FINANCIAL STATEMENTS AND CONSOLIDATED ACCOUNTS **2006**

CREMONINI

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Luigi Cremonini

"2006 HAS FULLY CONFIRMED OUR GROUP'S LEADERSHIP IN THE FOOD SECTOR AND HAS LAID THE FOUNDATIONS FOR FURTHER GROWTH IN THE FUTURE"

Dear Shareholders,
It is with great satisfaction that I present to you the results of the 2006 financial year, which confirm a development trend that has by now endured for some years. In the face of growth in the Italian food sector of less than 3%, our revenues amply exceeded 2.3 billion Euro, an increase of over 10% compared to 2005.

This goal, achieved in a year without non recurring activities, confirms the foresight of the decisions made: I particularly refer to the investments and acquisitions that we have continued to make with confidence and the objective of always improving our competitiveness in Italy and abroad.

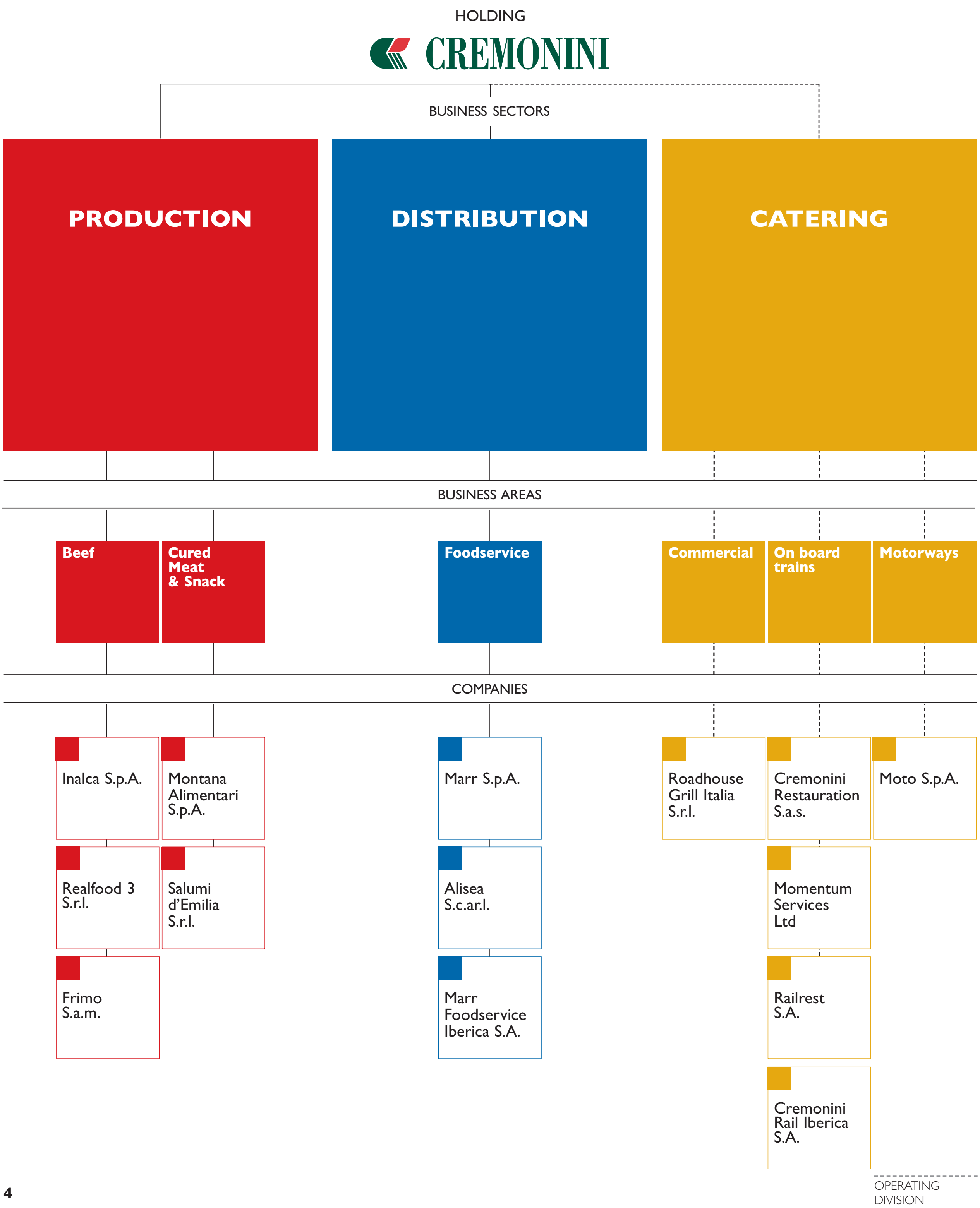
All the sectors in which we operate – production, distribution and catering – have contributed to the creation of value for our Shareholders: considering the appreciation in our share price, which in 2006 significantly exceeded the Standard & Poor's stock market index, we can say that the market is beginning to recognise our value.

Today we are more than ever committed to improving on the excellence for which our products and services are widely recognised both in Italy and abroad, where we are successfully compared with international competitors, as a demonstration of the high standard of quality and professionalism reached by our Company.

Today we are one of the leading Italian companies in terms of size and revenues: we should be proud of our Group's important contribution to economic growth, in particular to the development of the food sector in Italy, which takes second place amongst our manufacturing divisions and well represents the "Made in Italy" in the world.

We must look ahead. I am sure that once again in 2007, thanks to the determined contribution of the Group's 7,600 staff, we will meet our development objectives and will know how to add to the confidence of the millions of customers who we serve every year.

The Chairman
Luigi Cremonini


HOLDING
CREMONINI
BUSINESS SECTORS
PRODUCTION
DISTRIBUTION
CATERING
BUSINESS AREAS
Beef
Cured Meat & Snack
Foodservice
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.
Alisea S.c.ar.l.
Marr Foodservice Iberica S.A.
Roadhouse Grill Italia S.r.l.
Cremonini Restauration S.a.s.
Momentum Services Ltd
Railrest S.A.
Cremonini Rail Iberica S.A.
Moto S.p.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)

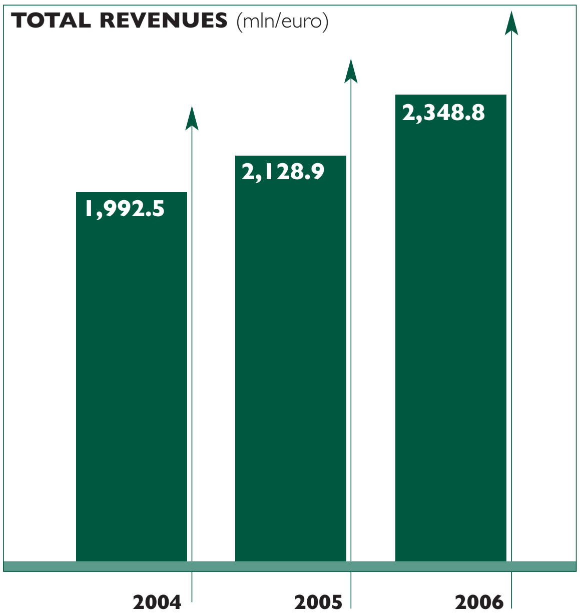
The Board of Directors of Cremonini Spa
(1) Member of the Compensation Committee - (2) Member of the Internal Audit Committee and Corporate Governance Committee
(3) With mandate for the management of the catering business-unit

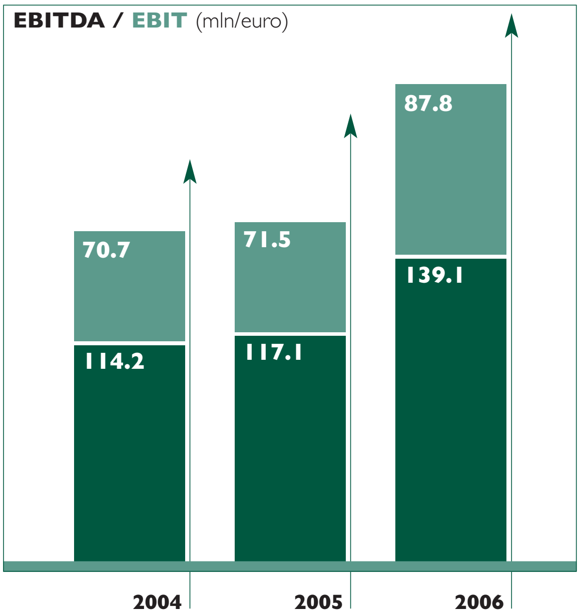
2006 ANOTHER YEAR OF CONTINUOUS GROWTH.

Main financial ratios

	2001*	2002*	2003*	2004	2005	2006
ROS (Ebit / Revenues)	3.2%	3.7%	3.5%	3.5%	3.4%	3.7%
ROI (Ebit / Net Capital Equipment)	5.0%	7.0%	7.2%	8.4%	8.1%	9.4%
EBITDA / Net Financial Expenses°	2.2	3.1	4.7	5.4	5.4	5.0
INTEREST COVERAGE (Ebit / Net Financial Expenses)°	1.2	1.8	2.7	3.4	3.3	3.2
NET DEBT / EBITDA	7.8	5.9	5.2	4.7	4.4	4.2
NET DEBT / EQUITY	2.7	2.5	1.8	1.7	1.4	1.7
NET DEBT / REVENUES	47%	37%	31%	27%	24%	25%

° Excluding the components of net exchange rate differences and income/charges from/for derivatives.
* Pro-forma figure for purposes of comparison obtained by applying IAS/IFRS compliant adjustments to historical data.





Vincenzo Cremonini

"2006 WAS A TURNAROUND YEAR FOR CATERING, THE PRODUCTION SECTOR MARGINALITY RECOVERED AND DISTRIBUTION ONCE AGAIN ACHIEVED DOUBLE DIGIT GROWTH"

Economic and Financial results
The Cremonini Group achieved consolidated revenues of 2,348.8 million Euro in 2006, with an increase of 10.3% compared to 2005.

This is a particularly satisfying result because the Group centred its objectives on all sectors in 2006: production recovered marginality, distribution continued to grow at a sustained pace and catering laid the foundations for future development with two important acquisitions: the remaining 50% of Moto S.p.A and 100% of Rail Gourmet España.

The gross operating margin (EBITDA) and operating profit (EBIT) amounted to 139.1 and 87.8 million Euro respectively showing an improvement over the past year, as did the profit from normal operations which amounted to 56.4 million Euro (+11.4%).

The pre-tax profits reached 55.4 million Euro compared to 76.8 million Euro for the same period in 2005, a result which included the net extraordinary income from the MARR IPO of 26.1 million Euro. The Group's net consolidated profits amounted to 11.6 million Euro (40.6 million Euro in the same period of 2005).

The Net Debt as at 31 December was 584.2 million Euro compared to 605.2 million Euro as at 30 September 2006 and 512.1 million Euro as at 31 December 2005. The growth in the twelve months included investments of 97.6 million Euro (of which 32.6 million Euro of acquisitions) and the distribution of dividends of 39.8 million Euro.

Trends of the 3 sectors
The **PRODUCTION** sector registered revenues up by 3.9% and an important recovery of marginality: the EBITDA was 50.1 (+14.8%) and the EBIT was 19.5 (+25.6%).

The **DISTRIBUTION** sector, through our subsidiary MARR, continued its uninterrupted growth trend: revenues rose by 10.3%, mainly as a result of organic growth, while profitabilty has exceeded expectatiions, climbing by 16.3% (EBITDA) and 18.6% (EBIT).

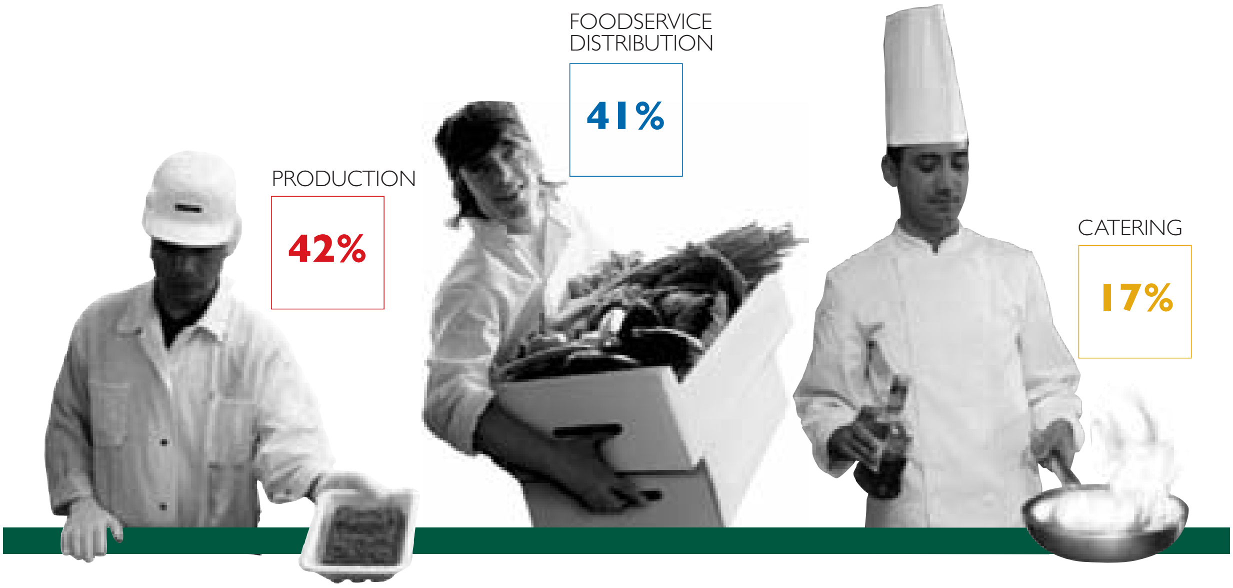
The **CATERING** sector – also thanks to the recent acquisitions – achieved a very significant performance, with revenues increasing by 32.6% and the EBITDA and EBIT up by 12.1% and 7.5% respectively.

Outlook for 2007
The objective is to continue growth in terms of turnover and profitability through development drivers providing:

- in Production, the strengthening of our international presence also through direct investments, such as the new platform in Russia and the beginning of works for the construction of a new slaughterhouse in Poland;
- in Distribution, internal growth through strengthening of the sales network and external growth through the acquisition of local competitors. The opening of the new platform in Tuscany is also planned.
- in Catering, internal growth supported by consolidation of the acquisitions made during the course of 2006 and the award of new concessions.

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 7,600 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 42% of the 2006 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 57.2% of whose share capital is owned by Cremonini. This business represents 41% of the 2006 consolidated revenues.

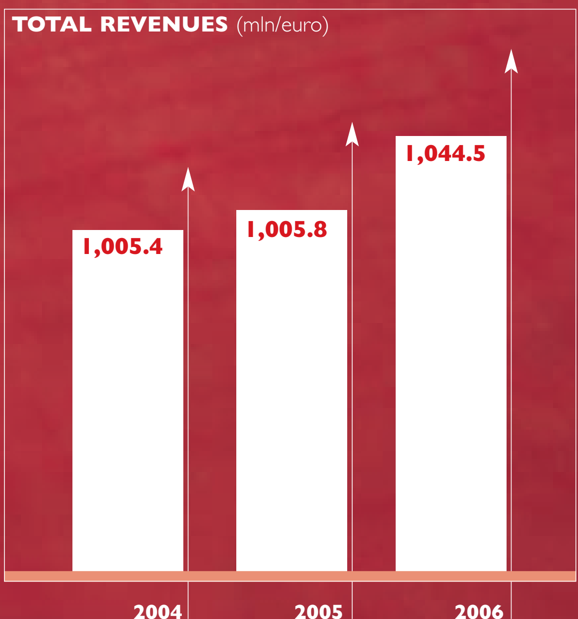
In the **CATERING** sector, Cremonini S.p.A. operates directly through its own Catering Division which controls, in the context of catering on-board trains in Europe, the companies Momentum Services Ltd, Railrest S.a. and Cremonini Restauration S.a.s. , as well as Roadhouse Grill Italia S.r.l. (steakhouse) for commercial catering and Moto S.p.A. for motorway catering. In 2006, catering activities accounted for 17% of the consolidated revenues.

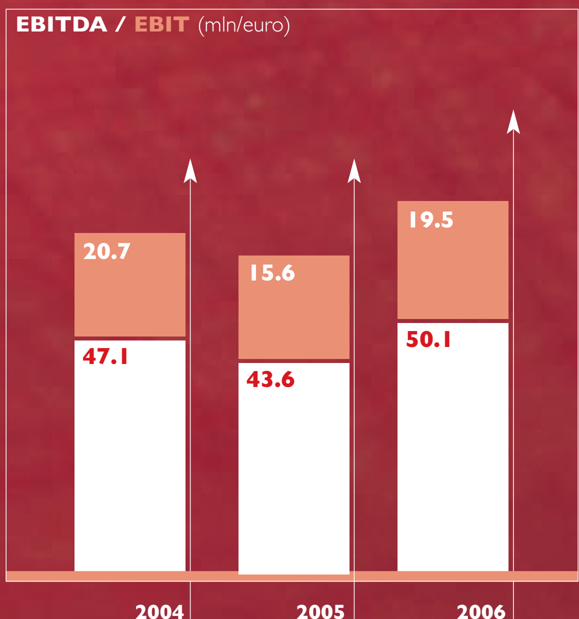
PRODUCTION

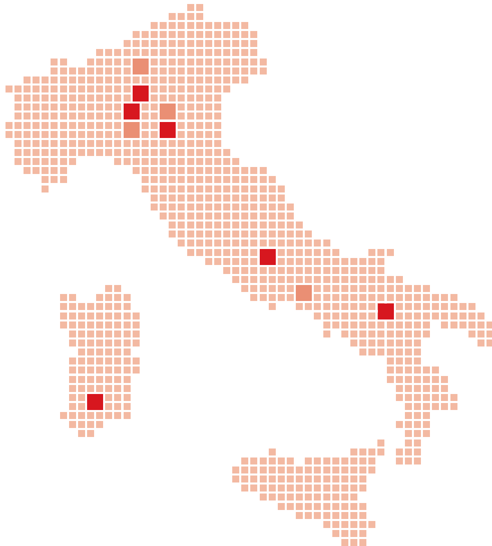
MORE THAN 1 BILLION EURO IN REVENUES AND 240,000 TONNES OF PRODUCTS, WITH THE SAME QUALITY AS ALWAYS

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 2006 the production sector registered total revenues of 1,044.5 million Euro, up by 3.9% compared to 2005, with a gross operating margin of 50.1 million Euro (+14.8%) and an operating profit of 19.5 million Euro (+25.6%).





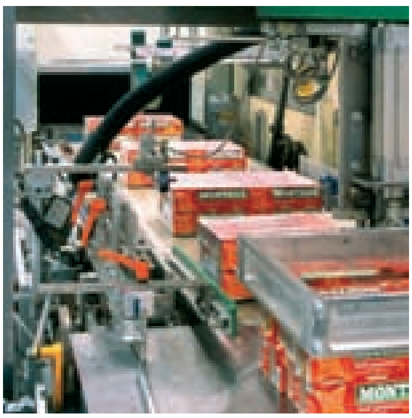


PRODUCTION PLANTS ■ 6 Beef ■ 4 Cured Meats & Snacks

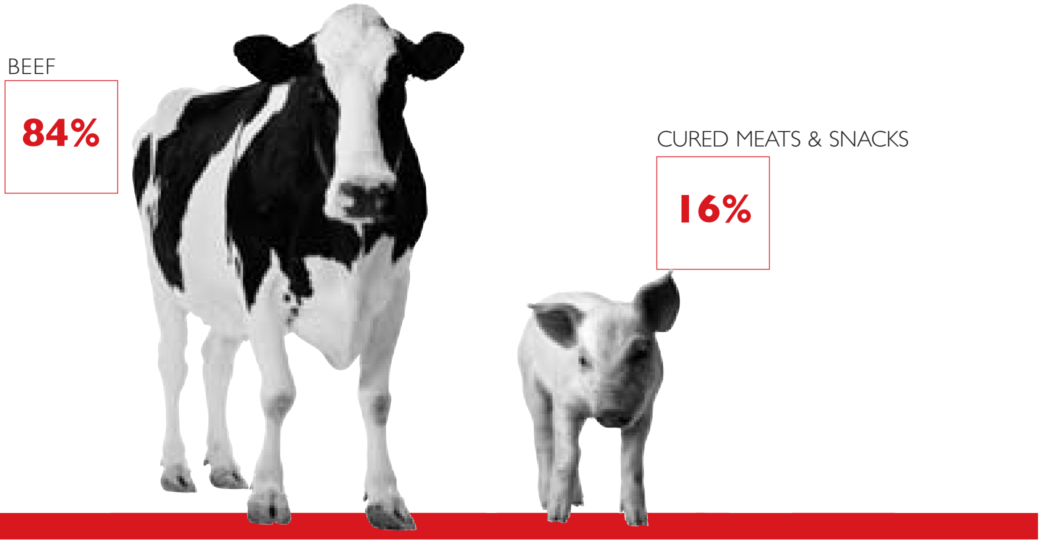







BREAKDOWN OF REVENUES BY TYPE OF PRODUCT



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.

Beef

The reference company in the Group in this sector is Inalca, which in 2006 achieved total consolidated revenues of 932.0 million Euro, up by 3.2% compared to 2005.

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 32% 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 (MO), 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.

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 168.3 million Euro in 2006, up by 21.0% compared to 2005.

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 salami 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.

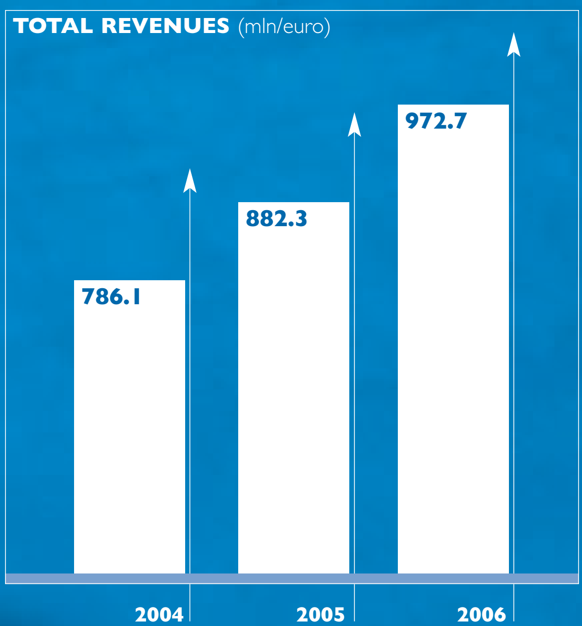

MARR
530
144L

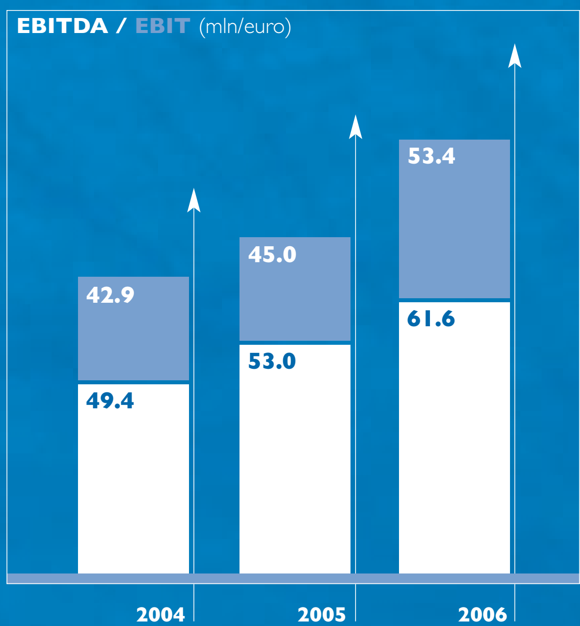
DISTRIBUTION

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

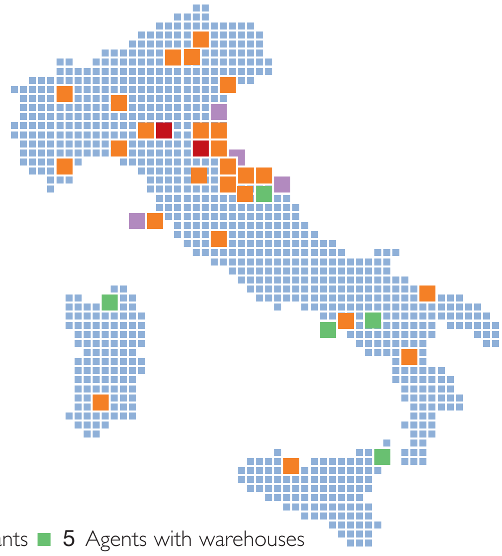
In the distribution sector, the Cremonini Group operates through MARR, the leader in Italy in the distribution of food products to catering operators.

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 972.7 million Euro in 2006 (+10.3% compared to 2005).The gross operating margin amounted to 61.6 million Euro (+16.3%) and the operating profit amounted to 53.4 million Euro (+18.6%).





Figures can differ from those shown in the MARR consolidated balance sheet, as a result of certain consolidation entries in the Group consolidated financial statements; and that the historical data, shown in the graph, is net of Door to Door.



DISTRIBUTION CENTRES ■ 25 Branches ■ 4 Cash & Carry ■ 2 Processing plants ■ 5 Agents with warehouses

MARR: BREAKDOWN OF REVENUES BY TYPE OF CUSTOMERS

25 BRANCHES, 4 CASH&CARRY, 5 AGENTS WITH WAREHOUSES, 550 DEDICATED TRUCKS, 650 SALES AGENTS, 10,000 FOOD PRODUCTS, OVER 36,000 CUSTOMERS.

With a history of 35 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 38.8% fish products, 35.9% sundry food stuff, 23.1% meat, 1.6% fruit and vegetables and the remaining 0.6% 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 25 branches, 4 cash&carry, 5 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 street market (restaurants, pizza outlets and hotels not belonging to groups or chains) 63.4%, wholesalers 21.3% and national account 15.3%.

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 let to the acquisition in September 2006 of New Catering S.r.l., a company based in Romagna and operating in the distribution of food products to bars and fast food operators.

The acquisition of New Catering is of significant strategic value, as it will enable MARR to diversify its offer, entering into the segment of food supplies to bars.

