FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER **2012**

CREMONINI

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Cremonini S.p.A.
Via Modena, 53
41014 Castelvetro di Modena (Mo) Italia
Share Cap. € 67,073,931.60, fully paid
Modena Comp. Reg. no. 00162810360
Modena Economic Admin. Reg. no. 126967
Tax ref. & VAT no. 00162810360

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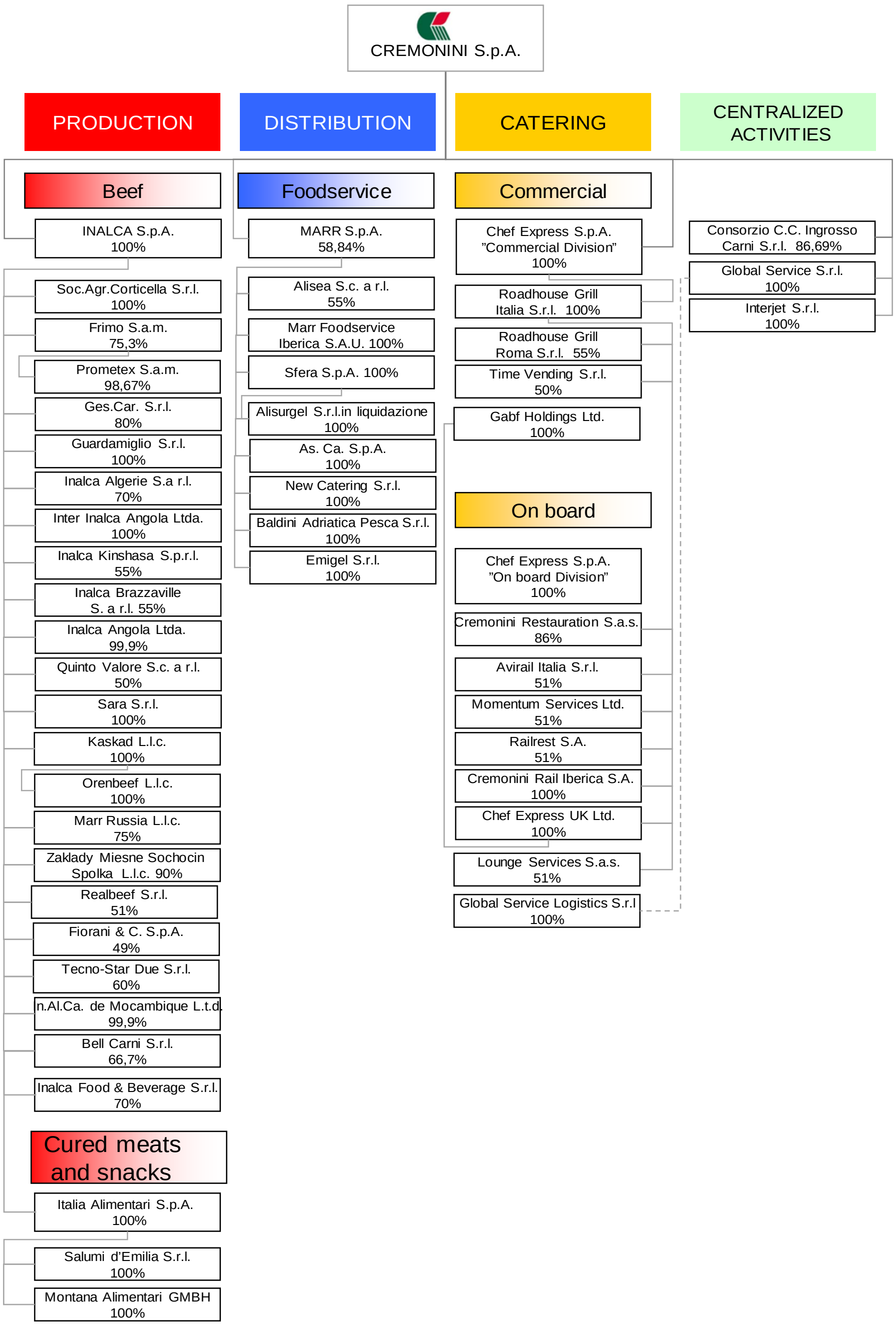
CREMONINI GROUP ORGANIZATION

SCOPE OF CONSOLIDATION AS AT 31 DECEMBER 2012



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 2012, 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 2012 financial year

The 2012 financial year results, due to the changes that took place in the Group's structure during 2011, are not comparable with those of last year. Specifically, the 2011 figures were influenced by the different consolidation method of the production sector, which was proportionally consolidated until 4 March (the buy-back date of 50% thereof from JBS S.A.), and subsequently with the line-by-line method.

Now, therefore:, in the 2012 financial year the Cremonini Group recorded revenues of 3,425.1 million Euro compared to 3,192.7 million in 2011 up by 232.4 million (+7.3%). The gross operating margin amounted to 241.1 million Euro compared to 224.7 million in 2011, up by 16.4 million (+7.3%), and the operating result amounted to 148.6 million Euro compared to 144.0 million in 2011, up by 4.6 million (+3.2%).

The operating result from normal operations amounted to 95.8 million Euro, a decrease of 3.2 million compared to 99.0 million in 2011 (-3.3%). This result was influenced by the increase in financial charges related both to the payable deriving from the 50% acquisition of the production sector (which in 2012 impacted for12 months, while in the last year it was for 9 months) and to the increase of the cost of money, partially offset by the favourable trend of exchange rates.

The Group's share of earnings was 33.6 million Euro and benefitted from non-recurring income of 6.7 million, related to the allocation of an IRES (Corporate Income Tax) reimbursement for the years from 2007 to 2011, partially offset by a negative non-recurring component of about 4.8 million related to the reversal of deferred taxes of the subsidiary Cremonini Rail Iberica. The 2011 result of 50.0 million instead included non-recurring income of 16.7 million Euro deriving from the aforesaid buy-back of 50% of the production sector.

With the same scope of the consolidation (production sector consolidated line-by-line for the whole year), the revenues of 3,425.1 million increased by 126.8 million compared to 3,298.3 million in 2011 (+3.8%), the gross operating margin that amounted to 241.1 million improves by 9.0 million compared to 232.1 million in 2011 (+3.9%) the operating result amounted to 148.6 million is in line compared to 148.0 million in 2011.

Below is a summary of the consolidated figures for the financial year ended at 31 December 2012, compared with the previous financial year and with the Consolidated pro-forma Income Statement. 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 2012	Year 2011	Change %
Total revenues	**3,425,144**	**3,192,681**	**7.28**
Changes in inventories of work in progress, semi-finished and	43,474	10,415	
Value of production	**3,468,618**	**3,203,096**	**8.29**
Cost of production	(2,810,260)	(2,571,343)	
Value added	**658,358**	**631,753**	**4.21**
Personnel costs	(417,279)	(407,102)	
Gross operating margin [a]	**241,079**	**224,651**	**7.31**
Amortization, depreciation and write-downs	(92,471)	(80,664)	
Operating income [b]	**148,608**	**143,987**	**3.21**
Net financial income (charges)	(52,822)	(44,956)	
Profit from ordinary activities	**95,786**	**99,031**	**(3.28)**
Net income (charges) from investments	1,296	1,600	
Net extraordinary financial income (charges)	-	19,060	
Result before taxes	**97,082**	**119,691**	**(18.89)**
Income taxes for the financial year	(37,768)	(45,175)	
Result before minority interests	**59,314**	**74,516**	**(20.40)**
(Profit) Loss attributable to minority interests	(25,768)	(24,515)	
Net profit attributable to the Group	**33,546**	**50,001**	**(32.91)**

Consolidated Income Statement Pro-Forma

(in thousands of Euros)	Year 2012	Year 2011	Change %
Total revenues	**3,425,144**	**3,298,323**	**3.85**
Changes in inventories of work in progress, semi-finished and	43,474	8,282	
Value of production	**3,468,618**	**3,306,605**	**4.90**
Cost of production	(2,810,260)	(2,660,296)	
Value added	**658,358**	**646,309**	**1.86**
Personnel costs	(417,279)	(414,195)	
Gross operating margin [a]	**241,079**	**232,114**	**3.86**
Amortization, depreciation and write-downs	(92,471)	(84,153)	
Operating income [b]	**148,608**	**147,961**	**0.44**
Net financial income (charges)	(52,822)	(46,323)	
Profit from ordinary activities	**95,786**	**101,638**	**(5.76)**
Net income (charges) from investments	1,296	1,600	
Net extraordinary financial income (charges)	-	19,060	
Result before taxes	**97,082**	**122,298**	**(20.62)**
Income taxes for the financial year	(37,768)	(46,093)	
Result before minority interests	**59,314**	**76,205**	**(22.17)**
(Profit) Loss attributable to minority interests	(25,768)	(24,515)	
Net profit attributable to the Group	**33,546**	**51,690**	**(35.10)**

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)	31.12.2012	31.12.2011	Change %
Intangible assets	167,024	170,677	
Tangible assets	812,552	816,334	
Equity investments and other financial assets	22,027	19,634	
Total fixed assets	**1,001,603**	**1,006,645**	**(0.50)**
Trade net working capital			
- Trade receivables	537,816	531,610	
- Inventories	352,284	315,747	
- Trade payables	(501,011)	(483,017)	
Total trade net working capital	389,089	364,340	
Other current assets	100,722	88,271	
Other current liabilities	(103,488)	(107,961)	
Net working capital	**386,323**	**344,650**	**12.09**
Staff Severance Indemnity Provision and other medium/long-t	**(113,996)**	**(119,790)**	
Net invested capital	**1,273,930**	**1,231,505**	**3.44**
Shareholders' Equity attributable to the Group	262,552	233,588	
Shareholders' Equity attributable to minority interests	97,770	90,744	
Total Shareholders' Equity	**360,322**	**324,332**	**11.10**
Net medium/long-term debt	492,443	527,517	
Net short-term debt	421,165	379,656	
Net debt	**913,608**	**907,173**	**0.71**
Net equity and net debt	**1,273,930**	**1,231,505**	**3.44**

Net Consolidated Debt [c]

(in thousands of Euros)	31.12.2012	30.09.2012	30.06.2012	31.12.2011
Payables to banks, bonds and other financial institutions				
- due within 12 months	(570,555)	(572,110)	(569,200)	(507,766)
- due between 1 and 5 years	(460,234)	(437,375)	(440,144)	(399,229)
- due beyond 5 years	(32,209)	(29,219)	(30,132)	(128,288)
Total payables to banks, bonds and other financial institutions	**(1,062,998)**	**(1,038,704)**	**(1,039,476)**	**(1,035,283)**
Liquidity				
- cash and cash equivalents	135,099	130,168	116,120	122,243
- other financial assets	14,291	14,273	5,300	5,867
Total liquidity	**149,390**	**144,441**	**121,420**	**128,110**
Total net debt	**(913,608)**	**(894,263)**	**(918,056)**	**(907,173)**

The Group's net debt was 913.6 million Euro, up by 6.4 million Euro compared to 907.2 million Euro at 31 December 2011. This increase mainly derives from the distribution of dividends to the market of 19 million Euro and investments made of 63.1 million, partially offset by operational cash generation.

