.l.		(13)
Other minor		(100)
Total	**(3,068)**	**(576)**

The write-downs of investments refer to those described in Annex 6, applied for lasting losses of value.

33. Financial income and charges

(in thousands of Euros)	2005	2004
Net exchange rate differences	40	1
Income (Charges) from management of derivatives	(5,353)	-
Net financial Income (Charges)	(4,611)	(4,614)
Total	**(9,924)**	**(4,613)**

Exchange rate differences

(in thousands of Euros)	2005	2004
Realised net exchange rate differences	40	22
Net exchange rates valuation differences		(21)
Total	**40**	**1**

"Net exchange rate valuation differences" refer to the valuation of existing balance sheet balances in foreign currency at the period end exchange rate.

Income (charges) from management of derivatives

(in thousands of Euros)	2005	2004
Realised Income (Charges) from management of derivatives	(1,840)	1,868
Valuation Income (Charges) from management of derivatives	(3,513)	(1,868)
Total	**(5,353)**	**0**

The charge of 3,513 thousand Euros refers to derivative contracts on interest rates valued at their fair value and existing as at 31 December 2005 (see the paragraph "liabilities from derivative instruments" under current and non-current liabilities).

Net financial income (charges)

(in thousands of Euros)	2005	2004
Financial Income (Charges) due to controlling companies	**6**	**25**
Financial Income (Charges) due to subsidiaries	**873**	**1,701**
Financial Income (Charges) due to associated companies	**1**	**38**
Financial income		
- Bank interest receivable	158	35
- Other financial income	26	53
Total financial income	**184**	**88**
Financial charges		
- Interest payable on loans	(3,550)	(4,044)
- Interest payable on factoring	(145)	(128)
- Interest payable on current accounts and others	(1,493)	(2,002)
- Other bank charges	(116)	(52)
- Other sundry charges	(371)	(240)
Total financial charges	**(5,675)**	**(6,466)**
Total	**(4,611)**	**(4,614)**

This item includes all interests payable to the Group treasury service and the interests, commissions and costs payable to banks and other financiers. These costs decreased in 2005 mainly due to the effect in average balances and corresponding financial statement balances.

Below is the break-down of financial charges and income to/from subsidiaries:

(in thousands of Euros)	2005	2004
Montana Alimentari s.p.a.	(1,115)	(924)
Interjet s.r.l.	21	16
Global Service s.r.l.	(15)	(27)
INALCA s.p.a.	517	1,360
Marr s.p.a.	23	13
Alisea soc. cons. a r.l.		1
Soc. Agr. Corticella s.r.l.	426	412
Roadhouse Grill Italia s.r.l.	113	139
Cons. Centro Comm. Ingrosso Carni s.r.l.	154	160
Ges.Car. s.r.l.	(26)	(59)
Frimo s.a.m.		82
Momentum Services ltd	(20)	(12)
Guardamiglio s.r.l.	62	31
Cremonini Restauration s.a.s.	78	111
Sara s.r.l.	(3)	(9)
Realfood 3 s.r.l.	(16)	95
Railrest s.a.	(21)	(12)
Salumi d'Emilia s.r.l.	477	215
Sardegna s.r.l.		50
In.Al.Sarda s.r.l.	97	53
SGD s.r.l.	(3)	6
Domogel s.r.l.	124	
Total	**873**	**1,701**

34. Income taxes

(in thousands of Euros)	2005	2004
I.RE.S.	(8,035)	(10,976)
Net income from subs. for transferred taxable amounts	11,491	12,731
	3,456	**1,755**
I.R.A.P.	(1,641)	(1,803)
Provision for deferred taxes	(1,167)	(1,789)
Income of pre-paid taxes	17	
Total	**665**	**(1,837)**

The I.RE.S. balance refers to costs resulting from the fiscal consolidation to which Cremonini s.p.a. adhered in the role of consolidator.
The cost for deferred taxes mainly refers to the different tax deductability of amortisation and depreciation recorded and to the different accounting treatment of finance lease contracts.

RECONCILIATION OF THEORETICAL TAX BURDEN AND ACTUAL TAX BURDEN

I.RE.S.

(in thousands of Euros)	Year 2005		Year 2004	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	**46,139**		**11,61**	
Taxation rate	33%		33%	
Theoretical tax burden		**15,226**		**3,749**
Permanent differences				
Non.deductible depreciation	39		316	
Write-down of financial assets (non-deductible part)	3,039		-	
Taxes and tax amnesties	121		368	
Other non-deductible costs	2,305		1,597	
Total	**5,504**		**2,281**	
Dividends from foreign companies (95%)	(13,783)		(13,760)	
Gains ondisposals subject to substitute tax	(43,392)		-	
Other	(19)		(135)	
Total	**(57,194)**		**(13,895)**	
Temporary differences deductible in future years				
Write-down of financial assets (4/5)			-	
Provisions to taxed funds	718		915	
Other	1,331		688	
Total	**2,049**		**1,603**	
Temporary differences taxable in future years				
Dividends not collected	(705)		(719)	
Anticipated depreciations			(1,247)	
Other	(1,267)			
Total	**(1,972)**		**(1,966)**	
Reversal of temporary diff. from previous years				
Receipt of dividends related to previous year	82		50	
Total	**82**		**50**	
Use of taxed provisions	(3,377)		(3,129)	
Write-down of financial assets (1/5)	(1,586)		(1,586)	
Other	(119)		(37)	
Total	**(5,082)**		**(4,752)**	
Taxable income	**(10,474)**		**(5,318)**	
Tax rate	33%		33%	
Actual tax burden		**(3,456)**		**(1,755)**

I.R.A.P.				
(in thousands of Euros)	Year 2005		Year 2004	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	**46,139**		**10,496**	
Costs not relevant for I.R.A.P.				
Extraordinary income and expense	(41,227)		1,971	
Adjustment to the value of financial assets	3,068		576	
Financial income and expense	(4,259)		(10,449)	
Personnel costs	37,054		35,123	
Total	**(5,364)**		**27,221**	
Theoretical taxable amount	**40,775**		**37,717**	
Taxation rate	4.25%		4.25%	
Theoretical tax burden		**1,733**		**1,603**
Permanent differences				
Other	(2,163)		4,700	
Total	**(2,163)**	(92)	**4,700**	200
Taxable income	**38,612**		**42,417**	
Tax rate	4.25%		4.25%	
Actual tax burden		**1,641**		**1,803**

Events occurring after the closure of the financial year

For as much as regards the events occurring after the closure of the financial year, reference is made to the Directors' Report.

INFORMATION ON EMOLUMENTS

In accordance with legal requirements, the total remuneration paid to Directors and Statutory Auditors in 2005 for activities performed even in other Group companies is as follows:

(in thousands of Euros)		Fees	Salary	Other	Total
Board of Directors					
Cremonini Luigi	Chairman	1,100	-	180	1,280
Sciumè Paolo	Vice chairman	26	-	-	26
Cremonini Vincenzo	Chief Executive Officers	820	267	-	1,087
Fabbian Valentino	Director*	470	123	-	593
Pedrazzi Giorgio	Director	346	87	-	433
Lualdi Paolo	Director	250	167	-	417
Rossetti Mario	Director	25	-	-	25
Rossini Edoardo	Director	26	-	-	26
Total Board of Directors		**3,063**	**644**	**180**	**3,887**
Statutory Auditors					
Artese Alessandro	Chairman	84	-	-	84
Zanasi Giovanni	Auditor	47	-	-	47
Simonelli Ezio Maria	Auditor	50	-	-	50
Total Statutory Auditors		**181**	**0**	**0**	**181**
Total		**3,244**	**644**	**180**	**4,068**

* with mandate to manage the catering business unit.

It should be noted that the Fiscal Law Firm Sciumè e Associati received other payments for their professional services given during the year.

These financial statements as at 31 December 2005, comprising balance sheet, income statement and notes, correctly show the economic and financial situation of the Company.

Castelvetro di Modena, 28 March 2006

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

ANNEXES

These annexes contain information additional to that reported in the notes to the consolidated financial statements, and form and integral part thereof:

- Annex 1 - Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2005;
- Annex 2 - List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2005 financial year;
- Annex 3 - Statement of changes in tangible assets for the financial year closed as at 31 December 2005;
- Annex 4 - Statement of changes in intangible assets for the financial year closed as at 31 December 2005;
- Annex 5 - List of stockholdings classified in non-current assets as at 31 December 2005;
- Annex 6 - List of stockholdings in subsidiaries and associated companies as at 31 December 2005 (Article 2427, paragraph 5, of the Italian Civil Code);
- Annex 7 - Statement of changes in the shareholders' equity over the financial year closed as at 31 December 2005;
- Annex 8 - Cash-flow statement for the financial years ended as at 31 December 2005 and 31 December 2004;
- Annex 9 - Explanatory notes to the transition to IAS/IFRS.

Annex 1 - Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2005

(in thousands of Euros)	Treasury		Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:					(a)			
Alisea soc.cons. a r.l.	34	-	-	-	-	-	**34**	**-**
Soc. Agr. Corticella s.r.l.	11,920	-	-	-	150	-	**12,070**	**-**
Cons. Centro Comm. Ingrosso Carni s.r.l.	3,663	-	-	-	63	-	**3,726**	**-**
Cremonini Restauration s.a.s.	679	-	-	10	-	-	**679**	**10**
Domogel s.r.l.	3,236	-	-	-	-	781	**3,236**	**781**
Fernie s.r.l. in liquidation	-	58	-	-	-	413	**-**	**471**
Frimo s.a.m.	-	-	108	-	-	-	**108**	**-**
Ges.Car. s.r.l.	-	16	-	-	-	24	**-**	**40**
Global Service s.r.l.	-	495	-	169	247	-	**247**	**664**
Guardamiglio s.r.l.	2,519	-	-	-	-	33	**2,519**	**33**
INALCA s.p.a.	13,705	-	508	144	-	-	**14,213**	**144**
In.Al.Sarda s.r.l.	1,612	-	-	-	-	301	**1,612**	**301**
Interjet s.r.l.	249	-	-	-	-	160	**249**	**160**
Marr s.p.a.	382	-	2,038	1,222	12,399	775	**14,819**	**1,997**
Momentum Services ltd	-	1,000	271	15	867	-	**1,138**	**1,015**
Montana Alimentari s.p.a.	-	43,786	597	1,118	738	-	**1,335**	**44,904**
Mutina Consulting s.r.l.	-	-	-	-	71	-	**71**	**-**
Railrest s.a.	-	765	-	32	714	-	**714**	**797**
Realfood 3 s.r.l.	-	145	-	-	-	302	**-**	**447**
Roadhouse Grill Italia s.r.l.	648	-	30	37	-	-	**678**	**37**
Salumi d'Emilia s.r.l.	13,824	-	-	-	1,389	203	**15,213**	**203**
Sara s.r.l.	-	276	-	-	2	-	**2**	**276**
Sfera s.p.a.	-	-	-	-	2	-	**2**	**-**
SGD s.r.l.	-	437	-	28	90	-	**90**	**465**
Provision for bad debts	-	-	-	-	(50)	-	**(50)**	**-**
Reimbursement SEC costs	-	-	-	-	-	376	**-**	**376**
Total subsidiaries	**52,471**	**46,978**	**3,552**	**2,775**	**16,682**	**3,368**	**72,705**	**53,121**
Associated companies:								
Az. Agr. Serra della Spina s.r.l. in liq.	-	-	-	-	5	-	**5**	**-**
Food & Co. s.r.l.	-	-	46	-	-	-	**46**	**-**
Moto s.p.a.	-	-	255	229	27	-	**282**	**229**
Total associated companies	**-**	**-**	**301**	**229**	**32**	**-**	**333**	**229**
Related companies:								
Collizzolli s.p.a.	-	-	-	-	4	-	**4**	**-**
Cre-Am s.r.l. in liquidation	-	-	-	-	52	-	**52**	**-**
Le Cupole s.r.l.	-	-	-	-	521	-	**521**	**-**
Total related companies	**-**	**-**	**-**	**-**	**577**	**-**	**577**	**-**

(a) Other receivables include receivables for dividends calculated on the distributable portion of profit for the 2005

Annex 2 - List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2005 financial year

(in thousands of Euros)	Revenues				Total	Expenses				Total
	Financial	Services	Sales	Other	revenues	Financial	Services	Sales	Other	expenses
				(a)						
Subsidiaries:										
Soc. Agr. Corticella s.r.l.	427	18	-	7	**452**	1	-	-	-	**1**
C. Centro Comm. Ingrosso Carni s.r.l.	154	6	-	-	**160**	-	-	-	-	**-**
Cremonini Restauration s.a.s.	78	331	3	4	**416**	-	223	33	-	**256**
Domogel s.r.l.	124	-	-	-	**124**	-	-	-	-	**-**
Fernie s.r.l. in liquidation	-	-	-	-	**-**	2	-	-	-	**2**
Frimo s.a.m.	-	21	-	-	**21**	-	-	-	-	**-**
Ges.Car. s.r.l.	3	21	-	-	**24**	29	-	-	-	**29**
Global Service s.r.l.	-	21	-	230	**251**	16	773	-	78	**867**
Guardamiglio s.r.l.	62	49	-	6	**117**	-	-	-	-	**-**
INALCA s.p.a.	517	1,305	4	211	**2,037**	-	75	268	8	**351**
In.Al.Sarda s.r.l.	97	10	-	1	**108**	-	-	-	-	**-**
Interjet s.r.l.	21	19	-	5	**45**	-	-	-	117	**117**
Marr s.p.a.	23	1,091	16	12,429	**13,559**	1	1	4,017	1,057	**5,076**
Momentum Services ltd	-	570	-	867	**1,437**	20	-	-	-	**20**
Montana Alimentari s.p.a.	26	583	2	13	**624**	1,141	58	3,895	24	**5,118**
Railrest s.a.	-	300	-	714	**1,014**	21	-	-	-	**21**
Realfood 3 s.r.l.	6	138	-	1	**145**	22	-	-	-	**22**
Roadhouse Grill Italia s.r.l.	113	14	-	247	**374**	-	41	-	-	**41**
Salumi d'Emilia s.r.l.	477	198	-	8	**683**	-	-	-	-	**-**
Sara s.r.l.	-	4	-	-	**4**	3	-	-	-	**3**
SGD s.r.l.	-	12	-	6	**18**	9	-	-	188	**197**
Total subsidiaries	**2,128**	**4,711**	**25**	**14,749**	**21,613**	**1,265**	**1,171**	**8,213**	**1,472**	**12,121**
Associated companies:										
Moto s.p.a.	1	493	2	99	**595**	-	17	-	-	**17**
Fiorani & C. s.r.l.	-	36	-	-	**36**	-	-	-	-	**-**
RealBeef s.r.l.	-	6	1	-	**7**	-	-	-	-	**-**
Total associated companies	**1**	**535**	**3**	**99**	**638**	**-**	**17**	**-**	**-**	**17**
Related companies:										
Le Cupole s.r.l.	13	-	-	-	**13**	-	-	-	-	**-**
Cremofin s.r.l. (CONTROLLING COMPANY)	6	-	-	-	**6**	-	-	-	-	**-**
Totale relate companies	**19**	**-**	**-**	**-**	**19**	**-**	**-**	**-**	**-**	-

(a) Other revenues include dividends from subsidiaries

Annex 3 - Statement of changes in tangible assets for the financial year closed as at 31 December 2005

(in thousands of Euros)	Opening position		
	Initial cost	Depreciation fund	Balance at 31.12.2004
Land and buildings	74,170	(6,526)	67,644
Plant and machinery	24,080	(16,439)	7,641
Industrial and business equipment	5,252	(4,404)	848
Other assets	15,020	(9,300)	5,720
Fixed assets under construction and advances	38	-	38
Total	**118,560**	**(36,669)**	**81,891**

Changes over the period				Closing position		
Acquisitions	**Net decreases**	**Reclass./ Other changes**	**Depreciation**	**Initial cost**	**Depreciation fund**	**Balance at 31.12.2005**
3,846		76	(1,415)	77,814	(7,663)	70,151
1,755	(42)	336	(1,528)	25,722	(17,560)	8,162
418	(12)	71	(473)	5,660	(4,808)	852
1,793	(44)	569	(1,391)	17,109	(10,462)	6,647
144		(129)		53		53
7,956	**(98)**	**923**	**(4,807)**	**126,358**	**(40,493)**	**85,865**

Annex 4 - Statement of changes in intangible assets for the financial year closed as at 31 December 2005

(in thousands of Euros)	Opening position		
	Initial cost	Amortization fund	Balance at 31.12.2004
Patents and intellectual property rights	1,190	(985)	205
Concessions, licences, trademarks and similar rights	348	(212)	136
Fixed assets under development and advances	72		72
Other intangible assets	2,382	(772)	1,610
Total	**3,992**	**(1,969)**	**2,023**

Changes over the period				Closing position		
Acquisitions	Net decreases	Reclass./ Write-downs/ Other changes	Amortization	Initial cost	Amortization fund	Balance at 31.12.2005
157	(7)	5	(195)	1,315	(1,150)	165
		(15)	(28)	325	(232)	93
358		43		473		473
128			(219)	2,510	(991)	1,519
643	**(7)**	**33**	**(442)**	**4,623**	**(2,373)**	**2,250**

Annex 5 - List of stockholdings classified in non-current assets as at 31 December 2005

(in thousands of Euros) Company name	Percentage	Initial value	Purchases or subscriptions
Subsidiaries:			
Cons. C. Comm. Ingr. Carni s.r.l.	85.92	5,285	
Cremonini Finance plc	100.00	-	
Cremonini Restauration s.a.s.	86.00	195	
Domogel s.r.l			100
Fernie s.r.l. in liq.	95.00	527	
Global Service s.r.l.	100.00	136	
INALCA s.p.a.	100.00	145,094	
Infer s.r.l.			5,429
Interjet s.r.l.	100.00	1,299	
Marr s.p.a.	66.67	48,881	17,966
Momentum Services ltd	51.00	188	
Montana Alimentari s.p.a.	100.00	45,510	
Mutina Consulting s.r.l.	99.90	-	
Railrest s.a.	51.00	255	
Roadhouse Grill Italia s.r.l.	100.00	4,408	
SGD s.r.l.	50.00	42	
Total subsidiaries		**251,820**	**23,495**
Associated companies:			
Az. Agr. Serra della Spina s.r.l. in liq.	33.33	10	
Autoplose gmbh	50.00	347	
Food & Co. s.r.l.	30.00	3	
Moto s.p.a.	50.00	7,522	2,000
Total associated companies		**7,882**	**2,000**
Other companies:			
Emilia Romagna Factor s.p.a.		2,091	
Futura s.p.a.		600	
Other		184	
Total other companies		**2,875**	**0**
Total equity investments		**262,577**	**25,495**

(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 the total (Cremonini Finance plc e Mutina Consulting srl) of the provision for coverage of losses on stockholdings allocated as of December 31, 2004.
(c) Company merged during the year 2005.

Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value	Notes
			85.92	5,285	
	(29)	35	100.00	-	(b)
			86.00	195	
	(2,334)	2,000	100.00	-	(a)
			95.00	527	
			100.00	136	
			100.00	145,094	
		(5,429)		-	(c)
	(705)	300	100.00	894	
(12,202)		5,902	57.39	60,547	
			51.00	188	
			100.00	45,510	
		20	99.90	18	(b)
			51.00	255	
			100.00	4,408	
			50.00	42	
(12,202)	**(3,068)**	**2,828**		**263,099**	
			33.33	10	
			50.00	347	
			30.00	3	
			50.00	9,522	
0	**0**	**0**		**9,882**	
				2,091	
				600	
				184	
0	**0**	**0**		**2,875**	
(12,202)	**(3,068)**	**2,828**		**275,856**	

Annex 6 - List of stockholdings in subsidiaries and associated companies as at 31 December 2005 (Article 2427, paragraph 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 31.12.05
Subsidiaries:			
Cons. Centro Comm. Ingrosso Carni s.r.l.	Bologna	1,500,000	69
Cremonini Finance plc	London (Great Britain)	GBP 50,000	-
Cremonini Restauration s.a.s.	Paris (France)	1,500,000	793
Domogel s.r.l.	Castelvetro di Modena (MO)	100,000	(2,334)
Fernie s.r.l. in liquidation	Modena	1,033,000	(14)
Global Service s.r.l.	Castelvetro di Modena (MO)	93,000	132
INALCA s.p.a.	Castelvetro di Modena (MO)	140,000,000	(1,740)
Interjet s.r.l.	Castelvetro di Modena (MO)	1,550,000	(409)
Marr s.p.a.	Rimini	33,035,200	22,787
Momentum Services ltd	Birmingham (Great Britain)	368,000	1,727
Montana Alimentari s.p.a.	Gazoldo degli Ippoliti (MN)	40,248,000	(370)
Mutina Consulting s.r.l.	Castelvetro di Modena (MO)	10,000	(2)
Railrest s.a.	Brussels (Belgium)	500,000	1,505
Roadhouse Grill Italia s.r.l.	Castelvetro di Modena (MO)	4,000,000	635
SGD s.r.l.	Castelvetro di Modena (MO)	83,000	7
Total subsidiaries			
Associated companies:			
Autoplose gmbh	Matrei (Austria)	36,336	90
Az. Agr. Serra della Spina s.r.l. in liq.	Monacilioni (CB)	10,846	(2)
Food & Co s.r.l.	Rome	10,000	-
Moto s.p.a.	Castelvetro di Modena (MO)	4,500,000	(106)
Total associated companies			

NOTE
(a) - Figures refer to December 31, 2004, last available financial statements.
(b) - The data refers to the reporting used for the consolidation in as much as the Company ends it's 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.
(d) - Figures refer to liquidation balance sheet.

Net equity at 31.12.2005	Percentage held at 31.12.2005	Carrying value (A)	Valuation based on net equity (B)	Difference (B) - (A)	Notes
1,895	85.92%	5,285	2,777	(2,508)	
-	100.00%	-	-	-	(c) (d)
1,871	86.00%	195	1,736	1,541	
(234)	100.00%	-	(1,112)	(1,112)	
1,091	95.00%	527	1,036	509	
287	100.00%	136	165	29	
131,158	100.00%	145,094	175,064	29,970	
894	100.00%	894	823	(71)	
169,114	57.39%	60,547	77,361	16,814	
2,106	51.00%	188	258	70	
37,038	100.00%	45,510	45,434	(76)	
17	99.90%	18	18	-	
2,108	51.00%	255	308	53	
5,260	100.00%	4,408	5,381	973	
203	50.00%	42	203	161	
		263,099	**309,452**	**46,353**	
543	50.00%	347	329	(18)	(b)
24	33.33%	10	8	(2)	(a)
7	30.00%	3	3	-	
5,142	50.00%	9,522	6,820	(2,703)	(b)
		9,882	**7,160**	**(2,723)**	

Annex 7 - Statement of changes in the shareholders' equity over the financial year closed as at 31 December 2005

(in Euros)	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Other riserves: Share premium reserve	Other riserves: Legal reserve
Balances at 31 December 2003	**73,746,400**	**(7,351,493)**	**66,394,907**	**78,279,705**	**14,749,280**
Allocation of the results for the previous financial year:					
- retained earnings reserve					
- distribution of dividends					
Net effect purchases/sales treasury stock		599,866			
Gain/losses on treasury stock					
Other movements					
Net profit (loss) for the financial year ended 31 December 2004					
Balances at 31 December 2004	**73,746,400**	**(6,751,627)**	**66,994,773**	**78,279,705**	**14,749,280**
Allocation of the results for the previous financial year:					
- retained earnings reserve					
- distribution of dividends					
Net effect purchases/sales treasury stock		(32,052)			
Gain/losses on treasury stock					
Cash flow hedge					
Other movements					
Net profit (loss) for the financial year ended 31 December 2005					
Balances at 31 December 2005	**73,746,400**	**(6,783,679)**	**66,962,721**	**78,279,705**	**14,749,280**

Reserve for IAS adjustments	Reserve for trading treasury stock	Riserva cash flow hedge	Total Reserves	Profits (Losses) carried forward	Result of the year	Total Shareholders' Equity
12,787,578	**0**	**0**	**105,816,563**	**12,515**	**17,778,593**	**190,002,578**
				291,947	(291,947)	0
					(17,486,646)	(17,486,646)
	1,073,091					1,672,957
	269,178					269,178
						0
					10,508,273	10,508,273
12,787,578	**1,342,269**	**0**	**107,158,832**	**304,462**	**10,508,273**	**184,966,340**
				2,623,407	(2,623,407)	0
					(7,884,866)	(7,884,866)
	(923,523)					(955,575)
	707,414					707,414
		(51,283)				(51,283)
						0
					46,803,736	46,803,736
12,787,578	**1,126,160**	**(51,283)**	**106,891,440**	**2,927,869**	**46,803,736**	**223,585,766**

Annex 8 - Cash-flow statement for the financial years ended 31 December 2005 and 31 December 2004

(in thousands of Euros)	31.12.2005	31.12.2004
Net profit before minority interests	**46,804**	**10,508**
Amortization and depreciation	5,249	5,211
Net change in Staff Severance Provision	204	1,271
Net change in other provisions and non-monetary income items	4,582	507
Reversal of the effects from extraordinary transactions (capital gain on disposal of the Marr shareholding)	(41,160)	0
Operating cash-flow	**15,679**	**17,497**
(Increase) decrease in receivables from customers	8.652	(648)
(Increase) decrease in inventories	(285)	(183)
Increase (decrease) in payables to suppliers	(768)	3,132
(Increase) decrease in other items of the working capital	5,988	(9,999)
Change in working capital	**13,587**	**(7,698)**
CASH-FLOW FROM OPERATING ACTIVITIES	**29,266**	**9,799**
Net (investments) in intangible assets	(1,375)	(2,997)
Net (investments) in tangible assets	(8,862)	(6,029)
Change in financial assets	(12,204)	(4,894)
CASH-FLOW FROM INVESTING ACTIVITIES	**(22,441)**	**(13,920)**
FREE - CASH FLOW BEFORE EXTRAORDINARY TRANSACTIONS	**6,825**	**(4,121)**
Cash-flow from extraordinary transactions (transfer of Marr)	**35,397**	**0**
Cash-flow from distribution of dividends	(7,873)	(17,493)
Capital increases, change in treasury stock and other changes, including those of minority interests	(311)	1,950
Cash-flow from (for) change in shareholders' equity	**(8,184)**	**(15,543)**
FREE - CASH FLOW	**34,038**	**(19,664)**
Opening net financial debt	(167,694)	(148,030)
Cash-flow for the period	34,038	(19,664)
Closing net financial debt	**(133,656)**	**(167,694)**
Increase (Decrease) medium-long term borrowings	15,303	(62,259)
Increase (Decrease) medium-long term liabilities for derivatives	3,696	1,868
Cash flow from (for) medium-long term financial activities	**18,999**	**(60,391)**
CASH FLOW SHORT TERM OF THE PERIOD	**53,037**	**(80,055)**
Initial net short term indebtness	(113,584)	(33,529)
Cash flow of the period	53,037	(80,055)
Final net short term indebtness	**(60,547)**	**(113,584)**
Increase (Decrease) short term borrowings	(38,305)	81,273
Changes in other securities and other financial assets	0	0
Increase (Decrease) short term liabilites for derivatives	0	0
Cash flow from (for) short term financial assets	**(38,305)**	**81,273**
INCREASE (DECR.) CASH AND CASH EQUIVALENTS	**14,732**	**1,218**
Cash and cash equivalents at the beginning of the period	2,749	1,531
Cash flow of the period	14,732	1,218
Cash and cash equivalents at the end of the period	**17,481**	**2,749**

Annex 9

Explanatory notes to the transition to IAS/IFRS

(EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 concerning the application of the International Accounting Standards establishes that, as of the business year closed or ongoing as of the financial statements as at 31 December 2005, companies issuing financial instruments to the public have the right to prepare their business year financial statements according to the International Accounting Standards (IAS/IFRS). Cremonini s.p.a. has opted for this choice and consequently, the financial statements as at 31 December 2005 are the first produced in conformity with the IAS/IFRS.