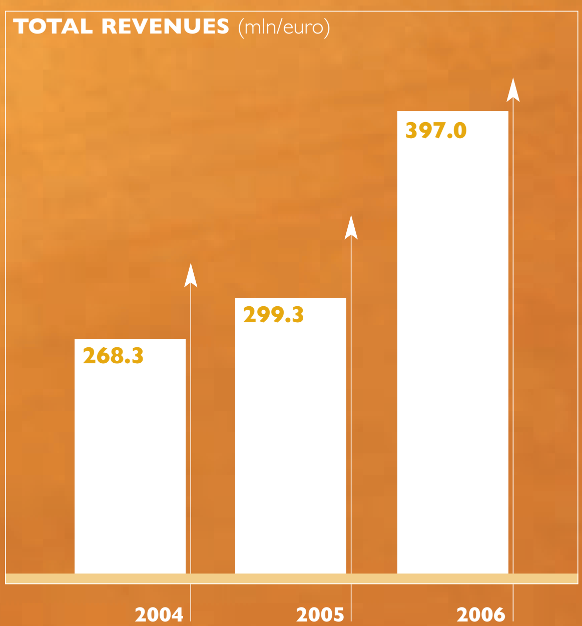
CATERING

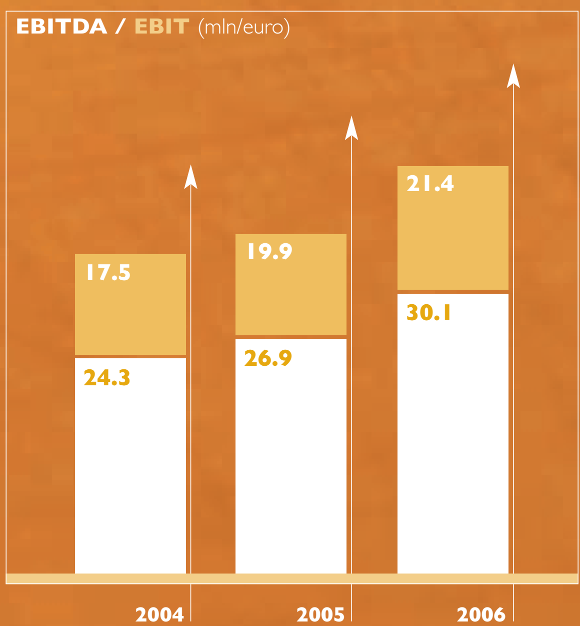
60 MILLION CUSTOMERS SERVED EVERY YEAR, WITH THE PLEASURE OF A WARM WELCOME

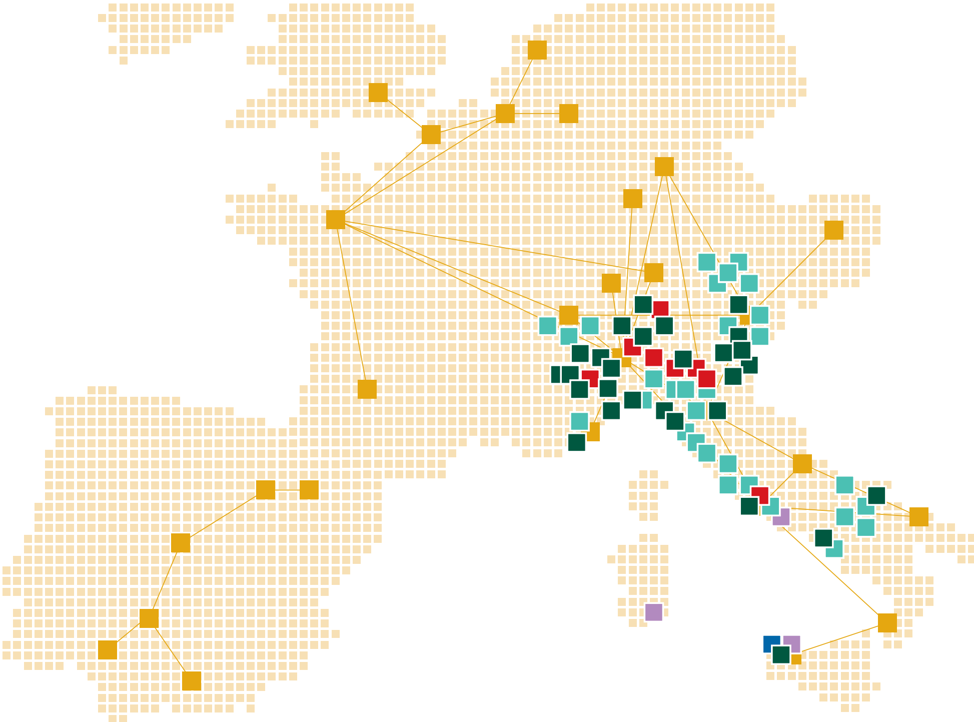
In the catering sector, the Group is specialized in concession activities and operates in three business areas: on-board trains, railway station buffets and motorway service areas.

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

In 2006, Catering Division's consolidated revenues amounted to 397.0 million Euro (an increase of 32.6% compared to 2005), the gross operating margin reached 30.1 million Euro (+12.1%) and the operating profit amounted to 21.4 million Euro (+7.5%).







CATERING POINTS ■ 32 Railway Stations ■ 3 Airports ■ 8 Steakhouses ■ 1 Harbour ■ 700 Trains ■ 34 Motorway Service Areas

TYPES OF CATERING

700 TRAINS SERVED IN 8 EUROPEAN COUNTRIES, 32 RAILWAY STATIONS, 34 MOTORWAY SERVICE AREAS, 3 AIRPORTS, 8 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 17 years, with a daily presence on more than 700 trains in 8 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, on British Eurostar trains connecting London, Paris and Brussels, on Belgian Thalys trains, on Italo-Swiss Cisalpino trains, on French TGV trains and the latest iDTGV as well as the Lyria trains connecting France and Switzerland and French Corail trains.

From 2006 Cremonini has also operated on the 70 Spanish AVE high-speed trains on the Madrid-Seville, Madrid-Malaga and Madrid-Zaragoza-Lerìda routes.

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

The Cremonini Group entered the motorway catering sector in April 2003, by acquiring part of Moto S.p.A.'s share capital in a joint venture with the English company Compass Group. In May 2006 it acquired control, purchasing Compass' portion and acquiring 100% of the share capital.

Following this acquisition, and to respond to the need for reorganisation of the motorway sector activities, the Moto commercial brand has been substituted by the new Chef Express brand in all the motorway sales outlets managed in concession by the Cremonini Group.

With a market share of some 7%, Chef Express is now the 2nd Italian operator in the motorway catering sector managing 34 service areas in all the principal Italian motorway arteries.

The development plans provide for further growth prospects deriving from the process of re-assignation of the concessions expiring in 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 8 restaurants that have been opened in Italy: Rome, Bologna, Legnano, Piacenza, Mantova, Rozzano (MI), Reggio Emilia and Bergamo.

FINANCIAL STATEMENTS AND CONSOLIDATED ACCOUNTS **2006**

NOTICE CONVENING AN ORDINARY SHAREHOLDERS' MEETING

Shareholders owning ordinary shares are invited to attend an ordinary shareholders' meeting to be held at 10 a.m. on 28 April 2007, in Castelvetro di Modena, Via Modena no. 53, to discuss and pass resolutions on the following Agenda:

1) Financial statements for the year ended 31 December 2006 and annual report; inherent and consequent resolutions;

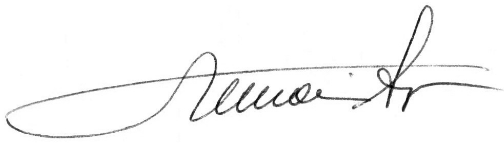
2) Appointment of auditors for the financial statements and consolidated financial statements – pursuant to art. 159 of Legislative Decree 58/1998; inherent and consequent resolutions;

3) Board of Directors authorisation for the acquisition and disposal of treasury shares; inherent and consequent resolutions.

The documentation relating to the subjects and proposals in the Agenda will be made available to those concerned, in terms of the law, at the registered office, at Borsa Italiana and on the site www.cremonini.com. Shareholders have the facility of obtaining a copy by contacting the "Corporate Affairs" Office on working days from 9 a.m. to 1 p.m. and from 3 p.m. to 6 p.m. The Group's consolidated financial statements as at 31 December 2006 will be made available to Shareholders at the meeting.
Shareholders from whom the company has received the communication from an authorised intermediary, at least two days before the date established for the meeting and who on the occasion of the meeting exhibits a copy of said communication will have the right to attend and take part in the meeting (art. 11 of the Articles of Association - art. 34 bis of Consob Regulations no.11768/1998).

The accreditation of participants in the meeting will commence at 9.30 a. m.

The Chairman
(Cav. Lav. Luigi Cremonini)



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
Statutory	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 2006, pursuant to 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 Article 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 2006 financial year

Total revenues in the 2006 financial year amounted to 2,348.8 million Euro compared to 2,128.9 million in 2005, showing an increase of 219.9 million Euro (+10.3%). The gross operating margin amounted to 139.1 million compared to 117.1 million in 2005, showing an increase of 22.0 million Euro (+18.8%) and the operating income totalled 87.8 million compared to 71.5 million Euro in 2005, showing an increase of 16.3 million (+22.8%).

Profit from ordinary activities amounted to 56.4 million Euro compared to 50.6 million of 2005, an increase of 5.8 million (+11.4%).

The pre-tax profit was 55.4 million Euro, an improvement if it is considered that the corresponding result of 76.8 million Euro in 2005 included the net non-recurring capital gain of 26.1 million Euro deriving from MARR's IPO (including Greenshoe).

Consequently, as an effect of the aforesaid net non-recurring capital gain the Group's net profit was 11.6 million Euro, compared to 40.6 million Euro in 2005.

Below is a summary of the consolidated figures for the financial year ended as at 31 December 2006, 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 2006	Year2005	Change %
Total revenues	**2,348,842**	**2,128,918**	**10.33**
Changes in inventories of work in progress, semi-finished and finished goods	1,792	(1,747)	
Value of production	**2,350,634**	**2,127,171**	**10.51**
Costs of production	(1,993,459)	(1,816,249)	
Value added	**357,175**	**310,922**	**14.88**
Personnel costs	(218,066)	(193,855)	
Gross operating margin [(a)]	**139,109**	**117,067**	**18.83**
Amortization, depreciation and write-downs	(51,329)	(45,565)	
Operating income [(b)]	**87,780**	**71,502**	**22.77**
Net financial income (charges)	(31,359)	(20,864)	
Profit from ordinary activities	**56,421**	**50,638**	**11.42**
Net income (charges) from investments	352	78	
Net extraordinary income (charges)	(1,337)	26,061	
Result before taxes	**55,436**	**76,777**	**(27.80)**
Income taxes for the financial year	(29,297)	(24,271)	
Result before minority interests	**26,139**	**52,506**	**n.a.**
(Profit) Loss attributable to minority interests	(14,512)	(11,948)	
Net profit attributable to the Group	**11,627**	**40,558**	**n.a.**

a - Ebitda (Gross operating margin) is an economic indicator not defined in the International Accounting Principles and the IFRS. 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. At present, subject to a later in depth study regarding the evolution of the IFRS accounting practices, Ebitda is defined by Cremonini as the Profit/Loss gross of the depreciation and amortization, respectively, of tangible and intangible assets, allocations and write-downs, financial expenses and income and income taxes.

b - The operating profit (Ebit) is defined by Cremonini as the Profit/Loss for the year gross of financial charges and income, non-recurring items and income taxes.

Consolidated balance sheet

(in thousands of Euros)	31.12.2006	31.12.2005	Change %
Intangible assets	147,246	128,078	
Tangible assets	595,242	564,132	
Equity investments and other financial assets	12,211	11,075	
Total fixed assets	**754,699**	**703,285**	**7.31**
Trade net working capital			
- Trade receivables	389,713	382,293	
- Inventories	252,056	222,248	
- Trade payables	(337,433)	(309,610)	
Total trade net working capital	304,336	294,931	
Other current assets	56,881	65,383	
Other current liabilities	(70,912)	(82,843)	
Net working capital	**290,305**	**277,471**	**4.63**
Staff Severance Provision and other medium/long-term provisions	**(112,094)**	**(104,840)**	
Net invested capital	**932,910**	**875,916**	**6.51**
Shareholders' Equity attributable to the Group	282,499	299,083	
Shareholders' Equity attributable to minority interests	66,187	64,749	
Total Shareholders' Equity	**348,686**	**363,832**	**(4.16)**
Net medium/long term debts	367,628	352,669	
Net short term debts	216,596	159,415	
Net debt	**584,224**	**512,084**	**14.09**
Net equity and net debt	**932,910**	**875,916**	**6.51**

Net consolidated debt[c]

(in thousands of Euros)	31.12.2006	30.09.2006	30.06.2006	31.12.2005
Payables to banks, bonds and other financial institutions				
- due within 12 months	(325,403)	(293,142)	(278,151)	(250,356)
- due between 1 and 5 years	(265,210)	(266,858)	(299,752)	(261,522)
- due beyond 5 years	(102,417)	(128,629)	(93,303)	(91,147)
Total payables to banks, bonds and other financial institutions	**(693,030)**	**(688,629)**	**(671,206)**	**(603,025)**
Liquidity				
- cash and cash equivalents	107,168	82,674	98,324	89,203
- other financial assets	1,638	741	738	1,738
Total liquidity	**108,806**	**83,415**	**99,062**	**90,941**
Total net debt	**(584,224)**	**(605,214)**	**(572,144)**	**(512,084)**

The Group's net debt was 584.2 million Euro, a fall of 21.0 million compared to 605.2 million as at 30 September 2006.

The net debt with respect to 31 December 2005 increased by 72.1 million Euro, as an effect of the distribution of dividends of 39.8 million and investments made during the period of 97.6 million Euro, of which 32.6 million related to acquisitions. Amongst the latter we note the acquisition of Rail Gourmet Espana, 50% of Moto and Autoplose, the Prohoga business branch, and the programmed payments deriving from the acquisition of the Sfera business branch and As.Ca., Infer S.r.l.

c – The Net Debt, utilised as a financial indicator of the indebtedness, is shown as a summary of the following positive and negative components of the Balance Sheet pursuant to CONSOB communication no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents; current securities due for sale; short-term financial receivables; derivative instruments. Negative components: due to banks; due to other financiers, leasing and factoring companies; derivative instruments and bonds.

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 2006	Year 2005	Change total value	Change %
Production				
Net revenues	992,688	959,910	32,778	3.41
Intercompany revenues	51,793	45,845		
Total revenues	1,044,481	1,005,755	38,726	3.85
Gross operating margin	50,078	43,620	6,458	14.81
Amortization, depreciation and write-downs	(30,535)	(28,057)	(2,478)	8.83
Operating profit (loss)	19,543	15,563	3,980	25.57
Distribution				
Net revenues	948,330	859,722	88,608	10.31
Intercompany revenues	24,405	22,535		
Total revenues	972,735	882,257	90,478	10.26
Gross operating margin	61,575	52,954	8,621	16.28
Amortization, depreciation and write-downs	(8,177)	(7,946)	(231)	2.91
Operating profit (loss)	53,398	45,008	8,390	18.64
Catering				
Net revenues	396,893	299,228	97,665	32.64
Intercompany revenues	147	100		
Total revenues	397,040	299,328	97,712	32.64
Gross operating margin	30,095	26,858	3,237	12.05
Amortization, depreciation and write-downs	(8,667)	(6,917)	(1,750)	25.30
Operating profit (loss)	21,428	19,941	1,487	7.46
Parent Company and centralized activities				
Net revenues	10,931	10,058	873	8.68
Intercompany revenues	7,798	7,343		
Total revenues	18,729	17,401	1,328	7.63
Gross operating margin	(2,556)	(6,170)	3,614	(58.57)
Amortization, depreciation and write-downs	(3,950)	(2,645)	(1,305)	49.34
Operating profit (loss)	(6,506)	(8,815)	2,309	(26.19)
Consolidation adjustment				
Total revenues	(84,143)	(75,823)		
Gross operating margin	(83)	(195)		
Amortization, depreciation and write-downs				
Operating profit (loss)	(83)	(195)		
Total				
Total revenues	2,348,842	2,128,918	219,924	10.33
Gross operating margin	139,109	117,067	22,042	18.83
Amortization, depreciation and write-downs	(51,329)	(45,565)	(5,764)	12.65
Operating profit (loss)	87,780	71,502	16,278	22.77

The total consolidated revenues amounting to 2,348.8 million Euro compared to 2.128,9 million of 2005, increased by 219.9 million Euro thanks to the development recorded in all sectors. In particular catering revenues increased by 97.7 million, distribution revenues by 90.5 million and production revenues by 38.7 million Euro.

The consolidated gross operating margin amounted to 139.1 million Euro compared to 117.1 million of 2005, showing an increase of 22.0 million Euro. In particular, the distribution margin increased by 8.6 million, the production margin by 6.5 million and the catering margin by 3.2 million.

The consolidated gross operating margin improved by 16.3 million Euro, thanks to the contribution from distribution, up by 8.4 million, catering that rose by 1.5 million and production, which was up by 4.0 million.

Breakdown of revenues from sales and services by geographic area

Year 2006 - (in thousands of Euros)

	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	641,641	65.4	854,122	91.7	264,664	68.0	9,325	93.9	1,769,752	76.6
European Union	152,174	15.5	52,630	5.7	124,173	32.0	444	4.4	329,421	14.2
Extra EU-Countries	187,365	19.1	24,417	2.6	133	0.0	167	1.7	212,082	9.2
Total	981,180	100.0	931.169	100.0	388,970	100.0	9,936	100.0	2,311,255	100.0

Year 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	13.3
Extra EU-Countries	178,479	18.8	33,375	4.0	116	0.0	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

Consolidated balance sheet structure by business sector

As at 31 December 2006 (in thousands of Euros)	**Production**	**Distribution**	**Catering**	**Parent. Company and centralized**	**Consolidation adjustments**	**Total**
Intangible assets	18,895	77,456	50,390	505		147,246
Tangible assets	416,796	58,472	39,708	80,266		595,242
Equity investments and other financial assets	5,994	453	1,354	4,410		12,211
Total fixed assets	**441,685**	**136,381**	**91,452**	**85,181**	**0**	**754,699**
- Trade receivables	149,621	217,985	37,263	5,381	(20,537)	389,713
- Inventories	162,407	80,508	8,706	353	82	252,056
- Trade payables	(138,973)	(156,177)	(59,252)	(2,702)	19,671	(337,433)
Total trade and net working capital	173,055	142,316	(13,283)	3,032	(784)	304,336
Other current assets	21,205	19,358	8,771	25,907	(18,360)	56,881
Other current liabilities	(16,548)	(15,199)	(35,353)	(22,006)	18,194	(70,912)
Net working capital	**177,712**	**146,475**	**(39,865)**	**6,933**	**(950)**	**290,305**
Staff Severance Provision and other medium/long-term provisions	**(63,545)**	**(21,549)**	**(13,829)**	**(13,171)**		**(112,094)**
Net invested capital	**555,852**	**261,307**	**37,758**	**78,943**	**(950)**	**932,910**

As at 31 December 2005 (in thousands of Euros)	**Production**	**Distribution**	**Catering**	**Parent. Company and centralized**	**Consolidation adjustments**	**Total**
Intangible assets	18,732	74,414	33,916	1,016		128,078
Tangible assets	406,131	54,268	31,424	72,309		564,132
Equity investments and other financial assets	6,520	463	706	3,386		11,075
Total fixed assets	**431,383**	**129,145**	**66,046**	**76,711**	**0**	**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**
Staff Severance Provision and other medium/long-term provisions	**(61,384)**	**(19,379)**	**(12,171)**	**(11,906)**		**(104,840)**
Net invested capital	**530,041**	**252,225**	**24,194**	**70,221**	**(765)**	**875,916**

Net consolidated debt broken down by sector

As at 31 December 2006 (in thousands of Euros)	**Production**	**Distribution**	**Catering**	**Parent Company and centralized**	**Total**
Payables to banks, bonds and other financial institutions					
- due within 12 months	(132,742)	(42,473)	(4,248)	(145,940)	(325,403)
- due between 1 and 5 years	(94,443)	(34,466)	(1,238)	(135,063)	(265,210)
- due beyond 5 years	(63,813)	(3,972)	(1,899)	(32,733)	(102,417)
Total payables to banks, bonds and other financial institutions	**(290,998)**	**(80,911)**	**(7,385)**	**(313,736)**	**(693,030)**
Liquidity					
- cash and cash equivalents	14,908	35,751	17,367	39,142	107,168
- other financial assets		903	735		1,638
Total liquidity	**14,908**	**36,654**	**18,102**	**39,142**	**108,806**
Securization and internal treasury current accounts	**(45,276)**	**(54,221)**	**(26,927)**	**126,424**	
Total net debt	**(321,366)**	**(98,478)**	**(16,210)**	**(148,170)**	**(584,224)**

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

THE OPERATING SECTORS OF THE GROUP

PRODUCTION

Il settore in esame comprende, nell'ambito dell'area di consolidamento, i seguenti comparti e rispettive società:

Companies	Business carried out
a) Carni bovine e prodotti a base di carne	
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. 15 Spilamberto (MO)	Breeding cattle, both directly and by means of agistment contracts.
FRIMO S.a.m. - 1, Rue du Gabian "Le Thales" Principality of 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 n. 563 - Luanda - Angola	Food marketing.
INALCA ALGERIE S.a r.l. - 08, Rue Cherif Hamani Algiers - Algeria	Food marketing.
INTER INALCA ANGOLA Ltda - Rua Major Kayangulo n. 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 S.p.r.l. - Kinshasa 11ème 112, Rue Limete Industriel, Limete (Kinshasa) Democratic Republic of the Congo	Food marketing.
KASKAD OOO L.l.c. Via Vostochnaya n. 5, Odincovo (Moscow) - Russia	Real estate services.
MARR RUSSIA L.l.c. - Ryabinovaja Str. n. 43 121471 Moscow - Russia	Food marketing.
INALCA BRAZZAVILLE S.a r.l. – 64, Avenue de France Poto-Poto (Brazzaville) – Democratic Republic of the Congo	Food marketing.
ZAKLADY MIESNE SOCH. S.p.z.o.o. L.l.c. Al. Jana Pawla II n. 80, Warsaw – Poland	Not-operating company.
b) Cured meats and snacks	
MONTANA ALIMENTARI S.p.A. - Via Europa n. 14, Busseto (PR)	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 2006**	**Year 2005**	**Chg.%**
Beef and meat-based products	932,049	903,340	3.18
- intercompany revenues	(53,977)	(35,463)	
Net total	**878,072**	**867,877**	
Cured meats and gastronomy/snack food	168,263	138,999	21.05
- intercompany revenues	(1,854)	(1,121)	
Net total	**166,409**	**137,878**	
Total Production	**1,044,481**	**1,005,755**	**3.85**

The production sector showed a growth in revenues, which rose from 1,005.8 million Euro to 1,044.5 million in the 2006 financial year, an increase of 38.7 million (+3.9%). The operating margin rose from 43.6 to 50.1 million Euro, an increase of 6.5 million (+14.8%). The operating result amounted to 19.5 million Euro compared to 15.5 million in 2005, up by 4.0 million (+25.6%).

The beef business

The beef division was characterised by a growth in revenues in the 2006 financial year, mainly related to the increase in sale prices. Consumption of beef, very high last financial year as an effect of the poultry sector crisis, was down in the second part of the year contributing to the reduction of pressure on purchase prices of live cattle.

This fall in the price of the raw material, associated with a generalised recovery in profitability deriving from an effective commercial policy, produced a substantial improvement in the sector's marginality, above all in the second part of the year.

A positive contribution to the sector's results also derived from the sales of the products with higher added value including frozen hamburgers, portioned products and meat derivatives in general, as a result of which the positive growth results already shown last financial year were reconfirmed.

Advertising investments on the Montana brand products continued in 2006. This brand was owned by INALCA S.p.A. throughout 2006 and then sold to the associated company Montana Alimentari S.p.A. on 20 December 2006. The Group has now concentrated the marketing of all Montana brand products in the latter company.

Amongst the significant events that characterised the period the following are noted:

- the subsidiary INALCA S.p.A. was selected by McDonalds to produce and supply hamburgers in Russia. The agreement provides for the construction of a production plant that it is estimated will be completed by the end of 2008.
- the increase in the percentage of control in Frimo S.a.m. from 50.4% to 74.9% following the acquisition of a further 25% of the Monte Carlo-based company's share capital;
- the acquisition by Realfood 3 S.r.l. of the business branch managed by the receivership of Realfood S.r.l. at the price of 5.6 million Euro, plus ancillary charges.
- INALCA S.p.A. acquired 99.9% control of Inalcammil by purchasing the minority interest from the previous shareholder.

Cured meats and snacks sector

The cured meats market in 2006 was characterised, as with almost all food markets, by a general stability in demand that influenced commercial activities. The effects of this situation were principally reflected on the branded products, which were suffering great difficulties, while the "first price" products and "private labels" continuous increasing.

On the raw materials front, prices recorded levels never before achieved, not even during the crisis periods consequent to BSE, when consumption switched from beef to pork and pushed the quotations for the pork cuts utilised in the sector upwards.

Added to these phenomena, which alone caused significant pressure on marginality, was the re-affirmation of the "Hard Discount" shops in the modern distribution channel that provoked further compression of margins. It should also be added that the difficult situation besetting Modern Distribution provoked a continuous escalation of the contract renewal costs with the groups.

In this scenario the companies in the sector were in any event successful in increasing sales and carrying out transformation costs efficiencies, thus safeguarding the margins.

It is noted that the Snacks division continued its growth trend, both in terms of turnover and marginality, led by the excellent performance of bread rolls and sandwiches in ATP (adenosine triphosphate) sold in both the bar and large-scale retail channels. During the whole of 2006 development and consolidation of the commercial structure also continued; the number of the agents and salespeople was increased, even covering areas where there was little presence previously.

The canned food division continued to improve its market penetration, a process begun in previous years. Other than the good performance of the Montana brand products, the increase in sales of the "private label" products allowed improved results for the financial year and consolidation of our position of second player nationally, after Simmenthal and formally Manzotin.

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 liquidation - 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 - Spain	Marketing and distribution on the Spanish market of fresh, dried and frozen foodstuffs for catering operators.
ALISEA S.c.a.r.l. Via Imprunetana n. 231/b, Tavernuzze (FI)	Hospital catering.
SFERA 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 2006 financial year rising from 882.3 million Euro to 972.7 million with an increase of 90.4 million (+10.3%). The operating margin passed from 53.0 to 61.6 million Euro with an increase of 8.6 million (+16.3%). The operating profit totalled 53.4 million Euro compared to 45.0 million of 2005, showing an increase of 8.4 million (+18.6%).

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 eating-out market in Italy grew and it also has similar prospects for the future. Specifically, recent studies (Nomisma, 2007) indicate an eating-out market of some 60 billion Euro in 2006 (58.1 billion in 2005), with expected growth in the order of 8.5% over the period 2006-2008. The market studies (AC Nielsen, 2006) furthermore predict that the Foodervice growth (+12.3% expected over the period 2005-2008) would be led by the restaurant segment (+13.5%): It is precisely in this sector that the prevalent share of MARR's business is being developed. The positive trend of consumption is further confirmed by the recovery of the Italian tourist industry that, in 2006 registered its best performance of the last decade, with an increase of 1.5% in the number of overnight stays in hotels. 2006 was a very positive year for the MARR Group, which succeeded in taking full advantage of a context that was favourable overall, continuing to grow well over its reference market and confirming the objectives anticipated in the budget.

