FINANCIAL STATEMENTS
AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2011

Cremonini S.p.A.
Via Modena, 53
41014 Castelvetro di Modena (Mo) Italy
Share Cap. € 67,073,931.6
Modena Companies Register no. 00162810360
Modena Economic Administrative Register no 126967
Tax Code and VAT no. 00162810360

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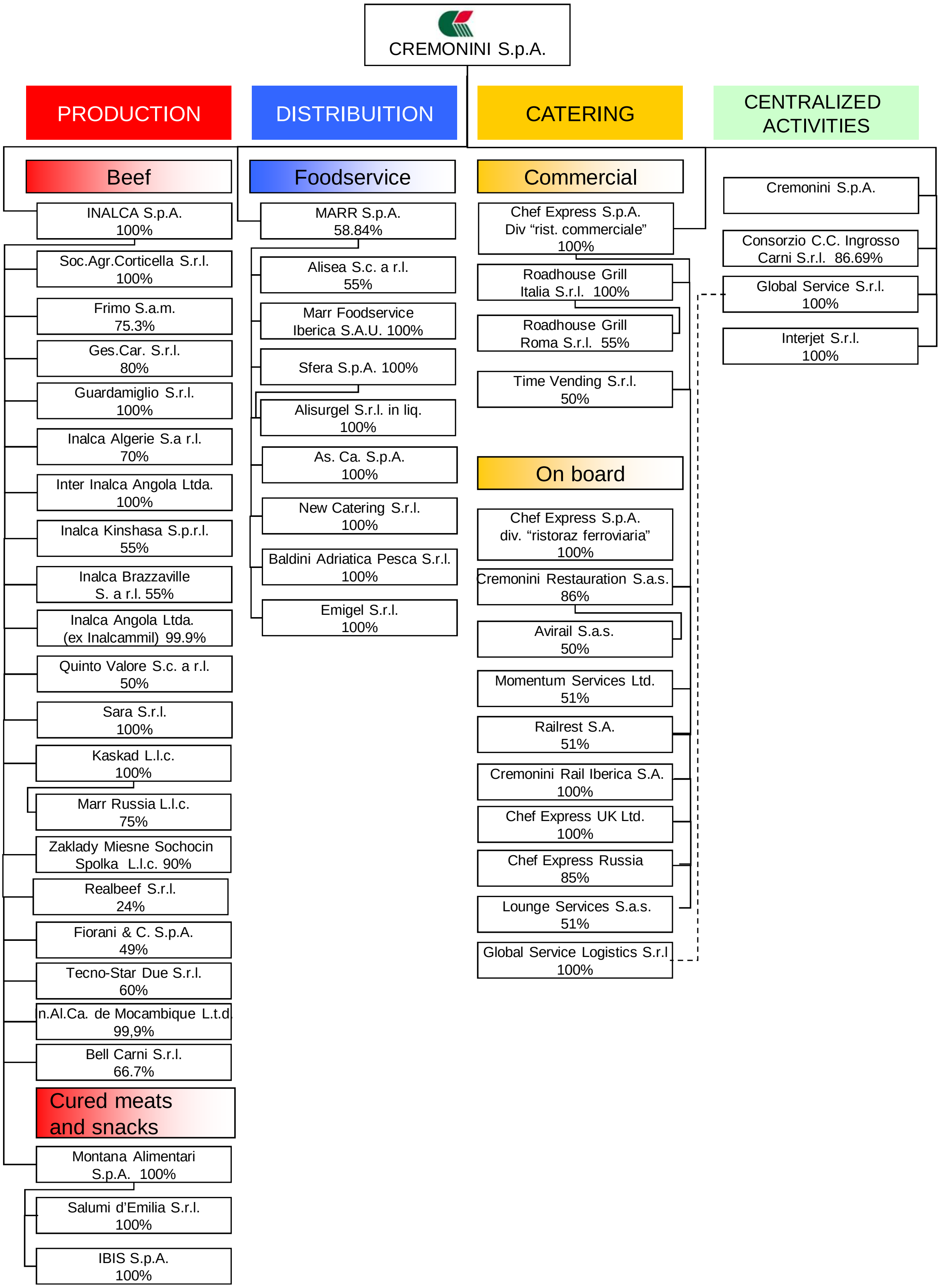
CREMONINI GROUP ORGANIZATION

SCOPE OF CONSOLIDATION AS AT 31 DECEMBER 2011



CORPORATE BODIES OF CREMONINI S.p.A.

Board of Directors

Chairman	Luigi	Cremonini
Vice Chairman	Paolo	Sciumè
Chief Executive Officer	Vincenzo	Cremonini
Directors		
	Illias	Aratri
	Paolo	Boni
	Valentino	Fabbian
	Giorgio	Pedrazzi

Board of Statutory Auditors

Chairman	Eugenio	Orienti
Statutory Auditors	Albino	Motter
	Paola	Simonelli
Alternates	Patrizia	Iotti
	Deborah	Righetti

Independent Auditors Reconta Ernst & Young S.p.A.

DIRECTORS' REPORT

Introduction

The financial statements as at 31 December 2011, pursuant to Legislative Decree No. 38 of 28 February 2005, have been prepared 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 2010 financial year

As already notified to the financial community on 4 March 2011 Cremonini S.p.A re-acquired 50% of INALCA S.p.A. from JBS S.A. via Cremonini Produzione S.p.A. (a newco 100% held by Cremonini S.p.A. subsequently merged with INALCA S.p.A.). The cost of the buyback of 218,855 thousand Euro was financed through a loan organised by a pool of six banks.

This transaction influenced the results for the financial year ended 31 December 2011 and altered the comparability with the figures for the same period of 2010. Specifically, the acquisition of the remaining 50% of the entire production sector resulted in the 100% consolidation of the sector's results commencing from March 2011 (previously 50% consolidated) and has resulted in accounting for the costs incurred for the completion of the transaction in the period, as well as the accrued interest on the loan obtained for the buyback.

Now, therefore:, in the 2011 financial year the Cremonini Group recorded revenues of 3,192.7 million Euro compared to 2,450.9 million in 2010, up by 741.8 million Euro (+30.3%). The gross operating margin amounted to 224.7 million Euro, compared to 155.4 million in 2010, up by 69.3 million (+44.6%), and the operating result amounted to 144.0 million Euro, compared to 93.1 million in 2010, up by 50.9 million (+54.7%).

The operating result from normal operations amounted to 99.0 million Euro, an improvement of 22.6 million compared to 76.4 million in 2010 (+29.6%).

The Group's share of earnings was 74.5 million Euro, an improvement of 30.6 million compared to the final figure of 43.9 million in the 2010 financial year.

Finally, the Group's share of the net profit was 50.0 million Euro compared to 21.9 million Euro in 2010, up by 28.1 million.

Instead, with the same scope of the consolidation (production sector consolidated line-by-line for the whole year), the revenues of 3,298.3 million Euro increased by 259.0 million compared to 3,039.3 million in 2010 (+8.5%), the gross operating margin that amounted to 232.1 million improves by 25.9 million compared to 206.2 of 2010 (+12.6%) and the operating result amounted to 148.0 million increased by 25.8 million compared to 122.2 million of 2010 (+21.1%).

Below is a summary of the consolidated figures for the financial year ended as at 31 December 2011, 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 income statement

(in thousands of Euros)	**Year 2011**	Year 2010	Change %
Total revenues	**3,192,681**	**2,450,882**	**30.27**
Changes in inventories of work in progress, semi-finished and finished goods	10,415	(5,504)	
Value of production	**3,203,096**	**2,445,378**	**30.99**
Cost of production	(2,571,343)	(1,924,136)	
Value added	**631,753**	**521,242**	**21.20**
Personnel costs	(407,102)	(365,860)	
Gross operating margin [a]	**224,651**	**155,382**	**44.58**
Amortization, depreciation and write-downs	(80,664)	(62,298)	
Operating income [b]	**143,987**	**93,084**	**54.69**
Net financial income (charges)	(44,956)	(16,663)	
Profit from ordinary activities	**99,031**	**76,421**	**29.59**
Net income (charges) from investments	1,600	(211)	
Net extraordinary financial income (charges)	19,060	0	
Result before taxes	**119,691**	**76,210**	**57.05**
Income taxes for the financial year	(45,175)	(32,309)	
Result before minority interests	**74,516**	**43,901**	**n.a.**
(Profit) Loss attributable to minority interests	(24,515)	(22,010)	
Net profit attributable to the Group	**50,001**	**21,891**	**n.a.**

In consideration of the significance of the buy-back of control of Inalca S.p.A. and to evidence the financial effects that such acquisition has determined, a pro-forma income statement is supplied below that shows the effects of the line-by-line consolidation of the entire production sector.

Consolidated income statement Pro-Forma (Production100%)

(in thousands of Euros)	**Year 2011**	Year 2010	Change %
Total revenues	**3,298,323**	**3,039,299**	**8.52**
Changes in inventories of work in progress, semi-finished and finished goods	8,282	(11,086)	
Value of production	**3,306,605**	**3,028,213**	**9.19**
Cost of production	(2,660,296)	(2,415,948)	
Value added	**646,309**	**612,265**	**5.56**
Personnel costs	(414,195)	(406,083)	
Gross operating margin [a]	**232,114**	**206,182**	**12.58**
Amortization, depreciation and write-downs	(84,153)	(83,981)	
Operating income [b]	**147,961**	**122,201**	**21.08**
Net financial income (charges)	(46,323)	(20,069)	
Profit from ordinary activities	**101,638**	**102,132**	**(0.48)**
Net income (charges) from investments	1,600	(356)	
Net extraordinary financial income (charges)	19,060	0	
Result before taxes	**122,298**	**101,776**	**20.16**
Income taxes for the financial year	(46,093)	(41,752)	
Result before minority interests	**76,205**	**60,024**	**26.96**
(Profit) Loss attributable to minority interests	(24,515)	(23,624)	
Net profit attributable to the Group	**51,690**	**36,400**	**42.01**

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 Group 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 the Cremonini Group 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)	**31.12.2011**	31.12.2010	Change %
Intangible assets	170,677	170,078	
Tangible assets	816,334	503,414	
Equity investments and other financial assets	19,634	14,819	
Total fixed assets	**1,006,645**	**688,311**	**46.25**
Trade net working capital			
- Trade receivables	531,610	455,845	
- Inventories	315,747	196,888	
- Trade payables	(483,017)	(370,340)	
Total trade net working capital	364,340	282,393	
Other current assets	88,271	62,847	
Other current liabilities	(107,961)	(94,654)	
Net working capital	**344,650**	**250,586**	**37.54**
Staff Severance Indemnity Provision and other medium/long-term provisions	**(119,790)**	**(67,133)**	
Net invested capital	**1,231,505**	**871,764**	**41.27**
Shareholders' Equity attributable to the Group	233,588	187,798	
Shareholders' Equity attributable to minority interests	90,744	78,751	
Total Shareholders' Equity	**324,332**	**266,549**	**21.68**
Net medium/long-term debt	527,517	328,234	
Net short-term debt	379,656	276,981	
Net debt	**907,173**	**605,215**	**49.89**
Net equity and net debt	**1,231,505**	**871,764**	**41.27**

Net consolidated debt [c]

(in thousands of Euros)	**31.12.2011**	30.09.2011	30.06.2011	31.12.2010
Payables to banks, bonds and other financial institutions				
- due within 12 months	(507,766)	(490,626)	(439,773)	(390,996)
- due between 1 and 5 years	(399,229)	(215,812)	(260,973)	(300,277)
- due beyond 5 years	(128,288)	(333,399)	(332,732)	(27,973)
Total payables to banks, bonds and other financial institutions	**(1,035,283)**	**(1,039,837)**	**(1,033,478)**	**(719,246)**
Liquidity				
- cash and cash equivalents	122,243	118,220	135,845	108,592
- other financial assets	5,867	10,768	7,423	5,439
Total liquidity	**128,110**	**128,988**	**143,268**	**114,031**
Total net debt	**(907,173)**	**(910,849)**	**(890,210)**	**(605,215)**

The Group's net debt was 907.2million Euro, up by 302.0 million compared to 605.2 million Euro at 31 December 2010.

This change mainly derives from the combined effect of the Inalca acquisition transaction that contributed 327.2 million overall (218.9 million for the cost of the Inalca buy-back and 108.3 million for the consolidation of the remaining 50% of the net debt of the entire production sector) and by the operational cash generation realised in the year. Furthermore, dividends of 21.1 million Euro were distributed and investments of 61.8 million made during the course of 2011.

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c – The Net Debt, utilized as a financial indicator of the indebtedness, is shown as a summary of the following positive and negative components of the Statement of Assets and Liabilities 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, provides support to the operational sectors, mainly services in the financial, corporate and fiscal, human resource and IT system sectors.

Breakdown of revenues by sector

(thousands Euro)	**Year 2011**	Year 2010	Change total value	Change %
Production				
Net revenues	1,260,748	589,895	670,853	113.72
Intercompany revenues	43,098	24,328		
Total revenues	1,303,846	614,223	689,623	112.28
Gross operating margin	99,594	50,822	48,772	95.97
Amortization, depreciation and write-downs	(39,156)	(21,656)	(17,500)	80.81
Operating profit (loss)	60,439	29,166	31,273	107.22
Distribution				
Net revenues	1,237,264	1,180,956	56,308	4.77
Intercompany revenues	11,912	12,031		
Total revenues	1,249,176	1,192,987	56,189	4.71
Gross operating margin	91,778	83,041	8,737	10.52
Amortization, depreciation and write-downs	(12,434)	(11,935)	(499)	4.18
Operating profit (loss)	79,344	71,106	8,238	11.59
Catering				
Net revenues	690,619	675,494	15,125	2.24
Intercompany revenues	272	267		
Total revenues	690,891	675,761	15,130	2.24
Gross operating margin	35,167	24,546	10,621	43.27
Amortization, depreciation and write-downs	(25,405)	(23,850)	(1,555)	6.52
Operating profit (loss)	9,762	696	9,066	n.a.
Holding company property and centralized activities				
Net revenues	4,049	4,538	(489)	(10.78)
Intercompany revenues	8,069	7,225		
Total revenues	12,118	11,763	355	3.02
Gross operating margin	(1,626)	(2,771)	1,145	(41.32)
Amortization, depreciation and write-downs	(3,669)	(4,857)	1,188	(24.46)
Operating profit (loss)	(5,295)	(7,628)	2,333	(30.58)
Consolidation adjustment				
Total revenues	*(63,350)*	*(43,852)*		
Gross operating margin	*(262)*	*(255)*		
Amortization, depreciation and write-downs				
Operating profit (loss)	*(262)*	*(255)*		
Total				
Total revenues	3,192,681	2,450,882	741,799	30.27
Gross operating margin	224,651	155,383	69,268	44.58
Amortization, depreciation and write-downs	(80,664)	(62,298)	(18,366)	29.48
Operating profit (loss)	143,987	93,085	50,902	54.68

Breakdown of results by sector

(thousands Euro)	**Year 2011**	Year 2010	Difference in absolute value	Chg. %
Production				
Total revenues	1,413,580	1,228,928	184,652	15.03
Gross operating margin	107,067	101,650	5,417	5.33
Amortization, depreciation and write-downs	42,645	43,339	(694)	(1.60)
Operating profit (loss)	64,422	58,311	6,111	10.48
Total				
Total revenues	3,298,323	3,039,299	259,024	8.52
Gross operating margin	232,114	206,182	25,932	12.58
Amortization, depreciation and write-downs	84,153	83,981	172	0.20
Operating profit (loss)	147,961	122,201	25,760	21.08

The Group's total revenues, compared to the 2010 financial year, increased by 741.8 million Euro (+259.0 million with the same scope of the consolidation). In detail, the Production revenues increased by 689.6 million Euro (+184.7 million Euro with the same scope of the consolidation), the Distribution revenues were up by 56.2 million, while Catering improved by 15.1 million.

The Group's gross operating margin was up by 69.3 million Euro (+25.9 million with the same scope of the consolidation), with a Production increase of 48.8 million (+5.4 million with the same scope of the consolidation), Distribution up by 8.7 million and catering down by 10.6 million.

The consolidated gross operating profit, finally, was up by 50.9 million Euro (+25.8 million Euro with the same scope of the consolidation), with Production, Distribution and catering increases respectively of 31.3 (+6.1 million Euro with the same scope of the consolidation), 8.2 million and 9.1 million.

Breakdown of revenues from sales and services by geographic area

Year 2011 - (thousands Euro)										
	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	546,578	43.8	1,123,700	93.0	323,453	47.6	2,397	100.0	1,996,128	63.6
European Union	208,579	16.7	59,973	5.0	356,337	52.4		-	624,889	19.9
Extra-EU countries	492,651	39.5	24,324	2.0	4	0.0		-	516,979	16.5
Total	1,247,808	100.0	1,207,997	100.0	679,794	100.0	2,397	100.0	3,137,996	100.0

Year 2011 Pro-forma - (thousands Euro)										
	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	651,756	48.2	1,123,625	93.0	323,453	47.6	2,233	100.0	2,101,067	64.8
European Union	208,579	15.4	59,973	5.0	356,336	52.4		-	624,888	19.3
Extra-EU countries	492,651	36.4	24,324	2.0	4	0.0		-	516,979	15.9
Total	1,352,986	100.0	1,207,922	100.0	679,793	100.0	2,233	100.0	3,242,934	100.0

Year 2010 - (thousands Euro)										
	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	314,060	53.8	1,061,668	91.9	312,888	47.1	2,812	100.0	1,691,428	70.3
European Union	88,631	15.2	67,659	5.9	351,423	52.8	0	-	507,713	21.1
Extra-EU countries	181,159	31.0	25,529	2.2	938	0.1	0	-	207,626	8.6
Total	583,850	100.0	1,154,856	100.0	665,249	100.0	2,812	100.0	2,406,767	100.0

Consolidated balance sheet by sector

As at 31 December 2011 (in thousands of Euros)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	16,933	91,835	61,340	569		170,677
Tangible assets	549,687	54,284	124,262	88,101		816,334
Equity investments and other financial assets	5,376	525	1,069	12,664		19,634
Total fixed assets	**571,996**	**146,644**	**186,671**	**101,334**	**0**	**1,006,645**
Trade net working capital						
- *Trade receivables*	132,971	361,191	45,288	7,775	(15,615)	531,610
- *Inventories*	203,898	96,040	15,766	3	40	315,747
- *Trade payables*	(171,486)	(228,071)	(95,617)	(3,174)	15,331	(483,017)
Total trade and net working capital	165,383	229,160	(34,563)	4,604	(244)	364,340
Other current assets	28,401	35,306	21,209	8,182	(4,827)	88,271
Other current liabilities	(24,160)	(15,462)	(66,802)	(6,608)	5,071	(107,961)
Net working capital	**169,624**	**249,004**	**(80,156)**	**6,178**	**0**	**344,650**
Staff Severance Indemnity Provision and other medium/long-term provisions	**(78,275)**	**(23,565)**	**(9,529)**	**(8,421)**		**(119,790)**
Net invested capital	**663,345**	**372,083**	**96,986**	**99,091**	**0**	**1,231,505**

As at 31 December 2010 (in thousands of Euros)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	12,238	92,052	65,265	523		170,078
Tangible assets	245,631	55,837	113,293	88,653		503,414
Equity investments and other financial assets	1,964	1,091	762	11,002		14,819
Total fixed assets	**259,833**	**148,980**	**179,320**	**100,178**	**0**	**688,311**
Trade net working capital						
- *Trade receivables*	66,492	343,685	53,875	3,160	(11,367)	455,845
- *Inventories*	81,128	99,464	16,270	3	23	196,888
- *Trade payables*	(71,409)	(221,294)	(85,009)	(3,834)	11,206	(370,340)
Total trade and net working capital	76,211	221,855	(14,864)	(671)	(138)	282,393
Other current assets	15,201	23,454	17,987	9,497	(3,292)	62,847
Other current liabilities	(15,691)	(14,964)	(63,642)	(3,787)	3,430	(94,654)
Net working capital	**75,721**	**230,345**	**(60,519)**	**5,039**	**0**	**250,586**
Staff Severance Indemnity Provision and other medium/long-term provisions	**(25,097)**	**(23,166)**	**(9,137)**	**(9,733)**		**(67,133)**
Net invested capital	**310,457**	**356,159**	**109,664**	**95,484**	**0**	**871,764**

Net consolidated debt broken down by sector

As at 31 December 2011 (in thousands of Euros)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(172,476)	(139,733)	(76,346)	(119,211)	(507,766)
- due between 1 and 5 years	(196,760)	(51,699)	(31,033)	(119,737)	(399,229)
- due beyond 5 years	(101,027)	(5,202)	(20,900)	(1,159)	(128,288)
Total payables to banks, bonds and other financial institutions	**(470,263)**	**(196,634)**	**(128,279)**	**(240,107)**	**(1,035,283)**
Liquidity					
- cash and cash equivalents	58,183	37,134	26,110	816	122,243
- other financial assets	2,687	1,745	363	1,072	5,867
Total liquidity	**60,870**	**38,879**	**26,473**	**1,888**	**128,110**
Securitization and internal treasury current accounts		**1,724**	**44,667**	**(46,391)**	**0**
Total net debt	**(409,393)**	**(156,031)**	**(57,139)**	**(284,610)**	**(907,173)**

As at 31 December 2010 (in thousands of Euros)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(79,400)	(110,526)	(45,687)	(155,383)	(390,996)
- due between 1 and 5 years	(40,477)	(100,281)	(25,310)	(134,209)	(300,277)
- due beyond 5 years	(1,385)	(6,789)	(18,076)	(1,723)	(27,973)
Total payables to banks, bonds and other financial institutions	**(121,262)**	**(217,596)**	**(89,073)**	**(291,315)**	**(719,246)**
Liquidity					
- cash and cash equivalents	12,565	55,476	31,365	9,186	108,592
- other financial assets	394	2,667	297	2,081	5,439
Total liquidity	**12,959**	**58,143**	**31,662**	**11,267**	**114,031**
Securitization and internal treasury current accounts		**3,098**	**(21,834)**	**18,736**	**0**
Total net debt	**(108,303)**	**(156,355)**	**(79,245)**	**(261,312)**	**(605,215)**

The operating sectors of the Group

Production

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

a) Beef and meat-based products

Companies	Business carried out
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.ar.l. Via Due Canali n.13- Reggio Emilia	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.
INALCA ANGOLA Ltda. Rua Deolinda Rodrigues n. 563 - Luanda - Angola	Food marketing.
INALCA ALGERIE S.ar.l. 08, Rue Cherif Hamani - Algeria – Algeria	Food marketing.
INTER INALCA ANGOLA Ltda. Rua Major Kayangulo n. 504 - Luanda - Angola	Food marketing.
INALCA KINSHASA S.p.r.l. Kinshasa 11eme - Rue Limete Industriel n. 112, Limete (Kinshasa) –Democratic Republic of 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. 43 121471 - Moscow - Russia	Food marketing.
INALCA BRAZZAVILLE S.ar.l. 64, Avenue de France Poto-Poto (Brazzaville) Democratic Republic of Congo	Food marketing.
ZAKLADY MIESNE SOCH. S.p.z.o.o. L.l.c. Al. Jana Pawła II n. 80, Warsaw – Poland	Dormant.
TECNO-STAR DUE S.r.l. Via Modena 53, Castelvetro di Modena (MO)	Design of buildings and plants, management of maintenance and restructuring activities.
REALBEEF S.r.l. Contrada Tierzi – Flumeri (AV)	Slaughtering, processing and marketing of beef-based products.
FIORANI & C S.p.A. Via Coppalati n.52 Piacenza	Processing and marketing of beef-based products.
INDUSTRIA ALIMENTAR CARNES DE MOCAMBIQUE L.t.d. – Avenida de Mocambique – Maputo - Mozambique	Food marketing.
BELL CARNI S.r.l. Via Eridania, 58 – Stienta (Rovigo)	Slaughtering, processing and marketing of beef-based products.

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).
IBIS S.r.l. Via Modena n. 53 - Castelvetro di Modena (MO)	Production and marketing of cured meats.
SALUMI D'EMILIA S.r.l. Via Modena n. 53 - Castelvetro di Modena (MO)	Production and marketing of cured meats.

Breakdown of revenues by activity (in thousands of Euros)	**Year 2011**	Year 2010	*Chg. %*
Beef and meat-based products	1,166,199	548,386	*112.66*
- intercompany revenues	(42,689)	(20,528)	
Net total	**1,123,510**	**527,858**	
Cured meats and gastronomy/snack food	182,266	87,483	*108.34*
- intercompany revenues	(1,930)	(1,118)	
Net total	**180,336**	**86,365**	
Total Production	**1,303,846**	**614,223**	***112.28***

The production sector revenues that amounted to 1,303.8 million Euro at 31 December 2011, increased by 614.2 million compared to 614.2 million Euro for the previous financial year.
The gross operating margin increased from 50.8 to 99.6 million Euro, up by 48.8 million and the operating profit that amounted to 29.2 million Euro was up by 31.3 million compared to 60.4 million in 2010.

With the same scope of consolidation (line-by-line consolidation of the entire sector) the 2011 revenues grew by 184.7 million (+15.0%), the gross operating margin was up by 5.4 million (+5.0%) and the operating result improved by 6.1 million (+10.5%).

<u>The beef business</u>

Despite the increase of the raw materials and energy products costs, the sector successfully achieved good results both in terms of volumes and profitability. This result, an improvement with respect to 2010, should be considered as particularly positive compared to last year that was already distinctive for the excellent results achieved.

The investments made in the last few years and the development of the foreign businesses, specifically in Angola and Russia, permitted the achievement of excellent performance in line with the growth objectives set.

On the financial front, the exchange rates trend, particularly that of the American dollar, has partially penalized the sector's results due to the strong instability of the international political and economic scenario that was influenced by extraordinary events with a sharp impact.

As far as concerns the capital expenditure the following is noted:

- the opening of logistical branches in Italy (Calabria and Puglia);
- the start up of operations at the new factory owned in Pointe Noire (Congo Republic);

- the start up of operations at the factory owned in Nathalice - Kinshasa (Democratic Congo Republic);
- the award to INALCA of the prize for environmental commitment by the Coop in relation to Ecomondo, the International Material and Energy Recovery and Sustainable Development Fair held in Rimini in 2011. The companies awarded prizes were distinctive for having adopted actions aimed at the reduction of energy consumption in line with the reduction of greenhouse gas emissions objectives endorsed by the Kyoto Protocol.

Cured meats and snacks sector

The effects of the financial crisis persist in the cured meats sector; due to the contraction of the demand there has been sharp pressure on the sale prices. This phenomenon, which has persisted for some years, has affected both the sales mix to the disadvantage of higher quality and more costly products and the distribution dynamics placing the traditional retail sector increasingly in a crisis against the discount sector.

In this scenario the companies in this sector, thanks to their good competitiveness also ensured by an efficient industrial structure, succeeded in limiting the reduction of the volumes of cured meat sales to 2.0%, maintaining a balanced performance in terms of marginality as well.

In general, the cured meats sector is characterised, on the competition plain, by a crush of small to medium and small operators, as a norm undercapitalised, which have difficulty in supporting the necessary investments to achieve the production standards required by modern distribution and resist the current tight credit squeeze.

The snack division, which showed a major increase of sales turnover in 2010, was also successful in consolidating these results in the 2011 financial year.
Development and diversification of the sales channels continues successfully through continuous expansion of the number of agents and signing of agreements with large groups belonging to the modern distribution channels.

In the canned products division, where raw materials purchase costs instead recorded sharp increases throughout the year, the revenues recorded a substantial turnover maintenance (+1.23%), even though with a generalised contraction of the market.

It is noted that, Montana S.p.A. will no longer market canned meat and meat-based deep-frozen products commencing from the month of January 2012, which is now done by INALCA S.p.A. that is in any event the producing company.

Capital expenditure in the year mainly regarded the completion of the new fast slicing plant, as well as the new end lines in the snack departments.

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 food products for foodservice operators.
ALISURGEL S.r.l. in liq. Via Giordano Bruno, 13 - Rimini	Non-operating company, now being liquidated.
MARR FOODSERVICE IBERICA S.A.U. 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.ar.l. Via Imprunetana n. 231/b, Tavarnuzze (FI)	Hospital catering.
SFERA S.p.A. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Non operating company; rental of business branch.
AS.CA. S.p.A. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen food products for foodservice operators.
NEW CATERING S.r.l. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Distribution of foodstuff products to bars and fast-food outlets.
BALDINI ADRIATICA PESCA S.r.l. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Commercialisation and distribution of fresh and frozen seafood products.
EMIGEL S.r.l. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Distribution of foodstuff products to bars and fast-food outlets.

The distribution sector showed revenues growth in the 2011 financial year that rose from 1,193.0 million Euro to 1,249.2 million, up by 56.2 million Euro (+4.,7%). The gross operating margin rose from 83.0 to 91.8 million Euro an increase of 8.7 million (+10.5%). The operating result amounted to 79.3 million Euro with respect to 71.1 million in 2010, up by 8.2 million (+11.6%).

In a still uncertain economic context and one showing signs of weak and discontinuous growth, expenditure on eating-out showed some growth in 2011 ("hotels, and meals out"):+2.0%) exceeding the overall figure (+0.7%) of the Italian household consumption (Ufficio Studi Confcommercio, March 2012).

In this context the MARR Group succeeded in 2011 in achieving the set growth objectives, thanks to its operating solidity, the flexibility of its business model, capacity to adapt its offer and improve service. The Group also archived another year of growth, thereby reinforcing its leadership in the Italian market of marketing and distribution of fresh, dehydrated and frozen food products destined for operators in eating-out catering.

In terms of categories of clientele, the "Street Market" category (restaurants and hotels not belonging to Groups or Chains), which represents over 6.1% of the turnover, registered sales of 764.8 million Euro, while sales in the "National Account" category (operators in structured commercial catering and collective catering) were 220.4 million Euro (211.6 million Euro in 2010).

Sales to the customers in the Wholesale category (wholesalers) reached 245.4 million Euro, up compared to 243.1 million in 2010.
Normal investments were made during the year, mainly on buildings, plant and machinery at the Parent Company's branches "Other assets" the purchase of vehicles and electronic machines.

Noted amongst the significant events that occurred during the year are:

- in January 2011 MARR S.p.A. was definitively awarded the Consip (Public Company for Expense Rationalisation) tender for the convention relating to the supply of food products to the Public Administrations. The convention, which has a twelve months term (renewable for a further twelve) is authorised up to a maximum expense of 34.5 million Euro and will be able to be activated by the Public Administration structures belonging to the various regions.
- in the early part of May 2011 a commercial and logistical partnership with Nizzi S.p.A. was defined. The latter company with its registered office in Assisi (Pg) has successfully operated from 1970 in the marketing of food products, mainly deep-frozen, for the Food Service sector. The agreement permits MARR to have a distribution centre of over 2,500 m^2 that significantly increases the service level in Umbria, a very interesting region for gastronomic tourism and art cities.

Catering

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

a) On-board catering

Companies	Business carried out
CHEF EXPRESS S.p.A. – Railway Division Registered and administrative offices, Via Modena n. 53 - Castelvetro di Modena (MO)	Operating, under contract, on-board railway catering in Italy.
MOMENTUM SERVICES Ltd. Parklands Court, n. 24 -Birmingham Great Park Rubery Birmingham – United Kingdom	Operating, under contract, on-board catering on the trains connecting London with Paris and Brussels through the Euro tunnel.
GLOBAL SERVICE LOGISTICS S.r.l. Via Modena n. 53 - Castelvetro di Modena (MO)	Logistics, management and handling of goods in general.
CREMONINI RESTAURATION S.a.s. 83, Rue du Charolais, Paris – France	Operating, under contract, on-board catering in France.
RAILREST S.A. Frankrijkstraat, n. 95 - Brussels - Belgium	Operating, under contract, on-board catering on Thalys high speed trains connecting Belgium with France, Holland and Germany.
CREMONINI RAIL IBERICA S.A. Camino del Pozo del TioRaymundo, n. 11 - Madrid - Spain	Operating under contract, on-board catering on the high speed trains (AVE) in Spain.
CHEF EXPRESS UK LTD. 1-3 Union Street, Kingston Upon Thames, Surrey, London – United Kingdom	Not operating
CHEF EXPRESS RUSSIA Via Riabinavaia, 43A - Moscow - Russia	Not operating
LOUNGE SERVICES S.a.s 91, Rue du Faubourg Saint-Honoré – Paris - France	Management, under concession, of the business lounge in the Eurostar waiting rooms in Paris.
AVIRAIL S.a.s. 83 rue de Charolais -Paris - France	Operating logistic services on theTgv Est and Lyria trains.

b) Commercial catering

CHEF EXPRESS 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 major 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.
ROADHOUSE GRILL ROMA S.r.l. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of steakhouses in Rome.
TIME VENDING S.r.l Via Modena n. 53 - Castelvetro di Modena (MO)	Operation of automatic distributors for drinks, cooked food and non- food products.