Despite the continuation of the financial crisis that has made medium to long-term rescheduling of maturing loans, the Group has already taken actions to reposition the medium to long-term maturing loans gradually to within 12 months, both through recourse to usual bank loan transactions and through the valuation of transactions on the capital market. In any case it is disclosed that, as also in the past, a significant portion of the debt payable within 12 months concerns 18 months, less a day, transactions that are, in general repaid on the expiry date and subsequently renewed. The directors do not consider that, even in the current difficult context of the credit market, the Group could encounter difficulty in this usual practice of rescheduling its debt.

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 2012**	Year 2011	Change total value	Change %
Production				
Net revenues	1,496,851	1,260,748	236,103	18.73
Intercompany revenues	49,935	43,098		
Total revenues	1,546,786	1,303,846	242,940	18.63
Gross operating margin	115,648	99,594	16,054	16.12
Amortization, depreciation and write-downs	(48,498)	(39,156)	(9,342)	23.86
Operating profit (loss)	67,150	60,439	6,711	11.10
Distribution				
Net revenues	1,248,478	1,237,264	11,214	0.91
Intercompany revenues	11,490	11,912		
Total revenues	1,259,968	1,249,176	10,792	0.86
Gross operating margin	90,205	91,778	(1,573)	(1.71)
Amortization, depreciation and write-downs	(13,203)	(12,434)	(769)	6.18
Operating profit (loss)	77,002	79,344	(2,342)	(2.95)
Catering				
Net revenues	677,157	690,619	(13,462)	(1.95)
Intercompany revenues	275	272		
Total revenues	677,432	690,891	(13,459)	(1.95)
Gross operating margin	37,940	35,167	2,773	7.89
Amortization, depreciation and write-downs	(27,169)	(25,405)	(1,764)	6.94
Operating profit (loss)	10,771	9,762	1,009	10.34
Holding company property and centralized activities				
Net revenues	2,658	4,049	(1,391)	(34.35)
Intercompany revenues	8,264	8,069		
Total revenues	10,922	12,118	(1,196)	(9.87)
Gross operating margin	(2,714)	(1,626)	(1,088)	66.91
Amortization, depreciation and write-downs	(3,601)	(3,669)	68	(1.85)
Operating profit (loss)	(6,315)	(5,295)	(1,020)	19.26
Consolidation adjustment				
Total revenues	*(69,964)*	*(63,350)*		
Gross operating margin		*(262)*		
Amortization, depreciation and write-downs				
Operating profit (loss)		*(262)*		
Total				
Total revenues	3,425,144	3,192,681	232,463	7.28
Gross operating margin	241,079	224,651	16,428	7.31
Amortization, depreciation and write-downs	(92,471)	(80,664)	(11,807)	14.64
Operating profit (loss)	148,608	143,987	4,621	3.21

Breakdown of revenues by sector

(thousands Euro)	Year 2012	Year 2011	Difference in absolute value	Chg. %
Production				
Total revenues	1,546,786	1,413,580	133,206	9.42
Gross operating margin	115,648	107,067	8,581	8.01
Amortization, depreciation and write-downs	(48,498)	(42,645)	(5,853)	13.72
Operating profit (loss)	67,150	64,422	2,728	4.23
Total				
Total revenues	3,425,144	3,298,323	126,821	3.85
Gross operating margin	241,079	232,114	8,965	3.86
Amortization, depreciation and write-downs	(92,471)	(84,153)	(8,318)	9.88
Operating profit (loss)	148,608	147,961	647	0.44

The Group's total revenues, compared to the 2011 financial year, increased by 232.5 million Euro (+126.8 million with the same scope of the consolidation). In detail, the Production revenues increased by 242.9 million Euro, (+133.2 million Euro with the same scope of consolidation) the Distribution revenues were up by 10.8 million while Catering down by 13.5 million.

The Group's gross operating margin was up by 16.4 million Euro (+9.0 million with the same scope of the consolidation), with a Production increase of 6.1 million (+8.6 million with the same scope of the consolidation), Distribution down by -1.6 million catering up by 2.8 million.

The consolidated gross operating profit, finally, was up by 4.6 million Euro (in line with the 2011 figure with the same scope of the consolidation) with Production and Catering increases respectively of 6.7 million (+2.7 million with the same scope of the consolidation) and 1.0 million Euro.
Distribution was down by 2.3 million Euro.

Breakdown of revenues from sales and services by geographic area

Year 2012 - (thousands Euro)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	702,358	47.5	1,124,006	92.3	311,925	47.0	2,672	98.7	2,140,961	63.7
European Union	250,838	17.0	60,505	5.0	352,170	53.0	35	1.3	663,548	19.7
Extra-EU countries	525,712	35.5	32,987	2.7	9	0.0		-	558,708	16.6
Total	1,478,908	100.0	1,217,498	100.0	664,104	100.0	2,707	100.0	3,363,217	100.0

Year 2011 - (thousands Euro)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	598,934	48.0	1,123,700	93.0	323,453	47.6	2,397	100.0	2,048,484	65.3
European Union	192,131	15.4	59,973	5.0	356,337	52.4		-	608,441	19.4
Extra-EU countries	456,743	36.6	24,324	2.0	4	0.0		-	481,071	15.3
Total	1,247,808	100.0	1,207,997	100.0	679,794	100.0	2,397	100.0	3,137,996	100.0

Consolidated Balance Sheet structure by business sector

As at 31 December 2012 (thousands Euro)	Production	Distribution	Catering	ding and centra	lircompany reven intercompany	Total
Intangible assets	15,898	91,769	58,749	608		167,024
Tangible assets	538,886	52,592	135,374	85,700		812,552
Equity investments and other financial assets	5,188	527	1,739	14,573		22,027
Total fixed assets	**559,972**	**144,888**	**195,862**	**100,881**	**0**	**1,001,603**
Trade net working capital						
- Trade receivables	135,713	372,235	39,500	4,754	(14,386)	537,816
- Inventories	239,127	98,677	14,249	5	226	352,284
- Trade payables	(176,192)	(236,748)	(98,385)	(3,613)	13,927	(501,011)
Total trade and net working capital	198,648	234,164	(44,636)	1,146	(233)	389,089
Other current assets	31,958	45,550	17,450	12,421	(6,657)	100,722
Other current liabilities	(30,876)	(12,275)	(58,439)	(8,787)	6,889	(103,488)
Net working capital	**199,730**	**267,439**	**(85,625)**	**4,780**	**(1)**	**386,323**
Staff Severance Indemnity Provision and other m/l-term provisions	**(73,431)**	**(24,816)**	**(8,590)**	**(7,159)**	**0**	**(113,996)**
Net invested capital	**686,271**	**387,511**	**101,647**	**98,502**	**(1)**	**1,273,930**

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**

Net consolidated debt broken down by sector

As at 31 December 2012 (thousands Euro)	Production	Distribution	Catering	ding and centrali	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(194,923)	(179,981)	(108,292)	(87,359)	(570,555)
- due between 1 and 5 years	(297,399)	(49,940)	(10,918)	(101,977)	(460,234)
- due beyond 5 years	(2,557)	(3,529)	(25,946)	(177)	(32,209)
Total payables to banks, bonds and other financial institutions	**(494,879)**	**(233,450)**	**(145,156)**	**(189,513)**	**(1,062,998)**
Liquidity					
- cash and cash equivalents	56,923	52,595	25,446	135	135,099
- other financial assets	3,067	2,354	5,009	3,861	14,291
Total liquidity	**59,990**	**54,949**	**30,455**	**3,996**	**149,390**
Securitization and internal treasury current accounts	**12,192**	**13,268**	**49,693**	**(75,153)**	**0**
Total net debt	**(422,697)**	**(165,233)**	**(65,008)**	**(260,670)**	**(913,608)**

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)**

The operating sectors of the Group

Production

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

Companies **Business carried out**

a) Beef and meat-based products

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.a r.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 - Algiers – 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, Odinzovo (Moscow) - Russia	Real estate services.
MARR RUSSIA L.l.c. Via Vostochnaya n. 5, Odinzovo (Moscow) - Russia	Food marketing.
INALCA BRAZZAVILLE S.a r.l. 64, Avenue de France Poto-Poto (Brazzaville) 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 n. 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 Km 9.5 Barrio Zimpeto Distretto 5- Maputo - Mozambique	Food marketing.
BELL CARNI S.r.l. Via Eridania n. 58 – Stienta (Rovigo)	Slaughtering, processing and marketing of beef-based products.
PROMETEX S.A.M. I, Rue de Gabian "Le Thales" Principality of Monaco	International marketing and brokerage of food products, in general meat.
ORENBEEF LLC Via Pionerskaya 2 – Orenburg - Russia	Company owning the Orenburg area and factory for construction of a new slaughterhouse.
INALCA FOOD AND BEVERAGE S.r.l. Via Spilamberto n. 30/C - Castelvetro di Modena (MO)	This start-up company markets and distributes food products and drinks.

b) Cured meat and snacks

ITALIA ALIMENTARI S.p.A. Via Europa n. 14, Busseto (PR) (resulting from the merger of IBIS S.p.A. with Montana Alimentari S.p.A.)	Production and marketing of food products (cured meats and delicatessen).
SALUMI D'EMILIA S.r.l. Via Modena n. 53 - Castelvetro di Modena (MO)	Production and marketing of cured meats.
MONTANA ALIMENTARI GMBH. Koenigsberger Strasse 53- Moeglingen –Germany	Marketing of food products (cured meats and delicatessen).