In terms of clientele categories, the "Street Market" category (restaurants and hotels not belonging to Groups or Chains), which represents MARR's core business with about 63% of overall sales, has recorded continuous and significant increases in every quarter of the financial year. The progressive annual "Street Market" sales grew by 11.5%, registering a rise in absolute value of about 62.6 million Euro, 37.1 million Euro of which from the organic component (+6.8%).
The "National Account" category – operators of structured commercial catering and collective catering – recorded growth of 11.8% for the financial year, led by structured commercial catering (tourist village chains, in-flight catering, hotel chains), which marked a 22.3% growth, while the progress in collective catering was +9.7%.
The "Wholesale" category (food wholesalers) was also up by 6.7% overall.

Below are the main events that occurred during the financial year:

- the signing in the month of January of the contract for the acquisition of the Prohoga business branch – a company having its registered office in Arco (TN). This company earned revenues of about 25 million Euro in 2005 and has 4,000 customers; the total value of the business branch acquired amounts to 4.2 million Euro;

- on 18 May 2006, for the purpose of covering the financial requirements related to the process of growth for external lines, the loan contract with Efibanca Spa was redefined for a total amount of 60 million Euro. This transaction also extinguished the previous credit line of 40 million Euro.

- at the end of September MARR S.p.A. signed the preliminary contract for the acquisition of New Catering Srl, a company based in Forlì that is active in the distribution of food products to bars and fast-food catering.

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 offices, Via Modena n. 53 Castelvetro di Modena (MO) "Agape" commercial offices, Via Giolitti n. 50 - Rome	Operating, under contract, on-board railway catering in Italy.
MOMENTUM SERVICES Ltd - Parklands Court, 24 Parklands Birmingham Great Park Rubery, Birmingham - United Kingdom	Operating, under contract, on-board catering on the trains that connect London with Paris and Brussels 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 Brussels - Belgium	Operating, under contract, on-board catering on Thalys high speed trains connecting Belgium with France, Holland and Germany.
RAIL GOURMET ESPANA S.A. - Calle Commercio, 12 Madrid - Spain	On-board catering in all high speed trains (AVE) in Spain.
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)	Operating, under contract, catering services in the service stations on the motorway network.
AUTOPLOSE GmbH - 6143 Matrei am Brenner Brennerautobahn - Austria	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 2006	Year 2005	Chg.%
On-board catering	174,293	154,975	12.47
- intercompany revenues			
Net total	**174,293**	**154,975**	
Motorway catering	97,507	87,947	10.87
- intercompany revenues	(511)	(219)	
Net total	**96,996**	**87,728**	
Commercial catering	125,754	56,634	122.05
- intercompany revenues	(3)	(9)	
Net total	**125,751**	**56,625**	
Total Catering	**397,040**	**299,328**	**32.64**

Revenues from the catering sector in the 2006 financial year grew from 299.3 million Euro to 397.0 million with an increase of 97.7 million (+32.6%). This increase refers to organic growth of 20.9 million Euro (+7.0%) and growth from acquisitions of 76.8 million (25.6%). The operating margin passed from 26.9 to 30.1 million Euro with an increase of 3.2 million (+12.1%). The operating profit amounted to 21.4 million Euro compared to 19.9 million of 2005, showing an increase of 1.5 million (+7.5%).

The catering sector carries out its activities in three 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;
- **Motorway catering** operating, under contract, catering services in the service stations on the motorway network.

On-board catering

In 2006 the on-board train catering division recorded a further increase with respect to 2005, mainly thanks to the development registered in the European market.
Specifically the increase is ascribable to the start-up of catering activities on the high-speed trains (AVE) in Spain and development of the routes operated by Railrest S.A.

Below are the main events occurred during the financial year:

- The award of the tender agreed by the French SNCF railways (Société Nationale des Chemins de Fer) for the management of the logistical centre of the Paris "Gare de l'Est" railway station.
- Cremonini S.p.A. acquired from EIS (European Inflight Service) 100% of Rail Gourmet España S.A., a company with its registered office in Madrid that manages the catering services on-board all the high-speed trains (AVE) in Spain.

Commercial Catering

The commercial catering division ended 2006 with growth led by both station buffets and the opening of new "Roadhouse Grill" steakhouses.

In particular, with regard to the division segment, the Group continued to further consolidate its domestic leadership, having reached a market share of some 40%.

The opening of two "Roadhouse Grill" steakhouses at Rozzano (MI) and Reggio Emilia is noted amongst the significant events of 2006.

Motorway catering

Higher revenues, which were up 56.6 to 125.8 million Euro, an increase of 69.2 million, were also recorded from motorway catering where Moto was confirmed as the second domestic operator, prevalently due to the line-by-line consolidation of Moto S.p.A.

Participation in tenders for the operation of new motorway service areas continued in 2006. Presently the Company operates 34 throughout Italy.

It is noted that amongst the significant events during the course of 2006 the acquisition from Compass Group International B.V. of a further 50% of Moto S.p.A. and Autoplose Gmbh was concluded on 20 July, taking Cremonini's holding in these companies to 100%.

CENTRALIZED ACTIVITIES (HOLDING COMPANY, 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)	*IT services:* centralized 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. in liquidation Via Modena n. 53 - Castelvetro di Modena (MO)	Company in liquidation.
DOMOGEL S.r.l. in liquidation Via Modena n. 53 - Castelvetro di Modena (MO)	Company in liquidation.
TECNO-STAR DUE S.r.l. – Via Prampolini n. 12, Formigine (MO)	Design of buildings and plants, management of maintenance and restructuring activities.

Breakdown of revenues by activity

(in thousands of Euros)	**Year 2006**	**Year 2005**	**Chg.%**
Door-to-door distribution	4,592	6,981	(34.22)
- intercompany revenues			
Net total	**4,592**	**6,981**	
Property, services and holding	14,137	10,420	35.67
- intercompany revenues			
Net total	**14,137**	**10,420**	
Total Centralized Activities	**18,729**	**17,401**	**7.63**

RELATIONSHIPS WITH UNCONSOLIDATED SUBSIDIARIES, ASSOCIATED, CONTROLLING AND RELATED COMPANIES

With reference to the Group's relationships, in the 2006 financial year, with unconsolidated subsidiaries, associated, controlling and related companies on market conditions, it should be noted that these transactions 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 relationships 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	-	-	2,078	18
Other income	75	8	1,295	5
Total revenues	**75**	**8**	**3,373**	**23**
Costs				
Trade expense	-	130	21,272	779
Other expense	-	3	18	5
Total costs	**-**	**133**	**21,290**	**784**
Loans and receivables				
Trade receivables	-	353	4,786	11
Other receivables	-	135	390	-
Total loans and receivables	**-**	**488**	**5,176**	**11**
Loans and payables				
Trade payables	-	-	4,178	-
Other payables	-	458	-	-
Total loans and payables	**-**	**458**	**4,178**	**-**

As far as relationships with both related and controlling 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.	-	-	-	-	**-**	**-**
Le Cupole S.r.l.	7	-	-	-	**7**	**-**
Total related and controlling	11	-	-	-	**11**	**-**

(in thousands of Euros)	Trade		Other		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Related and controlling companies:						
Agricola 2000 S.r.l.	8	35	2	-	**10**	**35**
Cremofin S.r.l. (controllante)	-	-	75	-	**75**	**-**
Le Cupole S.r.l.	5	744	3	5	**8**	**749**
Tre Holding S.r.l.	5	-	-	-	**5**	**-**
Total related and controlling	18	779	80	5	**98**	**784**

The payables of 744 thousand Euro 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 were 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 guarantee expired several years ago.

INVESTMENTS

The total of the net investments made for the year 2006 was 96.0 million Euro, while those actually paid for in cash totalled 97.6 million, 32.6 million of which for acquisitions.
The net change in non-current intangible and tangible assets was 72.7 million Euro, while the non-current financial assets increased by 23.3 million.

The following is the detail of the net change in intangible and tangible assets in the 2006 financial year.

Net investments broken down by sector

(in thousands of Euros)	Production	Distribution	Catering	Others	Total
Intangibles					
Patents and intellectual property rights	312	140	384	9	845
Concessions, licenses, trademarks and similar rights	98	2	100	47	247
Goodwill	988	3,397	50	(209)	4,226
Intangible assets under development and advances	-	-	556	-	556
Other intangible assets	-	-	194	(9)	185
Total intangible fixed assets	**1,398**	**3,539**	**1,284**	**(162)**	**6,059**
Tangibles					
Land and buildings	12,242	(822)	1,287	9	12,716
Plant and machinery	10,921	1,147	3,270	12	15,350
Industrial and business equipment	913	261	401	-	1,575
Other tangible assets	1,972	785	2,021	9,984	14,762
Tangible assets under development and advances	11,366	6,117	4,301	500	22,284
Total tangible assets	**37,414**	**7,488**	**11,280**	**10,505**	**66,687**
Total	**38,812**	**11,027**	**12,564**	**10,343**	**72,746**

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 2006 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 Article 2357 of the Italian Civil Code.

The changes in treasury stock in 2006 were as follows:

	Number of shares	Total nominal value Euro	% of capital	Purchase/Sale consideration write-down/ write-up (in thousands of Euros)	Balance sheet value[a] (in thousands of Euros)
At 31.12.2005	13,045,536	6,783,679	9.20	-	19,986
- Purchases	86,134	44,790	0.06	186	186
- Sales	-	-	-	-	-
Total share in portfolio at 31 December 2006	**13,131,670**	**6,828,469**	**9.26**		**20,172**

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

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 2006.

Reconciliation between the Parent Company's shareholders' equity values and the profit for the year with the corresponding consolidated values

A reconciliation schedule between the shareholders' equity values of the Parent Company and the profit for the year with the Group's share of the corresponding consolidated values at 31 December 2006 is given in the annual report.

Atypical and/or unusual transactions

There were no atypical and/or unusual transactions during the course of the year that, for materiality, nature of the counterparties, object of the transaction, method of determination of the transfer price and their occurrence in proximity to the year-end can raise doubts as to the correctness and completeness of these financial statements, conflict of interest, safeguarding of corporate assets and protection of the minority shareholders.

EVENTS OCCURRING AFTER THE END OF THE 2006 FINANCIAL YEAR

The following events occurred after the financial year-end:

All sectors

On 26 January 2007 the early extinction of the revolving securitization transaction for the trade receivables of some Group companies (Montana Alimentari S.p.A., MARR S.p.A. and Inalca S.p.A.), launched on 22 July 2002, was approved. Reimbursement of the securities issued will take place on 24 April 2007 and the liquidation of the vehicle company Cremonini Sec and delisting will begin on the same date.

Distribution

On January 8 MARR S.p.A. completed the acquisition of 100% of the share capital of New Catering Srl, a company based in Forlì that is active in the distribution of food products to bars and fast-food catering outlets.

On 22 January the purchase of an unfinished building situated in the Bottegone locality of Pistoia was completed. The property will house the new branch of MARR in Tuscany that will be opening shortly.

MARR signed a convention with the Agenzia Regionale Intercent-ER early in March for the supply of food and non-food products to the Public Administrations of the Emilia-Romagna region . The convention, which has a two-year term, renewable for a further 12 months until competition for the value of the supply, has a value of 31 million Euro.

Catering

In the month of January Cremonini S.p.A. was awarded an extension of the contract with Cisalpino AG until December 2007.

The Cremonini Group has commenced a strategic reorganisation in the catering sector combining all the concessionary catering activities (on-board trains, in railway stations, along motorways, in ports and airports) under the new "Chef Express" brand.

Outlook

In light of the results achieved in the 2006 financial year and in the first two months of 2007, the company anticipates an improvement in the ordinary operating results for the 2007 financial year.

Management remains committed to pursuing development policies in the various operating sectors with the objective of improving overall profitability.

OTHER INFORMATION

New legal directives

On 25 January 2007 Legislative Decree no. 303/2006 came into effect, which establishes the "Coordination" with Law no. 262 of 28 December 2005 of the unified laws on banking and credit (Consolidated Banking Act) and the unified law on directives on financial intermediation (Consolidated Finance Law). The new directives integrate/modify various Articles of Legislative Decree 58/1998 and the aforesaid Law 262/2005.

In connection with the directives relating to corporate governance, the Company has adopted a new Self-regulatory Code and aligned this with the laws promulgated during the course of 2006.
Simultaneously the maximum number of appointments held by Cremonini's directors in other companies was established, as well as the prohibition of completion of share transactions by relevant parties in the fifteen days prior to directors' meetings called to approve the financial statements for the period (black-out period).

Some directives contained in the law require updates and changes to the Articles of Association that will be arranged by the Company subordinate to the promulgation of the implementing ordinances and regulations by the competent supervisory and management Authorities. Consequently, the Company's Articles of Association will be changed based on the said ordinances by 30 June 2007, being the term indicated in the aforesaid Legislative Decree 303/2006.

With reference to the compliance anticipated in the Protection of Personal Data Code, mentioned in Legislative Decree 196/2003, it is noted that the programmed document on security was updated based on the indications in the relative Regulation.

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 2006	Year 2005	Chg. %
Total revenues	**143,039**	**135,448**	**5.60**
Changes in inventories of work in progress, semi-finished and finished goods			
Value of production	**143,039**	**135,448**	**5.60**
Costs of production	(89,329)	(88,542)	
Value added	**53,710**	**46,906**	**14.51**
Personnel costs	(37,860)	(37,054)	
Gross operating margin [a]	**15,850**	**9,852**	**60.88**
Amortization, depreciation and write-downs	(7,038)	(6,065)	
Operating income [b]	**8,812**	**3,787**	**132.69**
Net financial income (charges)	(7,103)	(9,924)	
Profit from ordinary activities	**1,709**	**(6,137)**	**n.a.**
Net income (charges) from investments	2,289	11,116	
Net extraordinary financial income (charges)		41,160	
Result before taxes	**3,998**	**46,139**	**n.a.**
Income taxes for the financial year	(2,691)	665	
Net profit	**1,307**	**46,804**	**n.a.**

Balance Sheet of the Parent Company Cremonini S.p.A.

(in thousands of Euros)	31.12.2006	31.12.2005	Chg. %
Intangible assets	19,229	18,843	
Tangible assets	85,111	85,865	
Equity investments and other financial assets	296,525	276,538	
Total fixed assets	**400,865**	**381,246**	5.15
Trade net working capital			
- Trade receivables	13,151	14,913	
- Inventories	2,276	2,198	
- Trade payables	(28,240)	(27,609)	
Total trade net working capital	(12,813)	(10,498)	
Other current assets	27,198	34,464	
Other current liabilities	(34,285)	(25,618)	
Net working capital	**(19,900)**	**(1,652)**	n.a.
Staff Severance Provision and other medium/long-term provision	**(23,531)**	**(22,353)**	
Net invested capital	**357,434**	**357,241**	0.05
Total Shareholders' Equity	**196,976**	**223,586**	(11.90)
Net medium/long-term debts	164,357	73,109	
Net short-term debts	(3,899)	60,546	
Net debt	**160,458**	**133,655**	20.05
Net equity and net debt	**357,434**	**357,241**	0.05

a -Ebitda (Gross operating margin) is an economic indicator not defined in the International Accounting Principles and the IFRS. 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 company 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. At present, subject to a later in depth study regarding the evolution of the IFRS accounting practices, Ebitda is defined by Cremonini as the Profit/Loss gross of the depreciation of tangible and intangible assets, allocations and write-downs, financial expenses and income and income taxes.
b – The operating profit (Ebit) is defined by Cremonini as the Profit/Loss for the year gross of financial charges and income, non-recurring items and income taxes.

Net debt of the Parent Company Cremonini S.p.A.

(in thousands of Euros)	31.12.2006	31.12.2005
Payables to banks, bonds and other financial institutions		
- due within 12 months	(23,465)	(87,515)
- due between 1 and 5 years	(129,724)	(43,186)
- due beyond 5 years	(34,633)	(29,923)
Total payables to banks, bonds and other financial institutions	**(187,822)**	**(160,624)**
Liquidity		
- cash and cash equivalents	13,842	17,481
- other financial assets		
Total liquidity	**13,842**	**17,481**
Securitization and internal treasury current accounts	**13,522**	**9,488**
Total net debt	**(160,458)**	**(133,655)**

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

(in thousands of Euros)	2006 Catering	2005 Catering	Chg.%	2006 Parent comp.	2005 Parent comp.	Chg.%	2006 Total	2005 Total	Chg.%
Total revenues	**136,839**	**129,730**	5.48	**6,200**	**5,718**	8.43	**143,039**	**135,448**	5.60
Changes in inventories of work in progress, semi-finished									
Value of production	**136,839**	**129,730**	5.48	**6,200**	**5,718**	8.43	**143,039**	**135,448**	5.60
Costs of production	(81,979)	(78,516)		(7,350)	(10,026)		(89,329)	(88,542)	
Value added	**54,860**	**51,214**	7.12	**(1,150)**	**(4,308)**	73.31	**53,710**	**46,906**	14.51
Personnel costs	(35,434)	(34,297)		(2,426)	(2,757)		(37,860)	(37,054)	
Gross operating margin [a]	**19,426**	**16,917**	14.83	**(3,576)**	**(7,065)**	49.38	**15,850**	**9,852**	60.88
Amortization, depreciation and write-downs	(4,625)	(4,696)		(2,413)	(1,369)		(7,038)	(6,065)	
Operating income [b]	**14,801**	**12,221**	21.11	**(5,989)**	**(8,434)**	28.99	**8,812**	**3,787**	132.69
Net financial income (charges)	(1,344)	(64)		(5,759)	(9,860)		(7,103)	(9,924)	
Profit from ordinary activities	**13,457**	**12,157**	10.69	**(11,748)**	**(18,294)**	35.78	**1,709**	**(6,137)**	n.a.
Net income (charges) from investments	30	24		2,259	11,092		2,289	11,116	
Net extraordinary financial income (charges)					41,160			41,160	
Result before taxes	**13,487**	**12,181**	n.a.	**(9,489)**	**33,958**	n.a.	**3,998**	**46,139**	n.a.
Income taxes for the financial year				(2,691)			(2,691)	665	
Net profit	**13,487**	**12,181**	n.a.	**(12,180)**	**33,958**	n.a.	**1,307**	**46,804**	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 Group's activities.

Property services

Cremonini S.p.A. directly manages this activity both for its own property that is destined for civil use and also property destined for catering division business.

The direct services

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

<u>finance:</u> management of the centralized treasury and planning of special and medium to long-term loans;

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

<u>factoring of trade receivables:</u> 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 disposals. The turnover and other elements of the securitization transaction are described in the notes to the consolidated financial statements;

fiscal consolidation: as consolidator, Cremonini S.p.A. has adhered to Article 117 of the T.U.I.R. (Consolidated Tax Code), the preparation of the "national fiscal consolidation". All the main companies controlled by Cremonini S.p.A. have adhered to this standard.

Relationships with Group and related companies

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

(in thousands of Euros)	Paent Company	Subsidiaries	Associated companies	Related companies
Revenues				
Financial income	75	3,036	-	-
Income from services	-	6,298	46	-
Sales of goods	-	16	-	-
Other income	-	2,491	-	-
Total revenues	**75**	**11,841**	**46**	**-**
Costs				
Financial expense	-	1,830	-	-
Services expense	-	1,791	-	-
Purchase of goods	-	8,306	-	-
Other expense	-	15	-	-
Total costs	**-**	**11,942**	**-**	**-**
Loans and receivables				
Internal treasury	-	64,794	-	-
Trade receivables	-	2,600	44	-
Other loans and receivables[(a)]	-	17,714	5	4
Total loans and receivables	**-**	**85,108**	**49**	**4**
Loans and payables				
Internal treasury	-	51,942	-	-
Trade receivables	-	3,291	-	-
Other loans and receivables[(a)]	-	15,434	-	-
Total loans and payables	**-**	**70,667**	**-**	**-**

(a) mainly attributed to receivables and payables resulting from the national fiscal consolidation.

Directors' and Statutory Auditors' Shareholdings

As at 31 December 2006, shareholdings in Cremonini S.p.A. and its subsidiaries were owned by Directors and Auditors as follows:

Name	Company	Held at 31.12.2005	Purchases Assignments Subscriptions	Sales	Held at 31.12.2006
		Shares no.	Shares no.	Shares no.	Shares no.
		Numbers and values in thousands			
Cremonini Luigi	Cremonini S.p.A.	9,250.0	241.1		9,491.1
Cremonini Vincenzo	Cremonini S.p.A.	88.6			88.6
Fabbian Valentino	Cremonini S.p.A.	54.6			54.6
Pedrazzi Giorgio	Cremonini S.p.A.	46.6	3.4		50.0
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 on the Directors

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

- the Chairman Mr. Luigi Cremonini, besides legal representation as per Article 21 of the company's Articles of Association, was granted the powers necessary to carry out the actions relative to the company's activities, to be exercised by a sole 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 Article 21 of the company's Articles of Association, was granted the powers necessary to carry out the actions relative to the company's activities, to be exercised by a sole 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 by a sole 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 this report and your decisions on the matter, we confirm that the financial statements for the year ended as at 31 December 2006, subjected to your examination and approval at this meeting, were drawn up in compliance with the prevailing legislation and in accordance with the requirements of the Supervisory Institute for listed issuers.

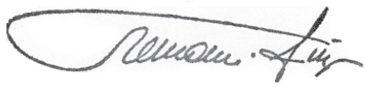
Please refer to the Directors' Report for comment on the overall situation of the Company and the Group, as well as the Explanatory Notes for comment on the individual items. We invite you to approve the financial statements for the year ended as at 31 December 2006, together with the Directors' Report.

Furthermore, we propose that a gross dividend of Euro 0.080 be declared for each ordinary share having a dividend right, payable by a total distribution of the profit for the financial year (Euro 1,307,286), together with a partial utilisation of the undistributed profits reserve - as recorded in the financial statements for a larger amount - to the extent necessary.

With regard to and in accordance with the provisions of the Italian Stock Market, we propose that coupon no. 7 be ex-dividend on 21 May 2007 and the relative payment be made on 24 May 2007.

Castelvetro di Modena, 27 March 2007

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



FINANCIAL STATEMENTS
AS AT 31 DECEMBER **2006**

FINANCIAL STATEMENTS

BALANCE SHEET ASSETS

(in Euros)	Note	31.12.2006	31.12.2005
Non-current assets			
Tangible assets	1	85,111,415	85,864,845
Goodwill	2	16,593,695	16,593,695
Other intangible assets	3	2,634,802	2,249,631
Investments in subsidiaries and associated companies	4	292,303,239	272,980,661
Investments in other companies	5	3,596,617	2,875,240
Financial instruments / Derivatives	18	2,019,800	
Non-current financial receivables	6	84,380	2,001,740
relating to related parties		*84,380*	*2,001,740*
Deferred tax assets	7	1,966,954	3,187,954
Other non-current assets	8	1,186,820	636,195
Total non-current assets		**405,497,722**	**386,389,961**
Current assets			
Inventories	9	2,275,859	2,198,148
Current financial receivables	10	82,521,564	69,315,143
relating to related parties		*82,428,602*	*69,207,341*
Current trade receivables	11	13,175,694	14,970,653
relating to related parties		*2,644,250*	*3,877,661*
Current tax assets	12	1,212,068	13,510,203
Cash and cash equivalents	13	13,841,624	17,481,264
Other current assets	14	4,452,391	3,580,883
relating to related parties		*4,400*	*577,620*
Total current assets		**117,479,200**	**121,056,294**
Total assets		**522,976,922**	**507,446,255**

BALANCE SHEET LIABILITIES

(in Euros)	Note	31.12.2006	31.12.2005
Shareholders' Equity			
Share capital	15	66,917,932	66,962,721
Reserves	16	108,102,595	106,891,440
Retained earnings		20,648,039	2,927,869
Result for the period		1,307,286	46,803,736
Total Shareholders' Equity		**196,975,852**	**223,585,766**
Non-current liabilities			
Non-current financial payables	17	161,084,397	66,996,996
Financial instruments / Derivatives	18	3,272,311	6,111,629
Employee benefits	19	11,437,412	11,053,238
Non-current provisions for risks and charges	20	1,099,490	1,061,217
Deferred tax liabilities	21	10,994,736	10,238,202
Other non-current liabilities		73,993	254,317
Total non-current liabilities		**187,962,339**	**95,715,599**
Current liabilities			
Current financial payables	22	90,848,216	137,485,220
relating to related parties		*67,376,502*	*49,969,519*
Current tax liabilities	23	6,168,445	12,256,951
Current trade liabilities	24	28,389,334	28,287,172
relating to related parties		*3,290,631*	*3,004,284*
Other current liabilities	25	12,632,736	10,115,547
Total current liabilities		**138,038,731**	**188,144,890**
Total liabilities		**522,976,922**	**507,446,255**

INCOME STATEMENT

(in Euros)	Nota	31.12.2006	31.12.2005
Revenues	26	139,630,687	132,108,700
relating to related parties		*6,359,624*	*5,772,589*
Other revenues	27	3,408,462	3,339,661
relating to related parties		*348,935*	*229,226*
Costs for purchases	28	(41,436,725)	(38,984,985)
relating to related parties		*(8,306,353)*	*(8,214,613)*
Other operating costs	29	(47,892,000)	(49,557,438)
relating to related parties		*(1,805,690)*	*(2,658,952)*
Personnel costs	30	(37,860,343)	(37,054,106)
Amortization and depreciation	31	(5,178,306)	(5,249,332)
Write-downs and provisions	31	(1,859,212)	(815,532)
Revenues from equity investments	32	2,288,510	11,115,055
relating to related parties		*2,140,449*	*11,040,137*
Revenues from equity investments - Not recurring	32		41,160,924
Financial (Income)/Charges	33	(7,103,155)	(9,924,104)
relating to related parties		*1,283,393*	*893,906*
Result before taxes		**3,997,918**	**46,138,843**
Income taxes	35	(2,690,632)	664,893
Result for the period		**1,307,286**	**46,803,736**

Basic earning per share	0.0102	0.3625
Diluted earning per share	0.0102	0.3625

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY OVER THE FINANCIAL YEAR CLOSED AS AT 31 DECEMBER 2006

(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 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)	**(32,052)**		
Gain/losses on treasury stock					
Cash flow hedge					
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**
Allocation of the results for the previous financial year:					
- retained earnings reserve					
- distribution of dividends					
Net effect purchases/sales treasury stock		(44,789)	**(44,789)**		
Gain/losses on treasury stock					
Cash flow hedge					
Net profit (loss) for the financial year ended 31 December 2006					
Balances at 31 December 2006	**73,746,400**	**(6,828,468)**	**66,917,932**	**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	**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)		**(923,523)**			**(955,575)**
	707,414		**707,414**			**707,414**
		(51,283)	**(51,283)**			**(51,283)**
					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**
				17,720,170	(17,720,170)	**0**
					(29,083,566)	**(29,083,566)**
	(140,498)		**(140,498)**			**(185,287)**
						0
		1,351,653	**1,351,653**			**1,351,653**
					1,307,286	**1,307,286**
12,787,578	**985,662**	**1,300,370**	**108,102,595**	**20,648,039**	**1,307,286**	**196,975,852**

FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED AS AT DECEMBER 2006 AND 2005

(in thousands of Euros)	31.12.2006	31.12.2005
Net profit before minority interests	**1,307**	**46,804**
Amortization and depreciation	5,178	5,249
Net change in Staff Severance Provision	384	204
Net change in other provisions and non-monetary income items	1,765	4,582
Reversal of the effects from extraordinary transactions (capital gain on disposal of the MARR shareholding)		(41,160)
Operating cash-flow	**8,634**	**15,679**
(Increase) decrease in receivables from customers	2,234	8,652
(Increase) decrease in inventories	(78)	(285)
Increase (decrease) in payables to suppliers	602	(768)
(Increase) decrease in other items of the working capital	12,067	5,988
Change in working capital	**14,825**	**13,587**
CASH-FLOW FROM OPERATING ACTIVITIES	**23,459**	**29,266**
Net (investments) in intangible assets	(759)	(1,375)
Net (investments) in tangible assets	(4,484)	(8,862)
Change in financial assets	(17,101)	(12,204)
CASH-FLOW FROM INVESTING ACTIVITIES	**(22,344)**	**(22,441)**
FREE - CASH FLOW BEFORE EXTRAORDINARY TRANSACTIONS	**1,115**	**6,825**
Cash-flow from extraordinary transactions (transfer of MARR)	**0**	**35,397**
Cash-flow from distribution of dividends	(29,084)	(7,873)
Capital increases, change in treasury stock and other changes, including those of minority interests	1,167	(311)
Flusso monetario da (per) variazione patrimonio netto	**(27,917)**	**(8,184)**
FREE - CASH FLOW	**(26,802)**	**34,038**
Opening net financial debt	(133,656)	(167,694)
Cash-flow for the period	(26,802)	34,038
Closing net financial debt	**(160,458)**	**(133,656)**
Increase (Decrease) medium-long term borrowings	94,087	15,303
Increase (Decrease) medium-long term liabilities for derivatives	(2,839)	3,696
Cash flow from (for) medium-long term financial activities	**91,248**	**18,999**
CASH FLOW SHORT TERM OF THE PERIOD	**64,446**	**53,037**
Initial net short term indebtness	(60,547)	(113,584)
Cash flow of the period	64,446	53,037
Final net short term indebtness	**3,899**	**(60,547)**
Increase (Decrease) short term borrowings	(68,085)	(38,305)
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	**(68,085)**	**(38,305)**
INCREASE (DECREA.) CASH AND CASH EQUIVALENTS	**(3,639)**	**14,732**
Cash and cash equivalents at the beginning of the period	17,481	2,749
Cash flow of the period	(3,639)	14,732
Cash and cash equivalents at the end of the period	**13,842**	**17,481**

NOTES TO THE FINANCIAL STATEMENTS

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements as at 31 December 2006 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.
The section on "Accounting principles" illustrates the international accounting principles adopted in the drawing-up of the consolidated balance sheet.
The consolidated financial statements as at 31 December 2006 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.