Breakdown of revenues by activity (in thousands of Euros)	**Year 2011**	Year 2010	*Chg. %*
On-board catering	359,081	355,921	*0.89*
- intercompany revenues			
Net total	**359,081**	**355,921**	***0.89***
Motorway catering	179,990	165,680	*8.64*
- intercompany revenues			
Net total	**179,990**	**165,680**	***8.64***
Commercial catering	151,820	154,160	*(1.52)*
- intercompany revenues			
Net total	**151,820**	**154,160**	***(1.52)***
Total Catering	**690,891**	**675,761**	***2.24***

The distribution sector showed revenues growth in the 2011 financial year, rising from 675.8 million Euro to 690.9 million, up by 15.1 million Euro (+2.2%). The gross operating margin rose from 24.5 million Euro to 35.2 million Euro, an increase of 10.6 million (+43.3%) and the operating result amounted to 9.8 million Euro, compared to 0.7 million in 2010, an increase of 9.1 million .

The growth in the sector's marginality mainly derives from the recovery of profitability registered by on-board catering in Spain, which exceptionally penalized the 2010 results of the entire sector, and from the continuous growth of the commercial catering sector, led both by the station buffets and the opening of new "Roadhouse Grill" steakhouses.

Specifically, despite the persistence of the crisis that continues to concern the Spanish market, our subsidiary recorded a 7.9 million Euro improvement of the gross operating margin compared to last year (-9.2 million in 2010 against -1.3 million in 2011) and 7.0 million Euro in the operating result (+13.8 million in 2010 against -6.7 million in 2011).

These results were obtained thanks to implementation of a series of actions directed at the reduction of operating costs and making the management of the catering, caring and logistical services more efficient.
This improvement will be more evident in the next financial year when, in addition to the actions already implemented that will fully come into effect, the further benefits deriving from the recent regulatory changes that reformed the labour market in Spain will be consolidated.

The new reform, already in effect in 2012, in fact provides greater flexibility, assistance and tax relief that will permit the company to recover efficiency in relation to personnel costs, which we remind you represent about 80% of the total costs of the company. It is also recalled that, as already noted in previous reports, as an effect of the above Cremonini Rail Iberica has commenced a dispute with RENFE for the redefinition of the contractual terms that must consider the effective reality of the market served and the different operating costs from those presented during the tender.

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

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

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

On-board catering

In the on-board sector, amongst the significant events that took place during the period we note:

- the award to the subsidiary Cremonini Restauration SaS of the international tender placed by the French SNCF railways for the management of the welcome services for the passengers and cleaning on-board the 'Lunea' night trains that connect all the major French cities. The contract, commencing in May 2011, has a term of 3 years with an extension of a maximum of 2 periods of 12 months;
- the extension to the subsidiary Cremonini Restauration SaS until 31 March 2012 of the SNCF contract for the management of all on-board services of the IDTGV trains;
- The extension to the subsidiary Momentum Services Ltd of the contract for the operation of on-board catering services on the 60 high speed trains that connect London to Paris and Brussels daily through the Eurotunnel. The existing contract, signed on 2007 with the Eurostar Group Ltd, was renewed until 31 May 2014. This is the fourth consecutive appointment that the Cremonini Group has been awarded on the English Eurostar trains after having won two international tenders, first in 2000 and the second in 2007, in addition to two subsequent renewals.

Commercial Catering

Growth in the commercial catering sector continues, led by both station buffets and the opening of new "Roadhouse Grill" steakhouses. Furthermore, motorway catering, where Chef Express is now confirmed among the main national operators, has final revenues that are down compared to the 2010 financial year due to major restructuring works on some important sales outlets, including the La Pioppa, Bologna, and Arno Ovest service areas.

We note amongst the significant events in 2011:

- the opening to the public of seven new Roadhouse Grill steakhouses, respectively in Rome (Salaria and Testaccio zones), Ravenna (Parco Giochi Mirabilandia), Bologna (San Lazzaro area), Melegnano (Mi), Turin and Grandate (Co). The seven new openings bring the current number of premises operating with the Roadhouse Grill brand to 31. The signing of further contracts for future openings of premises of the chain in Rome, San Martino Siccomario (PV), Mestre (Ve) La Spezia, Garbagnate (Mi), Lainate (Mi) and Macerata is furthermore noted.
- the opening to the public of new premises in the Trebbia Sud motorway service area, thus taking the motorway service areas now under concession to 36, and the completion of the restructuring of the Arno Ovest area;
- the inauguration of 4 new catering outlets in two distinct areas of the Milan Malpensa airport.
- the end of restructuring works and the consequent re-opening to the public of some premises in diverse commercial areas, where however we were already present, such as: L'Aquila airport, Elmas airport Cagliari, Alessandria station, "Central Forum" station, Rome Termini, Fiumicino airport Rome, Bolzano station.
- the award of a tender for management of catering services within the Alessandria Hospital. The hospitals where Chef Express will be present with its catering services rise to three with this award.
- the award of three further areas to be dedicated to catering services, of which two are within the Rome Termini railway station, and one in the Milan Centrale railway station.
- the extension in the last few days of the year for about a further 13 months for management of two premises in the Rome Fiumicino airport.

Centralized activities (holding company, property and services)

The activities carried out in this area are mainly connected to the provision of specialised services supporting 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. 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)	*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.)
CONS. CENTRO COMM. INGROSSO CARNI S.r.l. Via Fantoni n. 31, Bologna	Real estate services.

Relationships with unconsolidated subsidiaries, associated, controlling and related companies

With reference to the Group's relationships, in the 2011 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	Subsidiaries	Associated	Related
Revenues				
Trade income			2,409	
Other income		7	16	
Total revenues	**-**	**7**	**2,425**	**-**
Costs				
Trade expense			1,495	671
Other expense	10			
Total costs	**10**	**-**	**1,495**	**671**
Loans and receivables				
Trade receivables			1,243	
Other receivables			270	
Total loans and receivables	**-**	**-**	**1,513**	**-**
Loans and payables				
Trade payables			2,904	681
Other payables	1,010			
Total loans and payables	**1,010**	**-**	**2,904**	**681**

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:						
Cremofin S.r.l.	-	-	-	1,010	**-**	**1,010**
Parma Lacombe	-	681	-	-	**-**	**681**
Total related and controlling	-	681	-	1,010	**-**	**1,691**

(in thousands of Euros)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Related and controlling companies:						
Le Cupole S.r.l.		671			**-**	**671**
Cremofin S.r.l. (parent company)				10	**-**	**10**
Total related and controlling	-	671	-	10	**-**	**681**

The payables of 671 thousand Euro to Le Cupole refer to the rental of an industrial property, in Rimini, used for some time by MARR.

Investments

During the 2011 financial year the total of the net investments made was 61.8 million Euro.
It is also noted that, as already shown above, Cremonini S.p.A. reacquired 50% of Inalca S.p.A. for 218,855 thousand Euro on 4 March 2011.

The following is the detail of the net change in intangible and tangible assets in the 2011 financial year.

Net investments broken down by sector

(in thousands of Euros)	Production	Distribution	Catering	Others	**Total**
Intangibles					
Patents and intellectual property rights	341	162	328	11	**842**
Concessions, licenses, trademarks and similar rights	1	-	285	104	**390**
Intangible assets under development and advances	-	-	124	-	**124**
Other intangible assets	-	-	-	-	**0**
Total intangible assets	**342**	**162**	**737**	**115**	**1,356**
Tangibles					
Land and buildings	4,328	219	4,500	824	**9,871**
Plant and machinery	9,382	1,275	5,337	121	**16,115**
Industrial and business equipment	1,187	208	546	3	**1,944**
Other tangible assets	2,135	917	2,806	292	**6,150**
Tangible assets under development and advances	10,722	8	14,506	1,102	**26,338**
Total tangible assets	**27,754**	**2,627**	**27,695**	**2,342**	**60,418**
Total	**28,096**	**2,789**	**28,432**	**2,457**	**61,774**

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 – The sector had already commenced operations some time ago aimed at the production of energy by utilisation of the slaughtering by-products through biogas plants. Studies are still being made for the construction of electricity production plants through the rendering plant in Castelvetro and consequent utilisation of the sego tallow for energy purposes.
  Furthermore, through the subsidiary Sara, the recovery of waste of external origin coming from differentiated refuse collection, prunings and leafy branches (FORSU), was developed and commenced, guaranteeing a further source of income for the company.

- Cured meats and snack sector– Research and development directed at the Protected Geographical Identity products and chain of high qualitative and public recognisability content continues, with research of production systems, self developed, with the best qualitative and productivity standards regarding self-service products (sliced meats and portions).

- Foodservice distribution sector–The development and expansion of the own brand line of products continues.

Events occurring after the end of the 2011 financial year

The following events occurred after the financial year-end:

Production

- In the perspective of a broader reorganisation of the production and commercial activities of the sector, canned meat and meat-based frozen products, the marketing of which was done by Montana Alimentari until 31 December 2011, will be directly marketed by INALCA S.p.A. in 2012, which in any event is the producing company.

Distribution

- In January 2012 MARR S.p.A. was definitively awarded and stipulated with the Regional Intercent-ER Agency the convention for the supply of food commodities, including biological products, and non-food products to the Public Administrations of the Emilia-Romagna Region.
  The convention, which has a twelve months term (renewable for a further twelve) is authorised up to a maximum expense of 38.3 million Euro and will be able to be activated by the public administration structures belonging to the various regions.

Catering

- The opening to the public on 21 March in La Spezia of a new Roadhouse Grill steakhouse. The new opening brings the number of premises operating with the Roadhouse Grill brand to 32.
- The end of refurbishment works and the consequent re-opening to the public of the La Pioppa Est (BO) motorway service area in March 2012, The area, completely refurbished, has enlarged the catering offer with new commercial formats.

Business Outlook

The results achieved in the 2011 financial year confirm the company's good performance, although with a still weak market trend. Consistent with this positive performance, the company considers that it is able to consolidate the income results achieved for the next financial year also by pursuing development policies and cost rationalisation in the various operating sectors.

Other information

With reference to the compliance provided for in the Personal Data Protection Code mentioned in Legislative Decree 196/2003, it is noted that the policy document on security is updated based on the indications in the relative regulation.

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.

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 2011 is given in the annual report.

Main risks and uncertainties

The company is exposed to financial risks in the conduct its business, such as those described in more detail in the explanatory notes and where these mean: market risk (being the combination of the currency risk for foreign purchases of goods, interest rate and price risks), credit and liquidity risks.

If it is also considered that the company, though operating in the food sector that is characterised by substantial stability, suffers from the general conditions of the economy and is therefore exposed, although to a lesser extent compared to other sectors, to the uncertainty of the current macroeconomic picture.

In this connection, it should be mentioned that , as already shown in previous years' reports, the accentuation of the volatility of the financial markets, together with the progressive deterioration of the credit market and contraction of the income available to families, introduced a further element of uncertainty to the company's and Group's business.

As far as concerns the evolution of the Group's financial situation this depends on numerous conditions amongst which, other than achievement of the prefixed objectives in terms of management of the net commercial working capital, also the bank and monetary market trend that is again influenced by the current economic situation.

As far as concerns the specific risks and uncertainties of the business of Cremonini and the Group, reference should be made to the paragraph "provisions for non-current liabilities and charges" in the explanatory notes.

Human resources

The Cremonini Group is aware that its employees and collaborators constitute an important resource for the enterprise for achievement of the success and future of the business itself. For this reason great attention is given to the well-being of all employees and collaborators, development of training programmes for individual requirements and to favour a positive corporate climate capable of provoking a sense of belonging and commitment to the realisation of the common business objectives.
There are 12,402 employees in the 13 countries where the Group operates: the majority in the European Union (92.7%) followed by Africa (2.9%) and finally non-European Union (4.4%). In 2010, with the same scope of consolidation, the establishment instead comprised 11,079 employees.
The composition of the organisational structure based on professional stature shows 139 executives, 421 managers, 1,918 office staff and 9,924workers or seasonal employees.
Other than employees the Group also has numerous sales staff and a network of transporters who collaborate with the Group with agency and services contracts.

Training

The Group considers continuous training and learning a determining factor to increase and maintain its resources increasingly updated. For this reason it conducts periodic educational programmes orientated at the training of internal personnel and also of the sales force. In 2011 the Group promoted numerous training initiatives, with internal and external updating courses that varied according to the sector of which it formed part. Noted amongst the various initiatives undertaken are those conducted in the distribution sector, which were orientated to the training of the personnel who conduct activities that influence the quality of the products, services and processes.
The attention given to training relating to safety at work (Legislative Decree 81/08) was also prominent, with training provided on the correct use of forklift trucks in addition to courses for first aid and fire emergency employees.

The Group also promoted conventions with Universities to encourage the effecting of educational traineeships at its operating companies that often transform into open-ended employment. Cremonini also promoted, in collaboration with Universities of Modena and Reggio Emilia and the Marco Biagi foundation, conventions and master courses to favour the effecting of traineeships at its sales outlets, which in many cases are transformed into employment, and encourages research doctorates in the trade unions relations area.

Environment

In the perspective of safeguarding and respecting the environment, the Group has always been meticulous in ensuring that its companies conduct their activities with reference both to the impact of their production processes and optimization of the available resources, with a constant commitment to reduce water and energy consumption and the production of solid and liquid waste. The production sector, which is involved in transformation, has equipped its production plant with the most modern technologies available in the environmental field, specifically in the water, energy and waste sectors.
As proof of the constant commitment on the environmental front the subsidiary INALCA was awarded a prize by the Coop in relation to Ecomondo, the International Material and Energy Recovery and Sustainable Development Fair held in Rimini in 2011. The companies awarded prizes were distinctive for having adopted actions aimed at the reduction of energy consumption in line with the objectives of reduction of greenhouse gas emissions endorsed by the Kyoto Protocol.

Water

In the water consumption area, the Group has optimized the complete waste water purification and recovery cycle in its production factories by using biological systems. The efficiency indicators of the water cycle are carefully monitored in the environmental management system.

Energy

With regard to energy recovery, the Group's efforts are mainly directed at the utilisation of evolved cogeneration and thermal valorisation systems. Consistent with the new legal directives that incentivise activities regarding energy efficiency, the Group has commenced energy efficiency (TT- Energy Efficiency Certificates) projects in the production sector admissible by the AEEG (Electricity and Gas Authority).
The Group is furthermore actively committed to further innovative projects directed at the recovery and energy valorisation of its biomass concentrations and reduction of the effect of greenhouse gas emissions.

Waste

Other than the constant commitment directed at the differentiation of the waste, the Group promotes reduction of the source of waste production and their maximum reutilisation through initiatives of recovery of some typologies of waste through composting, or controlled transformation of the organic part into products for agriculture.

The Parent Company Cremonini S.p.A.

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

Income statement of the Parent Company Cremonini S.p.A.

(in thousands of Euros)	Year 2011	Year 2010	Chg. %
Total revenues	**6,534**	**6,596**	**(0.94)**
Changes in inventories of work in progress, semi-finished and finished goods			
Value of production	**6,534**	**6,596**	**(0.94)**
Cost of production	(6,478)	(7,717)	
Value added	**56**	**(1,121)**	**(105.00)**
Personnel costs	(2,235)	(2,075)	
Gross operating margin [a]	**(2,179)**	**(3,196)**	**(31.82)**
Amortization, depreciation and write-downs	(2,428)	(3,676)	
Operating income [b]	**(4,607)**	**(6,872)**	**(32.96)**
Net financial income (charges)	(10,851)	(7,507)	
Profit from ordinary activities	**(15,458)**	**(14,379)**	**n.a.**
Net income (charges) from investments	18,613	16,842	
Net extraordinary financial income (charges)	(868)		
Result before taxes	**2,287**	**2,463**	**n.a.**
Income taxes for the financial year	3,534	3,127	
Net profit	**5,821**	**5,590**	**n.a.**

Statement of Assets and Liabilities of the Parent Company Cremonini S.p.A.

(in thousands of Euros)	Year 2011	Year 2010	*Chg. %*
Intangible assets	4	3	
Tangible assets	78,631	78,178	
Equity investments and other financial assets	287,217	264,101	
Total fixed assets	**365,852**	**342,282**	*6.89*
Trade net working capital			
- *Trade receivables*	2,272	28	
- *Inventories*	-	-	
- *Trade payables*	(2,278)	(2,875)	
Total trade net working capital	(6)	(2,847)	
Other current assets	8,454	10,309	
Other current liabilities	(6,038)	(3,269)	
Net working capital	**2,410**	**4,193**	*n.a.*
Staff Severance Indemnity Provision and other medium/long-term provisions	**(7,361)**	**(8,862)**	
Net invested capital	**360,901**	**337,613**	*6.90*
Total Shareholders' Equity	**82,795**	**81,242**	*1.91*
Net medium/long-term debt	120,559	135,284	
Net short-term debt	157,547	121,087	
Net debt	**278,106**	**256,371**	*8.48*
Net equity and net debt	**360,901**	**337,613**	*6.90*

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 Ebitda 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 or amortization 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. [c]

(in thousands of Euros)	**Year 2011**	Year 2010
Payables to banks, bonds and other financial institutions		
- due within 12 months	(115,464)	(154,595)
- due between 1 and 5 years	(120,059)	(133,561)
- due beyond 5 years	(1,161)	(1,723)
Total payables to banks, bonds and other financial institutions	**(236,684)**	**(289,879)**
Liquidity		
- cash and cash equivalents	811	9,184
- other financial assets	2,081	2,081
Total liquidity	**2,892**	**11,265**
Securitization and internal treasury current accounts	**(44,314)**	**22,243**
Total net debt	**(278,106)**	**(256,371)**

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:

Finance: management of the centralized treasury and planning of special and medium to long-term loans;

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

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" (NFC). 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.

c – The Net Debt, utilized as a financial indicator of the indebtedness, is shown as a summary of the following positive and negative components of the Statement of Assets and Liabilities 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.

(thousands Euro)	Parent Company	Subsidiaries	Associated companies	Related companies
Revenues				
Financial income		872		
Services		3,901		
Sales of goods		5		
Other income		19,844	108	
Total revenues	**-**	**24,622**	**108**	**-**
Costs				
Financial charges	10	876		
Services		602		
Purchase of goods		2		
Other charges		1,206		
Total costs	**10**	**2,686**	**-**	**-**
Receivables				
Financial		29,049		
Trade		1,774		
Other (a)		3,542		1,000
Total Receivables	**-**	**34,365**	**-**	**1,000**
Payables				
Financial	1,010	72,353		
Trade		279		
Other (a)		807		
Total Payables	**1,010**	**73,439**	**-**	**-**

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

Nature of the powers conferred on the Directors

The powers granted to the individual directors are those specified below:

- to the Chairman Mr. Luigi Cremonini, in addition to the legal representation mentioned in art. 21 of the By-laws, the necessary powers were conferred for the completion of acts relating to the company's business, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 28April 2011;
- to the Chief Executive Officer Vincenzo Cremonini, in addition to the legal representation mentioned in art.21 of the By-laws, the necessary powers were conferred for the completion of acts relating to the company's business, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 28 April 2011;

An Executive Committee and a General Manager have not been appointed in the structure of current corporate bodies.
During the financial year, both the Chairman and the Chief Executive Officers used their powers only for the normal management of the company's business, while significant transactions by typology, quality and value, were submitted to the examination of the Board of Directors.

* * * * * * * * *

Dear Shareholders,

Before concluding and requesting your decisions on this matter, we confirm that the draft financial statements for the year ended on December 2011, submitted for your examination and approval at this meeting, were prepared in compliance with prevailing legislation.

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 comments on individual items. We invite you to approve the financial statements for the year ended on 31 December 2011, together with the Directors' Report.

Furthermore, we propose the following allocation of the net profit for the year of Euro 5,820,550 to the "Undistributed profits reserve".

Castelvetro di Modena, 26 March 2012

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
Cav. Lav. Luigi Cremonini
Signed Cav. Lav. Luigi Cremonini

Cremonini S.p.A

Financial statements
as at 31 December 2011

Financial statements as at 31 December 2011

Statement of Assets and Liabilities– Assets

(Euro)	Note	**31.12.2011**	31.12.2010
Non-current assets			
Tangible assets	1	78,631,466	78,177,831
Goodwill		-	-
Other intangible assets	2	3,531	3,326
Investments in subsidiaries and associated companies	3	285,565,408	262,716,485
Investments in other companies	4	1,650,696	1,120,869
Non-current financial receivables		-	-
relating to related parties		-	-
Deferred tax assets	5	1,422,599	1,766,929
Other non-current assets	6	104,087	367,072
Total non-current assets		**367,377,787**	**344,152,512**
Current assets			
Inventories		0	0
Current financial receivables	7	32,551,591	42,617,895
relating to related parties		*32,551,591*	*42,617,895*
Current trade receivables	8	2,289,127	1,442,923
relating to related parties		*1,774,191*	*342,864*
Current tax assets	9	1,856,322	3,213,772
Financial assets held for sale	14	2,081,075	2,081,075.0
Financial instruments / Derivatives	15	-	446,690.0
Cash and cash equivalents	10	810,683	9,184,446
Other current assets	11	1,586,033	2,377,537
relating to related parties		*1,000,000*	*1,500,001*
Total current assets		**41,174,831**	**61,364,338**
Total assets		**408,552,618**	**405,516,850**

Statement of Assets and Liabilities– Liabilities

(Euro)	Note	**31.12.2011**	31.12.2010
Shareholders' Equity			
Share capital	12	67,073,932	67,073,932
Reserves	13	(41,320,789)	(40,019,732)
Retained earnings		51,221,481	48,598,571
Result for the period		5,820,550	5,589,641
Total Shareholders' Equity		**82,795,174**	**81,242,412**
Non-current liabilities			
Non-current financial payables	14	119,516,101	135,283,760
Financial instruments / Derivatives	15	1,041,515	-
Employee benefits	16	349,903	436,844
Non-current provisions for risks and charges	17	966,316	2,304,034
Deferred tax liabilities	18	6,045,076	6,121,700
Other non-current liabilities		473	473
Total non-current liabilities		**127,919,384**	**144,146,811**
Current liabilities			
Current financial payables	19	190,293,627	173,078,240
relating to related parties		*74,169,104*	*18,036,431*
Financial instruments / Derivatives	15	-	-
Current tax liabilities	20	3,937,448	1,536,278
Current trade liabilities	21	2,333,811	3,127,054
relating to related parties		*278,330*	*1,263,295*
Other current liabilities	22	1,273,174	2,386,055
relating to related parties		*0*	*1,400,000*
Total current liabilities		**197,838,060**	**180,127,627**
Total liabilities		**408,552,618**	**405,516,850**

Financial statements as at 31 December 2011

Income statement

(Euro)	Note	**31 December 2011**	31 December 2010
Revenues	23	4,791,098	4,933,443
relating to related parties		*3,903,536*	*3,984,003*
Other revenues	24	1,743,286	1,662,480
relating to related parties		*273,102*	*443,621*
Costs for purchases	25	(58,314)	(63,227)
relating to related parties		*(1,986)*	*(1,553)*
Other operating costs	26	(7,288,456)	(7,653,397)
relating to related parties		*(633,297)*	*(1,018,554)*
Personnel costs	27	(2,235,058)	(2,074,501)
Amortization and depreciation	28	(1,811,021)	(1,706,362)
Write-downs and provisions	28	(616,948)	(1,970,027)
Revenues from equity investments	29	18,613,240	16,841,590
relating to related parties		*18,501,621*	*16,747,727*
Financial (Income)/Charges	30	(10,851,396)	(7,507,352)
relating to related parties		*14,865*	*898,567*
Result before taxes		**2,286,431**	**2,462,647**
Income taxes	31	**3,534,119**	**3,126,994**
Result for the period		**5,820,550**	**5,589,641**

Other comprehensive income

(Euro)	**31 December 2011**	31 December 2010
Result for the period	**5,820,550**	**5,589,641**
Efficacious part of profits/(losses) on cash flow hedge instruments	(1,794,561)	830,288
Tax effect on comprehensive income components	493,504	(228,329)
Comprehensive Income	**4,519,493**	**6,191,600**

Statement of changes in the shareholders' equity over the financial year ended as at 31 December 2011

(Euro)	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Other riserves: Share premium reserve	Other riserves: Legal reserve	Other riserves: Merger Deficit	Other riserves: Reserve for IAS adjustments	Other riserves: Reserve for trading treasury stock	Other riserves: Cash flow hedge reserve	Other riserves: Total Reserves	Profits (Losses) carried forward	Result of the year	**Total Shareholders' Equity**
Balances at 31 December 2009	**67,073,932**	**0**	**67,073,932**	**78,279,705**	**14,749,280**	**(146,379,437)**	**12,787,578**	**0**	**(58,817)**	**(40,621,691)**	**40,917,139**	**10,648,163**	**78,017,543**
Allocation of the results for the previous year:													
- retained earnings reserve											10,648,163	(10,648,163)	**0**
- distribution of dividends											(2,966,731)		**(2,966,731)**
Consolidated comprehensive income													
- Net profit (loss) for the period												5,589,641	**5,589,641**
- Other Profits/(losses), net of taxes									601,959	**601,959**			**601,959**
Balances at 31 December 2010	**67,073,932**	**0**	**67,073,932**	**78,279,705**	**14,749,280**	**(146,379,437)**	**12,787,578**	**0**	**543,142**	**(40,019,732)**	**48,598,571**	**5,589,641**	**81,242,412**
Allocation of the results for the previous year:													
- retained earnings reserve											5,589,641	(5,589,641)	**0**
- distribution of dividends											(2,966,731)		**(2,966,731)**
Consolidated comprehensive income													
- Net profit (loss) for the period												5,820,550	**5,820,550**
- Other Profits/(losses), net of taxes									(1,301,057)	**(1,301,057)**			**(1,301,057)**
Balances at 31 December 2011	**67,073,932**	**0**	**67,073,932**	**78,279,705**	**14,749,280**	**(146,379,437)**	**12,787,578**	**0**	**(757,915)**	**(41,320,789)**	**51,221,481**	**5,820,550**	**82,795,174**

Cash flow statements for the financial years ended as at 31 December 2011 and 2010

(in thousands of Euros)	**31.12.2011**	31.12.2010
Net profit before minority interests continuing operations	**5,821**	**5,590**
Amortization and depreciation	1,811	1,706
Net change in other provisions and non-monetary income items	731	(2,837)
Reversal of the effects of non-recurring transaction	0	29
Operating cash-flow	**8,363**	**4,488**
(Increase) decrease in trade receivables	(1,646)	783
Increase (decrease) in trade payables	(597)	(2,179)
(Increase) decrease in other items of the working capital	2,846	1,506
Effects of merger	0	(14)
Change in working capital	**603**	**96**
Changes in Staff Severance Provision and other long term liabilities	(87)	(145)
CASH-FLOW FROM CONTINUING OPERATIONS	**3,058**	**(1,151)**
Net (investments) in intangible assets	(5)	0
Net (investments) in tangible assets	(2,047)	(1,186)
Change in financial assets	(24,294)	(2,279)
Effects of merger	0	(2,845)
CASH-FLOW FROM CONTINUING OPERATIONS INVESTMENTS	**(26,346)**	**(6,310)**
Cash-flow from distribution of dividends	(2,967)	(2,967)
Share capital increases, change in treasury stock and other changes	(1,301)	602
Cash-flow from (for) change in shareholders' equity	**(4,268)**	**(2,365)**
FREE - CASH FLOW	**(21,735)**	**(4,236)**
Opening net debt	(256,371)	(252,135)
Cash-flow for the year	(21,735)	(4,236)
Closing net debt	**(278,106)**	**(256,371)**
Increase (Decrease) in medium-long term borrowings	(15,768)	(110,797)
Increase (Decrease) in medium-long term liabilities for derivatives	1,042	(93)
Cash flow from (for) medium-long term financial activities	**(14,726)**	**(110,890)**
SHORT-TERM CASH FLOW FOR THE YEAR	**(36,461)**	**(115,126)**
Opening net short-term debt	(121,087)	(5,961)
Cash flow of the year	(36,461)	(115,126)
Final net short-term debt	**(157,548)**	**(121,087)**
Increase (Decrease) in short-term borrowings	28,088	116,275
Changes in securities and other financial receivables	0	0
Increase (Decrease) in short-term liabilites for derivatives	0	0
Cash flow from (for) short-term borrowings	**28,088**	**116,275**
INCREASE (DECREA.) IN CASH AND CASH EQUIVALENTS	**(8,373)**	**1,149**
Cash and cash equivalents at the beginning of the year	9,184	8,035
Cash flow of the year	(8,373)	1,149
Cash and cash equivalents at the end of the year	**811**	**9,184**

Notes to the financial statements

Form and content of the financial statements

The financial statements as at 31 December 2011 were prepared in accordance with the accounting standards 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, as adopted by Legislative Decree no. 38 of 28 February 2005, as amended, and resolutions and ordinances promulgated in implementation of art. 9 of Legislative Decree 38/2005.

The financial statements for the year were authorised for publication by the Board of Directors meeting held on 26 March 2012.

The section on "Accounting principles" illustrates the international accounting principles adopted in the preparation of the Cremonini S.p.A. balance sheet as at 31 December 2011.

As an effect of the transfer of the catering division to the subsidiary company Chef Express S.p.A. and in compliance with IFRS 5, the profits and losses of the discontinued operations are represented separately from the profits and losses of the continuing operations in the income statement for the reporting period and the comparative period of the previous year, under the line showing profit after taxation. The resulting profit and loss after taxes is shown separately in the income statement.

The Cremonini S.p.A. financial statements as at 31 December 2011 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 2011 show the figures for the financial year ended as at 31 December 2010.

The following classifications have been used:

- Statement of Assets and Liabilities for current/non-current postings;
- Income Statement by nature;
- Cash flow statement indirect method.

It is considered that these classifications provide information that better responds to representing the company's equity, economic and financial situation.

The functional and presentation currency is the Euro. With regard to the schedules contained in these financial statements, the Statement of Assets and Liabilities and Income Statement are shown in units of Euro, while the schedule of the changes of the Shareholders' Equity and Cash Flow Statement are shown in thousands of Euro. If not otherwise indicated, the tables contained in these financial statements are shown in thousands of Euro.

Changes in accounting standards

The new IFRS and IFRIC standards adopted by the EU, in force commencing from 1 January 2010, are shown below with a brief description. The adoption of these revised standards and interpretations has not had effects on the financial statements but has resulted, in some cases, in additional information only.

New accounting standards, amendments and interpretations applicable in 2011

IFRIC 14 – "Advance payments concerning an expected minimal contribution". This amendment was emanated during November 2009 by the International Financial Reporting Interpretations Committee (IFRIC) with the aim of eliminating an undesirable consequence of IFRIC 14 in cases in which entities subject to expected minimal contribution made through an advance payment of contributions by which, under specific circumstances, the entity making the advance payment would be bound to include an expenditure in its accounts. In the case in which a defined benefits plan is subject to an expected minimal contribution, the amendment to IFRIC 14 imposes that this advance payment should be dealt with as an asset, in the same way as any other advance payment. This amendment has not had any effect on these Company financial statements.

IFRIC 19 – "Extinction of financial liabilities with instruments representing capital". This interpretation was emanated during November 2009 by the International Financial Reporting Interpretations Committee (IFRIC) and provides clarifications on the accounting by the debtor of the instruments representing capital issued in order to completely or partially extinguish a financial liability following the renegotiation of the relevant conditions. This interpretation has been applicable from the first business year subsequent to 30 June 2010. This amendment has not had any effect on these Company financial statements.

IAS 24 – "Financial statements information on transactions with related parties". In November 2009, the International Accounting Standards Board (IASB) published a review of International Accounting Standard (IAS) 24 "Financial statements information on operations with related parties". The amendments introduced by the review of IAS 24 simplify the definition of a related party, simultaneously eliminating certain incoherencies and dispensing public entities from certain informative requirements concerning operations with related parties. The adoption of this amendment has not had any effect from the viewpoint of assessing the items in the financial statements.

IAS 32 – "Financial instruments: presentation and classification of securities issued". This amendment, emanated in October 2009, disciplines the accounting of the issuing of nominative securities in currencies other than that in which the issuer operates. This amendment has not been applied to these Company financial statements.