At the time of transition to the new principles (1 January 2004), corresponding to the date of the first period for comparison, the patrimonial situation :
- reports all and only the receivables and payables considered such on the basis of the new principles;
- evaluates receivables and payables at the value at which they would have been determined had the new principles been applied from the start (retrospective application);
- reclassifies the items indicated in the financial statements according to methods other than the IFRS.

The effect of the adjustment of the initial balances of receivables and payables to the new principles is listed net, taking into consideration the relevant fiscal effects to be registered under deferred taxes or receivables for taxes paid in advance.

The reconciliation prospectuses presented later on in this document derive from the Cremonini s.p.a. financial statements prepared on the basis of the Italian regulations previously in force, interpreted and integrated, where necessary, by the Accounting Principles prepared by the National Councils of Accountants and Chartered Accountants (hereinafter described together as "Italian Accounting Principles"). The Italian Accounting Principles differ from the International Accounting Standards/International Financial Reporting Standards ("IAS/IFRS" hereinafter also "International Accounting Principles") issued by the International Accounting Standards Board (IASB).

The IAS/IFRS principles are hereinafter intended as those adopted according to the procedure in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002.

The process of defining the regulatory and reference framework terminated in December 2004 with the publication of the International Accounting Principles in the Official Gazette of the European Union. As integration, the international accounting principle concerning the accounting of stock options (IFRS 2 - "Share-based Payment") was homologated by the European Commission on 20 December 2004 and published in the Official Gazette of the European Union on 11 February 2005.

On 14 April 2005, Consob issued recommendation DEM/5025723 which regulates, through transitory dispositions, the gradual transition to the IAS/IFRS system, as regards periodical accounts statements and reminder/quotation prospectuses.

In order to come into line with the information required by the above-mentioned recommendation, Cremonini S.p.A. has made the transition to the IAS/IFRS, the results of which are illustrated below.

The following is included in the paragraphs below:

(i) the reconciliation prospectus, including explanatory notes, of the net equity and assets and other items in the balance sheet reclassified as at 1 January 2004 and as at 31 December and the profit and other items in the reclassified profit and loss account for the business year closed on 31 December 2004, calculated on the basis of the national regulations previously in force compared to the values calculated in conformity with the IAS/IFRS. For this purpose, reference has been made to that provided by IFRS 1 - "Initial adoption of the International Financial Reporting Standards";

(ii) the reconciliation prospectus for the values included in the cash-flow statement for the period 1.1.2004 - 31.12.2004, predisposed on the basis of the schemes provided by the Italian Accounting Principles, compared to the same values calculated on the basis of the International Accounting Principles.

In addition, in order to provide further information concerning the effects of the transition to the IAS/IFRS, the reconciliation prospectuses of the principal balance sheet and profit and loss account aggregates as at 31 December 2004, prepared according to the Italian Accounting Principles are attached to this document together with those prepared according to the IAS/IFRS.

(i) - Reconciliation prospectus for the net balance sheet items and the profit for the business year closed on 31.12.2004

The reconciliation prospectuses included below have been prepared in accordance with that provided by above-mentioned CONSOB document issued on 15 April 2005. Therefore, these prospectuses have been prepared to provide a patrimonial and financial situation and economic result of Cremonini s.p.a. in full conformity with the IAS/IFRS principles, mainly due to the absence of all information on the financial statements required by these principles and for the predisposition of the summary reclassified schemes of the Balance Sheet and Profit and Loss Account according to the current practice of financial analysis.

RECONCILIATION STATEMENT OF THE RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 1 JANUARY 2004

(in thousands of Euros)	at 1 January 2004			
Description	Italian Accounting Standards	Adjustments	Reclassi-fications	(IFRS) Accounting Standards
Net intangible assets	14,155	(792)	(6,205)	7,158
Net tangible assets	54,299	20,689	6,205	81,193
Investments in other companies and other fixed assets	268,945		(6,285)	262,660
Fixed assets (A)	**337,399**	**19,897**	**(6,285)**	**351,011**
Net trade receivables from customers	23,014			23,014
Inventories	1,730			1,730
Suppliers	(25,246)			(25,246)
Trade net working capital (B)	**(502)**	**0**	**0**	**(502)**
Other current assets	33,621	768	(14,419)	19,970
Other current liabilities	(10,979)			(10,979)
Total current assets/liabilities (C)	**22,642**	**768**	**(14,419)**	**8,991**
Net working capital (D) = (B+C)	**22,140**	**768**	**(14,419)**	**8,489**
Staff Severance Provision (E)	(9,764)	186		(9,578)
Provisions for risks and charges (F)	(4,092)	(8,345)	547	(11,890)
Net invested capital (G) = (A+D+E+F)	**345,683**	**12,506**	**(20,157)**	**338,032**
Shareholders' equity	**197,919**	**12,787**	**(20,704)**	**190,002**
Net short-term financial debt/Cash	33,529			33,529
Net medium/long-term financial debt	114,235	(281)	547	114,501
Net financial debt (I)	**147,764**	**(281)**	**547**	**148,030**
Net equity and net financial debt (L) = (H+I)	**345,683**	**12,506**	**(20,157)**	**338,032**

RECONCILIATION STATEMENT OF THE RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2004

(in thousands of Euros)	at 31 December 2004			
Description	Italian Accounting Standards	Adjustments	Reclassi-fications	(IFRS) Accounting Standards
Net intangible assets	19,139	692	(7,294)	12,537
Net tangible assets	48,204	26,393	7,294	81,891
Investments in other companies and other fixed assets	270,094		(6,285)	263,809
Fixed assets (A)	**337,437**	**27,085**	**(6,285)**	**358,237**
Net trade receivables from customers	23,618			23,618
Inventories	1,913			1,913
Suppliers	(28,377)			(28,377)
Trade net working capital (B)	**(2,846)**	**0**	**0**	**(2,846)**
Other current assets	50,971	(312)	(12,746)	37,913
Other current liabilities	(25,897)	5,462		(20,435)
Total current assets/liabilities (C)	**25,074**	**5,150**	**(12,746)**	**17,478**
Net working capital (D) = (B+C)	**22,228**	**5,150**	**(12,746)**	**14,632**
Staff Severance Provision (E)	(10,875)	26		(10,849)
Provisions for risks and charges (F)	(3,147)	(8,627)	2,414	(9,360)
Net invested capital (G) = (A+D+E+F)	**345,643**	**23,634**	**(16,617)**	**352,660**
Shareholders' equity	**190,225**	**13,772**	**(19,031)**	**184,966**
Net short-term financial debt/Cash	112,476		1,108	113,584
Net medium/long-term financial debt	42,942	9,862	1,306	54,110
Net financial debt (I)	**155,418**	**9,862**	**2,414**	**167,694**
Net equity and net financial debt (L) = (H+I)	**345,643**	**23,634**	**(16,617)**	**352,660**

Explanatory notes to the reconciliation statement of the Reclassified Consolidated Balance Sheet at 1 January 2004 and 31 December 2004

It should be noted, as provided by IFRS1, that the balancing entry for all differences arising as at 1 January 2004 has been allocated to a special reserve in the shareholders' equity.

Note 1 - Net intangible assets

The negative effects of 6,602 thousand Euros as at 31 December 2004 and 6,997 thousand Euros as at 1 January 2004 are broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Effect of the application of IFRS 3 to business combinations	(18)	1.202
Effect of the recalculation on the basis of the "amortized cost" of capitalized financial commissions	(282)	(219)
Reversal of other intangible assets	(492)	(291)
Total Adjustments	**(792)**	**692**
Reclassifications		
Reclassification of costs for leasehold improvements	(6,205)	(7,294)
Total Reclassifications	**(6,205)**	**(7,294)**
Total	**(6,997)**	**(6,602)**

Effect of the application of IFRS 3 to business combinations

On the basis of IFRS 3, as of the date of transition to the IAS, the start-ups registered in the balance sheet are no longer subject to amortization but to the impairment test, to be carried out at least annually.

The effect of that described above involved for the 2004 business year the transferral of amortization quotas totalling 1,202 thousand Euros.

Effects of recalculation on the basis of "amortized cost" of capitalised financial commissions

The amount of 219 thousand Euros as at 31 December 2004 (282 thousand Euros as at 1 January 2004) is due to capitalised costs concerning the obtaining of finances.

These capitalised costs have been reclassified to reduction of the financial debts, re-calculated on the basis of the methodology of cost amortization.

Reversal of other intangible assets

This amount refers to the reversal of long term charges which, on the basis of the International Accounting Standards, do not satisfy the requirements for capitalisation.

They mainly refer to start-up expenses and expenses for research and expansion.

Reclassification of the costs for leasehold improvements

Leasehold improvements (on buildings and plant) were previously classified among the intangible assets and amortized at the lower of residual useful life or lease term.

On the basis of the International Accounting Principles, these improvements, which do not possess the requirement of being intangible (as they are mainly "tangible" works and operations, and not separable from the leased asset), must be classified among tangible assets, without this implying changes to the amortization criterion applied.
As a consequence, the amount of leasehold improvement of 7,294 thousand Euros at 31 December 2004 (6,205 thousand Euros at 1 January 2004) has been entirely reclassified to tangible assets.

Note 2 - Net tangible assets
The effect of 33,687 thousand of Euro as at 31 December 2004 (26,894 thousand of Euro as at 1 January 2004) and is broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Application of the fair value to the value of land and buildings	20,689	26,393
Total Adjustments	**20,689**	**26,393**
Reclassifications		
Reclassification of costs for leasehold improvements	6,205	7,294
Total Reclassifications	**6,205**	**7,294**
Total	**26,894**	**33,687**

The greater value attributed to the company assets is linked to the use of the fair value during the initial application of the IAS/IFRS, according to that provided by IFRS 1.

On the basis of the results of the inspections carried out, the value of land (not subject to reduction in value over time and therefore no longer subject to amortization as of 1 January 2004) has also been separated from that of buildings constructed on it (subject to amortization as they are of definite duration).

As regards the reclassification concerning improvements to third party assets, see that contained in note 1 above.

Note 3 - Shareholdings and other financial assets

Description	1.1.2004	31.12.2004
Treasury stock entered as a direct reduction of the share capital	(6,285)	(6,285)
Total	**(6,285)**	**(6,285)**

In application of IAS 32, the company's own shares have been deducted directly from the share capital.

Note 4 - Other current assets
The effect of 13,058 thousand Euros as at 31 December 2004 (13,651 thousand Euro as at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Effect of different treatment of lease-back down-payment		(1,087)
Tax effect associated with the reversal of intangible assets and write-offs	768	775
Total Adjustments	**768**	**(312)**
Reclassifications		
Treasury stock entered as a direct deduction from the share capital	(14,419)	(12,746)
Total Reclassifications	**(14,419)**	**(12,746)**
Total	**(13,651)**	**(13,058)**

Note 5 - Other current liabilities
The effect of 5,462 thousand Euros as at 31 December 2004 refers to the transferral of the rediscount concerning the capital gains realised following the lease-back operation carried out during the course of the 2004 business year regarding the property in Cà di Sola (MO).

The effect due to the sale of this property to the leasing company has been fully rectified, as already reflected in the financial statements as at 1 January 2004 following the fair value evaluation of the land and buildings in question.

Note 6 - Staff Severance Provision
The recalculation of payables for staff severance provision on the basis of that provided by IAS 19 highlights an over-estimate of the fund included in the financial statements of 26 thousand Euros as at 31 December 2004 (186 thousand Euros as at 1 January 2004).

Description	1.1.2004	31.12.2004
Staff severance provision	186	26
Total	**186**	**26**

Note 7 - Provision for risk and charges

The effect of 6,213 thousand Euros as at 31 December 2004 (7,798 thousand Euros as at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Tax effect associated with the reversal of intangible assets	6	(70)
Tax effect associated with the application of IFRS 3	7	(35)
Tax effect associated with the revaluation of land and buildings and lease-back	(8,297)	(8,513)
Tax effect associated with the discounting back of the staff severance provision	(61)	(9)
Total Adjustments	**(8,345)**	**(8,627)**
Reclassifications		
Reclassification of liabilities from derivatives	547	2,414
Total Reclassifications	**547**	**2,414**
Total	**(7,798)**	**(6,213)**

The fund for risks and expenses registered in the Cremonini financial statements concerning the fair value evaluation of certain IRS (Interest Rate Swap) contracts has been reclassified under the Net Financial Position as "payables for derivatives".

Note 9 - Net short-term financial debt/medium-long-term availability and financial debt

The effect of 12,276 thousand Euros as at 31 December 2004 (266 thousand Euro as at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Effects of the recalculation on the basis of the "amortized cost" of capitalized financial commissions	282	219
Lease-back effect on financial debt		(10,081)
Total Adjustments	**282**	**(9,862)**
Reclassifications		
Reclassification of liabilities from derivatives	(547)	(2,414)
Total Reclassifications	**(547)**	**(2,414)**
Total	**(265)**	**(12,276)**

The increased debt resulting in the financial statements as at 31 December 2004 is due to the accounting of the lease-back property contract on the basis of the financial methodology (IAS 17).

As regards the positive effect of 219 thousand Euros as at 31 December 2004 (281 thousand Euros as at 1 January 2004), this amount is due to the calculation of the "amortized cost" on finances (see note 1).

Note 10 - Net equity and assets

The amounts contained herein summarise the effects on the net equity and assets of the rectifications described above.

RECONCILIATION STATEMENT OF THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2004

(in thousands of Euros)	year ended 31 December 2004			
Description	**Italian Accounting Standards**	**Adjustments**	**Reclassi-fications**	**(IFRS) Accounting Standard**
Total revenues	132,488	12		132,500
Change in inventories of semi-finished and finished goods				0
Value of production	**132,488**	**12**	**0**	**132,500**
Production cost	(86,336)	1,048	(2,536)	(87,824)
Value added	**46,152**	**1,060**	**(2,536)**	**44,676**
Personnel costs: salaries, wages and social security contributions	(35,123)	(184)		(35,307)
Gross Operating Margin	**11,029**	**876**	**(2,536)**	**9,369**
Amortization and depreciation	(6,451)	1,178	62	(5,211)
Provisions and write-downs	(1,120)	1		(1,119)
Operating Income	**3,458**	**2,055**	**(2,474)**	**3,039**
Financial income (charges)	(4,045)	(506)	(62)	(4,613)
Profit from ordinary activities	**(587)**	**1,549**	**(2,536)**	**(1,574)**
Net income (charges) from equity investments	13,919			13,919
Extraordinary income (charges)	(1,971)	(565)	2,536	0
Profit before taxes	**11,361**	**984**	**0**	**12,345**
Income taxes	(1,568)	(269)		(1,837)
Net Profit	**9,793**	**715**	**0**	**10,508**

Explanatory note to the reconciliation prospectus for the reclassified profit and loss account as at 31 December 2004

Note 11 - Production costs

The effect of 1,488 thousand Euros as at 31 December 2004 is broken down as follows:

Description	31.12.2004
Adjustments	
Reversal of lease-back fees	1,068
Other minor adjustments	(20)
Total Adjustments	**1,048**
Reclassifications	
Reclassification of extraordinary charges	(2,536)
Total Reclassifications	**(2,536)**
Total	**(1,488)**

Reversal of lease-back fees

The leasing contract accounted according to the financial methodology involved the complete transferral of the fees and the separate registration of he amortization and financial costs for the period in question. The effect of this transferral amounted to 1,068 thousand Euros as at 31 December 2004.

Due to the absence of extraordinary items in the IFRS profit and loss accounts, the extraordinary expenses accounted during 2004 have been reclassified among the production costs.

Note 12 - Work costs for salaries, remuneration and social costs

Description	31.12.2004
Actuarial valuation of the Staff Severance Provisions	(158)
Other minor costs	(24)
Total	**(184)**

Actuarial valuation of the Staff Severance Provisions

The reduction in the over-estimate of payables for severance pay determined as at 1 January 2004 and which at the end of the 2004 business year determined a negative effect on the profit and loss account as at 31 December 2004 amounting to 158 thousand Euros.

Note 13 - Amortizations

The effect of 1,240 thousand Euros as at 31 December 2004 is broken down as follows:

Description	31.12.2004
Adjustments	
Depreciation of land and buildings and lease-back	(252)
Lower amortization for reversal of advertising, research and start-up costs	204
Effect of the non-amortization of goodwill	1,220
Other minor adjustments	6
Total Adjustments	**1,178**
Reclassifications	
Reclassification of amortization of charges from loans	62
Total Reclassifications	**62**
Total	**1,240**

Reclassification of amortization of charges from loans

As a consequence of the application of the methodology of cost amortization, the amortization of capitalised costs concerning the start-up of the operation itself has been recalculated and reclassified among the financial costs.

Depreciation of land and buildings and lease-back

The application of fair value to replace the historical cost remaining at the time of transition to the IAS/IFRS has involved the attribution of a greater overall value of land and buildings.The effect of the increased amortization which have been calculated on this greater overall value has not been compensated by the breaking down of the value of the buildings and that of the land on which they are constructed and the consequent non amortization of the latter.

Lower amortization for reversal of advertising, research and start-up costs

Due to the transferral of multi-annual expenses which on the basis of the International Accounting Standards does not possess the requirements to be capitalised, the amortization of the intangible assets as at 31 December 2004 was less than 204,000 Euro.

Effect of the non-amortization of goodwill

As regards this amount, see note 1 for the net equity and assets under the paragraph "Effect of the application of IFRS 3 to business combinations".

Note 14 - Financial income and expenses

The amount of 568 thousand Euros as at 31 December is mainly due to:

Description	31.12.2004
Adjustments	
Reversal of capital gains on sale of treasury stock	(269)
Financial expenses on lease-back	(237)
Total Adjustments	**(506)**
Reclassifications	
Reclassification of amortization of charges from loans	(62)
Total Reclassifications	**(62)**
Total	**(568)**

Note 15 - Income tax

The net effect of 269 thousand Euros as at 31 December 2004 is the result of the following:

Description	31.12.2004
Tax effect associated with the revaluation of land and buildings and lease-back	(216)
Tax effect associated with the application of IFRS 3 to goodwill	(42)
Tax effect associated with the actuarial valuation of the staff severance provision	51
Tax effect associated with the reversal of advertising and research costs	(71)
Other minor tax effects	7
Total	**(269)**

Statements of reconciliation of the consolidated shareholders' equity at 1 January 2004, 31 December 2004

(in thousands of Euros)	
Shareholders' equity at 1 January 2004 according to Italian Accounting Standards	**197,919**
Effect of the application of IFRS 3 to business combinations	(11)
Effect of the reversal of other intangible assets	(290)
Effect of the application of the fair value to the value of land and buildings	9,181
Effect of the application of IAS 17 to lease-back	3,782
Effect of the recalculation of the Staff Severance Provision liability and other employee benefits pursuant to IAS19	125
Effect of the classification of treasury stock as a direct deduction of the share capital	(20,704)
Shareholders' equity at 1 January 2004 according to International Accounting Standards (IAS/IFRS)	**190,002**

(in thousands of Euros)	
Shareholders' equity at 31 December 2004 according to Italian Accounting Standards	**190,225**
Effect of the application of IFRS 3 to business combinations	1,167
Effect of the reversal of other intangible assets	(162)
Effect of the application of the fair value to the value of land and buildings	9,097
Effect of the application of IAS 17 to lease-back	3,653
Effect of the recalculation of the Staff Severance Provision liability and other employee benefits pursuant to IAS19	17
Effect of the classification of treasury stock as a direct deduction of the share capital	(19,031)
Shareholders' equity at 31 December 2004 according to International Accounting Standards (IAS/IFRS)	**184,966**

Explanatory notes to the reconciliation prospectus for the net equity and assets as at 1 January and as at 31 December 2004

Effect of the application of IFRS 3 to business combinations

On the basis of IFRS 3, as of the date of transition to the IAS, goodwill registered in the financial statements are no longer subject to amortization but to the impairment test, at least annually.

The effect of that described above has implied a positive effect of 1,167 thousand Euros as at 31 December 2004, broken down as follows:

Description	1.1.2004	31.12.2004
Increase in intangible assets due to the reversal of the amortization rate	0	1,202
Other short-term assets	(18)	0
Tax effect	7	(35)
Total	**(11)**	**1,167**

The fiscal effect of this rectification has been calculated on the basis of the effective fiscal deductibility charged to the company presenting the relevant asset in its financial statements.

Effect of the reversal of other intangible assets

The negative effect of 162 thousand Euros as at 31 December 2004 (290 thousand Euros as at 1 January 2004) is due to the transferral of the multi-annual expenses which on the basis of the International Accounting Principles do not possess the requirements to be capitalised and is broken down as follows:

Description	1.1.2004	31.12.2004
Reversal of other intangible assets	(462)	(258)
Tax effect	172	96
Total	**(290)**	**(162)**

The assets transferred mainly refer to advertising expenses and start-up and research costs which can no longer be capitalised on the basis of that established by IAS 38.

Effect of the application of fair value to the value of land and buildings

The effect of 9,097 thousand Euros as at 31 December 2004 (9,181 thousand Euros as at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Land and buildings valued at their fair value	14,631	14,497
Tax effect	(5,450)	(5,400)
Total	**9,181**	**9,097**

The increased value attributed to the real estate assets of the company is linked to the use of fair value during the initial application of the IAS/IFRS, according to that provided by IFRS 1.

On the basis of the results of the inspections carried out, the value of land (not subject to reduction in value over time and therefore no longer subject to amortization as of 1 January 2004) has also been separated from that of buildings constructed on it (subject to amortization as they are of definite duration).

Effect of the accounting of leasing according to the financial methods

The effect of 3,653 thousand Euros as at 31 December 2004 (3,782 thousand Euros as at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Leased land and buildings valued at their fair value	6,027	0
Accounting lease-back	0	11,863
Effect of different accounting down-payment	0	4,374
Effect on financial debt	0	(10,080)
Tax effect	(2,245)	(2,504)
Total	**3,782**	**3,653**

Employee Severance Fund and other employee benefits
The effect of 17 thousand Euros as at 31 December 2004 (125 thousand Euros as at 1 January 2004) refers to the recalculation of the payables for severance pay and other social security benefits recognised to employee of foreign companies on the basis of that provided by IAS 19 and is broken down as follows:

Description	1.1.2004	31.12.2004
Staff Severance Provision	186	26
Other minor liabilities	(61)	(9)
Total	**125**	**17**

Reconciliation statement of the results for the financial year ended 31 December 2004

(thousand of Euros)	
Net profit at 31 December 2004 according to Italian Accounting Standards	**9,793**
Effect of the application of IFRS 3 to business combinations	1,178
Effect of the reversal of other intangible assets	128
Effect of the application of the fair value to the value of land and buildings	(85)
Effect of the application of IAS 17 to lease-back	(130)
Effect of the recalculation of the Staff Severance Provision liability and other employee benefits pursuant to IAS19	(107)
Effect of the classification of treasury stock as a direct deduction of the share capital	(269)
Net profit at 31 December 2004 according to International Accounting Standards (IAS/IFRS)	**10,508**

Explanatory notes to the reconciliation statement of the consolidated results for the financial year ended 31 December 2004

Application of IFRS 3 to business combinations
The amount of 1,178 thousand Euros as at 31 December 2004 is broken down as follows:

Description	31.12.2004
Reversal of the amortization rate of goodwill, trademarks and consolidation differences	1,220
Tax effect	(42)
Net effect	**1,178**

For the reasons leading to this rectification, see the comments in the note on the reconciliation of net equity and assets.

Reversal of other fixed assets
The effect of 128 thousand Euros as at 31 December 2004 is broken down as follows:

Description	31.12.2004
Non-amortization of reversed charges	204
Tax effect	(76)
Net effect	**128**

For the reasons leading to this rectification, see the comments in the note on the reconciliation of net equity and assets.

Effects of the application of fair value to land and buildings

The application of fair value to replace the historical cost remaining at the time of transition to the IAS/IFRS has implied the attribution of an increased overall value to land and buildings. The effect of the increased amortizations which should have been calculated on this increased overall value has been more than compensated by the breaking down of the value of the buildings from that of the land on which they are constructed and the subsequent non-amortization of the latter.

The negative effect of 85 thousand Euros as at 31 December 2004 is broken down as follows:

Description	31.12.2004
Increased depreciation on land and buildings	(135)
Tax effect	50
Net effect	**(85)**

Severance pay and employee benefits

The negative effect of 107 thousand Euros refers to the reduction of the over-estimate of the severance pay fund as at 31 December 2004 compared to that as at 1 January 2004, and is broken down as follows:

Description	31.12.2004
Personnel costs	(158)
Tax effect	51
Net effect	**(107)**

Own shares

The negative effect of 269 thousand Euro refers to the cancellation from the profit and loss account of the effects due to the sale of the company's own shares.