For the purposes of comparison, the financial statements as at 31 December 2006 show the figures for the financial year ended as at 31 December 2005.

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.

If not otherwise indicated, the schedules and tables contained in these financial statements are expressed in thousands of Euros.

ACCOUNTING PRINCIPLES

For the purposes of preparing the financial statements as at 31 December 2006, the same accounting standards and criteria used in the drawing-up of financial statements as at 31 December 2005 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 material 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 of the book value and fair value after transfer charges.
Costs for improvement, upgrading and transformation increasing the value of tangible assets are entered as assets in the balance sheet.
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%

Leasing

The leasing contracts are classified as finance leases 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 amortized 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 amortization; the recoverability of their book value is determined at least each year and, in any case, whenever there are 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 relationships that occurred in the past resulted from voluntary agreements. From the conclusion of these transactions, the Group, besides having solidified trade relationships with the companies, has also obtained extensions to the contractual terms. In these cases, as previously, any goodwill paid has not shown an impairment.

Other intangible assets have been amortized 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 underwriting 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 the write-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 equivalents
Cash and cash equivalents 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 amortized 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 amortized 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 the forecast financial flows 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 of the fair value, net of disposal charges and the usable 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 usable 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 amortization 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 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 is 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 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 have not been 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 of 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.
With effect from 1 January 2007 the financial law and relative implementing decrees have introduced significant changes to the

staff severance indemnities regulations, amongst which is the employee's choice in connection with the allocation of their maturing staff severance indemnity. Specifically, new staff severance indemnity flows may be directed by the employee to pension forms of their choice or else retained in the company (in which case the latter shall pay the contributions to a treasury account established by INPS – the national institute of social insurance). Currently, the situation of interpretative uncertainty of the aforesaid regulations, the possible differing interpretations of the qualification of the maturing staff severance indemnities in accordance with IAS 19 and consequent changes to the actuarial calculations relating to the staff severance indemnities, as well as the impossibility of estimating the choices attributed to the employees on the allocation of the staff severance indemnities (for which the employee has until the next 30 June), make any hypotheses of the change in actuarial calculations of the staff severance indemnities maturing at 31 December 2006 premature.

Provisions for liabilities and charges
Provisions for liabilities 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 liabilities 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 the consideration received at such date. They are then measured by amortized 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 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 relationship 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 liabilities 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 estimated 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 transactions 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 into 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

Dividends are recognised when their distribution is certain, that is, when the subsidiaries have resolved to distribute dividends.

Main estimates adopted by Management

The application of generally accepted accounting standards for the drafting of the year-end and interim financial statements means that the company's management 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 financial statements 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. Indicated below are the accounting estimates of critical importance in the process of drawing up the year-end and interim financial statements because they involve 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 these annual financial statements, whose variations, unpredictable at this time, may affect the Group's equity and financial situation

- Estimates adopted to evaluate 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 2007 from the Budget, for 2008-2010 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 5.4%. The measurement of any impairment of assets (Goodwill impairment test) was made on an annual basis by referring to the situation at 31 December 2005 and 31 December 2006.

- 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 4.25%;
- 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 2006 amount to 287 thousand Euro.

Securitization transaction

The Parent Company is involved in an existing securitization transaction concerning trade receivables entered into in July 2002 pursuant to Law No. 130/1999. This transaction replaced the previous securitization 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., a subsidiary of the associated company Global Service S.r.l. (19%). The face value of the receivables assigned in 2006 was 488.3 million Euro.

Cremonini SEC S.r.l., with security for the receivables received, issued "ABS" ("Asset Backed Securities") worth Euro 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 3.1 million Euro described in the notes relating to current financial receivables, 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 Euro 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.

On 26 January 2007 Cremonini S.p.A.'s Board of Directors approved commencement of the procedure for early extinction of the transaction for the purpose of taking the opportunity to improve and optimise of the Cremonini Group's trade receivables and obtain operating and cost efficiencies.

The Company will reimburse the securities on 24 April 2007 (the coupon payment date) utilising the receipts from the existing receivables.

Indicated below in these explanatory notes are the items in the financial statements referable to the disinvestment of the receivables in question.

With reference to the specific financial and services 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 2006 these relations involved receivables for 3,174 thousands of Euros and revenues for services for 249 thousands of Euros.

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 Rome Judge 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 defendant 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 Euro.

Even taking into account the consequences of the aforesaid law suits, the figures and information contained in the financial statements as at 31 December 2006 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

Balance Sheet, Income Statement and Statement of changes in shareholders' equity have been drawn in Euros while the financial statements and the explanatory notes 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 end of the financial year, relationships with associated and related companies together with other information relating to the different business sectors in which the Group operates, please refer 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 non-current assets (intangible and tangible) which have been attached hereto. These indicate for each item the historic cost, previous amortization and depreciation, changes over the period and final balances.

1. Tangible assets

(in thousands of Euros)	Balance at 31.12.2005	Purchases	Decreases	Other	Amort.	Balance at 31.12.2006
Land and buildings	70,151	477	(35)	499	(1,508)	69,584
Plant and machinery	8,162	1,467	(98)	(215)	(1,470)	7,846
Industrial and business equipment	852	362	(16)		(407)	791
Other assets	6,647	1,068	(128)	11	(1,399)	6,199
Fixed assets under construction and advances	53	1,150		(512)		691
Total	**85,865**	**4,524**	**(277)**	**(217)**	**(4,784)**	**85,111**

Land and buildings

The increases mainly refer to the improvements on the catering division's buildings situated at Legnano (398 thousand Euro). The other movements refer to the completion of the construction works on a property in Castelvetro and to the consequent reclassification of the costs incurred from non-current assets in progress to buildings.

As at 31 December 2006 two financial lease agreements were in force related to the acquisition of buildings. The following is a summary of the transactions.

	Ca' di Sola building	Legnano building
Commencement of the lease term	1-12-2004	1-12-2005
Duration finance lease	96 months	180 months
Nr. of lease payments	95 months	179 months
Value of the leased asset	12.4 million Euro	3 million Euro
Down-payment	1,200 thousand Euro	300 thousand Euro
Amount of the monthly payment	117 thousand Euro	18 thousand Euro
Interest rate	Euribor	Euribor 3 months
Amount of final option	1,200 thousand Euro	300 thousand Euro
2005 payments	1,410 thousand Euro	225 thousand Euro
Residual value as at 31 December 2006	7.8 million Euro	2.6 million Euro

Plant and machinery

The main investments were in the catering division and in particular 736 thousand Euro for the purchase of specific plant and 646 thousand Euro for improvements to third party plant. The other movements in this category refer entirely to the write-down of the plant at the Prenestina (Rome) premises.

Industrial and business equipment

The main investments have been made in the catering division and relate to the purchase of kitchen equipment.

Other assets

The main investments were made in the catering division (905 thousand Euro), and in particular 639 thousand Euro for the purchase of furniture and fittings, 53 thousand Euro for means of internal transport and 127 thousand Euro for electronic machines. In the holding division the increase of 163 thousand Euro principally regards the purchase of furniture and fittings and electronic machines.

The land and buildings are mortgaged for a total of 68,218 thousand Euro.

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.

3. Other intangible assets

(in thousands of Euros)	Balance at 31.12.2005	Purchases	Decreases	Other	Amort.	Balance at 31.12.2006
Patents and intellectual property rights	165	95	-	-	(141)	119
Concessions, licences, trademarks and similar rights	93	46	-	-	(18)	121
Fixed assets under development and advances	473	556	-	-	-	1,029
Long-term costs	1,519	82	-	(2)	(233)	1,366
Total	**2,250**	**779**	**0**	**(2)**	**(392)**	**2,635**

Non-current assets in progress and advances that at 31 December 2006 amounted to 1,029 thousand Euro increased in the financial year by 556 thousand Euro. 437 thousand Euro of this increase represents charges paid to take over a commercial activity at Cagliari airport.

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 23 thousand Euro the renewal licenses for the sale of tobacco and for 59 thousand Euro 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 5 and 6.

Equity investments in subsidiaries
The main changes that occurred during the 2006, regarded:

- the acquisition, for a total of 14,570 thousand Euro, of the residual 50% of the share capital of Moto S.p.A. and 50% of the share capital of Autoplose GmbH that were, as an effect of the consequent control, also reclassified from equity investments in associated companies to equity investments in subsidiaries;
- the acquisition of the entire share capital of Rail Gourmet España, a company having its registered office in Madrid, which manages the catering services on-board all the Spanish high-speed trains (AVE), for a consideration of 3,870 thousand Euro.
- payment of 700 thousand Euro for the purpose of increasing the share capital of Interjet S.r.l.

The disposal of the equity investment in Domogel S.r.l. to the subsidiary Montana Alimentari S.p.A. also took place during the financial year. The sale was at carrying values without realising a gain or loss.

The excesses of the residual carrying value of the individual equity investments in subsidiaries with respect to the valuation using the shareholders' equity method (annex 6) are not to be attributed to enduring losses, as they are ascribable to the higher value of the assets held by the subsidiary or potential and start-up of industrial and commercial activities that they manage.
Specificably, the excess ascribable to Moto is justified by the forecast of developments in motorway catering associated with an improvement of revenues and margins..

Equity investments in associated companies
The reduction of 9.9 million Euro refers to the reclassification of the equity investments in Moto S.p.A. and Autoplose GmbH under equity investments in subsidiaries as previously mentioned.

5. Investments in other companies

The increase in the financial year is mainly justified by the acquisition of further shares in Emilia Romagna Factor S.p.A. for 715 thousand Euro. You are referred to the details in Annex 5 for further details of the "Equity investments in other companies".

6. Non-current financial receivables

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables from subsidiaries		
- SGD S.r.l.	84	85
Cremonini Sec. cautionary deposit	-	1,917
Total	**84**	**2,002**

Following the commencement of the procedure for early extinction of the securitization transaction on trade receivables the "Cremonini SEC security deposit" was reclassified under current financial receivables.

7. Deferred tax assets

The amount of deferred tax assets (1,967 thousand Euro) 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 timing differences described below:

(in thousands of Euros)	31.12.2006		31.12.2005	
	Amount of temporary differences	Fiscal Effect	Amount of temporary differences	Fiscal Effect
Advance Taxation				
Write-down of financial fixed assets	1,413		2,999	
Write-down of intangible fixed assets	2,345		2,345	
Taxed Provisions			2,112	
Other	2,203		2,204	
Total	**5,961**		**9,660**	
Taxable amount for IRPEG/IRES	**5,961**		**9,660**	
Tax Rate	33%		33%	
Advanced taxation for IRPEG/IRES		**1,967**		**3,188**
Taxable amount for IRAP	**0**		**0**	
Tax Rate	4.25%		4.25%	
Advanced taxation for IRAP		**0**		**0**
Total		**1,967**		**3,188**

8. Other non-current assets

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables from customers	-	-
Tax assets	6	7
Accrued income and prepaid expenses	65	139
Other receivables	1,116	490
Total	**1,187**	**636**

The item "Other receivables" mainly includes a receivable from the company that bought the "Quinta Stagione" business branch from Domogel S.r.l. This amount referred to the payable that Domogel S.r.l. owed to Cremonini S.p.A

CURRENT ASSETS

9. Inventories

The inventories include goods related to the catering activity for 2,276 thousand Euro (2,198 thousand Euro as of 31 December 2005). These inventories are not pledged nor subjected to other restrictions on ownership and the valuation does not substantially differ from current costs.

10. Current financial receivables

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables from subsidiaries	79,295	69,068
Receivables from associated companies	5	5
Cremonini Sec. cautionary deposit	3,129	-
Other financial receivables	93	242
Total	**82,522**	**69,315**

The significant increase in the current financial receivables is mainly due to the reclassification of the "Cremonini SEC security deposit". This deposit, which represents the amount paid to the "vehicle" company Cremonini SEC to guarantee the currently existing securitization transaction, was reclassified to current assets as an effect of the resolution to conduct early extinction of the securitization transaction.

The receivables from subsidiaries are broken down as follows:

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables from subsidiaries		
Mutina Consulting S.r.l.	31	71
Montana Alimentari S.p.A	716	625
Interjet S.r.l.	868	249
INALCA S.p.A.	4,819	13,705
MARR S.p.A.	716	382
Alisea S.c.a r.l.	-	34
Soc. Agr. Corticella S.r.l.	16,078	11,920
Roadhouse Grill Italia S.r.l.	1,560	648
Ges.Car. S.r.l.	289	-
Cons. Centro Comm. Ingrosso Carni S.r.l.	3,013	3,663
Guardamiglio S.r.l.	4,729	2,519
Cremonini Restauration S.A.S.	1,088	679
Sara S.r.l.	13	-
Salumi d'Emilia S.r.l.	19,301	15,213
RailGourmet Espana	6,821	-
In.Al.Sarda S.r.l.	967	1,612
SGD S.r.l.	-	5
Domogel S.r.l.	433	3,236
Bad debt provision	-	(50)
Loans for dividends distribution		
MARR S.p.A.	-	12,399
Roadhouse Grill Italia S.r.l.	630	-
Cremonini Restauration S.A.S.	301	-
Momentum Services Ltd	446	867
Railrest S.A.	765	714
Global Service S.r.l.	-	130
Receivables from subsidiaries for transferred tax payables		
Montana Alimentari S.p.A	873	113
Global Service S.r.l.	108	117
MARR S.p.A.	13,625	-
Soc. Agr. Corticella S.r.l.	-	150
Cons. Centro Comm. Ingrosso Carni S.r.l.	191	63
Ges.Car. S.r.l.	62	-
Guardamiglio S.r.l.	68	-
Realfood 3 S.r.l.	12	-
Sara S.r.l.	13	2
As.Ca. S.p.A.	640	-
Sfera S.p.A.	119	2
Total	**79,295**	**69,068**

With reference to the receivables from associated companies it is specified that the amount of 5 thousand Euro is due from Azienda Agricola Serra della Spina S.r.l.

It is noted that, during the course of the financial year a financial advance - bearing interest at the market rate - of 7,000 thousand Euro was made on behalf of Cremofin. The advance, paid in the months of January and March, was repaid in May.

11. Current trade receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables from customers		
Due within 12 months	10,970	12,150
Provision for bad debts	(438)	(1,059)
Receivables from subsidiaries		
Montana Alimentari S.p.A.	441	597
MARR S.p.A.	1,443	2,038
Moto S.p.A.	4	-
Railrest S.A.	75	-
INALCA S.p.A.	287	508
Roadhouse Grill Italia S.r.l.	34	30
Frimo S.a.m.	84	108
Momentum Services Ltd.	232	271
Receivables from associated companies		
Moto S.p.A.	-	282
Fiorani & C. S.p.A.	44	-
Food & Co. S.r.l.		46
Total	**13,176**	**14,971**

The amount of receivables from customers includes receivables from Trenitalia of approximately 3,524 thousand Euro (4,053 thousand Euro as at 31 December 2005).

It is noted that the contract with Trenitalia for the concession for catering services on the trains managed by the latter will expire in the month of July 2007: this contract may be renewed for a maximum period of a further 3 years. Cremonini, which has already operated with the granting company for some years and has a consolidated commercial relationship with that company, considers it responds to the requisites of quality and experience required and is confident of the continuation of the contractual relationship.

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

(in thousands of Euros)	31.12.2006	31.12.2005
Initial balance	1,059	952
Utilized during the year	(780)	(352)
Accruals during the year	159	459
Final balance	**438**	**1,059**

Utilisation during the financial year concerned the definition of some receivable positions that were disputed last year.

12. Current tax assets

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables for advance on direct taxes	-	13,024
Receivables for withholdings	1	34
VAT credit and other taxes requested for reimbursement	1,103	260
Other sundry receivables	436	442
Provision for bad debts	(328)	(250)
Total	**1,212**	**13,510**

At 31 December 2006 the result of the tax consolidation, in which Cremonini participated as Parent Company, was a tax payable, whereas last financial year there was a tax receivable balance.

13. Cash and cash equivalents

(in thousands of Euros)	31.12.2006	31.12.2005
Cash	1,877	1,860
Bank and postal accounts	11,965	15,621
Total	**13,842**	**17,481**

The balance represents the cash on hand and cash equivalents at the year-end. For changes in the net debt please refer to the cash flow statement.

14. Other current assets

(in thousands of Euros)	31.12.2006	31.12.2005
Accrued income and prepaid expenses	2,247	735
Other receivables		
Advances to suppliers	149	678
Receivables from insurance companies	33	125
Receivables from social security institutions	361	274
Receivables from employees	44	41
Guarantee deposits	30	1,180
Other sundry receivables	1,867	807
Provision for bad debts	(279)	(259)
Total	**4,452**	**3,581**

The increase in the balance is principally ascribable to the higher deferral of property rental.

With regard to receivables from related companies it should be noted that the other current assets include 4 thousand Euro due from Collizzoli S.p.A.

SHAREHOLDERS' EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

As far as changes are concerned, please refer to the statement of changes in equity.

15. Share capital

The share capital as at 31 December 2006 of Euro 73,746,400 is represented by 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 ordinary rights.

Treasury stock
As at 31 December 2006 the Parent Company held 13,131,670 treasury stock (13,045,537 as at 31 December 2005). In the 2006 financial year 86,134 shares were purchased and considerations paid were entered directly under Shareholders' Equity.

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 Euro has not undergone changes compared to 31 December 2005.

Legal reserve
The legal reserve amounting to 14,749 thousand Euro 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.

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 2006 amounted to Euro 0.0102 (Euro 0.3625 as at 31 December 2005) and has been calculated on the basis of net profits of Euro 1,307,286 thousand divided by the weighted average number of ordinary shares in 2006 equal to 128,698,742.

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)	31.12.2006	31.12.2005
Due between 1 and 5 years		
Payables to banks	120,787	31,589
Payables to other financial institutions	5,665	5,485
Total payables due between 1 and 5 years	**126,452**	**37,074**
Due beyond 5 years		
Payables to banks	31,195	25,000
Payables to other financial institutions	3,437	4,923
Total payables due beyond 5 years	**34,632**	**29,923**
Total	**161,084**	**66,997**

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

Net Debt

The Net Debt and the detail of its principal components is shown below pursuant to CONSOB communication no. 6064293 of 28 July 2006.

(in thousands of Euros)	31.12.2006			31.12.2005		
	Current	Non Current	Total	Current	Non Current	Total
Cash and cash equivalents		2,020	2,020			0
Disponibilità liquide	13,842		13,842	17,481		17,481
Financial receivables	82,521	84	82,605	69,315	2,002	71,317
Financial receivables not Net Debt	(17,050)	(2,104)	(19,154)	(12,913)	(2,002)	(14,915)
Total financial assets	**79,313**	**0**	**79,313**	**73,883**	**0**	**73,883**
Payables to banks	(22,160)	(151,982)	(174,142)	(86,251)	(56,589)	(142,840)
Payables to other financial institutions	(68,688)	(9,102)	(77,790)	(51,234)	(10,408)	(61,642)
Financial instruments / Derivatives - Liabilities		(3,273)	(3,273)		(6,112)	(6,112)
Other financial payables not Net Debt	15,434		15,434	3,056		3,056
Total financial payables	**(75,414)**	**(164,357)**	**(239,771)**	**(134,429)**	**(73,109)**	**(207,538)**
Total net debt	**3,899**	**(164,357)**	**(160,458)**	**(60,546)**	**(73,109)**	**(133,655)**

The covenants on loans in force as at 31 December 2006, all completely complied with, are listed in the following table.

	San Paolo Multiborr.(a)	Carisbo(a)
Amount of the loans as at 31 December 2006	47,222	20,000
Expiry date	25/03/2015	16/10/2008
Covenants		
Net Debt/Equity	<= 2	<= 2
Net Debt/Ebitda	<= 5.5	<= 5.5

(a) compliance with the covenants is carefully verified annually based on the data of the consolidated and audited financial statements of the Cremonini Group as at 31 December and the contractual verification of these is not provided for during the course of the year.

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.

On 31 December 2006 the Company was involved in some "interest rate swap" hedging contracts, which substituted the variable Euribor rate with a fixed rate. These transactions, accounted for with the "hedge accounting" criteria, are shown below:

- "interest rate swap" contract with Deutsche Bank for 47 million Euro (maturity 25.3.2015);
- "interest rate swap" contract with BNL for 7.8 million (maturity 01.04.2012);
- "interest rate swap" contract with Cariparma for 18.0 million (maturity 11.05.2015).

The valuation of these hedge contracts led to the recording of an asset of 2,020 thousand Euro that, in compliance with the IAS, was recorded in shareholders' equity and booked to the income statement neutralizing the economic effects produced by the underlying transactions.

At 31 December 2006 the Company also had some existing interest rate transactions not configurable as hedging. These transactions, for a net notional value of Euro 77.5 million (account is not taken in the net notional value of transactions that were cancelled over time through "unwinding" transactions or else had an equal set-off amount), constituted two "interest rate swap" contracts with Cofiri SIM (now Capitalia Group) with maturities between 25.03.2008 and 12.04.2008, which permitted the Euribor variable reference rate to be substituted by 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 3,272 thousand Euro as at 31 December 2006 (6,112 thousand Euro as at 31 December 2005).

19. Employee benefits

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

(in thousands of Euros)	31.12.2006	31.12.2005
Opening balance	11,053	10,849
Effect of merger	-	-
Use for the financial year	(1,517)	(1,459)
Provision for the financial year	2,086	2,110
Other changes	(185)	(447)
Closing balance	**11,437**	**11,053**

20. Provisions for liabilities and charges

(in thousands of Euros)	31.12.2006	31.12.2005
Provisions for taxes	101	101
Labour disputes	580	304
Minor lawsuits and disputes	406	406
Provision for losses on equity investments	-	234
Provision for future risks and losses	12	16
Total	**1,099**	**1,061**

21. Deferred tax liabilities

As at 31 December 2006 this item totalling 10,995 thousand Euro was mainly composed of deferred tax liabilities deriving from the revaluation of land and buildings upon the transition to the international accounting standards.

CURRENT LIABILITIES

22. Current financial payables

(in thousands of Euros)	31.12.2006	31.12.2005
Payables to subsidiaries	67,383	49,970
Payables to banks	22,160	86,251
Payables to other financial institutions	1,305	1,264
Closing balance	**90,848**	**137,485**

Payables to subsidiaries are broken down as follows:

(in thousands of Euros)	31.12.2006	31.12.2005
Payables to consolidated subsidiaries		
Montana Alimentari S.p.A	44,032	43,786
Global Service S.r.l.	276	495
Alisea S.c.a r.l.	16	-
Ges.Car. S.r.l.	-	16
Momentum Services Ltd.	1,000	1,000
Sara S.r.l.	-	276
Realfood 3 S.r.l.	138	145
Railrest S.A.	1,421	765
Moto S.p.A.	4,458	-
Mutina S.r.l.	1	-
TECNO-STAR DUE S.r.l.	7	-
SGD S.r.l.	594	437
Payables to unconsolidated subsidiaries		
Fernie S.r.l. in liq.	457	471
Payables to subsidiaries for transferred tax receivables		
Montana Alimentari S.p.A	225	-
Interjet S.r.l.	496	160
Global Service S.r.l.	131	-
MARR S.p.A.	12,219	775
Soc. Agr. Corticella S.r.l.	446	-
Cons. Centro Comm. Ingrosso Carni S.r.l.	331	-
Ges.Car. S.r.l.	70	24
Guardamiglio S.r.l.	184	33
Sfera S.p.A.	53	-
Realfood 3 S.r.l.	-	302
Salumi d'Emilia S.r.l.	193	203
In.Al.Sarda S.r.l.	74	301
As.Ca. S.p.A.	305	-
Domogel S.r.l.	250	781
Total	**67,377**	**49,970**

23. Current taxes payable

(in thousands of Euros)	31.12.2006	31.12.2005
I.V.A.		1,195
I.R.A.P.	481	1,641
I.RE.S.	4,120	8,382
Withholding taxes	1,491	955
Substitute taxes and other taxes payable	76	84
Total	**6,168**	**12,257**

I.RE.S. payables are related to the residual amount of 2006 taxes not yet paid at the closing date of 2006.