In May 2010, the IASB emanated a series of amendments to the IFRS ("Improvements") which will be applicable from 1January 2011. The following are some of those which will imply changes to the presentation, recognition and assessment of items in the financial statements, leaving aside those which only imply terminological changes.

IFRS 3 – "Business combinations": Clarifies the accounting treatment of holdings of third parties and give the right to the owners to receive a quota proportional to the net assets of the subsidiary.

IFRS 7 – "Financial instruments: additional information": accentuates the interaction of the additional qualitative and quantitative information required as regards the nature of the risks concerning financial instruments.

IAS 1 – "Presentation of financial statements": requires the reconciliation of the changes in each component of the net equity in the notes and tables of the financial statements.

The following are other changes linked to the improvement of the IFRS which had no effect on the accounting policy, financial position or performance of the Company:

IFRS 3 - "Business combinations": potential payments deriving from business combinations prior to the adoption of IFRS 3 (as amended in 2008) and payments based on shares (replaced voluntarily or not replaced) and their accounting treatment in the context of a business combination;

IAS 27 - "Consolidated and separate financial statements" - application of the transaction rules in IAS27 (reviewed in 2008) to the standards consequently modified;

IFRIC 13 - "Client loyalty marketing programmes" - in determining the fair value of premiums, an entity must consider discounts and incentives that would otherwise be offered to clients not participating in loyalty marketing programmes.

IAS 34 – "Intermediate financial statements": provides clarifications as regards the additional information to be provided in the drafting of intermediate financial statements, and to changes in the classification of financial assets and to changes in potential assets and liabilities in the interim condensed financial statements.

Accounting Standards, amendments and interpretations applicable to the financial statements for the financial years that commence after 1 January 2011

Finally, some amendments were issued that will come into force in the following financial years but for which, at the date of these financial statements, the approval by the European Union necessary for application of these has not yet been concluded.

IAS 1 – "Financial Statements Presentation – Presentation of Items of Other Comprehensive Income", aimed at changing the grouping of the other components in the statement of comprehensive income.
The change only concerns the methods of presentation and does not impact on the financial position of the Company or its results and will enter into force in business years starting on 1 July 2012 or later.

IFRS 7 – "Financial instruments: additional information", issued in October 2010 and applicable to business years starting after 1 July 2011. The changes require additional information on the financial instruments and the transactions involving the transfer of financial assets. These changes will only concern the information in the financial statements and will not impact on either the financial position of the Company of its performance.

IAS 12 – "Income tax – Recovery of the underlying assets", issued in December 2010 and applicable as of 1 January 2012, concerning the assessment of deferred taxes deriving from an ongoing asset.

IAS 19 – "Employee benefits" – the IASB has issued numerous changes to this principle; these changes will enter into force for business years starting on 1 January 2013 or later and concern the elimination of the corridor method and the concept of expected performance from the plan, in addition to simple clarifications and terminology.

IFRS 10 – "Consolidated financial statements" and IAS 27 "Separate financial statements revised in2011)". IFRS 10 replaces part of IAS 27 "Consolidated and separate financial statements" and also includes the problems raised in SIC 12 "Consolidation – Companies with specific destination". IFRS 10establishes a single model of control applicable to all companies, including those with specific destination, and will require discretional assessments to determine which are the subsidiary companies and which must be consolidated by the parent company. This principle will be applicable for business years starting on 1 January 2013 or later. Following the introduction of this new principle, IAS 27 will be limited to the accounting of subsidiary, jointly controlled and affiliate companies in the separate financial statements and will enter into force for business years starting on 1 January 2013 or later.

IAS 28 – "Investment in Associated Companies (revised in 2011)". As consequence of new IFRS 11and IFRS 12, this principle has been renamed "Investments in Associates and Joint Ventures" and describes the application of the net equity method to investments in joint venture, in addition to associated companies. The changes will enter into force for business years starting on 1 January 2013 or later.

IFRS 11 – "Joint Arrangements" – this principle replaces IAS 31 "Interest in joint ventures" and SIC 13 "Jointly-controlled Entities – non monetary contributions by venturers". IFRS 11 removes the option of accounting jointly controlled entities using proportionate consolidation but establishes the use of the net equity method. This principle is applicable to business years starting on 1 January 2013 or later.

IFRS 12 – "Disclosures of Involvement with Other Entities" – this principle includes all the dispositions concerning disclosures previously included in IAS 27 concerning the consolidated financial statements as well as all of the disclosures that were included in IAS 31 and IAS 28 concerning the shareholdings of a company in subsidiary, jointly controlled or related companies and in structured vehicles and also provides new information examples. This principle is applicable to business years starting on 1 January 2013 or later.

IFRS 13 – "Fair Value Measurement" – this principle establishes a single source of guidance in the context of the IFRS for all assessments at fair value measurements and is applicable to business years starting on 1 January 2013 or later.

The company is evaluating how to conform to these amendments, but considers that their adoption will not result in significant effects on its financial statements.

These financial statements were prepared utilising the principles and valuation criteria illustrated below:

Accounting principles

For the purposes of preparing the financial statements as at 31 December 2011, the same accounting principles and criteria used in the drawing-up of the financial statements as at 31 December 2010 were applied.
The most important accounting principles used for the preparation 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 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 the tangible asset is made up of a number of significant components, each with a different useful life, each individual component is depreciated. The depreciated 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%

An asset is eliminated from the financial statements at the time of sale or when future economic benefits are no longer anticipated from its use or disposal. Any losses or profits (calculated as the difference between the net proceeds from sale and the carrying value) are included in the income statement at the time of the aforesaid elimination.

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:

I. 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;
II. in the past, on expiry of the contract, the Group was always able to renew the licenses;
III. 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.

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.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is cancelled from the financial statements when:

I. the rights of the asset to receive financial flows are extinguished;
II. the right of the asset to receive financial flows is conserved but there is a contractual obligation to pay the total without delay to a third party;
III. the company has transferred the right to receive financial flows from the asset and (a) it has substantially transferred all the risks and benefits of ownership of the financial asset or (b) it has not substantially transferred or retained all the risks and benefits of ownership of the asset, but has transferred control thereof.

In the cases where the company has transferred the rights to receive financial flows from an asset and has not substantially transferred or retained all the risks and benefits or lost control thereof, the asset is recorded in the company's financial statements to the extent of its residual involvement in the asset itself. The residual involvement that, for example, takes the form of a guarantee on the asset transferred is valuated at the lower of the initial book value of the asset and the maximum value of the consideration that the company could be required to pay.

Losses in value of financial assets

At each reporting date, the Group assesses whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as result of one ore more events that have occurred after the initial recognition of the asset (when a "loss event" occurs) and this loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets in question that can be reliably estimated. Evidence of impairment may be represented by indicators such as financial difficulties, the incapacity to deal with the obligations undertaken, insolvency in the payment of interest or significant payments that are affecting the debtors or a group of debtors; the probability that it will enter bankruptcy or other form of financial reorganisation, and where observable data indicate that there is a measurable decrease in expected future cash flows, such as changes in context or in the economic conditions related to the obligations undertaken.
As regards the financial assets carried at amortized cost, the Group firstly assesses whether objective evidence of impairment exists for each financial asset that is individually significant, or collectively in the case of financial assets that are not individually significant. If the Group determines that there is no evidence of impairment for a financial asset evaluated individually, whether significant or not, then the asset in question is included in a group of financial assets with similar credit risk characteristics and

these are assessed collectively for impairment. The assets that are evaluated individually in terms of impairment and for which a loss in value has been recorded or continues to be recorded are not included in any collective assessments of impairment.

If there is objective evidence of an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet incurred). The present value of the cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for the measurement of any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced directly and the amount of the loss will be recognised in the income statement. The interest income continues to be accrued on the reduced carrying amount and is accrued using the interest rate used to discount the future cash flows to measures the impairment loss. The interest income is recorded as part of the financial income in the income statement. Loans and their relevant allowace are written off when there is no realistic prospect of their future recovery and all the collateral have been realised or transferred to the Group. If during a subsequent business year the amounf of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced and the allowance account is adjusted. If a future write-off is subsequently recovered, the value recovered is credited to finance costs in the income statement.

For available-for-sale financial assets, the Group assesses whether there is objective evidence that an asset or group of assets is impaired at each reporting date.

In the case of equity investments classified as available for sale, the objective evidence would include a significant or prolonged reduction in the fair value of the investment below its cost. The "Significance" is evaluated with respect to the original cost of the instrument and "prolonged effect" with respect to the (duration of the) period in which the fair value has been below the original cost. Should there be evidence of an impairment, the cumulative losses – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from the other comprehensive income and recognised in the income statement.

Losses in value of non-financial 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 written-up 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

The basic earnings per share are calculated by dividing the company's net profit by the weighted average of the ordinary shares in circulation during the financial year, excluding the treasury shares.
For the purpose of the calculation of the diluted earnings per share, the weighted average of the shares in circulation is modified assuming the conversion of all the potential shares having a dilution effect, while the company's net profit is adjusted to take into account the effects, net of taxation, of the conversion.

Employee benefits

As provided by IAS 19, the staff severance provision falls within the framework 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 is taken into account, and divided by the remaining working life of the employee.

Following the recent reform of the national legislation that regulates the staff severance indemnities for companies with more than 50 employees, the staff severance indemnities maturing from 1 January 2008are configured as a defined contribution plan, the payments for which when recorded are booked directly to the income statement as a cost. The staff severance indemnities due up to 31.12.2006 remain a defined benefits plan, without future contributions. Accordingly, its valuation is carried out by independent actuaries on the basis of the expected average residual working life of the employees only, no longer considering the remuneration that they earned over a predetermined period of service.

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.

Derecognition of financial liabilities

The cancellation from the financial statements of the financial liability takes place when the obligation underlying the liability is extinguished, annulled or discharged. In the cases where an existing financial liability is substituted by another of the same lender, on substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as an accounting cancellation of the original liability and the recording of a new liability, with the consequent booking to the income statement of any differences between the book values.

Accounting treatment of derivative contracts

Cremonini S.p.A. utilises derivative financial instruments to hedge the exposure to interest rate risk.
These derivative financial instruments are initially recorded at fair value at the date when they are stipulated; subsequently this fair value is periodically re-measured; they are booked as assets when the fair value is positive and as liabilities when negative.

The fair value of the derivative financial instruments utilised is determined with reference to the market value whenever it is possible to identify an active market for them. If, instead, the market value of a financial instrument is not easily identifiable, but can be identified for its components or a similar instrument, the market value is determined by the valuation of the individual components of the instrument or a similar instrument. Furthermore, the valuation of instruments for which it is not possible to identify an active market easily is determined by resorting to the value that arises from generally accepted valuation models and techniques, which ensure a reasonable approximation to the market 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.

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 and prepaid income taxes are calculated on the timing differences between the values of the asset and liabilities recorded in the financial statements and the corresponding values recognised for tax purposes.
Deferred taxes payable are recorded against all the taxable timing differences, with the following exceptions:

- the deferred taxes payable deriving from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, there are no effects either on the financial statements profit, or profit or loss calculated for tax purposes;
- the reversing of the taxable timing differences, associated with investments in subsidiaries, related companies and joint ventures, can be checked and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recorded against all the taxable timing differences and unutilised tax receivables and losses carried forward, to the extent where their existence is probable and adequate future tax profits will be available for the use of the deductible timing differences and tax receivables and losses carried forward, except in the case where:

- deferred tax assets associated with deductible timing differences deriving from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not influence either the result of the financial statements, or the taxable profit or loss;
- the taxable timing differences, associated with investments in subsidiaries, related companies and joint ventures and deferred tax assets, are only recorded to the extent that it is probable that the deductible timing differences will reverse and adequate future tax profits will be available for the use of the deductible timing differences.

Prepaid tax assets are recognised when their recovery is probable. Prepaid tax assets and deferred tax liabilities are classified under the non-current assets and liabilities and are offset if referred to taxes that can be offset. The balance of the compensation, if receivable, is recorded under the item "Prepaid

tax assets"; if payable under the item "Deferred tax liabilities". When the results of the transactions are recorded directly to shareholders' equity, the current taxes, prepaid tax assets and deferred tax liabilities are also booked to shareholders' equity or the comprehensive income statement consistently with recording of the element to which they refer.
Prepaid and deferred taxes are calculated on the basis of the tax rates that are expected to be applied in the year when such assets will be realised or these liabilities will be extinguished.

Translation criteria for the items in foreign currencies

Foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated to the functional currency at the date of the financial statements.

The exchange rate differences are recorded in the income statement, including the exchange rate differences realised on receipt of the receivables and payment of the payables in foreign currencies.
Non-monetary items measured at the historical cost in a foreign currency are translated using the exchange rate at the date of initial recording of the transaction. Non-monetary items recorded at their fair value in a foreign currency are translated using the exchange rate at the date of determination of such value. The profit or loss that emerges from the reconversion of non-monetary items is treated in line with the recording of the profits and losses relating to the change of the fair value of the aforesaid items (the translation differences on the items for which a change of the fair value is recorded in the comprehensive income statement or the income statement are recorded, respectively, in the comprehensive income statement or income statement).

Revenue recognition

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.

Dividends

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

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.

Main accounting judgments, estimates and assumptions 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:

- <u>Estimates adopted to evaluate the impairment of assets</u>

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".

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

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 annual rate of increase in the staff severance provision is 3%;
- the annual frequency rate of advances on post-employment benefits is envisaged as 2.5%;
- the employee turnover is 9%.

- <u>Deferred taxes</u>

The deferred tax assets are recorded against all the tax losses carried forward, to the extent that the existence of adequate future tax profits against which these losses may be utilised is probable. A significant discretional valuation is required of the directors to determine the amount of the deferred tax assets that can be booked. They must estimate the probable timing and amount of the future taxable profits as well as planning strategy for the future taxes.

- <u>Others</u>

The following elements of the financial statements are affected by management estimates and assumptions:

- inventory obsolescence;
- amortisation and depreciation;
- valuations of other assets.

Financial risk management

The principal risks identified, monitored and actively managed by Cremonini S.p.A. are the following:

- Market risks: deriving from company's exposure to the fluctuations in exchange rates and interest rates, and volatility of the prices of the products and services sold;
- Credit risk: deriving from the possibility of bankruptcy of a counterparty;
- Liquidity risk: deriving from the absence of financial resources to meet short-term financial commitments.

Cremonini S.p.A. utilises derivative financial instruments to hedge the exposure to interest rate risk. Nevertheless, in the cases in where the derivative financial instruments do not meet all the conditions provided for the accounting treatment of the hedging derivative financial instruments (hedge accounting), these are booked at the fair value with a contra entry to the income statement.

Market Risks

The market risk consists of the possibility that changes in the exchange rates, interest rates and prices of the products, can negatively influence the value of the assets, liabilities or expected cash flows.

Exchange rate risk

Cremonini S.p.A., operating mainly nationally, is marginally exposed to changes in exchange rates that therefore have little effect on the financial flows that originate from operations and loan transactions in currencies other than the European currency (Euro).
At 31 December 2011 the Parent Company did not have an exchange rate risk.

Sensitivity analysis

In consideration of the above comments, the changes in exchange rates with respect to the Euro should not have influenced Cremonini S.p.A.'s result for the period in any manner.

Interest rate risk

Cremonini S.p.A., as is evident from the net debt, is exposed to the risk of fluctuation in interest rates that affect the market value of financial assets and liabilities, and the amount of financial charges.

The medium/long-term loans are, almost totally, stipulated with variable interest rates exposing the company to the risk of a change in future cash flows while the fixed rate loans expose the company to the risk of a change of the fair value of the loans themselves. There are also some loans originally at variable interest rates for which hedging "interest rate swap" contracts were signed by means of which the variable Euribor rate was substituted with a fixed rate.

Sensitivity analysis

At 31 December 2011, a hypothetical increase of 5% in the interest rate, all other variables being equal, would have determined a higher pre-tax charge (and therefore a corresponding reduction of shareholders' equity) of about 162 thousand Euro on an annual basis (104 thousand Euro at 31 December 2010).

Credit risk

The credit risk represents the company's exposure to potential losses deriving from the counter party's failure to meet obligations assumed and is evaluated both in commercial terms, i.e., correlated to the customer typologies and to the contractual terms and concentration of the sales, and in financial terms connected to the typology of the counter parties utilised in financial transactions.

Management of trade credit is the responsibility of the Customers Office, Debt Recovery Office and Disputes Management on the basis of formalised valuation procedures for commercial partners' credit lines. This procedure permits the definition of those rules and operational mechanisms that ensure the generation of a payments flow such as to guarantee Cremonini S.p.A. customer solvability and the profitability of the relationship.

The monitoring of the customer is based on collection of data and information on the new customers (to permit a complete and correct evaluation of the risks that a new customer can contribute) and supervision of the evolution of individual credit positions. Furthermore, the receivables balance is monitored during the financial year so as to ensure that the delinquent positions are never significant.

The company's operating practices allow control of the credit risk, through a procedure that monitors the merit classes of the customers that request deferment of payments, thus limiting sales of products and/or services to customers without an adequate level of credit line and guarantees.

The credit risk is also mitigated by the fact that there are no major expositions due to a concentration of positions, in view of the multiple numbers of customers and particularly distributed turnover. With regard to the financial counterparty risk deriving from the use of liquidity, the company implements policies that limit the loan exposure with the individual financial institutions.

At the reference date of the financial statements, the maximum exposure to the credit risk is equal to the value of each category of the receivables indicated below:

(in thousands of Euros)	**31.12.2011**	31.12.2010
Current trade receivables	2,289	1,443
Other non-current assets	104	367
Other current assets	1,586	2,378
Total	**3,979**	**4,188**

Please refer to point 8 of the explanatory notes to the financial statements for information regarding the maximum exposure to credit risk.

Liquidity risk

The liquidity risk represents the risk that, due to the incapacity of raising new funds or liquidate assets in the market, the company cannot meet its payment obligations, determining an impact on the economic result in the case where the company is constricted to sustain additional costs to meet its commitments or, as an extreme consequence, a situation of insolvability that places the company's activities at risk.

Cremonini S.p.A. systematically respects the maturities of its commitments, a conduct that allows it to operate in the market with the necessary flexibility and reliability for the purpose of maintaining a correct balance between the supply and use of financial resources.

Cremonini S.p.A. manages the liquidity risk through prudent control of the necessary cash and cash equivalents for the normal conduct of operations and availability of credit lines that guarantee a satisfying level of resources sufficient to cover any financial necessities. These controls mainly take place through the constant monitoring by the centralised treasury of the receipts and payments flows of all the companies, pursuing the maintenance of a balance in terms of duration and composition of the payables. This specifically allows the monitoring of the resources flows generated and absorbed by normal operations. With regard to management of the resources absorbed by the investment activities, in general it privileges the location of sources of specific long-term loans.

The table below analyses the financial liabilities and derivative financial liabilities on the basis of the contractual maturities as at the date of the financial statements. It is noted that the amounts indicated do not reflect the book values (with the exception of the balances within 12 months, for which the book balances reflect reasonable estimates of the financial flows, given the insignificance of the discounting effect) as they are not discounted. The financial flows from variable rate loans were estimated utilising the average rate of indebtedness at the reference date of the financial statements.

(in thousands of Euros)	Within 12 months	1-5 years	Over 5 years	Total
31 December 2011				
Financial payables	190,294	118,356	1,160	309,810
Financial instruments / Derivatives	-	-	-	-
Trade Liabilities	2,334	1,041	-	3,375
	192,628	**119,397**	**1,160**	**313,185**
31 December 2010				
Financial payables	173,078	133,561	1,723	308,362
Financial instruments / Derivatives	-	-	-	-
Trade Liabilities	3,127	-	-	3,127
	176,205	**133,561**	**1,723**	**311,489**

Classes of financial instruments

The following elements are booked conforming to the accounting standards relative to financial instruments:

(in thousands of Euros)		31 December 2011		
Balance Sheet Assets		**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Other non-current receivable items		104	-	104
Current financial receivables		32,552	-	32,552
Current trade receivables		2,289	-	2,289
Current derivative financial instruments		1,856	-	1,856
Current tax receivables		-	-	-
Cash and cash equivalents		811	-	811
Financial activities available for sale		2,081	-	2,081
Other current receivable items		1,586	-	1,586
	Total	**41,279**	**-**	**41,279**
Balance Sheet Liabilities		**Other financial liabilities**	**Derivates utilised for hedg.**	**Total**
Non-current financial payables		119,516	-	119,516
Current financial payables		190,294	-	190,294
Derivative financial instruments		-	1,042	1,042
	Total	**309,810**	**1,042**	**310,851**

(in thousands of Euros)		31 December 2010		
Balance Sheet Assets		**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Other non-current receivable items		367	-	367
Current financial receivables		42,618	-	42,618
Current trade receivables		1,443	-	1,443
Current derivative financial instruments		3,214	-	3,214
Current tax receivables		-	447	447
Cash and cash equivalents		9,184	-	9,184
Financial activities available for sale		2,081	-	2,081
Other current receivable items		2,378	-	2,378
	Total	**61,285**	**447**	**61,732**
Balance Sheet Liabilities		**Other financial liabilities**	**Derivates utilised for hedg.**	**Total**
Non-current financial payables		135,284	-	135,284
Current financial payables		173,078	-	173,078
Derivative financial instruments		-	-	-
	Total	**308,362**	**-**	**308,362**

In conformity with the requirements of the changes introduced to IFRS 7 commencing from 1 January 2009, we indicate that the derivative financial instruments, constituting hedging contracts on exchange and interest rates, are classifiable as "Level 2" financial assets, as the input having a significant effect on the fair value recorded are figures directly observable on the market[1].
With regard to the "Other current and non-current assets" items, you are referred to the indications in paragraphs 6 and 11 of these explanatory notes.

[1] The company identifies as "Level 1" financial assets/liabilities those where the input has a significant effect on the fair value recorded, represented by prices quoted on an active market for assets or liabilities and as "Level 3" financial assets/liabilities those where the input is not based on observable market figures.

Capital management policy

The company's primary aim, regard capital management, is to obtain an appropriate level of own funds in relation to debt, with the purpose of maintaining equity solidity and achieve a functional debt/equity ratio for the purpose of adequate management of the financial leverage.

For the purpose of reaching these objectives, the company, in addition to pursuance of satisfying financial results and the generation of cash flows, can intervene on the dividends policy and configuration of the company's capital.

The principal indicators that the company uses for capital management are:

1) R.O.S. (Return on sales);
2) R.O.I. (Return on investments);
3) R.O.A.C.E. (Return On Average Capital Employed);
4) R.O.E. (Return on equity);
5) Net Debt / Equity;
6) Net Debt /Ebitda.

Presentation of the financial statements

The Statement of Assets and Liabilities, Income Statement and Statement of Changes in Shareholders' Equity have been drawn up in Euros, while the Financial Statements and the Explanatory Notes have been drawn up in thousands of Euro 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 statement of assets and liabilities

ASSETS

Non-current assets

Specific statements have been prepared for the two categories of non-current assets (tangible and intangible) which have been respectively attached in annex 3 and 4 that 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 31.12.2010	Purchases	Decreases	Other	Amort.	**Balance at 31.12.2011**
Land and buildings	72,825	845	(29)	2,827	(1,357)	75,111
Plant and machinery	571	66	0	12	(177)	472
Industrial and business equipment	14	2	0	0	(5)	11
Other assets	961	273	(1)	237	(267)	1,203
Fixed assets under construction and advances	3,807	1,107	(4)	(3,076)	0	1,834
Total	**78,178**	**2,293**	**(34)**	**0**	**(1,806)**	**78,631**

Land and buildings

The increase in the land and buildings item is mainly ascribable to:

- improvements made during the year to the head office in Castelvetro di Modena, for about 0.8 million Euro;
- the reclassification of 2,8 million Euro from non-current assets under development and advances to the category under examination of the investments made in a property in Castelvetro di Modena following the end of the works and obtainment of the approval for occupation thereof.

As at 31 December 2011 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	01/12/2004	01/12/2005
Duration finance lease	96 months	180 months
Nr. of lease payments	95 months	179 months
Value of the leased asset	12 million Euros	3 million Euros
Down-payment	1,200 thousand Euros	300 thousand Euros
Amount of the monthly payment	117 thousand Euros	18 thousand Euros
Interest rate	Euribor	Euribor
Amount of final option	1,200 thousand Euros	300 thousand Euros
2011 payments*	1,398 thousand Euros	238 thousand Euros
Residual value as at 31 December 2011	1,5 million Euros	1.9 million Euros

* Values inclusive of indexation differences

There are mortgages on the land and buildings, against loans obtained, amounting to 66,900 thousand Euro.

Plant and machinery

Capital expenditure has mainly regarded the purchase of specific plant for the Castelvetro di Modena headquarters.

Industrial and business equipment

The increase for the financial year is mainly ascribable to the refurbishment in progress of the area defined as "Ex Mondadori" within the complex in Via San Vincenzo in Rome.
The reduction, as previously described in the item land and buildings, is ascribable at the start of functionality of the property situated in Castelvetro.

Other assets

Specifically, the increase for the financial year refers to the purchase of furniture and fittings for 490.6 thousand Euro (237 thousand of which due to the reclassification from assets under development and advances to the category under examination, investments in the property situated in Castelvetro di Modena as mentioned above), advertising insignia for the head office for 17.7 thousand and other sundry items for 1.7 thousand.

2. Other intangible assets

(in thousands of Euros)	Balance at 31.12.2010	Purchases	Decreases	Branch Transfer	Other	Amort.	**Balance at 31.12.2011**
Patents and intellectual property rights	3	0			0	(3)	**0**
Concessions, licences, trademarks and similar rights	0	6			0	(2)	**4**
Total	**3**	**6**		**0**	**0**	**(5)**	**4**

The investment made relates to multi-year renewals of hardware licenses.

3. 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 2011, regarded:

- the payment of 12,904 thousand Euro for the future share capital increase in Chef Express S.p.A.;
- the payment of 450 thousand Euro for the future share capital increase in Global Service S.r.l.;
- the payment of 10,000 thousand Euro for the incorporation of Cremonini Produzione S.p.A., a vehicle through which the Cremonini Group reacquired the remaining 50% of the production sector. This company had been merged with INALCA S.p.A at the date of these financial statements;

- the payment of 900 thousand Euro for the future share capital increase in Interjet S.r.l.;
- The write-down of the equity investment in Global Service S.r.l. by 224 thousand Euro;
- The write-down of the equity investment in Interjet S.r.l. by 955 thousand Euro.

The excesses of the residual carrying value of the individual equity investments in subsidiaries compared to the measurement carried out with the net equity method (annexure 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 to potentiality and start-up of the industrial and commercial activities they manage.

Equity investments in associated companies

For greater detail of the "Equity investments in related companies" you are referred to Annex 5.

4. Investments in other companies

The main change involved the acquisition of an equity investment in Banco Popolare Società Cooperativa during the course of the 2011 financial for 528 thousand Euro. For greater detail of the "Equity investments in other companies" you are referred to Annex 5.

5. Deferred tax assets

Prepaid taxes amounted to 1,423 thousand Euro, and mainly refer to the tax effect (IRES and IRAP) calculated on the taxed provisions fiscally deductible in subsequent financial years.
The prepaid taxes, accounted for as it is considered that they may be recovered from future taxable income, originate from the timing differences described below:

(in thousands of euros)	**31.12.2011**		31.12.2010	
	Amount of timing differences	**Fiscal Effect**	**Amount of timing differences**	**Fiscal Effect**
Advance Taxation				
Write-down of tangible fixed assets	-		786	
Bad debt provision	3,162		3,759	
Taxed Provisions	767		1,879	
Interest payables deductable	1,042		-	
Other	204		-	
Total	**5,175**		**6,424**	
Taxable amount forIRES	**5,175**		**6,424**	
Tax Rate	27.50%		27.50%	
Advanced taxation for IRES		**1,423**		**1,767**
Taxable amount for IRAP	**0**		**0**	
Tax Rate	4.48%		4.48%	
Advanced taxation for IRAP		**0**		**0**
Total		**1,423**		**1,767**

6. Other non-current assets

(in thousands of Euros)	**31.12.2011**	31.12.2010
Tax assets	3	3
Other receivables	66	329
Accrued income and prepaid expenses	35	35
Total	**104**	**367**

Current assets

7. Current financial receivables

(in thousands of Euros)	**31.12.2011**	31.12.2010
Receivables from subsidiaries	32,552	42,618
Other financial receivables	-	-
Total	**32,552**	**42,618**

Details of the receivables from subsidiaries are given below; you are referred to Annex 1 for further details:

(in thousands of Euros)	**31.12.2011**	31.12.2010
Receivables from subsidiaries	**29,048**	**39,518**
Cons. Centro Comm. Ingrosso Carni S.r.l.	-	181
Cremonini Rail Iberica S.A.	8,644	21,855
Global Service Logistics S.r.l.	132	107
Global Service S.r.l.	515	335
Interjet S.r.l.	2,816	2,990
Roadhouse Grill Italia S.r.l.	16,941	14,050
Receivables from subsidiaries for transferred tax payables	**3,504**	**3,100**
As.Ca. S.p.A.	238	-
Baldini Adriatica Pesca S.r.l.	20	-
Chef Express S.p.A.	1,085	576
Cons. Centro Comm. Ingrosso Carni S.r.l.	-	19
Global Service Logistics S.r.l.	-	6
Marr S.p.A.	2,109	1,970
New Catering S.r.l.	52	15
Roadhouse Grill Italia S.r.l.	-	509
Sfera S.p.A.	-	5
Total	**32,552**	**42,618**

The financial receivables from subsidiaries refer to financial relationships regulated through ordinary treasury current accounts, the terms and conditions of which are aligned to the conditions normally applied by the banks. Specifically, Euribor increased by a spread that varies as a function of the indebtedness or credit position of the balances during the financial year is used as the benchmark interest rate.

8. Current trade receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	**31.12.2011**	31.12.2010
Receivables from customers	**515**	**1,100**
Due within 12 months	1,378	3,061
Provision for bad debts	(863)	(1,961)
Receivables from subsidiaries	**1,774**	**343**
Alisea S.c.a r.l.	11	10
As.Ca. S.p.A.	88	77
Chef Express S.p.A.	137	93
Corticella S.r.l.	-	3
Emigel S.r.l.	2	2
Frimo S.a.m.	35	45
Global Service S.r.l.	94	-
Ibis S.p.A.	4	-
INALCA S.p.A.	55	45
Marr S.p.A.	787	-
Montana Alimentari S.p.A	10	3
Roadhouse Grill Italia S.r.l.	486	-
Sfera S.p.A.	59	55
Tecno-Star Due S.r.l.	6	10
Receivables from associated companies	**0**	**0**
Total	**2,289**	**1,443**

The change in the bad debt provision was the following:

(in thousands of euros)	**31.12.2011**	31.12.2010
Initial balance	1,961	2,061
Utilized during the year	(1,118)	(100)
Accruals during the year	20	-
Final balance	**863**	**1,961**

Utilisation for the financial year mainly referred to the release of a provision, previously allocated, of Euro 921 thousand against a liability that did not arise.
At 31 December 2011 the trade receivables and bad debt provision were apportioned by due date as follows:

(in thousands of euros)	**31.12.2011**		31.12.2010	
	Amount	Bad Debt prov.	Amount	Bad Debt prov.
Trade receivables not overdue	58	-	1,358	(607)
Overdue up to 30 days	25	-	62	-
Overdue from 31 to 60 days	75	-	172	-
Overdue from 61 to 90 days	7	-	40	-
Overdue from 91 to 120 days	16	-	75	-
Overdue over 120 days	1,197	(863)	1,354	(1,354)
Total	**1,378**	**(863)**	**3,061**	**(1,961)**

9. Current tax assets

(in thousands of euros)	**31.12.2011**	31.12.2010
Receivables for advance on direct taxes	1,176	1,269
Receivables for withholdings	26	26
VAT credit and other taxes requested for reimbursement	361	1,616
Other sundry receivables	309	319
Provision for bad debts	(16)	(16)
Total	**1,856**	**3,214**

The reduction of the balance is all ascribable to the VAT receivables for which a reimbursement has been requested, as the company had a VAT payable in 2011.

10. Cash and cash equivalents

(in thousands of euros)	**31.12.2011**	31.12.2010
Cash	10	8
Bank and postal accounts	801	9,176
Total	**811**	**9,184**

The balance represents the cash & cash equivalents, the existence of money in circulation and securities at the year-end.
You are referred to the 2011 cash flow statement for the evolution of the cash & cash equivalents.