IAS/IFRS - IT GAAP Reconciliation of the cash-flow statement

Cremonini s.p.a. (in thousands of Euros)	31.12.2004 Italian GAAP	31.12.2004 Changes	31.12.2004 IAS/IFRS
Net profit before minority interests	**9,793**	**715**	**10,508**
Amortization and depreciation	6,451	(1,240)	5,211
Net change in Staff Severance Provision	1,111	160	1,271
Net change in other provisions and non-monetary income items	(958)	1,465	507
Reversal of the effects from extraordinary transactions (capital gain on disposal of the Marr shareholding)	0	0	0
Operating cash-flow	**16,397**	**1,100**	**17,497**
(Increase) decrease in receivables from customers	(648)	0	(648)
(Increase) decrease in inventories	(183)	0	(183)
Increase (decrease) in payables to suppliers	3,132	0	3,132
(Increase) decrease in other items of the working capital	(2,600)	(7,399)	(9,999)
Change in working capital	**(299)**	**(7,399)**	**(7,698)**
CASH-FLOW FROM OPERATING ACTIVITIES	**16,098**	**(6,299)**	**9,799**
Net (investments) in intangible assets	(5,219)	2,222	(2,997)
Net (investments) in tangible assets	3,272	(9,301)	(6,029)
Change in financial assets	(4,312)	(582)	(4,894)
CASH-FLOW FROM INVESTING ACTIVITIES	**(6,259)**	**(7,661)**	**(13,920)**
FREE - CASH FLOW BEFORE EXTRAORDINARY TRANSACTIONS	**9,839**	**(13,960)**	**(4,121)**
Cash-flow from extraordinary transactions (transfer of Marr)	**0**	**0**	**0**
Cash-flow from distribution of dividends	(17,493)	0	(17,493)
Capital increases, change in treasury stock and other changes, including those of minority interests	0	1,950	1,950
Cash-flow from (for) change in shareholders' equity	**(17,493)**	**1,950**	**(15,543)**
FREE - CASH FLOW	**(7,654)**	**(12,010)**	**(19,664)**
Opening net financial debt	(147,764)	(266)	(148,030)
Cash-flow for the period	(7,654)	(12,010)	(19,664)
Closing net financial debt	**(155,418)**	**(12,276)**	**(167,694)**
Increase (Decrease) medium-long term borrowings	(73,162)	10,903	(62,259)
Increase (Decrease) medium-long term liabilities for derivatives	1,868	0	1,868
Cash flow from (for) medium-long term financial activities	**(71,294)**	**10,903**	**(60,391)**
CASH FLOW SHORT TERM OF THE PERIOD	**(78,948)**	**(1,107)**	**(80,055)**
Initial net short term indebtness	(33,529)	0	(33,529)
Cash flow of the period	(78,948)	(1,107)	(80,055)
Final net short term indebtness	**(112,477)**	**(1,107)**	**(113,584)**
Increase (Decrease) short term borrowings	80,166	1,107	81,273
Changes in other securities and other financial assets	0	0	0
Increase (Decrease) short term liabilites for derivatives	0	0	0
Cash flow from (for) short term financial assets	**80,166**	**1,107**	**81,273**
INCREASE (DECREA.) CASH AND CASH EQUIVALENTS	**1,218**	**0**	**1,218**
Cash and cash equivalents at the beginning of the period	1,531	0	1,.531
Cash flow of the period	1,218	0	1,218
Cash and cash equivalents at the end of the period	**2,749**	**0**	**2,749**

STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT IN ACCORDANCE WITH ART. 153 OF LEGISLATIVE DECREE 58/1998 AND ART. 2429 OF THE ITALIAN CIVIL CODE

(ANNUAL REPORT AS AT 31.12.2005)

Cremonini s.p.a. Shareholders,

This report is in fulfilment of that disposed by art. 153 of Legislative Decree 58 dated 24.2.1998, that obliges the Board of Statutory Auditors to report to the assembly of shareholders about the activities of control carried out as well as the right to formulate proposals concerning the financial statements, their approval and the matters for which it is responsible.

During 2005 business year, we have observed the duties of which in art. 149 of the above-mentioned Legislative Decree 58/1998 and carried out our activities according to the principles of behaviour recommended by the National Accountant's Association (Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri).

In particular, and in accordance with the applicable Consob Regulations, we can inform you about the following arguments.

The Board of Directors, within the deadlines as per the law, has made available to us both the half-yearly and annual reports on management performance 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 activities carried out and the more significant transactions in both economic and financial terms that has been entered into by the Company and/or its largest subsidiaries.

In this regard, we have ascertained that the transactions decided upon and undertaken were in conformity to the current legislation and the company by-laws, and based on the principles of correct administrative behaviour, not in contrast with resolution made by shareholder's meeting and do not create conflicts interest.

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

The Company, in accordance with guidelines in the Autodisciplinary Code by the Code of Self-Discipline for Corporate Governance and the regulatory procedures for Issuers, has set up a "Committee for Internal Control" and a "Remuneration Committee" within the Board of Directors.

Internal control, intended as the system which has the duty of assessing the respect of internal procedures (operational and administrative) adopted in order to guarantee suitable management and to prevent possible risks of a financial and operational nature, appears to be suitable to the dimensions of the Company.

The instructions given by the Company and informations received from subsidiaries pursuant to art. 114 of Legislative Decree 58/1998 are also appropriate.

Furthermore, as regards matters for which we are responsible, we can state the following:

- the financial statements correspond to the findings of company accountancy unit and have been prepared in accordance with the guidelines contained in the Civil Code and according to the scheme provided by the IAS and Consob indications;
- the financial statements have been prepared in accordance with the "international accounting principles" (IFRS – International Financial Reporting Standards) according to the indications provided by the Board of Directors in its comments, to which reference should be made for details. As provided by the regulations, the effects on net equity and results of the adoption of the afore-mentioned accounting principles are described and illustrated in suitable reconciliation tables;
- the notes to the financial statements, in addition to the indications required by the Civil Code, provide the information required by other laws and regulations deemed useful to represent the economic and financial situation of the Company;
- the report prepared by the Board of Directors contains the required information regarding the management of the Company, which is to be considered exhaustive and complete;
- the obligation to inform the Board of Statutory Auditors, shown in art. 150 of Legislative Decree 58/1998 and art. 21 of the company by-law, has been fulfilled by the Directors with the required regularity, by news and data given during the meetings of the Board of Directors, which the Board of Statutory Auditors has always attended;
- no evidence of atypical or unusual transactions with Group companies, third parties or affiliated parties has been found. Infra-group transactions regarding the exchange of goods and services, as illustrated by the Directors, have occurred under normal market conditions. In this regard, no conflicts 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 mentioned, the Board of Statutory Auditors has supervised, in terms of timeliness and completeness, the suitability of the administrative-accounting system, and also its reliability to correctly represent transactions, assisted in this by the independent auditors. No significant technical-administrative facts or circumstances emerged from the results of the quarterly audits carried out on the correct nature of the company accounts;
- the audit report, issued today by PricewaterhouseCoopers pursuant to art. 156 of Legislative Decree 58/1998, does not contain no warnings, nor relevant observations or limitations;
- during the course of the year, the Board of Directors held fourteen meetings, at which we were always present; we also participated in the meetings of the Committee for Internal Control;
- during the course of the year, the Board of Statutory Auditors held ten meetings, and during the meetings regarding quarterly reports and also had an exchange of information with the independent auditors;
- during the course of the corporate business year, we have provided all the opinions requested of the Board of Statutory Auditors pursuant to the law and the company by-laws;
- the Board of Statutory Auditors has not received claims from Shareholders ex Civil Code art. 2408, or other complaints in general;
- in addition to the review of the year's financial statements, the consolidated financial statements, the limited review of the half-yearly report and the audit procedures agreed for the review of quarterly reports, PricewaterhouseCoopers has been appointed to provide professional collaboration in the scope of the transition to International Financial Reporting Standards (IFRS). Additional fees amounted to € 35,000.

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 adopted its own "Autodisciplinary Code";
- has set up a "Internal Audit Committee" and the "Remuneration Committee";
- has adopted the "Assembly Regulations";
- has adopted its own "Organisational Model" and "Code of Ethics" pursuant to Legislative Decree 231/2001.

As regards internal dealing, and pursuant to the modifications contained in Legislative Decree 58/1998 and Consob Regulation 11971/1999, the Company:

- has adopted a procedure for identifying "relevant persons and persons closely connected" and for the discipline of the notification of operations concerning the purchase and sale of Company shares carried out by them;
- has adopted a procedure for identifying "persons having access to privileged information" and for setting up the relevant register.

The Board of Statutory Auditors, on the basis of the control activities carried out during the year, hereby expresses it favourable opinion for the approval of the financial statements as at 31 December 2005 and the proposal to allocate the yearly profits as formulated by the Board of Directors.

Castelvetro di Modena, 13 April 2006

THE BOARD OF STATUTORY AUDITORS
The Chairman
(Dr. Alessandro Artese)

Standing Auditor
(Dr. Giovanni Zanasi)

Standing Auditor
(Dr. Ezio Maria Simonelli)

AUDITORS' REPORT

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

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

To the Shareholders of
Cremonini SpA

1. We have audited the consolidated financial statements of Cremonini SpA and its subsidiaries ("Cremonini Group"), which comprise the balance sheet, income statement, cash flow statement, statement of changes in shareholders' equity and the related notes as of 31 December 2005. These consolidated financial statements are the responsibility of Cremonini SpA's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The aforementioned consolidated financial statements have been prepared for the first time in accordance with the International Financial Reporting Standards as adopted by the European Union.

2. We conducted our audit in accordance with the auditing standards and criteria recommended by the National Commission for Companies and the Stock Exchange (CONSOB). In accordance with those standards and criteria, the audit has been planned and performed to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

   The responsibility for the audit of the financial statements of seven subsidiaries, representing 5.1 per cent of the consolidated asset and 8.7 per cent of the consolidated revenues, lies with other auditors.

   The consolidated financial statements present the prior year corresponding figures prepared in accordance with the same accounting principles. Furthermore, the Appendix 9 to the consolidated financial statements as of 31 December 2005 explains the effects of the transition to the International Financial Reporting Standards as adopted by the European Union and includes the information related to the reconciliation schedules required by IFRS 1, which have been approved and published as appendix to the

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70125 Viale della Repubblica 110 Tel. 0805429863 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25124 Via Cefalonia 70 Tel. 0302219811 – **Firenze** 50129 Viale Milton 65 Tel. 0554627100 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 0817644441 – **Padova** 35137 Largo Europa 16 Tel. 0498762677 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Manzoni 16 Tel. 0461237004 – **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 – **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel. 0458002561

PRICEWATERHOUSECOOPERS

Interim Financial Reporting as at 30 June 2005, audited by us, for which reference should be made to our report issued on 10 October 2005.

3. In our opinion, the consolidated financial statements of Cremonini SpA as of 31 December 2005 comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and cash flows of Cremonini Group for the year then ended.

4. We draw your attention to the information included in the explanatory notes which discloses the significant economic and financial effects on the consolidated financial statements of Cremonini SpA of the listing of its subsidiary MARR SpA, occurred on 21 June 2005, at the Italian Stock Exchange.

Bologna, 13 April 2006

PricewaterhouseCoopers SpA

Edoardo Orlandoni
(Partner)

"This report has been translated from the original which was issued in accordance with Italian legislation. References in this report to the Consolidated Financial Statement refer to the Consolidated Financial Statement in original Italian and not to their translation."

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER **2005**

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET ASSETS

(in thousands of Euros)	Note	31.12.2005	31.12.2004
Non-current assets			
Tangible assets	1	564,132	555,510
Goodwill	2	120,034	87,426
Other intangible assets	3	8,045	8,284
Investments valued at equity	4	4,312	4,173
Investments in other companies	5	4,795	4,778
Financial assets held for sale		3	3
Non-current financial receivables	6	1,974	228
Deferred tax assets	7	13,900	13,937
Other non-current assets	8	9,005	5,816
Total non-current assets		**726,200**	**680,155**
Current assets			
Inventories	9	208,224	203,348
Biological assets	10	14,024	7,698
Current financial receivables	11	4,004	8,610
Current trade receivables	12	389,331	369,260
Current tax assets	13	20,615	26,187
Financial assets held for sale			29
Cash and cash equivalents e	14	89,203	66,009
Other current assets	15	44,073	41,275
Total current assets		**769,474**	**722,416**
Total assets		**1,495,674**	**1,402,571**

BALANCE SHEET LIABILITIES

(in thousands of Euros)	Note	31.12.2005	31.12.2004
Shareholders' Equity			
Share capital	16	66,963	66,994
Reserves		173,598	173,407
Retained earnings		17,964	14,598
Result for the period		40,558	10,814
Shareholders' Equity attributable to the Group		299,083	265,813
Minority interests' capital and reservesi		52,801	36,987
Profit for the period attributable to minority interests		11,948	10,219
Shareholders' Equity attributable to minority interests		64,749	47,206
Total Shareholders' Equity		**363,832**	**313,019**
Non-current liabilities			
Non-current financial payables	17	346,557	282,296
Financial instruments / Derivatives	18	6,112	2,416
Employee benefits	19	40,059	38,140
Non-current provisions for risks and charges	20	5,255	4,977
Deferred tax liabilities	21	59,757	52,990
Other non-current liabilities	22	5,277	4,128
Total non-current liabilities		**463,017**	**384,947**
Current liabilities			
Current financial payables	23	249,606	316,636
Financial instruments / Derivatives	24	1,500	0
Current tax liabilities	25	21,279	22.2,87
Current trade liabilities	26	333,659	320,065
Other current liabilities	27	62,781	45,617
Total current liabilities		**668,825**	**704,605**
Total liabilities		**1,495,674**	**1,402,571**

INCOME STATEMENT

(in thousands of Euros)	Nota	31.12.2005	31.12.2004
Revenues	28	2,091,884	1,966,034
Other revenues	29	66,588	26,482
Change in inventories of finished and semi-finished goods		(2,135)	(22,798)
Capitalisation of internal construction costs		388	613
Costs for purchases	30	1,464,982	1,.323,257
Other operating costs	31	(354,760)	(350,084)
Personnel costs	32	(193,855)	(182,839)
Amortization and depreciation	33	(38,489)	(37,066)
Write-downs and provisions	33	7,076	(6,360)
Revenues from equity investments		78	(1,370)
Financial (Income)/Charges	34	(20,864)	(23,458)
Result before taxes		**76,777**	**45,897**
Income taxes	35	(24,271)	(24,864)
Result before minority interests		**52,506**	**21,033**
Result attributable to minority interests		(11,948)	(10,219)
Result for the period attributable to the Group		**40,558**	**10,814**

Basic earning per share	0.3141	0.0793
Diluted earning per share	0.3141	0.0793

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form and content of the consolidated financial statements

The consolidated financial statements as at 31 December 2005 were prepared in accordance with the accounting policies and measurement criteria laid down by the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure referred to in Article 6 of the (EC) Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002.

For the purposes of the present report IFRS 1 (first-time adoption of the International Financial Reporting Standard) was applied, since this financial statements falls in the period of transition to the foregoing international accounting standards. Annex 9 contains the "Explanatory notes to the transition to IAS/IFRS", illustrating the effects of the transition to the IFRS and the reconciliations set out by IFRS 1: "First-time adoption of International Financial Reporting Standard", accompanied by explanatory notes.

The consolidated financial statements were prepared in accordance with the cost method, with the exception of the following balance sheet entries:

- land and buildings for which the fair value as at 1 January 2004 was adopted, as "deemed cost" as provided for by IFRS 1, as detailed later in this report;
- the derivative contracts were entered at their fair value with a counter entry in the income statement.

Cremonini S.p.A. has chosen to apply IAS 32 and IAS 39 in advance as from 1 January 2004; the relevant effects are detailed in Annex 9.

For the purpose of comparison, the consolidated financial statements as at 31 December 2005 show the figures of the financial year ended as at 31 December 2004. The economic and financial data as at 31 December 2004 derive, with the amendments connected to the introduction of the IFRS, from the year end consolidated data contained in the financial statements for the previous year.

The following classifications have been used:

- Balance Sheet for current/non-current postings;
- Income Statement by nature;
- Financial statement indirect method.

It was retained that these classifications supply information better representing the economic and financial situation of the company.

The statements and tables appearing in these financial statements are shown in thousands of Euros.

The evaluation criteria adopted to prepare these financial statements are shown in the following points:

CONSOLIDATION METHODS

Consolidation is made by using the line-by-line method, which consists in recognising all the items in the assets and liabilities in their entirety. The main consolidation criteria adopted to apply this method are the following:

- Subsidiaries have been consolidated as from the date when control was actually transferred to the Group, and are no longer consolidated as from the date when control was transferred outside the Group.
- Where necessary, amendments are made to the financial statements of the subsidiaries to bring the accounting criteria used into line with those adopted by the Group.
- Assets and liabilities, charges and income of the companies consolidated on a line-by-line basis, have been fully entered in the consolidated financial statements; the book value of equity investments has been written-off against the corresponding portion of shareholders' equity of the related concerns, by assigning to each single item of the balance sheet's assets and liabilities the current value as at the date of acquisition of control (purchase methods as defined by IFRS 3 "Business combinations"). Any residual difference, if positive, is entered under "Goodwill" in the assets; if negative, in the income statement.
- Mutual debt and credit, costs and revenues relationships, between consolidated companies, and the effects of all significant transactions between these companies, have been written-off.
- The portions of shareholders' equity and of the results for the period of minority shareholders have been shown separately in the consolidated shareholders' equity and income statement.

SCOPE OF CONSOLIDATION

The consolidated financial statements as at 31 December 2005 include the financial statements of the Parent Company Cremonini S.p.A. and those of the companies it either directly or indirectly controls (including the specifically destined entities), excluding the subsidiaries whose value is not of significance.

Those companies whose accounts show values which are both individually and cumulatively irrelevant with respect to the Group's consolidated financial statements have been excluded from the scope of consolidation. In particular, the exclusion was effected in relation to the following subsidiaries:

Directly owned subsidiaries
Cremonini Finance plc in liquidation
Fernie s.r.l. in liquidation
Ibis s.p.a.
Inalca Hellas e.p.e. in liquidation
Montana Farm s.p.zo.o.
Inalca Brazzaville s.a.r.l.
Zaklady Miesne Sochocin Spolka

The equity investments in the above companies have been valued at cost (in many cases having been completely written down).

The equity investments included in the scope of consolidation as at 31 December 2005, with the indication of the consolidation method, are listed in Annex 6.

The scope of consolidation has undergone some changes, as described hereinafter, compared to that relative to the consolidated financial statements of the previous business year. These changes, however, have not significantly affected comparison with data as at 31 December 2004.

In particular, compared to 31 December 2004, the following companies have been included in the scope of consolidation:

- Infer s.r.l. (Mokà brand), the company holding rights for catering activities at the railway stations of Roma Termini, Milano Centrale and Napoli Centrale. This company, acquired during 2005, was merged by incorporation into Cremonini in the month of December;
- Kaskad, a company operating in the real estate sector, owner of the land on which a storage warehouse is to be built;
- Asca s.p.a., a company acquired by Marr in September 2005, consolidated with the line-by-line method from 30 September 2005.

Furthermore during 2005:
- Azienda Agricola Rondine Bianca s.r.l. merged by incorporation into Società Agricola Corticella s.r.l. (formerly Azienda Agricola Corticella s.r.l.);
- Sfera s.p.a. acquired a further 3% of the shareholders' equity in Marr-Alisurgel in liquidation which at the date of the financial statements was entirely owned by the Group.

ACCOUNTING POLICIES

For the purposes of preparing the consolidated financial statements as at 31 December 2005, the same accounting standards and criteria applied in drawing up the IAS-IFRS reconciliation statements for the previous financial year were applied. The most important accounting policies adopted to prepare the consolidated financial statements are shown in the following points:

Tangible assets

Tangible assets are entered at their purchase cost or production cost, inclusive of directly allocated additional charges required to make the assets available for use. As indicated in the section on the "Effects of the applications of the international accounting standards", as permitted by IFRS 1, the Company has measured certain owned land and buildings at fair value, and has adopted such fair value as the new cost subject to depreciation.
Apart from the foregoing, no revaluations are permitted, even if in pursuance to specific laws. Assets subject to capital lease are entered under tangible assets against a financial payable to the lessor; and depreciated in accordance with the criteria below.
Tangible assets are systematically depreciated on a straight-line basis over their expected useful life, based on the estimate of the period over which the assets will be used by the Company. When a tangible asset is made up of a number of significant components, each with a different useful life, depreciation is made for each single component. The depreciation value is represented by the book value minus the presumable net transfer value at the end of its useful life, if materials and reasonably determinable. Land is not depreciated, even if purchased together with a building, as well as tangible assets held for sale, measured at the lower between the book value and fair value after transfer charges.
Costs for improvement, modernisation and transformation increasing tangible assets are entered in the balance sheet's assets.

The recoverability of the book value of tangible assets is determined by adopting the criteria indicated in the section "Impairment of assets".

The rates applied are the following:

▶ Buildings	2% - 5%
▶ Plant and machinery	7.50%-15%
▶ Industrial and business equipment	20%
▶ Other assets:	
▶ Electronic office machines	20%
▶ Office furniture and fittings	12%
▶ Motor vehicles and means of internal transport	20%
▶ Cars	25%
▶ Other minor assets	10%-20%

Leasing
The leasing contracts are classified as finance leasings whenever the terms of the contracts substantially transfer all the risks and benefits of ownership to the lessee.
The assets leased are recognised as assets of the Group at their fair value on the date of execution of the contract, or, if less, at the present value of the minimum payments due for the leasing. The corresponding payable to the lessor is included in the balance sheet as a payable for leases. The payments for rentals are split between capital and interest portions in order to obtain a constant interest rate on the remaining liability. The financial charges are directly entered in the income statement.

The costs for rentals deriving from operative leases are recorded to income statement in constant instalments on the basis of the duration of the contract.

Goodwill and other intangible assets
Intangible assets are assets that lack physical substance, controlled by the Company and capable of generating future economic benefits, as well as goodwill, whenever purchased for a valuable consideration.
Identification is defined by reference to the possibility of distinguishing acquired intangible assets from the goodwill. This requirement is normally satisfied when:
(i) the intangible assets are traceable to a legal or contractual right, or
(ii) the asset is separable, that is it may be assigned, transferred, leased out or exchanged autonomously or is an integral part of other assets. Control over the business consists in the power to exploit the future economic benefits deriving from the assets and the possibility of limiting access to it by others.
Intangible assets are entered at cost, measured in accordance with the criteria established for tangible assets. No revaluations are allowed, even in pursuance to specific laws.
Intangible assets with a definite useful life are systematically amortised over their useful life, based on the estimate of the period over which the assets will be used by the Company; the recoverability of their book value is determined by adopting the criteria included in the section "Impairment of assets".
Goodwill and other intangible assets, if any, with an indefinite useful life, are not subject to amortisation; the recoverability of their book value is determined at least each year and, in any case, whenever in the presence of events implying a loss in value. As far as goodwill is concerned, verification is made on the smallest aggregate, upon which Management, either directly or indirectly assesses the return on investment, including the goodwill itself (cash generating unit). Write-downs are not subject to value restoration.

Goodwill is considered as having an indefinite useful life and is therefore not related to the period of the contractual license. The management has decided to use this accounting treatment since:
- the licence price initially paid is related to the value of the turnover of the business purchased and is independent with regard to the remaining contractual period;
- in the past, on expiry of the contract, the Group was always able to renew the licenses;
- the redefining of contractual relations occurred in the past resulted from voluntary agreements. From the conclusion of these operations, the Group, besides having solidified trade relations with the companies, has also obtained extensions to the contractual terms. In these cases, as in the previous, the goodwill eventually paid has not shown an impairment.

Other intangible assets have been amortised by adopting the following criteria:

▶ Patents and intellectual property rights	5 years
▶ Concessions, licences, trademarks and similar rights	5 years / 20 years
▶ Other assets	5 years / contract term

Equity investments in associated and other companies
Equity investments in associated companies are valued at equity, while equity investments in other companies, given their lack of significance, are valued at purchase, subscription or contribution cost, as indicated in Annex 1 and in the following notes. The recoverability of their book value is determined by adopting the criteria indicated in the section "Impairment of assets".

Inventories
Inventories are entered at the lower of purchase or production cost, calculated by the FIFO method and the presumed realisable value in consideration of the market trend.

Biological assets
The biological assets represented by livestock have been valued at their fair value, net of accretion and sale costs.

Cash and cash equivalent
Cash and cash equivalent includes cash, current bank accounts, deposits payable on demand and other easily cashable short-term investments not subject to the risk of a change in value.

Receivables and other short-term assets
Trade and other short-term receivables are initially entered at their fair value and then valued at their amortised cost, after write-down. Upon entry, the nominal value of receivables represents their fair value upon said date. Given the high receivables turnover, application of amortised cost produces no effects. Provision for bad debts, as at said date, represents the difference between the book value of receivables and the reasonable expectation of financial flows forecasted from their collection.

Impairment of assets
In the event of cases implying an impairment of an asset, the recoverability of its value it determined by comparing the book value with the relevant recoverable value, which is the higher between the fair value, net of disposal charges and the use value.
Failing a binding sales agreement, fair value is estimated on the basis of the value expressed by an active market, by recent transactions or on the basis of the best available information reflecting the sum the Company may gain by selling the asset.
The use value is determined by discounting back the expected cash flows deriving from the use of the asset and, if material and reasonably determinable, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions, to be supported by documentary evidence, representing the best estimate of future economic conditions occurring over the residual useful life of the asset, attaching greater importance to external indications. Discounting back is made at a rate that considers the risks inherent in the specific line of business.
Evaluation is made for each single asset or for the smallest identifiable group of assets generating autonomous incoming cash flows, deriving from constant use (the so-called cash generating unit). When the reasons for write-downs made no longer apply, the assets, except for goodwill, are revalued and the adjustment is entered in the income statement as a revaluation (value restoration). Revaluation is made at the lower between the recoverable value and the book value before write-downs previously made, minus the amortisation and depreciation rates that would have been allocated should no write-down have been made.

Capital stock
The costs relative to the issue of shares or options are classified in the shareholder's equity (net of the fiscal benefits related to them) as a deduction of the revenues deriving from the issue of such instruments.
In the case of acquisition of treasury stock, the price paid, including any directly attributable accessory costs, is deducted from the group's shareholders' equity until the shares are cancelled, re-issued or disposed of. When the treasury stock is sold or re-issued, the price cashed, net of any directly attributable accessory costs and the relative tax effect, is entered as the group's shareholders' equity

Earnings per share

Basic
The basic earnings per share are calculated on the basis of the Group's net profits divided by the weighted average number of shares in the financial year, excluding treasury stock.

Diluted
The diluted earnings per share are calculated on the basis of the Group's net profits divided by the weighted average number of shares in the financial years, excluding treasury stock. In order to calculate the diluted earnings per share, the weighted average number of share is amended assuming the conversion of all the potential shares with a dilutive effect, whilst the Group's net profit is adjusted to take account of the effects, net of tax, of the conversion.

Financial liabilities
Financial liabilities are initially valued at their fair value equal to consideration received at such date. They are then measured by amortised cost, adopting the actual interest-rate method.

Financial risk management
The Cremonini Group uses derivative financial instruments in order to hedge exposure to exchange rate and interest rate risks. Nonetheless, in cases where derivative financial instruments do not satisfy all the conditions laid down for the accounting treatment of hedging derivative financial instruments, they have been entered at their fair value against an entry in the income statement.

Accounting treatment of derivative contracts

Derivative instruments are assets and liabilities entered at their fair value.