Breakdown of revenues by activity (in thousands of Euros)	**Year 2012**	Year 2011	*Chg. %*
Beef and meat-based products	1,412,811	1,166,199	*21.15*
- intercompany revenues	(8,528)	(42,689)	
Net total	**1,404,283**	**1,123,510**	
Cured meats and gastronomy/snack food	144,977	182,266	*(20.46)*
- intercompany revenues	(2,474)	(1,930)	
Net total	**142,503**	**180,336**	
Total Production	**1,546,786**	**1,303,846**	***18.63***

As indicated in the introduction to the report, it is recalled that the production sector's figures for 2012 are not comparable with the same values of 2011, as an effect of the change in scope of the consolidation.

The production sector revenues that amounted to 1,546.8 million Euro increased by 1,303.8 for the previous financial year. The gross operating margin increased from 99.6 million Euro to 115.6 million Euro up by 16.1 million and the operating profit amounted to 60.4 was up by 6.7 million Euro compared to 67.1 million Euro in 2011.
With the same scope of consolidation (line-by-line consolidation of the entire sector) the 2012 revenues grew by 133.2 million, the gross operating margin was up by 8.6 million and the operating result improved by 2.7 million.

<u>The beef business</u>

In an international financial context once again involved in very strong instability under the financial profile and in which the food industry, a normally stable sector, has also suffered great penalisation in consumption terms, the Group's meat division is against the trend, achieving improved results compared to last year.

The investments made in recent years and above all the development of the foreign businesses permitted the achievement of good performance, in line with the growth objectives fixed.
A positive contribution in the domestic market to the results of the segment derived from the sale of the higher value-added products, including deep-frozen hamburgers (products destined for multinational fast-food chains and the retail channel) and the portioned and processed meat products in general.

Included in the significant events that took place in the year it is noted that, commencing from 2012, in the perspective of a broader reorganisation of the production and commercial activities of the sector, canned meat and the meat-based deep-frozen products are no longer marketed by Italia Alimentari S.p.A. (formerly Montana Alimentari S.p.A.) but from INALCA S.p.A.

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

- the expansion of the cold store complex at the Castelvetro factory;
- the expansion of the canned meat packaging line at the Rieti factory.
- the continuation of construction of the slaughterhouse in Orenburg (Russia);
- the construction of a second production line in Russia;
- the construction of a warehouse for dehydrated goods in Angola;
- the expansion of the Realbeef (Avellino) factory with the construction of a logistics platform and purification plant.

Cured meats and snacks sector

The effects of the financial crisis (associated with an increase in tax pressure) 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 and ensured by an efficient industrial structure, maintained a balanced performance in terms of marginality as well.

The snack division instead suffered from the general and market difficulties realising a fall in sales volumes of 4.4%.

As shown above it is noted that from the beginning of the year the canned products in the beef segment are no longer marketed by Italia Alimentari S.p.A., but by the parent company INALCA S.p.A.

It is also noted that, during the course of the second half of 2012 Italia Alimentari S.p.A. (formerly Montana Alimentari S.p.A.) merged with I.B.I.S S.p.A., producing and marketing cured meats in its Busseto factory. The transaction was conducted with the objective of gathering all the possible synergies, economies of scale and organisational and marketing efficiencies, these being two parties operating in the same sector.

The investments made in the period principally regarded the upgrading of the segment for bacon production and automatic slicing lines.

Distribution

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

Foodservice (distribution to catering)

Companies	Business carried out
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	Non-operating company.
ALISEA S.c.ar.l. Via Imprunetana n. 231/b, Tavernuzze (FI)	Hospital catering.
SFERA S.p.A. Via del Carpino n.4, Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen food products for foodservice operators, through the "Lelli" business division.
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.
EMI.GEL 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 2012 financial year that rose 1,249.2 million Euro to 1,260.0 million, up by 10.8 million (+0.9%). The gross operating margin rose from 91.8 to 90.2 million Euro a decrease of -1.6 million (-1.7%). The operating result amounted to 77.0 million with respect to 79.3 in 2011, down by -2.3 million (-3.0%).

In a difficult 2012, during which the value of the "Hotels, meals and eating out" expenditure marked a 3.2% drop (Confcommercio Research Department, March 2013); the MARR Group's sales to "Commercial and Collective" customers (in the Street Market National Account categories) to registered a 2.1% increase.

In this context the MARR Group succeeded in 2012 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.

In terms of categories of clientele, the "Street Market" category (restaurants and hotels not belonging to Groups or Chains), which registered sales of 774.8 million Euro (764.8 million in 2011), while sales in the "National Account" category (operators in structured commercial catering and collective catering) were 230.9 million (220.4 million Euro in 2011).

Sales to the customers in the Wholesale category (wholesalers) reached 233.7 million Euro down compared to 245.4 million in 2011.

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 2012, MARR S.p.A. signed 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 has a two-year term (renewable for a further twelve months), should at the expiry date the ordering of the member structures not completed the maximum amount spendable, which is 38.3 million Euro. The convention has a two years term (renewable for a further twelve), should at the expiry date the ordering of the member structures not completed the maximum amount spendable, which is 38.3 million Euro to 38.3 million Euro;

- in March 2012 MARR S.p.A. signed a contract with Ciga Gestioni S.r.l., part of the "Starwood Hotel & Resorts Worldwide Inc." Group, for the supply of food products to the hotel structures of the Starwood Italia Group. The agreement, with a three-year term, assigns to MARR S.p.A. the appointment of "Preferred Supplier" and envisages the supply to about fifteen structures, including hotels and resorts managed by the Starwood Group with the greatly prestigious brands in localities of great tourism value, such as Milan, Venice, Florence, Rome and the Costa Smeralda in Sardinia;

- in accordance with the provisions of the Preliminary Agreement signed on 18 July 2012, the contracts commence from 3 September for the rental, via the subsidiary Sfera S.p.A., of the Lelli Lino and Figli srl ("Lelli") enterprise and the lease of the related property located in Anzola dell'Emilia (Bologna), in which the distribution of food products to the food service and Cash and Carry sectors is carried out;;

- in October 2012 MARR S.p.A. was awarded the Consip (Public Company for Expense Rationalisation) regional tender for the convention relating to the supply of food products to the Public Administrations. The convention awarded to MARR S.p.A. with a 12 months' term, renewable for a further 12 months, is authorised up to a maximum expense of 62.5 million Euro.

Catering

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

Companies **Business carried out**

a) On-board catering

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)	Non-operating company.
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. Calle Commercio, n. 12 - 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	Holding company.
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 the TGV Est and Lyria trains. (deconsolidated from 1 July 2012).
AVIRAIL ITALIA S.r.l. Via Toffetti 104, Milan	Management of the logistical services for the trains in Italy (proportionally consolidated until 30 June 2012 and subsequently with the line-by-line method).

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.
GABF HOLDING Limited 90a Tooley Street, London – United Kingdom	Sales of *bagels* in the main London railway stations.

Breakdown of revenues by activity (in thousands of Euros)	**Year 2012**	Year 2011	*Chg. %*
On-board catering	361,456	359,081	*0.66*
- intercompany revenues			
Net total	**361,456**	**359,081**	***0.66***
Motorway catering	184,721	179,990	*2.63*
- intercompany revenues			
Net total	**184,721**	**179,990**	***2.63***
Commercial catering	131,255	151,820	*(13.55)*
- intercompany revenues			
Net total	**131,255**	**151,820**	***(13.55)***
Total Catering	**677,432**	**690,891**	***(1.95)***

The distribution sector showed revenues reduction in 2012 decreasing from 690.9 million to 677.4 million Euro, down by 13.5 million (-1.9%). The gross operating margin rose from 35.2 million Euro to 37.9 million Euro an increase of 2.7 million (+7.9%) and the operating result amounted to 10.8 million Euro compared to 9.8 million Euro in 2011, an increase of 1.0 million.

The catering sector was characterised during 2012, by two opposing factors that influenced the results:

- the profitability recovery registered by on-board catering, specifically in Spain, which affected the results of the entire sector from 2010 to date. Our subsidiary, in fact, recorded a 2.7 million Euro improvement in the gross operating margin (+1.4 million in 2012, against -1.3 million in 2011) and in the operating profit of 2.8 million (-3.9 million in 2012 against -6.7 million in 2011);

- the weakness of the motorway segment that, due to the recession still in course, registered lower revenues and margins as an effect of the diminished vehicle traffic and reduced propensity to consumption of the travellers.

Specifically, the traffic on the motorway networks reduced in Italy on average by 7.7% (source: AISCAT), the fuel sales were down (in quantity) by about 25%, and the drop in catering sales (main products) was around 10%.