11. Other current assets

(in thousands of euros)	**31.12.2011**	31.12.2010
Accrued income and prepaid expenses	167	102
Other receivables		
Advances to suppliers	56	252
Receivables from social security institutions	330	517
Guarantee deposits	-	40
Other sundry receivables	3,443	3,377
Provision for bad debts	(2,410)	(1,910)
Total	**1,586**	**2,378**

The decrease of the balance is principally ascribable to the reduction of the item "Others", and is substantially ascribable to the collection of a receivable of commercial origin, for which a prudential allocation for a write-down of 500 thousand euro was made in previous financial years.

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

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

12. Share capital

The share capital as at 31 December 2011 Euro 67,073,932 is represented by 128,988,330 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 normal rights.

Treasury stock
At 31 December 2011 the Parent Company didn't hold any treasury stock.

13. 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 2010.

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.

Merger deficit
On 31.12.2008 the inverse merger between Cremonini Investimenti S.r.l. (a company through which the Cremonini S.p.A. delisting process was completed) with Cremonini S.p.A. took place. The cancellation of the carrying value of the equity investment in Cremonini S.p.A. (equal to 200,954 thousand Euro) against the shareholders' equity of Cremonini Investimenti S.r.l. (54,575 thousand Euro) generated a deficit of 146,379 thousand Euro.

Cash flow hedge reserve
The cash flow hedge reserve records the profits or losses deriving from the valuation of the financial instruments designated to hedge loans at variable interest rates.

Basic earnings per share
Basic earnings per share as at 31 December 2011 amounted to 0,0451 Euro (Euro 0,0433 as at 31 December 2010) and has been calculated on the basis of net profits of Euro 5,820,550 thousand divided by the weighted average number of ordinary shares in 2011 equal to 128,988,330.

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

Non-current liabilities

14. Non-current financial payables

(in thousands of euros)	**31.12.2011**	31.12.2010
Due between 1 and 5 years		
Payables to banks	117,514	131,374
Payables to other financial institutions	842	2,187
Total payables due between 1 and 5 years	**118,356**	**133,561**
Due beyond 5 years		
Payables to banks	324	474
Payables to other financial institutions	836	1,249
Total payables due beyond 5 years	**1,160**	**1,723**
Total	**119,516**	**135,284**

The breakdown of payables to banks, with the indication of the interest rates applied, is shown below:

(in thousands of Euros)	Credit line	Interest Rate	Current	Between 1 and 5 years	Beyond 5 years	**Total 31.12.2011**
Overdraft	12,660	Euribor 3 months+spread	1,360	-	-	1,360
Hot Money	61,686	Euribor 3 months+spread	42,858	-	-	42,858
Mortgages		Euribor 6 months+spread	70,148	117,514	324	187,986
Total			**114,366**	**117,514**	**324**	**232,204**

The composition of the mortgages is as follows:

Bank	Interest rate	Expiry date	Current	between 1 and 5 years	beyond 5 years	**Total 31.12.2011**
Centrobanca	Euribor 3 m + spread	31/12/13	5,469	4,375	-	**9,844**
Credito Italiano	Euribor 6 m + spread	30/06/13	2,143	1,071	-	**3,214**
B. Pop. S. Felice sul Pan.	Euribor 3 m + spread	09/11/12	5,000	-	-	**5,000**
B. Pop. S. Felice sul Pan.	Euribor 3 m + spread	15/01/19	113	515	325	**953**
Banca M. Paschi di Siena	Euribor 3 m + spread	09/02/13	-	15,000	-	**15,000**
Banca Pop. Sondrio	Euribor 3/6 m + spread	09/07/12	15,000	-	-	**15,000**
Banca Pop. Vicenza	Euribor 3 m + spread	08/11/12	10,097	-	-	**10,097**
Banca Pop. E. Romagna	Euribor 3 m + spread	03/08/12	10,000	-	-	**10,000**
Unicredit	Euribor 6 m + spread	30/06/15	22,800	57,000	-	**79,800**
Unicredit	Euribor 6 m + spread	30/06/15	-	40,214	-	**40,214**
Amortized Costs			(474)	(661)	(1)	**(1,136)**
Total			**70,148**	**117,514**	**324**	**187,986**

The amounts due to other financial institutions, detailed in the following table, are the payables deriving from the recording of the leasing contracts in accordance with the financial method.

Other financial institutions	Interest rate	Expiry date	Current	between 1 and 5 years	beyond 5 years	**Total 31.12.2011**
BNP Paribas S.p.A. (ex Locafit S.p.A.)	Euribor 3 m + spread	01/12/12	1,538			**1,538**
Banca Italease	Euribor 3 m + spread	01/12/20	221	842	836	**1,899**
Total			**1,759**	**842**	**836**	**3,437**

Net Debt

The Net Debt and the detail of its principal components are shown below:

(in thousands of Euros)	**31.12.2011**	31.12.2010
A. Cash	10	8
B. Cash equivalent	801	9,176
C. Financial assets held for sale	2,081	2,081
D. Liquidity (A) + (B) + (C)	**2,892**	**11,265**
E. Current financial assets	**29,048**	**39,518**
F. Current bank liabilities	114,366	153,555
G. Current financial instruments	-	(447)
H. Other current financial liabilities	75,122	18,762
I- Current financial liabilities	**189,488**	**171,870**
J. Current net debt (I) - (E) - (D)	**157,548**	**121,087**
K. Non current bank liabilities	117,839	131,847
M. Other non current financial liabilities	1,678	3,437
N. Non current financial instruments	1,042	
O. Non current debt (K) + (L) + (M) + (N)	**120,559**	**135,284**
P. Net Debt (J) + (O)	**278,106**	**256,371**

Some loan agreements provide for financial covenants on the happening of which the bank reserves the right to rescind the loan. The covenants on the loan agreements outstanding at 31 December 2011, which were respected, are shown in the tables below.

(thousands Euro)	Unicredit Corporate Banking
Amount of the loans as at 31 December 2011 (b)	120,014
Expiry date	30/06/2015
Covenants	
Net Debt/Equity	<= 3
Net Debt/Ebitda	<=4.2
Net Debt Corrent / Net Debt No Corrent	<=1.0

Compliance with the covenants shown in the table is precisely verified half-yearly on the basis of the figures in the Cremonini Group's audited consolidated financial statements at 31 December and 30 June. The ratios shown in the table are only referable to the 2011 financial year, different limits are defined for the subsequent financial years.

a) Amount relating to the acquisition line and costs line supplied by the agent bank that was functional in the exercise of the public offer to buy Cremonini S.p.A. shares.

(b) The maturity indicates the last date by which the full loan must be repaid. Intermediate half-yearly repayments are also envisaged commencing from 31.12.2011.

It is noted that 150,000,000 shares in INALCA S.p.A., and 19,957,536 shares in MARR S.p.A. were pledged as at 31 December 2011 as a guarantee for medium to long-term loans.

15. Financial instruments/Derivatives

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 2011 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 BNL for 1.2 million (maturity 01.04.2012);
- "interest rate swap" contract with Akrosfor for 10.0 million (maturity 30.06.2015);
- "interest rate swap" contract with Banca S. Geminiano e S. Prospero for 10.0 million (maturity 30.06.2015);
- "interest rate swap" contract with Unicredit for for 10.0 million (maturity 30.06.2015);
- "interest rate swap" contract with Unicredit for 10.0 million (maturity 30.06.2015);
- "interest rate swap" contract with BNP Paribas for 10.0 million (maturity 30.06.2015).

The measurement of these hedge contracts led to the recording of an asset of 1,041 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.

16. Employee benefits

The item includes the payable for staff severance indemnities and the movement in the period, which was the following:

(in thousands of euros)	**31.12.2011**	31.12.2010
Opening balance	437	581
Use for the financial year	(102)	(167)
Transfers	-	(3)
Accrued for the year	15	14
Other changes	-	12
Closing balance	**350**	**437**

The following table shows the current value of the obligations (DBO - Defined Benefit Obligation) and unrecognised actuarial loss at the date of the financial statements resulting from the application of the corridor method.

(in thousands of euros)	**31.12.2011**	31.12.2010
Current value of the bonds	369	458
Unrecognised actuarial (loss)/profit	(19)	(21)
Total	**350**	**437**

17. Non-current provisions for risks and charges

(in thousands of euros)	**31.12.2011**	31.12.2010
Provisions for taxes	101	101
Labour disputes	136	488
Minor lawsuits and disputes	53	773
Provision for losses on equity investments	98	324
Provision for risks and losses	578	618
Total	**966**	**2,304**

(in thousands of Euro)	Balance at 31.12.2010	Accantonam	Utilizzi	**Balance at 31.12.2011**
Provisions for taxes	101	-	-	101
Labour disputes	488	20	(372)	136
Minor law suits and disputes	773	50	(770)	53
Provision for losses on equity investments	324	98	(324)	98
Provision for risks and losses	618	-	(40)	578
Total	**2,304**	**168**	**(1,506)**	**966**

The decrease of the balance is ascribable to the reduction of the balances of the provisions raised against staff disputes and causes of another nature.
The item "Coverage of losses on equity investments" relates to the coverage of the loss of the subsidiary Global Service S.r.l.

On 25 August 2009 Cremonini S.p.A. received a communication of irregularity relating to Group VAT for the 2006 year. The Revenue Office - Bologna Large Tax Payers contested a higher VAT charge of 203 thousand Euro together with penalties and interest for a total of 235 thousand Euro. With regard to this, the related payment form was received during April 2010 against which an appeal was presented. On 10 January 2011 the board of judges did not recognise the amount as due and partially accepted the appeal, limiting it to the penalties raised. An appeal will be made against this ruling. No provision has been made in the 31 December 2011 financial statements because of the fact that, in light also of authorative jurisprudence rulings, the liability is considered as improbable.

18. Deferred tax liabilities

At 31 December 2011 this item of 6,045 thousand Euro mainly comprises deferred taxes deriving from the write-up of the land and buildings during transition to the International Accounting Standards.

(in thousands of euros)	**31.12.2011**		31.12.2010	
	Amount of timing differences	**Fiscal Effect**	**Amount of timing differences**	**Fiscal Effect**
Advance Taxation				
Derivatives - Cash Flow Hedge	-		447	
Temporary IAS differences	21,920		21,760	
Other	61		55	
Total	**21,981**		**22,262**	
Taxable amount for IRES	**21,981**		**22,262**	
Tax Rate	27.5%		27.5%	
Advanced taxation for IRES		**6,045**		**6,122**
Taxable amount for IRAP				
Tax Rate	4.48%		4.48%	
Advanced taxation for IRAP		**0**		**0**
Total		**6,045**		**6,122**

Current liabilities

19. Current financial payables

(in thousands of euros)	**31.12.2011**	31.12.2010
Payables to subsidiaries	73,159	18,036
Payables controlling companies	1,010	0
Payables to banks	114,366	153,555
Payables to other financial institutions	1,759	1,487
Closing balance	**190,294**	**173,078**

With regard to the change in bank payables compared to the previous year please refer to the cash flow statement and comments in the Directors' Report with reference to the net debt.

The detail of the payables to subsidiaries is reported below; please refer to Annex 1 for further details:

(in thousands of euros)	**31.12.2011**	31.12.2010
Payables to consolidated subsidiaries	**72,353**	**17,275**
Cons. Centro Comm. Ingrosso Carni S.r.l.	244	0
Chef Express S.p.A.	53,397	10,528
Cremonini Restauration S.a.s	16,987	3,649
Marr S.p.A.	1,725	3,098
Payables to subsidiaries for transferred tax receivables	**806**	**761**
Alisurgel S.r.l. in liq.	5	-
As.Ca. S.p.A.	-	123
Baldini Adriatica Pesca S.r.l.	-	70
Cons. Centro Comm. Ingrosso Carni S.r.l.	12	-
Emigel S.r.l.	1	10
Global Service Logistics S.r.l.	25	-
Global Service S.r.l.	54	100
Guardamiglio S.r.l.	49	49
Inalca S.p.A.	15	15
Interjet S.r.l.	318	301
Montana Alimentari S.p.A	71	72
Roadhouse Grill Italia S.r.l.	155	-
Roadhouse Grill Roma S.r.l.	76	-
Salumi d'Emilia S.r.l.	21	21
Sfera S.p.A.	4	-
Total	**73,159**	**18,036**

Relative to the financial payables to consolidated companies please refer to the description in the item "current financial receivables" (note 7).

20. Current taxes liabilities

(in thousands of euros)	**31.12.2011**	31.12.2010
VAT	1,025	-
IRES	2,483	997
Withholding taxes	402	512
Substitute taxes and other taxes payable	27	27
Total	**3,937**	**1,536**

The change compared to last year is mainly ascribable to the VAT and IRES (Corporate Income Tax) payables and refers to tax payable deriving from the tax consolidation, in which Cremonini S.p.A. is the consolidating company.

21. Current trade liabilities

(in thousands of euros)	**31.12.2011**	31.12.2010
Suppliers	**2,056**	**1,864**
Payables to consolidated subsidiaries	**278**	**1,263**
Baldini Adriatica Pesca S.r.l.	24	33
Chef Express S.p.A.	2	477
Cons. Centro Comm. Ingrosso Carni S.r.l.	-	2
Cremonini Restauration S.A.S.	29	-
Global Service Logistics S.r.l.	1	-
Global Service S.r.l.	162	27
INALCA S.p.A.	9	49
Interjet S.r.l.	18	2
Marr S.p.A.	2	568
Montana Alimentari S.p.A	13	17
New Catering S.r.l.	7	25
Quinto Valore S.c.a.r.l.	-	15
Roadhouse Grill Italia S.r.l.	-	9
Salumi d'Emilia S.r.l.	-	2
Tecno-Star Due S.r.l.	11	37
Total	**2,334**	**3,127**

22. Other current liabilities

(in thousands of euros)	**31.12.2011**	31.12.2010
Accrued expenses and deferred income	105	24
Inps/Inail/Scau	152	155
Inpdai/Previndai/Fasi/Besusso	33	31
Debiti verso istituti diversi	31	39
Other payables		
Advances and other payables from customers	17	1,415
Payables for employee remuneration	338	341
Guarantee deposits and down payments received	131	131
Payables to directors and auditors	336	75
Other minor payables	130	175
Total	**1,273**	**2,386**

The payables to employees include the unpaid current remuneration at 31 December 2011 and allocations relating to deferred remuneration.

Guarantees, sureties and commitments

(in thousands of euros)	**31.12.2011**	31.12.2010
Direct guarantees – sureties		
- subsidiaries	145,514	111,548
- related companies		
- other companies	6,816	13,473
	152,330	125,021
Direct guarantees – letter of comfort		
- subsidiaries	175,910	150,378
- associated companies	100	100
	176,010	150,478
Direct guarantees – credit mandates		
- subsidiaries	37,380	37,380
	37,380	37,380
Other risks and commitments	0	2,500
Total guarantees, sureties and commitments	**365,720**	**315,379**

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.

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

Company to which the guarantee is provided	Beneficiary	Amount	Reason
Revenue Office/VAT Office Modena	Cremonini S.p.A. and other subsidiaries	1,141	VAT for compensation
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc.)	Cremonini S.p.A.	5,038	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Other minor items	Cremonini S.p.A. and other subsidiaries	637	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**6,816**	

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 55,824thousand 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

23. Revenues

These are broken down as follows:

(in thousands of Euros)	**2011**	2010
Revenues from sales - Others	5	7
Revenues from services	1,617	1,574
Advisory services to third parties	1,700	1,700
Rent income	1,450	1,621
Other revenues from ordinary activities	19	31
Total	**4,791**	**4,933**

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

(in thousands of Euros)	**2011**	2010
Italy	4,791	4,933
European Union	-	-
Non-EU countries	-	-
Total	**4,791**	**4,933**

24. Other revenues

(in thousands of Euros)	**2011**	2010
Contributions by suppliers and others	-	-
Sundry revenues	1,743	1,662
Total	**1,743**	**1,662**

Sundry revenues

(in thousands of Euros)	**2011**	2010
Insurance reimbursements	38	96
Capital gains on disposal of capital goods	-	10
Other cost reimbursements	309	559
Services, consultancy and other minor revenues	1,396	997
Total	**1,743**	**1,662**

25. Costs for purchases

(in thousands of Euros)	**2011**	2010
Costs for purchases - Goods for resale	(6)	(4)
Costs for purchases - Stationery and printed paper	(5)	(10)
Other costs for purchases	(47)	(49)
Total	**(58)**	**(63)**

26. Other operating costs

(in thousands of Euros)	**2011**	2010
Costs for services	(6,103)	(6,645)
Costs for leases and rentals	(141)	(185)
Other operating charges	(1,044)	(823)
Total	**(7,288)**	**(7,653)**

Costs for services

(in thousands of Euros)	**2011**	2010
Energy consumption and utilities	(247)	(275)
Maintenance and repairs	(179)	(363)
Commisions, commercial and distribution services	(1,299)	(1,816)
Third-party services and outsourcing	(95)	(97)
Purchasing services	-	(2)
Franchising	-	(5)
Other technical and general services	(4,283)	(4,087)
Total	**(6,103)**	**(6,645)**

Costs for leases and rentals

(in thousands of Euros)	**2011**	2010
Instalments payable	-	(1)
Lease of business premises, royalties and others	**0**	**(1)**
Leasing	(32)	(38)
Rents and charges payable other property assets	(109)	(146)
Leases and rentals related to real and personal property	**(141)**	**(184)**
Total	**(141)**	**(185)**

Other operating charges

(in thousands of Euros)	**2011**	2010
Losses on receivables	(196)	(172)
Indirect taxes and duties	(510)	(363)
Capital losses on disposal of assets	-	(3)
Contributions and membership fees	(59)	(64)
Other minor costs	(279)	(221)
Total	**(1,044)**	**(823)**

27. Personnel costs

(in thousands of Euros)	**2011**	2010
Salaries and wages	(1,563)	(1,543)
Social security contributions	(548)	(434)
Staff Severance Provision	(105)	(98)
Other personnel costs	(19)	-
Total	**(2,235)**	**(2,075)**

On 31 December 2011 the Company employed a total staff of 21 persons, as follows:

	Factory staff	Office staff	Managers	Total
Eployees as at 31.12.2010	0	14	7	21
Eployees as at 31.12.2011	**0**	**14**	**7**	**21**
Increases (decreases)	0	0	0	0
Average no. of employees	**0**	**14**	**7**	**21**

28. Amortization, depreciation, write-downs and provisions

(in thousands of Euros)	**2011**	2010
Depreciation of tangible assets	(1,806)	(1,697)
Amortization of intangible assets	(5)	(9)
Write-downs and provisions	(617)	(1,970)
Total	**(2,428)**	**(3,676)**

Write-downs and provisions

(in thousands of Euros)	**2011**	2010
Receivables write-downs	(520)	(1,070)
Other provisions	(97)	(900)
Total	**(617)**	**(1,970)**

29. Revenue from equity investments

(in thousands of Euros)	**2011**	2010
Income (Charges) from investments in subs.	19,572	18,006
Income (Charges) from investments in ass. comp.	108	228
Income (Charges) from investments in other comp.	112	94
Write-down of investments	(1,179)	(1,486)
Total	**18,613**	16,842

Income (Charges) from equity investments in subsidiaries

(in thousands of Euros)	**2011**	2010
Dividends from subsidiaries		
Marr S.p.A.	19,572	18,006
Total	**19,572**	**18,006**

The dividends from subsidiary companies constitute profits allocated for distribution by some subsidiaries and refer, as shown in the table, to MARR S.p.A.

Write-downs of investments

(in thousands of Euros)	**2011**	2010
Interjet S.r.l.	(955)	(916)
Global Service S.r.l.	(224)	(461)
Food Trend Fundation	-	(109)
Total	**(1,179)**	**(1,486)**

30. Financial (Income)/Charge

(in thousands of Euros)	**2011**	2010
Net exchange rate differences	(3)	1
Income (Charges) from management of derivatives	(175)	(391)
Net financial Income (Charges)	(10,673)	(7,117)
Total	**(10,851)**	**(7,507)**

In detail:

Exchange rate differences

(in thousands of Euros)	**2011**	2010
Realised net exchange rate differences	(3)	1
Net exchange rates valuation differences	-	-
Total	**(3)**	1

Income (charges) from management of derivatives

(in thousands of Euros)	**2011**	2010
Realized Income from management of derivatives	-	-
Realized Charges from management of derivatives	(175)	(391)
Total	**(175)**	**(391)**

Net financial income (charges)

(in thousands of Euros)	**2011**	2010
Financial Income (Charges) from controlling companies	**(10)**	**-**
Financial Income (Charges) from subsidiaries	**(5)**	**899**
Financial Income (Charges) from associated companies		
Financial income		
- Bank interest receivable	104	99
- Other financial income	43	93
Total financial income	**147**	**192**
Financial charges		
- Interest payable on loans	(9,496)	(7,557)
- Interest payable on factoring	-	(4)
- Interest payable on current accounts and others	(723)	(423)
- Other bank charges	(419)	(37)
- Other sundry charges	(167)	(187)
Total financial charges	**(10,805)**	**(8,208)**
Total	**(10,673)**	**(7,117)**

The item groups together the total interest payable connected to the Group treasury service and interest, commissions and charges from banks and other financiers.

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

(in thousands of Euros)	**2011**	2010
Chef Express S.p.A.	(625)	102
Cons. Centro Comm. Ingrosso Carni S.r.l.	(3)	10
Cremonini Rail Iberica S.A.	327	462
Cremonini Restauration S.A.S.	(197)	(34)
Global Service Logistics S.r.l.	3	15
Global Service S.r.l.	11	4
Interjet S.r.l.	71	53
Marr S.p.A.	(39)	(3)
Roadhouse Grill Italia S.r.l.	447	290
Total	**(5)**	**899**

31. Income taxes

(in thousands of Euros)	**2011**	2010
IRES	(18,585)	(16,080)
Net income from subs. for transferred taxable amounts	22,775	19,394
	4,190	**3,314**
IRAP	21	(117)
Provision for deferred/pre-paid taxes	(677)	(70)
	(656)	**(187)**
Total	**3,534**	**3,127**

The IRES 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

IRES

(in thousands of Euros)	Year 2011 Taxable amount	Tax	Year 2010 Taxable amount	Tax
Profit before taxation	**2,287**		**2,463**	
Taxation rate	27.5%		27.5%	
Theoretical tax burden		**629**		**677**
Permanent differences				
Non-deductible amortization and depreciation	432		109	
Write-down of financial assets (non-deductible part)	1,179		1,487	
Taxes and tax amnesties	146		330	
Other non-deductible costs	304		602	
Total	**2,061**		**2,528**	
Dividends from foreign companies	(18,802)		(17,460)	
Irap deductible				
Gains on disposals subject to substitute tax				
Other	(178)		(175)	
Total	**(18,980)**		**(17,635)**	
Timing differences deductible in future years				
Provisions to taxed funds	617		1,970	
Interest payables				
Other	315		523	
Total	**932**		**2,493**	
Timing differences taxable in future years				
Other	-		-	
Total	**0**		**0**	
Reversal of timing diff. from previous years				
Receipt of dividends related to previous year	-		-	
Total	**0**		**0**	
Use of taxed provisions	(1,518)		(1,881)	
Write-down of financial assets	-		-	
Other	(18)		(18)	
Total	**(1,536)**		**(1,899)**	
Taxable income	**(15,236)**		**(12,050)**	
Tax rate	27.5%		27.5%	
Actual tax durden		**(4,190)**		**(3,314)**

IRAP

(in thousands of Euros)	Year 2011 Taxable amount	Tax	Year 2010 Taxable amount	Tax
Profit before taxation	**2,287**		**2,463**	
Costs not relevant for IRAP				
Financial income and expense	10,851		7,507	
Other	(18,613)		(16,842)	
Personnel costs	2,235		2,075	
Deductible personnel costs	(612)		(612)	
Other			1,797	
Total	**(6,139)**		**(6,075)**	
Theoretical taxable amount	**(3,852)**		**(3,612)**	
Taxation rate	4.37%		4.37%	
Actual tax burden		**0**		**0**
Actual tax burden		**21**		**(117)**

Other information

Pursuant to the law the total fees due to the directors, members of the Board of Statutory Auditors and independent auditors are noted below:

- Directors: (1,070 thousand Euro);
- Board of Statutory Auditors: (74 thousand Euro);
- Independent auditors: (65 thousand Euro).

Events occurring after the end of the financial year

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

Castelvetro di Modena, 26 March 2012

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
(Cav. Lav. Luigi Cremonini)
Signed 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 2011;
Annex 2	-	List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2011 financial year;
Annex 3	-	Statement of changes in tangible assets for the financial year ended as at 31 December 2011;
Annex 4	-	Statement of changes in intangible assets for the financial year ended as at 31 December 2011;
Annex 5	-	List of equity investments classified under non-current assets as at 31 December 2011;
Annex 6	-	List of equity investments in subsidiaries and associated companies as at 31 December 2011 (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 2011

(thousands Euro)	Treasury		Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Subsidiaries:					(a)	(b)		
Alisea S.c.a r.l.			11				**11**	**-**
Alisurgel S.r.l. in liq.						5	**-**	**5**
As.ca. S.p.A.			88		238		**326**	**-**
Azienda Agricola Corticella S.r.l.							**-**	**-**
Baldini Adriatica Pesca S.r.l.				24	20		**20**	**24**
Chef Express S.p.A.		53,397	137	2	1,085		**1,222**	**53,399**
Cons. Centro Comm. Ingrosso Carni S.r.l.		244				12	**-**	**256**
Cremonini Rail Iberica S.A.	8,644						**8,644**	**-**
Cremonini Restauration S.A.S.		16,987		29			**-**	**17,016**
Emigel S.r.l.			2			1	**2**	**1**
Frimo S.a.m.			35				**35**	**-**
Global Service Logistics S.r.l.	132			1		25	**132**	**26**
Global Service S.r.l.	515		94	162		54	**609**	**216**
Guardamiglio S.r.l.						49	**-**	**49**
Ibis S.p.A.			4				**4**	**-**
INALCA S.p.A.			55	9		15	**55**	**24**
Interjet S.r.l.	2,816			18		317	**2,816**	**335**
Marr S.p.A.		1,725	787	2	2,109		**2,896**	**1,727**
Momentum Services Ltd							**-**	**-**
Montana Alimentari S.p.A.			10	13		72	**10**	**85**
New Catering S.r.l.				7	52		**52**	**7**
Quinto Valore soc.cons.a r.l.							**-**	**-**
Roadhouse Grill Italia S.r.l.	16,941		486			154	**17,427**	**154**
Roadhouse Grill Roma S.r.l.						77	**-**	**77**
Salumi d'Emilia S.r.l.						21	**-**	**21**
Sfera S.p.A.			59			4	**59**	**4**
Tecnostar Due S.r.l.			6	11			**6**	**11**
Total subsidiaries	**29,048**	**72,353**	**1,774**	**278**	**3,504**	**806**	**34,326**	**73,437**
Controlling companies:								
Cremofin S.r.l.		1,010					**-**	**1,010**
Total controlling companies	**-**	**1,010**	**-**	**-**	**-**	**-**	**-**	**1,010**

(a) Other receivables include receivables for IRES (corporate tax) benefits transferred to the Parent Company.

(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 2011 financial year

(in thousands of Euros)	Revenues				Total	Expenses				Total
	Financial	Services	Sales	Other (a)	revenues	Financial	Services	Sales	Other	expenses
Subsidiaries:										
Azienda Agricola Corticella S.r.l.		10			**10**					**-**
C. Centro Comm. Ingrosso Carni S.r	2	6			**8**	4				**4**
Chef Express S.p.A.	1	923	1	178	**1,103**	626	76		2	**704**
Cremonini Rail Iberica S.A.	327	68			**395**	1				**1**
Cremonini Restauration S.A.S.		108			**108**	197				**197**
Fiorani & C. S.p.A.		42			**42**					**-**
Frimo S.a.m.		45			**45**					**-**
Ges.Car. S.r.l.		7			**7**					**-**
Global Service Logistics S.r.l.	3				**3**					**-**
Global Service S.r.l.	13	55		22	**90**	1	190		226	**417**
Guardamiglio S.r.l.		30			**30**					**-**
Ibis S.p.A.		40			**40**					**-**
INALCA S.p.A.		889	4	6	**899**		60			**60**
Interjet S.r.l.	71	18		1	**90**		135		955	**1,090**
MARR S.p.A.	8	957		19,578	**20,543**	47	65	2	23	**137**
Montana Alimentari S.p.A.		343		3	**346**		19			**19**
Quinto Valore soc.cons.a r.l.					**-**		14			**14**
Railrest S.A.		13			**13**					**-**
Realbeef S.r.l.		6			**6**					**-**
Roadhouse Grill Italia S.r.l.	447	201		32	**680**		2			**2**
Roadhouse Grill Roma S.r.l.		1			**1**					**-**
Sara S.r.l.		3			**3**					**-**
Tecnostar Due S.r.l.		34		23	**57**		41			**41**
Time Vending S.r.l.		102		1	**103**					**-**
Total subsidiaries	**872**	**3,901**	**5**	**19,844**	**24,622**	**876**	**602**	**2**	**1,206**	**2,686**
Associated companies:										
Emilia Romagna Factor S.p.A.				108	**108**				-	**-**
Total associated companies	**-**	**-**	**-**	**108**	**108**	**-**	**-**	**-**	**-**	**-**
Totale related companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(a) Other revenues include dividends from subsidiaries

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2011

(thousands Euro)	Opening position			Changes over the period				Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2010	Acquisitions	Net decreases	Reclass./ Other changes	Depreciation	Initial cost	Depreciatior provision	Balance at 31.12.2011
Land and buildings	87,136	(14,311)	72,825	845	(29)	2,827	(1,357)	84,124	(9,013)	75,111
Plant and machinery	19,620	(19,049)	571	66		12	(177)	2,608	(2,136)	472
Industrial and business equipment	5,349	(5,335)	14	2			(5)	48	(37)	11
Other assets	14,099	(13,138)	961	273	(1)	237	(267)	5,154	(3,951)	1,203
Fixed assets under construction and advances	3,807		3,807	1,107	(4)	(3,076)		1,834		1,834
Total	**130,011**	**(51,833)**	**78,178**	**2,293**	**(34)**	**0**	**(1,806)**	**93,768**	**(15,137)**	**78,631**

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2011

(thousands Euro)	Opening position			Changes over the period				Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2010	Acquisitions	Net decreases	Reclass./Write-downs Other changes	Amortization	Initial cost	Amortization provision	Balance at 31.12.2011
Patents and intellectual property rights	551	(548)	3				(3)	551	(551)	0
Concessions, licences, trademarks and similar rights	0	0	0	6			(2)	6	(2)	4
Fixed assets under development and advances	0	0	0					0	0	0
Other intangible assets	0	0	0					0	0	0
Total	**551**	**(548)**	**3**	**6**	**0**	**0**	**(5)**	**557**	**(553)**	**4**

Annex 5

List of equity investments classified under non-current assets as at 31 December 2011

(in thousands of Euros) Company name	Percentage	Initial value	Purchases or subscriptions	Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value
Subsidiaries:								
Chef Express S.p.A.	100.00	34,165	12,904				100.00	47,069
Cons. C. Comm. Ingr. Carni S.r.l.	86.69	5,312					86.69	5,312
Global Service S.r.l.	100.00	-	450		(224)	(226)	100.00	-
INALCAS.p.A.	50.00	144,821	10,000				100.00	154,821
Interjet S.r.l.	100.00	1,667	900		(955)		100.00	1,612
MARR S.p.A.	58.84	67,609					58.84	67,609
Total subsidiaries		**253,574**	**24,254**	**-**	**(1,179)**	**(226)**		**276,423**
Associated companies:								
Emilia Romagna Factor S.p.A.	16.97	9,142					16.97	9,142
Total associated companies		**9,142**	**-**	**-**	**-**	**0**		**9,142**
Other companies:								
Futura S.p.A.		963						963
Banco Popolare Società Cooperativa			528					528
Other minor companies		158	2					160
Total other companies		**1,121**	**530**	**-**	**-**	**-**		**1,651**
Total equity investments		**263,837**	**24,254**	**0**	**(1,179)**	**(226)**		**287,216**

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2011 (Article 2427, paragraph 5, of the Italian Civil Code).