Derivatives are classified as hedging instruments when the relation between the derivative and the subject matter of the hedge has been formally documented and the effectiveness of the hedge, checked periodically, is high. When the hedging derivative covers the risk of variation of the fair value of the instruments to be hedged (fair value hedge - e.g., hedging variations in fair value of fixed rate assets/liabilities), the derivatives are entered at their fair value with the recognition of the related effects in the income statement; consistently, the instruments are adjusted to reflect variations in fair value associated to the risk hedged. When the derivatives hedge risks of variation in the cash flow of the instruments to be hedged (cash flow hedge, e.g., hedging variations of cash flow of assets/liabilities by effect of exchange rate fluctuations), the variations in the fair value of the derivatives are initially entered under shareholders' equity and subsequently entered in the income statement consistently with the economic effects produced by the transaction hedged. Variations in the fair value of derivatives not satisfying the conditions allowing them to be identified as hedging instruments, are entered in the income statement.

The Company has decided to apply IAS 32 and 39 in advance and, in relation to derivative contracts existing at the reference dates, has entered such transactions at their fair value against an entry in the income statement since they do not satisfy the hedge conditions required by IAS 39.

The above accounting method has had no effects since such transactions were recorded in the same way (under the provision for risks and charges) in earlier consolidated financial statements drawn up in accordance with the Italian accounting standards.

Employee benefits

As provided by IAS19, the staff severance provision falls within the frame of the so-called benefit plans forming post-employment benefits. The accounting treatment established for such forms of benefit requires an actuarial calculation, which allows for a future projection of the amount of Staff Severance Provision already carried and for discounting it back, in order to consider the time running before actual payment. The actuarial calculation weighs variables such as average staff employment period, inflation rates and expected interest rates. Liabilities are valued by an independent actuary.

The Company has taken advantage of the possibility of applying the "corridor" mechanism on actuarial profits or losses, in entering the actuarial profits or losses relative to defined benefit plans which allows to dilute the valuation effect deriving from the change in some of the calculation parameters over a series of financial years: therefore actuarial profits and losses generated after the date of transition to the IFRS do not have to be entered immediately in the income statement, but rather diluted using the corridor method. According to this method only the portion of net actuarial profits and losses at the end of the previous period in excess of the greater between 10% of the present value of the obligations and 10% of the fair value of the eventual assets serving the plan at the same date, divided by the remaining working life of the employee.

Provisions for risks and charges

Provisions for risk and charges involve determined costs and charges, considered definite or probable, for which the amount or due date could not yet be determined at year-end. Provisions are recognised when: (i) the existence of a current, legal or implied obligation is probable, arising from a previous event; (ii) the discharge of the obligation may likely carry charges; (iii) the amount of the obligation may be reliably estimated. Provisions are entered at the value representing the best estimate of the amount the Company would reasonably pay to redeem the obligation or to transfer it to third parties at the end of the period. When the financial effect of time is significant and the payment dates of the obligations are reliably estimable, the provision is discounted back; the increase in the provision, associated with the passage of time, is entered in the income statement under "Financial income (charges)". The supplementary clientele severance indemnity, as all other provisions for risks and charges, has been appropriated, based on a reasonable estimate of future probable liabilities, and taking the elements available into consideration.

Income taxes

The income taxes for the financial year represent the total of current and deferred taxes.

Current income taxes are calculated on the basis of a realistic estimate of the taxes payable applying the tax laws in force; the relative figure is shown net of advances, withholding applied and taxes which may be off-set, in the item "Current taxes payable". If the result is a credit, the figure is shown in the item "Current tax assets" in the current assets.

Deferred taxes and deferred tax assets are calculated on the provisional differences between the value of assets and liabilities entered in the financial statements and the corresponding values recognised for tax purposes. Deferred tax assets are recorded when their recovery is probable. Deferred tax assets and liabilities for deferred taxes are classified under non-current assets and liabilities and are offset if referring to taxes which may be offset. The offsetting balance, if a credit, is entered under "deferred tax assets"; if a liability, under "Liabilities for deferred taxes". When the results of the operations are directly recognised in the shareholders' equity, current taxes, assets for pre-paid taxes and liabilities for deferred taxes are also recorded in the shareholders' equity.

Deferred tax assets and deferred taxes are calculated on the basis of the tax rates expected to be applied in the year said assets will realise or said liabilities will extinguish.

Currency conversion

Receivables and payables initially expressed in foreign currency are converted in Euro at the exchange rates prevailing at the date of the relevant transactions. Exchange rates differences generated upon collection of receivables and payment of payables in foreign currency are entered in the income statement. Upon the date of preparation of these financial statements, receivables and payables in foreign currency are converted at the exchange rates prevailing at 31 December 2005 and the relevant effects are entered in the profit income statement against the respective balance sheet items.

The conversion of the accounting statements produced by foreign subsidiaries which do not use the European reporting currency (Euro) has been effected on the basis of the current exchange rate method. The exchange rates used were the following:

Currency	Year-end exchange rate		Average exchange rates	
	2005	2004	2005	2004
Dollars (USA)	1.17970	1.36210	1.244090	1.243900
Dinars (Algeria)	86.03800	97.57430	90.703100	87.915200
Readjustado Kwanza (Angola)	95.29560	116.55900	108.441000	103.607000
Roubles (Russia)	33.92000	37.84250	35.186000	35.808400
Zloty (Poland)*	n.a.	4.52360	n.a.	4.734200

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

Stock options
In the shareholders' meeting of 2 September 2003, the subsidiary MARR S.p.A. approved a stock option plan, valued at the fair value of the capital instruments granted to the employees upon the assignment date. The fair value of the capital instruments exercised over the period, was charged to "Personnel costs" in the income statement, against an appropriate reserve in the Shareholders' Equity.
The fair value of the capital instruments was measured by an independent actuary.

Securitisation transaction

The Group is involved in an on-going securitisation transaction concerning trade receivables entered into in July 2002 pursuant to Law No. 130/1999.

The structure of the transaction entails the assignment on a weekly basis (with notification published in the Official Gazette) 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., a subsidiary of the associated company Global Service s.r.l. (19%).

Cremonini Sec. s.r.l., with security for the receivables received, issued "ABS" ("Asset Backed Securities") worth Euros 120 million, listed on the London Stock Exchange. The securities concerned, are ranked pari passu with Standard & Poors AAA rating, have a quarterly coupon settled at 3-month Euribor, plus a 0.50% spread.

In this transaction Cremonini s.p.a. performs the role of representative upon presentation of receivables on behalf of the assignors and upon encashment of the net income from the assignments, as well as sub-servicer on behalf of Cremonini Sec. s.r.l. (book-keeping and carrying out the operational management of the transaction).

According to SUC 12 standard on "Consolidation - Special purpose entities", Cremonini S.p.A. has proceeded to consolidate Cremonini SEC S.r.l. on a line-by-line basis.

Business combinations
Business combinations are recorded by applying the so-called purchase method (as defined by IFRS 3, "Business combinations"). The purchase method requires that, after having identified the purchaser in the context of the business combination and having determined the purchase cost, all assets and liabilities (including to so-called contingent liabilities) purchased must be valued at their fair value. To this end the company is required to value any intangible assets purchased specifically. Any goodwill is to be calculated in residual form, as the difference between the cost of the business combination (including additional charges and any contingent consideration) and the share pertaining to the company of the difference between assets and liabilities purchase, valued at their fair value.
Any goodwill emerging as described above, just as with any other intangible assets of indefinite life that may have been entered, must not be amortised but subjected to impairment test at least on an annual basis.

Recognition of revenues
Revenues from sales of goods are recognised upon the transfer of all the risks and charges deriving from ownership of the goods transferred, which is generally their shipment or delivery date.

Financial income and revenues from services are recognised on an accrual basis.

Dividends are recognised in the income statement on the date on which the right to receive them matures, which, in the case of listed companies is the date on which the coupon is detached.

Recognition of costs
Costs are recognised when related to goods and services acquired and/or received over the period.

The lease rental instalments are entered in the income statement on the basis of their pertinence.

The financial leasing instalments are entered, for as much as regards the capital portion as a reduction of the financial debt, for as much as regards the interest portion in the income statement.

Financial costs and charges for services are recognised on an accrual basis.

Sector information
A sector is defined as a business area or geographical area in which the Group carries out its business activities, characterised by conditions and risks differing from those applying in other sectors. In particular, the sectors of a business represent the Group's primary sectors identified as follows: Production, Distribution, Catering and Holding Company and Holding Company and Centralised Activities. Geographical areas (secondary sectors) have been identified in Italy, the European Union and the Extra-EU countries.

Main estimates adopted by Management
The application of generally accepted accounting standards for the drafting of the interim financial statements and accounting reports means that the management of the company is required to carry out accounting estimates based on complex and/or subjective judgements, estimates based on previous experience and hypotheses considered reasonable and realistic on the basis of the information known at the time when the estimate is made. The use of these accounting estimates influences the value at which assets and liabilities are entered into the accounts and information on potential assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs over the reference period. Actual results may differ from those estimated because of the uncertainty characterising the hypotheses and the conditions on which the estimates are based.
Below are the accounting estimates of critical importance in the process of drawing up the interim financial statements and accounting reports because involving a high degree of reliance on subjective judgements, assumptions and estimates relating to questions which are by their nature uncertain. A change in the conditions underlying the judgement, assumptions and estimates adopted may have a significant impact on subsequent results.
Below are the main estimates and assumptions adopted by Management to prepare these annual financial statements, whose variations, unpredictable at this time, may affect the Group's economic and financial situation.

- Estimates adopted to value to impairment of assets

In order to measure any impairment of goodwill entered in the financial statements, the Company has adopted the method previously illustrated in the section on "impairment of assets".
Cash-flows of cash generating units attributable to each goodwill/consolidation difference have been inferred for 2005-2007 from the Business Plan approved by the Board of Directors, while the following years up to 2019 are based on the assumption of a constant growth rate in line with the expected inflation levels.. The Weighted Average Cost of Capital (WACC) has been adopted as the discount rate, which is 7.5%. The measurement of any impairment of assets (Goodwill) was made by referring to the situation as at 31 December 2005.

- Estimates adopted to measure the fair value of the stock option plan

In the shareholders' meeting of 2 September 2003, the subsidiary MARR S.p.A. approved a stock option plan reserved to a number of employees, and authorised the corresponding capital increase to service the plan. The stock option plan provides for the assignment of rights to subscribe the Company's new ordinary shares, and is split up into two different share incentive stock option plans, one of which reserved to the Chief Executive Officer and to Company managers, and the other to a number of Company employees, both plans designed to spur production and foster the loyalty of these directors, managers and employees towards the Company.

Part of the Options was assigned through resolution adopted by the Board of Directors following approval of the Plan's regulation. As far as the remaining Options are concerned, these regulations state that the Options are to be assigned to the entitled beneficiaries as follows: (i) partly on an annual basis starting from 2003 up to 2007, provided the employment relationship with the Company runs until the date of the shareholders' meeting held to approve the financial statements for the year in question, (ii) partly on an annual basis starting from 2003 to 2007, subject to achievement of the budget objectives set by the Board of Directors of the Company for the year in question, and (iii) partly upon completion of the listing process of the Company's shares, subject to duration of the employment relationship with the Company.
The regulations of the stock option plans, amended as strictly required following the resolution adopted by the shareholders' meeting of 11 March 2005, establish the assignment to the beneficiaries of a maximum amount of 133,131 Options, each of which entitles them to the subscription of 10 ordinary shares of the Company, with a par value of Euro 0.5 each. The exercise price of these options has been determined on the basis on an independent expert's appraisal on 29 August 2003, as being equal to Euro 22.50 per option (Euro 2.25 per share of Euro 0.50).

In appliance of the conditions set by the Stock Option Plans, the Options are assigned against payment of consideration, amounting to 3% of the par value of the Company's ordinary shares these Options entitle to subscribe.
Exercise of the Options and consequent subscription of new shares by the holders of the Options is allowed in the event the shares of the Company are listed on a regulated stock market managed by Borsa Italiana S.p.A.
On 20 June 2005, the beneficiaries of the stock option plan fully exercised their option rights accrued as at that date, and accordingly subscribed and released 836,280 shares forming part of the capital increase reserved to the beneficiaries by the Shareholders' Meeting of 2 September 2003.

The fair value of the plan was measured by an independent actuary, based on the following assumptions:

- The cost of the stock options was determined as at the date of assignment of the plan (2 September 2003), by assuming the presumable value of Marr S.p.A. as at the date of admission to the regulated market, and based also on the evaluation of the Company delivered by the independent export on 29 August 2003;
- The free risk rates curve was inferred from the Euroswap rates at 31 December 2003;
- The evaluation method used is the Monte Carlo method;
- The flow of expected dividends was inferred from the Business Plan approved by the Board of Directors;
- The estimated volatility of the MARR stock (pre-listing) was inferred from the history of the Cremonini stock.

▶ Estimates adopted in the actuarial calculation for the purpose of determining the benefit plans defined in the context of staff severance provisions

The valuation of the staff severance provision was made by an independent actuary on the basis of the following assumptions:
- the expected inflation rate is 2%;
- the discounting back rate used is 4%;
- the expected rate of increase in retribution (including inflation) can be split as follows: (i) Directors 4.5%; (ii) White-collar workers/Executives 3%; (iii) Blue-collar workers 3%;
- the expected annual rate of increase in the staff severance provision is 3%;
- the turnover of employees is 10%.

The net actuarial losses not recognised in the balance sheet as at 31 December 2005 amount to 1,088 thousand Euros.

▶ Estimates adopted in the actuarial calculation for the purpose of determining the supplementary clientele severance indemnity

The valuation of payables for the clientele severance indemnity was made by an independent actuary on the basis of the following assumptions:
- the expected voluntary turnover rate is 3%;
- the expected company turnover rate is 11%;
- the discounting back rate used is 3%.

Marr IPO Operation

As also disclosed in the Directors' Report, the 2005 financial year's profits were influenced by the I.P.O. of Marr s.p.a..

After the conclusion of this operation, which led to a total consolidated capital gain of 29.6 million Euros and a total improvement in the net financial position of 34.6 million Euros, Cremonini S.p.a. holds a controlling stockholding of 57.39% in the Marr capital stock.

In particular, the reduction of 9.28% in the stockholding in the subsidiary, occurred as follows:

- ▶ dilution of the percentage of control of Marr by effect of the exercise of the stock-options by the Marr employees destinees of the plan approved in 2003 (-0.85%);
- ▶ acquisition of 0.47% of Marr's capital stock in the month of June 2005 by effect of the exercise by the destinees of the stock-option plan of the sales option signed with Cremonini s.p.a.;
- ▶ sale of 10.8% of the Marr capital stock due to the public offering;
- ▶ on 5 July 2005 the Global Coordinators Banca Imi and Merryll Linch exercised the Greenshoe regarding 1,225,929 Marr s.p.a. shares placed on sale by Cremonini s.p.a.;

After the listing, on 8 July 2005, Cremonini s.p.a. exercised the option to acquire 2,478,900 ordinary MARR shares, equivalent to approximately 3.75% of the capital stock, from the pool of institutional investors. This option, provided for by the agreement signed between Cremonini s.p.a. and the Institutional Investors in 2003 and successive amendments and supplements, involved the shares owned by the Investors that were not transferred in the context of the Global Offer.
The unit offer price was the same as the Offer Price (6.65 Euros) net of the charges for placing, whilst the transfer of the shares was through transactions carried out outside the market.

Other information

With reference to censurable facts, it should be noted that:

- at the end of 2003, a summons of investigation was issued by the Court of Potenza and sent to the Chairman of the Board of Directors of Cremonini s.p.a. regarding allegations of giving of money to a public official. The Court of Review decreed that the Judge of Rome has territorial jurisdiction over the matter;

- a case is 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 criminal sentence, appealed by the sentenced in as much as the alleged crime was committed by someone else, issued by the Judge of the Rome District against the Chief Executive Officer of the Catering division, regarding the serving of preserved foodstuffs that were not identified as such on the menu presented to customers. The fine amounts to 671 Euros.

Even taking into account the consequences of the aforesaid law suits, the figures and information contained in the consolidated financial statements as at 31 December 2005 are correct from a formal and substantial point of view and provide a fair view of the Group's results and financial position.

Information included in the Directors' Report

With respect to then nature of the company's business activities, the events of significance occurring after the closing of the financial year, relations with Group and related companies and other information relating to the different business sectors in which the Group operates, reference is made to the Directors' Report.

DETAILS OF THE MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

Specific statements have been prepared for the two categories of fixed assets (intangible and tangible) which have been attached hereto. These indicate for each item historic cost, previous amortisation and depreciation, changes over the period and final balances.

1. Tangible assets

(in thousands of Euros)	Balance at 31.12.2004	Change in consolidation area	Purchases	Decreases	Other	Amorti-zation	Balance at 31.12.2005
Land and buildings	391,348	7,313	10,163	(4,784)	6,500	(11,106)	399,434
Plant and machinery	129,264	848	12,028	(1,687)	5,305	(18,753)	127,005
Industrial and business equipment	5,912	120	2,117	(114)	135	(1,912)	6,258
Other assets	16,530	158	6,876	(2,728)	685	(4,789)	16,732
Fixed assets under construction and advances	12,456	12	14,539	-	(12,304)	-	14,703
Total	**555,510**	**8,451**	**45,723**	**(9,313)**	**321**	**(36,560)**	**564,132**

Land and buildings
Increases in the item land and buildings mainly regarded the distribution sector due to the acquisitions of the subsidiary Marr Calabria, Sfera and the consolidation of As.Ca. s.p.a. and the production sector due to improvements in some plants.
The decrease in the item refers for 649 thousand Euros to the disposal of the land in Miramare di Rimini which was transferred to the related company Le Cupole s.r.l.. The transaction was carried out on economic conditions substantially corresponding to the book value of the sold property.

In the changes in the scope of consolidation column, the effects of the acquisition by MARR s.p.a. of AS.CA s.p.a. (5,549 thousand Euros) and the effects deriving from the consolidation of Kaskad l.l.c., a company controlled by Inalca Russia, (1,764 thousand Euros), were included.

The other changes refer to the reclassification of works previously entered under "fixed assets under construction" completed in the period.

As at 31 December 2005 there were three leasing agreements in force regarding property. The operations can be summarised as follows:

	Building Ca' di Sola	Building Legnano	Building Opera (MI)
Commencement of the lease term	1-12-2004	1-12-2005	21-10-2004
Duration finance lease	96 months	180 months	96 months
Nr. of lease payments	95 months	179 months	96 months
Value of the leased asset	12.4 million Euros	3 million Euros	7 million Euros
Initial payment at the sign of the contract	1,200 thousand Euros	300 thousand Euros	700 thousand Euros
Amount of the monthly payment	117 thousand Euros	18 thousand Euros	72 thousand Euros
Interest rate	Euribor + 1.2	Euribor 3 months	Euribor 3 months + 1
Amount of final option	1,200 thousand Euros	300 thousand Euros	350 thousand Euros
2005 payments	1,410 thousand Euros	down-payment	938 thousand Euros
Residual value as at 31 December 2005	9.0 million Euros	2.7 million Euros	6.6 million Euros

Plant and machinery
The main investments have been made in INALCA (4,735 thousand Euros), Marr (1,674 thousand Euros) and Cremonini (1,755 thousand Euro) concerning plant and machinery used in the carrying out of the respective activities of production, distribution and catering.

Industrial and business equipment
The main investments have been made especially in the production (1,193 thousand Euros) and catering (926 thousand Euros) sectors.

Other assets
The main investments justifying the increase as compared to 31 December 2004 have been made by Marr, and mainly refer to vehicles (1,460 thousand Euros), means of internal transport and electronic machines (445 thousand Euros), the Cremonini's catering division, mainly for assets used in the various sales points, as well as assets acquired by INALCA. The main disinvestments were made by Marr (1,173 thousand Euros) and Interjet (1,380 thousand Euros) and mainly refer to the disposal of motor vehicles and the aircraft.

Fixed assets under construction and advances
The main increases refer, for 6,996 thousand Euros, to the beginning of construction works for a warehouse by Inalcammil, and for 4,646 thousand Euros works to complete the plant for the production of culatello and salami in Busseto (PR) which began production during the financial year.

The tangible assets are mortgaged respectively for 548 million Euros and 249 million Euros against the loans obtained.

2. Goodwill

The increase of 32.6 million Euros compared to 31 December 2004 mainly refers to:

- the acquisitions of Sfera (6.1 million Euros), Marr Calabria (4.7 million Euros) and As.Ca. (8.6 million Euros)
- the consolidation and subsequent merger by incorporation of Infer into Cremonini (5.4 million Euros) and the acquisition of Tibus (0.8 million Euros), a premises near to the Tiburtina coach station (Rome);
- the acquisition of the remaining Marr shares held by institutional investors in the context of the Marr IPO (6.6 million Euros).

The goodwill by Group business area can be broken down as follows:

(in thousands of Euros)	Balance at 31.12.2004	Change in consolidation area	Purchases	Decreases	Other	Impairment test	Balance at 31.12.2005
Production - Beef	16,343	-	-	-	-	(40)	16,303
Production - Others	746	-	-	-	-	-	746
Distribution	46,673	8,567	10,758	-	7,050	-	73,048
Catering	22,786	5,421	1,087	(214)	-	-	29,080
Holding company and services	878	-	-	-	-	(21)	857
Total	**87,426**	**13,988**	**11,845**	**(214)**	**7,050**	**(61)**	**120,034**

The Group controls the recoverability of goodwill at least once a year or more frequently if there are indicators of impairment. The main assumptions used to calculate the use value regard the discount rate, the growth rate and the expected variations in sales prices and the direct cost trend during the period taken for the calculation. The management has therefore adopted a pre-tax discount rate that reflects the current market valuations of the cost of money and the specific risks connected to the cash generating unit. The growth rates adopted are based on the expectations for growth in the industrial sector in which the Group operates. The changes in sales prices and direct costs are based on past experience and the future market forecast.

3. Other intangible assets

(in thousands of Euros)	Balance at 31.12.2004	Change in consolidation area	Purchases	Decreases	Other	Amorti-zation	Balance at 31.12.2005
Patents and intellectual property rights	2,061	49	1,562	(10)	(99)	(1,207)	2,356
Concessions, licences, trademarks and similar rights	1,062	-	70	-	(58)	(199)	875
Fixed assets under development and advances	3,035	-	2,081	(187)	(2,311)	-	2,618
Long-term costs	2,126	77	604	(44)	(106)	(461)	2,196
Total	**8,284**	**126**	**4,317**	**(241)**	**(2,574)**	**(1,867)**	**8,045**

The increase of the item "Patents and intellectual property rights" mainly involves the compensation, stated in the agreement, paid upon the acquisition of the subsidiary AS.CA for the non-competition obligation of each of the sellers and is amortized in 5 years during to the non-competition period.

The other intangible assets have a defined useful life and are consequently amortised throughout it

Fixed assets under development and advances
The item "fixed assets under development and advances" represents the capitalisation of the costs relating to assets in progress at the closure of the financial year that will be completed in the current or future periods. It should be noted that 500 thousand Euros of increase of the period was represented by a down payment concenrning the commitment to acquire a building in Pistoia for the new branch of Marr in Tuscany.
The decreases include the reclassification to Goodwill of a down payment made by Marr in the previous financial year for the purchase of a branch of business in Spezzano Albanese (CS).

4. Investments valued at equity

The following are the main changes in the financial year of which further detail is given in Annex 5. The list and data required by article 2427, paragraph 5 of the Italian Civil Code is set out in Annex 6.

Equity investments in subsidiaries
The balance refers to the investments in Fernie s.r.l. in liquidation and Inalca Brazzaville s.a.r.l. a company recently acquired by Inalca Kinshasa s.p.r.l. (subsidiary of Inalca s.p.a).

Equity investments in associated companies
The main changes in the value of associated companies refer to the revaluation of the equity investment in A.O. Konservni and the write-down of the equity investment in Buona Italia Alimentos due to the effect of their respective economic results included on a pro rata basis in the consolidated financial statements.

5. Investments in other companies

For further detail on the "Investments in other companies", reference is made to Annex 5.

6. Non-current financial receivables

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables from associated companies		
- Prometex s.a.m.	60	60
Interest-bearing and non-interest-bearing loans to third parties	1,914	168
Total	**1,974**	**228**

The balance as at 31 December 2005, of 1,974 thousand Euros, is mainly attributable to Marr s.p.a. and regards the portion of receivables after 12 months from haulage contractors for the sale to them of the motor vehicles used for the transport of MARR products.

7. Deferred tax assets

The amount of deferred tax assets mainly refers to the tax effect (I.RE.S. and I.R.A.P. taxes) calculated on taxed provision (7.3 million Euros), write-down of financial assets deductible for tax in subsequent financial years (1.2 million Euros), write-downs of intangible assets (1.1 million Euros) and previous tax losses that can be carried forward (2.1 million Euros).
The decrease compared to 31 December 2004 is a consequence of the decrease in the write-downs of financial assets deductible for tax in subsequent financial years

8. Other non-current assets

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables from customers	530	714
Tax assets	4,782	1,875
Accrued income and prepaid expenses	1,831	1,863
Other receivables	1,862	1,364
Total	**9,005**	**5,816**

Tax assets

The increase in non-current tax assets can mainly be attributed to Marr s.p.a and refers to the portion of tax credits receivable after 12 months as per Article 8 of Law No. 388 of 23 December 2000 concening to tax relief for underdeveloped areas; the amount, 1,902 thousand Euros, derives from the acquisitions of "Euromercato" and "Superfresco".

Other non-current assets

The other non-current assets refer for 1.1 million Euros to down payments made by Cremonini s.p.a., INALCA s.p.a. and Realfood s.p.a.

CURRENT ASSETS

9. Inventories

(in thousands of Euros)	31.12.2005	31.12.2004
Raw materials, secondary materials and consumables	16,538	18,007
Work in progress and semi-finished goods	3,253	2,292
Finished goods and goods for resale	188,502	183,143
Advances	226	436
Provision for write-down of inventories	(295)	(530)
Total	**208,224**	**203,348**

The "Provision for write-down of inventories" relating to Marr s.p.a. was reverted to the income statement, since the stock that had generated the provision at the time had meanwhile been sold.
There are no property rights restrictions on the inventories.

10. Biological assets

The amount under biological assets refers entirely to the valuation of cattle owned by Società Agricola Corticella and Guardamiglio. The valuation made in compliance with IAS 41..
The increase in the value of cattle compared to the last financial year was mainly due to the increased number of head remaining (17,833 as at 31 December 2005 compared to the 13,834 of 2004). The average purchase price also increased due to increased demand as a consequence of an increased consumption of meat.

11. Current financial receivables

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables from subsidiaries		
Montana Farm s.p.zo.o.	133	
Zaklady Miesne Sochocin sp.z.o.o.	280	
Receivables from associated companies		
Az. Agr. Serra della Spina s.r.l.	5	5
Farm Service s.r.l.	345	345
Receivables from controlling companies	-	*25*
Other financial receivables		
Interest-bearing and non-interest-bearing loans to third parties	1,830	6,130
Receivables from factoring companies	3	359
Other sundry receivables	1,735	1,746
Provision for bad debts	(327)	
Total	**4,004**	**8,610**

The decrease in the total compared to 2004 is mainly due:
- for approximately 1.4 million Euros to the reduction in financial receivables from haulage contractors for the sale to them of the motor vehicles with which they transport MARR products;
- for approximately 1.6 million Euros to the repayment of two interest-bearing loans made to the related company Le Cupole s.r.l.. The remaining receivable from the related company, of 21 thousand Euros refers to the interests accrued. On the date of presentation of the balance sheet this amount had been entirely repaid.