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

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

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

<u>On-board catering</u>

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

- the extension to the subsidiary Cremonini Restauration SaS until October 2013 of the SNCF contract for the management of all on-board services of the IDTGV trains;

- the extension for a further 2 years, by the subsidiary Momentum Services Ltd, of the management contract for the Eurostar waiting rooms located in London, Paris and Brussels;

- the extension for a further 2 years, by the subsidiary Railrest S.A., of the management contract for on-board services of the Thalys trains connecting Brussels, Paris, Amsterdam and Cologne;

- the award, through the subsidiary Rail Express Service B.V., of the management for on-board services of the Fyria trains connecting Brussels to Amsterdam;

- in April, the logistics activities of the subsidiary Avirail Italia S.r.l. commenced, because of the signing of the contract with Nuovo Trasporto Viaggiatori S.p.A, for the supply of services in the railways area.

Principally ascribable to the procurement of the products, logistics support and management of the automatic distributors on-board Italo trains;

- Avirail France S.A. and Avirail Italia S.r.l., previously consolidated with the proportional method, were respectively deconsolidated and consolidated line-by-line by virtue of the agreements with the French Geodis Group commencing from July 2012.

Commercial Catering

We note amongst the significant events in 2012:

- the opening to the public of eight new Roadhouse Grill steakhouses, respectively in La Spezia, Parma, Campi Bisenzio (FI), Macerata, Moncalieri (TO), Pesaro, Pessano con Bornago (MI) and at the railway station of Milan (Centrale). Furthermore, the closure of premises in Turin is noted and the signing of further contracts for future openings of premises of the chain in Rome, Capriate (BG), Mestre (VE), Bellinzago Lombardo (MI), and Settimo Torinese (TO);

- the end of restructuring works and the consequent re-opening to the public of some premises in the La Pioppa Est (BO) and Chienti Est (MC) motorway service areas. The two completely refurbished areas have enlarged the catering offering with commercial formats;

- the end of restructuring works and the consequent re-opening to the public of commercial area, such as a new food court at di Firenze Santa Maria Novella railway station with different type of catering;

- the inauguration of 2 new catering outlets in Rome Termini and Milan Centrale with the Bianco & Nero brand (Bar-Pastry);

- the opening at the Bovisa station in Milan of new premises with various catering typologies, using the Mokà and Rossosapore brands;

- the opening of new premises at the Varese Nord station, the new Turin Porta Susa station, the Roma Tiburtina station, at the Alessandria hospital and one in the immediate vicinity of the Parma motorway toll booth;

- the opening of two new sales outlets and contract renewal, through the award of the related tender, of another two new sales outlets inside the Rome Fiumicino airport;

- the signing of contractual arrangements for the opening of new premises at the Milan Malpensa and Linate airports, the opening to the public of which is anticipated at the beginning of 2013;

- the disposal of the fuel distribution and sales to the public businesses at the service area of Piave Est and the Susa motor port;

- the acquisition, through the Chef Express U.K. subsidiary, of the well-known "Bagel Factory" chain, specialised in the sales of bagels, a typical salted bread of the classic doughnut form. Presently, the chain directly manages 13 sales outlets in England, 9 of which in the major London stations. The distribution network also includes 40 franchised premises located in Ireland and Great Britain;

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 2012 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 overall, insignificant.

(in thousands of Euros)	Controlling	Subsidiaries	Associated	Related
Revenues				
Trade income		151	2,944	
Other income	8	10	12	4
Total revenues	**8**	**161**	**2,956**	**4**
Costs				
Trade expense			26,626	675
Other expense	19		1	
Total costs	**19**	**-**	**26,627**	**675**
Loans and receivables				
Trade receivables		159	301	
Other receivables	1,279	501	4,766	
Total loans and receivables	**1,279**	**660**	**5,067**	**-**
Loans and payables				
Trade payables			5,230	2
Other payables			1,000	
Total loans and payables	**-**	**-**	**6,230**	**2**

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. (parent company)	-	-	1,279	-	**1,279**	**-**
Emil-Food S.r.l.	-	2		-	**-**	**2**
Total related and controlling	-	2	1,279	-	**1,279**	**2**

(in thousands of Euros)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Related and controlling companies:						
Le Cupole S.r.l.	-	671	4	-	**4**	**671**
Cremofin S.r.l. (parent company)	-	-	8	19	**8**	**19**
Emil-Food S.r.l.	-	4		-	**-**	**4**
Total related and controlling	-	675	12	19	**12**	**694**

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 2012 financial year the total of the net investments made was 63.1 million di Euro.

The following is the detail of the net change in intangible and tangible assets in the 2012 financial year.

Net investments broken down by sector

(in thousands of Euros)	Production	Distribution	Catering	Others	Total
Intangibles					
Patents and intellectual property rights	314	215	492	102	**1,123**
Concessions, licenses, trademarks and similar rights	267	1	289	36	**593**
Intangible assets under development and advances	-	-	59	-	**59**
Other intangible assets	(31)	-	(31)	-	**(62)**
Total intangible assets	**550**	**216**	**809**	**138**	**1,713**
Tangibles					
Land and buildings	2,581	137	10,485	(740)	**12,463**
Plant and machinery	8,325	1,250	1,916	42	**11,533**
Industrial and business equipment	955	222	1,550	-	**2,727**
Other tangible assets	1,986	463	3,625	92	**6,166**
Tangible assets under development and advances	11,871	234	15,354	1,066	**28,525**
Total tangible assets	**25,718**	**2,306**	**32,930**	**460**	**61,414**
Total	**26,268**	**2,522**	**33,739**	**598**	**63,127**

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:

- <u>Beef sector</u> – the sector had already commenced production of energy by utilisation of the slaughtering by-products through biogas plants for some time, as well as developing technologies aimed at:
  - reduction of the microbe role in its semi-finished and finished products, based on physical agents, and consequent study of the possible application and utilisation of the lactic acid;
  - rapid and controlled operating of the cold management processes (tempering), above all for the plants in Russia;
  - "Active packaging" studies for improvement of the conservability characteristics of fresh products and an increase of the shelf life;
  - extension of the finished products with high service content range for own brand or private label sales:
  - development of new receiving methods characterised by the absence of additives and conservatives;
- development of quality control systems directly applicable on the production lines (e.g. image and technologies analysers for the observation of defects and extraneous bodies). For that purpose, it is noted that INALCA S.p.A. has attended training of the domestic technological clusters and is a lead manager in the area of research on the meat-based food products.

- <u>Cured meats and snack sector</u> – for this year too, the research and development work directed to the area of IGP products, high quality content and recognisability by consumers continued, above all in research on production systems with better quality standards and productivity in the free service products area (sliced and cuts). The use of internal resources then continued, as in the past financial years, in research aimed at the following directions:
  - implementation of formulations with higher "health" content, capable of meeting the most modern nutritional requirements of consumers; in that perspective a new delicatessen products

line was developed "with reduced sodium content" (-30.0% compared to reference products on the market) and "low fats content";

- the study and implementation of innovative production processes with higher quality standards and research on greater productivity in the areas of sliced meats and grilled products (above all bacon).

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

Events occurring after the end of the 2012 financial year

The following events occurred after the financial year-end:

Production

- the start-up of the logistics activities in Avellino (Realbeef S.r.l.);
- the completion and start-up of the hot dog production line in Kinshasa (Congo);
- the award of the contract for the supply of canned meat and food products in general to the Angolan army;
- the beginning of construction of the plants at the Orenburg slaughterhouse (Russia).

Distribution

- On 23 February 2013, the lease agreement for the business branch of Scapa Italia S.p.A. ("Scapa") commenced. This contract, part of arrangements with creditors with a going concern procedure commenced by Scapa, was authorised, following the absence of the Anti-trust Authority, by the Milan Court last 12 February. Scapa, before encountering its current management and financial difficulties, was the leading operator in Italy in distribution to the foodservice sector and was positioned among the leaders in the collective catering segment, with a customer base that also numbered important international operators. MARR S.p.A., through the business branch lease, manages the Marzano (Pavia) and Pomezia (Rome) distribution centres: two large, modern and very well located structures. The Marzano centre (inaugurated in 2009) has a total surface area of 22,000 m^2, 11,700 of which at a controlled temperature, while the Pomezia warehouse has a surface area of 11,000 m^2, 4,800 of which at a controlled temperature. MARR S.p.A. will be able to concentrate its logistical and distribution activities on these structures for its National Account customers (collective catering and structured commercial catering operators), further rationalising the activities dedicated to the Street Market segment carried out by its other distribution centres.
  The Scapa transaction also permits MARR S.p.A. to access a significant customer base in the collective catering and structured commercial catering segments, reinforcing its leadership. The Scapa business operations are expected to contribute about 80 million Euro in additional sales in 2013. These revenues will be in the order of about 100 million Euro for 2014, with a positive contribution in terms of EBITDA when the anticipated logistical synergies are confirmed. The enterprise lease, which has a 12 months term, envisages taking over assets and liabilities contracts identified as instrumental to the conduct of the business; including lease of the two warehouses other than the purchase of the inventories. The contract also provides for MARR S.p.A.'s acquisition of the business branch, subordinate to the filing of the Milan Court's approval of the composition. The purchase price, including equipment having a carrying value of about 1.7 million Euro, is established at 3.5 million Euro, from which the lease instalments fixed at 300 Euro per annum will be deducted on account.

Catering

- the signing of further contracts for the opening to the public of new Roadhouse Grill brand steak houses in Treviso, Gallarate (VA) and Rome;

- the opening to the public of new premises situated within the Rome Termini station;

- the signing of business branch lease contracts for the management of two new premises situated on the Rome circular motorway (Grande Raccordo Anulare);

- the disposal of the fuel distribution and sales to the public businesses at the service area of Campiolo (UD).