(thousands euro) Name	Registered office	Capital stock (in Euro if not otherwise stated)	Net profit (loss) for the year ended 31.12.2011	Net equity at 31.12.2011	Percentage held at 31.12.2011	Carrying value (A)	Valuation based on NE (B)	Difference (B) - (A)	Notes
Subsidiaries:									
Chef Express S.p.A.	Castelvetro di Modena (MO)	8,500,000	(943)	9,114	100.00%	47,069	42,099	(4,970)	
Cons. Centro Comm. Ingrosso Carni S.r.l.	Bologna	1,500,000	493	4,352	86.69%	5,312	5,441	129	
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	(224)	(76)	100.00%	0	(70)	(70)	(a)
INALCA S.p.A.	Castelvetro di Modena (MO)	280,000,000	35,665	228,211	100.00%	154,821	255,830	101,009	
Interjet S.r.l.	Castelvetro di Modena (MO)	2,500,000	(955)	1,610	100.00%	1,612	1,665	53	
MARR S.p.A.	Rimini	32,909,736	47,594	217,379	58.84%	67,609	216,053	148,444	
Total subsidiaries						**276,423**	**521,018**	**244,595**	
Associated companies:									
Emilia Romagna Factor S.p.A.	Bologna	25,000,000		65,991	16.97%	9,142	11,199	2,057	(b)
Total associated companies						**9,142**	**11,199**	**2,057**	

NOTE
(a) A provision for risks has been created against the shareholders' equity deficit.
(b) - Figures refer to balance sheet as at 31.12.2010

Cremonini S.p.A.

Via Modena no. 53 – Castelvetro di Modena (MO)

Share Capital Euro 67,073,931.60 fully paid

Registered with the Modena Chamber of Commerce, Economic Administrative Register no. 126967

Recorded in the Modena Register of Companies as no. 00162810360

Tax reference and VAT no. 00162810360

STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING

INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT 31 DECEMBER 2011

Prepared pursuant to and for the effects

of art. 2429.2 of the Italian Civil Code.

Dear Shareholders,

The draft individual financial statements and consolidated financial statements for the financial year ended 31.12.2011, which the Board of Directors submit for your approval in terms of the law, were prepared in accordance with international accounting standards (IAS/IFRS), pursuant to the directives of Legislative Decree 38/2005 implemented by EC Regulation no.1606/2002 of the European Parliament and Council of 19/07/2002. The aforesaid documents, together with the Notes to the financial statements and Directors' Report, were made available to the Board of Statutory Auditors in compliance with the terms of art. 2429.1 of the Italian Civil Code.

Legislative Decree no. 17 January 2003, no. 6, established the function of supervisory legal audit of the accounts. The latter is carried out by the auditors Reconta Ernst & Young S.p.A.

We were appointed, for the financial year ended as at 31.12.2011, with the resolution that appointed us to exclusively carry out supervision of the administration and, with this report, we are accounting to you for our work.

During the course of the financial year ended at 31.12.2011 we have carried out our engagement based on that prescribed by arts. 2403 *et seq* of the Italian Civil Code.

As far as our supervisory work is concerned, we can state the following:

a. we have attended the meetings of the Board of Directors Shareholders, verifying compliance with the legislative and statutory rules regulating their functioning and ascertaining that the decisions taken were in turn in conformity to the law and Bylaws and not manifestly imprudent, risky or in conflict of interest or such as to compromise the integrity of the assets of your company.
b. we have not discovered any atypical and/or unusual corporate transactions carried out with third parties or related parties during the course of the financial year. The inter-group transactions and those with related parties conducted in the 2011 financial year are adequately described in the explanatory notes to the financial statements, forming part of routine operations and are regulated at market conditions;
c. we met with the managers of the various functions for the purpose of guaranteeing the adequacy of the organisational structure and, in this connection, there are no elements to be noted;
d. we have established the adequacy of the accounting and administrative system and its reliability in correctly representing the operational transactions both through the examination of the corporate documents, and by acquisition of information from the managers of the corporate functions; on this matter there are no notifications to refer;
e. no further significant facts emerged during our supervisory work such as to require mention in this report;
f. there was no need to intervene due to omissions of the directors, pursuant to art. 2406 of the

Italian Civil Code;

g. no reports were received pursuant to art. 2408 of the Italian Civil Code;

h. no reports were received pursuant to art. 2409.1 of the Italian Civil Code.

i. no reports were made pursuant to art. 2409.7 of the Italian Civil Code;

j. we have not issued opinions from 01.01.2011 to 31.12.2011;

k. we have supervised the duties and obligations of the directors in the exercise of their mandate, including pursuant to Legislative Decree no. 231 of 8 June 2001, especially with reference to the provisions of Legislative Decree no. 81 of 9 April 2008, on the theme of safety in the work places.

With reference to the content of the individual and consolidated financial statements for the financial year ended at 31 December 2011, considering that the legal audit was carried out by the audit firm Reconta Ernst & Young S.p.A., the Board of Statutory Auditors confirms that it has received the draft individual and consolidated financial statements for the financial year ended 31 December 2011 as required by law together with the Directors' Report, and certifies, within its authority, having verified that:

- the legal regulations inherent in the preparation of the individual and consolidated financial statements and Directors' Report were observed through direct checks and information obtained from the appointed auditors, and do not have particular observations to make. Specifically, the Notes to the financial statements also show the information on the transactions with related parties mentioned in number 22 - bis of art. 2427 of the Italian Civil Code;
- the financial statements were prepared in conformity with the international accounting standards (IAS/IFRS) in accordance with the indications provided by the Board of Directors in the explanatory notes to which you are referred for more details.
- as far as we are aware the directors kept to the legal regulations for preparation of the financial statements, pursuant to art. 2423 of the Italian Civil Code and compatible with the IAS/IFRS international accounting standards.
- the accounting was subjected to the audit envisaged by the law from Reconta Ernst & Young S.p.A., the appointed independent auditors, who, during periodic meetings held with the Board of Statutory Auditors, did not evidence observations in this connection;
- the goodwill, having an indefinite useful life, was subjected to the annual verification of possible impairment (impairment test procedure"), in compliance with the provisions on the matter of the international accounting standards;
- the information relating to legal advertising regarding management and coordination of groups pursuant to art. 2497 - bis of the Italian Civil Code was provided;

- with reference to the audit report on the financial statements under examination the Board of Statutory Auditors, issued on 12 April 2012, confirms the absence of observations.

CONCLUSIONS

In light of our supervisory work and on the basis of the documents submitted by the Board of Directors

- in our opinion, the individual and consolidated financial statements for the financial year ended as at 31.12.2011 were prepared with clarity and truly and correctly represent the equity and financial position and the profit of the Parent Company and Cremonini Group overall, in conformity to the rules that regulate the preparation of individual and consolidated financial statements;
- we consider that there are no reasons obstructing your approval of the draft financial statements for the financial year ended as at 31.12.2011;
- we agree with the proposal of the Board of Directors on the allocation of the profit for the year.

Castelvetro (Mo), 12.04.2012.

The Board of Statutory Auditors

Mr. Eugenio Orienti(Chairman)*(signed)*

Mr. Paola Simonelli (standing statutory auditor)*(signed)*

Mr. Albino Motter (standing statutory auditor)*(signed)*

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel. (+39) 051 278311
Fax (+39) 051 236666
www.ey.com

Independent auditors' report
pursuant to art. 14 of Legislative Decree n. 39 dated 27 January 2010 and Article 165-bis of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders
of Cremonini S.p.A.

1. We have audited the financial statements of Cremonini S.p.A. as of 31 December 2011 and for the year then ended, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union is the responsibility of the Cremonini S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 27 April 2011.
3. In our opinion, the financial statements of Cremonini S.p.A. at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Cremonini S.p.A. for the year then ended.
4. The management of Cremonini S.p.A. are responsible for the preparation of the Directors' Report in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Directors' Report with the financial statements as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Directors' Report is consistent with the financial statements of Cremonini S.p.A. at 31 December 2011.

Bologna, 12 April 2012

Reconta Ernst & Young S.p.A.

Signed by: Andrea Nobili, Partner

This report has been translated into the English language solely for the convenience of international readers.

CREMONINI GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

Consolidated financial statements as at 31 December 2011

Balance sheet assets

(in thousands of Euros)	Note	**Year 2011**	Year 2010
Non-current assets			
Tangible assets	1	816,334	503,415
Goodwill	2	151,862	162,081
Other intangible assets	3	18,814	7,997
Investments valued at equity	4	11,909	10,013
Investments in other companies	5	3,701	2,275
Financial instruments / Derivatives	18	42	16
Non-current financial receivables	6	4,453	4,679
Deferred tax assets	7	20,333	15,134
Other non-current assets	8	24,748	11,756
Total non-current assets		**1,052,196**	**717,366**
Current assets			
Inventories	9	302,130	191,423
Biological assets	10	13,617	5,464
Current financial receivables	11	5,171	3,383
relating to related parties		*270*	*344*
Current trade receivables	12	533,109	461,230
relating to related parties		*1,243*	*2,090*
Current tax assets	13	30,713	24,339
Financial assets held for sale		2,081	2,081
Financial instruments / Derivatives	18	8	447
Cash and cash equivalents	14	122,244	108,592
Other current assets	15	55,859	54,039
relating to related parties		*0*	*0*
Total current assets		**1,064,932**	**850,998**
Total assets		**2,117,128**	**1,568,364**

Consolidated financial statements as at 31 December 2011

Balance sheet liabilities

(in thousands of Euros)	Note	**Year 2011**	Year 2010
Shareholders' Equity			
Share capital	16	67,074	67,074
Reserves	16	18,889	19,869
Retained earnings		97,624	78,964
Result for the period		50,001	21,891
Shareholders' Equity attributable to the Group		233,588	187,798
Minority interests' capital and reserves		66,229	56,741
Profit for the period attributable to minority interests		24,515	22,010
Shareholders' Equity attributable to minority interests		90,744	78,751
Total Shareholders' Equity		**324,332**	**266,549**
Non-current liabilities			
Non-current financial payables	17	526,321	327,719
Financial instruments / Derivatives	18	1,041	0
Employee benefits	19	25,876	22,013
Provisions for risks and charges	20	9,921	8,763
Deferred tax liabilities	21	83,993	36,356
Other non-current liabilities	22	1,544	1,688
Total non-current liabilities		**648,696**	**396,539**
Current liabilities			
Current financial payables	23	506,914	390,075
relating to related parties		*1,010*	*0*
Financial instruments / Derivatives	18	1,840	641
Current tax liabilities	24	24,421	23,345
Current trade liabilities	25	520,681	411,459
relating to related parties		*3,585*	*783*
Other current liabilities	26	90,244	79,756
relating to related parties			*1,400*
Total current liabilities		**1,144,100**	**905,276**
Total liabilities		**2,117,128**	**1,568,364**

Consolidated financial statements as at 31 December 2011

Income statement

(in thousands of Euros)	Note	**Year 2011**	Year 2010
Revenues	27	3,137,996	2,406,767
relating to related parties		*2,409*	*1,762*
Other revenues	28	54,685	44,115
relating to related parties		*16*	*4*
Change in inventories of finished and semi-finished goods		8,127	(6,269)
Capitalisation of internal construction costs		2,288	765
Costs for purchases	29	(2,078,283)	(1,546,329)
relating to related parties		*(1,487)*	*(5,179)*
Other operating costs	30	(493,928)	(377,807)
relating to related parties		*(679)*	*(716)*
Personnel costs	31	(407,102)	(365,860)
Amortization and depreciation	32	(64,795)	(45,202)
Write-downs and provisions	32	(15,869)	(17,096)
Revenues from equity investments		1,600	(211)
relating to related parties		*7*	*(6)*
Financial (Income)/Charges	33	(44,956)	(16,663)
relating to related parties		*(10)*	*0*
Financial (Income)/Charges - Non recurring		19,928	
Result before taxes		**119,691**	**76,210**
Income taxes	34	(45,175)	(32,309)
Result before minority interests		**74,516**	**43,901**
Result attributable to minority interests		(24,515)	(22,010)
Result for the period attributable to the Group		50,001	21,891

Other comprehensive income

(in thousands of Euros)	**Year 2011**	Year 2010
Result before minority interests	**74,516**	**43,901**
Efficacious part of profits/(losses) on cash flow hedge instruments	(1,430)	967
Translation effects of the financial statements expressed in foreign currencies	470	2,643
Tax effect on comprehensive income components	393	(266)
Comprehensive Income	**73,949**	**47,245**
Result attributable to minority interests	(24,656)	(22,245)
Result for the period attributable to the Group	49,293	25,000

Statement of changes in the shareholders' equity over the financial year ended as at 31 December 2011

(in thousands of Euros)	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Other Reserves: Share premium reserve	Legal reserve	Reserve for IAS adjustments	Reserve for trading treasury stock	Reserve translation differences	Deficit Merger	Cash flow hedge reserve	Total Reserves	Profits (Losses) carried forward	Result attributable to the Group	hareholders' Equit attributable to the Group	Minority interests' capital and reserves	Result attributable to minority interests	Shareholders' Equity attributable to minority interests	Total
Balances at 31 December 2009	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(8,772)**	**(146,379)**	**(59)**	**16,855**	**65,350**	**17,854**	**167,133**	**52,136**	**17,287**	**69,423**	**236,556**
Allocation of the results of previous year:																		
- retained earnings reserve												17,854	(17,854)	**0**	17,287	(17,287)	**0**	**0**
- distribution of dividends												(2,967)		**(2,967)**	(14,508)		**(14,508)**	**(17,475)**
Other changes												(1,368)		**(1,368)**	1,591		**1,591**	**223**
Net profit (loss) for the year													21,891	**21,891**		22,010	**22,010**	**43,901**
ended 31 December 2010								2,412		602	3,014	95		**3,109**	235		**235**	**3,344**
Balances 31 December 2010	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(6,360)**	**(146,379)**	**543**	**19,869**	**78,964**	**21,891**	**187,798**	**56,741**	**22,010**	**78,751**	**266,549**
Allocation of the results of previous year:																		
- retained earnings reserve												21,891	(21,891)	**0**	22,010	(22,010)	**0**	**0**
- distribution of dividends												(2,967)		**(2,967)**	(18,110)		**(18,110)**	**(21,077)**
Other changes												(536)		**(536)**	5,447		**5,447**	**4,911**
Net profit (loss) for the year													50,001	**50,001**		24,515	**24,515**	**74,516**
ended 31 December 2011								321		(1,301)	**(980)**	272		**(708)**	141		**141**	**(567)**
Balances 31 December 2011	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(6,039)**	**(146,379)**	**(758)**	**18,889**	**97,624**	**50,001**	**233,588**	**66,229**	**24,515**	**90,744**	**324,332**

Cash flow statements for the financial years ended as at 31 December 2011 and 2010

(in thousands of Euros)	**31.12.2011**	31.12.2010
Net profit before minority interests	**74,516**	**43,901**
Amortization and depreciation	64,795	45,202
Net change in other provisions and non-monetary income items	3,965	4,741
Reversal of the effects from extraordinary transactions	42,255	0
Operating cash-flow	**185,531**	**93,844**
(Increase) decrease in receivables from customers	(14,938)	(13,136)
(Increase) decrease in inventories	(37,585)	(17,713)
Increase (decrease) in payables to suppliers	39,302	9,820
(Increase) decrease in other items of the working capital	(9,501)	7,626
Net effects from the change in consolidation area	(73,200)	181
Change in working capital	**(95,922)**	**(13,222)**
Net change in Staff Severance Provision	(3,242)	(1,401)
Net effects from the change in consolidation area	6,966	0
CASH-FLOW FROM OPERATING ACTIVITIES	**93,333**	**79,221**
Net (investments) in intangible assets	(1,401)	(5,398)
Net (investments) in tangible assets	(52,334)	(60,641)
Change in financial assets	2,382	(1,090)
Net effects from the change in consolidation area	(327,205)	(1,040)
CASH-FLOW FROM INVESTING ACTIVITIES	**(378,558)**	**(68,169)**
FREE - CASH FLOW BEFORE EXTRAORDINARY TRANSACTIONS	**(285,225)**	**11,052**
Cash-flow from extraordinary transactions	**0**	**0**
Cash-flow from distribution of dividends	(21,077)	(17,475)
Capital increases, change in treasury stock and other changes, including those of minority interests	4,344	3,567
Cash-flow from (for) change in shareholders' equity	**(16,733)**	**(13,908)**
FREE - CASH FLOW	**(301,958)**	**(2,856)**
Opening net financial debt	(605,215)	(602,359)
Cash-flow for the period	(301,958)	(2,856)
Closing net financial debt	**(907,173)**	**(605,215)**
Cash consideration for purchase transaction of 50% production sector	218,855	0
Increase (Decrease) medium-long term borrowings	(20,613)	(29,673)
Increase (Decrease) medium-long term liabilities for derivatives	1,041	(93)
Cash flow from (for) medium-long term financial activities	**199,283**	**(29,766)**
CASH FLOW SHORT TERM OF THE PERIOD	**(102,675)**	**(32,622)**
Initial net short term indebtness	(276,981)	(244,359)
Cash flow of the period	(102,675)	(32,622)
Final net short term indebtness	**(379,656)**	**(276,981)**
Increase (Decrease) short term borrowings	116,580	51,040
Changes in other securities and other financial assets	(1,453)	9,133
Increase (Decrease) short term liabilites for derivatives	1,199	(188)
Cash flow from (for) short term financial assets	**116,326**	**59,985**
INCREASE (DECREA.) CASH AND CASH EQUIVALENTS	**13,651**	**27,363**
Cash and cash equivalents at the beginning of the period	108,592	81,229
Cash flow of the period	13,651	27,363
Cash and cash equivalents at the end of the period	**122,243**	**108,592**

Consolidated financial statements as at 31 December 2011

Notes

Form and content of the consolidated financial statements

The consolidated financial statements as at 31 December 2011 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, as adopted by Legislative Decree no. 28 of 28 February 2005 as amended, CONSOB communications and resolutions and ordinances promulgated in implementation of art. 9 of Legislative Decree 38/2005.

The financial statements for the year were authorised for publication by the Board of Directors on 26 March 2012.

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 2011 show the figures for the financial year ended as at 31 December 2010.

The following classifications were utilised:

- Statement of Assets and Liabilities by current/non-current items;
- Income Statement by nature;
- Cash flow statement (indirect method).

It is considered that these classifications provide information that better responds to representing the Group's equity, economic and financial situation.

The Euro is the Parent Company's functional currency and is used for the presentation of the consolidated financial statements. The schedules contained in these financial statements are shown in thousands of Euro. If not otherwise indicated, the schedules contained in these financial statements are shown in thousands of Euro.

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

Consolidation methods

Consolidation is achieved 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.
- The joint ventures are consolidated with the proportional method by which the proportional share of each item of asset, liability, income and charges of a jointly controlled enterprise is consolidated line-by-line with those of the financial statements of the controlling participant;
- Mutual debt and credit, costs and revenues relationships, between consolidated companies, and the effects of all significant transactions between these companies, have been set-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 2011 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 financial statements show values which are both individually and cumulatively immaterial 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

Montana Farm S.p.z.o.o.
Inalca Foods Nig Limited
Inalca Food & Beverage s.r.l.
Orenbeef LLC
Avirail Italia 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 2011, 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 financial 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.

Specifically, compared to 31 December 2010, the following companies have been included in the scope of consolidation:

- Industria Alimentar Carnes de Mocambique, a company marketing food products.
- Bell Carni s.r.l., a company slaughtering, transforming and marketing beef-based products.

Finally, compared to 31 December 2010, the following took place:

- the increase of the equity investment in Inalca S.p.A. from 50.0% to 100.0%;
- the change of the equity investment in Inalca Brazzaville from 97.9% to 55.0%;

Lastly, it is noted that, with respect to 31 December 2010, following the buyback of the remaining 50% of Inalca S.p.A., this equity investment and its subsidiaries, all belonging to the production sector, are now consolidated with the line-by-line method.

The effects of this change are shown in this document.

Changes in accounting standards

The new IFRSs and IFRICs adopted by the EU, in effect from 1 January 2011, are shown below. The adoption of these revised standards and interpretations has not had effects on the financial statements but has only resulted, in some cases, in additional information.

New accounting standards, amendments and interpretations applicable in 2011

IFRIC 14 – "Advance payments concerning an expected minimal contribution". This amendment was emanated during November 2009 by the International Financial Reporting Interpretations Committee (IFRIC) with the aim of eliminating an undesirable consequence of IFRIC 14 in cases in which entities subject to expected minimal contribution made through an advance payment of contributions by which, under specific circumstances, the entity making the advance payment would be bound to include an expenditure in its accounts. In the case in which a defined benefits plan is subject to an expected minimal contribution, the amendment to IFRIC 14 imposes that this advance payment should be dealt with as an asset, in the same way as any other advance payment. This amendment has not been applied to these Group consolidated financial statements.

IFRIC 19 – "Extinction of financial liabilities with instruments representing capital". This interpretation was emanated during November 2009 by the International Financial Reporting Interpretations Committee (IFRIC) and provides clarifications on the accounting by the debtor of the instruments representing capital issued in order to completely or partially extinguish a financial liability following the renegotiation of the relevant conditions. This interpretation has been applicable from the first business year subsequent to 30 June 2010. This amendment has not had any effect on these Group consolidated financial statements.

IAS 24 – "Financial statements information on operations with related parties". In November 2009, the International Accounting Standards Board (IASB) published a review of International Accounting Standard (IAS) 24 "Financial statements information on operations with related parties". The amendments introduced by the review of IAS 24 simplify the definition of a related party, simultaneously eliminating certain incoherencies and dispensing public entities from certain informative requirements concerning operations with related parties. The adoption of this amendment has not had any effect from the viewpoint of assessing the items in the financial statements.

IAS 32 – "Financial instruments: presentation and classification of securities issued". This amendment, emanated in October 2009, disciplines the accounting of the issuing of nominative securities in currencies other than that in which the issuer operates. This amendment has not been applied to these Group consolidated financial statements.

In May 2010, the IASB emanated a series of amendments to the IFRS ("Improvements") which will be applicable from 1 January 2011. The following are some of those which will imply changes to the presentation, recognition and assessment of items in the financial statements, leaving aside those which only imply terminological changes.

IFRS 3 – "Business combinations": Clarifies the accounting treatment of holdings of third parties and give the right to the owners to receive a quota proportional to the net assets of the subsidiary.

IFRS 7 – "Financial instruments: additional information": accentuates the interaction of the additional qualitative and quantitative information required as regards the nature of the risks concerning financial instruments.

IAS 1 – "Presentation of financial statements": requires the reconciliation of the changes in each component of the net equity in the notes and tables of the financial statements.

The following are other changes linked to the improvement of the IFRS which had no effect on the accounting policy, financial position or performance of the Company:

IFRS 3 – "Business combinations": potential payments deriving from business combinations prior to the adoption of IFRS 3 (as amended in 2008) and payments based on shares (replaced voluntarily or not replaced) and their accounting treatment in the context of a business combination;

IAS 27 – "Consolidated and separate financial statements" - application of the transaction rules in IAS 27 (reviewed in 2008) to the standards consequently modified;

IFRIC 13 – "Client loyalty marketing programmes" - in determining the fair value of premiums, an entity must consider discounts and incentives that would otherwise be offered to clients not participating in loyalty marketing programmes.

AS 34 – "Intermediate financial statements": provides clarifications as regards the additional information to be provided in the drafting of intermediate financial statements, and to changes in the classification of financial assets and to changes in potential assets and liabilities in the interim condensed financial statements.

Accounting Standards, amendments and interpretations applicable to the financial statements for the financial years that commence after 1 January 2011

Lastly, some amendments were made that will enter into force in subsequent business years:

IAS 1 – "Financial Statement Presentation – Presentation of Items of Other Comprehensive Income", aimed at changing the grouping of the other components in the statement of comprehensive income. The change only concerns the methods of presentation and does not impact on the financial position of the Group or its results and will enter into force in business years starting on 1 July 2012 or later.

IFRS 7 – "Financial instruments: additional information", issued in October 2010 and applicable to business years starting after 1 July 2011. The changes require additional information on the financial instruments and the transactions involving the transfer of financial assets. These changes will only concern the information in the financial statements and will not impact on either the financial position of the Group of its performance.

IAS 12 – "Income tax – Recovery of the underlying assets", issued in December 2010 and applicable as of 1 January 2012, concerning the assessment of deferred taxes deriving from an ongoing asset.

IAS 19 – "Employee benefits" – the IASB has issued numerous changes to this principle; these changes will enter into force for business years starting on 1 January 2013 or later and concern the elimination of the corridor method and the concept of expected performance from the plan, in addition to simple clarifications and terminology.

IFRS 10 – "Consolidated financial statements" and IAS 27 "Separate financial statements (revised in2011)". IFRS 10 replaces part of IAS 27 "Consolidated and separate financial statements" and also includes the problems raised in SIC 12 "Consolidation – Companies with specific destination". IFRS 10 establishes a single model of control applicable to all companies, including those with specific destination, and will require discretional assessments to determine which the subsidiary companies thatmust be consolidated by the parent company. This principle will be applicable for businessyears starting on 1 January 2013 or later. Following the introduction of this new principle, IAS 27 will be limited to the accounting of subsidiary, jointly controlled and affiliate companies in the separate financial statements and will enter into force for business years starting on 1 January 2013 or later.

IAS 28 – "Investment in related companies (revised in 2011)". As consequence of the new IFRS 11 and IFRS 12, this principle has been renamed "Investments in Associates and Joint Ventures" and describes the application of the net equity method to investments in joint venture in addition to related companies. The changes will enter into force for business years starting on 1 January 2013 or later.

IFRS 11 – "Joint Arrangements" – this principle replaces IAS 31 "Interest in joint ventures" and SIC 13"Jointtly-controlled Entities – non monetary contributions by venturers" IFRS 11 removes the option of accounting jointly controlled entities using proportionate consolidation but establishes the use of the net equity method. This principle is applicable to business years starting on 1 January 2013 or later.

IFRS 12 – "Disclosures of Involvement with Other Entities" – this principle includes all the dispositions concerning the consolidated financial statements as well as all of the disclosures that were included in IAS 31 and IAS 28 concerning the shareholdings of a company in subsidiary, jointly controlled or related companies and in structured vehicles; this also provides new information examples concerning disclosures previously included in IAS 27.
This principle is applicable to business years starting on 1 January 2013 or later.

IFRS 13 – "Fair Value Measurement" – this principle establishes a single source of guidance in the context of the IFRS for all fair value measurements and is applicable to business years starting on 1 January 2013 or later.

The Group is evaluating how to conform to these amendments, but considers that their adoption will not result in significant effects on its financial statements. The Group has not adopted in advance any standard, interpretation or improvement promulgated, but not yet in effect.

Accounting policies

For the purposes of preparing the consolidated financial statements as at 31 December 2011, 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 recorded at their purchase price or cost of production, including directly allocable ancillary costs necessary to make the assets usable. The Group, as allowed by IFRS 1, has measured some land and buildings it owns at fair value during the transition to the International Accounting Standards and used this fair value as the new cost subject to depreciation.

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 Group 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 Group. When a tangible asset is made up of a number of significant components, each with a different useful life, each individual component is depreciated. The depreciated 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 between the book value and fair value after transfer charges.
Costs for improvement, modernisation and transformation increasing 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% - 5%
- Plant and machinery	7.50%-20%
- Industrial and business equipment	15%-25%
- Other assets:	
- Electronic office machines	20%
- Office furniture and fittings	10%-15%
- Motor vehicles and means of internal transport	20%
- Cars	25%
- Other minor assets	10%-40%

The residual carrying value, useful life and amortization/depreciation criteria are reviewed at every year-end and prospectively updated if necessary.

An asset is eliminated from the financial statements at the time of sale or when there are no longer future economic benefits anticipated from its use or disposal. Any losses or profits (calculated as the difference between the net proceeds from sale and the carrying value) are included in the income statement at the time of the aforesaid elimination.

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 Group 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 Group; 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 related companies are measured with the net equity method. Using the net equity method, the equity investment in a related company is initially recorded at cost and the carrying value is increased or reduced to record the stake holder's applicable portion of profits and losses from the related company realised after the acquisition date. The goodwill concerning the related company is included in the carrying value of the equity investment and is not subject to amortisation, or an individual verification of impairment.
The income statement reflects the Group's share of the related company's profit or loss for the year. In the case where a related company has adjustments with direct classification to the shareholders' equity, the Group records its share and this is represented, where applicable, in the statement of changes in the shareholders' equity. Profits and losses deriving from transactions between the Group and the related company are eliminated proportional to the shareholding in the related company.
At the time of a loss of significant influence on the related company the Group assesses this and records the residual shareholding at fair value. Any difference between the carrying value of the equity investment at the date of the loss of significant influence and the fair value of the residual shareholding and consideration received must be recorded in the income statement.

Equity investments in other companies, having regard to their insignificance, are measured at the acquisition, subscription or transfer cost, as indicated in Appendix 5 and the notes that follow. The recoverability of their recording value is verified 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.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is cancelled from the financial statements when:

I. the rights of the asset to receive financial flows are extinguished;
II. the right of the asset to receive financial flows is conserved but there is a contractual obligation to pay the total without delay to a third party;
III. the Group has transferred the right to receive financial flows from the asset and (a) it has substantially transferred all the risks and benefits of ownership of the financial asset or (b) it has not substantially transferred or retained all the risks and benefits of ownership of the asset, but has transferred control thereof.

In the cases where the Group has transferred the rights to receive financial flows from an asset and has not substantially transferred or retained all the risks and benefits or lost control thereof, the asset is recorded in the Group's financial statements to the extent of its residual involvement in the asset itself. The residual involvement that, for example, takes the form of a guarantee on the asset transferred is valued at the lower of the initial book value of the asset and the maximum value of the consideration that the Group could be required to pay. The cancellation from the financial statements of the financial liability takes place when the obligation underlying the liability is extinguished, or annulled or discharged. In the cases where an existing financial liability is substituted by another of the same lender, on substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as an accounting cancellation of the original liability and the recording of a new liability, with the consequent booking to the income statement of any differences between the book values.

Losses in value of financial assets

The Group verifies whether any figure in the financial statements, either a financial asset or a group of financial assets, has suffered impairment. A financial asset or a group of financial assets is to be considered as subject to impairment if, and only if, there is objective evidence of impairment as a result of one or more events that took place after the initial recording (when there is "an impairment event") and this impairment event has an impact, which can be reliably estimated, on the future estimated cash flows from a financial asset or a group of financial assets. Evidence of impairment can be represented by indicators such as financial difficulties, the incapacity to meet obligations, insolvency, pay interest or make other important payments, which result from the debtors, or a group of debtors, having the probability that they will go bankrupt or are subject to another form of financial reorganisation, and where observable figures indicate that there is a measurable decrease in the future estimated cash flows, such as changes in contexts or economic conditions correlated to the obligations.

For the financial assets accounted for at their amortised cost the company has first of all evaluated whether there is objective evidence of impairment for every financial asset that is individually or collectively significant, for the financial assets that are not individually significant. If the company determines that there is no evidence of impairment for a financial asset, including the assets in a group of financial assets with similar credit risk characteristics, and assesses them collectively for the purposes of verification of the write-down. Assets that are individually measured for the write-down and for which an impairment is recorded, or continues to be recorded, are included in a collective evaluation for impairment. If there is objective evidence of impairment, the amount of the loss is measured as the difference between the carrying value of the asset and the present value of the future estimated cash flows (excluding the expectations of credit losses in future that have not yet occurred).
The carrying value of the asset is reduced by utilisation of a write-down provision and the amount of the loss will be recorded in the income statement. Should, in a subsequent financial year, the amount of the estimated write-down increase or diminish as a consequence of an event that took place after the write-down was recorded, the write-down previously recorded must be increased or diminished by adjusting the provision.

For financial assets available for sale, the company assesses at every reference date of the financial statements whether there is objective evidence that an asset, or a group of assets, has suffered an impairment.

In the case of instruments representative of capital classified as available for sale, the objective evidence should include a significant or prolonged reduction below its cost in the fair value of the instrument. The 'Significance' is measured with respect to the historical cost of the instrument and the 'prolonged' (the duration of the) period in which the fair value was below the historical cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value - any loss for impairment on that financial asset previously recorded in the income statement is deducted.

Losses in value of non – financial assets

When events occur that would lead to assume a reduction in the value of asset, its recoverability is assessed by comparing the recorded value with the relevant recoverable value, represented by the greater of the fair value, net of the discharge costs, and its value in use.