During the financial year a loan bearing interest at the market rate amounting to 950 thousand Euros was issued to Cremofin. The loan issued in January was refunded in March.

12. Current trade receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables from customers		
Due within 12 months	405,715	383,827
Provision for bad debts	(23,843)	(21,888)
Receivables from unconsolidated subsidiaries		
Montana Farm s.p.zo.o.	345	338
Inalca Hellas e.p.e. in liquidation		723
Provision for bad debts	(2)	(4)
Receivables from associated companies		
A.O. Konservni	6,310	5,465
Buona Italia Alimentos ltda	327	311
Farm Service s.r.l.	157	145
Fiorani & C. s.p.a.	26	57
Food & Co. s.r.l.	45	81
Prometex s.a.m.	74	4
Realbeef s.r.l.	81	
Toupnot sa	96	201
Total	**389,331**	**369,260**

The amount of receivables from associated companies mainly refers to trade receivables from the subsidiary of INALCA in Russia, A.O. Konservni, which carries out the activities of the production and marketing of tinned meat. This receivable derives from transactions of a commercial nature, also representing financial support for the Russian company in relation to its requirements for working capital deriving from sales to public bodies and the fact that the company itself has not had recourse to the local financial market as it was not considered economical.
The Group's bad debt provision is substantially attributable to trade receivables. The amounts shown in the balance sheet are net of provisions for bad debts, estimated by the Group's management on the basis of their historical experience and valuation of the current economic situation.

13. Current tax assets

(in thousands of Euros)	31.12.2005	31.12.2004
Receivables for advance on direct taxes	14,204	8,257
Receivables for withholdings	47	14
VAT credit and other taxes requested for reimbursement	3,997	14,637
Other sundry receivables	2,669	3,552
Provision for bad debts	(302)	(273)
Total	**20,615**	**26,187**

The decrease in the total, compared to 31 December 2004, is mainly due to reimbursement of a VAT credit of 7,540 thousand Euros to INALCA (cashed in the month of January 2005), a minor advance payment for direct taxation and minor VAT credits.

14. Cash and cash equivalents

(in thousands of Euros)	31.12.2005	31.12.2004
Cash	22,792	3,892
Checks	7	10,156
Bank and postal accounts	66,404	51,961
Total	**89,203**	**66,009**

15. Other current assets

(in thousands of Euros)	31.12.2005	31.12.2004
Accrued income and prepaid expenses	5,324	3,814
Other receivables		
Advances to suppliers	24,049	20,928
Receivables from insurance companies	3,155	2,776
Receivables for contributions to be collected	1,640	1,978
Receivables from social security institutions	1,066	892
Receivables from agents	1,707	1,691
Receivables from employees	754	585
Down payments	1,180	510
Guarantee deposits	341	285
Other sundry receivables	6,806	9,786
Provision for bad debts	(1,949)	(1,970)
Total	**44,073**	**41,275**

The "Advances to suppliers" refer, for 20,696 thousand Euros, to the distribution sector and the amount is linked to the re-supply methods typical of that activity; in particular they include payments made to foreign suppliers for goods purchased on a "F.O.B." basis.

The "receivables from insurance companies" include for 2,214 thousand Euros, the settlement of a claim made by Marr s.p.a regarding an accident that occurred in June 2003 at a goods storage warehouse in Aprilia (Roma). This amount, prudentially, only takes account of direct damages. It is retained, on the basis of the opinions of the company's insurance and legal consultants and the present phase of ascertaining the responsibility for the accident, that this amount will be cashed in its entirety.

With regard to receivables from related companies it should be noted that the other current items include 521 thousand Euros due from Le Cupole s.r.l. (of which 500 thousand Euros concening a down payment for the acquisition of a building); 4 thousand Euros from Collizzoli s.p.a. and 52 thousand Euros from Cre. Am. S.r.l. in liquidation.

LIABILITIES

Shareholders' equity

As far as changes are concerned, reference is made to Annex 7.

16. Capital stock

The capital stock amounts to 73,746,400 thousand Euros and is represented 141,820,000 ordinary shares of the Parent Company Cremonini s.p.a., fully subscribed and paid-up, with regular enjoyment, with a par value of Euro 0.52 each.

Treasury stock
As at 31 December 2005 the Parent Company held 13,045,537 treasury stock for a total par value of 6,784 thousand Euros. The consideration paid and received from the negotiation of stock was directly recorded in the balance sheet and no profit was entered in the income statement.

Reserves
The cash flow hedge provision shows the profits or losses deriving from the valuation of the financial instruments used to cover variable rate loans.

The reserve for transition to IAS/IFRS was set up following the first-time adoption of the International Accounting Standards.

The basic earnings per share as at 31 December 2005 amounted to Euro 0.3141 (Euro 0.0793 as at 31 December 2004) as was calculated on the basis of net profits of thousands of Euros 40,558 divided by the weighted average number of ordinary shares in 2005, equal to 129,122,092.

There is no difference between basic and diluted earnings per share.

The reconciliation between the Parent Company's shareholders' equity and the corresponding consolidated figures is the following:

(in thousands of Euros)	Financial year as at 31.12.2005		
	Capital stock and reserve	Profit/(loss)	Shareholders' equity
Parent Company's shareholders' equity and profit/(loss) for the year	**176,782**	**46,804**	**223,586**
Elimination of carryng value of consolidated subsudiaries:			
- Difference between the carryng value and pro rata shareholder's equity, net of the effects of intra-Group transactions	(66,402)	(24,161)	(90,563)
- Pro rata subsidiary profits (losses)		14,771	14,771
- Consolidation differences	82,701		82,701
Elimination of the effects of commercial transactions between Group companies	(55)	(93)	(148)
Adjustment of the financial statements of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	65,499	3,237	68,736
Total adjustments	81,743	(6,246)	75,497
Group's share of net equity and profit/(loss)	**258,525**	**40,558**	**299,083**
Minorities' share of net equity and profit/(loss)	52,801	11,948	64,749
Consolidated financial statements shareholders' equity and profit/(loss) for the year	**311,326**	**52,506**	**363,832**

Non-current liabilities

17. Non-current financial payables

(in thousands of Euros)	31.12.2005	31.12.2004
Due between 1 and 5 years		
Bonds	118,028	117,426
Payables to banks	129,760	103,152
Payables to other financial institutions	7,621	11,521
Total payables due between 1 and 5 years	**255,409**	**232,099**
Due beyond 5 years		
Payables to banks	86,069	44,342
Payables to other financial institutions	5,079	5,855
Total payables due beyond 5 years	**91,148**	**50,197**
Total	**346,557**	**282,296**

Bonds are represented by the securities issued in the context of the securitisation transaction (see paragraph "Securitisation transaction" in the introduction to this document).

18. Liabilities from derivative instruments

The Group uses the financial instruments offered by the market (including the so-called "derivatives") solely with a view to optimising debt costs and to hedge the risk of fluctuation in interest and exchange rates.

During the financial year, in order to limit the exposition to the risk of fluctuations in the interest rates, three "interest rate swap" hedge transactions were set up by which the variable Euribor rate was substituted with a fixed rate. These operations were entered with the hedge accounting method.

On 31 December 2005, there were also derivative transactions in course on rates not configurable as hedgings. The quantification of the estimated losses on these transactions, considering their fair value and taking into account of the forecast of future interest rates, lead to the recognition of a liability of 6,112 thousand Euros (2,416 thousand Euros as at 31 December 2004).

These transactions, with a face value of 141.9 million Euros, were as follows:
- two interest rate swap transactions with Cofiri SIM for Euro 77.5 million (expiring between 25.3.2008 and 12.4.2008) allowing the substitution of the variable rate for the financial debt of Cremonini s.p.a. from Euribor to US$ Libor;
- an interest rate swap agreement with Sanpaolo IMI (now Capitalia Group) for Euro 5 million (expiring on 19.12.2006) with the purpose of fixed-rate hedge against the risk of possible increases in the Euribor rate for a loan of the same duration and amount;
- an interest rate swap agreement with Deutsche Bank for 50 million Euros (expiring on 25.3.2015) with the purpose of fixed rate hedge against the risk of possible increases in the Euribor rate;
- an interest rate swap agreement with Cariparma e Piacenza for 5 million Euros (expiring 10.12.2011) with the purpose of fixed-rate hedge against the risk of possible increases in the Euribor rate;
- an interest rate swap agreement with Carisbo (Sanpaolo IMI Group) for 4.4 million Euros (expiring 01.07.2014) with the purpose of fixed rate hedge against the risk of possible increases in the Euribor rate.

19. Employee benefits

(in thousands of Euros)	31.12.2005	31.12.2004
Staff Severance Provision	39,978	37,897
Other benefits	81	243
Total	**40,059**	**38,140**

Below are the changes in the staff severance provision over the period:

(in thousands of Euros)	31.12.2005	31.12.2004
Opening balance	37,897	34,965
Effect of the change in consolidation area	266	562
Use for the financial year	(4,898)	(4,557)
Provision for the financial year	7,275	7,596
Other changes	(562)	(669)
Closing balance	**39,978**	**37,897**

20. Provision for non-current risks and charges

(in thousands of Euros)	31.12.2005	31.12.2004
Provisions for taxes	114	281
Labour disputes	410	374
Minor lawsuits and disputes	606	411
Supplementary clientele severance indemnity	2,106	1,964
Provision for losses on equity investments	423	185
Provision for future risks and losses	1,596	1,762
Total	**5,255**	**4,977**

The item "Provision for risks and charges" mainly includes the provisions for taxes and the supplementary clientele severance indemnity.

In 2004 the Company was subjected to a fiscal inspection performed by the Revenue Authorities regarding the fiscal years from 1999 to 2003, on the correct fulfilment of the fiscal dispositions on direct taxation and VAT.

With regard to the assessment issued by the Modena Revenue Office following the report prepared by the Revenue Authorities for the fiscal years from 1999 to 2003, the dispute was settled on the basis of the Revenue Authorities proposal.

Settlement of the above dispute led to a total expenditure of Euro 34,296 for taxes, penalties and interests.

As regards Marr s.p.a. there is still pending a fiscal dispute regarding alleged violations relevant to income taxes (fiscal years from 1993 to 1999) and VAT (fiscal years 1998 and 1999). In 2004 the Rimini Regional Tax Commission imposed taxes and penalties for a maximum amount of 4.7 million Euros plus interests; regarding this sentence as at 31 December 2005 Marr has paid 1,470 thousand Euros for tax payment for pending judgement, this amount has been recorded as a tax receivable. On 20 December 2004 Marr s.p.a. filed an appeal against the above-mentioned sentence with the Bologna Regional Tax Commission. On 6 January 2006 the dispute was discussed before the 24th Section of the Emilia Romagna Regional Tax Commission. Given the appeal filed by the company and the relative supplementary notes, the Marr directors, supported by the opinions of their advisors, retain that there are no probable tax liabilities and therefore no provision for tax risks has been accounted for.

21. Deferred tax liabilities

As at 31 December 2005 the balance of this item, of 59,757 thousand Euros, was composed for 54,614 thousand Euros by the effect deriving from the application of the internal accounting standards, for 2,949 thousand Euros by the different amount of amortisations and depreciation deductible for tax purposes compared to the amortisations and depreciation recorded to income statement and the different treatment of finance leasing contracts for tax purposes, for 1,040 thousand Euros by the tax effects calculated on exchange rate differences and 1,155 thousand Euros from the tax effects deriving from the consolidation adjustments, capital gains divided into instalments and other minor items.

22. Other non-current liabilities

(in thousands of Euros)	31.12.2005	31.12.2004
Accrued expenses and deferred income	1,200	642
Payables for acquisition of equity investments/branches of business	2,930	333
Payables to Social Security Institutions	336	2,350
Other payables	811	803
Total	**5,277**	**4,128**

The payables for acquisition of equity investments mainly refer to the acquisition of the Euromercato and Superfresco branches of business in Spezzano Albanese (CS) and the Sfera branch of business in Riccione (RN), by deeds executed in 2005 and the company Sogema s.p.a. (now Sfera s.p.a.) acquired in 2004.

CURRENT LIABILITIES

23. Current financial payables

(in thousands of Euros)	31.12.2005	31.12.2004
Payables to unconsolidated subsidiaries		
Fernie s.r.l. in liq.	471	481
Cremonini Finance plc		41
Payables to banks	245,322	280,781
Payables to other financial institutions	3,533	35,060
Other payables	280	273
Total	**249,606**	**316,636**

24. Liabilities from derivative instruments

The figure refers entirely to the effects of transactions involving INALCA - put options operations with the counterparts Deutsche Bank, Sanpaolo IMI, Banca S. Geminiano e S. Prospero and Akros. The face value of the option transactions amounts to 17.8 million Euros whilst the negative options amount to 53.2 million Euros. At the balance sheet date the negative value of the above options was 1.5 million Euros.
While these options permit hedge for part of the EUR/US$ exchange rate risk against receivables deriving from exports in US dollars effected by the Company, they do not satisfy all the conditions laid down for the accounting treatment of the hedging derivative financial instruments (hedge accounting), therefore as a result they have been entered at their fair value against an entry in the income statements.

25. Current taxes payable

(in thousands of Euros)	31.12.2005	31.12.2004
VAT	3,547	2,127
I.R.A.P.	2,333	2,797
I.RE.S.	9,332	11,374
Withholding taxes	4,604	4,282
Substitute taxes and other taxes payable	1,463	1,707
Total	**21,279**	**22,287**

I.RE.S. and I.R.A.P. payables relate to 2005 financial year taxes not yet paid at the balance sheet date.

26. Current trade payables

(in thousands of Euros)	31.12.2005	31.12.2004
Suppliers	332,769	319,423
Payables to unconsolidated subsidiaries		
Montana Farm s.p.zo.o.		115
Payables to associated companies		
Farm Service s.r.l.	5	51
Fiorani & C. s.p.a.	424	324
Prometex s.a.m.	154	121
Realbeef s.r.l.	307	3
Payables to controlling companies		
Cremofin s.r.l.		28
Total	**333,659**	**320,065**

The current trade payables mainly refer to the total deriving from commercial transactions and the payable to sales agents. The increase compared to 31 December 2004 is mainly attributable to the distribution sector.

27. Other current liabilities

(in thousands of Euros)	31.12.2005	31.12.2004
Accrued expenses and deferred income	5,406	4,013
Inps/Inail/Scau	6,928	6,588
Inpdai/Previndai/Fasi/Besusso	95	81
Enasarco/FIRR	539	502
Payables to other social security institutions	4,439	3,953
Advances and other payables to customers	7,241	5,967
Payables for employee remuneration	19,709	17,969
Payables for acquisition of equity investments	13,172	340
Guarantee deposits and down payments received	786	509
Payables to directors and auditors	687	940
Payables to agents	387	448
Other minor payables	3,392	4,307
Total	**62,781**	**45,617**

Payables to employees include current remuneration still to be paid as at 31 December 2005 and the allocations set aside relating to deferred remuneration.

"Payables for the acquisition of equity investments" mainly refer to the remaining debt for the acquisition of Infer s.r.l. and for the Marr's acquisitions of the Sfera branch of business in Riccione (RN), Euromercato and Superfresco in Spezzano Albanese (CS) as well as the recent acquisition of As. Ca. s.p.a..

Guarantees, sureties and commitments

(in thousands of Euros)	31.12.2005	31.12.2004
Direct guarantees – sureties		
- subsidiaries	214,042	232,078
- associated companies		
- affiliated companies	120	120
- other companies	107,680	90,695
	321,842	322,893
Direct guarantees – letter of comfort		
- subsidiaries	215,708	165,188
- associated companies	27,245	20,670
- affiliated companies		
- other companies	3,565	3,643
	246,518	189,501
Direct guarantees – credit mandates		
- subsidiaries	154,064	120,203
- associated companies		
- affiliated companies		
- other companies		
	154,064	120,203
Future leasing instalments	8,174	171
Other risks and commitments	15,264	22,904
Total guarantees, sureties and commitments	**745,862**	**655,672**

Direct guarantees - sureties

These guarantees include both the guarantees given directly by the companies, both in the interests of Group companies and third parties to banks for loans or credit lines, and those guarantees for which the Parent Company is jointly liable, given by banks or insurance companies, for a variety of commercial transactions, for Group VAT set-offs, for participation in tenders, etc.

Related companies - With respect to guarantees given for the benefit of related companies, reference is made to the paragraph "Relations with unconsolidated subsidiaries, associated, controlling and related companies" in the "Directors' Report".

Other companies - It should be noted that, with reference to guarantees to "Other companies", this is the classification normally given to guarantees given directly to third parties by Group companies, but exclusively in their own interests- Such guarantees are rarely given in the interests of third-party companies and even in such a case, in the context of transactions effected for the benefit of Group companies. In particular, this item includes the following (in thousands of Euros):

Company to which the guarantee is provided	Beneficiary	Amount	Reason
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.	74,663	VAT for compansation
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, ecc.)	Cremonini s.p.a.	4,567	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities
Other minor items	Cremonini s.p.a.	9,450	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**107,680**	

Direct guarantees - comfort letters

The comfort letters exclusively regard guarantees given to banks for the granting of loans or credit lines and include "simple" comfort letter of the Parent Company for 72,431 thousand Euros.

Indirect guarantees - credit mandates

The credit mandates relate to bank overdrafts and endorsement credits of subsidiaries guaranteed by credit lines granted by banks to the Company.

Leasing rentals

The leasing rentals mainly refer to the total of the instalments envisaged by the leasing agreement entered into at the end of the year for the acquisition of an aircraft. This asset was tested and delivered in the month of January 2006.

Other risk and commitments

Details of "Other risks and commitments" , for commitments of Group companies, are shown below (in thousands of Euros):

Description	Company to which the risk or commitment refers	Amount
Credit letter of purchase of goods	Marr s.p.a.	6,094
Purchase proposal for Realfood s.r.l. factory	Realfood 3 s.r.l.	5,600
Promise of purchase of property	Cremonini s.p.a. - Roadhouse Grill Italia s.r.l.	3,397
Other sundry	Montana Al. spa-Marr spa-Roadhouse G.I. srl	173
Total		**15,264**

The amount regarding the offer to purchase the Realfood plant, refers to the irrevocable offer presented in the bankruptcy 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 envisaged by the contract.

The "commitments to purchase buildings" refer to potential contracts to purchase a building in Castelvetro di Modena and buildings required to further develop the "steakhouse" chain. These contracts will be concluded at the beginning of 2006.

DETAILS OF THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

28. Revenues

Revenues are broken down as follows:

(in thousands of Euros)	2005	2004
Revenues from sales - Finished goods	810,462	818,708
Revenues from sales - Goods for resale	1,071,003	949,119
Revenues from sales - Oil	22,600	22,900
Revenues from sales - Others	21,944	22,181
Revenues from services	153,492	139,904
Advisory services to third parties	714	773
Rent income	5,254	3,891
Other revenues from ordinary activities	6,415	8,558
Total	**2,091,884**	**1,966,034**

Below is a break-down of revenues by geographical area:

(in thousands of Euros)	2005	2004
Italy	1,603,006	1,491,023
European Union	276,854	259,113
Extra-EU countries	212,024	215,898
Totale	**2,091,884**	**1,966,034**

29. Other revenues

The other revenues can be broken-down as follows:

(in thousands of Euros)	2005	2004
Contributions by suppliers and others	17,169	12,238
Operating grants	3,349	1,792
Other sundry revenues	46,070	12,452
Total	**66,588**	**26,482**

Other sundry revenues

(in thousands of Euros)	2005	2004
Rent income	322	261
Insurance reimbursements	1,891	1,442
Capital gains on disposal of capital goods	914	400
Other cost reimbursements	4,107	2,980
Services, consultancy and other minor revenues	38,836	7,369
Total	**46,070**	**12,452**

The item "Services, consultancy and other minor revenues" includes the capital gain (28.7 million Euros) realised by the Group as a consequence of the transfer of a share of the equity investment in the context of the IPO of the subsidiary Marr (in this regard see the Directors' Report).

30. Costs for purchases

(in thousands of Euros)	2005	2004
Costs for purchases - Raw materials	(546,529)	(515,686)
Costs for purchases - Goods for resale	(779,414)	(687,499)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(51,989)	(49,060)
Costs for purchases - Finished goods	(21,700)	(19,881)
Costs for purchases - Oil	(21,847)	(22,019)
Costs for purchases - Stationery and printed paper	(1,411)	(1,243)
Changes in inventories of raw materials, secondary materials, consumables and goods for resale	1,207	7,886
Other costs for purchases	(43,299)	(35,755)
Total	**(1,464,982)**	**(1,323,257)**

The "Cost for purchases - Oil" refer to the sale of fuel in the motorway service stations and the related matching entry is "Revenues from sales - Oil".

31. Other operating costs

(in thousands of Euros)	2005	2004
Costs for services	(309,860)	(306,995)
Costs for leases and rentals	(32,569)	(27,530)
Other operating charges	(12,331)	(15,559)
Total	**(354,760)**	**(350,084)**

Costs for services

(in thousands of Euros)	2005	2004
Energy consumption and utilities	(20,166)	(18,891)
Maintenance and repairs	(14,731)	(13,592)
Transport on sales	(57,080)	(56,743)
Commisions, commercial and distribution services	(77,969)	(76,989)
Third-party services and outsourcing	(38,222)	(42,087)
Purchasing services	(28,502)	(29,261)
Franchising	(5,444)	(6,954)
Other technical and general services	(67,746)	(62,478)
Total	**(309,860)**	**(306,995)**

The item "Other technical and general services" includes an amount of approximately 2.6 million Euros relative to the cost of listing Marr s.p.a.

Costs for leases and rentals

(in thousands of Euros)	2005	2004
Lease of business premises, royalties and others	(16,633)	(13,137)
Costs for leases	(234)	(348)
Leases and rentals related to real and personal property	(15,702)	(14,045)
Total	**(32,569)**	**(27,530)**

The increase in the value of the item "Lease of business premises, royalties and others" refers to the increase in the number of premises and service stations managed by the businesses operating in the catering sector.
With regard to relations with related companies, it should be noted that "Leases and rentals related to real and personal property" include 744 thousand Euros to Le Cupole s.r.l. for the rental of an industrial property Rimini, used for some time by Marr s.p.a..

Other operating charges

(in thousands of Euros)	2005	2004
Losses on receivables	(637)	(1,580)
Indirect taxes and duties	(4,331)	(3,972)
Capital losses on disposal of assets	(1,179)	(1,046)
Contributions and membership fees	(562)	(553)
Other minor costs	(5,622)	(8,408)
Total	**(12,331)**	**(15,559)**

32. Personnel costs

(in thousands of Euros)	2005	2004
Salaries and wages	(142,753)	(132,247)
Social security contributions	(42,552)	(41,288)
Staff Severance Provision	(7,750)	(8,220)
Pension and similar provisions	162	(18)
Other personnel costs	(962)	(1,066)
Total	**(193,855)**	**(182,839)**

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

As at 31 December 2005 the Group had 6,684 employees compared to the 6,160 of 31 December 2004.The increase of 42 was caused by changes on the scope o consolidation and, for the remainder, by the effects of development of the Group's business activities especially for as much as regards Cremonini, Moto, Cremonini Restauration and Railrest. Below is the break-down by category and average number of employees in 2005:

	Factory staff	Office staff	Managers	Total
Employees as at 31.12.2004	4,194	1,805	161	6,160
Employees as at 31.12.2005	**4,458**	**2,086**	**140**	**6,684**
Increases (decreases)	264	281	(21)	524
Average no. of employees during year 2005	**4,547**	**2,087**	**140**	**6,774**

33. Amortisation, depreciation and write-downs

(in thousands of Euros)	2005	2004
Depreciation of tangible assets	(36,560)	(35,540)
Amortization of intangible assets	(1,929)	(1,526)
Other write-downs of fixed assets	(37)	(29)
Write-downs and provisions	(7,039)	(6,331)
Total	**(45,565)**	**(43,426)**

34. Financial income and charges

(in thousands of Euros)	2005	2004
Net exchange rate differences	5,930	(2,350)
Income (Charges) from management of derivatives	(5,353)	(3,585)
Net financial Income (Charges)	(21,441)	(17,523)
Total	**(20,864)**	**(23,458)**

Exchange rate differences

(in thousands of Euros)	2005	2004
Realised net exchange rate differences	4,227	2,870
Net exchange rates valuation differences	3,203	(5,220)
Income (Charges) manag. of derivatives on changes	(1,500)	
Total	**5,930**	**(2,350)**

The net exchange rate valuation differences refer to the valuation of balance sheet balances in foreign currency existing to the exchange rate at the end of the financial year

Income (Charges) from management of derivatives

(in thousands of Euros)	2005	2004
Realised Income (Charges) from management of derivatives	(1,840)	(1,717)
Valuation Income (Charges) from management of derivatives	(3,513)	(1,868)
Total	**(5,353)**	**(3,585)**

The charge of 3.5 thousand Euros refers to derivative contracts on interest rates valued at their fair value and existing as at 31 December 2005.

Net financial Income (Charges)

(in thousands of Euros)	2005	2004
Financial Income (Charges) due to controlling companies	**6**	**0**
Financial income		
- Bank interest receivable	353	181
- Other financial income	1,134	4,660
Total financial income	**1,487**	**4,841**
Financial charges		
- Interest payable on loans	(8,255)	(7,464)
- Interest payable on factoring	(1,721)	(2,090)
- Interest payable on current accounts and others	(7,661)	(7,159)
- Other bank charges	(467)	(453)
- Interest on bonds	(3,345)	(4,147)
- Other sundry charges	(1,485)	(1,051)
Total financial charges	**(22,934)**	**(22,364)**
Total	**(21,441)**	**(17,523)**

35. Income taxes

(in thousands of Euros)	2005	2004
I.RE.S.	(11,413)	(13,374)
I.R.A.P.	(8,333)	(8,626)
Net deferred tax assets/liabilities	(4,525)	(2,864)
Total	**(24,271)**	**(24,864)**

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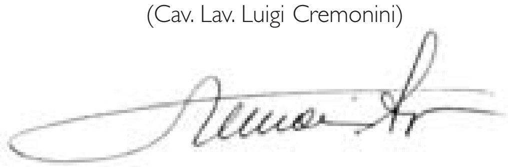
Castelvetro di Modena, 28 March 2006

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



ANNEXES

These annexes contain information additional to that reported in the notes to the consolidated financial statements, and form an integral part thereof:

- Annex 1 - Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2005;
- Annex 2 - List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2005;
- Annex 3 - Statement of changes in tangible assets for the financial year closed as at 31 December 2005;
- Annex 4 - Statement of changes in intangible assets for the financial year closed as at 31 December 2005;
- Annex 5 - List of stockholdings classified under financial assets as at 31 December 2005 and others;
- Annex 6 - List of stockholdings in subsidiaries and associated companies as at 31 December 2005 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation;
- Annex 7 - Statement of changes in the consolidated shareholders' equity in the financial year closed as at 31 December 2005;
- Annex 8 - Consolidated cash-flow statement for the financial years ended 31 December 2005 and 31 December 2004;
- Annex 9 - Explanatory notes to the transition to IAS/IFRS.