Business Outlook

The results achieved in the 2012 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 2012 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 11,970 employees in the 14 countries where the Group operates: the majority in the European Union (92.7%) followed by Russia (4.8%) and finally Africa (3.1%). In 2011, the establishment instead comprised 12,402 employees.
The composition of the organisational structure based on professional stature shows 144 executives, 424 managers, 1,924 office staff and 9,478 workers 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.

<u>Training</u>

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 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 careful of the activities carried out by its companies, with reference both to the impact of its production processes and the 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 plants with the most modern technologies available in the environmental field, specifically in the water, energy and waste sectors. As confirmation of this INALCA has further developed projects regarding energy production from renewable sources during 2012. The principal interventions are concentrated on the design of new plants and management of the complex authorisation procedures. INALCA has identified an integrated environmental technologies system that aims at the complete enhancement of the energies of its by-products of animal origin accordance with the standards of a true and proper “Smart Grid”. These are integrated and complementary technologies, conceived for every specific biomass concentration, which required significant preliminary studies of feasibility and sustainability by INALCA and that the moment are in the authorisation phase at the relevant entities.

Water

In the water consumption area, the Group has optimized the complete wastewater 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.

Shown below are the summarised results of the Parent Company prepared in conformity with the IAS/IFRS International Accounting Standards.

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

(in thousands of Euros)	Year 2012	Year 2011	Chg. %
Total revenues	**5,907**	**6,534**	**(9.60)**
Changes in inventories of work in progress, semi-finished and	-	-	
Value of production	**5,907**	**6,534**	**(9.60)**
Cost of production	(6,463)	(6,478)	
Value added	**(556)**	**56**	**n.a.**
Personnel costs	(2,295)	(2,235)	
Gross operating margin [a]	**(2,851)**	**(2,179)**	**30.84**
Amortization, depreciation and write-downs	(2,410)	(2,428)	
Operating income [b]	**(5,261)**	**(4,607)**	**14.20**
Net financial income (charges)	(12,825)	(10,851)	
Profit from ordinary activities	**(18,086)**	**(15,458)**	**n.a.**
Net income (charges) from investments	36,381	18,613	
Net extraordinary financial income (charges)	-	(868)	
Result before taxes	**18,295**	**2,287**	**n.a.**
Income taxes for the financial year	6,362	3,534	
Net profit	**24,657**	**5,821**	**n.a.**

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

(in thousands of Euros)	Year 2012	Year 2011	*Chg. %*
Intangible assets	62	4	
Tangible assets	77,241	78,631	
Equity investments and other financial assets	290,642	287,217	
Total fixed assets	**367,945**	**365,852**	*0.57*
Trade net working capital			
- Trade receivables	979	2,272	
- Inventories	-	-	
- Trade payables	(2,584)	(2,278)	
Total trade net working capital	(1,605)	(6)	
Other current assets	11,905	8,454	
Other current liabilities	(8,711)	(6,038)	
Net working capital	**1,589**	**2,410**	*n.a.*
Staff Severance Indemnity Provision and other medium/long-te	**(6,023)**	**(7,361)**	
Net invested capital	**363,511**	**360,901**	*0.72*
Total Shareholders' Equity	**106,735**	**82,795**	*28.91*
Net medium/long-term debt	102,154	120,559	
Net short-term debt	154,622	157,547	
Net debt	**256,776**	**278,106**	*(7.67)*
Net equity and net debt	**363,511**	**360,901**	*0.72*

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 2012	Year 2011
Payables to banks, bonds and other financial institutions		
- due within 12 months	(83,693)	(116,126)
- due between 1 and 5 years	(101,977)	(119,398)
- due beyond 5 years	(177)	(1,160)
Total payables to banks, bonds and other financial institutions	**(185,847)**	**(236,684)**
Liquidity		
- cash and cash equivalents	116	811
- other financial assets	2,081	2,081
Total liquidity	**2,197**	**2,892**
Securitization and internal treasury current accounts	**(73,126)**	**(44,314)**
Total net debt	**(256,776)**	**(278,106)**

Property services

Cremonini S.p.A. directly manages both its own property that is destined for civil use and property destined for the 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.

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.

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.

(thousands Euro)	Parent Company	Subsidiaries	Associated companies	Related companies
Revenues				
Financial income	(16)	(592)		
Services		(4,735)		
Sales of goods		(4)		
Other income		(37,431)	(346)	
Total revenues	**(16)**	**(42,762)**	**(346)**	**-**
Costs				
Financial charges	38	3,795		
Services		624		
Purchase of goods				
Other charges		1,526		
Total costs	**38**	**5,945**	**-**	**-**
Receivables				
Financial	1,279	5,896		
Trade		595		
Other (a)		31		
Total Receivables	**1,279**	**6,522**	**-**	**-**
Payables				
Financial		(80,301)		
Trade		(1,247)		
Other (a)		(7,189)		
Total Payables	**-**	**(88,737)**	**-**	**-**

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

The powers granted to 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 28 April 2011 and with a Board of Directors resolution on 23 July 2012;
- 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 and with a Board of Directors resolution on 23 July 2012.

An Executive Committee and a General Manager have not been appointed in the current corporate bodies' structure.
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 2012, 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 2012, together with the Directors' Report.

Furthermore, we propose the following allocation of the net profit for the year of Euro 24,657,447 to the "Undistributed profits reserve".

Castelvetro di Modena, 18 March 2013

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

CREMONINI S.P.A

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

Financial statements as at 31 December 2012

Statement of Assets and Liabilities– Assets

(Euro)	Note	31.12.2012	31.12.2011
Non-current assets			
Tangible assets	1	77,241,166	78,631,466
Other intangible assets	2	62,165	3,531
Investments in subsidiaries and associated	3	287,988,520	285,565,408
Investments in other companies	4	2,650,695	1,650,696
Deferred tax assets	5	1,791,629	1,422,599
Other non-current assets	6	4,931,419	104,087
Total non-current assets		**374,665,594**	**367,377,787**
Current assets			
Inventories		-	-
Current financial receivables	7	7,207,131	32,551,591
relating to related parties		*7,207,131*	*32,551,591*
Current trade receivables	8	996,768	2,289,127
relating to related parties		*595,263*	*1,774,191*
Current tax assets	9	4,750,829	1,856,322
Financial assets held for sale		2,081,076	2,081,075.0
Financial instruments / Derivatives	15	-	-
Cash and cash equivalents	10	115,791	810,683
Other current assets	11	471,748	1,586,033
relating to related parties		*0*	*1,000,000*
Total current assets		**15,623,343**	**41,174,831**
Total assets		**390,288,937**	**408,552,618**

Statement of Assets and Liabilities

(Euro)	Note	31.12.2012	31.12.2011
Shareholders' Equity			
Share capital	12	67,073,932	67,073,932
Reserves	13	(42,038,758)	(41,320,789)
Retained earnings		57,042,031	51,221,481
Result for the period		24,657,447	5,820,550
Total Shareholders' Equity		**106,734,652**	**82,795,174**
Non-current liabilities			
Non-current financial payables	14	103,857,556	119,516,101
relating to related parties		*3,737,169*	-
Financial instruments / Derivatives	15	2,033,933	1,041,515.00
Employee benefits	16	372,933	349,903
Non-current provisions for risks and charges	17	717,731	966,316
Deferred tax liabilities	18	4,932,246	6,045,076
Other non-current liabilities		473	473
Total non-current liabilities		**111,914,872**	**127,919,384**
Current liabilities			
Current financial payables	19	167,408,536	190,293,627
relating to related parties		*83,715,945*	*74,169,104*
Financial instruments / Derivatives	15	-	-
Current tax liabilities	20	483,251	3,937,448
Current trade liabilities	21	2,654,249	2,333,811
relating to related parties		*1,247,576*	*278,330*
Other current liabilities	22	1,093,377	1,273,174
relating to related parties		-	-
Total current liabilities		**171,639,413**	**197,838,060**
Total liabilities		**390,288,937**	**408,552,618**

Financial statements as at 31 December 2012

Income statement

(Euro)	Note	31 December 2012	31 December 2011
Revenues	23	5,443,075	4,791,098
relating to related parties		*4,737,472*	*3,903,536*
Other revenues	24	464,003	1,743,286
relating to related parties		*379,950*	*273,102*
Costs for purchases	25	(49,963)	(58,314)
relating to related parties		*(40)*	*(1,986)*
Other operating costs	26	(6,413,796)	(7,288,456)
relating to related parties		*(1,132,093)*	*(633,297)*
Personnel costs	27	(2,294,764)	(2,235,058)
Amortization and depreciation	28	(1,771,749)	(1,811,021)
Write-downs and provisions	28	(638,322)	(616,948)
Revenues from equity investments	29	36,381,380	18,613,240
relating to related parties		*(36,377,222)*	*18,501,621*
Financial (Income)/Charges	30	(12,824,749)	(10,851,396)
relating to related parties		*(3,224,936)*	*14,865*
Result before taxes		**18,295,115**	**2,286,431**
Income taxes	31	**6,362,332**	**3,534,119**
Result for the period		**24,657,447**	**5,820,550**

Other comprehensive income components

(Euro)	31 December 2012	31 December 2011
Result for the period	**24,657,447**	**5,820,550**
Efficacious part of profits/(losses) on cash flow hedge instruments	(990,302)	(1,794,561)
Tax effect on comprehensive income components	272,333	493,504
Comprehensive Income	**23,939,478**	**4,519,493**

Statement of changes in the shareholders' equity over the financial year ended as at 31 December 2012