In the absence of a binding sales agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available to reflect the amount that the business would receive by selling the asset.
The value in use is determined by actualising the expected cash flows deriving from the use of the asset and, if significant and reasonably determinable, from its sale at the end of its useful lifetime. The cash flows are determined on the basis of reasonable and documented assumptions representative of the best estimate of the future economic conditions that may occur during the remaining lifetime of the asset, giving more importance to indications from outside. Actualisation is carried out at a rate which takes into account the market assessments of the current value of cash and specific risks of the asset, in addition to the inherent risk to the sector of business in question.
Assessment is conducted on each individual asset or the smallest identifiable group of assets which generates autonomous incoming cash flows deriving from continuous use (so-called cash generating unit). When the reasons for the depreciations made are no longer in place, the assets, except for goodwill, are revalued and the adjustment attributed to the profit and loss account as readjustment (restoration of value).
Readjustment is carried out at the lesser of the recoverable value and recorded value gross of depreciations carried out previously and reduced by the amortization quotas that would have been allocated had impairment not been carried out.
Goodwill is tested for impairment at least once every year (on the date of the financial statements, 31 December) and more frequently should circumstances indicate that the carrying value may be impaired.

Impairment of goodwill is assessed by evaluating the recoverable amount of each cash generating unit (or the group of cash generating units) to which the goodwill relates.
Should the recoverable amount of the cash generating unit be less than the carrying amount of the cash generating unit for which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating goodwill cannot be reversed in future business years.

Any losses due to impairment of instruments representative of capital may not be reversed with the effects recorded in the profit and loss account; any increases in their fair value subsequent to an impairment loss are recorded directly in the other comprehensive income .

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 and Diluted

The base earnings per share are calculated by dividing the Group's net profit by the weighted average of the ordinary shares in circulation during the financial year, excluding the treasury shares.
For the purpose of calculation of the diluted earnings per share, the weighted average of the shares in circulation is modified by assuming the conversion of all the potential shares having a dilution effect,

while the Group's net profit is adjusted to take into account the effects, net of taxation, 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.

Accounting treatment of derivative contracts

The Cremonini Group utilises derivative financial instruments to hedge the exposure to interest rate risk. These derivative financial instruments are initially recorded at fair value at the date when they are stipulated; subsequently this fair value is periodically re-measured; they are booked as assets when the fair value is positive and as liabilities when negative.

The fair value of the derivative financial instruments utilised is determined with reference to the market value whenever it is possible to identify an active market for them. If, instead, the market value of a financial instrument is not easily identifiable, but can be identified for its components or a similar instrument, the market value is determined by the valuation of the individual components of the instrument or a similar instrument. Furthermore, the valuation of instruments for which it is not possible to identify an active market easily is determined by resorting to the value that arises from generally accepted valuation models and techniques, which ensure a reasonable approximation to the market 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 Group 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.

Following the recent reform of the national legislation that regulates the staff severance indemnities for companies with more than 50 employees, the staff severance indemnities maturing from 1 January 2007 are configured as a defined contribution plan, the payments for which when recorded are booked directly to the income statement as a cost. The staff severance indemnity due up to 31.12.2006 remains a defined benefits plan, without future contributions. Accordingly, its valuation is carried out by independent actuaries on the basis of the expected average residual working life of the employees only, no longer considering the remuneration that they earned over a predetermined period of service.

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 Group 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

Income taxes for the year represent the sum of the current and deferred taxes.

Current taxes are determined on the basis of a realistic forecast of the charges to be met in application of the prevailing tax legislation; the relative payable is shown net of payments on account, withholdings and compensable receivables, in the item "Tax payables". Where there is a receivable, the amount is shown in the item "Other receivables" of current assets.
Deferred and prepaid income taxes are calculated on the timing differences between the values of the asset and liabilities recorded in the financial statements and the corresponding values recognised for tax purposes.

Deferred taxes payable are recorded against all the taxable timing differences, with the following exceptions:

- the deferred taxes payable deriving from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, there are no effects either on the financial statements profit, or the profit or loss calculated for tax purposes;
- the reversing of the taxable timing differences, related with investments in subsidiaries, related companies and joint ventures, can be checked and it is probable that this will not occur in the foreseeable future.

Deferred tax assets are recorded against all the taxable timing differences and unutilised tax receivables and losses carried forward, to the extent where their existence is probable and adequate future tax profits will be available for the use of the deductible timing differences and tax receivables and losses carried forward, except in the case where:

- deferred tax assets associated with deductible timing differences derive from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not influence either the result of the financial statements, or the taxable profit or loss;
- the taxable timing differences associated with investments in subsidiaries, related companies and joint ventures and deferred tax assets are only recorded to the extent that it is probable that the deductible timing differences will reverse in the future and adequate future tax profits will be available for the use of the deductible timing differences.

Advance tax assets are recognised when their recovery is probable. Prepaid tax assets and deferred tax liabilities are classified under the non-current assets and liabilities and are offset if referred to taxes that can be offset. The balance of the compensation, if receivable, is recorded under the item "Prepaid tax assets"; if payable under the item "Deferred tax liabilities". When the results of the transactions are recorded directly to shareholders' equity, the current taxes, prepaid tax assets and deferred tax liabilities are also booked to shareholders' equity or the comprehensive income statement consistently with recording of the element to which they refer.
Prepaid and deferred taxes are calculated on the basis of the tax rates that are expected to be applied in the year when such assets will be realised or these liabilities will be extinguished.

Currency translation

Receivables and payables initially expressed in foreign currency are translated into Euro at current exchange rates. The receivables and payables originally expressed in foreign currencies are translated into Euro at the historical exchange rates at the dates of the relative transactions. The exchange rate differences realised on receipt of the receivables and payment of the payables in foreign currencies are recorded in the income statement. At the date of preparation of the annual financial statements the receivables and payables in foreign currencies are translated at the exchange rates prevailing at 31 December 2011 with recording of the relative effects to the income statement and a contra entry to the respective items of the balance sheet.
The Cremonini Group's consolidated financial statements are prepared in Euro, which is the Parent Company's functional currency and that used for presentation.
The balances included in the financial statements of each of the Group's companies are recorded in the currency of the primary economic environment where the company operates (functional currency).

The rules for translation of the financial statements expressed in foreign currencies into the presentation currency are the following:

I. assets and liabilities included in the financial statements, even if only for comparative purposes, are translated at the exchange rate at the year-end;
II. the costs and revenues, charges and income, included in the financial statements, even if only for comparative purposes, are translated at the average exchange rate of the period presented;
III. the components of the shareholders' equity, excluding the profit for the period, are translated at historic exchange rates;
IV. the "translation reserve" includes both the exchange rate differences generated from the translation of the magnitudes at a different rate from that of the year-end, and those generated from the translation of the opening shareholders' equities at an exchange rate different from that of the year-end.

The exchange rates utilised for the translation into Euro of the financial statements of foreign subsidiaries that do not use the European currency (Euro) were the following:

Currency	Year-end exchange rate		Average exchange rates	
	2011	2010	2011	2010
Dollars (USA)	1.29390	1.33620	1.39196	1.32570
Dinars (Algeria)	97.46589	99.26540	101.52284	98.09110
Readjustado Kwanza (Angola)	122.62416	123.79300	130.44613	121.85160
New Metical (Mozambique)	35.09757	-	40.46290	-
Real (Brazil)	2.41590	2.21170	2.32651	2.33140
Roubles (Russia)	41.76586	40.81960	40.88475	40.26280
Zloty (Poland)	4.45800	3.97500	4.12062	3.99470

Business combinations

Business combinations that occurred before 1 January 2010 were accounted for by application of the so-called purchase method (defined in IFRS 3 "Business combinations").

The purchase method imposes measurement at the fair value of all asset and liabilities (including the so-called contingent liabilities) acquired after having identified the purchaser in connection with the business combination and determined the acquisition cost. For this purpose the company is required to specifically measure any intangible assets acquired. Any goodwill is determined only residually as the difference between the cost of the business combination (including ancillary charges and any contingent considerations) and portion applicable of the difference between the assets and liabilities acquired measured at fair value.
Business combinations occurring after 1 January 2010 are accounted for by utilising the acquisition method (IFRS 3R). The cost of an acquisition is measured as the sum of the consideration transferred measured at fair value at the date of acquisition and the amount of any minority interests in the business combination. Minority interests in any business combination must be evaluated at fair value, or else in proportion to the minority interests in the identifiable net assets of the business combination. Acquisition costs are expensed and classified under the administrative expenses.
If a business combination is conducted in several phases, the fair value of the equity investment previously held is recalculated at fair value at the date of acquisition, with any resulting profit or loss recorded in the income statement.
Any potential consideration is recorded by the purchaser at fair value at the date of acquisition. A fair value change of the potential consideration is classified as a financial asset or liability, will be recorded, in accordance with the provisions of IAS 39, in the income statement or statement of the other

components of the comprehensive income statement. If this does not form part of the application of IAS 39, it will be accounted for based on the most appropriate IAS 37 or IFRS.
If the potential consideration is classified in the shareholders' equity, its value is not recalculated until its extinction is booked against the shareholders' equity.
The goodwill is initially measured at the cost that emerges as the excess over the sum of the consideration paid and the amount recognised for the minority interests, compared to the identifiable net assets acquired and the liabilities assumed by the Group. Should the consideration be less than the fair value of the net assets of the subsidiary acquired, the difference is recorded in the income statement.

After the initial recognition, the goodwill is measured at cost net of the accumulated impairment. For the purpose of verification of impairment, the goodwill acquired in a business combination must be allocated to each of the Group's cash flows generating units at the acquisition date that provides benefits from the combination synergies, disregarding the fact that other assets or liabilities of the entities acquired are assigned to such units.
Should the goodwill have been allocated to a financial flows generating unit and the entity dispose of part of the assets of such unit, the goodwill associated to the asset disposed of must be included in the carrying value of the asset when the profit or loss deriving from the disposal is determined. The goodwill associated to the asset disposed of must be determined on the basis of the relating values of the asset disposed of and of the part retained of the financial flows generating unit.

Revenue recognition

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.

Dividends

Dividends are recognised in the income statement on the date of the right to their collection, therefore when shareholders are entitled to receive payment in conformity with locally prevailing legislation, normally coinciding with the date of the resolution of a shareholders meeting.

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 Centralized Activities. Geographical areas (secondary sectors) have been identified in Italy, the European Union and the Non-EU countries.

The principal summarized figures by business sector are shown below:

(in thousands of Euros)	**Year 2011**	Year 2010	Change total value	Change %
Production				
Net revenues	1,260,748	589,895	670,853	113.72
Intercompany revenues	43,098	24,328		
Total revenues	1,303,846	614,223	689,623	112.28
Gross operating margin	99,594	50,822	48,772	95.97
Amortization, depreciation and write-downs	(39,156)	(21,656)	(17,500)	80.81
Operating profit (loss)	60,439	29,166	31,273	107.22
Distribution				
Net revenues	1,237,264	1,180,956	56,308	4.77
Intercompany revenues	11,912	12,031		
Total revenues	1,249,176	1,192,987	56,189	4.71
Gross operating margin	91,778	83,041	8,737	10.52
Amortization, depreciation and write-downs	(12,434)	(11,935)	(499)	4.18
Operating profit (loss)	79,344	71,106	8,238	11.59
Catering				
Net revenues	690,619	675,494	15,125	2.24
Intercompany revenues	272	267		
Total revenues	690,891	675,761	15,130	2.24
Gross operating margin	35,167	24,546	10,621	43.27
Amortization, depreciation and write-downs	(25,405)	(23,850)	(1,555)	6.52
Operating profit (loss)	9,762	696	9,066	n.a.
Holding company property and centralized activities				
Net revenues	4,049	4,538	(489)	(10.78)
Intercompany revenues	8,069	7,225		
Total revenues	12,118	11,763	355	3.02
Gross operating margin	(1,626)	(2,771)	1,145	(41.32)
Amortization, depreciation and write-downs	(3,669)	(4,857)	1,188	(24.46)
Operating profit (loss)	(5,295)	(7,628)	2,333	(30.58)
Consolidation adjustment				
Total revenues	*(63,350)*	*(43,852)*		
Gross operating margin	*(262)*	*(255)*		
Amortization, depreciation and write-downs				
Operating profit (loss)	*(262)*	*(255)*		
Total				
Total revenues	3,192,681	2,450,882	741,799	30.27
Gross operating margin	224,651	155,383	69,268	44.58
Amortization, depreciation and write-downs	(80,664)	(62,298)	(18,366)	29.48
Operating profit (loss)	143,987	93,085	50,902	54.68

Breakdown of results by sector

(in thousands of Euros)	Year 2011	Year 2010	Difference in absolute value	Chg. %
Production				
Total revenues	1,413,580	1,228,928	184,652	15.03
Gross operating margin	107,067	101,650	5,417	5.33
Amortization, depreciation and write-downs	42,645	43,339	(694)	(1.60)
Operating profit (loss)	64,422	58,311	6,111	10.48
Total				
Total revenues	3,298,323	3,039,299	259,024	8.52
Gross operating margin	232,114	206,182	25,932	12.58
Amortization, depreciation and write-downs	84,153	83,981	172	0.20
Operating profit (loss)	147,961	122,201	25,760	21.08

Consolidated balance sheet structure by business sector

As at 31 December 2011 (thousands Euro)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	16,933	91,835	61,340	569		170,677
Tangible assets	549,687	54,284	124,262	88,101		816,334
Equity investments and other financial assets	5,376	525	1,069	12,664		19,634
Total fixed assets	**571,996**	**146,644**	**186,671**	**101,334**	**0**	**1,006,645**
Trade net working capital						
- *Trade receivables*	132,971	361,191	45,288	7,775	(15,615)	531,610
- *Inventories*	203,898	96,040	15,766	3	40	315,747
- *Trade payables*	(171,486)	(228,071)	(95,617)	(3,174)	15,331	(483,017)
Total trade and net working capital	165,383	229,160	(34,563)	4,604	(244)	364,340
Other current assets	28,401	35,306	21,209	8,182	(4,827)	88,271
Other current liabilities	(24,160)	(15,462)	(66,802)	(6,608)	5,071	(107,961)
Net working capital	**169,624**	**249,004**	**(80,156)**	**6,178**	**0**	**344,650**
Staff Severance Indemnity Provision and other m/l-term provisions	**(78,275)**	**(23,565)**	**(9,529)**	**(8,421)**		**(119,790)**
Net invested capital	**663,345**	**372,083**	**96,986**	**99,091**	**0**	**1,231,505**

As at 31 December 2010 (thousands Euro)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	12,238	92,052	65,265	523		170,078
Tangible assets	245,631	55,837	113,293	88,653		503,414
Equity investments and other financial assets	1,964	1,091	762	11,002		14,819
Total fixed assets	**259,833**	**148,980**	**179,320**	**100,178**	**0**	**688,311**
Trade net working capital						
- *Trade receivables*	66,492	343,685	53,875	3,160	(11,367)	455,845
- *Inventories*	81,128	99,464	16,270	3	23	196,888
- *Trade payables*	(71,409)	(221,294)	(85,009)	(3,834)	11,206	(370,340)
Total trade and net working capital	76,211	221,855	(14,864)	(671)	(138)	282,393
Other current assets	15,201	23,454	17,987	9,497	(3,292)	62,847
Other current liabilities	(15,691)	(14,964)	(63,642)	(3,787)	3,430	(94,654)
Net working capital	**75,721**	**230,345**	**(60,519)**	**5,039**	**0**	**250,586**
Staff Severance Indemnity Provision and other m/l-term provisions	**(25,097)**	**(23,166)**	**(9,137)**	**(9,733)**		**(67,133)**
Net invested capital	**310,457**	**356,159**	**109,664**	**95,484**	**0**	**871,764**

Net consolidated debt broken down by sector

As at 31 December 2011 (thousands Euro)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(172,476)	(139,733)	(76,346)	(119,211)	(507,766)
- due between 1 and 5 years	(196,760)	(51,699)	(31,033)	(119,737)	(399,229)
- due beyond 5 years	(101,027)	(5,202)	(20,900)	(1,159)	(128,288)
Total payables to banks, bonds and other financial institutions	**(470,263)**	**(196,634)**	**(128,279)**	**(240,107)**	**(1,035,283)**
Liquidity					
- cash and cash equivalents	58,183	37,134	26,110	816	122,243
- other financial assets	2,687	1,745	363	1,072	5,867
Total liquidity	**60,870**	**38,879**	**26,473**	**1,888**	**128,110**
Securitization and internal treasury current accounts		**1,724**	**44,667**	**(46,391)**	**0**
Total net debt	**(409,393)**	**(156,031)**	**(57,139)**	**(284,610)**	**(907,173)**

As at 31 December 2010 (thousands Euro)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(79,400)	(110,526)	(45,687)	(155,383)	(390,996)
- due between 1 and 5 years	(40,477)	(100,281)	(25,310)	(134,209)	(300,277)
- due beyond 5 years	(1,385)	(6,789)	(18,076)	(1,723)	(27,973)
Total payables to banks, bonds and other financial institutions	**(121,262)**	**(217,596)**	**(89,073)**	**(291,315)**	**(719,246)**
Liquidity					
- cash and cash equivalents	12,565	55,476	31,365	9,186	108,592
- other financial assets	394	2,667	297	2,081	5,439
Total liquidity	**12,959**	**58,143**	**31,662**	**11,267**	**114,031**
Securitization and internal treasury current accounts		**3,098**	**(21,834)**	**18,736**	**0**
Total net debt	**(108,303)**	**(156,355)**	**(79,245)**	**(261,312)**	**(605,215)**

Main accounting judgments, estimates and assumptions 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.

• <u>Estimates adopted to value to impairment of assets</u>

For the purposes of verification of a possible impairment of the goodwill recorded in the financial statements, the Group has adopted the methodology already described in the paragraph "Impairment of assets".
The recoverable value was determined on the basis of the calculation of the usable value.
Cash flows from the cash generating units attributable to each goodwill/consolidation difference were deduced for 2011 from the Budget and for subsequent years from management estimates, constant growth rates never exceeding the programmed inflation rate. The average cost of capital (WACC) was utilised as the discount rate as follows:

- 8.0% for Chef Express' goodwill measurement;
- 7.5% for INALCA's goodwill measurement;
- 6.71% for MARR's goodwill measurement;

The evaluation of any losses in value of the assets (impairment test on goodwill) was carried out annually with reference to 31 December 2011.

• <u>Estimates adopted in the actuarial calculation for the purpose of determining the benefit plans defined in the context of staff severance provisions</u>

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 annual rate of increase in the staff severance provision is 3%;
- the annual frequency rate of advances on post-employment benefits is envisaged as 2.5%;
- the turnover of employees was 9%, except for Fiorani S.p.A., which was 5%.

• <u>Estimates adopted in the actuarial calculation for the purpose of determining the supplementary clientele severance indemnity</u>

The valuation of payables for the clientele severance indemnity was made by an independent actuary on the basis of the following assumptions:

- the voluntary turnover provided was 13% for MARR S.p.A., 7% for Montana S.p.A. and for Ibis S.p.A., 7% for Asca S.p.A, 6% for Emigel S.r.l. and 5% for New Catering S.r.l.;
- the corporate voluntary turnover provided was 16% for Ibis S.p.A., 10% for Asca S.p.A., 7% for New Catering S.r.l., 10% for Montana S.p.A. and 2% for MARR S.p.A and Emigel S.r.l.;
- the discount rate utilised was 3.6%.

• <u>Deferred taxes</u>

The deferred tax assets are recorded against all the tax losses carried forward, to the extent that the existence of adequate future tax profits against which these losses may be utilised is probable. A significant discretional valuation is required of the directors to determine the amount of the deferred tax assets that can be booked. They must estimate the probable timing and amount of the future taxable profits as well as planning a strategy for the future taxes.

• Other estimates and hypotheses utilised

The following elements of the financial statements are affected by management estimates and assumptions:

- inventory obsolescence;
- amortisation and depreciation
- valuations of other assets.

Financial risk management

The principal risks identified, monitored and actively managed by the Cremonini Group are the following:

- Market risks: deriving from Group's exposure to the fluctuations in exchange rates, interest rates and volatility of the prices of the products and services sold;
- Credit risk: deriving from the possibility of bankruptcy of a counterparty;
- Liquidity risk: deriving from the absence of financial resources to meet short-term financial commitments.

The Cremonini Group utilises derivative financial instruments to hedge the exposure to exchange rate and interest rate risks. Nevertheless, in the cases where the derivative financial instruments do not meet all the conditions provided for the accounting treatment of the hedging derivative financial instruments (hedge accounting), these are booked at the fair value with a contra entry to the income statement.

Market risk

The market risk consists of the possibility that changes in the exchange rates, interest rates and prices of the products can negatively influence the value of the assets, liabilities or expected cash flows.

Exchange rate risk

The Cremonini Group, operating internationally, is structurally exposed to changes in exchange rates that affect the financial flows that originate from operations and loan transactions in currencies other than the European currency (Euro).

The Group's exposures derive above all from the transactions of a trade nature regulated in United States Dollars; other exposures in foreign currencies to which the Group is subjected are those in Russian Roubles, English Pounds, Angolan Kwanza, Polish Zloty and Algerian Dinar.

The exchange rate changes have impacted:

- on the financial result, as an effect of the significantly different costs and revenues in foreign currencies with respect to the time when the price conditions were defined, and as an effect of the translation of trade or financial receivables and payables denominated in foreign currencies;
- on the financial result and shareholders' equity of the consolidated financial statements, as an effect of the translation of the assets and liabilities of the companies that prepare their financial statements in a foreign currency other than the Euro.

The risk deriving from the formation of the income for the financial year in a foreign currency, or the translation of the assets and liabilities of the companies that prepare their financial statements in a foreign currency other than the Euro is not as a norm hedged, except for a specific different valuation.

Sensitivity analysis

In general, an appreciation of the Euro against other currencies has a negative effect on the pre-tax profit and vice versa.
At 31 December 2011, the effects of an appreciation or depreciation of the Euro of 5% against the foreign currencies in which the Group operates are shown in the following table:

Effects on the pre-tax result:

(in thousands of Euros)	Euro 5% Appreciation	Euro 5% Depreciation
US - Dollars	(531)	587
GB - Pounds	(2)	2
Angola - Readjustado Kwanza	3,391	(3,748)
Russia - Rubles	3,296	(3,643)

Interest rate risk

The Cremonini Group, as is evident from the net debt, is exposed to the risk of fluctuation in interest rates that affect the market value of financial assets and liabilities, and the amount of financial charges. The medium/long-term loans are, almost totally, stipulated with variable interest rates exposing the Group to the risk of a change in future cash flows, while the fixed rate loans expose the Group to the risk of a change in the fair value of the loans themselves.

Sensitivity analysis

At 31 December 2011,a hypothetical increase of 5% in the interest rate, all other variables being equal, would have determined a higher pre-tax charge (and therefore a corresponding reduction of shareholders' equity) of about 597thousand Euro on an annual basis (275 thousand Euro at 31 December 2010).

Price risk

The reduction of the prices of the products and services sold generally leads to a reduction in the operating results and vice versa. The Group, which operates worldwide, is exposed to the fluctuations of prices that are also affected by the normal seasonality that characterises the individual sectors. These risks are managed directly by the individual companies through the diversification of the sources of procurement and through the following-up of the stability of the margins implemented with an optimal prices policy .

Credit risk

The credit risk represents the Group's exposure to potential losses deriving from the counter party's failure to meet obligations assumed and is evaluated both in commercial terms, i.e., correlated to the

customer typologies and to the contractual terms and concentration of the sales, and in financial terms connected to the typology of the counter parties used in financial transactions.
The Group's operating practices allow control of the credit risk, through a procedure that monitors the merit classes of the customers that request deferment of payments, thus limiting sales of products and/or services to customers without an adequate level of credit line and guarantees. The monitoring of the customer is based on collection of data and information on new customers and supervision of the evolution of individual credit positions. Furthermore, the receivables balance is monitored during the financial year so as to ensure that the delinquent positions are not significant.
The credit risk is also mitigated by the fact that there are no major expositions due to a concentration of positions, in view of the multiple numbers of customers and particularly distributed turnover. With regard to the financial counterparty risk deriving from the use of liquidity, the Group implements policies that limit the loan exposure with the individual financial institutions.

Management of trade credit is the responsibility of the Customers Office, Debt Recovery Office and Disputes Management on the basis of formalised valuation procedures for commercial partners' credit lines, including the recovery of receivables and eventual management of the disputes. This procedure permits the definition of those rules and operational mechanisms that ensure the generation of a payments flow such as to guarantee Cremonini S.p.A. customer solvability and the profitability of the relationship.

At the reference date of the financial statements, the maximum exposure to the credit risk is equal to the value of each category of the receivables indicated below:

(in thousands of Euros)	**31.12.2011**	31.12.2010
Current trade receivables	533,109	461,230
Other non-current assets	24,748	11,756
Other current assets	55,859	54,039
Total	**613,716**	**527,025**

The fair value of the categories shown above is not given as the book value represents a reasonable approximation.

Please refer to point 12 of the explanatory notes to the financial statements for information regarding the maximum exposure to credit risk.

Liquidity risk

The liquidity risk represents the risk that, due to the incapacity of raising new funds or liquidate assets in the market, the company cannot meet its payment obligations, determining an impact on the financial result in the case where the company is constricted to sustain additional costs to meet its commitments or, as an extreme consequence, a situation of insolvability that places the company's activities at risk.

The Group systematically respects the maturities of its commitments, a behaviour that allows it to operate in the market with the necessary flexibility and reliability for the purpose of maintaining a correct balance between the supply and use of financial resources.
The Group manages the liquidity risk through prudent control of the necessary cash and cash equivalents for the normal conduct of operations and availability of credit lines that guarantee a satisfying level of resources sufficient to cover any financial necessities. These controls mainly take

place through the constant monitoring by the centralised treasury of the receipts and payments flows of all the companies, pursuing the maintenance of a balance in terms of duration and composition of the payables. This specifically allows the monitoring of the resources flows generated and absorbed by normal operations. With regard to management of the resources absorbed by the investment activities, in general it privileges the location of sources of specific long-term loans.

The table below analyses the financial liabilities and the derivative financial liabilities on the basis of the contractual maturities as at the date of the financial statements. It is noted that the amounts indicated do not reflect the book values (with the exception of the balances within 12 months, for which the book balances reflect reasonable estimates of the financial flows, given the insignificance of the discounting effect) as they are not discounted. The financial flows from variable rate loans were estimated utilising the average rate of indebtedness at the reference date of the financial statements.

(in thousands of Euros)	ithin 12 months	1-5 years	Over 5 years	Total
At 31 December 2011				
Financial payables	506,914	398,033	128,288	1,033,235
Financial instruments / Derivatives	1,840	1,041	-	2,881
Trade Liabilities	520,681	-	-	520,681
	1,029,435	**399,074**	**128,288**	**1,556,797**
At 31 December 2010				
Financial payables	390,075	299,746	27,973	717,794
Financial instruments / Derivatives	641	-	-	641
Trade Liabilities	411,459	-	-	411,459
	802,175	**299,746**	**27,973**	**1,129,894**

Classes of financial instruments

The following elements are booked conforming to the accounting standards relating to financial instruments:

(in thousands of Euros)	31 December 2011		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Non-current financial receivables	-	42	**42**
Non-current financial receivables	4,453	-	**4,453**
Other non-current receivable items	24,748	-	**24,748**
Current financial receivables	5,171	-	**5,171**
Current trade receivables	533,109	-	**533,109**
Current derivative financial instruments	-	8	**8**
Current tax receivables	30,713	-	**30,713**
Cash and cash equivalents	122,244	-	**122,244**
Other current receivable items	55,859	-	**55,859**
Total	**776,297**	**50**	**776,347**
Balance Sheet Liabilities	**Other financial liabilities**	**Derivates utilised for hedg.**	**Total**
Non-current financial payables	526,321	-	**526,321**
Current financial payables	-	1,041	**1,041**
Current financial payables	506,914	-	**506,914**
Derivative financial instruments	-	1,840	**1,840**
Total	**1,033,235**	**2,881**	**1,036,116**

(in thousands of Euros)	31 December 2010		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Non-current financial receivables	-	16	**16**
Other non-current receivable items	4,679	-	**4,679**
Current financial receivables	11,756	-	**11,756**
Current trade receivables	3,383	-	**3,383**
Current derivative financial instruments	461,230	-	**461,230**
Current derivative financial instruments	-	447	**447**
Current tax receivables	24,339	-	**24,339**
Cash and cash equivalents	108,592	-	**108,592**
Other current receivable items	54,039	-	**54,039**
Total	**668,018**	**463**	**668,481**
Balance Sheet Liabilities	**Other financial liabilities**	**Derivates utilised for hedging**	**Total**
Non-current financial payables	327,719	-	**327,719**
Derivative financial instruments	390,075	-	**390,075**
Derivative financial instruments	-	641	**641**
Total	**717,794**	**641**	**718,435**

In conformity with the requirements of the changes introduced to IFRS 7 commencing from 1 January 2009, we indicate that the derivative financial instruments, constituting hedging contracts on exchange and interest rates, are classifiable as "Level 2" financial assets, as the inputs that have a significant effect on the fair value recorded are figures are directly observable on the market[1].
With regard to the "Other current and non-current assets" items, you are referred to the indications in paragraphs 6 and 11 of these explanatory notes.

[1] The company identifies as "Level 1" financial assets/liabilities those where the inputs that have a significant effect on the fair value recorded are represented by prices quoted on an active market for similar assets or liabilities and as "Level 3" financial assets/liabilities those where the inputs are not based on observable market figures.

Capital management policy

The company's primary aim, regarding capital management, is to obtain an appropriate level of own funds in relation to debt, with the purpose of maintaining equity solidity and achieve a functional debt/equity ratio for the purpose of adequate management of the financial leverage.

For the purpose of reaching these objectives, the company, in addition to pursuance of satisfying financial results and the generation of cash flows, can intervene on the dividends policy and configuration of the company's capital.

The principal indicators that the company uses for capital management are:

1. R.O.S. (Return on sales);
2. R.O.I. (Return on investments);
3. R.O.A.C.E. (Return On Average Capital Employed);
4. R.O.E. (Return on equity);
5. Net Debt / Equity;
6. Net Debt /Ebitda.

Information included in the Directors' Report

With respect to the nature of the Group's business activities, the events of significance occurring after the closing of the financial year, 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 respectively in annex 3 and 4, that 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 31.12.2010	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2011**
Land and buildings	348,489	245,652	10,678	(807)	11,703	(19,297)	596,418
Plant and machinery	93,947	54,984	16,953	(838)	15,615	(27,828)	152,833
Industrial and business equipment	3,808	1,375	1,976	(32)	96	(1,781)	5,442
Other assets	34,621	3,709	8,184	(2,034)	2,908	(10,330)	37,058
Fixed assets under construction and advances	22,550	3,606	33,869	(7,531)	(27,911)		24,583
Total	**503,415**	**309,326**	**71,660**	**(11,242)**	**2,411**	**(59,236)**	**816,334**

Land and buildings

The increase in the item Land and buildings above all regarded the Catering (4,500 thousand Euro) and Production (4,327 thousand Euro) sectors.
This increase in the catering sector specifically regards the purchases through financial leases by Roadhouse Grill S.r.l. for the opening of the new premises of the steakhouse chain, such as Mirabilandia (Ravenna) and Parma and the investments made by Chef Express for the refurbishment and updating of various station and motorway areas buffets.

The increase in the Production sector were due to the investments in the Meat segment, specifically both by the subsidiary Inalca Algerie for about 919 thousand euro for improvements to the building available (the latter, however, was definitively purchased in the financial year), and by INALCA S.p.A. itself. for about 1,784 thousand Euro) where the main investments are related to the new central refrigeration and new Cassette warehouse; Also noted is the increase of 1,031 thousand Euro ascribable to Bell Carni following the acquisition thereof.

The other movements refer to reclassification of works completed in the period that were previously recorded under the item "Non-current assets in progress".