24. Current trade payables

(in thousands of Euros)	31.12.2006	31.12.2005
Suppliers	25,098	24,907
Payables to consolidated subsidiaries		
Montana Alimentari S.p.A	1,045	1,118
Global Service S.r.l.	229	169
Domogel S.r.l.	328	-
MARR S.p.A.	1,270	1,222
Moto S.p.A.	10	229
INALCA S.p.A.	67	144
Roadhouse Grill Italia S.r.l.	-	37
Momentum Services Ltd.	11	15
Cremonini Restauration S.A.S.	42	10
Railrest S.A.	18	32
SGD S.r.l.	20	28
TECNO-STAR DUE S.r.l.	45	-
Reimbursement SEC costs	206	376
Total	**28,389**	**28,287**

25. Other current liabilities

(in thousands of Euros)	31.12.2006	31.12.2005
Accrued expenses and deferred income	194	1,089
Inps/Inail/Scau	1,121	1,104
Inpdai/Previndai/Fasi/Besusso	35	31
Debiti verso istituti diversi	20	20
Payables to other social security institutions		
Other payables	25	57
Payables for acquisition of equity investments:	4,669	2,779
Payables for acquisition of equity investments:		
- Biancheri & C. S.r.l.	173	173
- Rail Gourmet España	2,850	-
- Infer S.r.l.	1,.860	3,253
Guarantee deposits and down payments received	461	784
Payables to directors and auditors	714	230
Other minor payables	511	596
Total	**12,633**	**10,116**

Payables due to employees include current salaries still to be paid as at 31 December 2006 and the allocations set aside for deferred remuneration. The increase compared to the 2005 financial year is consequent to moving the payment date of the amount due for December to early January.

The item "Payable for acquisition of equity investments" refers to Infer S.r.l. and Rail Gourmet España S.A. and the movement with respect to last year is related to the payments to be made based on the contractual terms.

GUARANTEES, SURETIES AND COMMITMENTS

(in thousands of Euros)	31.12.2006	31.12.2005
Direct guarantees – sureties		
- subsidiaries	279,174	204,905
- associated companies		
- affiliated companies	120	120
- other companies	109,813	106,662
	389,107	311,687
Direct guarantees – letter of comfort		
- subsidiaries	217,921	201,028
- associated companies	100	24,825
- affiliated companies		
- other companies		500
	218,021	226,353
Direct guarantees – credit mandates		
- subsidiaries	171,363	154,064
- associated companies		
- affiliated companies		
- other companies		
	171,363	154,064
Other risks and commitments		800
Total guarantees, sureties and commitments	**778,491**	**692,904**

Direct guarantees - sureties

These guarantees include both the guarantees given directly by the companies, in the interests of both 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, Group VAT set-offs, participation in tenders, etc.

Related companies - With respect to guarantees given for the benefit of related companies, amounting to 120 thousand Euro, please refer to the paragraph "Relationships 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 Euros):

Company to whom the guarantee was granted	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.	77,247	VAT for compansation
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, ecc.)	Cremonini S.p.A.	4,255	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities
Other minor items	Cremonini S.p.A.	9,311	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**109,813**	

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 60,473 thousand Euro.

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.

DETAILS OF THE MAIN ITEMS OF THE INCOME STATEMENT

26. Revenues

These are broken down as follows:

(in thousands of Euros)	2006	2005
Revenues from sales - Goods for resale	7,848	8,283
Revenues from sales - Others	10,497	8,853
Revenues from services	112,663	106,987
Advisory services to third parties	3,782	3,439
Rent income	3,563	3,289
Other revenues from ordinary activities	1,278	1,258
Total	**139,631**	**132,109**

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

(in thousands of Euros)	2006	2005
Italy	137,416	130,098
European Union	2,081	1,895
Extra-EU countries	134	116
Total	**139,631**	**132,109**

27. Other revenues

(in thousands of Euros)	2006	2005
Contributions by suppliers and others	1,206	1,254
Other sundry revenues	2,202	2,086
Total	**3,408**	**3,340**

Sundry revenues

(in thousands of Euros)	2006	2005
Insurance reimbursements	150	109
Capital gains on disposal of capital goods	29	99
Other cost reimbursements	723	856
Services, consultancy and other minor revenues	1,300	1,022
Total	**2,202**	**2,086**

28. Costs for purchases

(in thousands of Euros)	2006	2005
Costs for purchases - Goods for resale	(29,554)	(28,880)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(2,112)	(2,138)
Costs for purchases - Stationery and printed paper	(173)	(186)
Changes in inventories of raw materials, secondary materials, consumables and goods for resale	61	243
Other costs for purchases	(9,659)	(8,024)
Total	**(41,437)**	**(38,985)**

29. Other operating costs

(in thousands of Euros)	2006	2005
Costs for services	(32,407)	(32,820)
Costs for leases and rentals	(13,115)	(13,001)
Other operating charges	(2,370)	(3,736)
Total	**(47,892)**	**(49,557)**

Costs for services

(in thousands of Euros)	2006	2005
Energy consumption and utilities	(2,304)	(2,074)
Maintenance and repairs	(3,241)	(2,944)
Transport on sales	(50)	(53)
Commisions, commercial and distribution services	(4,440)	(4,531)
Third-party services and outsourcing	(654)	(809)
Purchasing services	(267)	(264)
Franchising	(5,097)	(5,444)
Other technical and general services	(16,354)	(16,701)
Total	**(32,407)**	**(32,820)**

Costs for leases and rentals

(in thousands of Euros)	2006	2005
Lease of business premises, royalties and others	(11,014)	(10,588)
Costs for leases	-	(9)
Leases and rentals related to real and personal property	(2,101)	(2,404)
Total	**(13,115)**	**(13,001)**

The leases of business premises, royalties and others mainly include the leases of railway station buffets and other catering premises.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)	2006	2005
Indirect taxes and duties	(746)	(866)
Capital losses on disposal of assets	(245)	(180)
Contributions and membership fees	(98)	(101)
Other minor costs	(1,281)	(2,589)
Total	**(2,370)**	**(3,736)**

The change in respect of 2005 figure is mainly attributable to the reduction in the securitization costs indemnity recognised in the context of the securitization transaction

30. Personnel costs

(in thousands of Euros)	2006	2005
Salaries and wages	(28,373)	(27,303)
Social security contributions	(7,401)	(7,547)
Staff Severance Provision	(2,086)	(2,110)
Other personnel costs	-	(94)
Total	**(37,860)**	**(37,054)**

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 2006 the Company employed a total staff of 1,643 persons, as follows:

	Factory staff	Office staff	Managers	Total
Employees as at 31.12.2005	1,380	170	14	1,564
Employees as at 31.12.2006	**1,456**	**171**	**16**	**1,643**
Increases (decreases)	76	1	2	79
Average no. of employees during year 2006	**1,494**	**180**	**15**	**1,689**

31. Amortization, depreciation and write-downs

(in thousands of Euros)	2006	2005
Depreciation of tangible assets	(4,786)	(4,807)
Amortization of intangible assets	(392)	(442)
Other write-downs of fixed assets	(252)	(37)
Write-downs and provisions	(1,608)	(779)
Total	**(7,038)**	**(6,065)**

L'incremento del saldo è principalmente dovuto all'accantonamento di oneri per vertenze con il personale.

32. Revenue from equity investments

(in thousands of Euros)	2006	2005
Income (Charges) from investments in subs. and ass. comp.	2,141	55,268
Income (Charges) from investments in other comp.	148	76
Write-down of investments		(3,068)
Total	**2,289**	**52,276**

Income (Charges) from equity investments in subsidiaries

(in thousands of Euros)	2006	2005
Dividends from subsidiaries		
MARR S.p.A.	-	12,399
Roadhouse Grill Italia S.r.l.	630	-
Cremonini Restauration S.A.S.	301	-
Momentum Services Ltd	447	867
Railrest S.A.	765	714
Global Service S.r.l.	-	130
Other income (Charges) from investments in subsidiaries		
Income from MARR S.p.A. listing	-	41,160
Other minor	(2)	(2)
Total	**2,141**	**55,268**

The decrease in the item "Income (Charges) from equity investments in subsidiaries" is consequent to the capital gain (41 million Euro) realized in the 2005 financial year from the sale of part of the equity investment in the subsidiary MARR in connection with the IPO.
The dividends from subsidiary companies constitute profits allocated for distribution by some subsidiaries and refer, as shown in the table, to Roadhouse Grill Italia S.r.l., Cremonini Restauration S.A.S., Momentum Services Ltd and Railrest S.A.

Write-downs of investments

(in thousands of Euros)	2006	2005
Domogel S.r.l.		(2,334)
Interjet S.r.l.		(705)
Cremonini Finance Plc		(29)
Total	**0**	**(3,068)**

33. Financial income and charges

(in thousands of Euros)	2006	2005
Net exchange rate differences	(6)	40
Income (Charges) from management of derivatives	(1,282)	(5,353)
Net financial Income (Charges)	(5,815)	(4,611)
Total	**(7,103)**	**(9,924)**

Exchange rate differences

(in thousands of Euros)	2006	2005
Realised net exchange rate differences	(1)	40
Net exchange rates valuation differences	(5)	
Total	**(6)**	**40**

"Net exchange rate valuation differences" refer to the valuation of existing balance sheet balances in foreign currencies at the year-end exchange rate.

Income (charges) from management of derivatives

(in thousands of Euros)	2006	2005
Realised Income (Charges) from management of derivatives	(3,939)	(1,840)
Valuation Income (Charges) from management of derivatives	2,657	(3,513)
Total	**(1,282)**	**(5,353)**

The income of 2,657 thousand Euro is ascribable to the fair value valuation of the derivative contracts on interest rates existing at 31 December 2006 (see the paragraph "liabilities from derivative instruments" under current and non-current liabilities).

Net financial income (charges)

(in thousands of Euros)	2006	2005
Financial Income (Charges) due to controlling companies	**75**	**6**
Financial Income (Charges) due to subsidiaries	**1,209**	**873**
Financial Income (Charges) due to associated companies		**1**
Financial income		
- Bank interest receivable	262	158
- Other financial income	45	26
Total financial income	**307**	**184**
Financial charges		
- Interest payable on loans	(5,430)	(3,550)
- Interest payable on factoring	(316)	(145)
- Interest payable on current accounts and others	(1,070)	(1,493)
- Other bank charges	(112)	(116)
- Other sundry charges	(478)	(371)
Total financial charges	**(7,406)**	**(5,675)**
Total	**(5,815)**	**(4,611)**

The item groups together the total interest payable connected to the Group treasury service and interest, commissions and charges from banks and other financiers. These charges increased in 2006 mainly following the interest rates trend and average amounts of the corresponding balances.

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

(in thousands of Euros)	2006	2005
Montana Alimentari S.p.A	(1,610)	(1,115)
Interjet S.r.l.	22	21
Global Service S.r.l.	(8)	(15)
INALCA S.p.A.	566	517
MARR S.p.A.	35	23
Moto S.p.A.	(72)	
Soc. Agr. Corticella S.r.l.	655	426
Roadhouse Grill Italia S.r.l.	46	113
Cons. Centro Comm. Ingrosso Carni S.r.l.	160	154
Ges.Car. S.r.l.	6	(26)
Rail Gourmet Espana	172	
Momentum Services Ltd	(18)	(20)
Guardamiglio S.r.l.	170	62
Cremonini Restauration S.A.S.	52	78
Sara S.r.l.	1	(3)
Realfood 3 S.r.l.	42	(16)
Railrest S.A.	(31)	(21)
Salumi d'Emilia S.r.l.	865	477
TECNO-STAR DUE S.r.l.	5	
In.Al.Sarda S.r.l.	60	97
SGD S.r.l.	(16)	(3)
Domogel S.r.l.	107	124
Total	**1,209**	**873**

34. Income taxes

(in thousands of Euros)	2006	2005
I.RE.S.	(13,558)	(8,035)
Net income from subs. for transferred taxable amounts	14,414	11,491
	856	**3,456**
I.R.A.P.	(2,236)	(1,641)
Income of pre-paid taxes	(1,311)	(1,150)
Total	**(2,691)**	**665**

The I.RE.S. balance refers to costs resulting from the tax consolidation to which Cremonini S.p.A. adhered in the role of consolidator.
The cost for deferred taxes mainly refers to the different tax deductibility of amortization and depreciation recorded and to the different accounting treatment of financial lease contracts.

RECONCILIATION OF THEORETICAL TAX BURDEN AND ACTUAL TAX BURDEN

I.RE.S.

(in thousands of Euros)	Year 2006		Year 2005	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	**3,998**		**46,139**	
Taxation rate	33%		33%	
Theoretical tax burden		**1.319**		**15,226**
Permanent differences				
Non.deductible depreciation	657		39	
Write-down of financial assets (non-deductible part)	0		3,039	
Taxes and tax amnesties	120		121	
Other non-deductible costs	913		2.305	
Total	**1,690**		**5,504**	
Dividends from foreign companies (95%)	(2,176)		(13,783)	
Gains ondisposals subject to substitute tax	(2,334)		(43,392)	
Other	(230)		(19)	
Total	**(4,740)**		**(57,194)**	
Temporary differences deductible in future years				
Write-down of financial assets (4/5)				
Provisions to taxed funds	45		718	
Other	2,933		1.331	
Total	**2,978**		**2,049**	
Temporary differences taxable in future years				
Dividends not collected	(61)		(705)	
Anticipated depreciations				
Other	(1,118)		(1,267)	
Total	**(1,179)**		**(1,972)**	
Reversal of temporary diff. from previous years				
Receipt of dividends related to previous year	706		82	
Total	**706**		**82**	
Use of taxed provisions	(1,604)		(3,377)	
Write-down of financial assets (1/5)	(1,586)		(1,586)	
Other	(2,857)		(119)	
Total	**(6,047)**		**(5,082)**	
Taxable income	**(2,594)**		**(10,474)**	
Tax rate	33%		33%	
Actual tax durden		**(856)**		**(3,456)**

I.R.A.P.				
(in thousands of Euros)	**Year 2006**		**Year 2005**	
	Taxable amount	**Tax**	**Taxable amount**	**Tax**
Profit before taxation	**3,998**		**46.139**	
Costs not relevant for I.R.A.P.				
Extraordinary income and axpense	0		(41,227)	
Adjustment to the value of financial assets	0		3,068	
Financial income and expense	7,103		(4,259)	
Personnel costs	37,860		37,054	
Other	3,651		(2,163)	
Total	**48,614**		**(7,527)**	
Theoretical taxable amount	**52,612**		**38,612**	
Taxation rate	4.25%		4.25%	
Actual tax burden		**2,236**		**1,641**

Events occurring after the end of the financial year

Please refer to the Directors' Report for details of the events occurring after the financial year-end.

INFORMATION ON EMOLUMENTS

In accordance with legal requirements and as required by the enclosure 3c of the Consob Rules the total remuneration paid to Directors and Statutory Auditors in 2006 for activities performed, including in other Group companies, is as follows:

(in thousands of Euros)		**Fees**	**Salary**	**Other**	**Total**
Board of Directors					
Cremonini Luigi	Chairman	800		180	980
Sciumè Paolo	Vice chairman	25		-	25
Cremonini Vincenzo	Chief Executive Officers	571	269	-	840
Fabbian Valentino	Director *	470	125	-	595
Pedrazzi Giorgio	Director	370	87	-	457
Lualdi Paolo	Director	70	155	-	225
Rossetti Mario	Director	25	-	-	25
Rossini Edoardo	Director	25	-	-	25
Total Board of Directors		**2,356**	**636**	**180**	**3,172**
Statutory Auditors					
Artese Alessandro	Chairman	85	-	-	85
Zanasi Giovanni	Auditor	46	-	-	46
Simonelli Ezio Maria	Auditor	71	-	-	71
Total Statutory Auditors		**202**	**0**	**0**	**202**
Total		**2,558**	**636**	**180**	**3,374**

* with mandate to manage the catering business unit.

It should be noted that no managers with strategic functions has been identified and that the Fiscal Law Firm Sciumè & Associati received other payments for their professional services given during the year.

These financial statements as at 31 December 2006, comprising balance sheet, income statement and explanatory notes, correctly show the Company's equity and financial situation.

Castelvetro di Modena, 27 March 2007

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 2006;
- Annex 2 - List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2006 financial year;
- Annex 3 - Statement of changes in tangible assets for the financial year ended as at 31 December 2006;
- Annex 4 - Statement of changes in intangible assets for the financial year ended as at 31 December 2006;
- Annex 5 - List of equity investments classified in non-current assets as at 31 December 2006;
- Annex 6 - List of equity investments in subsidiaries and associated companies as at 31 December 2006 (Article 2427, paragraph 5, of the Italian Civil Code).

Annex 1 – Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2006

(in thousands of Euros)	Treasury		Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:					(a)	(b)		
Alisea S.c.a r.l.	-	16	-	-	-	-	**-**	**16**
As.ca. S.p.A.	-	-	-	-	640	305	**640**	**305**
Soc. Agr. Corticella S.r.l.	16,078	-	-	-	-	446	**16,078**	**446**
Cons. Centro Comm. Ingrosso Carni S.r.l.	3,013	-	-	-	191	331	**3,204**	**331**
Cremonini Restauration S.A.S.	1,389	-	-	42	-	-	**1,389**	**42**
Domogel S.r.l.	433	-	-	328	-	250	**433**	**578**
Fernie S.r.l. in liquidation	-	-	-	-	-	458	**-**	**458**
Frimo S.a.m.	-	-	84	-	-	-	**84**	**-**
Ges.Car. S.r.l.	289	-	-	-	62	70	**351**	**70**
Global Service S.r.l.	-	276	-	229	108	131	**108**	**636**
Guardamiglio S.r.l.	4,729	-	-	-	68	184	**4,797**	**184**
INALCA S.p.A.	4,819	-	287	67	-	-	**5,106**	**67**
In.Al.Sarda S.r.l.	967	-	-	-	-	73	**967**	**73**
Interjet S.r.l.	868	-	-	-	-	496	**868**	**496**
MARR S.p.A.	42	-	1,443	1,270	14,299	12,219	**15,784**	**13,489**
Momentum Services Ltd	-	1,000	232	11	446	-	**678**	**1,011**
Moto S.p.A.	-	4,458	4	10	-	-	**4**	**4,468**
Montana Alimentari S.p.A.	716	44,032	441	1,044	873	225	**2,030**	**45,301**
Mutina Consulting S.r.l.	-	1	-		31	-	**31**	**1**
Railrest S.A.	-	1,421	75	19	765	-	**840**	**1,440**
Rail Gourmet Espana	6,821	-	-	-	-	-	**6,821**	**-**
Realfood 3 S.r.l.	-	138	-	-	11	-	**11**	**138**
Roadhouse Grill Italia S.r.l.	2,190	-	34	-	-	-	**2,224**	**-**
Salumi d'Emilia S.r.l.	19,301	-	-	-	-	193	**19,301**	**193**
Sara S.r.l.	13	-	-	-	13	-	**26**	**-**
Sfera S.p.A.	-	-	-	-	119	53	**119**	**53**
SGD S.r.l.	(3)	593	-	20	88	-	**85**	**613**
TECNO-STAR DUE S.r.l.	-	7	-	45	-	-	**-**	**52**
Reimbursement SEC costs	3,129	-	-	206	-	-	**3,129**	**206**
Total subsidiaries	**64,794**	**51,942**	**2,600**	**3,291**	**17,714**	**15,434**	**85,108**	**70,667**
Associated companies:								
Az. Agr. Serra della Spina S.r.l. in liq.	-	-	-	-	5	-	**5**	**-**
Fiorani & C. S.p.A.	-	-	44	-	-	-	**44**	**-**
Total associated companies	**-**	**-**	**44**	**-**	**5**	**-**	**49**	**-**
Related companies:								
Collizzolli S.p.A.	-	-	-	-	4	-	**4**	**-**
Total related companies	**-**	**-**	**-**	**-**	**4**	**-**	**4**	**-**

(a) Other receivables include receivables for dividends calculated on the distributable portion of profit for the 2006;
(b) The other payables include payables for IRES (corporate tax) benefits transferred to the Parent Company.

Annex 2 – List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2006 financial year

(in thousands of Euros)			**Revenues**		**Total**		**Expenses**			**Total**
	Financial	**Services**	**Sales**	**Other** (a)	**revenues**	**Financial**	**Services**	**Sales**	**Other**	**expenses**
Subsidiaries:										
Soc. Agr. Corticella S.r.l.	655	18	-	11	**684**	-	-	-	-	**-**
C. Centro Comm. Ingrosso Carni S.r.l.	160	6	-	-	**166**	-	260	-	-	**260**
Cremonini Restauration S.A.S.	52	451	1	301	**805**	-	-	40	-	**40**
Domogel S.r.l.	107	2	-	-	**109**	-	-	-	-	**-**
Fernie S.r.l. in liquidation	-	-	-	-	**-**	2	-	-	-	**2**
Frimo S.a.m.	-	41	-	-	**41**	-	-	-	-	**-**
Ges.Car. S.r.l.	6	21	-	-	**27**	-	-	-	-	**-**
Global Service S.r.l.	1	67	1	57	**126**	10	764	-	1	**775**
Guardamiglio S.r.l.	171	48	-	5	**224**	-	-	-	-	**-**
INALCA S.p.A.	574	1,304	4	9	**1,891**	7	13	302	-	**322**
In.Al.Sarda S.r.l.	60	11	-	-	**71**	-	-	-	-	**-**
Interjet S.r.l.	22	47	-	-	**69**	-	319	-	-	**319**
MARR S.p.A.	41	1,313	-	21	**1,375**	5	6	4,218	8	**4,237**
Momentum Services Ltd	-	517	-	446	**963**	19	4	-	-	**23**
Montana Alimentari S.p.A.	38	554	2	22	**616**	1,648	96	3,746	6	**5,496**
Moto S.p.A.	-	567	6	136	**709**	73	67	-	-	**140**
Rail Gourmet Espana	172	125	-	14	**311**	-	-	-	-	**-**
Railrest S.A.	-	300	-	765	**1,065**	31	-	-	-	**31**
Realfood 3 S.r.l.	53	136	-	1	**190**	11	-	-	-	**11**
Roadhouse Grill Italia S.r.l.	46	333	2	694	**1,075**	-	6	-	-	**6**
Salumi d'Emilia S.r.l.	865	173	-	9	**1,047**	-	-	-	-	**-**
Sara S.r.l.	3	4	-	-	**7**	2	-	-	-	**2**
TECNO-STAR DUE S.r.l.	6	-	-	-	**6**	1	59	-	-	**60**
SGD S.r.l.	4	12	-	-	**16**	21	197	-	-	**218**
Total subsidiaries	**3,036**	**6,050**	**16**	**2,491**	**11,593**	**1,830**	**1,791**	**8,306**	**15**	**11,942**
Associated companies:										
Fiorani & C. S.r.l.	-	40	-	-	**40**	-	-	-	-	**-**
RealBeef S.r.l.	-	6	-	-	**6**	-	-	-	-	**-**
Total associated companies	**-**	**46**	**-**	**-**	**46**	**-**	**-**	**-**	**-**	**-**
Related companies:										
Cremofin S.r.l. (controlling company)	75	-	-	-	**75**	-	-	-	-	**-**
Total relate companies	**75**	**-**	**-**	**-**	**75**	**-**	**-**	**-**	**-**	**-**

(a) Other revenues include dividends from subsidiaries

Anex 3 – Statement of changes in tangible assets for the financial year ended as at 31 December 2006

(in thousands of Euros)	Opening position		
	Initial cost	Depreciation fund	Balance at 31.12.2005
Land and buildings	77,814	(7,663)	70,151
Plant and machinery	25,722	(17,560)	8,162
Industrial and business equipment	5,660	(4,808)	852
Other assets	17,109	(10,462)	6,647
Fixed assets under construction and advances	53		53
Total	**126,358**	**(40,493)**	**85,865**

	Changes over the period				Closing position	
Acquisitions	Net decreases	Reclass./ Other changes	Depreciation	Initial cost	Depreciation fund	Balance at 31.12.2006
477	(35)	499	(1,508)	78,442	(8,858)	69,584
1,467	(98)	(215)	(1,470)	24,165	(16,319)	7,846
362	(16)		(407)	5,153	(4,362)	791
1,068	(128)	11	(1,399)	17,508	(11,309)	6,199
1,150		(512)		691		691
4,524	**(277)**	**(217)**	**(4,784)**	**125,959**	**(40,848)**	**85,111**

Annex 4 – Statement of changes in intangible assets for the financial year ended as at 31 December 2006

(in thousands of Euros)	Opening position		
	Initial cost	Amortization fund	Balance at 31.12.2005
Patents and intellectual property rights	1,315	(1,150)	165
Concessions, licences, trademarks and similar rights	325	(232)	93
Fixed assets under development and advances	473		473
Other intangible assets	2,510	(991)	1,519
Total	**4,623**	**(2,373)**	**2,250**

Changes over the period				Closing position		
Acquisitions	Net decreases	Reclass./ Write-downs/ Other changes	Amortization	Initial cost	Amortization fund	Balance at 31.12.2006
95			(141)	1,382	(1,263)	119
46			(18)	371	(250)	121
556				1,029		1,029
82		(2)	(233)	2,587	(1,221)	1,366
779	**0**	**(2)**	**(392)**	**5,369**	**(2,734)**	**2,635**

Annex 5 – List of equity investments classified under non-current assets as at 31 December 2006

(in thousands of Euros) Company name	Percentage	Initial value	Purchases or subscriptions
Subsidiaries:			
Autoplose GmbH			264
Cons. C. Comm. Ingr. Carni S.r.l.	85.92	5,285	
Cremonini Restauration S.A.S.	86.00	195	
Domogel S.r.l	100.00	-	
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	
Interjet S.r.l.	100.00	894	
MARR S.p.A.	57.39	60,547	
Momentum Services Ltd.	51.00	188	
Montana Alimentari S.p.A.	100.00	45,510	
Moto S.p.A.			14,306
Mutina Consulting S.r.l.	99.90	18	
Railrest S.A.	51.00	255	
Rail Gourmet España			3,870
Roadhouse Grill Italia S.r.l.	100.00	4,408	
SGD S.r.l.	50.00	42	
Società Agricola Bergognina S.r.l.			94
TECNO-STAR DUE S.r.l			6
Time Vending S.r.l.			80
Total subsidiaries		**263,099**	**18,620**
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	9,522	
Total associated companies		**9,882**	**-**
Other companies:			
Emilia Romagna Factor S.p.A.		2,091	715
Futura S.p.A.		600	
Other minors		184	7
Total other companies		**2,875**	**722**
Total equity investments		**275,856**	**19,342**

(a) Companies reclassified under subsidiaries following acquisition of the residual 50% of the share capital.

Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value	Notes
		347	100.00	611	
			85.92	5,285	
			86.00	195	
			-	-	
			95.00	527	
			100.00	136	
			100.00	145,094	
		700	100.00	1,594	(a)
			57.19	60,547	
			51.00	188	
			100.00	45,510	
		9,522	100.00	23,828	(a)
			99.90	18	
			51.00	255	
			100.00	3,870	
			100.00	4,408	
			50.00	42	
			94.00	94	
		2	60.00	8	
			80.00	80	
-	**0**	**10,571**		**292,290**	
			33.33	10	
		(347)		-	(a)
			30.00	3	
		(9,522)		-	(a)
-	**-**	**(9,869)**		**13**	
				2,806	
				600	
				191	
-	**-**	**-**		**3,597**	
0	**0**	**702**		**295,900**	

Annex 6 – List of equity investments in subsidiaries and associated companies as at 31 December 2006 (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 31.12.2006
Subsidiaries:			
Autoplose GmbH	Matrei (Austria)	36,336	80
Cons. Centro Comm. Ingrosso Carni S.r.l.	Bologna	1,500,000	231
Cremonini Restauration S.A.S.	Paris (France)	1,500,000	556
Fernie S.r.l. in liquidazione	Modena	1,033,000	(15)
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	159
INALCA S.p.A.	Castelvetro di Modena (MO)	140,000,000	(677)
Interjet S.r.l.	Castelvetro di Modena (MO)	1,550,000	(519)
MARR S.p.A.	Rimini	33,035,200	25,132
Momentum Services Ltd	Birmingham (Great Britain)	GBP 225,000	1,330
Montana Alimentari S.p.A.	Gazoldo degli Ippoliti (MN)	40,248,000	(264)
Moto S.p.A.	Castelvetro di Modena (MO)	4,500,000	(698)
Mutina Consulting S.r.l.	Castelvetro di Modena (MO)	10,000	(3)
Railrest S.A.	Bruxelles (Belgium)	500,000	1,969
Rail Gourmet España	Madrid (Spain)	1,803,000	89
Roadhouse Grill Italia S.r.l.	Castelvetro di Modena (MO)	4,000,000	498
SGD S.r.l.	Castelvetro di Modena (MO)	83,000	16
Società Agricola Bergognina S.r.l.	Castelvetro di Modena (MO)	100,000	0
TECNO-STAR DUE S.r.l	Formigine (MO)	10,400	44
Time Vending S.r.l.	Castelvetro di Modena (MO)	100,000	0
Total subsidiaries			
Associated companies:			
Az. Agr. Serra della Spina S.r.l. in liq.	Monacilioni (CB)	10,846	(2)
Food & Co S.r.l.	Rome	150,000	1
Total associated companies			

NOTE
(a) The data refers to the reporting used for the consolidation as at 31 December 2006 since the Company ends it's financial year on the 30th September every year.
(b) Figures refer to liquidation balance sheet.
(c) The company will end it's first financial year on the 31 December 2007.
(d) Figures refer to December 31, 2004, last available financial statements.

Net equity at 31.12.2006	Percentage held at 31.12.2006	Carrying value (A)	Valuation based on net equity (B)	Difference (B) - (A)	Notes
608	100.00%	611	608	(3)	(a)
2,962	85.92%	5,285	2,946	(2,339)	
2,021	86.00%	195	1,738	1,543	
1,077	95.00%	527	1,023	496	(b)
321	100.00%	136	321	185	
173,396	100.00%	145,094	173,396	28,302	
1,072	100.00%	1,594	1,072	(522)	
173,082	57.19%	60,547	98,986	38,439	
799	51.00%	188	407	219	
45,411	100.00%	45,510	45,834	324	
3,478	100.00%	23,828	21,281	(2,547)	
14	99.90%	18	14	(4)	
1,077	51.00%	255	549	294	
544	100.00%	3,870	4,049	179	
5,058	100.00%	4,408	5,058	650	
218	50.00%	42	109	67	
100	94.00%	94	94	0	
55	60.00%	8	34	26	
100	80.00%	80	80	0	(c)
		292,290	**356,992**	**65,287**	
24	33.33%	10	8	(2)	(d)
11	30.00%	3	3	0	
		13	**11**	**(2)**	

STATUTORY AUDITORS' REPORT

BOARD OF STATUTORY AUDITORS' REPORT PURSUANT TO ART. 153 OF LEGISLATIVE DECREE 58/1998 AND ART. 2429 OF THE ITALIAN CIVIL CODE

(FINANCIAL STATEMENTS AS AT 31.12.2006)

Cremonini S.p.A. Shareholders,

This report is in compliance with the provisions of art. 2429 of the Italian Civil Code and art. 153 of Legislative Decree no. 58 of 24.2.1998 that obliges the Board of Statutory Auditors to report to the Shareholders' Meeting on the supervisory duties it carried out as well as its right to give an opinion on the financial statements, their approval and the matters for which the Board is responsible.

We observed our duties during the 2006 financial year pursuant to art. 149 of the aforesaid Legislative Decree 58/1998 and conducted our activities in accordance with the principles of behaviour recommended by the Italian National Accountants and Auditors Boards (Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri).

The Board of Directors made both their annual and interim Directors' Reports, and also their periodic reports, available to us within the deadlines established by law.

We attended the Board of Directors' meetings during the course of which the Directors informed us about the more significant equity and financial transactions carried out by the Company and/or its major subsidiaries.

In this connection, we ascertained that the transactions approved and undertaken conformed with the law and Articles of Association, as well as being based on the principles of correct administrative conduct, and were not in contrast with the resolutions passed at shareholders' meetings or in conflict of interest.

The company's organisational structure is adequate for its size. Meetings held with departmental managers and representatives of the independent auditors always allowed us to gather the necessary information regarding respect for the principles of diligent and correct administration.

Internal control, meaning the system that has the task of verifying compliance with both operating and administrative internal procedures, which is adopted for the purpose of guaranteeing correct management as well as forestalling the possible risks of a financial and operational nature, was substantially adequate for the size of the Company.

The directives given by the Company and information received from its subsidiaries pursuant to art. 114 of Legislative Decree 58/1998 were also appropriate.

With reference to Consob's indications and matters for which we are responsible, we can certify that:

- the financial statements have been drawn up in conformity with international accounting standards and in accordance with Consob's indications. In this connection, we verified the observance of the legal and regulatory rules and conducted our checks within the limits mentioned in art. 149 of Legislative Decree 58/1998;
- the notes on the financial statements provide, in addition to the indications required by the Italian Civil Code, the information referred to in other laws and regulations considered as appropriate for representing the Company's equity and financial situation;
- the Directors' Report contains appropriate information on the operations and is to be considered as thorough and complete;
- the obligation to inform the Board of Statutory Auditors in terms of art. 150 of Legislative Decree 58/1998 and art. 21 of the Articles of Association, was duly carried out by the directors periodically through news and data given during the Board of Directors' meetings, which were always attended by the Board of Statutory Auditors.
- no atypical or unusual transactions with Group companies, third parties or affiliated parties were recorded. The inter-group transactions relative to the exchange of goods and services were at normal market conditions, as illustrated by the Directors. In this connection, no conflicts of interest were noted, nor have any obviously imprudent or risky transactions emerged, such as to prejudice the Company's and Group's equity and financial situations;
- the audit report given by PricewaterhouseCoopers, pursuant to art. 156 of Legislative Decree 58/1998, does not contain warnings or information references, nor relevant observations or limitations;
- during the course of the financial year the Board of Directors held ten meetings, which we always attended, as we also always attended meetings of the Internal Control Committee, either as a Board or individually;
- during the course of the financial year the Board of Statutory Auditors held ten meetings and on those occasions also exchanged information relative to the interim reports with the external auditors;
- neither PricewaterhouseCoopers, nor parties having continuous relationships with them, had any additional appointments to the audit;
- no reports were made by shareholders to the Board of Statutory Auditors pursuant to art. 2408 of the Italian Civil Code, nor complaints in general;

- we issued the opinions required of the Board of Statutory Auditors pursuant to the law and Articles of Association during the course of the financial year. In addition, by means of an appropriate and separate document, and in accordance with the new directives contained in art. 159 of Legislative Decree 58/1998, we issued our reasoned proposal relative to the appointment of auditors for the Company's financial statements and consolidated financial statements;
- the Company, in concurrence with the provisions of the Self-regulatory Code for Corporate Governance and regulations for Listed Companies and in accordance with other legal directives:
  - has updated its Self-regulatory Code in accordance with the provisions introduced in March 2006;
  - has defined its decision regarding the number of appointments of the Directors;
  - has adopted the procedure for the prohibition and limitation of completion of transactions on shares or financial instruments by "significant parties" (black-out period);
  - has made it known that changes will be made to the Articles of Association by 30 June 2007 to update them to the directives contained in the personal investment law (Law no. 262 of 28.12.2005) and in the subsequent co-ordination decree (Legislative Decree no. 303 of 29.12.2006).

The Board of Statutory Auditors, on the basis of the checks it conducted during the course of the financial year, hereby gives its favourable opinion to you for the approval of the financial statements for the year ended as at 31 December 2006 and on the Board of Directors' proposal for the allocation of the profit.

Castelvetro di Modena, 12 April 2007

THE BOARD OF STATUTORY 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 consolidated 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 2006. These financial statements are the responsibility of Cremonini SpA's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. 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 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.

   For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 13 April 2006.

3. In our opinion, the consolidated financial statements of Cremonini SpA as of 31 December 2006 comply with International Financial Reporting Standards as adopted by the European Union and the resolutions issued in order to adopt article 9 of Law Decree n° 38/2005; 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 SpA for the year then ended.

Bologna, 12 April 2007

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".

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CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER **2006**

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET ASSETS

(in thousands of Euros)	Note	31.12.2006	31.12.2005
Non-current assets			
Tangible assets	1	595,242	564,132
Goodwill	2	139,894	120,034
Other intangible assets	3	7,352	8,045
Investments valued at equity	4	3,887	4,312
Investments in other companies	5	5,513	4,795
Financial assets held for sale		-	3
Financial instruments / Derivatives	18	2,339	-
Non-current financial receivables	6	1,833	1,974
relating to related parties			*60*
Deferred tax assets	7	14,965	13,900
Other non-current assets	8	8,496	9,005
Total non-current assets		**779,521**	**726,200**
Current assets			
Inventories	9	234,248	208,224
Biological assets	10	17,808	14,024
Current financial receivables	11	2,173	4,004
relating to related parties		*525*	*763*
Current trade receivables	12	395,400	389,331
relating to related parties		*5,139*	*7,459*
Current tax assets	13	11,031	20,615
Cash and cash equivalents	14	107,169	89,203
Other current assets	15	53,964	44,073
relating to related parties		*12*	*577*
Total current assets		**821,793**	**769,474**
Total assets		**1,601,314**	**1,495,674**

BALANCE SHEET LIABILITIES

(in thousands of Euros)	Note	31.12.2006	31.12.2005
Shareholders' Equity			
Share capital	16	66,918	66,963
Reserves		174,332	173,598
Retained earnings		29,621	17,964
Result for the period		11,627	40,558
Shareholders' Equity attributable to the Group		282,498	299,083
Minority interests' capital and reserves		51,676	52,801
Profit for the period attributable to minority interests		14,512	11,948
Shareholders' Equity attributable to minority interests		66,188	64,749
Total Shareholders' Equity		**348,686**	**363,832**
Non-current liabilities			
Non-current financial payables	17	364,355	346,557
Financial instruments / Derivatives	18	3,272	6,112
Employee benefits	19	42,265	40,059
Non-current provisions for risks and charges	20	5,979	5,255
Deferred tax liabilities	21	63,851	59,757
Other non-current liabilities	22	3,227	5,277
Total non-current liabilities		**482,949**	**463,017**
Current liabilities			
Current financial payables	23	325,969	249,606
relating to related parties		*458*	*471*
Financial instruments / Derivatives	24	-	1,500
Current tax liabilities	25	15,396	21,279
Current trade liabilities	26	370,493	333,659
relating to related parties		*4,178*	*890*
Other current liabilities	27	57,821	62,781
relating to related parties		*0*	*0*
Total current liabilities		**769,679**	**668,825**
Total liabilities		**1,601,314**	**1,495,674**

INCOME STATEMENT

(in thousands of Euros)	Note	31.12.2006	31.12.2005
Revenues	28	2,311,254	2,091,884
relating to related parties		*2,096*	*2,181*
Other revenues	29	37,587	37,877
relating to related parties		*1,291*	*1,267*
Other revenues - Non recurring			28,711
Change in inventories of finished and semi-finished goods		1,076	(2,135)
Capitalisation of internal construction costs		717	388
Costs for purchases	30	(1,616,867)	(1,464,982)
relating to related parties		*(19,773)*	*(24,076)*
Other operating costs	31	(376,592)	(352,110)
relating to related parties		*(2,433)*	*(2,630)*
Other operating costs - Non recurring			(2,650)
Personnel costs	32	(218,066)	(193,855)
Amortization and depreciation	33	(41,271)	(38,489)
Write-downs and provisions	33	(10,058)	(7,076)
Revenues from equity investments		352	78
relating to related parties		*14*	*2*
Financial (Income)/Charges	34	(31,359)	(20,864)
relating to related parties		*75*	*19*
Financial (Income)/Charges - Non recurring	34	(1,337)	0
Result before taxes		**55,436**	**76,777**
Income taxes	35	(29,297)	(24,271)
Result before minority interests		**26,139**	52,506
Result attributable to minority interests		(14,512)	(11,948)
Result for the period attributable to the Group		**11,627**	**40,558**

Basic earning per share		0.0903	0.3141
Diluted earning per share		0.0903	0.3141

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY OVER THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2006

(in thousands of Euros)	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Other Reserves: Share premium reserve	Other Reserves: Legal reserve	Other Reserves: Reserve for IAS adjustments	Other Reserves: 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)	**(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**
Allocation of the results for the previous financial year:							
- retained earnings reserve							
- distribution of dividends							
Net effect purchases/sales treasury stock		(45)	**(45)**				(140)
Gain/losses on treasury stock							
Cash flow hedge							
Cash flow hedge controllata Inalca							
Effetto piano stock option controllata MARR							
Changes in the translation reserve and other changes							
Net profit (loss) for the period ended 31 December 2006							
Balances 30 December 2006	**73,746**	**(6,828)**	**66,918**	**78,280**	**14,749**	**79,036**	**986**

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)**
		(924)			**(955)**				**(955)**
		708			**708**				**708**
	(51)	**(51)**							
			362		**362**	268		**268**	**630**
458		**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**
			40,558	(40,558)	**0**	11,948	(11,948)	**0**	**0**
			(29,077)		**(29,077)**	(10,725)		**(10,725)**	**(39,802)**
					(185)				**(185)**
		(140)			**0**				**0**
	1,351	**1,351**			**1,351**				**1,351**
			214		**214**				**214**
			383		**383**	286		**286**	**669**
(477)		**(477)**	(421)		**(898)**	(2,634)		**(2,634)**	**(3,532)**
				11,627	**11,627**		14,512	**14,512**	**26,139**
(19)	**1,300**	**174,332**	**29,621**	**11,627**	**282,498**	**51,676**	**14,512**	**66,188**	**348,686**

FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED AS AT 31 DECEMBER 2006 AND 2005

(in thousands of Euros)	31.12.2006	31.12.2005
Net profit before minority interests	**26,139**	**52,506**
Amortization and depreciation	41,271	38,488
Net change in Staff Severance Provision	2,206	2,081
Net change in other provisions and non-monetary income items	6,661	7,755
Reversal of the effects from extraordinary transactions		(26,061)
Operating cash-flow	**76,277**	**74,769**
(Increase) decrease in receivables from customers	(4,609)	(17,882)
(Increase) decrease in inventories	(29,809)	(11,201)
Increase (decrease) in payables to suppliers	27,823	9,919
(Increase) decrease in other items of the working capital	(4,257)	7,839
Change in working capital	**(10,852)**	**(11,325)**
CASH-FLOW FROM OPERATING ACTIVITIES	**65,425**	**63,444**
Net (investments) in intangible assets	(8,358)	(10,542)
Net (investments) in tangible assets	(60,267)	(37,948)
Change in financial assets	(28,980)	(9,538)
Net effects from the change in consolidation area	0	(4,632)
CASH-FLOW FROM INVESTING ACTIVITIES	**(97,605)**	**(62,660)**
FREE - CASH FLOW BEFORE EXTRAORDINARY TRANSACTIONS	**(32,180)**	**784**
Cash-flow from extraordinary transactions	**0**	**34,629**
Cash-flow from distribution of dividends	(39,802)	(15,816)
Capital increases, change in treasury stock and other changes, including those of minority interests	(158)	1,114
Cash-flow from (for) change in shareholders' equity	**(39,960)**	**(14,702)**
FREE - CASH FLOW	**(72,140)**	**20,711**
Opening net financial debt	(512,084)	(532,795)
Cash-flow for the period	(72,140)	20,711
Closing net financial debt	**(584,224)**	**(512,084)**
Increase (Decrease) medium-long term borrowings	18,014	67,473
Increase (Decrease) medium-long term liabilities for derivatives	(3,055)	3,696
Cash flow from (for) medium-long term financial activities	**14,959**	**71,169**
CASH FLOW SHORT TERM OF THE PERIOD	**(57,181)**	**91,880**
Initial net short term indebtness	(159,415)	(251,295)
Cash flow of the period	(57,181)	91,880
Final net short term indebtness	**(216,596)**	**(159,415)**
Increase (Decrease) short term borrowings	75,598	(68,697)
Changes in other securities and other financial assets	997	11
Increase (Decrease) short term liabilites for derivatives	(1,448)	0
Cash flow from (for) short term financial assets	**75,147**	**(68,686)**
INCREASE (DECREA.) CASH AND CASH EQUIVALENTS	**17,966**	**23,194**
Cash and cash equivalents at the beginning of the period	89,203	66,009
Cash flow of the period	17,966	23,194
Cash and cash equivalents at the end of the period	**107,169**	**89,203**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form and content of the consolidated financial statements

The consolidated financial statements as at 31 December 2006 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.

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.

For the purpose of comparison, the consolidated financial statements as at 31 December 2006 show the figures for the financial year ended as at 31 December 2005.

The Euro is the functional and presentation currency.

If not otherwise indicated, the schedules and tables contained in these financial statements are expressed 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 2006 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
Fernie S.r.l. in liquidation
Ibis S.p.A.
Inalca Hellas e.p.e. in liquidation
Montana Farm S.p.z.o.o.
Inalca Brasil Comercio Ltda.
Time Vending S.r.l.
Global Service Logistics S.r.l.
Società Agricola Bergognina S.r.l.

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 2006, 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. The economic effects of these changes are recorded, when significant, in the explanatory notes to the financial statements. Equity changes did not, on the other hand, have any significant impact on the comparisons with the corresponding periods of the previous year.

In particular, compared to 31 December 2005, the following companies have been included in the scope of consolidation:
- TECNO-STAR DUE S.r.l., a company in which Cremonini has a 60% holding, operating in plant design and management of maintenance and renovation activities;
- Rail Gourmet España S.A., a company in which Cremonini has a 100% holding, offering catering services aboard Spain's high-speed trains (AVE). 50% of the equity was acquired in July 2006 and the other 50% in December, through a put & call option envisaged by the contract;
- Zacklady Miesne Soch. S.p.z.o.o. previously valued at cost, as it was immaterial;
- Inalca Brazzaville S.a.r.l., previously valued at cost, as it was immaterial.

Moreover, during the 2006 financial year, the following occurred:
- Change in the controlling percentage of MARR S.p.A., decreasing from 57.39% to 57.19% as an effect of the dilution deriving from the exercising of a part of stock option rights originally assigned to employees;
- The increase in the Frimo S.a.m. equity investment, which at the time of this report is a 74.9% holding, compared to 50.4% at 31 December 2005 (+24.5%);
- The increase in the Inalcammil Ltda. equity investment, which at the time of this report is 100% held, compared to 55.0% at 31 December 2005 (+45.0%);
- The change from 50% to 100% in the interest in Moto S.p.A. and Autoplose GmbH. As an effect of this change the two companies are now consolidated by applying the line-by-line method.

ACCOUNTING POLICIES

For the purposes of preparing the consolidated financial statements as at 31 December 2006, 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 leases 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 amortized 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 amortization; 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 relationships occurred in the past resulted from voluntary agreements. From the conclusion of these transactions, the Group, besides having solidified trade relationships 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 amortized 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 amortized 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 amortized 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 amortization 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 amortized 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 relationship 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.

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 have not been 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 of 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.

With effect from 1 January 2007 the financial law and relative implementing decrees have introduced significant changes to the staff severance indemnities regulations, amongst which is the employee's choice in connection with the allocation of their maturing staff severance indemnity. Specifically, new staff severance indemnity flows may be directed by the employee to pension forms of their choice or else retained in the company (in which case the latter shall pay the contributions to a treasury account established by INPS - the national institute of social insurance). Currently, the situation of interpretative uncertainty of the aforesaid regulations, the possible differing interpretations of the qualification of the maturing staff severance indemnities in accordance with IAS 19 and consequent changes to the actuarial calculations relating to the staff severance indemnities, as well as the impossibility of estimating the choices attributed to the employees on the allocation of the staff severance indemnities (for which the employee has until the next 30 June), make any hypotheses of the change in actuarial calculations of the staff severance indemnities maturing at 31 December 2006 premature.

Provisions for liabilities and charges

Provisions for liabilities 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 liabilities 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 transactions 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 2006 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	
	2006	2005	2006	2005
Dollars (USA)	1.31700	1.17970	1.255600	1.244090
Dinars (Algeria)	93.69440	86.03800	91.432800	90.703100
Readjustado Kwanza (Angola)	105.73100	95.29560	100.959000	108.441000
Real (Brazil)	2.81333	n.a.	2.733130	n.a.
Roubles (Russia)	34.68000	33.92000	34.111070	35.186000
Zloty (Poland)	3.83100	n.a.	3.895860	n.a.

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.

Securitization transaction

The Group is involved in an on-going securitization 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 120 million Euro, 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).

According to SIC 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.
On 26 January 2007, Cremonini S.p.A's Board of Directors resolved to initiate a procedure for the early extinction of the transaction in order to exploit the opportunity for improved and optimized management of the Cremonini Group's trade receivables, as well as to achieve operational and cost efficiencies.

The securities will be repaid by the vehicle company on 24 April 2007 (when coupons will be settled), using the existing receivables fund. Consequently, the payable for bonds was reclassified as part of current liabilities.

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 amortized 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 Non-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 2007 from the

Budget, for 2008-2010 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 wich is 5.4% for Cremonini and 7.5% for MARR) has been adopted as the discount rate. The measurement of any impairment of assets (Goodwill) was made by referring to the situation as at 31 December 2006.

- 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.

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 4.25%;
- 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 2006 amount to 1,495 thousand Euro.

- 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%.

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 defendant 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 Euro.

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 2006 are correct from a formal and substantial point of view and provide a fair view of the Group's results and net debt.

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, relationships with Group and related companies and other information relating to the different business sectors in which the Group operates, please refer 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 non-current assets (intangible and tangible) which have been attached hereto. These indicate for each item historic cost, previous amortization and depreciation, changes over the period and final balances.

1. Tangible assets

(in thousands of Euros)	Balance at 31.12.2005	Change in consolidation area	Purchases	Decreases	Other	Amorti- zation	Balance at 31.12.2006
Land and buildings	399,434	761	13,904	(1,188)	7,118	(11,609)	408,420
Plant and machinery	127,005	246	17,128	(1,778)	2,375	(19,948)	125,028
Industrial and business equipment	6,258	590	1,742	(167)	1	(2,025)	6,399
Other assets	16,732	772	16,791	(2,029)	452	(5,814)	26,904
Fixed assets under construction and advances	14,703	698	26,007	(3,723)	(9,194)		28,491
Total	**564,132**	**3,067**	**75,572**	**(8,885)**	**752**	**(39,396)**	**595,242**

Land and buildings
The increase in the land and buildings item was mainly attributable to the production sector, as an effect of the purchase of the Roveleto di Cadeo production plant by Società Realfood 3 S.r.l., the purchase of new barns by Società Agricola Corticella S.r.l., purchase of new industrial land in Postalesio, as well as upgrading of several plants implemented by Montana Alimentari S.p.A.

The decrease in the item refers to MARR S.p.A's sale for 611,000 Euro of a land in Monopoli and civil and industrial sites in Bari and Monopoli and to AS.CA S.p.A's sale of a building for 449,000 Euro.

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

As at 31 December 2006 there were three leasing agreements in force regarding property. The transactions can be summarised as follows:

	Ca' di Sola Building	Legnano Building	Opera (MI) Building
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 Euro	3 million Euro	7 million Euro
Down-payment	1,200 thousand Euro	300 thousand Euro	700 thousand Euro
Amount of the montly payment	117 thousand Euro	18 thousand Euro	72 thousand Euro
Interest rate	Euribor	Euribor 3 months	Euribor 3 months
Amount of final option	1,200 thousand Euro	300 thousand Euro	350 thousand Euro
2006 payments	1,410 thousand Euro	225 thousand Euro	895 thousand Euro
Residual value as at 31 December 2006	7.8 million Euro	2.6 million Euro	6.6 million Euro

Plant and machinery

The main investments have been made in INALCA (5,821 thousand Euro), Realfood 3 S.r.l. (1,943 thousand Euro) and Montana (1,808 thousand Euro) concerning plant and machinery used in the carrying out of the respective activities of production.

Other assets

The main investments justifying the increase as compared to 31 December 2005 have been made by Interjet, and refer to the purchase via a lease of an aircraft to replace the one sold during 2005.
A summary of the transaction is given below.

	Airplane
Commencement of the lease term	1-02-2006
Duration finance lease	60 months
Nr. of lease payments	59 months
Value of the leased asset	9.7 thousand Euro
Initial payment at the sign of the contract	922 thousand Euro
Amount of the montly payment	146 thousand Euro
Interest rate	Euribor 3 months
Amount of final option	972 thousand Euro
2006 payments	1,605 thousand Euro
Residual value as at 31 December 2006	7.4 million Euro

Fixed assets under construction and advances

Most of the increases can be accounted for as follows:

- 6,819 thousand Euro for a new McDonald's-dedicated frozen hamburger production plant and automization of the deepfreeze cell dedicated to serving the distribution platform for the subsidiary MARR S.p.A., undertaken by INALCA S.p.A.;
- 6,116 thousand Euro for down payments made for construction on a property in Tuscany where MARR will be opening a branch, and:
- 5,198 thousand Euro for building work on a distribution and production platform for McDonald's in Russia.

The non-current assets are respectively mortgaged or covered by liens for 619 million Euro and 373 million Euro, to meet the loans received.

2. Goodwill

The 19.9 million Euro increase compared to 31 December 2005 is mainly due to:

- the distribution sector's acquisition of the Prohoga (3.4 million Euro) business branch;
- the production sector's acquisition of premises by Guardamiglio, an INALCA subsidiary (151,000 Euro), and the increase in the consolidation difference of 593,000 Euro deriving from the increase in the Frimo equity investment;
- the catering sector's acquisition of the remaining 50% of Moto S.p.A. (12.6 million Euro) equity and the purchase of Rail Gourmet España S.A (3.4 million Euro).