(Euro)				Other reserves									
	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Share premium reserve	Legal reserve	Merger Deficit	Reserve for IAS adjustments	Reserve for trading treasury stock	Cash flow hedge reserve	Total Reserves	Profits (Losses) carried forward	Result of the year	**Total Shareholders' Equity**
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**
Allocation of the results for the previous year:													
- retained earnings reserve											5,820,550	(5,820,550)	**0**
- distribution of dividends													**0**
Consolidated comprehensive income													
- Net profit (loss) for the period												24,657,447	**24,657,447**
- Other Profits/(losses), net of taxes									(717,969)	**(717,969)**			**(717,969)**
Balances at 31 December 2012	**67,073,932**	**0**	**67,073,932**	**78,279,705**	**14,749,280**	**(146,379,437)**	**12,787,578**	**0**	**(1,475,884)**	**(42,038,758)**	**57,042,031**	**24,657,447**	**106,734,652**

Cash flow statements for the financial years ended as at 31 December 2012 and 2011

(thousand Euro)	**31.12.2012**	31.12.2011
Profit for the period	**24,657**	**5,821**
Amortization and depreciation	1,772	1,811
Net change in other provisions and non-monetary income items	749	731
Net change in Staff Severance Provision	(1,464)	(87)
Changes in working capital		
(Increase) decrease in trade receivables	672	(1,646)
(Increase) decrease in inventories	0	0
Increase (decrease) in trade payables	306	(597)
(Increase) decrease in other items of the working capital	(778)	2,846
Cash-flow from operating activities (A)	**25,914**	**8,879**
Net (investments) in intangible assets	(90)	(5)
Net (investments) in tangible assets	(351)	(2,047)
Net change in other non current assets	(3,425)	(24,294)
Acquisition net of Cash and cash equivalent	0	0
Cash-flow from investment activities (B)	**(3,866)**	**(26,346)**
Increase (Decrease) in medium-long term borrowings	(19,396)	(15,768)
Increase (Decrease) in medium-long term liabilities for derivatives	992	1,042
Increase (Decrease) in short-term borrowings	(3,621)	28,088
Increase (Decrease) in short-term liabilites for derivatives	0	(2,967)
Capital increase and other changes in equity	(718)	(1,301)
Cash flow from financing activities (C)	**(22,743)**	**9,094**
Cash Flow of the year (D=A+B+C)	**(695)**	**(8,373)**
Cash and cash equivalents at the beginning of the year (E)	811	9,184
Cash and cash equivalents at the end of the year (F=D+E)	**116**	**811**

Cremonini SpA Financial Statement as at 31 December 2012

Notes to the financial statements

Form and content of the financial statements

The financial statements as at 31 December 2012 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 18 March 2013.

The section on "Accounting principles" illustrates the international accounting principles adopted in the preparation of the Cremonini S.p.A. statement of assets and liabilities as at 31 December 2012.

The Cremonini S.p.A. financial statements as at 31 December 2012 were prepared in accordance with the cost method, with the exception of the following postings in the statement of assets and liabilities :

- 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 2012 show the figures for the financial year ended as at 31 December 2011.

The following classifications have been used:

- "Statement of Assets and Liabilities" for 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 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 2012, 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

- IFRS 7 - "Additional information – Transfers of financial assets", issued in October 2010 and applicable to business years starting after 1 July 2011, is aimed at improving the understanding of the transactions involved in transferring financial assets. The informative note refers to the assets transferred (as defined in IAS 39). If the assets transferred are not completely derecognised from the financial statements, the company must provide the information to enable the users of the financial statements to understand the relationship between the assets that are not derecognised and their associated liabilities. If the assets are completely derecognised, but the company retains a continuing involvement, information must be provided to enable the users of the financial statements to assess the nature of the residual involvement of the entity in the assets derecognised and the associated risks.
  These cases are not applicable to this Annual Report.

- IFRS 1 – "First-Time adoption of the International Financial Reporting Standards (IFRS)" - "Severe hyperinflation and removal of fixed dates for first-time adopter", issued in December 2010 and applicable from 1 July 2011 or later. The IASB has provided guidelines on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. This amendment is not applicable to the Company financial statements.

Accounting principles, amendments and interpretations applicable later

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 10 "Consolidated financial statements" and IAS 27 "Separate financial statements (revised in 2011)". 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 are 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 2014 or later.
- IAS 12 – "Deferred taxes –Recoverability of the underlying assets), issued in December 2010 and applicable from 1 January 2013, relating to the measurement of the deferred taxes deriving from a functioning asset. This change to IAS 12 includes the refutable presumption that the carrying value of a property investment, measured utilising the fair value model provided by IAS 40, will be recovered through the sale and that, consequently, the related deferred tax asset should be measured based on the sale. The presumption is refutable if the property investment is held with the objective of use over time of substantially all benefits deriving from the property investment itself, instead of realising such benefits with the sale. Specifically, IAS 12 requires that the deferred tax asset that results from a non-depreciable asset, measured by utilising the write-up model provided by IAS 16 should always reflect the tax effects of the recovery of the carrying value of the underlying asset through sale. This change is not applicable in the company's financial statements.
- IAS 28 - "Investment in associated 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 associated companies. The changes will enter into force for business years starting on 1 January 2013 or later. This principle is not applicable to the Company financial statements.
- 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 2014 or

later. This principle is not applicable to the Company financial statements.

- 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 associated 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 and will not have any impact on the financial position or results of the Company.
- 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.
- IFRS 1 - "Government Loans - Amendments to IFRS 1". This amendment requires that entities adopting the IFRS for the first time must apply prospectively the dispositions of IAS 20 "Accounting for Government Grants and disclosure of Government Assistance" to the existing government loans on the date of transition to the IFRS. This amendment is applicable to business years starting on 1 January 2013 or later and is not applicable to the Company financial statements.
- 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. The company is assessing how to comply with these amendments, but believes that the effect on the business year profits and equity as at 31 December 2012 is not significant.
- IAS 32 - "Offsetting Financial Assets and Financial Liabilities". These amendments clarify the meaning of "currently has a legally enforceable right to set-off", beyond the application of the IAS32 offsetting criteria in the case of regulatory systems (such as central clearinghouse systems for example) which apply gross non-simultaneous settlement mechanisms. These amendments will enter into force for business years starting on 1 January 2014 or later and will not have any impact on the financial position or results of the Company.
- IFRS 7 - "Disclosures – Offsetting financial assets and financial liabilities". These amendments require the entity to disclose information about rights to set-off and relating arrangements. This disclosures will provide the readers of the financial statements with useful information in evaluating the effect of the netting arrangements on the financial position of the entity. These amendments will enter into force for business years starting on 1 January 2013 or later and it will not affect net financial position and results of the Group.

We would highlight some improvements to the IFRS issued in May 2012, which will be effective for business years starting on 1 January 2013 or later. We would point out that we do not believe they will have an impact on the Group financial statements.

IFRS 1 - "First-time adoption of the International Financial Reporting Standards" – this improvement clarifies that an entity that stopped applying IFRS in the past and then decides, or is required, to apply the IFRS again, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, the entity must retrospectively restate its financial statements, as if it had never stopped applying IFRS.

- IAS 1 - "Presentation of financial statements" – this improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is for the previous period.
- IAS 16 - "Property, plant and machinery" – this improvement clarifies that major spare parts and machinery dedicated to maintenance, which meet the definition of property, plant and machinery, are not inventory.
- IAS 32 - "Financial Instruments: presentation" – this improvement clarifies that income taxes arising from distribution to shareholders are accounted for in accordance with IAS 12 "Income taxes".
- IAS 34 - "Interim financial reporting" – this improvement aligns the disclosure requirements for total segment assets with total segment liabilities in the interim financial statements. The clarification is also aimed at ensuring that the interim disclosures are in line with the annual disclosures.

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 standards

For the purposes of preparing the financial statements as at 31 December 2012, the same accounting standards and criteria used in the drawing-up of the financial statements as at 31 December 2010 were applied.

The most important accounting standards 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 statement of assets and liabilities.
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 statement of assets and liabilities 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 an impairment. As far as goodwill is concerned, the smallest aggregate is measured, upon which Management, assesses the return on investment, either directly or indirectly, 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.
Equity investments in other enterprises classified, in accordance with IAS 39, as available for sale are initially recorded at their fair value and subsequently, where it might not be possible to determine a reliable fair value, possibly written down In the event of enduring impairment losses. The original value shall not be reinstated in the following financial years, even should 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 or 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 Company 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 Company 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 an impairment has been recorded or continues to be recorded are not included in any collective assessments of 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 disclosed in the income statement.
Should, in a subsequent financial year, the amount of the estimated write-down increase or diminish because 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.

Impairments of non-financial assets

The company evaluates the possible existence of indicators of the impairment of non-financial assets at every year-end. 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 weights variables such as the average employment period of staff, 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 2008 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 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 that fall in the application field of IAS 39 are classified as financial liabilities at their fair value and disclosed in the income statement as financial payables, or as derivatives designated as hedging instruments, according to the case. The company determines the classification of its financial liabilities at the time of initial recognition.

Financial liabilities are initially measured at their fair value, equal to the consideration received as at the settlement date, to which is added, in the case of financial payables, the directly attributable transaction costs. Subsequently they are measured with the amortised cost criterion utilising the effective interest rate method. Profits and losses are disclosed in the income statement when the liability is extinguished, other than through the amortisation process.

The amortised cost is calculated by realising any discount or premium on the purchase and fees or costs that are an integral part of the effective interest rate. Amortisation of the effective interest rate is included in the financial charges in the income statement.

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:

• Estimates adopted to evaluate the impairment of assets

In order to measure any impairment of goodwill entered in the financial statements, the Company has adopted the method previously illustrated in the section on "Impairment of assets".

The average cost of capital (WACC) was utilised as the discount rate of 8%. The measurement of any impairment of the assets (impairment test on goodwill) is carried out annually with reference to 31 December 2012.