Annex 1 - Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2005

(in thousands of Euros)	Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:			(a)			
Fernie s.r.l. in liquidation	-	-	-	471	**-**	**471**
Montana Farm s.p.zo.o.	345	-	133	-	**478**	**-**
Zaklady Miesne Sochocin sp.z.o.o.	-	-	280	-	**280**	**-**
Provision for bad debts	(2)	-	-	-	**(2)**	**-**
Total subsidiaries	**343**	**-**	**413**	**471**	**756**	**471**
Associated companies:						
A.O. Konservni	6,310	-	-	-	**6,310**	**-**
Az. Agr. Serra della Spina s.r.l.	-	-	5	-	**5**	**-**
Buona Italia Alimentos ltda	327	-	-	-	**327**	**-**
Farm Service s.r.l.	157	5	345	-	**502**	**5**
Fiorani & C. s.r.l.	26	424	-	-	**26**	**424**
Food & Co s.r.l.	45	-	-	-	**45**	**-**
Prometex s.a.m.	74	154	60	-	**134**	**154**
Realbeef s.r.l.	81	307	-	-	**81**	**307**
Toupnot s.a.	96	-	-	-	**96**	**-**
Provision for bad debts	-	-	-	-	**-**	**-**
Total associated companies	**7,116**	**890**	**410**	**-**	**7,526**	**890**
Related companies:						
Collizzolli s.p.a.	-	-	4	-	**4**	**-**
Cre-Am s.r.l. in liquidation	-	-	52	-	**52**	**-**
Le Cupole s.r.l.	-	-	521	-	**521**	**-**
Total related companies	**-**	**-**	**577**	**-**	**577**	**-**

(a) Other receivables include receivables for dividends calculated on the distributable portion of profit for the 2005

Annex 2 - List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2005

(in thousands of Euros)	Trade		Other		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Subsidiaries:						
Fernie s.r.l. in liquidation	-	-	-	2	-	2
Montana Farm s.p.zo.o.	-	-	4	-	4	-
Total subsidiaries	**-**	**-**	**4**	**2**	**4**	**2**
Associated companies:						
A.O. Konservni	-	-	-	-	-	-
Az. Agr. Serra della Spina s.r.l.	-	-	-	-	-	-
Buona Italia Alimentos ltda	14	-	-	-	14	-
Farm Service s.r.l.	484	391	-	-	484	391
Fiorani & C. s.r.l.	1,332	4,324	-	-	1,332	4,324
Food & Co s.r.l.	-	-	-	-	-	-
Prometex s.a.m.	65	34	-	-	65	34
Realbeef s.r.l.	234	21,213	-	-	234	21,213
Toupnot s.a.	1,302	-	-	-	1,302	-
Total associated companies	**3,431**	**25,962**	**-**	**-**	**3,431**	**25,962**
Controlling companies						
Cremofins s.r.l.	6	-	-	-	6	-
Total controlling companies	**6**	**-**	**-**	**-**	**6**	**-**
Related companies:						
Agricola 2000 s.r.l.	-	-	12	-	12	-
Le Cupole s.r.l.	-	744	13	-	13	744
Tre Holding s.r.l.	-	-	4	-	4	-
Total related companies	**-**	**744**	**29**	**-**	**29**	**744**

Annex 3 - Statement of changes in tangible assets for the financial year closed as at 31 December 2005

(in thousands of Euros)	Opening position		
	Initial cost	Depreciation fund	Balance at 31.12.2004
Land and buildings	414,288	(22,940)	391,348
Plant and machinery	236,996	(107,732)	129,264
Industrial and business equipment	19,218	(13,306)	5,912
Other assets	50,990	(34,460)	16,530
Fixed assets under construction and advances	12,456		12,456
Total	**733,948**	**(178,438)**	**555,510**

Changes over the period					Closing position		
Net effects of changes in consolid. area	Acquisitions	Net decreases	Reclass./ Other changes	Depreciation	Initial cost	Depreciation fund	Balance at 31.12.2005
7,313	10,163	(4,784)	6,500	(11,106)	436,355	(36,921)	399,434
848	12,028	(1,687)	5,305	(18,753)	250,180	(123,175)	127,005
120	2,117	(114)	135	(1,912)	21,198	(14,940)	6,258
158	6,876	(2,728)	685	(4,789)	51,333	(34,601)	16,732
12	14,539	-	(12,304)	-	14,703		14,703
8,451	**45,723**	**(9,313)**	**321**	**(36,560)**	**773,769**	**(209,637)**	**564,132**

Annex 4 - Statement of changes in intangible assets for the financial year closed as at 31 December 2005

(in thousands of Euros)	Opening position		
	Initial cost	Amortization fund	Balance at 31.12.2004
Patents and intellectual property rights	8,228	(6,167)	2,061
Concessions, licences, trademarks and similar rights	2,193	(1,131)	1,062
Fixed assets under development and advances	3,035		3,035
Other intangible assets	4,018	(1,892)	2,126
Total	**17,474**	**(9,190)**	**8,284**

Changes over the period					Closing position		
Net effects of changes in consolid. area	Acquisitions	Net decreases	Reclass./ Write-downs/ Other changes	Amortization	Initial cost	Amortization fund	Balance at 31.12.2005
49	1,562	(10)	(99)	(1,207)	9,449	(7,093)	2,356
-	70	-	(58)	(199)	2,180	(1,305)	875
-	2,081	(187)	(2,311)	-	2,618		2,618
77	604	(44)	(106)	(461)	4,095	(1,899)	2,196
126	**4,317**	**(241)**	**(2,574)**	**(1,867)**	**18,342**	**(10,297)**	**8,045**

Annex 5 - List of stockholdings classified under financial assets as at 31 December 2005 and others

(in thousands of Euros) Company name	Percentage	Initial value	Purchases or subscriptions
Subsidiaries:			
As.Ca. s.p.a.			13,829
Cremonini Finance plc	100.00	-	
Fernie s.r.l. in liq.	95.00	527	
Ibis s.p.a.	98.00	-	
Inalca Brazzaville s.a.r.l.			3
Inalca Hellas e.p.e. in liquidation	95.00	-	
Infer s.r.l.			5,429
Kaskad			1,766
Montana Farm s.p.zo.o.	100.00	-	
Zaklady Miesne Sochocin sp.z.o.o.			
Total subsidiaries		**527**	**21,027**
Associated companies:			
A.O. Konservni	25.00	1,561	
Az. Agr. Serra della Spina s.r.l. in liq.	33.33	10	
Buona Italia Alimentos ltda	49.00	147	
Consorzio I.R.I.S. a r.l.	25.00	3	
Due Effe Service s.r.l.	24.00	1	
Farm Service s.r.l.	37.00	174	
Fiorani & C. s.p.a.	49.00	245	
Food & Co. s.r.l.	30.00	3	
Masofico	40.00	12	
Parma France s.a.s.	20.00	404	
Pierre Franco Investissement s.a.s.	20.62	1,003	
Prometex s.a.m.	39.33	59	
Realbeef s.r.l.	24.00	24	
Total associated companies		**3,646**	**0**
Other companies:			
Centro Agroalimentare Riminese s.p.a.		274	6
Emilia Romagna Factor s.p.a.		2,091	
Futura s.p.a.		600	
Nuova Campari s.p.a.		1,549	
Others		264	17
Total other companies		**4,778**	**23**
Total equity investments		**8,951**	**21,050**

(a) Write-down exceeding the book value of the equity investment has been allocated to an appropriate provision for risks.
(b) Now included in the scope of consolidation.
(c) Company merged during the year 2005.

Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value	Notes
		(13,829)			(b)
	(29)	29	100.00	-	
			95.00	527	
			98.00	-	
			96.00	3	
			95.00	-	
		(5,429)			(c)
		(1,766)			(b)
	(141)	(33)	100.00	-	(a)
			90.00	-	
0	**(170)**	**(21,028)**		**530**	
	283		25.00	1,844	
			33.33	10	
	(147)	(73)	49.00	-	(a)
			25.00	3	
			24.00	1	
			37.00	174	
			49.00	245	
			30.00	3	
			40.00	12	
			20.00	404	
			20.62	1,003	
			39.33	59	
			24.00	24	
0	**136**	**(73)**		**3,782**	
				280	
				2,091	
				600	
				1,549	
	(6)			275	
0	**(6)**	**0**		**4,795**	
0	**(40)**	**(21,101)**		**9,107**	

Annex 6 - List of stockholdings in subsidiaries and associated companies as at 31 December 2005 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation

(in thousands of Euros) Company name	HQ	Share capital (expressed in Euro, unless otherwise indicated)	Result for the financial year ended 31.12.05	Shareholders' equity at 31.12.05
Companies consolidated on a line-by-line basis:				
Alisea soc.cons. a r.l.	Impruneta (FI)	350,000	435	1,121
As.Ca. s.p.a.	Santarcangelo di Romagna (RN)	518,000	279	3,484
Società Agricola Corticella s.r.l.	Spilamberto (MO)	2,800,000	167	3,447
Autoplose gmbh	Matrei (Austria)	36,336	90	543
Cons. Centro Comm. Ingrosso Carni s.r.l.	Bologna	1,500,000	69	1,895
Cremonini Restauration s.a.s.	Parigi (France)	1,500,000	793	1,871
Cremonini SEC s.r.l.	Castelvetro di Modena (MO)	10,000	32	53
Cremonini s.p.a.	**Castelvetro di Modena (MO)**	**66,962,721**	**46,804**	**223,586**
Domogel s.r.l.	Castelvetro di Modena (MO)	100,000	(2,334)	(234)
Frimo s.a.m.	Principality of Monaco	150,000	10	567
Ges.Car. S.r.l.	Castelvetro di Modena (MO)	330,000	(35)	244
Global Service s.r.l.	Castelvetro di Modena (MO)	93,000	132	287
Guardamiglio s.r.l.	Piacenza	4,135,000	(275)	4,449
INALCA s.p.a.	Castelvetro di Modena (MO)	140,000,000	(1,740)	131,158
Inalcammil ltda	Luanda (Angola)	Kwanza 7,700,000	261	2,953
Inalca Algerie s. a r.l.	Algiers (Algeria)	DA 20,000,000	186	1,236
Inalca Kinshasa sprl	Kinshasa (Democratic Republic of Congo)	USD 500,000	201	744
Inalca Russia l.l.c.	Mosca (Russia)	Rubli 12,565,004	246	435
Inter Inalca Angola ltda	Luanda (Angola)	Kwanza 900,000	384	832
Interjet s.r.l.	Castelvetro di Modena (MO)	1,550,000	(409)	894
In.Al.Sarda s.r.l.	Cagliari	100,850	(821)	75
Kaskad l.l.c.	Mosca (Russia)	Rubli 149,869	7	(13)
Marr Alisurgel s.r.l. in liquidation	Santarcangelo di Romagna (RN)	10,000	37	77
Marr Foodservice Iberica s.a.	Madrid (Spain)	600,000	(64)	772
Marr Russia l.l.c.	Mosca (Russia)	Rubli 100,000	1,017	2,329
Marr s.p.a.	Rimini	33,035,200	22,787	169,114
Momentum Services ltd	Birmingham (United Kingdom)	368,000	1,727	2,106
Montana Alimentari s.p.a.	Gazoldo degli Ippoliti (MN)	40,248,000	(370)	37,038
Moto s.p.a.	Castelvetro di Modena (MO)	4,500,000	(106)	5,142
Mutina Consulting s.r.l.	Castelvetro di Modena (MO)	10,000	(2)	18
Quinto Valore soc.cons. a r.l.	Reggio Emilia	90,000	0	90
Railrest s.a.	Brussels (Belgium)	500,000	1,505	2,108
Realfood 3 s.r.l.	Castelvetro di Modena (MO)	2,500,000	(289)	2,688
Roadhouse Grill Italia s.r.l.	Castelvetro di Modena (MO)	4,000,000	635	5,260
Salumi d'Emilia s.r.l.	Castelvetro di Modena (MO)	5,300,000	(585)	4,717
Sara s.r.l.	Castelvetro di Modena (MO)	100,000	(22)	109
Sfera s.p.a.	Santarcangelo di Romagna (RN)	220,000	3	227
SGD s.r.l.	Castelvetro di Modena (MO)	83,000	7	203

Control share at 31.12.05	Shareholding at 31.12.05	Consolidation method	Participants at 31.12.2005	Control share at 31.12.04	Shareholding at 31.12.2004	Notes
55.00%	31.56%	Line-by-line	Marr s.p.a.	55.00%	36.67%	
100.00%	57.39%	Line-by-line	Marr s.p.a.	-	-	
100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
50.00%	50.00%	Proportional	Cremonini s.p.a.	50.00%	50.00%	(e)
86.69%	86.54%	Line-by-line	Cremonini: 85.92%; Ges.Car.: 0.77%	86.69%	86.54%	
86.00%	86.00%	Line-by-line	Cremonini s.p.a.	86.00%	86.00%	
19.00%	19.00%	Line-by-line	Global Service s.r.l.	19.00%	19.00%	
		Parent Company		**Parent Company**		
100.00%	100.00%	Line-by-line	Cremonini s.p.a.	-	-	
50.40%	50.40%	Line-by-line	INALCA s.p.a.	50.40%	50.40%	
80.00%	80.00%	Line-by-line	INALCA s.p.a.	80.00%	80.00%	
100.00%	100.00%	Line-by-line	Cremonini s.p.a.	100.00%	100.00%	
100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
100.00%	100.00%	Line-by-line	Cremonini s.p.a.	100.00%	100.00%	
55.00%	55.00%	Line-by-line	INALCA s.p.a.	55.00%	55.00%	(b)
55.00%	55.00%	Line-by-line	INALCA s.p.a.	55.00%	55.00%	(b)
55.00%	55.00%	Line-by-line	INALCA s.p.a.	55.00%	55.00%	(b)
100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	(b)
100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	(b)
100.00%	100.00%	Line-by-line	Cremonini s.p.a.	100.00%	100.00%	
100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
100.00%	100.00%	Line-by-line	Inalca Russia l.l.c.	-	-	
100.00%	57.39%	Line-by-line	Marr s.p.a.	97.00%	64.67%	
100.00%	57.39%	Line-by-line	Marr s.p.a.	100.00%	66.67%	
60.00%	60.00%	Line-by-line	Inalca Russia l.l.c.	60.00%	60.00%	(b)
57.39%	57.39%	Line-by-line	Cremonini s.p.a.	66.67%	66.67%	
51.00%	51.00%	Line-by-line	Cremonini s.p.a.	51.00%	51.00%	
100.00%	100.00%	Line-by-line	Cremonini s.p.a.	100.00%	100.00%	
50.00%	50.00%	Proportional	Cremonini s.p.a.	50.00%	50.00%	(e)
99.90%	99.90%	Line-by-line	Cremonini s.p.a.	99.90%	99.90%	
50.00%	50.00%	Proportional	INALCA: 47%; Realfood 3: 3%	50.00%	50.00%	
51.00%	51.00%	Line-by-line	Cremonini s.p.a.	51.00%	51.00%	
100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
100.00%	100.00%	Line-by-line	Cremonini s.p.a.	100.00%	100.00%	
100.00%	100.00%	Line-by-line	Montana Alimentari s.p.a.	100.00%	100.00%	
100.00%	100.00%	Line-by-line	INALCA s.p.a.	100.00%	100.00%	
100.00%	57.39%	Line-by-line	Marr s.p.a.	100.00%	66.67%	
50.00%	50.00%	Line-by-line	Cremonini s.p.a.	50.00%	50.00%	

(Continued: Annex 6)

Continued: Annex 6

(in thousands of Euros) Company name	HQ	Share capital (expressed in Euro, unless otherwise indicated)	Result for the financial year ended 31.12.05	Shareholders' equity at 31.12.05
Investments valued at equity:				
Associated companies:				
A.O. Konservni	Stavropol (Russia)	RUB 46,667	1,105	4,369
Buona Italia Alimentos ltda	San Paolo (Brazil)	Reais 3,589,505	(635)	(406)
Food & Co. s.r.l.	Rome	10,000	-	7
Investments valued at cost:				
Subsidiaries				
Cremonini Finance plc	London (United Kingdom)	GBP 50,000	-	-
Fernie s.r.l. in liquidation	Modena	1,033,000	(14)	1,091
Ibis s.p.a.	Busseto (PR)	471,750	(44)	(8,501)
Inalca Brazzaville s.a.r.l.	Kinshasa (Rep.Dem.Congo)	CFA 2,000,000		
Inalca Hellas e.p.e. in liquidation	Atene (Greece)	154,600	(11)	(323)
Montana Farm s.p.zo.o.	Olstzyn (Poland)	Zloty 3,394,000	(402)	(1,294)
Zaklady Miesne Soch. s.p.z.o.o.	Varsavia (Poland)	Zloty 1,700,000	144	(628)
Associated companies:				
Az.Agr.Serra della Spina s.r.l. in liquidation	Monacilioni (CB)	10,846	(2)	24
Due Effe Service s.r.l.	Cagliari	10,000	0	10
Consorzio IRIS a r.l.	Bolzano	10,000	(2)	24
Farm Service s.r.l.	Reggio Emilia	500,000	(131)	827
Fiorani & C. s.p.a.	Piacenza	500,000	538	1,193
Masofico s.a.	Nouakchott (Mauritania)	Ouguiya 9,600,000	-	-
Parma France s.a.s.	Lyon (France)	1,000,000	319	1,353
Pierre Franco Investissement s.a.s.	Lourdes (France)	823,224	102	1,481
Prometex s.a.m.	Principality of Monaco	150,000	18	197
Realbeef s.r.l.	Flumeri (AV)	100,000	11	75

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 so far as Company created during 2004. / (d) Data refers to 31st December 2004 (Ge.Mark 31 December 2002), last available Report. / (e) Data refer to reporting used for the consolidation as at 31.12.2005 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 30th September 2005, 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. / (j) Figures refer to liquidation balance sheet.

Control share at 31.12.05	Shareholding at 31.12.05	Book value (A)	Portion of the Shareholders' Equity (B)	Difference (B) - (A)	Participants at 31.12.2005	Control share at 31.12.04	Shareholding at 31.12.04	Notes
25.00%	25.00%	1,844	1,844	(a)	INALCA s.p.a.	25.00%	25.00%	(b) (d)
49.00%	49.00%	-	-	(a)	Montana Alimentari s.p.a.	49.00%	49.00%	(b) (d) (i)
30.00%	30.00%	3	3	(a)	Cremonini s.p.a.	30.00%	30.00%	
100.00%	100.00%	-	-	-	Cremonini s.p.a.	100.00%	100.00%	(b) (j)
95.00%	95.00%	527	1,036	509	Cremonini s.p.a.	95.00%	95.00%	
98.00%	98.00%	-	(8,331)	(8,331)	Montana Alimentari s.p.a.	98.00%	98.00%	(f)
96.00%	52.80%	3	0	(3)	Inalca Kinshasa s.p.r.l.	-	-	
95.00%	95.00%	-	(307)	(307)	INALCA s.p.a.	95.00%	95.00%	(g)
100.00%	100.00%	-	(1,294)	(1,294)	Montana Alimentari s.p.a.	100.00%	100.00%	(d) (i)
90.00%	90.00%	-	565	565	INALCA s.p.a.	-	-	(d)
33.33%	33.33%	10	8	(2)	Cremonini s.p.a.	33.33%	33.33%	(d)
24.00%	24.00%	1	2	1	INALCA s.p.a.	24.00%	24.00%	(d)
25.00%	25.00%	3	6	3	Interjet s.r.l.	25.00%	25.00%	(d)
30.00%	30.00%	174	248	74	INALCA s.p.a.	30.00%	30.00%	
49.00%	49.00%	245	585	340	INALCA s.p.a.	49.00%	49.00%	
40.00%	22.96%	12	-	(12)	Marr s.p.a.	40.00%	26.67%	(c)
30.40%	30.40%	404	411	(7)	INALCA s.p.a.	30.40%	30.40%	(h)
20.62%	20.62%	1,003	305	(698)	INALCA s.p.a.	20.62%	20.62%	
39.33%	19.82%	59	77	18	Frimo s.a.m.	39.33%	19.82%	(d)
24.00%	24.00%	24	18	(6)	INALCA s.p.a.	24.00%	24.00%	

Annex 7 - Statement of changes in the consolidated shareholders' equity in the financial year closed as at 31 December 2005

(in thousands of Euros)				Other Reserves			
	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Share premium reserve	Legal reserve	Reserve for IAS adjustments	Reserve for trading treasury stock
Balances at 31 December 2004	**73,746**	**(6,752)**	**66,994**	**78,280**	**14,749**	**79,036**	**1,342**
Allocation of the results for the previous financial year:							
- retained earnings reserve							
- distribution of dividends							
Net effect purchases/sales treasury stock		(31)					(924)
Gain/losses on treasury stock							708
Cash flow hedge							
Effect of the Stock Option Plan							
Changes in the translation reserve and other changes							
Net profit (loss) for the financial year ended 31 December 2005							
Balances at 31 December 2005	**73,746**	**(6,783)**	**66,963**	**78,280**	**14,749**	**79,036**	**1,126**

	Reserve translation differences	Cash flow hedge reserve	Total Reserves	Profits (Losses) carried forward	Result attributable to the Group	Shareholders' Equity attributable to the Group	Minority interests' capital and reserves	Result attributable to minority interests	Shareholders' Equity attributable to minority interests	Total
	0	0	173,407	14,598	10,814	265,813	36,987	10,219	47,206	313,019
				2,929	(2,929)	0	2,288	(2,288)	0	0
					(7,885)	(7,885)		(7,931)	(7,931)	(15,816)
						(955)				(955)
						708				708
		(51)				(51)				(51)
				362		362	268		268	630
	458			75		533	13,258		13,258	13,791
					40,558	40,558		11,948	11,948	52,506
	458	(51)	173,598	17,964	40,558	299,083	52,801	11,948	64,749	363,832

Annex 8 - Consolidated cash-flow statement for the financial years ended 31 December 2005 and 31 December 2004

(in thousands of Euros)	31.12.2005	31.12.2004
Net profit before minority interests	**52,506**	**21,033**
Amortization and depreciation	38,488	37,066
Net change in Staff Severance Provision	2,081	2,932
Net change in other provisions and non-monetary income items	7,755	4,086
Reversal of the effects from extraordinary transactions (capital gain on disposal of the Marr shareholding)	(26,061)	0
Operating cash-flow	**74,769**	**65,117**
(Increase) decrease in receivables from customers	(17,882)	(5,554)
(Increase) decrease in inventories	(11,201)	11,926
Increase (decrease) in payables to suppliers	9,919	25,476
(Increase) decrease in other items of the working capital	7,839	3,840
Change in working capital	**(11,325)**	**35,688**
CASH-FLOW FROM OPERATING ACTIVITIES	**63,444**	**100,805**
Net (investments) in intangible assets	(10,542)	(5,053)
Net (investments) in tangible assets	(37,948)	(42,901)
Change in financial assets	(9,538)	(8,712)
Net effects from the change in consolidation area	(4,632)	0
CASH-FLOW FROM INVESTING ACTIVITIES	**(62,660)**	**(56,666)**
FREE - CASH FLOW BEFORE EXTRAORDINARY TRANSACTIONS	**784**	**44,139**
Cash-flow from extraordinary transactions (transfer of Marr)	**34,629**	**0**
Cash-flow from distribution of dividends	(15,816)	(21,105)
Capital increases, change in treasury stock and other changes, including those of minority interests	1,114	2,583
Cash-flow from (for) change in shareholders' equity	**(14,702)**	**(18,522)**
FREE - CASH FLOW	**20,711**	**25,617**
Opening net financial debt	(532,795)	(558,412)
Cash-flow for the period	20,711	25,617
Closing net financial debt	**(512,084)**	**(532,795)**
Increase (Decrease) medium-long term borrowings	67,473	(38,146)
Increase (Decrease) medium-long term liabilities for derivatives	3,696	1,868
Cash flow from (for) medium-long term financial activities	**71,169**	**(36,278)**
CASH FLOW SHORT TERM OF THE PERIOD	**91,880**	**(10,661)**
Initial net short term indebtness	(251,295)	(240,634)
Cash flow of the period	91,880	(10,661)
Final net short term indebtness	**(159,415)**	**(251,295)**
Increase (Decrease) short term borrowings	(68,697)	14,532
Changes in other securities and other financial assets	11	(1,721)
Increase (Decrease) short term liabilites for derivatives	0	0
Cash flow from (for) short term financial assets	**(68,686)**	**12,811**
INCREASE (DECREA.) CASH AND CASH EQUIVALENTS	**23,194**	**2,150**
Cash and cash equivalents at the beginning of the period	66,009	63,858
Cash flow of the period	23,194	2,150
Cash and cash equivalents at the end of the period	**89,203**	**66,009**

Annex 9
Explanatory notes to the transition to IAS/IFRS

EC Regulation No. 1606/2002 of the European Parliament and the Council of 19 July 2002, relating to the application of the International Accounting Standards provides that, starting from the consolidated financial statements at 31 December 2005, those European companies with securities admitted for trading on a regulated European market must draw up their consolidated financial statements in compliance with the International Accounting Standards (IAS/IFRS).

At the date of transition to the new standards (1 January 2004), corresponding to the start of the first period under comparison, a balance sheet must be drawn up for the purposes of:

- recognizing all and only the assets and liabilities deemed as such by the new standards;
- assessing the value of the assets and liabilities, assuming the new standards had been adopted from the start (retrospective application);
- reclassifying the items entered in the financial statements by adopting procedures other than those of the IFRS.

The effects of the adjustment of opening balances of assets and liabilities to the new standards are recognized in the shareholders' equity, taking into account the relevant tax effects to be entered either in the provision for deferred taxes or in the assets for deferred tax assets.

The reconciliation statements shown in this report derive from the consolidated financial statements of the Marr Group, as drawn up on the basis of the Italian law previously in force, interpreted and supplemented, where necessary, by the accounting standards laid down by the Italian board of registered certified accountants (Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri) (hereinafter collectively referred to as the "Italian Accounting Standards). The Italian Accounting Standards differ from the International Accounting Standards/International Financial Reporting Standards ("IAS/IFRS", hereinafter also referred to as the "International Accounting Standards") issued by the International Accounting Standards Board (IASB).

IAS/IFRS standards are hereinafter deemed the standards adopted in accordance with the procedure as per Article 6 of the (EC) Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The process of defining the regulatory and reference framework was completed in December 2004 with the publication of the International Accounting Standards in the Official Journal of the European Union. To supplement this process, the international accounting standard concerning the recognition of stock options (IFRS 2 - "Share-based Payment") was officially approved by the European Commission on 20 December 2004, and published in the Official Journal of the European Union on 11 February 2005.