At 31 December 2011 there were seventeen financial leases, one of which regarding the purchase of an aircraft, while the remaining leases relate to the purchase of real estate. Shown below are the summarized figures of the transactions:

	Ca' di Sola Building	Legnano Building	Opera (MI) Building
Commencement of the lease term	01/12/2004	01/12/2005	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 milion Euros	3 milion Euros	7 milion Euros
Initial payment on signing the contract	1,200 thousand Euros	300 thousand Euros	700 thousand Euros
Amount of the monthly payment	117 thousand Euros	18 thousand Euros	72 thousand Euros
Interest rate	Euribor	Euribor	Euribor
Amount of final option	1,200 thousand Euros	300 thousand Euros	350 thousand Euros
2011 payments*	1,398 thousand Euros	238 thousand Euros	852 thousand Euros
Residual value as at 31 December 2011*	1.5 milion Euros	1.9 milion Euros	1.1 milion Euros

	Corbetta Building	Ferrara Building	Bergamo Building
Commencement of the lease term	01/03/2007	01/06/2007	01/07/2007
Duration finance lease	180 months	180 months	180 months
Nr. of lease payments	179 months	179 months	179 months
Value of the leased asset	1.6 milion Euros	1.3 milion Euros	2.9 milion Euros
Initial payment on signing the contract	163 thousand Euros	133 thousand Euros	296 thousand Euros
Amount of the monthly payment	10 thousand Euros	8 thousand Euros	19 thousand Euros
Interest rate	Euribor	Euribor	Euribor
Amount of final option	326 thousand Euros	267 thousand Euros	589 thousand Euros
2011 payments*	101 thousand Euros	82 thousand Euros	182 thousand Euros
Residual value as at 31 December 2011	1.2 milion Euros	1 milion Euros	2.2 milion Euros

	Padova Building	Trezzano Building	Rozzano Building
Commencement of the lease term	29/02/2008	10/09/2008	24/09/2008
Duration finance lease	18 years	216 months	216 months
Nr. of lease payments	71 semester	215 months	215 months
Value of the leased asset	3.4 milion Euros	2.5 milion Euros	3.2 milion Euros
Initial payment on signing the contract	339 thousand Euros	332 thousand Euros	316 thousand Euros
Amount of the monthly payment	64 thousand Euros	16 thousand Euros	20 thousand Euros
Interest rate	Euribor	Euribor	Euribor
Amount of final option	339 thousand Euros	251 thousand Euros	313 thousand Euros
2011 payments*	154 thousand Euros	161 thousand Euros	149 thousand Euros
Residual value as at 31 December 2011	2.7 milion Euros	2.7 milion Euros	2.5 milion Euros

	Corsico Building	Vicenza Building	Modena Sud Building
Commencement of the lease term	12/08/2009	09/10/2009	16/09/2010
Duration finance lease	18 years	18 years	18 years
Nr. of lease payments	215 months	215 months	215 months
Value of the leased asset	3.1 million Euros	2.2 million Euros	4.4 million Euros
Initial payment on signing the contract	355 thousand Euros	260 thousand Euros	437 thousand Euros
Amount of the monthly payment	15 thousand Euros	10 thousand Euros	21 thousand Euros
Interest rate	Euribor	Euribor	Euribor
Amount of final option	314 thousand Euros	215 thousand Euros	437 thousand Euros
2011 payments*	220 thousand Euros	166 thousand Euros	261 thousand Euros
Residual value as at 31 December 2011	2.8 million Euros	2.1 million Euros	3.8 million Euros

*Values inclusive of indexation differences

	Voghera Building	Mirabilandia Building	Parma Building
Commencement of the lease term	02/12/2010	01/07/2011	23/12/2011
Duration finance lease	18 years	18 years	18 years
Nr. of lease payments	215 months	215 months	215 months
Value of the leased asset	1.5 million Euros	2.4 million Euros	3.6 million Euros
Initial payment on signing the contract	147 thousand Euros	237 thousand Euros	360 thousand Euros
Amount of the monthly payment	7 thousand Euros	12 thousand Euros	21 thousand Euros
Interest rate	Euribor	Euribor	Euribor
Amount of final option	147 thousand Euros	237 thousand Euros	360 thousand Euros
2011 payments*	87 thousand Euros	63 thousand Euros	2 thousand Euros
Residual value as at 31 December 2011	1.3 million Euros	2.1 million Euros	3.2 million Euros

	Specific machinery	Aircraft
Commencement of the lease term	01/04/2010	01/01/2011
Duration finance lease	46 months	36 months
Nr. of lease payments	8 semester	36 months
Value of the leased asset	1.5 million Euros	973 million Euros
Initial payment on signing the contract	290 thousand Euros	-
Amount of the monthly payment	230 thousand Euros	28 thousand Euros
Interest rate	Euribor	Euribor
Amount of final option	23 thousand Euros	-
2011 payments*	422 thousand Euros	336 thousand Euros
Residual value as at 31 December 2011	856 thousand Euros	660 thousand Euros

*Values inclusive of indexation differences

Plant and machinery

In detail, the larger investments that make up the balance shown in the above table were made by: INALCA (6,701 thousand Euro), Montana (1,044 thousand Euro), Marr (1,096 thousand Euro), Chef Express (1.403 thousand Euro), Avirail (1.304 thousand Euro), and Cremonini Restauration (1,286 thousand Euro), all for plant and machinery utilised in the conduct of the respective production or catering businesses.
The other movements refer to reclassification of works that were previously recorded under the item "Non-current assets in progress".

Other assets

The principal investments made by INALCA and Marr are for the purchase of vehicles and electronic machinery.

Further significant increases, mostly related to the purchase of furniture and fittings, are ascribable to both Chef Express and Roadhouse Grill Italia. Also noted is that conducted by Cremonini Rail Iberica, for the purchase of further operating assets following the award at the beginning of 2010, of the on-board catering of on all the Spanish network trains.

Non-current assets under construction and advances

Most of the increases can be accounted for as follows:

- 654 thousand Euro for capital expenditure by the subsidiary Montana S.p.A for the construction of a new plant for sandwich production.
- 5,806 thousand Euro for capital expenditure by the subsidiary Kaskad for improvements and extensions to the new factory.
- 1,073 thousand Euro for capital expenditure by the subsidiary Marr Russia for completion works on

the investments initiated in the previous financial year.
- 1,536 thousand Euro for capital expenditure by the subsidiary Inalca Kinshasa for completion works on the investments initiated in the previous financial year.
- 9,554 thousand Euro for capital expenditure related to the refurbishment of various sales outlets of the commercial catering division of the subsidiary Chef Express S.p.A. ;
- 4,438 thousand Euro for the construction and refurbishment works in the new premises of the steakhouse chain of the subsidiary Roadhouse Grill S.r.l.;

2. Goodwill

Goodwill is not amortized with the exclusion of that with a defined useful life, the amortization of which is correlated to the term of the concession; recoverability of the related book value is verified at least annually and anyway when events occur that presuppose impairment.
The verification is carried out at the level of the smallest aggregate on the basis of which corporate management measures, directly or indirectly, the return on the investment that includes the goodwill (cash generating unit); for the main hypotheses utilized for the determination of recoverable value you are referred to that shown in the paragraph "Main estimates used by management and discretional measurements".

(in thousands of Euros)	Balance at 31.12.2010	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2011**
Production - Beef	6,745		2,448	(6,745)			2,448
Production - Others	2,446			(2,446)			0
Distribution	91,376						91,376
Catering	61,113				(3,476)		57,637
Holding company and services	401						401
Total	**162,081**	**0**	**2,448**	**(9,191)**	**(3,476)**	**0**	**151,862**

Purchase Price Allocation e application of IFRS 3

As mentioned in the preamble, Cremonini S.p.A. acquired the remaining 50% of the INALCA S.p.A. shares entitled to voting rights through Cremonini Produzione S.p.A. on 4 March 2011.
The line-by-line consolidation of the equity investment in INALCA S.p.A. generated goodwill totalling 57,199 thousand Euro, which in compliance with the provisions of the reference accounting standards, was allocated for 54,851 thousand Euro to the assets and brands of the company and its subsidiaries.

The detail of the composition of goodwill and the allocation to the assets thereof is shown below:

(in thousands of Euros)	**INALCA Group**
Cash consideration	218,855
Fair value of 50% interest	218,855
Total consideration Cremonini Group	**437,710**
Minority interests	9,189
Total consideration	**446,899**
Carrying value of identifiable assets acquired and the liabilities assumed	389,700
Goodwill before fair value adjusment	**57,199**
Land	31,054
Buildings	39,957
Trade mark	8,948
Deferred taxes	(25,107)
Fair value adjustment	**54,852**
Goodwill	**2,347**

Book values determined in conformity with the IFRS immediately prior to the combination	INALCA Group
Intangible fixed assets	490,662
Intangible fixed assets	6,095
Other non-current assets	11,582
Inventories	162,548
Current Financial receivables	872
Current Commercial receivables	134,111
Current tax assets	16,138
Cash and cash equivalents	25,129
Other current assets	13,514
Non-current financial payables	(83,725)
Employee benefits	(11,583)
Provision for non-current liabilities and charges	(2,348)
Deferred tax liabilities	(35,237)
Other non -current liabilities	(158)
Current financial payables	(158,930)
Current tax payables	(15,197)
Current trade payables	(146,751)
Other current liabilities	(17,022)
Fair value of assets acquired, liabilities and contingent liabilities assumed	**389,700**

3. Other intangible assets

(in thousands of Euros)	Balance at 31.12.2010	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2011**
Patents and intellectual property rights	2,246	170	844	(2)	66	(1,167)	2,157
Concessions, licences, trademarks and similar rights	4,921	11,748	416	(26)	(5)	(1,073)	15,981
Fixed assets under development and advances	123		145	(21)	(41)		206
Long-term costs	707					(237)	470
Total	**7,997**	**11,918**	**1,405**	**(49)**	**20**	**(2,477)**	**18,814**

The increase in the item "Industrial patent rights" mainly includes the purchases and implementation of corporate software. The purchases for the financial year refer to application software, both in the management and administrative/financial areas.

The other non-current intangible assets have a defined useful life and consequently are amortised over that life.

The item "Non-current assets in progress and advances" represents the capitalisation of costs relating to operations in progress at the year-end that will be completed during the current and following years.

4. Investments valued at equity

The main changes that took place during the financial year, deducible in detail from appendix 5, are commented on below. Appendix 6 also shows the list and figures required by art. 2427.5 *quinquies* of the Italian Civil Code).

Equity investments in associated companies

The change in the value of related companies mainly refers to the write-up of the equity investment in Emilia Romagna Factor, based on the last financial statements available, and the change in the scope of the consolidation due to the buy-back of the entire production sector commencing from March 2011.

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)	**31.12.2011**	31.12.2010
Interest-bearing and non-interest-bearing loans to third parties	4,453	4,679
Total	**4,453**	4,679

The balance of the item at 31 December 2011 of 4,453 thousand Euro is totally attributable to MARR S.p.A. This balance includes the quota after a year of the interest-bearing financial receivables of MARR itself from the following partners: La Cascina Soc. Coop. a r.l. (for 2,600 thousand Euro), Adria Market (for 140 thousand Euro) and Nizzi S.p.A. (for 167 thousands Euro), other than for the quota after one year of the receivables from truckers following the sales to the latter of the transport vehicles with which MARR''s goods are handled (for a total of 1,546 thousand Euro).

7. Deferred tax assets

The amount of the prepaid taxes mainly refers to the tax effect, calculated on taxed provisions, write-downs of financial non-current assets tax deductable in subsequent years and write-downs of real estate.

8. Other non-current assets

(in thousands of Euros)	**31.12.2011**	31.12.2010
Trade receivables	6,565	3,492
Tax assets	2,933	2,214
Deferred income and prepaid expenses	3,427	3,391
Other receivables	11,823	2,659
Total	**24,748**	**11,756**

Trade receivables

The "Non-current trade receivables", slightly down compared to the last financial year, are ascribable to the distribution sector.

Deferred income and prepaid expenses

The item "Non-current deferred income and prepaid expenses" is mainly attributable to Chef Express S.p.A. and refers to costs incurred for awarding of catering services in motorway areas managed in concession. These costs, similar to a form of early rent, are accordingly recovered over the term of the various concessions.

Other receivables

The upward change in the item, over the 2010 figure, is due to the new definition during the year of some contractual due dates in the Distribution sector. This amounts to about 9,000 Euro.

Current assets

9. Inventories

(in thousands of Euros)	**31.12.2011**	31.12.2010
Raw materials, secondary materials and consumables	34,096	14,778
Work in progress and semi-finished goods	4,390	1,832
Finished goods and goods for resale	261,659	174,280
Advances	3,030	1,482
Provision for write-down of inventories	(1,045)	(949)
Total	**302,130**	**191,423**

The increase in the balance is mainly due to the change in the scope of the consolidation, as well as the increase in turnover in the foreign subsidiaries of the production sector, the effect of which for generally logistical reasons resulted in an increase in the stocks.

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 is due to the change in the scope of the consolidation.

11. Current financial receivables

(in thousands of Euros)	**31.12.2011**	31.12.2010
Receivables from subsidiaries	**-**	**-**
Receivables from associated companies	**270**	**344**
Farm Service S.r.l.	270	135
Bell Carni S.r.l.	-	209
Other financial receivables	**4,901**	**3,039**
Interest-bearing and non-interest-bearing loans to third parties	376	40
Treasury receivables from minorities	4,525	2,999
Totale	**5,171**	**3,383**

The increase in the balance compared to the 2010 figure is mainly linked to the item "Other receivables of a financial nature", and derives from a receivable for the use of funds by the subsidiary Kaskad.

The remaining :Other receivables of a financial nature" mainly refer to receivables of the subsidiary MARR, all interest bearing, where in detail these are financial receivables from truckers (208 thousand Euro) following the sales to the latter of the transport vehicles with which MARR's goods are moved to service provider partners (143 thousand Euro), and other commercial partnership companies (1,353 thousand Euro), for the purpose of consolidating the respective commercial relationships and allowing a further increase in revenues, in addition to loans granted to agents (40 thousand Euro).

12. Current trade receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	**31.12.2011**	31.12.2010
Trade receivables	**531,866**	**459,140**
Due within 12 months	566,192	487,627
Provision for bad debts	(34,326)	(28,487)
Receivables from unconsolidated subsidiaries	**0**	**0**
Receivables from associated companies	**1,243**	**2,090**
A.O. Konservni	1,000	1,500
Parma France S.a.s	7	-
Farm Service S.r.l.	200	121
Food & Co	34	79
Bell Carni S.r.l.	-	390
Prometex S.a.m.	2	-
Total	**533,109**	**461,230**

The Group's credit risk is mainly attributable to the amount of the trade receivables. The amounts shown in the financial statements are net of provisions for non-collectability of receivables, estimated by the Group's management on the basis of historical experience and their measurement in the current economic context.
At 31 December 2011, the composition of the overdue trade receivables from third parties is the following:

(in thousands of Euros)	**31.12.2011**		31.12.2010	
	Amount	Bad Debt Prov.	Amount	Bad Debt Prov.
Trade receivables not overdue	351,577	(827)	300,073	(807)
Overdue up to 30 days	75,439	(234)	55,721	(94)
Overdue from 31 to 60 days	28,361	(218)	26,499	(151)
Overdue from 61 to 90 days	23,451	(512)	22,131	(225)
Overdue from 91 to 120 days	85,152	(27,610)	87,234	(27,749)
Overdue over 120 days	9,788	(5,936)	-	-
Total	**573,768**	**(35,337)**	**491,658**	**(29,026)**

The fair value of the categories shown above is not given as the book value represents a reasonable approximation.

13. Current tax assets

(in thousands of Euros)	**31.12.2011**	31.12.2010
Receivables for advance on direct taxes	3,142	1,816
Receivables for withholdings	4,078	4,416
VAT credit and other taxes requested for reimbursement	17,358	12,826
Other sundry receivables	6,204	5,350
Bad debts provision	(69)	(69)
Total	**30,713**	**24,339**

The increase compared to the 2010 balance is mainly due to the change in the scope of consolidation.
The balance of the item "VAT receivables and other taxes for which repayment has been requested" is mainly ascribable to the VAT receivable in Russia of the Kaskad subsidiary, generated following the major investment for the construction of the new facility in Odintzovo (Moscow). This amount will be partially recovered through repayment requests and partially through set-off against the VAT payable relating to rents receivable.
The same item also includes receivables deriving from the Group VAT settlement.

14. Cash and cash equivalents

(in thousands of Euros)	**31.12.2011**	31.12.2010
Cash	18,029	11,512
Checks	41	164
Bank and postal accounts	104,174	96,916
Total	**122,244**	**108,592**

The balance represents the cash and cash equivalents and the existence of money and notes in circulation at the year-end.
You are referred to the cash flow statement for the year 2011 for the evolution of cash and cash equivalents.

15. Other current assets

(in thousands of Euros)	**31.12.2011**	31.12.2010
Accrued income and prepaid expenses	5,141	3,496
Other receivables		
Advances to suppliers	37,663	41,118
Receivables from insurance companies	1,982	577
Receivables from social security institutions	2,729	1,988
Receivables from agents	2,838	3,321
Receivables from employees	1,033	870
Down payments	-	55
Guarantee deposits	516	409
Other sundry receivables	6,563	4,781
Provision for bad debts	(2,606)	(2,576)
Total	**55,859**	**54,039**

The "Advances to suppliers" refer, for 31,435thousand Euro, to the distribution sector and for 5,956 to the production sector. Both the amounts are 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.

LIABILITIES

Shareholders' Equity

As regards the changes within the Shareholders' Equity refer to the statement of changes in the Shareholders' Equity.

16. Share capital

The share capital amounts to 67,073,932 thousand Euro and is represented 128,988,330 ordinary shares of the Parent Company Cremonini S.p.A., fully subscribed and paid-up, with normal rights, with a par value of Euro 0.52 each.

Treasury stock

The Parent Company did not hold treasury shares at 31 December 2011.

Reserves

The legal reserve of 14,749 thousand Euro was unaltered in the financial year, having reached the limit mentioned in art. 2430 of the Italian Civil Code.

The share premium reserve constitutes the share premium paid by shareholders at the time of the Public Subscription Offer during the course of 1998. The reserve of 78,280 thousand Euro has not changed with respect to 31 December 2010.

The reserve for treasury shares trading was reversed following the cancellation of the treasury shares.

The cash flow hedge reserve records the profits or losses deriving from the valuation of the financial instruments designated to hedge variable rate loans.

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

The inverse merger between Cremonini S.p.A. and Cremonini Investimenti S.r.l. (the company through which the delisting of Cremonini S.p.A. was completed) took place on 31.12.2008. The cancellation of the carrying value of the equity investment in Cremonini S.p.A. (of 200,954 thousand Euro) against the shareholders' equity held by Cremonini Investimenti S.r.l. (54,575 thousand Euro) generated a merger deficit of 146,379 thousand Euro.

The basic earnings per share as at 31 December 2011amounted to Euro 0.3876 (Euro 0.1697as at 31 December 2010) and was calculated on the basis of net profits of 50,001 thousand Euro divided by the weighted average number of ordinary shares in 2011, equal to 128,988,330. 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 31.12.2011		
	Capital stock and reserve	Profit/(loss)	Shareholders' equity
Parent Company's shareholders' equity and profit/(loss) for the year	**76,974**	**5,821**	**82,795**
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	(44,154)	-	(44,154)
- Pro rata subsidiary profits (losses)	-	96,804	96,804
- Investments write-downs	(6,495)	6,495	-
- Dividends	60,823	(60,823)	-
- Consolidation differences	97,108	-	97,108
Elimination of the effects of commercial transactions between Group companies	(1,121)	342	(779)
Adjustment of the financial statement of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	452	1,362	1,814
Total adjustments	*106,613*	*44,180*	*150,793*
Group's share of net equity and profit/(loss)	**183,587**	**50,001**	**233,588**
Minorities' share of net equity and profit/(loss)	66,229	24,515	90,744
Consolidated financial statements shareholders' equity and profit/(loss) for the year	**249,816**	**74,516**	**324,332**

Non-current liabilities

17. Non-current financial payables

(in thousands of Euros)	**31.12.2011**	31.12.2010
Due between 1 and 5 years		
Payables to banks	390,246	290,629
Payables to other financial institutions	7,787	9,117
Total payables due between 1 and 5 years	**398,033**	**299,746**
Due beyond 5 years		
Payables to banks	106,553	8,648
Payables to other financial institutions	21,735	19,325
Total payables due beyond 5 years	**128,288**	**27,973**
Total	**526,321**	**327,719**

Shown below is a breakdown of payables to banks with the indication of the interest rates applied:

(in thousands of Euros)	Credit line	Interest Rate	Current portion	Between 1 and 5 years	Beyond 5 years	**Balance at 31.12.2011**
Overdraft	68,899	Euribor + spread	19,786	-	-	19,786
Advances - Imports	90,000		36,273	-	-	36,273
Advances - Exports	44,651		24,311	-	-	24,311
Advances on invoices Italy	237,522		99,845	-	-	99,845
Advances subj. to collection	142,733	Euribor + spread	18,074	-	-	18,074
Hot Money	131,186	Euribor + spread	93,828	-	-	93,828
Mortgages		Euribor + spread	184,605	390,246	106,553	681,404
Altri Rapporti			417	-	-	417
Total	**714,991**		**477,139**	**390,246**	**106,553**	**973,938**

The amounts due to other financial institutions, detailed in the following table, mainly constitute the payables deriving from the recording, in accordance with the financial method, of the lease contracts.

Other financial institutions	Interest rate	Expiry date	Current	Non current	Balance at 31.12.2011
Leasing					
BNP Paribas (ex. Locafit)	Euribor + spread	07/03/2012	1,538	-	**1,538**
Banca Italease	Euribor + spread	01/12/2020	221	1,678	**1,899**
Unicredit Fact. (ex. Locat)	Euribor + spread	21/10/2012	1,023	-	**1,023**
Banca Italease	Euribor + spread	01/06/2022	55	930	**985**
Banca Italease	Euribor + spread	01/03/2022	68	1,121	**1,189**
Banca Italease	Euribor + spread	01/07/2022	118	2,089	**2,207**
Fraer Leasing	Euribor + spread	23/09/2026	96	2,447	**2,543**
Fraer Leasing	Euribor + spread	09/09/2026	100	2,598	**2,698**
Leasint	Euribor + spread	01/03/2026	114	2,557	**2,671**
Fraer Leasing	Euribor + spread	11/08/2027	132	2,708	**2,840**
Fraer Leasing	Euribor + spread	08/10/2027	101	2,036	**2,137**
Selmabipiemme Leasing	Euribor + spread	16/09/2028	160	3,581	**3,741**
Selmabipiemme Leasing	Euribor + spread	02/12/2028	54	1,220	**1,274**
Selmabipiemme Leasing		01/07/2029	78	2,019	**2,097**
Fraer Leasing		23/12/2029	-	3,240	**3,240**
Iccrea Banca Impresa		31/03/2012	27	-	**27**
ABF Leasing		08/02/2014	464	393	**857**
Sardaleasing		31/05/2013	47	22	**69**
BNP Paribas (ex Locafit)	Euribor + spread	15/01/2014	321	338	**659**
Other minor leasing			103	-	**103**
Due to Factoring companies	Euribor + spread		17,630	-	**17,630**
Other Relationships	Euribor + spread		5,968	545	**6,513**
Total			**28,418**	**29,522**	**57,940**

18. Financial Instruments/Derivatives

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 2008 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 BNL for 2.9 million (expires 01.04.2012);
- "interest rate swap" contract with Akros for 10.0 million (expires 30.06.2015);
- "interest rate swap" contract with Banca S. Geminiano e S. Prospero 10.0 million (expires 30.06.2015);
- "interest rate swap" contract withUnicredit for10.0 million (expires 30.06.2015);
- "interest rate swap" contract withUnicredit for100 million (expires 30.06.2015);

- "interest rate swap" contract with BNP Paribas for 10.0 million (expires 30.06.2015);
- "interest rate swap" contract with BNL for 22.9 million (expires 16.11.2014);
- "interest rate swap" contract with Sanpaolo IMI for 2.9million (expires 01.07.2014).

The valuation of these hedging contracts resulted in the recording of a liability of 2,881thousand Euro that, in compliance with the IAS, was recorded to shareholders' equity and will be booked to the income statement in the following years neutralizing the financial effects produced by the underlying transactions.

19. Employee benefits

(in thousands of Euros)	**31.12.2011**	31.12.2010
Staff Severance Provision	25,123	21,399
Other benefits	753	614
Total	**25,876**	**22,013**

The following table shows the current value of the obligations (DBO - Defined Benefit Obligation) and unrecognised actuarial loss at the date of the financial statements resulting from the application of the corridor method.

(in thousands of Euros)	**31.12.2011**	31.12.2010
Current value of bonds	25,855	22,023
Unrecognised actuarial (loss)/profit	(732)	(624)
Total	**25,123**	**21,399**

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

(in thousands of Euros)	**31.12.2011**	31.12.2010
Opening balance	21,399	22,799
Effect of the change in consolidation area	5,811	53
Use for the financial year	(3,449)	(2,308)
Financial year provision	1,436	1,153
Other changes	(74)	(298)
Closing balance	**25,123**	**21,399**

20. Provision for risks and charges

(in thousands of Euros)	**31.12.2011**	31.12.2010
Provisions for taxes	523	494
Labour disputes	1,515	1,448
Minor lawsuits and disputes	1,459	1,485
Supplementary clientele severance indemnity	3,126	2,371
Provision for rewards and promotions	466	544.00
Provision for future risks and losses	2,832	2,421
Total	**9,921**	**8,763**

The provision for tax liabilities includes the allocation against liabilities for tax disputes in progress relating to direct and indirect taxation for previous financial years.

As far as Marr S.p.A. is concerned, there is 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 amount 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.

On 3 April 2006 the Bologna Tax Commission, after hearing the reasons presented by the company in the deeds of the II degree of judgement, provided further technical consultation by officially designated experts by the appointment of a Board composed of three professionals to give an opinion, amongst other things, precisely on the matters contended. On 18 November 2006 the Technical Consultation Experts Board) filed its conclusions, stating that: "in summary it can be established that these losses have the pertinence requisite as they are objectively referable to the company's activities". On 15 January 2007 the dispute was again discussed in a public hearing when the CTU's conclusions were represented.

With ruling no. 23/10/07 the Bologna Tax Commission reformed, in a sense favourable to MARR S.p.A., its first instance ruling with reference to four observations on the dispute, however, without any motivation, it completely disregarded the conclusions of the technical consultants that it appointed with reference to the principal observation noted as "CRC" confirming, therefore, the point as laid down by the first instance ruling. Although in the face of the negative result of the second instance ruling, showing that in the same instance of the procedure no less than two technical consultants, perfectly in agreement with each other, prepared by four professionals who are certainly authorative and of whom no less than three were appointed by the Tax Commission itself, uncertainties fully favourable to MARR S.p.A. were expressed and considering the opinion of the lawyers appointed to assist the company before the Court of Cassation it is in any event considered reasonable to expect a good result from the dispute.

Again with reference to MARR S.p.A., various disputes arose with the Customs Office during the course of 2007 regarding the payment of preferential customs duties on some fish imports. With reference to the most significant of these, regarding excise duties for an amount of about 250 thousand Euro regarding some purchases of goods originating from Mauritania, it is noted that in May 2008 the first instance judges, in rejecting the company's appeals, in any event established its absolute non-involvement in the irregularities disputed, as these are exclusively chargeable to its' suppliers, against whom, as already formally represented to them, any possible charges and costs related and/or consequent to the aforesaid dispute will be re-debited. In any case, even in light of new documentation acquired by the Mauritanian customs and commercial authorities from MARR S.p.A.'s main foreign supplier, on 11 September 2008 MARR presented a self-defence application to the Livorno Customs Office for the tax assessments issued and, on 24 December 2008 and 19 January 2009 it in any event contested the first degree judgement ruling before the Florence Regional Tax Commission.

During the first half of 2010 the Revenue Office (large tax payer office of the Bologna RED) concluded a tax audit of a general character with reference to the 2007 tax period, concluded with the preparation of a report on findings. The main adjustments proposed related to some costs incurred for participation in the Cremonini Group's current securitisation transactions. The Revenue Office notified MARR S.p.A. of the tax assessments consequent to the aforesaid report on findings relating to the 2005, 2006 and 2007 tax periods, by means of which payment of further taxes totalling Euro 262 thousand was requested, plus interest and penalties. Appeals have already been presented to the competent tax commissions against this, with the exception of the tax assessment relating to the 2007 tax period, notified on 26 January 2012, and which as with the previous tax assessments issued by the Revenue Office will in any event be contested in terms of the law.
The consultants appointed as necessary judged the claim made with the report on findings notified at the end of the tax audit concluded by RED officers as groundless, and considered that the dispute

established will reasonably with a favourable result for the company.

As at 31 December 2011 MARR S.p.A. had paid 5,590 thousand Euro by way of advance taxes pending judgement; the amount was classified as tax receivables.

On 25 August 2009 Cremonini S.p.A. received a communication of irregularity relating to Group VAT for the 2006 year. The Inland Revenue - Bologna Large Tax Payers contested a higher VAT charge of 203 thousand Euro together with penalties and interest for a total of 235 thousand Euro. With regard to this, the related payment form was received during April 2010 against which an appeal was presented. On 10 January 2011 the board of judges did not recognise the amount as due and partially accepted the appeal, limiting it to the penalties raised. An appeal will be made against this ruling. No provision has been made in the 31 December 2010 financial statements because of the fact that, in light also of authorative jurisprudence rulings, the liability is considered as improbable.

The provision for prizes and promotions is connected to the enhancement of the Roadhouse Grill Club prizes operation. This operation, valid throughout Italy, provides for the accumulation of points and obtaining credits usable in the Roadhouse Grill premises that are members of the initiative.

21. Deferred tax liabilities

As at 31 December 2011 the amount of this item of 83,993 thousand Euro mainly arises from the effect of application of the international accounting standards, the effect of the various amounts of the tax deductible depreciation compared to depreciation booked and from the different tax treatment of the leases and effects deriving from the consolidation records, capital gains instalments and other sundries The increase over the 2010 figure is due to the different scope of consolidation.

22. Other non-current liabilities

(in thousands of Euros)	**31.12.2011**	31.12.2010
Accrued expenses and deferred income	1,317	1,124
Payables for acquisition of equity investments/branches of	154	531
Payables to Social Security Institutions	73	33
Total	**1,544**	**1,688**

The item "Payable for acquisition of equity investments" is ascribable to Chef Express and relates to the residual payable for the acquisition of the Malpensa and Ciampino business divisions; the decrease with respect to the 2010 balance is due to the definition of the Sangro Ovest payable during the year.

Current liabilities

23. Current financial payables

(in thousands of Euros)	**31.12.2011**	31.12.2010
Payables to controlling companies	**1,010**	**-**
Payables to unconsolidated subsidiaries	**-**	**-**
Other payables		
Payables to banks	477,139	376,946
Payables to other financial institutions	28,418	13,065
Other payables	347	64
Closing balance	**506,914**	**390,075**

The balance of the item "Payables to parent companies" is totally ascribable to a financial payable to the parent company Cremofin S.r.l.
The composition of the item "Payables to other financial institutions" is shown in point 17 above.

Net Debt

The overall net financial debt and details of its chief elements is shown below.

(in thousands of Euros)	**31.12.2011**	31.12.2010
A. Cash	18,029	11,512
B. Cash equivalent	104,215	97,080
C. Financial assets held for sale	2,081	2,081
D. Liquidity (A) + (B) + (C)	**124,325**	**110,673**
E. Current financial assets	**4,795**	**3,343**
F. Current bank liabilities	477,139	376,946
G. Current financial instruments	1,832	194
H. Other current financial liabilities	29,805	13,857
I- Current financial liabilities	**508,776**	**390,997**
J. Current net debt (I) - (E) - (D)	**379,656**	**276,981**
K. Non current bank liabilities	496,799	299,277
M. Other non current financial liabilities	29,677	28,973
N. Non current financial instruments	1,041	(16)
O. Non current debt (K) + (L) + (M) + (N)	**527,517**	**328,234**
P. Net Debt (J) + (O)	**907,173**	**605,215**

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 2011, all completely complied with, are listed in the following tables.

Table 1:

(thousands Euro)	Banca IMI (a)	BNL (a)	Centrobanca (a)
Amount of the loans as at 31 December 2011	65,000	25,000	8,888
Expiry date	05/08/2013	29/06/2012	31/12/2019
Covenants			
Net Debt/Equity	<=1.5	<= 2	<=1.5
Net Debt/Ebitda	<=3.0	<= 3	<=3.6
Value of trade transactions		>=100,000	

(a) covenants calculated on the MARR Group's consolidated financial statements;

Table 2:

(thousands Euro)	Banca IMI tranche A (b)	Banca IMI tranche B (b)
Amount of the loans as at 31 December 2011	220,000	98,214
Expiry date	28/02/2017	31/08/2016
Covenants		
Net Debt/Ebitda	<=4.25	<=4.25
Ebitda/Net Financial charges	>=4	>= 4
Maximum capex	<=30,000	<=30,000
Shareholders' Equity attributable to the Group	>=180,000	>=180,000
Share capital and unavailable reserves	>=145,000	>=145,000

(b) covenants calculated on the INALCA Group's consolidated financial statements.
Compliance with the covenants is precisely verified annually on the basis of the figures in the consolidated financial statements and reviewed on 31 December; the contractual verification thereof is not anticipated during the year.
The loan contracts with Banca IMI relating to Inalca provide for the commitment to maintain the current shareholding; in the event of a change in the latter the aforesaid bank has the right to request early repayment.