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

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

- the expected inflation rate is 2%;
- the discounting back rate used is 2.40%;
- the annual frequency rate of advances on post-employment benefits (TFR) is envisaged as 2.5%;
- the employee turnover is 9%.

• Deferred taxes

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.

• Others

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 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 2012 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 2012, 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 19 thousand Euro on an annual basis (162 thousand Euro at 31 December 2011).

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)	**31.12.2012**	31.12.2011
Current trade receivables	997	2,289
Other non-current assets	4,931	104
Other current assets	472	1,586
Total	**6,400**	**3,979**

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 2012				
Financial payables	167,409	103,680	177	271,266
Financial instruments / Derivatives		2,034	-	2,034
Trade Liabilities	2,654	-	-	2,654
	170,063	**105,714**	**177**	**275,954**
31 December 2011				
Financial payables	190,294	118,356	1,160	309,810
Financial instruments / Derivatives	-	1,042	-	1,042
Trade Liabilities	2,334	-	-	2,334
	192,628	**119,398**	**1,160**	**313,186**

Classes of financial instruments

The following elements are recognised in conformity with the accounting standards relating to financial instruments:

(in thousands of Euros)	31 December 2012		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Other non-current receivable items	4,931	-	4,931
Current financial receivables	7,207	-	7,207
Current trade receivables	997	-	997
Current derivative financial instruments	4,751	-	4,751
Current tax receivables	-	-	-
Cash and cash equivalents	116	-	116
Financial activities available for sale	2,081	-	2,081
Other current receivable items	472	-	472
Total	**20,555**	**-**	**20,555**
Balance Sheet Liabilities	**Other financial liabilities**	**Derivates utilised for hedg.**	**Total**
Non-current financial payables	103,858	-	103,858
Current financial payables	167,409	-	167,409
Derivative financial instruments	-	2,034	2,034
Total	**271,266**	**2,034**	**273,300**

(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**	**310,852**

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.

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.

[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.

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 31.12.2011	Purchases	Decreases	Other	Amort.	**Balance at 31.12.2012**
Land and buildings	75,111	3,935	(4,837)	-	(1,365)	72,844
Plant and machinery	472	43	(1)	-	(129)	385
Industrial and business equipment	11	-	-	-	(4)	7
Other assets	1,203	169	(25)	-	(243)	1,104
Fixed assets under construction and advances	1,834	1,195	(128)	-	-	2,901
Total	**78,631**	**5,342**	**(4,991)**	**0**	**(1,741)**	**77,241**

Land and buildings

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

Increase:

- Purchase of a Rome property for 3.6 thousand Euro;
- Improvements to the property in Via Farini Modena and the Castelvetro registered office for a total value of about 0.3 thousand Euro.

Decrease:

- Sale of the property unit situated in Castelvetro di Modena (Via Belvedere) for 2.5 thousand Euro

Assignment of the lease contract related to the Legnano property. The assignment of this property lease agreement, treated in the accounts in accordance with the definitions of accounting standard IAS 17, resulted in the reduction of the item under examination of about 2.2 thousand Euro.

The land and buildings are burdened by mortgages, against some loans obtained, by an amount of 66,900 thousand Euro.

Plant and machinery

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

Other assets

The change in the year refers to increases related to furniture and fittings purchases of about 123 thousand Euro. The decreases instead regard furniture and fittings sales consequent to the sale of the Via Belvedere property.

Non-current assets in progress.

The increase for the year is totally attributable to the reconstruction in progress of the area defined as "Ex Mondadori" within the complex in Via San Vincenzo, Rome.

2. Other intangible assets

(in thousands of Euros)	Balance at 31.12.2011	Purchases	Decreases	Branch Transfer	Other	Amort.	**Balance at 31.12.2012**
Patents and intellectual property rights	-	147			-	(30)	**60**
Concessions, licences, trademarks and similar rights	4	-			-	(2)	**2**
Total	**4**	**147**		**(57)**	**0**	**(32)**	**62**

Purchases during the year involved the construction of a new Group site for 67.0 thousand Euro, and purchases of new software for 80.0 thousand Euro.

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 2012, regarded:

- the payment of 2.0 million Euro for the future share capital increase in Chef Express S.p.A.;
- the payment of 210 thousand Euro for the future share capital increase in Global Service S.r.l.;
- the payment of 1,050 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 149 thousand Euro;
- the write-down of the equity investment in Interjet S.r.l. by 909 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 only change in 2012 concerned the acquisition of an equity investment in Banco Popolare di Vicenza for 1.0 million For greater detail of the "Equity investments in other companies" you are referred to Annex 5.

5 Deferred tax assets

Prepaid taxes amounted to 1,792 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)	**31.12.2012**		31.12.2011	
	Amount of timing differences	**Fiscal Effect**	**Amount of timing differences**	**Fiscal Effect**
Advance Taxation				
Write-down of tangible fixed assets	-		-	
Bad debt provision	2,864		3,162	
Taxed Provisions	1,433		767	
Interest payables deductable	2,034		1,042	
Other	185		204	
Total	**6,516**		**5,175**	
Taxable amount for IRES	**6,516**		**5,175**	
Tax Rate	27.50%		27.50%	
Advanced taxation for IRES		**1,792**		**1,423**
Taxable amount for IRAP	**0**		**0**	
Tax Rate	4.48%		4.48%	
Advanced taxation for IRAP		**0**		**0**
Total		**1,792**		**1,423**

6. Other non-current assets

(in thousands of Euros)	**31.12.2012**	31.12.2011
Tax assets	4,829	3
Other receivables	67	66
Accrued income and prepaid expenses	35	35
Total	**4,931**	**104**

The increase in the balance compared to 2011 is consequent to the recognition of a receivable, following presentation of an IRES (Corporate Income Tax) repayment request for the years from 2007 to 2011. This amount, equal to 4.6 million Euro calculated on the IRAP (Regional Business Tax) value, was paid by the company and not deducted, against the personnel and associates cost, relates to Cremonini S.p.A. in its role of consolidating company and participant companies in the tax consolidated during those years.

Current assets

7. Current financial receivables

(in thousands of Euros)	**31.12.2012**	31.12.2011
Receivables from subsidiaries	5,928	32,552
Receivables from parent companies	1,279	-
Total	**7,207**	**32,552**

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

(in thousands of Euros)	**31.12.2012**	31.12.2011
Receivables from subsidiaries	**5,896**	**29,048**
Alisea S.c.a r.l.	9	-
Cremonini Rail Iberica S.A.	-	8,644
Global Service Logistics S.r.l.	-	132
Global Service S.r.l.	54	515
Interjet S.r.l.	1,978	2,816
Roadhouse Grill Italia S.r.l.	3,855	16,941
Receivables from subsidiaries for transferred tax payables	**32**	**3,504**
As.Ca. S.p.A.	-	238
Baldini Adriatica Pesca S.r.l.	-	20
Chef Express S.p.A.	-	1,085
Cons. Centro Comm. Ingrosso Carni S.r.l.	22	-
Emigel S.r.l.	9	-
Marr S.p.A.	-	2,109
Marr Alisurgel in liquidazione S.r.l.	1	-
New Catering S.r.l.	-	52
Total	**5,928**	**32,552**

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.

In connection with the change of the item "Receivables for tax consolidation" you are referred to the description in note 19 "Current financial payables".

8. Current trade receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	31.12.2012	31.12.2011
Receivables from customers	**402**	**515**
Due within 12 months	1,265	1,378
Provision for bad debts	(863)	(863)
Receivables from subsidiaries	**595**	**1,774**
Alisea S.c.a r.l.	-	11
As.Ca. S.p.A.	52	88
Chef Express S.p.A.	-	137
Cremonini Restauration S.a.s.	231	-
Emigel S.r.l.	-	2
Frimo S.a.m.	-	35
Global Service S.r.l.	-	94
Ibis S.p.A.	-	4
INALCA S.p.A.	221	55
Marr S.p.A.	62	787
Momentum Services Ltd.	5	-
Montana Alimentari S.p.A	6	10
Roadhouse Grill Italia S.r.l.	-	486
Roadhouse Roma	8	
Sfera S.p.A.	-	59
Tecno-Star Due S.r.l.	10	6
Receivables from associated companies	**0**	**0**
Receivables from related companies	**0**	**0**
Total	**997**	**2,289**

The change in the bad debt provision was the following:

(in thousands of euros)	31.12.2012	31.12.2011
Initial balance	863	1,961
Utilized during the year	-	(1,118)
Accruals during the year	-	20
Final balance	**863**	**863**

At 31 December 2012 the trade receivables and bad debt provision were apportioned by due date as follows:

(in thousands of euros)	31.12.2012		31.12.2011	
	Amount	Bad Debt prov.	Amount	Bad Debt prov.
Trade receivables not overdue	45	-	58	-
Overdue up to 30 days	26	-	25	-
Overdue from 31 to 60 days	1	-	75	-
Overdue from 61 to 90 days	36	-	7	-
Overdue from 91 to 120 days	14	-	16	-
Overdue over 120 days	1,143	(863)	1,197	(863)
Total	**1,265**	**(863)**	**1,378**	**(863)**

9. Current tax assets

(in thousands of euros)	31.12.2012	31.12.2011
Receivables for advance on direct taxes	3,692	1,176
Receivables for withholdings	5	26
VAT credit and other taxes requested for reimbursement	944	361
Other sundry receivables	126	309
Provision for bad debts	(16)	(16)
Total	**4,751**	**1,856**

The increase in the balance is totally ascribable to both higher payments on account for taxes and the VAT receivable; the company also had a debit balance for this item in 2011 of 1,025 thousand Euro.

10. Cash and cash equivalents

(in thousands of euros)	31.12.2012	31.12.2011
Cash	9	10
Bank and postal accounts	107	801
Total	**116**	**811**

The balance represents the cash & cash equivalents, the existence of money in circulation and securities at the year-end.
You are referred to the 2012 cash flow statement for the evolution of the cash & cash equivalents.