On 14 April 2005, CONSOB issued the DEM/5025723 recommendation governing the gradual transition to IAS/IFRS standards through transitional provisions with regard to interim reports and solicitation/listing prospectuses.
In order to comply with the requirement to provide information pursuant to the above mentioned recommendation, Cremonini S.p.A. has completed the process of transition to IAS/IFRS, the results of which have been set out below.

As a consequence of the above transition process, we have set out below:

(i) a summary of the main differences between the Italian Accounting Standards and the International Accounting Standards, limited to the extent that such standards are applicable to the consolidated financial statements of Cremonini;

(ii) a reconciliation statement, including explanatory notes, of the shareholders' equity and of the other items in the reclassified consolidated balance sheet at 1 January 2004, 31 December 2004, and of the results and other items in the reclassified consolidated income statement for the financial year ended 31 December 2004, calculated on the basis of the Italian rules previously in force with respect to the values calculated in accordance with the IAS/IFRS. To this end, reference has been made to IFRS 1 - "First-time adoption of International Financial Reporting Standards";

(iii) the statement reconciling the values included in the cash-flow statement for the period 1 January 2004 to 31 December 2004, drawn up in accordance with the rules provided for under Italian Accounting Standards, with respect to the equivalent values calculated in according to the International Accounting Standards.

Please take note that, following the recent introduction of the regulations requiring the application of the International Accounting Standards and the continuing evolution in the interpretation of such regulations, other differences in accounting standards or in the information required may emerge in the future in addition to the details set out in these explanatory notes.
As a consequence, no assurance can be given to the effect that the differences set out below represent all the differences applicable to the Cremonini Group's Consolidated Financial Statements to be set out in the final accounts at 31 December 2005.
Furthermore, we have not speculated on the question of possible future differences between Italian Accounting Standards and the IAS/IFRS that might arise out of the issue of new International Accounting Standards.

(i) - Summary of the main differences between Italian Accounting Standards and International Accounting Standards to the extent applicable to the Cremonini Group

Intangible assets

Consolidation difference

Italian Accounting Standards
The difference between the purchase cost of equity investments and the related share of shareholders' equity at the moment of purchase is entered as an adjustment of specific captions under assets and liabilities on the basis of the valuation effected at the moment of purchase or at the moment of the acquisition of control, if obtained following subsequent purchases. Any residue, if positive, has been entered in intangible assets under the caption "consolidation difference" and if negative, has been entered in the consolidated shareholders' equity under the caption "consolidation reserve", only after writing down the current value of consolidated fixed assets, or after appropriating this negative residue to the "Consolidation provision for future risks and charges". The consolidation difference is amortized on the basis of the estimated useful life of this asset (fixed for the most part, in the context of the Cremonini Group, at 20 years).

International Accounting Standards
IFRS 3 "Business Combinations", issued in March 2004, replacing IAS 22, requires the recording of business combinations by applying the so-called purchase method. The purchase method requires that, after having identified the purchaser in the context of the business combination and having determined the purchase cost, all assets and liabilities (including the so-called contingent liabilities) purchased must be valued at their fair value. To this end, the company is required to value any intangible assets purchased specifically (in this respect, IFRS 3 provides an extensive list of possible intangible assets, including: trademarks, technology, customer lists and customer relationships, order backlog, etc.). Any goodwill is to be calculated in residual form, as the difference between the cost of the business combination (including additional charges and any contingent consideration) and the share pertaining to the company of the difference between assets and liabilities purchased, valued at their fair value.

Any goodwill emerging as described above, just as with any other intangible assets of indefinite duration that may have been entered, must not be amortized but subjected to impairment test at least on an annual basis.

On the basis of IFRS 1, or rather, the international accounting standard regulating the procedures by which the first IAS/IFRS accounts are to be drawn up, a number of exemptions have been allowed. These include the possibility of not applying IFRS 3 to business combinations effected before the so-called transition date, that is the opening date of the first financial year presented for comparison in the first financial statements drawn up according to IAS/IFRS. For a company listed in a country of the European Union, required to draw up its first IAS consolidated accounts at 31 December 2005, pursuant to EC Regulation No. 1606/2002, the transition date will be 1 January 2004. Non-application of the IFRS 3 to business combinations made before the transition date, broadly speaking, entails maintaining the values deriving from the acquisition (goodwill or consolidation difference), as entered in accordance with the Italian Accounting Standards. Under IFRS 1, application of the IFRS 3 to business combinations made before the transition date, as from that date, entails that each business combination is to be recorded in accordance with the provisions set by the IFRS 3.
Starting in any case from the date of transition to IFRS, such goodwill or consolidation differences cannot be amortized any longer but must be subjected to an impairment test at least on an annual basis.

Description of the impact in relation to the Cremonini Group
The Group has decided to take advantage of the exemption allowed under the IFRS 1 which permits the maintenance of the effects of business combinations prior to 1 January 2004, as valid for the financial statements drawn up in accordance with the International Accounting Standards. Therefore, the ensuing effects are the reversal of the amortization of goodwill and of consolidation differences as from 1 January 2004.

Furthermore, as a consequence of the provisions of IFRS 1 on business combinations in Appendix B, the value of the MARR and Montana trademarks has been reclassified to goodwill, previously entered in the accounts following the restructuring of the Group by means of mergers or contribution of branches of business occurring during the 1999 financial year. As a consequence, the earlier amortization of the same trademarks has also been reversed.

Other intangible assets

Italian Accounting Standards
These have been entered at their historic purchase cost and shown net of amortization effected in relation to their residual useful life in economic terms. Start-up and expansion costs have been entered under the specific captions under assets and amortized over the whole period of their economic useful life, in any case for no more than five years. Research, development and advertising costs have been fully entered in the income statement for the financial year in which they were incurred. Patents and intellectual property rights have been amortized on the basis of their presumed period of use and in any case, no longer that the period fixed by the license agreements.

Concessions, licenses, trademarks and similar rights entered under assets have been amortized on the basis of their expected period of use.

Costs of leased assets (in the case of Cremonini, essentially taking the form of leasehold improvements) have been capitalized under the caption "Others" and amortized on the basis of their presumed useful life or of the term of the lease if less. Additional costs to the obtaining of financing have been capitalized under the caption "Others" and amortized over the term of the loan.

International Accounting Standards
IAS 38, as amended by IFRS3, allows the recording of intangible assets exclusively when specific requirements have been fulfilled. The company is not permitted, as it would have been under the Italian Accounting Standards, to capitalize the so-called long-term charges (start-up and expansion costs, advertising costs, etc.) since these do not possess the characteristics to be considered as intangible assets under the above mentioned standard.

Description of the impact in relation to the Cremonini Group
Start-up and expansion costs and advertising costs have been reversed from the assets in the balance sheet on 1 January 2004, with the consequential reversal of the related amortization from the income statement for the 2004 financial year; any such costs capitalized during the 2004 financial year have been entered directly under costs.

Since costs for leasehold improvements do not possess the characteristics required of intangible assets, they have been reclassified under tangible assets without having any effect on the income statement for the 2004 financial year.

Tangible assets

Italian Accounting Standards
These have been entered at their purchase or production cost, including additional charges. The cost value has been adjusted upwards only in compliance with specific national laws permitting the revaluation of fixed assets. Depreciation has been calculated with reference to the cost (possibly subject to adjustment) in a systematic manner in relation to the residual useful life of the asset. Assets forming the subject matter of capital leases have been entered under fixed assets in the related class. They have been depreciated in the same way as assets owned by the company, in a systematic manner in relation to their residual useful life. Assets recorded are offset by entering the short and medium-term payables to the leasing company; rentals paid are allocated to financial charges and to the write-down of short and medium-term payables. Financial charges are allocated to the income statement in order to produce a constant interest rate on residual liabilities for each financial year. These are the procedures required to obtain a representation of capital lease transactions in accordance with the so-called "finance lease method" provided for under IAS 17.

International Accounting Standards
IAS/IFRS require that tangible assets must be valued initially at cost, including the purchase cost and all costs directly attributable to the asset itself. Following this initial valuation, tangible assets are then entered at cost less accumulated depreciation and any loss of value. Depreciation is calculated by dividing the depreciable value of an asset over its useful life. Losses of value must be shown in the event the recoverable value - the higher of the current value of expected cash flows and the market value after disposal costs - is lower.

On the transition date, the IFRS 1 allows the use of fair value of each asset or group of assets as a deemed cost. This value, for IAS/IFRS purposes, is considered the historical cost of the fixed asset on which depreciation is calculated.

Description of the impact in relation to the Cremonini Group
In relation to the above, Cremonini has chosen, on the basis of proper appraisals effected by independent experts, also determining the assets' residual useful life, to value some of its own land and buildings at their fair value and to use such fair value as the new cost subject to depreciation, limited to the value of the buildings, on the first-time adoption of the International Accounting Standards.

Staff Severance Provision and supplementary clientele severance indemnity

Italian Accounting Standards

Staff Severance Provision has been set aside in compliance with the current legislation and employment contracts and reflects liabilities accrued as against employees at the date of the financial statements, net of advances paid pursuant to law.

Allocations have been made to the supplementary clientele severance indemnity, as well as other provisions for risks and charges, on the basis of the reasonable estimate made pursuant to the elements available, of probable future liability.

International Accounting Standards
Staff Severance Provision comes within the category of liabilities described by IAS 19 as defined benefit plans arising subsequent to the employment relationship. The accounting treatment required for such forms of remuneration requires an actuarial calculation permitting the projection of the amount of the Staff Severance Provision already accrued into the future, actualising it in such a way as to take account of the time likely to pass prior to the actual payment. Variables in the actuarial calculation are considered to be the average total length of service of employees, and the expected inflation levels and interest rates.

As far as the agents' supplementary clientele severance indemnity is concerned, IAS 37 provides that this provision must be determined by estimating the current value of the probable future liability.

Description of the impact in relation to the Cremonini Group
The actuarial valuation of the above mentioned provisions, made by independent experts, has indicated an overestimate of the previous staff severance provision and an underestimate of the previous agents' supplementary clientele severance indemnity with regard both to 1 January 2004 and 31 December 2004.

Stock option

Italian Accounting Standards
The Italian Accounting Standards have no equivalent.

CONSOB's communication DEM/2053725 of 30 July 2002, considered it to be acceptable to enter the costs incurred for the assignment of shares to employees under the revenue reserves.

International Accounting Standards
According to the IFRS 2, the company is required to record the goods or services received or purchased in transactions involving share-based payments on the date on which it obtains the goods or receives the service. The company must show the corresponding increase in shareholders' equity if the goods or services have been received pursuant to a transaction involving share-based settlements or other instruments representing share capital, or a liability if the goods or services have been acquired on the basis of a transaction involving the settlement through the payment of a cash amount depending on the share price.
In the case of transactions involving settlements based on shares or capital instruments, the company is required to value the goods or services received and the corresponding increase in shareholders' equity directly, at the fair value of the goods or services received, save where it is not possible to make a reliable estimate of the fair value. In regard to transactions with employees, fair value must be obligatorily measured by referring to the granted capital instrument. Should the company be unable to make a reliable estimate of the fair value of the goods or services received, it must measure their value and the corresponding increase in the value of the shareholders' equity indirectly, by reference to the fair value of the capital instruments assigned.

Description of the impact in relation to the Cremonini Group
At the shareholders' meeting held on 2 September 2003, the subsidiary MARR S.p.A. approved a stock option plan with a consequential capital increase. In compliance with the above provisions, the cost of the plan, represented by the fair value of the call options for the shares to be issued, has been entered in the income statements in which the employees rights to the related call options have accrued and will accrue in the future (until 2007).

Securitization transaction and assignment of receivables with recourse

Italian Accounting Standards
The Cremonini Group is involved in an on-going revolving securitization transaction in which some subsidiaries participate in the capacity of assignors (Inalca S.p.A., Marr S.p.A. and Montana Alimentari S.p.A.). The securitization transaction is effected through the vehicle Cremonini SEC S.r.l., 19%owned by Cremonini SpA. The structure of the transaction entails the assignment of trade receivables with specific characteristics on a weekly basis.
The accounting practice adopted is that provided for under Italian Accounting Standards for the assignment of receivables without recourse. This states that receivables must be written-off from the balance sheet, entering the net consideration from these assignments under the bank accounts and entering capital losses on assignments in the income statement.

In addition to the above, the assignments with recourse, which were external to the securitization transaction, can be entered as a direct reduction of the balance sheet assets, entering the recourse risks under the memorandum accounts.

International Accounting Standards
SIC 12 standard ("Consolidation - Special purpose entities") specifically provides that the vehicle companies, even where not owned as of right through possession of the majority of shares/shareholdings, must be included in the scope of consolidation if the risks and benefits of the transaction remain within the Group.

On the basis of the provisions dealing with derecognition under IAS 39, the assignments with recourse are reversed (and accordingly the relevant trade receivables are re-entered in the accounts) if all the relevant risks and benefits have not been transferred.

Description of the impact in relation to the Cremonini Group
This accounting treatment has meant that the above mentioned transactions have been reversed and that receivables from customers have been recorded in the consolidated balance sheet assets with a consequential adjustment made to the net financial position (payables to banks and financial institutions, minus cash and financial receivables) of 101.6 milion Euros at 1 January 2004, of 96.5 milion Euros at 31 December 2004.

In relation to the assignments with recourse existing at the end of the reference periods, the relevant trade receivables have been re-entered in the accounts with a consequential charge to the net financial position.

(ii) - Reconciliation statement of the consolidated shareholders' equity and results for the financial year ended 31 December 2004

The reconciliation statements set out below have been drawn up in accordance with the abovementioned CONSOB document issued on 15 April 2005. As a consequence, these statements do not represent a full description of the consolidated economic and financial position and economic results of the Cremonini Group in full accordance with the IAS/IFRS standards because firstly, they do not include all the information on the accounts required by such standards and secondly, because reclassified Balance Sheet and Income Statement prospectuses have been prepared in accordance with current financial analysis practice.

It should be noted that the data set out in the reconciliation statements below may be subject to changes for the purpose of their use as comparative data in the first IAS/IFRS financial statements at 31 December 2005 in that, as at the reporting date, the interpretation process by the competent bodies and by the accounting boards generally is still on-going.

RECONCILIATION STATEMENT OF THE RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 1 JANUARY 2004

(in thousands of Euros)	at 1 January 2004			
Description	Italian Accounting Standards	Adjustments	Reclassi-fications	(IFRS) Accounting Standards
Net intangible assets	104,694	(5,222)	(18,790)	80,682
Net tangible assets	392,072	141,434	15,290	548,796
Investments in other companies and other fixed assets	25,690	(4,228)	(6,285)	15,177
Fixed assets (A)	**522,456**	**131,984**	**(9,785)**	**644,655**
Net trade receivables from customers	253,751	105,676		359,427
Inventories	212,831	10,141		222,972
Suppliers	(268,467)	(5,195)		(273,662)
Trade net working capital (B)	**198,115**	**110,622**	**0**	**308,737**
Other current assets	78,065	2,568	(14,041)	66,592
Other current liabilities	(55,020)	(878)		(55,898)
Total current assets/liabilities (C)	**23,045**	**1,690**	**(14,041)**	**10,694**
Net working capital (D) = (B+C)	**221,160**	**112,312**	**(14,041)**	**319,431**
Staff Severance Provision (E)	(35,841)	877		(34,964)
Provisions for risks and charges (F)	(7,974)	(52,775)	547	(60,202)
Net invested capital (G) = (A+D+E+F)	**699,801**	**192,398**	**(23,279)**	**868,920**
Shareholders' equity attributable to the Group	211,419	79,200	(20,704)	269,915
Shareholders' equity attributable to minority interests	37,238	3,354		40,592
Consolidated shareholders' equity (H)	**248,657**	**82,554**	**(20,704)**	**310,507**
Net short-term financial debt/Cash	250,386	(9,183)	(568)	240,635
Net medium/long-term financial debt	200,758	119,027	(2,007)	317,778
Net financial debt (I)	**451,144**	**109,844**	**(2,575)**	**558,413**
Net equity and net financial debt (L) = (H+I)	**699,801**	**192,398**	**(23,279)**	**868,920**

RECONCILIATION STATEMENT OF THE RECLASSIFIED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2004

(in thousands of Euros)	at 31 December 2004			
Description	**Italian Accounting Standards**	**Adjustments**	**Reclassi-fications**	**(IFRS) Accounting Standards**
Net intangible assets	116,460	(980)	(19,770)	95,710
Net tangible assets	406,706	131,979	16,825	555,510
Investments in other companies and other fixed assets	17,696	(567)	(6,285)	10,844
Fixed assets (A)	**540,862**	**130,432**	**(9,230)**	**662,064**
Net trade receivables from customers	255,831	108,173		364,004
Inventories	211,106	(60)		211,046
Suppliers	(299,100)	(38)		(299,138)
Trade net working capital (B)	**167,837**	**108,075**	**0**	**275,912**
Other current assets	81,881	1,296	(12,375)	70,802
Other current liabilities	(73,964)	7,103		(66,861)
Total current assets/liabilities (C)	**7,917**	**8,399**	**(12,375)**	**3,941**
Net working capital (D) = (B+C)	**175,754**	**116,474**	**(12,375)**	**279,853**
Staff Severance Provision (E)	(38,102)	205		(37,897)
Provisions for risks and charges (F)	(7,163)	(53,464)	2,418	(58,209)
Net invested capital (G) = (A+D+E+F)	**671,351**	**193,647**	**(19,187)**	**845,811**
Shareholders' equity attributable to the Group	202,254	82,590	(19,031)	265,813
Shareholders' equity attributable to minority interests	43,305	3,901		47,206
Consolidated shareholders' equity (H)	**245,559**	**86,491**	**(19,031)**	**313,019**
Net short-term financial debt/Cash	260,384	(12,720)	416	248,080
Net medium/long-term financial debt	165,408	119,876	(572)	284,712
Net financial debt (I)	**425,792**	**107,156**	**(156)**	**532,792**
Net equity and net financial debt (L) = (H+I)	**671,351**	**193,647**	**(19,187)**	**845,811**

Explanatory notes to the reconciliation statement of the Reclassified Consolidated Balance Sheet at 1 January 2004 and 31 December 2004

It should be noted, as provided by IFRS1, that the balancing entry for all differences arising as at 1 January 2004 has been allocated to a special reserve in the shareholders' equity.

Note 1 - Net intangible assets

The negative effects of 20,750 thousand Euros at 31 December 2004, 24,012 thousand Euros at 1 January 2004 are broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Effect of the application of IFRS 3 to business combinations	0	6,043
Effect of the recalculation on the basis of the "amortized cost" of capitalized financial commissions	(536)	(730)
Reversal of other intangible assets	(7,954)	(6,685)
Goodwill from increased ownership percentage	0	401
Change in consolidation area	3,317	25
Other minor adjustments	(49)	(34)
Total Adjustments	**(5,222)**	**(980)**
Reclassifications		
Reclassification of capitalized charges associated with the securitization transaction	(3,122)	(2,574)
Reclassification of costs for leasehold improvements	(15,290)	(16,825)
Reclassification of surface rights to prepaid expenses	(378)	(371)
Total Reclassifications	**(18,790)**	**(19,770)**
Total	**(24,012)**	**(20,750)**

Effect of the application of IFRS 3 to business combinations

According to IFRS 3, starting from the date of transition to IAS, goodwill and consolidation differences entered in the financial statements (to which the values of the MARR and Montana trademarks have been reclassified, resulting in an increase) cannot be amortized any longer but must be subjected to an impairment test at least on an annual basis.

The effects of the above entailed the reversal of amortization rates for an amount equal to 6,043 thousand Euros for the 2004 financial year.

Effects of the recalculation on the basis of the "amortized cost" of capitalized financial commissions

The amount refers to the reversal of long-term charges which, under the International Accounting Standards, do not satisfy the requirements for capitalization.

They mainly relate to advertising, research and start-up and expansion costs.

Reclassification of capitalized charges associated with the securitization transaction

In order to determine the amortised cost of the financial liability related to the securitization transaction, whose effects have been written-off according to the International Accounting Standards, the charges associated with the start of such transaction in July 2002 have been reclassified in reduction of the bond loan expiring in 2009.

Reclassification of costs for leasehold improvements

Previously, leasehold improvements (on buildings and plant) were classified by the Group under intangible assets and amortized at the lower of residual useful life or lease term.

On the basis of the International Accounting Standards, such improvements which indeed, do not possess the characteristics required of intangible assets (being for the most part "tangible" works even though not separable from the leased asset) must be reclassified under tangible assets without this changing the amortization criteria adopted.

As a consequence, the amount of leasehold improvements of 16,825 thousand Euros at 31 December 2004 (15,290 thousand Euros at 1 January 2004) has been entirely reclassified to tangible assets.

Note 2 - Net tangible assets

The effect of 148,804 thousand Euros at 31 December 2004 (156,724 thousand Euros at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Application of the fair value to the value of land and buildings	140,738	132,215
Change in consolidation area	800	0
Other minor adjustments	(104)	(236)
Total Adjustments	**141,434**	**131,979**
Reclassifications		
Reclassification of costs for leasehold improvements	15,290	16,825
Total Reclassifications	**15,290**	**16,825**
Total	**156,724**	**148,804**

The greater value given to the company's real property is connected to the use of the fair value on the first-time adoption of IAS/IFRS in accordance with IFRS 1.

Using the expert valuations, it has also been possible to separate the value of the land (not subject to reduction of value over time and therefore, starting from 1 January 2004, no longer subject to depreciation) from that of the buildings constructed on it (subject to depreciation in that of finite duration).

The effect deriving from the consolidation of subsidiaries previously excluded from the scope of consolidation has been shown under the "Change in consolidation area".

As far as the reclassification of leasehold improvements is concerned, reference is made to the remarks set out under Note 1 above.

Note 3 - Equity investments and other financial assets

The effect of -6,582 thousand Euros at 31 December 2004 (-10,513 thousand Euros at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Treasury stock entered as a direct reduction of the share capital	(6,285)	(6,285)
Change in consolidation area	(4,228)	(567)
Total	**(10,513)**	**(6,852)**

In application of IAS 32 treasury stock have been entered as a direct reduction of the share capital.

The adjustment "Change in consolidation area" is attributable to the consolidation of companies previously excluded from the scope of consolidation. This consolidation has lead to the write-off of the book value of the equity investments and inter-company loans previously shown in the accounts.

Note 4 - Net trade receivables from customers

The effect of 108,173 thousand Euros at 31 December 2004 (105,676 thousand Euros at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Outstanding receivables relating to the securitization transaction	105,620	98,894
Factoring transactions	6,430	9,301
Change in consolidation area	(6,374)	(22)
Total	**105,676**	**108,173**

The amount of 98,894 thousand Euros at 31 December 2004 (105,620 thousand Euros at 1 January 2004) represents the reinstatement of the receivables assigned to Cremonini SEC Srl, a company which has now been consolidated.

On 1 January 2004, the date of the first application of IAS 32 and 39, the assignment of receivables to factoring companies not satisfying the formal conditions set out in the IFRS and hence reinstated in the accounts, amounted to 9,301 million Euros (6,430 million Euros at 1 January 2004).

The adjustment "Change in consolidation area" is attributable to the write-off of inter-company loans to companies not previously consolidated.

Note 5 - Other short-term assets
The effect of 11,077 thousand Euros at 31 December 2004 (11,473 thousand Euros at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Tax effect of the write-down of assets	1,014	932
Tax effect associated with the discounting back of the other employee benefits	101	109
Change in consolidation area	1,452	226
Other minor adjustments	1	29
Total Adjustments	**2,568**	**1,296**
Reclassifications		
Treasury stock entered as a direct deduction from the share capital	(14,419)	(12,746)
Reclassification of surface rights to prepaid expenses	378	371
Total Reclassifications	**(14,041)**	**(12,375)**
Total	**(11,473)**	**(11,079)**

Note 6 - Other current liabilities
The effect of 7,103 thousand Euros at 31 December 2004 refers for approximately 6,711 thousand Euros to the reversal of deferrals related to capital gains from the lease-back transactions concerning the real property located in Cà di Sola (MO) and Opera (MI) effected during the 2004 financial year.

The effects of the disposal of these properties to the leasing companies have been fully adjusted, since previously stated in the financial statements at 1 January 2004, following valuation of land and buildings at their fair value.

The remaining effects on the various dates are attributable to the consolidation of Cremonini Sec (vehicle company) and of the subsidiaries not previously consolidated.

Note 7 - Staff Severance Provision
The recalculation of the Staff Severance Provision liability according to IAS 19 has showed an over-estimate of the provision recorded in the accounts amounting to 205 thousand Euros at 31 December 2004 (1,194 thousand Euros at 1 January 2004).

Description	1.1.2004	31.12.2004
Staff severance provision	1,194	205
Change in consolidation area	(317)	
Total	**877**	**205**

The reduction of the over-estimate calculated at the beginning and end of the 2004 financial year has had a negative effect on the income statement for the same period amounting to 989 thousand Euros.

Note 8 - Provisions for risks and charges
The effect of 51,046 thousand Euros at 31 December 2004 (52,228 thousand Euros at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Tax effect associated with the reversal of intangible assets	2,558	2,083
Tax effect associated with the application of IFRS 3	0	(629)
Tax effect associated with the revaluation of land and buildings	(54,779)	(54,478)
Tax effect associated with the discounting back of the staff severance provision	(619)	(311)
Tax effect associated with the valuation of biological assets	146	22
Effect of the recalculation of the supplementary clientele severance indemnity (net of tax effect)	(179)	(307)
Change in consolidation area	98	156
Total Adjustments	**(52,775)**	**(53,464)**
Reclassifications		
Reclassification of liabilities from derivatives	547	2,418
Total Reclassifications	**547**	**2,418**
Total	**(52,228)**	**(51,046)**

Effect of the recalculation of the supplementary clientele severance indemnity (after taxes)
On the basis of the recalculation of the probable liabilities associated with indemnity payable to agents in the event of termination of employment for retirement or for reasons ascribable to the company, based on the estimate of the actuarial value of liabilities, as provided for by IAS 37, it was established that there had been an under-estimate of the supplementary clientele severance indemnity allocated in the financial statements for an amount of 307 thousand Euros at 31 December 2004 (179 thousand Euros at 1 January 2004), after taxes.

The provision for risks and charges entered in the Cremonini's financial statements relating to a number of Interest Rate Swap contracts valued at equity has been reclassified to the Net Financial Position as "Liabilities from derivatives".