Table3:

(thousands Euro)	Unicredit Corporate Banking (c) (d)
Amount of the loans as at 31 December 2011	120,014
Expiry date	30/06/2015
Covenants	
Net Debt/Equity	<=3.0
Net Debt/Ebitda	<=4.2
Net Debt Corrent / Net Debt No Corrent	<=1.0

(c) covenants calculated on the Cremonini Groups' consolidated financial statements (first two parameters) and on the separate financial statements of the Parent Company (third parameter);
(d) amount relating to the acquisition line and costs line supplied by the agent bank that was functional in the exercise of the public offer to buy Cremonini S.p.A. shares. The maturity date indicates the last date by which the full loan must be repaid. Intermediate half-yearly repayments are also envisaged commencing from 31.12.2010.

Compliance to the covenants relating to the Unicredit Corporate Banking loan is precisely verified annually on the basis of the figures of the audited consolidated financial statements of the Cremonini Group as at 31 December for the first two parameters and precisely half-yearly on the basis of the figures of the separate financial statements of the Parent Company as at 31 December and 30 June for the third parameter. The ratios shown in the table are only referable to the 2011 financial year, different limits are defined for the subsequent financial years.

It is noted that 150,000,000 shares in INALCA S.p.A., and 19,957,536 shares in MARR S.p.A. were pledged as at 31 December 2011, as a guarantee for medium to long-term loans.

24. Current tax liabilities

(in thousands of Euros)	**31.12.2011**	31.12.2010
VAT	6,415	4,093
IRAP	882	2,737
IRES	2,518	1,573
Withholding taxes	8,648	6,799
Substitute taxes and other taxes payable	5,958	8,143
Total	**24,421**	**23,345**

IRAP and IRES payables relate to 2011 financial year taxes not yet paid at the balance sheet date.

25. Current trade liabilities

(in thousands of Euros)	**31.12.2011**	31.12.2010
Suppliers	**517,777**	**410,676**
Payables to associated companies	**2,904**	**783**
Parma France S.a.s.	841	294
Parma Turc S.a.s.	2,058	486
Bell Carni S.r.l.	-	3
Prometex S.a.m.	5	-
Total	**520,681**	**411,459**

The current trade payables mainly refer to balances deriving from commercial transactions and a payable due to commercial agents. The increase in the balance with respect to 31 December 2010 is mainly attributable to the distribution sector.

26. Other current liabilities

(in thousands of Euros)	**31.12.2011**	31.12.2010
Accrued expenses and deferred income	4,707	2,437
Inps/Inail/Scau	7,899	6,328
Inpdai/Previndai/Fasi/Besusso	138	85
Enasarco/FIRR	618	564
Payables to other social security institutions	18,625	18,107
Other payables		
Advances and other payables to customers	8,064	8,877
Payables for employee remuneration	42,095	36,312
Payables for acquisition of equity investments	377	792
Guarantee deposits and down payments received	203	320
Payables to directors and auditors	1,291	552
Payables to agents	203	162
Other minor payables	6,024	5,220
Total	**90,244**	**79,756**

The payables to employees include the unpaid current remuneration at 31 December 2011 and allocations relating to deferred remuneration.

Guarantees, sureties and commitments

(in thousands of euros)	**31.12.2011**	31.12.2010
Direct guarantees – sureties		
- related companies	-	-
- other companies	114,372	92,470
	114,372	92,470
Direct guarantees – letter of comfort		
- associated companies	1,406	978
- other companies	-	700
	1,406	1,678
Other risks and commitments	21,255	24,848
Total guarantees, sureties and commitments	**137,033**	**118,996**

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.

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 Euro):

Company to which the guarantee is provided	Beneficiary	Amount	Reason
Revenue Office/VAT Office Modena	Cremonini S.p.A. and other subsidiaries	34,929	VAT for compensation
Highways and Oil Companies	Cremonini S.p.A. subsidiares	22,094	Guaranteeing successful conclusion of contracts (services, maintainance).
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc)	Cremonini S.p.A. and other subsidiaries	14,346	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities
Public Agencies	Cremonini S.p.A. subsidiares	22,534	Garantees release for the timely execution of contracts lasting several years
Other minor items	Cremonini S.p.A. and other subsidiaries	20,469	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**114,372**	

Direct guarantees – comfort letters

The comfort letters only regard guarantees to banks for loans or credit lines granted.

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 Group.

Other risks and commitments

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

Description	Company to which the risk or commitment refers	Amount
Promise of purchase of property	Roadhouse Grill Italia S.r.l.	8,962
Credit letter of purchase of goods	Marr S.p.A.	10,476
Other sundry	Fiorani & C S.p.A. - Montana S.p.A.	1,817
Total		**21,255**

"Commitments for real estate purchases" regard preliminary contracts to buy real estate where the Roadhouse Grill S.r.l. "steakhouse" chain can be further developed. (Cinisello, Saronno, Pavia, Mestre Lainate and Macerata).
The item "Letters of credit for goods purchases" relates to letters of credit, issued by some banks, to guarantee obligations to our foreign suppliers.
The "Other miscellaneous" item regards third party consignment goods at the Fiorani and Montana warehouses.

Details of the main items of the consolidated income statement

27. Revenues

Revenues are broken down as follows:

(in thousands of Euros)	**31.12.2011**	31.12.2010
Revenues from sales - Finished goods	837,720	432,508
Revenues from sales - Goods for resale	1,955,974	1,538,565
Revenues from sales - Oil	55,291	54,825
Revenues from sales - Others	58,524	54,469
Revenues from services	203,374	303,542
Advisory services to third parties	1,845	2,212
Rent income	4,437	4,295
Other revenues from ordinary activities	20,831	16,351
Total	**3,137,996**	**2,406,767**

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

(in thousands of Euros)	**31.12.2011**	31.12.2010
Italy	1,996,128	1,691,427
European Union	624,889	507,714
Non-EU countries	516,979	207,626
Total	**3,137,996**	**2,406,767**

28. Other revenues

The other revenues can be broken-down as follows:

(in thousands of Euros)	**31.12.2011**	31.12.2010
Contributions by suppliers and others	35,642	31,355
Operating grants	1,480	602
Other sundry revenues	17,563	12,158
Total	**54,685**	**44,115**

Other sundry revenues

(in thousands of Euros)	**31.12.2011**	31.12.2010
Rent income	690	466
Insurance reimbursements	2,354	1,569
Capital gains on disposal of capital goods	705	1,089
Other cost reimbursements	2,030	2,097
Services, consultancy and other minor revenues	11,784	6,937
Total	**17,563**	**12,158**

29. Costs for purchases

(in thousands of Euros)	**31.12.2011**	31.12.2010
Costs for purchases - Raw materials	(612,734)	(279,680)
Costs for purchases - Goods for resale	(1,259,070)	(1,112,847)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(57,691)	(31,312)
Costs for purchases - Finished goods	(19,556)	(11,407)
Costs for purchases - Oil	(53,128)	(52,520)
Costs for purchases - Stationery and printed paper	(2,359)	(2,148)
Changes in inventories of raw materials, secondary materials, consumables and goods for resale	30,881	21,128
Other costs for purchases	(104,626)	(77,543)
Total	**(2,078,283)**	**(1,546,329)**

The increase in the balance compared to 31 December 2010 mainly refers to the production sector as an effect of the change in the scope of consolidation.
The “Oil purchases” refer to the sale of fuel in the motorway service stations and the related matching entry is “Revenues from sales – Oil”.

30. Other operating costs

(in thousands of Euros)	**31.12.2011**	31.12.2010
Costs for services	(415,249)	(310,175)
Costs for leases and rentals	(64,295)	(56,491)
Other operating charges	(14,384)	(11,141)
Total	**(493,928)**	**(377,807)**

Costs for services

(in thousands of Euros)	**31.12.2011**	31.12.2010
Energy consumption and utilities	(31,418)	(21,147)
Maintenance and repairs	(19,872)	(15,747)
Transport on sales	(72,473)	(61,050)
Commisions, commercial and distribution services	(98,438)	(79,907)
Third-party services and outsourcing	(42,526)	(25,744)
Purchasing services	(58,363)	(32,701)
Franchising	-	(88)
Other technical and general services	(92,159)	(73,791)
Total	**(415,249)**	**(310,175)**

The increase in the balance compared to 31 December 2010 mainly refers to the production sector as an effect of the change in the scope of consolidation.

Costs for leases and rentals

(in thousands of Euros)	**31.12.2011**	31.12.2010
Lease of business premises, royalties and others	(39,885)	(38,887)
Costs for leases	(11)	(26)
Leases and rentals related to real and personal property	(24,399)	(17,578)
Total	**(64,295)**	**(56,491)**

It is specified with reference to relationships with related companies that the item "Rents and instalments relating to immovable and movable assets" includes amounts ascribable to MARR S.p.a.'s business, specifically: rent of 672 thousand Euro to Le Cupole S.r.l. for an industrial property in Rimini.

Other operating charges

(in thousands of Euros)	**31.12.2011**	31.12.2010
Losses on receivables	(464)	(733)
Indirect taxes and duties	(7,279)	(5,346)
Capital losses on disposal of assets	(332)	(170)
Contributions and membership fees	(1,482)	(695)
Other minor costs	(4,827)	(4,197)
Total	**(14,384)**	**(11,141)**

The increase in the balance compared to 31 December 2010 mainly refers to the production sector as an effect of the change in the scope of consolidation.

31. Personnel costs

(in thousands of Euros)	**31.12.2011**	31.12.2010
Salaries and wages	(299,268)	(269,128)
Social security contributions	(93,216)	(83,944)
Staff Severance Provision	(9,563)	(7,863)
Pension and similar provisions	(569)	(312)
Other personnel costs	(4,486)	(4,613)
Total	**(407,102)**	**(365,860)**

This item includes all the personnel costs, including holiday accruals and additional monthly pay as well as the connected welfare charges, allocation for employee leaving indemnities and other contractually envisaged costs.

The change in personnel costs mainly results from the changes recorded in the number of the Group's employees and change in the scope of the consolidation.

As at 31 December 2011 the Group's employees amounted to 12,402 compared to11,079 at 31 December 2010. The resulting increase is principally ascribable to the development of the catering business (+1,423 staff). The break down by category and average number of employees in 2011 is shown in the following schedule:

	Factory staff	Office staff	Managers	Total
Employees as at 31.12.2010	7,485	3,492	102	11,079
Employees as at 31.12.2011	**9,924**	**2,339**	**139**	**12,402**
Increases (decreases)	2,439	(1,153)	37	1,323
Average no. of employees during year 2011	**10,122**	**2,321**	**139**	**12,582**

32. Amortization, depreciation, write-downs and provisions

(in thousands of Euros)	**31.12.2011**	31.12.2010
Depreciation of tangible assets	(59,236)	(40,050)
Amortization of intangible assets	(5,560)	(5,152)
Other write-downs of fixed assets	(393)	(279)
Write-downs and provisions	(15,475)	(16,817)
Total	**(80,664)**	**(62,298)**

33. Financial (Income)/Charges

(in thousands of Euros)	**31.12.2011**	31.12.2010
Net exchange rate differences	(3,212)	1,248
Income (Charges) from management of derivatives	(620)	(835)
Net financial Income (Charges)	(41,124)	(17,076)
Total	**(44,956)**	**(16,663)**

Exchange rate differences

(in thousands of Euros)	**31.12.2011**	31.12.2010
Realized exchange rate profits	7,078	6,472
Realized exchange rate losses	(9,817)	(6,839)
Unrealized exchange rate profits	17,440	8,773
Unrealized exchange rate losses	(15,016)	(6,803)
Realized income from management of exchange rate derivatives	1,137	628
Evaluated income from management of exchang rate derivatives	(101)	76
Realized charges from management of exchange rate derivatives	(2,948)	(1,041)
Evaluated charges from management of exchange rate derivatives	(985)	(18)
Total	**(3,212)**	**1,248**

The net exchange rate valuation differences refer to the valuation of balance sheet balances in foreign currencies to the existing exchange rates at the end of the financial year.

Income (Charges) from management of derivatives

(in thousands of Euros)	**31.12.2011**	31.12.2010
Realized Charges from management of derivatives	(775)	(851)
Valuation Income from management of derivatives	155	16
Total	**(620)**	**(835)**

The income of 155 thousand Euro is ascribable to the fair value of derivative contracts on interest rates existing at 31 December 2011 and not accounted for with the "hedge accounting" criteria.

<u>Net financial Income (Charges)</u>

(in thousands of Euros)	**31.12.2011**	31.12.2010
Financial Income (Charges) due to controlling companies	**-**	**-**
Financial income		
- Bank interest receivable	501	149
- Other financial income	3,101	2,426
Total financial income	**3,602**	**2,575**
Financial charges		
- Interest payable on loans	(24,877)	(10,160)
- Interest payable on factoring	(3,527)	(1,280)
- Interest payable on current accounts and others	(10,511)	(5,362)
- Other bank charges	(2,353)	(256)
- Other sundry charges	(3,458)	(2,593)
Total financial charges	**(44,726)**	**(19,651)**
Total	**(41,124)**	**(17,076)**

The increase in the item interest payable on loans, which amounted to 24.9 million Euro compared to 10.2 million in 2010, is mainly due to the acquisition of 50% of INALCA S.p.A. mentioned in the preamble to this report.

34. Income taxes

(in thousands of Euros)	**31.12.2011**	31.12.2010
IRES	(30,101)	(23,544)
IRAP	(10,465)	(8,446)
Net deferred tax assets/liabilities	(4,609)	(319)
Total	**(45,175)**	**(32,309)**

Other information

Pursuant to the law the total fees due to the directors, members of the Board of Statutory Auditors and independent auditors, where applicable, are noted below:

- Directors/ Statutory Auditors 7,101 thousand Euro
- Independent auditors: 931 thousand Euro

Subsequent events

With regard to the events subsequent to the year end, please refer to the Directors' Report.

* * * * * *

Castelvetro di Modena, 26 March 2012

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
(Cav. Lav. Luigi Cremonini)
Signed 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 2011;

Annex 2 - List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2011;

Annex 3 - Statement of changes in tangible assets for the financial year ended as at 31 December 2011;

Annex 4 - Statement of changes in intangible assets for the financial year ended as at 31 December 2011;

Annex 5 - List of equity investments classified under financial assets as at 31 December 2011 and others;

Annex 6 - List of equity investments in subsidiaries and associated companies as at 31 December 2011 (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 2011

(in thousands of Euros)	Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Total subsidiaries	-	-	-	-	-	-
Associated companies:						
A.O. Konservni	1,000				**1,000**	**-**
Farm Service S.r.l.	200		270		**470**	**-**
Food & Co S.r.l.	34				**34**	**-**
Parma France S.a.s.	7	841			**7**	**841**
Parma Turc S.a.s.		2,058			**-**	**2,058**
Prometex S.a.m	2	5			**2**	**5**
Total associated companies	**1,243**	**2,904**	**270**	**-**	**1,513**	**2,904**
Related and controlling companies:						
Parma Lacombe		681			**-**	**681**
Cremofin S.r.l.				1,010	**-**	**1,010**
Total related companies	**-**	**681**	**-**	**1,010**	**-**	**1,691**

Annex 2

List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2011

(in thousands of Euros)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Subsidiaries:						
Montana Farm S.p.zo.o.			7		**7**	**-**
Total subsidiaries	**-**	**-**	**7**	**-**	**7**	**-**
Associated companies:						
Farm Service S.r.l.	2,349				**2,349**	**-**
Parma France S.a.s.		1,487	16		**16**	**1,487**
Parma Turc S.a.s.					**-**	**-**
Prometex S.a.m.	60	8			**60**	**8**
Total associated companies	**2,409**	**1,495**	**16**	**-**	**2,425**	**1,495**
Controlling companies						
Cremofin S.r.l.				10	**-**	**10**
Total controlling companies	**-**	**-**	**-**	**10**	**-**	**10**
Related companies:						
Le Cupole S.r.l.		671			**-**	**671**
Total related companies	**-**	**671**	**-**	**-**	**-**	**671**

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2011

(thousands Euro)	Opening position			Changes over the period						Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2010	Net effects of the change in consolidation area	Acquisitions	Net decreases	Reclassif./ Other changes	Exchange Differences	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2011
Land and buildings	415,602	(67,113)	348,489	245,652	10,678	(807)	12,481	(778)	(19,297)	712,856	(116,438)	596,418
Plant and machinery	236,190	(142,243)	93,947	54,984	16,953	(838)	15,993	(378)	(27,828)	409,838	(257,005)	152,833
Industrial and business equipment	17,682	(13,874)	3,808	1,375	1,976	(32)	101	(5)	(1,781)	26,921	(21,479)	5,442
Other assets	83,621	(49,000)	34,621	3,709	8,184	(2,034)	2,956	(48)	(10,330)	101,654	(64,596)	37,058
Fixed assets under constru and advances	22,550		22,550	3,606	33,869	(7,531)	(27,649)	(262)		24,583		24,583
Total	**775,645**	**(272,230)**	**503,415**	**309,326**	**71,660**	**(11,242)**	**3,882**	**(1,471)**	**(59,236)**	**1,275,852**	**(459,518)**	**816,334**

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2011

(in thousands of Euros)	Opening position			Changes over the period						Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2010	Net effects change consolidation are	Acquisitions	Net decreases	Reclass. Other changes	Exchange Differences	Amortiz.	Initial cost	Amortization provision	Balance at 31.12.2011
Patents and intellectual property rights	13,870	(11,624)	2,246	170	844	(2)	66	-	(1,167)	14,859	(12,702)	2,157
Concessions, licences, trademarks and similar rights	8,074	(3,153)	4,921	11,748	416	(26)	(5)	-	(1,073)	20,778	(4,797)	15,981
Fixed assets under develop and advances	123	-	123	-	145	(21)	(41)	-	-	206	-	206
Other intangible assets	4,566	(3,859)	707	-	-	-	0	-	(237)	4,507	(4,037)	470
Total	**26,633**	**(18,636)**	**7,997**	**11,918**	**1,405**	**(49)**	**20**	**0**	**(2,477)**	**40,350**	**(21,536)**	**18,814**

Annex 5

List of equity investments classified under financial assets as at 31 December 2011 and others

(in thousands of Euros) Company name	Percentage	Initial value	Purchases or subscriptions	Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value	Notes
Subsidiaries:									
Avirail Italia S.r.l.		-	50				50.00	50	
Bell Carni S.r.l.	44.40	-					66.67	-	(a)
Inalca Food and Beverage		-	21				70.00	21	
Inalca Foods Nig Limited	57.00	14				15	57.00	29	
Montana Farm S.p.zo.o.	100.00	78				92	100.00	170	
Orenbeef LLC	100.00	-	23				100.00	23	
Total subsidiaries		**92**	**94**	**0**	**0**	**107**		**293**	
Associated companies:									
A.O. Konservni	25.00	-					25.00	-	
Consorzio I.R.I.S. a r.l.	37.50	4					37.50	4	
Emilia Romagna Factor S.p.A.	22.80	9,600			1,381		22.80	10,981	
Farm Service S.r.l.	30.00	87				87	30.00	174	
Food & Co. S.r.l.	30.00	3					30.00	3	
Parma France S.a.s.	30.40	202				202	30.40	404	
Prometex S.a.m.	28.60	25				25	28.60	50	
Total associated companies		**9,921**	**0**	**0**	**1,381**	**314**		**11,616**	
Other companies:									
Banca Popolare Soc Coop		-	528					528	
Centro Agroalimentare Riminese S.p.A.		280						280	
Futura S.p.A.		963						963	
Nuova Campari S.p.A.		775				774		1,549	
Other minor		257	20	(2)	(3)	109		381	
Total other companies		**2,275**	**548**	**(2)**	**(3)**	**883**		**3,701**	
Total equity investments		**12,288**	**642**	**(2)**	**1,378**	**1,304**		**15,610**	

(a) Company now included in the scope of consolidation

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2011 (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, unles otherwise indicated)	Result for the financial year ended 31.12.2011	Shareholders' equity at 31.12.2011	Control share at 31.12.2011	Shareholding at 31.12.2011	Book value (A)	Portion of the Shareholders' Equity (B)	Difference (B) - (A)	Participants at 31.12.2011	Control share at 31.12.2010	Shareholding at 31.12.2010	Notes
Investments valued at equity:													
Associated companies:													
A.O. Konservni	Stavropol (Russia)	USD 1.784	(52)	62	25.00%	25.00%	-	0	0	INALCA S.p.A.	25.00%	25.00%	(d)
Emilia Romagna Factor S.p.A.	Bologna	25,000,000	1,431	65,354	16.97%	16.97%	10,981	9,600	(1,381)	Cremonini S.p.A.	22.80%	16.97%	(b)
Food & Co. S.r.l.	Rome	10,000	-	18	30.00%	30.00%	3	5	2	Chef Express S.p.A.	30.00%	30.00%	(b)
Investments valued at cost:													
Subsidiaries													
Avirail Italia S..r.l.	Milan	100,000			100.00%	50.00%	50	0	(50)	Avirail S.a.s.			
Inalca Food and Beverage	Modena	30,000			70.00%	70.00%	21	0	(21)	INALCA S.p.A.			(a)
Inalca Foods Nig Limited	Benin City (Nigeria)	Naira 10.000.000			57.00%	57.00%	29	0	(29)	INALCA S.p.A.	57.00%	57.00%	(a)
Montana Farm S.p.zo.o.	Platyny (Poland)	Zloty 3.394.000	(3)	(461)	100.00%	100.00%	170	(461)	(631)	Montana Alimentari S.p.A.	100.00%	100.00%	(c)
Orenbeef L.L.C.	Orenburg (Russia)				100.00%	100.00%	23	0	(23)	Kaskad			(a)
Associated companies:								0					
Consorzio IRIS a r.l.	Bolzano	10,000	8	16	37.50%	37.50%	4	6	2	Interjet S.r.l.	37.50%	37.50%	(d)
Farm Service S.r.l.	Reggio Emilia	500,000	12	1,122	30.00%	30.00%	174	337	163	INALCA S.p.A.	30.00%	30.00%	(b)
Parma France S.a.s.	Lione (France)	1,000,000	224	1,922	30.40%	30.40%	404	584	180	INALCA S.p.A.	30.40%	30.40%	(b)
Prometex S.a.m.	Principality of Monaco	150,000	37	288	28.60%	21.54%	50	82	32	Frimo S.a.m.	28.60%	21.54%	(c)

NOTES

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. /(b) The figures refer to 31 December 2010, the last financial statements available./(c) The figures refer to 31 December 2009, the last financial statements available./
(d) The figures refer to 31 December 2008, the last financial statements available

Continued: Annex 6

Company name	HQ	Share capital (expressed in Euro, unles otherwise indicated)	Result for the financial year ended 31.12.11	Shareholders' equity at 31.12.11	Control share at 31.12.2011	Shareholding at 31.12.2011	Consolidation method	Participants at 31.12.2011	Control share at 31.12.2010	Shareholding at 31.12.2010	Notes
(thousands Euro)											
Companies consolidated on a line-by-line basis:											
Alisea S.c.a r.l.	Tavarnuzze (FI)	500,000	1,256	2,538	55.00%	32.71%	Line-by-line	MARR S.p.A.	55.00%	32.71%	
Alisurgel S.r.l. in liquidazione	Santarcangelo di Romagna (RN)	10,000	7	184	100.00%	59.47%	Line-by-line	MARR: 97%; Sfera: 3%	100.00%	59.47%	
As.Ca. S.p.A.	Santarcangelo di Romagna (RN)	518,000	2,081	5,917	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Avirail S.a.s.	Paris (France)	100,000	236	291	50.00%	43.00%	Proportional	Cremonini Restauration S.a.s.	1	0	
Baldini Adriatica Pesca S.r.l.	Santarcangelo di Romagna (RN)	10,000	357	558	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Bell Carni s.r.l.	Stienta (RO)	90,000	(134)	256	66.67%	66.67%	Line-by-line	INALCA S.p.A.	-	-	(b)
Cons. Centro Comm. Ingrosso Carni S.r.l.	Bologna	1,500,000	453	5,040	86.69%	86.69%	Line-by-line	Cremonini S.p.A.	86.69%	86.69%	
Chef Express S.p.A.	Castelvetro di Modena (MO)	8,500,000	(943)	9,114	100.00%	100.00%	Line-by-line	Cremonini S.p.A.	100.00%	100.00%	
Chef Express Russia	Moscow (Russia)	Ruble 500.000	-	-	85.00%	85.00%	Line-by-line	Chef Express S.p.A.	85.00%	85.00%	
Chef Express UK Ltd.	London (United Kingdom)	GBP 80.000	-	-	100.00%	100.00%	Line-by-line	Chef Express S.p.A.	100.00%	100.00%	
Cremonini Restauration S.a.s.	Paris (France)	1,500,000	1,415	2,722	86.00%	86.00%	Line-by-line	Chef Express S.p.A.	86.00%	86.00%	
Cremonini Rail Iberica S.A.	Madrid (Spain)	1,500,012	(5,254)	778	100.00%	100.00%	Line-by-line	Chef Express S.p.A.	100.00%	100.00%	
Cremonini S.p.A.	**Castelvetro di Modena (MO)**	**67,073,932**	**5,829**	**82,795**			**Parent Compa**				
Emigel S.r.l.	Santarcangelo di Romagna (RN)	260,010	227	2,775	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Fiorani & C. S.p.A.	Piacenza	500,000	534	1,458	49.00%	49.00%	Proportional	INALCA S.p.A.	49.00%	24.50%	
Frimo S.a.m.	Principate of Monaco	150,000	205	1,047	75.30%	75.30%	Line-by-line	INALCA S.p.A.	75.30%	37.65%	
Ges.Car. S.r.l.	Castelvetro di Modena (MO)	330,000	4	333	80.00%	80.00%	Line-by-line	INALCA S.p.A.	80.00%	40.00%	
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	(224)	70	100.00%	100.00%	Line-by-line	Cremonini S.p.A.	100.00%	100.00%	
Global Service Logistics S.r.l.	Castelvetro di Modena (MO)	100,000	(56)	11	100.00%	100.00%	Line-by-line	Global Service S.r.l.	100.00%	100.00%	
Guardamiglio S.r.l.	Piacenza	4,135,000	(79)	10,019	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	50.00%	
Ibis S.p.A.	Castelvetro di Modena (MO)	14,000,000	2,335	19,904	100.00%	100.00%	Line-by-line	Salumi d'Emilia: 99,1%; Montana: 0,9%	100.00%	50.00%	
INALCA S.p.A.	Castelvetro di Modena (MO)	150,000,000	35,665	228,211	100.00%	100.00%	Line-by-line	Cremonini S.p.A.	50.00%	50.00%	
Inalca Angola Ltda.	Luanda (Angola)	Kwanza 810,000,000	18,192	27,474	99.90%	99.90%	Line-by-line	INALCA S.p.A.	99.90%	49.95%	(a)
Inalca Algerie S.a r.l.	Algeri (Algeria)	DA 500,000,000	145	5,601	70.00%	70.00%	Line-by-line	INALCA S.p.A.	70.00%	35.00%	(a)
Inalca Brazzaville S.a r.l.	Brazzaville (Rep.of Congo)	USD 2,715	1,121	1,461	55.00%	55.00%	Line-by-line	INALCA S.p.A.	97.90%	26.92%	(a)
Inalca Kinshasa S.p.r.l.	Kinshasa (Dem.Rep.of Congo)	USD 2,700,000	2,546	7,719	55.00%	55.00%	Line-by-line	INALCA S.p.A.	55.00%	27.50%	(a)
Industria Alimentar Carnes de Mocambique Ltd	Maputo (Mocambique)	USD 13,656	(123)	142	99.90%	99.90%	Line-by-line	INALCA S.p.A.			(a)(b)
Inter Inalca Angola Ltda.	Luanda (Angola)	Kwanza 900,000	123	2,169	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	50.00%	(a)
Interjet S.r.l.	Castelvetro di Modena (MO)	2,500,000	(955)	1,610	100.00%	100.00%	Line-by-line	Cremonini S.p.A.	100.00%	100.00%	
Kaskad L.l.c.	Moscow (Russia)	Rubli 1525.866.629	(4,164)	55,581	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	50.00%	(a)
Lounge Services S.a.s.	Paris (France)	40,000	23	67	51.00%	51.00%	Line-by-line	Chef Express S.p.A.	51.00%	51.00%	
Marr Foodservice Iberica S.A.	Madrid (Spain)	600,000	(5)	432	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Marr Russia L.l.c.	Moscow (Russia)	Ruble 100,000,000	5,947	14,432	75.00%	75.00%	Line-by-line	Kaskad L.l.c.	75.00%	37.50%	(a)
MARR S.p.A.	Rimini	32,909,736	47,594	217,379	58.84%	59.47%	Line-by-line	Cremonini S.p.A.	58.84%	59.47%	
Momentum Services Ltd.	Birmingham (Great Britain)	GBP 269,258	1,237	1,532	51.00%	51.00%	Line-by-line	Chef Express S.p.A.	51.00%	51.00%	
Montana Alimentari S.p.A.	Busseto (PR)	40,248,000	13,006	63,777	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	50.00%	
New Catering S.r.l.	Santarcangelo di Romagna (RN)	33,900	751	1,267	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Quinto Valore S.c.a r.l.	Reggio Emilia	90,000	-	45	50.00%	50.00%	Proportional	INALCA S.p.A.	50.00%	25.00%	
Railrest S.A.	Brussels (Belgium)	500,000	402	965	51.00%	51.00%	Line-by-line	Chef Express S.p.A.	51.00%	51.00%	
Realbeef S.r.l.	Flumeri (AV)	100,000	(176)	-	24.00%	24.00%	Line-by-line	INALCA S.p.A.	24.00%	12.00%	
Roadhouse Grill Italia S.r.l.	Castelvetro di Modena (MO)	4,000,000	452	5,981	100.00%	100.00%	Line-by-line	Chef Express S.p.A.	100.00%	100.00%	
Roadhouse Grill Roma S.r.l.	Castelvetro di Modena (MO)	1,200,000	-213	971	55.00%	55.00%	Line-by-line	Roadhouse Grill Italia S.r.l.	55.00%	55.00%	
Salumi d'Emilia S.r.l.	Castelvetro di Modena (MO)	5,300,000	(58)	7,009	100.00%	100.00%	Line-by-line	Montana Alimentari S.p.A.	100.00%	50.00%	
Sara S.r.l.	Castelvetro di Modena (MO)	100,000	(13)	84	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	50.00%	
Sfera S.p.A.	Santarcangelo di Romagna (RN)	220,000	419	1,946	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Società Agricola Corticella S.r.l.	Spilamberto (MO)	5,000,000	1,444	10,937	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	50.00%	
TECNO-STAR DUE S.r.l.	Castelvetro di Modena (MO)	10,400	28	57	60.00%	60.00%	Line-by-line	INALCA S.p.A.	60.00%	30.00%	
Time Vending S.r.l.	Castelvetro di Modena (MO)	100,000	63	181	50.00%	50.00%	Proportional	Chef Express S.p.A.	50.00%	50.00%	
Zaklady Miesne Soch. S.p.zo.o.	Warsaw (Poland)	Zloty 1,800,000	(760)	(1,040)	90.00%	90.00%	Line-by-line	INALCA S.p.A.	90.00%	45.00%	(a)

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. /(b) Subsidiary consolidated starting from 2011

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Independent auditors' report
pursuant to art. 14 of Legislative Decree n. 39 dated 27 January 2010 and Article 165-bis of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders
of Cremonini S.p.A.

1. We have audited the consolidated financial statements of Cremonini S.p.A. and its subsidiaries, (the "Cremonini Group") as of 31 December 2011 and for the year then ended, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union is the responsibility of Cremonini S.p.A.'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 auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 27 April 2011.

3. In our opinion, the consolidated financial statements of the Cremonini Group at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Cremonini Group for the year then ended.

4. The management of Cremonini S.p.A. are responsible for the preparation of the Directors' Report in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Directors' Report with the financial statements as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Directors' Report is consistent with the consolidated financial statements of the Cremonini Group at 31 December 2011.

Bologna, 12 April 2012

Reconta Ernst & Young S.p.A.

Signed by: Andrea Nobili, Partner

This report has been translated into the English language solely for the convenience of international readers.

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