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

(in thousands of Euros)	Balance at 31.12.2005	Change in consolidation area	Purchases	Decreases	Other	Impairment test	Balance at 31.12.2006
Production - Beef	16,303		988	(4,146)		(40)	13,105
Production - Others	746			4,146			4,892
Distribution	73,048		3,490	(93)			76,445
Catering	29,080	16,113	50			(193)	45,050
Holding company and services	857	1		(210)		(246)	402
Total	**120,034**	**16,114**	**4,528**	**(303)**	**0**	**(479)**	**139,894**

Details of net assets and the main goodwill acquired during the financial year are shown in the summary tables below.

(in thousands of Euros)	Moto S.p.A.[a]	Rail Gourmet Espana	Prohoga
Prezzo pagato	14,257	3,780	200
Costi direttamente attribuibili all'aggregazione	-	-	8
Totale costo aggregazione	**14,257**	**3,780**	**208**
Fair value delle attività nette identificabili	1,649	365	(3,199)
Avviamento	**12,608**	**3,415**	**3,407**

Book values determined in conformity with the IFRS immediately prior to the combination	Moto S.p.A.[a]	Rail Gourmet Espana	Prohoga
Intangible fixed assets	4,131	141	851
Inventories	1,798	578	-
Cauzioni	2,226	111	11
Payables to employee	4,862	394	1,450
Payables to employee	2,718	9,237	-
Payables to agents	351	-	-
Payables to banks	6,265	574	-
Suppliers (accollo)	1,674	242	-
Intangible fixed assets	(2,000)	-	-
Inventories	(1,309)	-	-
Payables to employee	(394)	(8,247)	(2,217)
Payables to agents	(978)	(309)	-
Payables to banks	(13,451)	(1,699)	(2,466)
Suppliers (accollo)	(2,597)	(656)	(828)
Fair value of assets acquired, liabilities and contingent liabilities assumed	**3,297**	**365**	**(3,199)**

(a) The data refer to the company's overall financial statements whereas the equity acquisition concerned only 50% of share capital.

The Group checks 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 31.12.2005	Change in consolidation area	Purchases	Decreases	Other	Impaiment test	Balance at 31.12.2006
Patents and intellectual property rights	2,356	21	847	(2)	207	(1,228)	2,201
Concessions, licences, trademarks and similar rights	875	579	247		(21)	(238)	1,442
Fixed assets under development and advances	2,618	564	556		(2,216)		1,522
Long-term costs	2,196	319	218	(34)	(142)	(370)	2,187
Total	**8,045**	**1,483**	**1,868**	**(36)**	**(2,172)**	**(1,836)**	**7,352**

The increase in the item "Industrial property rights" is mainly attributable to the amounts paid for the purchase of company software.

Fixed assets under development and advances
The item "Non-current assets under development and advances" covers capitalization of costs for operations in progress at the close of the financial year, which will be completed in the current year and in years to come. The increase for the period is mainly due to the charges paid for taking over a commercial concern at Cagliari airport.
Noted in the decreases for the period is the reclassification of the expenses shouldered by Roadhouse S.p.A. and Moto S.p.A for upgrading of third party assets under the item "Plant and buildings".

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 equity holdings in Fernie S.r.l., in liquidation, and Inalca Brasil S.A., Global Service Logistics S.r.l., Time Vending S.r.l. and Società Agricola Bergognina S.r.l., recently acquired companies.

Equity investments in associated companies
The main value changes in associated companies refer to disposal of the equity investment in Pierre Franco Investissement S.a.s. (1,003 thousand Euro), the write-down of the equity investment in A.O. Konservni (172 thousand Euro), and the write-up of the equity investment in Fiorani & C. S.p.A. (188 thousand Euro), as an effect of the respective financial results assumed pro-quota in the consolidated financial statements.

5. Investments in other companies

For further detail on "Investments in other companies" please refer to Annex 5.

6. Non-current financial receivables

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables from associated companies		
- Prometex S.a.m.	-	60
Interest-bearing and non-interest-bearing loans to third parties	1,833	1,914
Total	**1,833**	**1,974**

The balance as at 31 December 2006, of 1,833 thousand Euro, 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

Deferred tax assets refer mainly to the tax effect (I.RE.S. and I.R.A.P.) calculated on taxed provisions, write-downs of non-current financial assets that will be tax deductible in future financial years and write-downs of non-current intangible assets.

8. Other non-current assets

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables from customers	410	530
Tax assets	3,346	4,782
Accrued income and prepaid expenses	2,096	1,831
Other receivables	2,644	1,862
Total	**8,496**	**9,005**

Tax assets

The decrease in the non-current tax assets item is mainly attributable to Quinto Valore and refers to the cashing of VAT credits requested as a refund for previous financial years.

Other non-current assets

Other non-current assets refers to 1.2 million Euro for security deposits and 1.4 million for various receivables. The increase in the balance compared to the previous financial year is attributable for 380,000 Euro to the line-by-line consolidation of Moto S.p.A, and for about 439,000 Euro of payables owed to Cremonini S.p.A. by the company acquiring the "Quinta Stagione" business branch, which shouldered Domogel S.r.l.'s debt to Cremonini S.p.A.

CURRENT ASSETS

9. Inventories

(in thousands of Euros)	31.12.2006	31.12.2005
Raw materials, secondary materials and consumables	19,928	16,538
Work in progress and semi-finished goods	3,581	3,253
Finished goods and goods for resale	211,178	188,502
Advances	307	226
Provision for write-down of inventories	(746)	(295)
Total	**234,248**	**208,224**

10. Biological assets

The amount for biological assets all refers to the valuation of the cattle owned by the Società Agricola Corticella and Guardamiglio 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 (20,853 as at 31 December 2006 compared to 17,833 of 2005).

11. Current financial receivables

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables from subsidiaries		
Montana Farm s.p.zo.o.	135	133
Zaklady Miesne Sochocin sp.z.o.o.	-	280
Receivables from associated companies		
Az. Agr. Serra della Spina S.r.l.	5	5
Buona Italia Alimentos Ltda.	40	-
Farm Service S.r.l.	345	345
Receivables from controlling companies	-	-
Other financial receivables		
Interest-bearing and non-interest-bearing loans to third parties	168	1,830
Receivables from factoring companies	-	3
Financial receivables toward minorities	1,639	1,735
Provision for bad debts	(159)	(327)
Total	**2,173**	**4,004**

The decreased balance compared to 2005 is linked mainly to the reduction in financial receivables owed by third parties to Momentum (1.0 million Euro) and Domogel (500 thousand Euro).
During the financial year a loan of 7,000 thousand Euro (interest-bearing at market rates) was issued to Cremofin. The loan, issued in January and March, was repaid in May.

12. Current trade receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	31.12.2006	31.12.2005
Receivables from customers		
Due within 12 months	410,063	405,715
Provision for bad debts	(19,802)	(23,843)
Receivables from unconsolidated subsidiaries		
Montana Farm S.p.zo.o.	353	345
Inalca Hellas e.p.e. in liquidazione	-	-
Provision for bad debts	-	(2)
Receivables from associated companies		
A.O. Konservni	5,412	6,310
Buona Italia Alimentos Ltda.	-	327
Farm Service S.r.l.	166	157
Fiorani & C. S.p.A.	267	26
Food & Co. S.r.l.	77	45
Prometex S.a.m.	33	74
Realbeef S.r.l.	22	81
Toupnot S.A.	-	96
Fondo svalutazione crediti	(1,191)	
Total	**395,400**	**389,331**

The amounts outstanding from associated companies refers mainly to trade receivables owed by INALCA's Russian subsidiary, A.O. Konservni, which produces and markets canned meats.
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)	31.12.2006	31.12.2005
Receivables for advance on direct taxes	635	14,204
Receivables for withholdings	81	47
VAT credit and other taxes requested for reimbursement	7,628	3,997
Other sundry receivables	3,068	2,669
Provision for bad debts	(381)	(302)
Total	**11,031**	**20,615**

At 31 December 2006 the Group showed a tax payable. The decreased balance compared to 31 December 2005 can be attributed to the item "Receivables for advances on direct taxes" now shown as a direct reduction of the current tax payable.

14. Cash and cash equivalents

(in thousands of Euros)	31.12.2006	31.12.2005
Cash	30,846	22,792
Checks	278	7
Bank and postal accounts	76,045	66,404
Total	**107,169**	**89,203**

15. Other current assets

(in thousands of Euros)	31.12.2006	31.12.2005
Accrued income and prepaid expenses	5,985	5,324
Other receivables		
Advances to suppliers	33,060	24,049
Receivables from insurance companies	2,661	3,155
Receivables for contributions to be collected	828	1,640
Receivables from social security institutions	1,060	1,066
Receivables from agents	1,883	1,707
Receivables from employees	589	754
Down payments	30	1,180
Guarantee deposits	298	341
Other sundry receivables	9,489	6,806
Provision for bad debts	(1,919)	(1,949)
Total	**53,964**	**44,073**

The "Advances to suppliers" refer, for 29,688 thousand Euro, 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.

"Receivables from insurance companies" include 2,214 thousand Euro for compensation requested by MARR S.p.A., regarding an accident that occurred in June 2003 at a warehouse in Aprilia (Rome). This sum, as a precautionary measure, takes into account only direct damages. It is thought, based on the opinion expressed by the company's insurance and legal advisors, and on current assessment of liability for the accident, that it should be possible to cash in the entire amount.

As far as receivables from related companies are concerned, it should be specified that other current items include 7 thousand Euro of receivables due from Le Cupole S.r.l. and 4 thousand Euro from Collizzoli S.p.A.

LIABILITIES

Shareholders' equity

As far as changes are concerned, please refer to the financial statements.

16. Share Capital

The share capital amounts to 73,746,400 thousand Euro 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
At 31 December 2006 the Parent Company held 13,131,670 treasury shares (13,045,537 at 31 December 2005).
During the 2006 financial year 86,134 shares were acquired. The amounts paid were shown directly under shareholders' equity.

Reserves
The cash flow hedge reserve 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 2006 amounted to Euro 0.0903 (Euro 0.3141 as at 31 December 2005) and was calculated on the basis of net profits of 11,627 thousand Euro divided by the weighted average number of ordinary shares in 2006, equal to 128,698,742. 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 31.12.2006		
	Capital stock and reserve	Profit/(loss)	Shareholders' equity
Parent Company's shareholders' equity and profit/(loss) for the year	**195,669**	**1,307**	**196,976**
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	(89,799)	(6,289)	(96,088)
- Pro-rata subsidiary profits (losses)		16,303	16,303
- Consolidation differences	99,125		99,125
Elimination of the effects of commercial transactions between Group companies	(148)	(866)	(1,014)
Adjustment of the financial statement of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	66,024	1,172	67,196
Total adjustments	75,202	(10,320)	85,522
Group's share of net equity and profit/(loss)	**270,871**	**11,627**	**282,498**
Minorities' share of net equity and profit/(loss)	51,676	14,512	66,188
Consolidated financial statements shareholders' equity and profit/(loss) for the year	**322,547**	**26,139**	**348,686**

Non-current liabilities

17. Non-current financial payables

(in thousands of Euros)	31.12.2006	31.12.2005
Due between 1 and 5 years		
Bonds	-	118,028
Payables to banks	244,199	129,760
Payables to other financial institutions	17,739	7,621
Total payables due between 1 and 5 years	**261,938**	**255,409**
Due beyond 5 years		
Payables to banks	97,052	86,069
Payables to other financial institutions	5,365	5,079
Total payables due beyond 5 years	**102,417**	**91,148**
Total	**364,355**	**346,557**

At 31 December 2005 the bond payables of a total of 118 million Euro were reclassified as financial payables as an effect of the early extinction of the securitization operation.

18. Liabilities from derivative instruments

The Group uses financial instruments offered by the market (including so-called "derivatives") solely with a view to optimizing debt cost and hedging interest and exchange rate fluctuations.
At 31 December 2006 several "interest rate swap" coverage contracts existed that replaced the variable-rate EURIBOR with a fixed rate. These transactions, booked using hedge accounting criteria, are the following:

- "interest rate swap" contract with Deutsche Bank for 47 million (expires 25.3.2015);
- "interest rate swap" contract with BNL for 7.8 million (expires 01.04.2012);
- "interest rate swap" contract with Cariparma e Piacenza for 18.0 million (expires 11.05.2015);
- "interest rate swap" contract with Cariparma e Piacenza for 3.9 million (expires 10.12.2011);
- "interest rate swap" contract with Carisbo (Sanpaolo IMI Group) for 4.4 million (expires 01.07.2014).

The valuation of these hedging contracts resulted in an asset of 2,339 thousand Euro which, in compliance with the IAS, was shown under shareholders' equity and booked to the income statement, neutralizing the financial effects produced by the underlying transactions.

At 31 December 2006 there were also two existing transactions on interest rates that were not booked using hedge accounting criteria. These transactions, for a net notional value of 77.5 million Euro (the net notional value does not take into account transactions cancelled over time by "unwinding" transactions, in other words for equal or minus amounts) are composed of two "interest rate swap" contracts with Cofiri SIM (now the Capitalia group), with due dates ranging from 25.03.2008 to 12.04.2008, which have made it possible to replace a variable EURIBOR rate with the US$ LIBOR rate.

Quantification of estimated losses considering a fair value calculation of the abovementioned transactions, taking into account interest rate trend forecasts, resulted in a liabilities entry of 3,272 thousand Euro at 31 December 2006 (6,112 thousand Euro at 31 December 2005).

19. Employee benefits

(in thousands of Euros)	31.12.2006	31.12.2005
Staff Severance Provision	42,184	39,978
Other benefits	81	81
Total	**42,265**	**40,059**

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

(in thousands of Euros)	31.12.2006	31.12.2005
Opening balance	39,978	37,897
Effect of the change in consolidation area	794	266
Use for the financial year	(6,287)	(4,898)
Provision for the financial year	7,776	7,275
Other changes	(77)	(562)
Closing balance	**42,184**	**39,978**

20. Provision for non-current liabilities and charges

(in thousands of Euros)	31.12.2006	31.12.2005
Provisions for taxes	117	114
Labour disputes	984	410
Minor lawsuits and disputes	919	606
Supplementary clientele severance indemnity	2,458	2,106
Provision for losses on equity investments	423	423
Provision for future risks and losses	1,078	1,596
Total	**5,979**	**5,255**

As far as MARR S.p.A. is concerned, there is a also a tax dispute pending for alleged breaches of direct taxes (1993-1999) and VAT (tax years 1998-1999) legislation. During the 2004 financial year the Rimini Provincial Tax Commission imposed tax and penalties for an overall risk of 4.7 million Euro plus interest. On 20 December 2004, MARR S.p.A. appealed against the abovementioned ruling to the Bologna Tax Commission. On 16 January 2006 the case came before Section 24 of the Emilia Romagna Regional Tax Commission.
Taking into account the grounds presented by the company in the acts relative to the case at the second instance, on 3 April 2006 the Bologna Tax Commission asked for the opinion of experts and therefore appointed a board of three specialists to express such an opinion, including that precisely on the matter under dispute. On 18 November 2006 the board of experts filed its report, concluding: "in brief, it can be said that these capital losses have the requisite of being inherent to what is objectively referable to business activity". On 15 January 2007 the case was once again heard in public and at this time the results of the report issued by the board of experts were presented. The Bologna Regional Tax Commission reformed, with its ruling no. 23/10/07 that was favourable to MARR S.p.A., the first instance ruling with reference to four observations that were the object of the dispute. However, without any motivation, it completely disregarded the conclusions reached by the technical consultants that the Commission had appointed with reference to the main observation noted as "CRC" confirming, therefore, the point that was ruled on by the first instance judges. Despite this negative result of the second instance ruling, showing that in the same instance of the procedure a good two technical consultants were perfectly in agreement with each other, prepared by four certainly authorative experts, of which a good three were appointed by the Tax Commission itself, they ruled without reservations in a sense fully favourable to MARR S.p.A. Considering that the appointed consultants had already discovered defects of legitimacy in the aforesaid ruling such as to permit the contestability before the Supreme Court of Cassation and that they considered that the latter will rule in the Company's favour arranging the complete reform of the aforesaid ruling, the directors decided not to make any provision. This was because they felt, and were supported in this view by the opinion of their advisors, that no reasonable conditions existed for concluding the probable existence of significant liabilities for the company that could be attributed to the effects of the aforementioned cases. MARR S.p.A. paid 1,678 thousand Euro on account of taxes pending judgement; the amount was classified as a tax receivables as at 31 December 2006.

21. Deferred tax liabilities

At 31 December 2006 the amount of this item, 63,851 thousand Euro, comprised 59,987 thousand Euro resulting from the application of international accounting principles, the effect of the various amounts of tax-deductible amortization and depreciation compared to that booked, the differing tax handling of leases and 3,864 thousand Euro from effects deriving from consolidation entries, deferred capital gains and other miscellaneous items.

22. Other non-current liabilities

(in thousands of Euros)	31.12.2006	31.12.2005
Accrued expenses and deferred income	1,381	1,200
Payables for acquisition of equity investments/branches of business	1,564	2,930
Payables to Social Security Institutions	3	336
Other payables	279	811
Total	**3,227**	**5,277**

Liabilities for purchase of equity investments refer mainly to acquiring the business branches of Euromercato and Superfresco in Spezzano Albanese (CS), and the Sfera business branch in Riccione (RN), with acts stipulated in 2005.

CURRENT LIABILITIES

23. Current financial payables

(in thousands of Euros)	31.12.2006	31.12.2005
Payables to unconsolidated subsidiaries		
Fernie S.r.l. in liq.	458	471
Bonds	120,829	-
Payables to banks	198,184	245,322
Payables to other financial institutions	6,390	3,533
Other payables	108	280
Closing balance	**325,969**	**249,606**

The bond payable is represented by the security issued as part of the securitization operation, which will be repaid on 24 April 2007 as a result of the early extinction.

Net Debt

As required by CONSOB recommendation no. 6064293 of 28 July 2006 shown below is the overall net financial debt and details of its chief elements.

(in thousands of Euros)	31.12.2006			31.12.2005		
	Current	Non Current	Total	Current	Non Current	Total
Financial assets held for sale	-	-	0	-	3	3
Cash and cash equivalents	-	2,339	2,339	-	-	0
Disponibilità liquide	107,169	-	107,169	89,203	-	89,203
Financial receivables	2,173	1,833	4,006	4,004	1,974	5,978
Financial receivables not Net Debt	(536)	(4,172)	(4,708)	(2,269)	(1,974)	(4,243)
Total financial assets	**108,806**	**0**	**108,806**	**90,938**	**3**	**90,941**
Bonds	(120,829)	-	(120,829)	-	(118,028)	(118,028)
Payables to banks	(198,184)	(341,250)	(539,434)	(245,323)	(215,829)	(461,152)
Payables to other financial institutions	(6,390)	(23,105)	(29,495)	(3,533)	(12,700)	(16,233)
Financial instruments / Derivatives - Liabilities	-	(3,272)	(3,272)	(1,500)	(6,112)	(7,612)
Other financial payables	(566)	-	(566)	(751)	-	(751)
Other financial payables not Net Debt	566	-	566	751	-	751
Total financial payables	**(325,403)**	**(367,627)**	**(693,030)**	**(250,356)**	**(352,669)**	**(603,025)**
Total net debt	**(216,597)**	**(367,627)**	**(584,224)**	**(159,418)**	**(352,666)**	**(512,084)**

Several loan contracts require financial covenants. The bank reserves the right to revoke the loans in the event of failure to comply with the covenants. The covenants on loans in force as at 31 December 2006, completely complied with, are listed in the following table.

(in thousands of Euros)	Efibanca (b)	Carisbo (a)	BNL (a)	San Paolo Multiborr. (a)
Amount of the loans as at 31 December 2006	26,000	20,000	80,000	94,444
Expiry date	30-06-2011	16-10-2008	16-11-2014	25-03-2015
Covenants				
Net Debt/Equity	<= 1.5	<= 2	<= 2	<= 2
Net Debt/Ebitda	<= 3.6	<= 5.5	<= 5.5	<= 5.5

(a) Compliance with covenants is verified annually on the basis of the Cremonini Group's audited consolidated financial statements, as at 31 December. No other contractual verification is envisaged during the year.
(b) Compliance with covenants is verified annually on the basis of the MARR Group's audited consolidated financial statements, as at 31 December. No other contractual verification is envisaged during the year.

24. Liabilities from derivative instruments

The amount all refers to the effects of INALCA transactions for Euro/USD exchange rate options. The notional value of the options receivable is 35.5 million Euro, whereas options payable amount to 81.5 million Euro. At 31 December 2006 the valuation of the aforementioned options did not result in the allocation of any liabilities.
These options, though allowing partial hedging of the EUR/USD exchange rate risk with regard to receivables from the Company's exports in US dollars do not meet all the conditions envisaged for hedge accounting financial instruments, so these are entered at fair value with income statement set-off.

25. Current taxes payable

(in thousands of Euros)	31.12.2006	31.12.2005
I.V.A.	2,584	3,547
I.R.A.P.	1,642	2,333
I.RE.S.	4,218	9,332
Withholding taxes	5,470	4,604
Substitute taxes and other taxes payable	1,482	1,463
Total	**15,396**	**21,279**

I.RA.P. and I.RE.S. payables relate to 2006 financial year taxes not yet paid at the balance sheet date.

26. Current trade payables

(in thousands of Euros)	31.12.2006	31.12.2005
Suppliers	366,316	332,769
Payables to unconsolidated subsidiaries		
Montana Farm S.p.z.o.o.	-	-
Payables to associated companies		
Farm Service S.r.l.	10	5
Fiorani & C. S.p.A.	1,264	424
Parma France S.a.s.	584	-
Parma Turc S.a.s.	877	-
Prometex S.a.m.	338	154
Realbeef S.r.l.	1,104	307
Payables to controlling companies		
Cremofin S.r.l.	-	-
Total	**370,493**	**333,659**

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 2005 is mainly attributable to the distribution sector.

27. Other current liabilities

(in thousands of Euros)	31.12.2006	31.12.2005
Accrued expenses and deferred income	1,836	5,406
Inps/Inail/Scau	5,447	6,928
Inpdai/Previndai/Fasi/Besusso	116	95
Enasarco/FIRR	589	539
Payables to other social security institutions	5,048	4,439
Other payables		
Advances and other payables to customers	6,098	7,241
Payables for employee remuneration	24,542	19,709
Payables for acquisition of equity investments	6,494	13,172
Guarantee deposits and down payments received	463	786
Payables to directors and auditors	1,196	687
Payables to agents	365	387
Other minor payables	5,627	3,392
Total	**57,821**	**62,781**

Payables to employees include current remuneration still to be paid as at 31 December 2006 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 Rail Gourmet España (2.8 million Euro), Infer S.r.l. (1,8 million Euro) and Sfera S.p.A. (1.2 million Euro). The decrease compared to 31 December 2005 can be attributed to contractual payments envisaged for As.Ca S.p.A., Sfera S.p.A. and Infer S.r.l. (merged with Cremonini S.p.A. in 2005).

Guarantees, sureties and commitments

(in thousands of Euros)	31.12.2006	31.12.2005
Direct guarantees – sureties		
- subsidiaries	175,774	214,042
- associated companies		
- affiliated companies	120	120
- other companies	107,690	107,680
	283,584	321,842
Direct guarantees – letter of comfort		
- subsidiaries	235,488	215,708
- associated companies	3,040	27,245
- affiliated companies		
- other companies	3,332	3,565
	241,860	246,518
Direct guarantees – credit mandates		
- subsidiaries	160,864	154,064
- associated companies		
- affiliated companies		
- other companies		
	160,864	154,064
Future leasing instalments		8,174
Other risks and commitments	9,026	15,264
Total guarantees, sureties and commitments	**695,334**	**745,862**

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, please refer to the paragraph "Relationships 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"
Revenue Office/VAT Office Modena	Cremonini S.p.A.	74,663	VAT for compensation
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. and other subsidiaries	9,460	Management of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Totale		**107,690**	

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 60,473 thousand Euro.

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. .

Other risks 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.	8,172
Promise of purchase of property	Roadhouse Grill Italia S.r.l.	679
Other sundry	Montana Al. S.p.A.-MARR S.p.A.	175
Total		**9,026**

The "commitments to purchase buildings" refer to potential contracts to purchase buildings required to further develop the "steakhouse" chain.

DETAILS OF THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

28. Revenues

Revenues are broken down as follows:

(in thousands of Euros)	2006	2005
Revenues from sales - Finished goods	821,137	810,462
Revenues from sales - Goods for resale	1,191,669	1,071,003
Revenues from sales - Oil	49,727	22,600
Revenues from sales - Others	42,136	21,944
Revenues from services	190,281	153,492
Advisory services to third parties	1,269	714
Rent income	6,686	5,254
Other revenues from ordinary activities	8,349	6,415
Total	**2,311,254**	**2,091,884**

Other revenues from ordinary activities

(in thousands of Euros)	2006	2005
Italy	1,769,751	1,603,006
European Union	329,421	276,854
Extra-EU countries	212,082	212,024
Total	**2,311,254**	**2,091,884**

29. Other revenues

The other revenues can be broken-down as follows:

(in thousands of Euros)	2006	2005
Contributions by suppliers and others	18,768	17,169
Operating grants	2,054	3,349
Other sundry revenues	16,765	46,070
Total	**37,587**	**66,588**

Other sundry revenues

(in thousands of Euros)	2006	2005
Rent income	465	322
Insurance reimbursements	1,501	1,891
Capital gains on disposal of capital goods	1,002	914
Other cost reimbursements	4,001	4,107
Services, consultancy and other minor revenues	9,796	38,836
Total	**16,765**	**46,070**

The item "Services, consultancy and other minor revenues" at 31 December 2005 contained the capital gain (28.7 million Euro) realised by the Group from the sale of a quota of the equity investment as part of the subsidiary MARR's IPO.

30. Costs for purchases

(in thousands of Euros)	2006	2005
Costs for purchases - Raw materials	(579,032)	(546,529)
Costs for purchases - Goods for resale	(874,638)	(779,414)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(52,339)	(51,989)
Costs for purchases - Finished goods	(21,675)	(21,700)
Costs for purchases - Oil	(47,825)	(21,847)
Costs for purchases - Stationery and printed paper	(1,658)	(1,411)
Changes in inventories of raw materials, secondary materials, consumables and goods for resale	28,661	1,207
Other costs for purchases	(68,361)	(43,299)
Total	**(1,616,867)**	**(1,464,982)**

The "Oil purchases" 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)	2006	2005
Costs for services	(326,366)	(309,860)
Costs for leases and rentals	(38,006)	(32,569)
Other operating charges	(12,220)	(12,331)
Total	**(376,592)**	**(354,760)**

Costs for services

(in thousands of Euros)	2006	2005
Energy consumption and utilities	(23,965)	(20,166)
Maintenance and repairs	(15,849)	(14,731)
Transport on sales	(59,316)	(57,080)
Commisions, commercial and distribution services	(80,643)	(77,969)
Third-party services and outsourcing	(38,987)	(38,222)
Purchasing services	(34,953)	(28,502)
Franchising	(5,097)	(5,444)
Other technical and general services	(67,556)	(67,746)
Total	**(326,366)**	**(309,860)**

The item "Other technical and general services" at 31 December 2005 included an amount of about 2.6 million Euro relative to the MARR S.p.A. listing charges.