Note 9 - Net short-term financial debt/Cash and Medium/Long-term financial debt
The effect of 107,000 thousand Euros at 31 December 2004 (107,269 thousand Euros at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Adjustments		
Vehicle company's bond loan	(120,000)	(120,000)
Vehicle company's cash and cash equivalents	15,269	20,974
Effects of the recalculation on the basis of the "amortized cost" of capitalized financial commissions	536	699
Factoring transactions	(6,430)	(9,301)
Change in consolidation area	781	472
Total Adjustments	**(109,844)**	**(107,156)**
Reclassifications		
Reclassification of the capitalized charges associated with the securitization transaction	3,122	2,574
Reclassification of liabilities from derivatives	(547)	(2,418)
Total Reclassifications	**2,575**	**156**
Total	**(107,269)**	**(107,000)**

This figure is essentially attributable to the effects deriving from the consolidation of Cremonini Sec Srl (SPE - "Special Purpose Entity"). The consolidation of the vehicle company has had the effect of increasing the value shown for receivables from customers and the entry of the "Asset-Backed Securities" issued by Cremonini Sec in July 2002 under Liabilities.

In relation to the positive effect of 699 thousand Euros at 31 December 2004 (536 thousand Euros at 1 January 2004), this figure is connected to the calculation of the "amortized cost" on loans (see note 1).

In relation to the factoring transactions, reference is made to note 4.

Note 10 - Shareholders' equity attributable to the group and to minority interests
The amounts shown under this item summarise the effects of the above described adjustments on the shareholders' equity.

RECONCILIATION STATEMENT OF THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2004

(in thousands of Euros)	year ended 31 December 2004			
Description	Italian Accounting Standards	Adjustments	Reclassi-fications	(IFRS) Accounting Standards
Total revenues	1,993,052	(895)	359	1,992,516
Change in inventories of semi-finished and finished goods	(23,132)	947		(22,185)
Value of production	**1,969,920**	**52**	**359**	**1,970,331**
Production cost	(1,663,981)	(4,716)	(4,644)	(1,673,341)
Value added	**305,939**	**(4,664)**	**(4,285)**	**296,990**
Personnel costs: salaries, wages and social security contributions	(180,869)	(1,867)	(103)	(182,839)
Gross Operating Margin	**125,070**	**(6,531)**	**(4,388)**	**114,151**
Amortization and depreciation	(48,854)	10,976	812	(37,066)
Provisions and write-downs	(6,412)	(2)	54	(6,360)
Operating Income	**69,804**	**4,443**	**(3,522)**	**70,725**
Financial income (charges)	(22,833)	240	(864)	(23,457)
Profit from ordinary activities	**46,971**	**4,683**	**(4,386)**	**47,268**
Net income (charges) from equity investments	(1,423)	53		(1,370)
Extraordinary income (charges)	(3,785)	(601)	4,386	0
Profit before taxes	**41,763**	**4,135**	**0**	**45,898**
Income taxes	(24,295)	(569)		(24,864)
Operating profit	**17,468**	**3,566**	**0**	**21,034**
(Profit)/Loss attributable to minority interests	(9,440)	(779)		(10,219)
Net profit attributable to the CREMONINI Group	**8,028**	**2,787**	**0**	**10,815**

Explanatory notes to the reconciliation statement of the Reclassified Consolidated Income Statement at 31 December 2004

Note 11 - Production costs

The effect of 9,360 thousand Euros at 31 December 2004 is broken down as follows:

Description	31.12.2004
Adjustments	
Advertising and research costs	3,846
Vehicle company's operating costs	772
Adjustment of the supplementary clientele severance indemnity	204
Reversal of costs for loans	0
Other minor adjustments	(106)
Total Adjustments	**4,716**
Reclassifications	
Reclassification of extraordinary charges	4,644
Total Reclassifications	**4,644**
Total	**9,360**

Reversal of advertising, research and start-up costs

Long-term charges capitalized after 1 January 2004 which, according to the International Accounting Standards, do not satisfy the conditions for capitalization, have been written-off in the income statement. The effect of these reversals is equal to 3,846 thousand Euros at 31 December 2004.

As a consequence of extraordinary items in the IFRS Income statement, those charges recorded as extraordinary items in the 2004 accounts have been reclassified to production cost.

Note 12 - Personnel costs: salaries, wages and social security contributions

Description	31.12.2004
Stock options	626
Actuarial valuation of the Staff Severance Provisions	1,006
Reversal of capitalized personnel costs	235
Other minor costs	103
Total	**1,970**

Stock options
The amount of 626 thousand Euros at 31 December 2004 relates to the recognition in the income statement of the costs for the Stock Option plan, as calculated in accordance with the IFRS 2 method.

Actuarial valuation of the Staff Severance Provision
The decrease in the over-estimate of the Staff Severance Provision liability at 1 January 2004 and at the end of the 2004 financial year has had a negative effect of 1,006 thousand Euros on the income statement 31 December 2004.

Note 13 - Amortization and depreciation

The effect of 11,788 thousand Euros at 31 December 2004 is broken down as follows:

Description	31.12.2004
Adjustments	
Depreciation of land and buildings	(719)
Lower amortization for reversal of advertising, research and start-up costs	5,541
Effect of the non-amortization of goodwill and consolidation differences	6,131
Other minor adjustments	23
Total Adjustments	**10,976**
Reclassifications	
Reclassification of amortization of capitalized costs	565
Reclassification of amortization of charges from loans	247
Total Reclassifications	**812**
Total	**11,788**

Reclassification of amortization of SEC capitalized costs
As a consequence of the application of the "amortized cost" method to the effects of the reversal of the securitization transaction, the amortization of the capitalized charges relating to the start of the transaction itself has been reclassified to financial charges.

Higher depreciation of land and buildings
The application of the fair value as a replacement to the residual historical cost at the IAS/IFRS transition date has lead to the entry of a higher overall value for land and buildings. The effect of the higher depreciation calculated on such greater overall value has not been offset by the separation of the value of the buildings from the land on which they are constructed and by the consequential non-depreciation of the latter.

Lower amortization for reversal of advertising, research and start-up costs
As a consequence of the reversal of long-term charges which, according to the International Accounting Standards, do not satisfy the conditions for capitalization, amortization of intangible assets as at 31 December 2004 was reduced by 5,541 thousand Euros.

Effect of the non-amortization of goodwill and consolidation differences

In relation to this amount, reference is made to note 1 of the balance sheet, under the paragraph "Effect of the application of IFRS 3 to business combinations".

Note 14 - Financial income and charges

The amount of 624 thousand Euros at 31 December 2004 is mainly attributable to:

Description	31.12.2004
Adjustments	
Reversal of capital gains on sale of treasury stock	(269)
Change in consolidation area	509
Total Adjustments	**240**
Reclassifications	
Reclassification of amortization of the capitalized costs relating to the securitization transaction	(565)
Reclassification of amortization of charges from loans	(247)
Minor reclassifications	(52)
Total Reclassifications	**(864)**
Total	**(624)**

Note 15 - Income taxes

The net effect of 569 thousand Euros at 31 December 2004 is broken down as follows:

Description	31.12.2004
Tax effect associated with the revaluation of land and buildings	301
Tax effect associated with the application of IFRS 3 to goodwill	(615)
Tax effect associated with the actuarial valuation of the staff severance provision	334
Effect of the recalculation of the supplementary clientele severance indemnity (after taxes)	76
Tax effect associated with the reversal of advertising and research costs	(560)
Tax effect associated with the valuation of cattle inventories	(124)
Effects of the recalculation on the basis of the "amortized cost" of capitalized financial commissions	10
Other minor tax effects	9
Total	**(569)**

Auditing of reconciliation statements required by IFRS 1

The reconciliation of the balance sheet balances at 1 January 2004 and 31 December 2004 to the IFRS, as well as those of the income statement balances of the 2004 financial year, accompanied by the related explanatory notes, have been audited by our independent auditors, PricewaterhouseCoopers SpA, which issued the related report.

Statements of reconciliation of the consolidated shareholders' equity at 1 January 2004, 31 December 2004

(in thousands of Euros)	Group	Minority interests	Total
Consolidated shareholders' equity at 1 January 2004 according to Italian Accounting Standards	**211,419**	**37,238**	**248,657**
Effect of the application of IFRS 3 to business combinations	(11)	0	(11)
Effect of the reversal of other intangible assets	(4,857)	(92)	(4,949)
Effect of the recalculation on the basis of the "amortized cost" of capitalized financial commissions	0	0	0
Effect of the application of the fair value to the value of land and buildings	83,833	2,726	86,559
Effect of the valuation of biological assets according to IAS 41	(247)	0	(247)
Effect of the recalculation of the Staff Severance Provision liability and other employee benefits pursuant to IAS19	572	104	676
Effect of the recalculation of the supplementary clientele severance indemnity pursuant to IAS 37	(126)	(53)	(179)
Effect of the classification of treasury stock as a direct deduction of the share capital	(20,704)	0	(20,704)
Change in consolidation area	36	669	705
Consolidated shareholders' equity at 1 January 2004 according to International Accounting Standards (IAS/IFRS)	**269,915**	**40,592**	**310,507**

(in thousands of Euros)	Group	Minority interests	Total
Consolidated shareholders' equity at 31 December 2004 according to Italian Accounting Standards	**202,254**	**43,305**	**245,559**
Effect of the application of IFRS 3 to business combinations	4,553	1,283	5,836
Effect of the reversal of other intangible assets	(3,980)	(68)	(4,048)
Effect of the recalculation on the basis of the "amortized cost" of capitalized financial commissions	(13)	(7)	(20)
Effect of the application of the fair value to the value of land and buildings	82,393	2,658	85,051
Effect of the valuation of biological assets pursuant to IAS 41	(38)	0	(38)
Effect of the recalculation of the Staff Severance Provision liability and other employee benefits pursuant to IAS19	(21)	24	3
Effect of the recalculation of the supplementary clientele severance indemnity pursuant to IAS 37	(205)	(101)	(306)
Effect of the classification of treasury stock as a direct deduction of the share capital	(19,031)	0	(19,031)
Other minor effects	(99)	112	13
Consolidated shareholders' equity at 31 December 2004 according to International Accounting Standards (IAS/IFRS)	**265,813**	**47,206**	**313,019**

Explanatory notes to the reconciliation statement of the Consolidated Shareholders' Equity at January 1 and 31 December 2004

Effect of the application of IFRS 3 to business combinations

According to IFRS 3, starting from the date of transition to IAS, goodwill and consolidation differences entered in the financial statements cannot be amortized any longer but must be subjected to an impairment test at least on an annual basis.

The effects of the above has had a positive effect of 5,836 thousand Euros at 31 December 2004, respectively, broken down as follows:

Description	1.1.2004	31.12.2004
Increase in intangible assets due to the reversal of the amortization rate	0	6,043
Allocation to goodwill from increase in the shareholding		401
Other short-term assets	(18)	21
Tax effect	7	(629)
Total	**(11)**	**5,836**

The tax effect of the above adjustment was calculated pursuant to the actual deduction for tax purposes available to the company presenting the related asset in its accounts.

Effect of the reversal of other intangible assets

The negative effect of 4,048 thousand Euros at 31 December 2004 (4,949 thousand Euros at 1 January 2004) refers to the reversal of long-term charges which, under the International Accounting Standards, do not satisfy the requirements for capitalization, and is broken down as follows:

Description	1.1.2004	31.12.2004
Reversal of other intangible assets	(7,920)	(6,685)
Other tangible assets	0	231
Tax effect	2,971	2,406
Total	**(4,949)**	**(4,048)**

Fixed assets that have been reversed mainly refer to advertising, start up and research costs which can no longer be capitalized according to IAS 38.

Effects of the recalculation on the basis of the "amortized cost" of capitalized financial commissions

This adjustment refers to capitalized costs relating to the obtaining of a loan from Efibanca S.p.A. of 18 million Euros; these costs have been reclassified to reduce the financial debt, recalculated on the basis of the amortized cost method, net of the amount charged to the income statement.

The negative amount of 20 thousand Euros at 31 December 2004 is broken down as follows:

Description	1.1.2004	31.12.2004
Reclassification of intangible assets to financial payables	(536)	(729)
Effect of the determination of the amortized cost and of the reclassification to financial payables	536	719
Tax effect		(10)
Total	**0**	**(20)**

Effect of the application of the fair value to the value of land and buildings

The effect of 85,051 thousand Euros at 31 December 2004 (86,559 thousand Euros at 1 January 2004) is broken down as follows:

Description	1.1.2004	31.12.2004
Land and buildings valued at their fair value	140,058	131,531
Reversal of the capital gain on leaseback transactions	0	6,711
Tax effect	(53,499)	(53,191)
Total	**86,559**	**85,051**

The greater value given to the company's real property is connected to the use of the fair value on the first-time adoption of IAS/IFRS in accordance with IFRS 1.

Using the expert valuations, it has also been possible to separate the value of the land (not subject to reduction of value over time and therefore, starting from 1 January 2004, no longer subject to depreciation) from that of the buildings constructed on it (subject to depreciation in that of finite duration).

The amount of 6,711 thousand Euros at 31 December 2004 refers to the reversal of deferrals related to capital gains from the lease-back transactions concerning the real property located in Cà di Sola (MO) and Opera (MI) effected during the 2004 financial year.

The effects of the disposal of these properties to the leasing companies have been fully adjusted, since previously stated in the financial statements at 1 January 2004, following valuation of land and buildings at their fair value.

Biological assets

The effect of 38 thousand Euros at 31 December 2004 (247 thousand Euros at 1 January 2004) refers to the recalculation of the value of the beef cattle according to IAS 41 and is broken down as follows:

Description	1.1.2004	31.12.2004
Beef cattle inventories	(393)	(60)
Tax effect	146	22
Total	**(247)**	**(38)**

Staff Severance Provision and other employee benefits

The positive effect of 3 thousand Euros at 31 December 2004 (676 thousand Euros at 1 January 2004) refers to the recalculation of the Staff Severance Provision liability and other employee benefits assigned to foreign companies' employees according to IAS 19 and is broken down as follows:

Description	1.1.2004	31.12.2004
Staff Severance Provision	1,194	205
Other employee benefits	(225)	(243)
Other minor liabilities	(293)	41
Total	**676**	**3**

Supplementary clientele severance indemnity

The negative effect of 306 thousand Euros at 31 December 2004 (179 thousand Euros at 1 January 2004) refers to the recalculation of the probable liabilities associated with indemnity payable to agents in the event of termination of employment for retirement or for reasons ascribable to the company, based on the estimate of the actuarial value of liabilities, as provided for by IAS 37, and is broken down as follows:

Description	1.1.2004	31.12.2004
Recalculation of the supplementary clientele severance indemnity	(282)	(487)
Tax effect	103	181
Total	**(179)**	**(306)**

Reconciliation statement of the consolidated results for the financial year ended 31 December 2004

(in thousands of Euros)	Group	Minority interests	Total
Consolidated net profit at 31 December 2004 according to Italian Accounting Standards	**8,028**	**9,440**	**17,468**
Effect of the application of IFRS 3 to business combinations	4,163	1,284	5,447
Effect of the reversal of other intangible assets	875	29	904
Effect of the recalculation on the basis of the "amortized cost" of capitalized financial commissions	(13)	(7)	(20)
Effect of the application of the fair value to the value of land and buildings	(1,038)	12	(1,026)
Effect of the valuation of biological assets pursuant to IAS 41	209	0	209
Effect of the recalculation of the Staff Severance Provision liability and other employee benefits pursuant to IAS19	(592)	(80)	(672)
Effect of the recalculation of the supplementary clientele severance indemnity pursuant to IAS 37	(79)	(48)	(127)
Effect of the recalculation of stock options pursuant to IFRS 2	(417)	(209)	(626)
Effect of the write-off of the results associated with the negotiation of treasury stock	(269)	0	(269)
Other minor effects	(53)	(202)	(255)
Consolidated net profit at 31 December 2004 according to International Accounting Standards (IAS/IFRS)	**10,814**	**10,219**	**21,033**

Explanatory notes to the reconciliation statement of the consolidated results for the financial year ended 31 December 2004

Effect of the application of IFRS 3 to business combinations

The amount of 5,447 thousand Euros at 31 December 2004 is broken down as follows:

Description	31.12.2004
Reversal of the amortization rate of goodwill, trademarks and consolidation differences	6,061
Tax effect	(614)
Net effect	**5,447**

For the reasons underlying said adjustment, reference is made to the considerations made in the notes to the reconciliation of shareholders' equity.

Reversal of other fixed assets

The effect of 904 thousand Euros at 31 December 2004 is broken down as follows:

Description	31.12.2004
Costs for services	(3,843)
Personnel costs	(234)
Non-amortization of reversed charges	5,541
Tax effect	(560)
Net effect	**904**

For the reasons underlying said adjustment, reference is made to the considerations made in the notes to the reconciliation of shareholders' equity.

Effects of the recalculation on the basis of the "amortized cost" of capitalized financial commissions

The negative effect of 20 thousand Euros at 31 December 2004 is broken down as follows:

Description	31.12.2004
Increased financial charges	(30)
Reversal of financial charges written-off	-
Tax effect	10
Net effect	**(20)**

For the reasons underlying said adjustment, reference is made to the considerations made in the notes to the reconciliation of shareholders' equity.

Effects of the application of the fair value to the value of land and buildings

The application of the fair value as a replacement to the residual historical cost at the IAS/IFRS transition date has lead to the entry of a higher overall value for land and buildings. The effect of the higher depreciation that would have had to be calculated on such greater overall value has been more than offset for by the separation of the value of the buildings from the land on which they are constructed and by the consequential non-depreciation of the latter.

The negative effect of 1,026 thousand Euros at 31 December 2004 is broken down as follows:

Description	31.12.2004
Increased depreciation on land and buildings	(738)
Reversal of the capital gain from leaseback transaction	(596)
Tax effect	308
Net effect	**(1,026)**

Biological assets

The positive effect of 209 thousand Euros at 31 December 2004 refers to the recalculation of the value of the beef cattle according to IAS 41 and is broken down as follows:

Description	31.12.2004
Change in beef cattle inventories	333
Tax effect	(124)
Net effect	**209**

Staff Severance Provision and employee benefits

The negative effect of 672 thousand Euros refers to the reduction of the over-estimate of the Staff Severance Provision at 31 December, compared to 1 January 2004 and is broken down as follows:

Description	31.12.2004
Personnel costs	(1,006)
Tax effect	334
Net effect	**(672)**

Supplementary clientele severance indemnity

The negative effect of 127 thousand Euros refers to the increase in the probable higher liability for the supplementary clientele severance indemnity at 31 December 2004 compared to 1 January 2004.

Description	31.12.2004
Provision for supplementary clientele severance indemnity	(204)
Tax effect	77
Net effect	**(127)**

Stock Option Plan

The negative effect of 626 thousand Euros relates to the recognition in the income statement of the costs for the Stock Option plan, pertaining to the 2004 financial year, as calculated in accordance with the IFRS 2 method.

Treasury stock

The negative effect of 269thousand Euros refers to the write-off of effects derived from the sale of the treasury stock from the income statement.

IAS/IFRS - IT GAAP Reconciliation of the cash-flow statement

Cremonini Group (in thousands of Euros)	31.12.2004 Italian GAAP	31.12.2004 Changes	31.12.2004 IAS/IFRS
Net profit before minority interests	**17,468**	**3,565**	**21,033**
Amortization and depreciation	48,854	(11,788)	37,066
Net change in Staff Severance Provision	2,261	671	2,932
Net change in other provisions and non-monetary income items	4,655	(569)	4,086
Reversal of the effects from extraordinary transactions (capital gain on disposal of the Marr shareholding)	0	0	0
Operating cash-flow	**73,238**	**(8,121)**	**65,117**
(Increase) decrease in receivables from customers	(3,058)	(2,496)	(5,554)
(Increase) decrease in inventories	1,725	10,201	11,926
Increase (decrease) in payables to suppliers	30,633	(5,158)	25,476
(Increase) decrease in other items of the working capital	5,546	(1,706)	3,840
Change in working capital	**34,847**	**841**	**35,688**
CASH-FLOW FROM OPERATING ACTIVITIES	**108,085**	**(7,280)**	**100,805**
Net (investments) in intangible assets	(16,812)	11,759	(5,053)
Net (investments) in tangible assets	(40,295)	(2,606)	(42,901)
Change in financial assets	(5,061)	(3,651)	(8,712)
Net effects from the change in consolidation area	0	0	0
CASH-FLOW FROM INVESTING ACTIVITIES	**(62,168)**	**5,502**	**(56,666)**
FREE - CASH FLOW BEFORE EXTRAORDINARY TRANSACTIONS	**45,918**	**(1,778)**	**44,139**
Cash-flow from extraordinary transactions (transfer of Marr)	**0**	**0**	**0**
Cash-flow from distribution of dividends	(21,105)	0	(21,105)
Capital increases, change in treasury stock and other changes, including those of minority interests	539	2,044	2,583
Cash-flow from (for) change in shareholders' equity	**(20,566)**	**2,044**	**(18,522)**
FREE - CASH FLOW	**25,352**	**266**	**25,617**
Opening net financial debt	(451,144)	(107,269)	(558,412)
Cash-flow for the period	25,352	266	25,617
Closing net financial debt	**(425,792)**	**(107,003)**	**(532,795)**
Increase (Decrease) medium-long term borrowings	(35,351)	416	(34,934)
Increase (Decrease) medium-long term liabilities for derivatives	0	1,868	1,868
Cash flow from (for) medium-long term financial activities	**(35,351)**	**2,284**	**(33,066)**
CASH FLOW SHORT TERM OF THE PERIOD	**(9,999)**	**2,550**	**(7,449)**
Initial net short term indebtness	(250,385)	9,751	(240,634)
Cash flow of the period	(9,999)	2,550	(7,449)
Final net short term indebtness	**(260,384)**	**12,301**	**(248,083)**
Increase (Decrease) short term borrowings	8,388	2,932	11,321
Changes in other securities and other financial assets	(1,721)	0	(1,721)
Increase (Decrease) short term liabilites for derivatives	0	0	0
Cash flow from (for) short term financial assets	**6,667**	**2,932**	**9,599**
INCREASE (DECREA.) CASH AND CASH EQUIVALENTS	**(3,332)**	**5,482**	**2,151**
Cash and cash equivalents at the beginning of the period	50,937	12,921	63,858
Cash flow of the period	(3,332)	5,482	2,151
Cash and cash equivalents at the end of the period	**47,605**	**18,404**	**66,009**

STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT IN ACCORDANCE WITH ART. 41 OF LEGISLATIVE DECREE 127/1991

(CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2005)

Cremonini s.p.a. Shareholders,

The 2005 consolidated financial statements – Balance Sheet, Income Statement and Notes to the Financial Statements – made available to you show a year's profit of 52,206 thousand Euros and a Group profit of 40,558 thousand Euros.

The document under examination, prepared in accordance with the "international accounting principles" (IFRS – International Financial Reporting Standards) has been sent to us, together with the Director's report, within the deadline established by the law. The afore-mentioned document illustrates the effects of transition to the IFRS and the reconciliation prospectuses requested by the international accounting principles.

The Balance Sheet and Income Statement show, for comparative purposes, the figures from the previous year consolidated financial statements.

In the Director's Report and in the Notes to the Financial Statements - 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 characterised management during the year.

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

The consolidated financial statements have been audited by PricewaterhouseCoopers.

In their audit, the independent auditors confirmed that:

- the figures shown in the document correspond to the accounting value of the Parent Company, to the subsidiaries' financial statements prepared by the Boards for the respective Shareholders' Meeting and to the information they submitted to the Parent Company;
- the determination of the consolidation area, the choices of the accounting principles for consolidation and the operating procedures used for consolidation comply with the requirements of the law and the accounting regulations provided by the IFRS and, therefore, the consolidated financial statements can be considered in line with the specific regulations.

As regards matter for which we are responsible, we note:

- that the notes to the financial statements disclose the matters required by arts. 38 and 39 of Legislative Decree 127/1991;
- that the Directors' Report provides the information required by Civil Code art. 2428, art. 40 of Legislative Decree 127/1991 and the Consob regulations and can be considered consistent with the other results listed in the consolidated financial statements.

Therefore, the Board of Statutory Auditors hereby expresses the opinion that the Cremonini Group consolidated financial statements as at 31 December 2005 correctly represent the economic and financial situation of the Parent Company and of the consolidated companies.

Castelvetro di Modena, 13 April 2006

THE BOARD OF AUDITORS
The Chairman
(Dr. Alessandro Artese)

Standing Auditor
(Dr. Giovanni Zanasi)

Standing Auditor
(Dr. Ezio Maria Simonelli)

AUDITORS' REPORT

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, which comprise the balance sheet, income statement, cash flow statement, statement of changes in shareholders' equity and the related notes as of 31 December 2005. 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. The aforementioned financial statements have been prepared for the first time in accordance with the International Financial Reporting Standards as adopted by the European Union.

2. We conducted our audit in accordance with the auditing standards and criteria recommended by the National Commission for Companies and the Stock Exchange (CONSOB). In accordance with those standards and criteria, the audit has been planned and performed to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are reliable. An audit includes examining, on a sample basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements present the prior year corresponding figures prepared in accordance with the same accounting principles. Furthermore, the Appendix 9 to the financial statements as of 31 December 2005 explains the effects of the transition to International Financial Reporting Standards as adopted by the European Union, and includes the information related to the reconciliation schedules required by IFRS 1. Such information has been examined by us to provide a basis for our opinion on the financial statements as of 31 December 2005.

3. In our opinion, the financial statements of Cremonini SpA as of 31 December 2005 comply with International Financial Reporting Standards as adopted by the European Union; accordingly, they give a true and fair view of the financial position, the results of operations, the changes in

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shareholders' equity and cash flows of Cremonini SpA for the year then ended.

4. We draw your attention to the information included in the explanatory notes disclosing the significant economic and financial effects on the financial statements of Cremonini SpA of the listing of its subsidiary MARR SpA, occurred on 21 June 2005, at the Italian Stock Exchange.

Bologna, 13 April 2006

PricewaterhouseCoopers SpA

Edoardo Orlandoni
(Partner)

"This report has been translated from the original which was issued in accordance with Italian legislation. References in this report to the Financial Statement refer to the Financial Statement in original Italian and not to their translation"

(2)

SUMMARY OF THE RESOLUTIONS

ORDINARY SHAREHOLDERS' MEETING 29 APRIL 2006

By a notice published in the Official Gazette of the Italian Republic – Insertions page no. 69 dated 23 March 2006, shareholders were given notice of the general meeting to be held on 29 April 2006. The meeting was duly held at Castelvetro di Modena, via Modena 53, on the day indicated with Cavaliere del Lavoro Dr. Luigi Cremonini in the Chair.

43 shareholders, holding 83,418.640 ordinary shares, equal to 58.82% of the entire share capital, attended the meeting in person or by proxy.

Following the reading of the Directors' proposals and the Statutory Auditors' Report, the meeting unanimously approved:
- the financial statements as at 31 December 2005 and the report on operations, including the assignation of a gross dividend of € 0.226 per each ordinary share;
- the Board of Directors' authorisation for the acquisition and sale of treasury shares in terms of art.s 2357 and 2357 ter of the Italian Civil Code.