Costs for leases and rentals

(in thousands of Euros)	2006	2005
Lease of business premises, royalties and others	(22,068)	(16,633)
Costs for leases	(154)	(234)
Leases and rentals related to real and personal property	(15,784)	(15,702)
Total	**(38,006)**	**(32,569)**

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 relationships with related companies, it should be noted that "Leases and rentals related to real and personal property" include 744 thousand Euro 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)	2006	2005
Losses on receivables	(386)	(637)
Indirect taxes and duties	(4,428)	(4,331)
Capital losses on disposal of assets	(712)	(1,179)
Contributions and membership fees	(620)	(562)
Other minor costs	(6,074)	(5,622)
Total	**(12,220)**	**(12,331)**

32. Personnel costs

(in thousands of Euros)	2006	2005
Salaries and wages	(160,833)	(142,753)
Social security contributions	(47,851)	(42,552)
Staff Severance Provision	(8,020)	(7,750)
Pension and similar provisions	(241)	162
Other personnel costs	(1,121)	(962)
Total	**(218,066)**	**(193,855)**

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 2006 the Group had 7,655 employees compared to 6,684 of 31 December 2005. The increase of 870 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, MARR, MARR Russia and Cremonini Restauration. Below is the break-down by category and average number of employees in 2006:

	Factory staff	Office staff	Managers	Total
Employees as at 31.12.2005	4,458	2,086	140	6,684
Employees as at 31.12.2006	**5,061**	**2,462**	**132**	**7,655**
Increases (decreases)	603	376	(8)	971
Average no. of employees during year 2006	**5,167**	**2,269**	**123**	**7,559**

33. Amortization, depreciation and write-downs

(in thousands of Euros)	2006	2005
Depreciation of tangible assets	(39,395)	(36,560)
Amortization of intangible assets	(1,876)	(1,929)
Other write-downs of fixed assets	(440)	(37)
Write-downs and provisions	(9,618)	(7,039)
Total	**(51,329)**	**(45,565)**

34. Financial income and charges

(in thousands of Euros)	2006	2005
Net exchange rate differences	(2,501)	5,930
Income (Charges) from management of derivatives	(1,283)	(5,353)
Net financial Income (Charges)	(28,912)	(21,441)
Total	**(32,696)**	**(20,864)**

Exchange rate differences

(in thousands of Euros)	2006	2005
Realised net exchange rate differences	404	4,227
Net exchange rates valuation differences	(4,720)	3,203
Income (Charges) manag. of derivatives on changes	1,815	(1,500)
Total	**(2,501)**	**5,930**

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)	2006	2005
Realised Income (Charges) from management of derivatives	(3,939)	(1,840)
Valuation Income (Charges) from management of derivatives	2,656	(3,513)
Total	**(1,283)**	**(5,353)**

Income of 2.7 million Euro can be attributed to the fair value valuation of derivates contracts on interest rates existing at 31 December 2006 that could not be booked with hedge accounting criteria.

Net financial Income (Charges)

(in thousands of Euros)	2006	2005
Financial Income (Charges) due to controlling companies	**75**	**6**
Financial income		
- Bank interest receivable	812	353
- Other financial income	1,438	1,134
Total financial income	**2,250**	**1,487**
Financial charges		
- Interest payable on loans	(11,678)	(8,255)
- Interest payable on factoring	(2,629)	(1,721)
- Interest payable on current accounts and others	(9,968)	(7,661)
- Other bank charges	(422)	(467)
- Interest on bonds	(4,839)	(3,345)
- Other sundry charges	(1,701)	(1,485)
Total financial charges	**(31,237)**	**(22,934)**
Total	**(28,912)**	**(21,441)**

The increase in financial charges compared to last financial year is due to interest-rate trends and the corresponding average balances. This amount was also influenced by the early extinction of the securitization transaction, which led to non-recurrent charges of 1.3 million Euro.

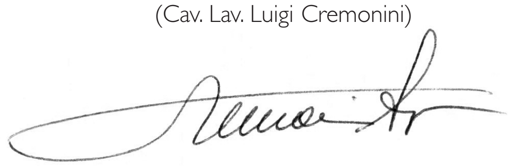
35. Income taxes

(in thousands of Euros)	2006	2005
I.RE.S.	(15,822)	(11,413)
I.R.A.P.	(10,103)	(8,333)
Net deferred tax assets/liabilities	(3,372)	(4,525)
Total	**(29,297)**	**(24,271)**

* * * * * *

Castelvetro di Modena, 27 March 2007

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 2006;
- Annex 2 - List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2006;
- Annex 3 - Statement of changes in tangible assets for the financial year ended as at 31 December 2006;
- Annex 4 - Statement of changes in intangible assets for the financial year ended as at 31 December 2006;
- Annex 5 - List of equity investments classified under financial assets as at 31 December 2006 and others;
- Annex 6 - List of equity investments in subsidiaries and associated companies as at 31 December 2006 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation.

Annex 1 – Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2006

(in thousands of Euros)	Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:			(a)			
Fernie S.r.l. in liquidation	-	-	-	458	**-**	**458**
Montana Farm S.p.zo.o.	353	-	135	-	**488**	**-**
Total subsidiaries	**353**	**-**	**135**	**458**	**488**	**458**
Associated companies:						
A.O. Konservni	5,412	-	-	-	**5,412**	**-**
Az. Agr. Serra della Spina S.r.l.	-	-	5	-	**5**	**-**
Buona Italia Alimentos Ltda.	-	-	40	-	**40**	**-**
Farm Service S.r.l.	166	10	345	-	**511**	**10**
Fiorani & C. S.r.l.	267	1,264	-	-	**267**	**1,264**
Food & Co S.r.l.	77	-	-	-	**77**	**-**
Parma France S.a.s.	-	584	-	-	**-**	**584**
Parma Turc S.a.s.	-	877	-	-	**-**	**877**
Prometex S.a.m.	33	339	-	-	**33**	**339**
Realbeef S.r.l.	22	1,104	-	-	**22**	**1,104**
Fondo svalutazione crediti	(1,191)	-	-	-	**(1,191)**	**-**
Total associated companies	**4,786**	**4,178**	**390**	**-**	**5,176**	**4,178**
Related companies:						
Collizzolli S.p.A.	-	-	4	-	**4**	**-**
Le Cupole S.r.l.	-	-	7	-	**7**	**-**
Total related companies	**-**	**-**	**11**	**-**	**11**	**-**

(a) Other receivables include receivables for dividends calculated on the distributable portion of profit for the 2006

Annex 2 - List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2006

(in thousands of Euros)	Trade		Other		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Subsidiaries:						
Fernie S.r.l. in liquidation	-	-	-	2	-	2
Inalca Brasil Comercio Ltda.	-	130	-	1	-	131
Montana Farm S.p.zo.o.	-	-	8	-	8	-
Total subsidiaries	**-**	**130**	**8**	**3**	**8**	**133**
Associated companies:						
Farm Service S.r.l.	300	54	-	-	300	54
Fiorani & C. S.r.l.	719	4,360	1,254	18	1,973	4,378
Parma France S.a.s.	-	7,447	8	-	8	7,447
Parma Turc S.a.s.	-	9,108	-	-	-	9,108
Prometex S.a.m.	11	303	-	-	11	303
Realbeef S.r.l.	86	-	25	-	111	-
Toupnot S.A.	962	-	8	-	970	-
Total associated companies	**2,078**	**21,272**	**1,295**	**18**	**3,373**	**21,290**
Controlling companies						
Cremofin S.r.l.	-	-	75	-	75	-
Total controlling companies	**-**	**-**	**75**	**-**	**75**	**-**
Related companies:						
Agricola 2000 S.r.l.	8	35	2	-	10	35
Le Cupole S.r.l.	5	744	3	5	8	749
Tre Holding S.r.l.	5	-	-	-	5	-
Total related companies	**18**	**779**	**5**	**5**	**23**	**784**

Annex 3 - Statement of changes in tangible assets for the financial year ended as at 31 December 2006

(in thousands of Euros)	Opening position		
	Initial cost	Depreciation fund	Balance at 31.12.2005
Land and buildings	436,355	(36,921)	399,434
Plant and machinery	250,180	(123,175)	127,005
Industrial and business equipment	21,198	(14,940)	6,258
Other assets	51,333	(34,601)	16,732
Fixed assets under construction and advances	14,703		14,703
Total	**773,769**	**(209,637)**	**564,132**

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 31.12.2006
762	13,904	(1,188)	7,117	(11,609)	452,182	(43,762)	408,420
246	17,128	(1,777)	2,374	(19,948)	266,236	(141,208)	125,028
590	1,742	(166)		(2,025)	22,544	(16,145)	6,399
773	16,791	(2,029)	451	(5,814)	65,567	(38,663)	26,904
698	26,007	(3,723)	(9,194)		28,491		28,491
3,069	**75,572**	**(8,883)**	**748**	**(39,396)**	**835,020**	**(239,778)**	**595,242**

Annex 4 - Statement of changes in intangible assets for the financial year ended as at 31 December 2006

(in thousands of Euros)	Opening position		
	Initial cost	Amortization fund	Balance at 31.12.2005
Patents and intellectual property rights	9,449	(7,093)	2,356
Concessions, licences, trademarks and similar rights	2,180	(1,305)	875
Fixed assets under development and advances	2,618		2,618
Other intangible assets	4,095	(1,899)	2,196
Total	**18,342**	**(10,297)**	**8,045**

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 31.12.2006
21	847	(2)	207	(1,228)	10,541	(8,340)	2,201
579	247		(21)	(238)	2,476	(1,034)	1,442
564	556		(2,216)		1,522		1,522
319	218	(34)	(142)	(370)	4,548	(2,361)	2,187
1,483	**1,868**	**(36)**	**(2,172)**	**(1,836)**	**19,087**	**(11,735)**	**7,352**

Annex 5 - List of equity investments classified under financial assets as at 31 December 2006 and others

(in thousands of Euros) Company name	Percentage	Initial value	Purchases or subscriptions
Subsidiaries:			
Fernie S.r.l. in liq.	95.00	527	
Global Service Logistics S.r.l.			100
Ibis S.p.A.	98.00	-	
Inalca Brazzaville S.ar.l.	96.00	3	
Inalca Brasil Comercio Ltda.			173
Inalca Hellas e.p.e. in liquidation	95.00	-	
Montana Farm S.p.zo.o.	100.00	-	
Società Agricola Bergognina S.r.l.			94
Time Vending S.r.l.			80
Zaklady Miesne Sochocin S.p.zo.o.	90.00	-	
Total subsidiaries		**530**	**447**
Associated companies:			
A.O. Konservni	25.00	1,844	
Az. Agr. Serra della Spina S.r.l. in liq.	33.33	10	
Buona Italia Alimentos Ltda.	49.00	-	
Consorzio I.R.I.S. a r.l.	25.00	3	
Due Effe Service S.r.l.	24.00	1	
Eurobeef S.r.l.			130
Farm Service S.r.l.	30.00	174	
Fiorani & C. S.p.A.	49.00	245	
Food & Co. S.r.l.	30.00	3	
Masofico S.A.	40.00	12	
Parma France S.a.s.	30.40	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		**3,782**	**130**
Other companies:			
Centro Agroalimentare Riminese S.p.A.		280	
Emilia Romagna Factor S.p.A.		2,091	715
Futura S.p.A.		600	
Nuova Campari S.p.A.		1,549	
Other minors		275	13
Total other companies		**4,795**	**728**
Total equity investments		**9,107**	**1,305**

(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.

Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value	Notes
			95.00	527	
			100.00	100	
			98.00	-	
		(3)	96.00	-	(b)
			99.80	173	
			95.00	-	
			100.00	-	(a)
			94.00	94	(b)
			80.00	80	(b)
			90.00	-	(b)
0	**0**	**(3)**		**974**	
	(172)		25.00	1,672	
			33.33	10	
			49.00	-	(a)
			25.00	3	
			24.00	1	
			44.40	130	
			30.00	174	
	188		49.00	433	
			30.00	3	
	(12)		40.00	-	
			30.40	404	
(1,003)				-	
			39.33	59	
			24.00	24	
(1,003)	**4**	**0**		**2,913**	
				280	
				2,806	
				600	
				1,549	
		(10)		278	
0	**0**	**(10)**		**5,513**	
(1,003)	**4**	**(13)**		**9,400**	

Annex 6 - List of equity investments in subsidiaries and associated companies as at 31 December 2006 (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 31.12.06	Shareholders' equity at 31.12.06
Companies consolidated on a line-by-line basis:				
Alisea S.c.a r.l.	Impruneta (FI)	500,000	472	1,603
As.Ca. S.p.A.	Santarcangelo di Romagna (RN)	518,000	1,170	4,677
Autoplose GmbH	Matrei (Austria)	36,336	80	608
Cons. Centro Comm. Ingrosso Carni S.r.l.	Bologna	1,500,000	231	2,962
Cremonini Restauration S.a.s.	Paris (France)	1,500,000	556	2,021
Cremonini SEC S.r.l.	Castelvetro di Modena (MO)	10,000	(4)	51
Cremonini S.p.A.	**Castelvetro di Modena (MO)**	**73,746,400**	**1,301**	**196,970**
Domogel S.r.l. in liquidation	Castelvetro di Modena (MO)	100,000	(1,487)	86
Frimo S.a.m.	Principato di Monaco	150,000	(214)	507
Ges.Car. S.r.l.	Castelvetro di Modena (MO)	330,000	12	249
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	159	321
Guardamiglio S.r.l.	Piacenza	4,135,000	(406)	9.198
INALCA S.p.A.	Castelvetro di Modena (MO)	140,000,000	(677)	173,396
Inalcammil Ltda	Luanda (Angola)	Kwanza 810,000,000	1,200	9,181
Inalca Algerie S.a r.l.	Algeri (Algeria)	DA 20,000,000	124	1,256
Inalca Brazzaville S.a r.l.	Kinshasa (Democratic Republic of Congo)	USD 3,575	149	44
Inalca Kinshasa S.p.r.l.	Kinshasa (Democratic Republic of Congo)	USD 500,000	1,861	2,441
Inter Inalca Angola Ltda.	Luanda (Angola)	Kwanza 900,000	799	1,513
Interjet S.r.l.	Castelvetro di Modena (MO)	1,550,000	(519)	1,072
In.Al.Sarda S.r.l.	Cagliari	300,000	(411)	218
Kaskad L.l.c.	Moscow (Russia)	Ruble 217,935,475	(126)	8,276
MARR Alisurgel S.r.l. in liquidation	Santarcangelo di Romagna (RN)	10,000	22	98
MARR Foodservice Iberica S.A.	Madrid (Spain)	600,000	(212)	569
MARR Russia L.l.c.	Moscow (Russia)	Ruble 100,000	619	2,862
MARR S.p.A.	Rimini	33,148,880	25,132	173,082
Momentum Services Ltd.	Birmingham (United Kingdom)	368,000	1,330	799
Montana Alimentari S.p.A.	Gazoldo degli Ippoliti (MN)	40,248,000	(264)	45,411
Moto S.p.A.	Castelvetro di Modena (MO)	4,500,000	(698)	3,478
Mutina Consulting S.r.l. in liquidation	Castelvetro di Modena (MO)	10,000	(3)	14
Quinto Valore S.c.a r.l.	Reggio Emilia	90,000	-	45
Railrest S.A.	Brussels (Belgium)	500,000	1,969	1,077
Rail Gourmet España S.A.	Madrid (Spagna)	1,892,002	89	544
Realfood 3 S.r.l.	Castelvetro di Modena (MO)	5,000,000	(259)	5,049
Roadhouse Grill Italia S.r.l.	Castelvetro di Modena (MO)	4,000,000	498	5,058
Salumi d'Emilia S.r.l.	Castelvetro di Modena (MO)	5,300,000	(391)	11,393
Sara S.r.l.	Castelvetro di Modena (MO)	100,000	-	109
Sfera S.p.A.	Santarcangelo di Romagna (RN)	220,000	661	1,019
SGD S.r.l.	Castelvetro di Modena (MO)	83,000	16	218
Società Agricola Corticella S.r.l.	Spilamberto (MO)	5,000,000	(772)	9,332
TECNO-STAR DUE S.r.l.	Formigine (MO)	10,400	44	55
Zaklady Miesne Soch. S.p.zo.o.	Warsaw (Poland)	Zloty 1,800,000	(20)	700

Control share at 31.12.06	Shareholding at 31.12.06	Consolidation method	Participants at 31.12.2006	Control share at 31.12.05	Shareholding at 31.12.2005	Notes
55.00%	31.45%	Line-by-line	MARR S.p.A.	55.00%	31.56%	
100.00%	57.19%	Line-by-line	MARR S.p.A.	100.00%	57.39%	
100.00%	100.00%	Line-by-line	Cremonini S.p.A.	50.00%	50.00%	(f)
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				
100.00%	100.00%	Line-by-line	Montana Alimentari S.p.A.	100.00%	100.00%	
74.90%	74.90%	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%	
99.90%	99.90%	Line-by-line	INALCA S.p.A.	55.00%	55.00%	(a)
55.00%	55.00%	Line-by-line	INALCA S.p.A.	55.00%	55.00%	(a)
96.00%	52.80%	Line-by-line	Inalca Kinshasa S.p.r.l.	96.00%	52.80%	
55.00%	55.00%	Line-by-line	INALCA S.p.A.	55.00%	55.00%	(a)
100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	100.00%	(a)
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 S.p.A.	100.00%	100.00%	(a)
100.00%	57.19%	Line-by-line	MARR: 97%; Sfera: 3%	100.00%	57.39%	
100.00%	57.19%	Line-by-line	MARR S.p.A.	100.00%	57.39%	
60.00%	60.00%	Line-by-line	Kaskad L.l.c.	60.00%	60.00%	(a)
57.19%	57.19%	Line-by-line	Cremonini S.p.A.	57.39%	57.39%	
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%	
100.00%	100.00%	Line-by-line	Cremonini S.p.A.	50.00%	50.00%	
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	Cremonini S.p.A.	-	-	
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%	57.19%	Line-by-line	MARR S.p.A.	100.00%	57.39%	
50.00%	50.00%	Line-by-line	Cremonini S.p.A.	50.00%	50.00%	
100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	100.00%	
60.00%	60.00%	Line-by-line	Cremonini S.p.A.	-	-	
90.00%	90.00%	Line-by-line	INALCA S.p.A.	90.00%	90.00%	

(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 31.12.06	Shareholders' equity at 31.12.06
Investments valued at equity:				
Associated companies:				
A.O. Konservni	Stavropol (Russia)	USD 1,740	(424)	3,942
Buona Italia Alimentos Ltda.	Sao Paulo (Brazil)	Reais 3,589,505	(223)	(143)
Fiorani & C. S.p.A.	Piacenza	500,000	477	1,371
Food & Co. S.r.l.	Rome	10,000	1	11
Investments valued at cost:				
Subsidiaries				
Fernie S.r.l. in liquidation	Modena	1,033,000	(15)	1,077
Global Service Logistics S.r.l.	Castelvetro di Modena (MO)	100,000	-	100
Ibis S.p.A.	Busseto (PR)	471,750	(108)	(8,973)
Inalca Brasil Comercio Ltda.	Sao Paulo (Brazil)	Reais 521,481	(11)	87
Inalca Hellas e.p.e. in liquidation	Athens (Greece)	154,600	(11)	(323)
Montana Farm S.p.zo.o.	Platyny (Poland)	Zloty 3,394,000	(85)	(423)
Società Agricola Bergognina S.r.l.	Castelvetro di Modena (MO)	100,000	-	100
Time Vending S.r.l.	Castelvetro di Modena (MO)	100,000	-	100
Associated companies:				
Due Effe Service S.r.l.	Cagliari	10,000	-	10
Consorzio IRIS a r.l.	Bolzano	10,000	(2)	20
Eurobeef S.r.l.	Rovigo	90,000	(195)	114
Farm Service S.r.l.	Reggio Emilia	500,000	233	1,060
Masofico S.A.	Nouakchott (Mauritania)	OuguiYa 9,600,000	-	-
Parma France S.a.s.	Lione (France)	1,000,000	319	1,353
Prometex S.a.m.	Principality of Monaco	150,000	4	195
Realbeef S.r.l.	Flumeri (AV)	100,000	(31)	64

NOTE
(a) Amounts shown in Euros deriving from the conversion of the original amounts in foreing currency. / (b) Data not yet available. / (c) Data refers to 31st December 2004. / (d) Data refers to 30th September 2005, last available balance sheet. / (e) To face equity deficit, risk fund has been created in liabilities. / (f) Data refer to reporting used for the consolidation as at 31.12.2006 as the company's finalcial year endes on the 30th September every year. / (g) Data refers to the last liquidation balance sheet as at 31.12.2006. / (h) Data refers to 31st July 2004, last available balance sheet.

Control share at 31.12.06	Shareholding at 31.12.06	Book value (A)	Portion of the Shareholders' Equity (B)	Difference (B) - (A)	Participants at 31.12.2006	Control share at 31.12.05	Shareholding at 31.12.05	Notes
25.00%	25.00%	1,672	985	(687)	INALCA S.p.A.	25,00%	25,00%	(a)
49.00%	49.00%	-	(70)	(70)	Montana Alimentari S.p.A.	49,00%	49,00%	(a)(e)
49.00%	49.00%	433	672	(239)	INALCA S.p.A.	49,00%	49,00%	
30.00%	30.00%	3	3	(0)	Cremonini S.p.A.	30,00%	30,00%	
95.00%	95.00%	527	1,023	496	Cremonini S.p.A.	95,00%	95,00%	
100.00%	100.00%	100	100	-	Global Service S.r.l.	-	-	
98.00%	98.00%	-	(8,794)	(8,794)	Montana Alimentari S.p.A.	98,00%	98,00%	(g)
99.81%	99.81%	173	87	(86)	INALCA S.p.A.	-	-	
95.00%	95.00%	-	(307)	(307)	INALCA S.p.A.	95,00%	95,00%	(d)
100.00%	100.00%	-	(423)	(423)	Montana Alimentari S.p.A.	100,00%	100,00%	(e)
94.00%	94.00%	94	94	0	Cremonini S.p.A.	-	-	
80.00%	80.00%	80	80	0	Cremonini S.p.A.	-	-	
24.00%	24.00%	1	2	1	INALCA S.p.A.	24,00%	24,00%	(c)
25.00%	25.00%	3	5	2	Interjet S.r.l.	25,00%	25,00%	
44.40%	44.40%	130	51	(79)	INALCA S.p.A.	95,00%	95,00%	
30.00%	30.00%	174	318	144	INALCA S.p.A.	30,00%	30,00%	
40.00%	22.88%	-	-	-	MARR S.p.A.	40,00%	22,88%	(b)
30.40%	30.40%	404	411	7	INALCA S.p.A.	30,40%	30,40%	(h)
39.33%	29.46%	59	77	18	Frimo S.a.m.	39,33%	29,46%	
24.00%	24.00%	24	15	(9)	INALCA S.p.A.	24,00%	24,00%	

STATUTORY AUDITORS' REPORT

BOARD OF STATUTORY AUDITORS' REPORT PURSUANT TO ART. 41 OF LEGISLATIVE DECREE 127/1991

(CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2006)

Cremonini S.p.A. Shareholders,

The 2006 consolidated financial statements – Balance Sheet, Income Statement and Notes to the Financial Statements – made available to you show a profit for the year of € 26,139 thousand and a Group profit of € 11,627.

The document under examination, drawn up in accordance with the international accounting standards (IFRS), was send to us together with the Directors' Report within the deadline established by law.

The Balance Sheet and Income Statement show, for comparative purposes, the figures from the previous year's consolidated financial statements.

Information on the overall situation of the companies included in the scope of the consolidation, as well as the events that characterised the operations during the year, is given in the Directors' Report and Notes to the Financial Statements together with the consolidation methods and valuation criteria.

The information supplied to the Parent Company by its subsidiaries for the preparation of the consolidated financial statements has been examined by the independent auditors of the individual companies in the scope of the audit plan prepared by the respective Boards of Directors. The Board of Statutory Auditors has therefore not audited these financial statements.

The consolidated financial statements have been audited by PricewaterhouseCoopers.

The independent auditors established from their audit that:

- the figures shown in this document correspond to the Parent Company's accounting records, the subsidiaries' financial statements prepared by the Boards of Directors for the respective Shareholders' Meetings and the information they submitted to the Parent Company;
- the determination of the scope of the consolidation and choices of the accounting standards and operating procedures adopted for the consolidation comply with the requirements of the law and the IFRS accounting rules and, therefore, the consolidated financial statements can be considered as aligned with these specific regulations.

As regards matters for which we are responsible, we note:

- that the Notes to the Financial Statements disclose the information required by arts. 38 and 39 of Legislative Decree 127/1991;
- that the Directors' Report provides the information required by art. 2428 of the Italian Civil Code, art. 40 of Legislative Decree 127/1991 and Consob's regulations and consultation and can be considered as consistent with the other results shown in the consolidated financial statements.

The Board of Statutory Auditors therefore hereby expresses its opinion that the Cremonini Group's consolidated financial statements as at 31 December 2006 correctly represent the equity and financial situation of the Parent Company and its consolidated companies.

Castelvetro di Modena, 12 April 2007

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

Alessandro Artese

Standing Auditor
(Dr. Giovanni Zanasi)

Giovanni Zanasi

Standing Auditor
(Dr. Ezio Maria Simonelli)

Ezio 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 consolidated 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 2006. These financial statements are the responsibility of Cremonini SpA's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. 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 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.

   For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 13 April 2006.

3. In our opinion, the consolidated financial statements of Cremonini SpA as of 31 December 2006 comply with International Financial Reporting Standards as adopted by the European Union and the resolutions issued in order to adopt article 9 of Law Decree n° 38/2005; 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 SpA for the year then ended.

Bologna, 12 April 2007

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".

SUMMARY OF THE RESOLUTIONS

SHAREHOLDERS' ORDINARY MEETING OF 28 APRIL 2007

By notice published in the Official Gazette of the Italian Republic - insertions page no. 35 on 24 March 2007, Shareholders were invited to attend a Shareholders' Ordinary Meeting on 28 April 2007. The meeting was regularly held on the day indicated, in Castelvetro di Modena, Via Modena no. 53, and chaired by Cavaliere del Lavoro, Luigi Cremonini.

Thirty seven shareholders, owning 83,751,842 ordinary shares, equal to 59.055% of the entire share capital, participated in the meeting.

Following the reading of the reports and Directors' proposals, the reports of the Board of Statutory Auditors and Independent Auditors, the meeting unanimously approved:
- the financial statements as at 31 December 2006 and the annual report, including therein the assignation of the dividend of € 0.080 to each individual ordinary share;
- the appointment of Reconta Ernst & Young s.p.a. as independent auditors of the financial statements, consolidated financial statements, interim report and related compliances, for the period from 2007 to 2015;
- Board of Directors authorisation for the acquisition and disposal of treasury shares; pursuant to arts. 2357 and 2357 ter of the Italian Civil Code.