11. Other current assets

(in thousands of euros)	31.12.2012	31.12.2011
Accrued income and prepaid expenses	167	167
Other receivables		
Advances to suppliers	70	56
Receivables from social security institutions	157	330
Other sundry receivables	2,942	3,443
Provision for bad debts	(2,864)	(2,410)
Total	**472**	**1,586**

The increase in the balance is totally ascribable to both higher payments on account for taxes and the VAT receivable; the company also had a debit balance for this item in 2011 of 1,025 thousand Euro.

The balance of the item "Other receivables" is substantially ascribable to a trade receivable from A.O. Konservini, which however has been completely written down.

The decrease in the general balance is mainly ascribable to the collection of some receivables and the allocation to the bad debt provision for the year.

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 2012 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 2012 the Parent Company did not 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 2011.

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
The merger deficit generated in 2008 on the inverse merger between Cremonini Investimenti S.r.l. and Cremonini S.p.A, amounts to 146,379 thousand Euro, and is unchanged with respect to 31 December 2011.

Cash flow hedge reserve
The cash flow hedge reserve records the profits or losses deriving from the measurement of the financial instruments designated to hedge variable rate loans. With adoption of IAS 39, the fair value change in the derivative contracts designated as effective hedging instruments is recognised in the financial statements, with a contra entry directly to a reserve for hedging cash flows in the shareholders' equity. These contracts were entered into to hedge the risk exposure of fluctuation of the interest rates of floating-rate loans (negative by Euro 2,034 thousand), and is shown net of tax effect (Euro 559 thousand).

Basic earnings per share
Basic earnings per share as at 31 December 2011 amounted to 0.1912 (Euro 0.0451 as at 31 December 2011) and has been calculated on the basis of net profits of Euro 24,657.447 thousand divided by the weighted average number of ordinary shares in 2012, 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)	31.12.2012	31.12.2011
Due between 1 and 5 years		
Payables to banks	99,943	117,514
Payables to other financial institutions	-	842
Payables to subsidiaries for Ires reimursement	3,737	-
Total payables due between 1 and 5 years	**103,680**	**118,356**
Due beyond 5 years		
Payables to banks	177	324
Payables to other financial institutions	-	836
Total payables due beyond 5 years	**177**	**1,160**
Total	**103,857**	**119,516**

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 31.12.2012
Overdraft	11,300	Euribor 3 months+spread	9,573			9,573
Hot Money	18,648	Euribor 3 months+spread	18,648			18,648
Mortgages	155,592	Euribor 6 months+spread	55,472	99,943	177	155,592
Total			**83,693**	**99,943**	**177**	**183,813**

The composition of the mortgages is as follows:

Bank	Interest rate	Expiry date	Current	between 1 and 5 years	beyond 5 years	Total 31.12.2012
Centrobanca	Euribor 3 m + spread	31/12/13	4,375	-	-	**4,375**
Banca Popolare di Vicenza	Euribor 3 m + spread	07/05/14	-	10,000	-	**10,000**
Credito Italiano (1°tranche)	Euribor 6 m + spread	30/06/15	35,457	34,200	-	**69,657**
Credito Italiano (2°tranche)	Euribor 6 m + spread	30/06/15	-	40,213	-	**40,213**
B. Pop. S. Felice sul Pan.	Euribor 3 m + spread	15/01/19	126	530	177	**833**
Banca M. Paschi di Siena	Euribor 3 m + spread	09/02/13	15,104	-	-	**15,104**
Banca Pop. Sondrio	Euribor 3/6 m + spread	09/01/14	-	15,000	-	**15,000**
Unicredit	Euribor 6 m + spread	30/06/13	1,072	-	-	**1,072**
Amortized Costs			(662)	-	-	**(662)**
Total			**55,472**	**99,943**	**177**	**155,592**

Net Debt

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

(in thousands of Euros)	**31.12.2012**	31.12.2011
A. Cash	9	10
B. Cash equivalent	107	801
C. Financial assets held for sale	2,081	2,081
D. Liquidity (A) + (B) + (C)	**2,197**	**2,892**
E. Current financial assets	**7,175**	**29,048**
F. Current bank liabilities	83,693	114,365
G. Current financial instruments	-	-
H. Other current financial liabilities	80,301	75,122
I- Current financial liabilities	**163,994**	**189,487**
J . Current net debt (I) - (E) - (D)	**154,622**	**157,547**
K. Non current bank liabilities	100,120	117,839
M. Other non current financial liabilities	-	1,678
N. Non current financial instruments	2,034	1,042
O. Non current debt (K) + (L) + (M) + (N)	**102,154**	**120,559**
P. Net Debt (J) + (O)	**256,776**	**278,106**

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 2012, which were respected, are shown in the tables below.

(thousands Euro)	Unicredit Corporate Banking
Amount of the loans as at 31 December 2012 [(b)]	108,614
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.

(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.

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 2012 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 2012 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 Akros 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 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 a liability of 2,034 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.
Details of the changes registered in the period are shown below:

(in migliaia di Euro)	31 dicembre 2012			31 dicembre 2011		
	Riserva CFH Lorda	Imposte differite	Riserva CFH Netta	Riserva CFH Lorda	Imposte differite	Riserva CFH Netta
Opening balance	(1,042)	284	(758)	(749)	206	(543)
Changes of the period						
Hedge instruments						
Profit/(Loss) of the period	344	(95)	249	175	(48)	127
Riclass. Profit/(Loss) to Income statement	(343)	94	(249)	1,327	(368)	959
	(1,041)	283	(758)	753	(210)	543
Net change of the period Other comprehensive income	(990)	272	(718)	(1,795)	494	(1,301)
Closing balance	**(2,032)**	**556**	**(1,476)**	**(1,042)**	**284**	**(758)**

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)	31.12.2012	31.12.2011
Opening balance	350	437
Use for the financial year	-	(102)
Accrued for the year	23	15
Closing balance	**373**	**350**

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)	31.12.2012	31.12.2011
Current value of the bonds	425	369
Unrecognised actuarial (loss)/profit	(52)	(19)
Total	**373**	**350**

17. Non-current provisions for risks and charges

(in thousands of euros)	31.12.2012	31.12.2011
Provisions for taxes	-	101
Labour disputes	65	136
Minor lawsuits and disputes	58	53
Provision for losses on equity investments	36	98
Provision for risks and losses	559	578
Total	**718**	**966**

(in thousands of Euro)	Balance at 31.12.2011	Accantonam	Utilizzi	Balance at 31.12.2012
Provisions for taxes	101	-	(101)	-
Labour disputes	136	30	(101)	65
Minor law suits and disputes	53	5	-	58
Provision for losses on equity investments	98	36	(98)	36
Provision for risks and losses	578	-	(19)	559
Total	**966**	**71**	**(319)**	**718**

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.

The provisions for liabilities represent the quantification of liabilities related to contractual costs and charges that probably exist.

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. This ruling was reaffirmed by the Regional Tax Commission with a ruling filed on 23 March 2012, recognising the matter of the receivable by means of an anomalous redemption procedure equally confirming the absence of penalties.
The abovementioned ruling was not appealed by the tax office and passed into judgement; said reimbursement had already been presented during the course 2012 by the subsidiary Società Agricola Corticella to the authorised Modena office and will be paid thereto presumably within the 2013 financial year.

During the first half of 2012 the Revenue Office (large taxpayers' office of the Bologna DRE) concluded a tax audit of a general character with reference to the 2009 tax period, concluded with the preparation of a report on findings in which the company participated. The residual payable deriving from the phasing of the liability amounted to about 100 thousand Euro as at 31 December 2012.

18. Deferred tax liabilities

At 31 December 2012 this item of 4,932 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)	31.12.2012		31.12.2011	
	Amount of timing differences	Fiscal Effect	Amount of timing differences	Fiscal Effect
Advance Taxation				
Capital Gains	598		0	
Intangible assets	17,287		21,920	
Other	50		61	
Total	**17,935**		**21,981**	
Taxable amount for IRES	**17,935**		**21,981**	
Tax Rate	27.5%		27.5%	
Advanced taxation for IRES		**4,932**		**6,045**
Taxable amount for IRAP				
Tax Rate	4.48%		4.48%	
Advanced taxation for IRAP		**0**		**0**
Total		4,932		6,045

Current liabilities

19. Current financial payables

(in thousands of euros)	31.12.2012	31.12.2011
Payables to subsidiaries	83,716	73,159
Payables controlling companies	-	1,010
Payables to banks	83,693	114,366
Payables to other financial institutions	-	1,759
Closing balance	**167,409**	**190,294**

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 I for further details:

(in thousands of euros)	31.12.2012	31.12.2011
Payables to consolidated subsidiaries	**80,301**	**72,353**
Cons. Centro Comm. Ingrosso Carni S.r.l.	1,786	244
Chef Express S.p.A.	34,838	53,397
Cremonini Rail Iberica	2,696	-
Cremonini Restauration S.a.s	15,990	16,987
Global Service Logistics S.r.l.	24	-
Inalca S.p.A.	11,690	-
Marr S.p.A.	13,277	1,725
Payables to subsidiaries for transferred tax receivables	**3,415**	**806**
Alisurgel S.r.l. in liq.	-	5
As.Ca. S.p.A.	53	-
Baldini Adriatica Pesca S.r.l.	40	-
Chef Express S.p.A.	1,205	-
Cons. Centro Comm. Ingrosso Carni S.r.l.	-	12
Emigel S.r.l.	-	1
Global Service Logistics S.r.l.	4	25
Global Service S.r.l.	49	54
Guardamiglio S.r.l.	-	49
Inalca S.p.A.	-	15
Interjet S.r.l.	304	318
Marr S.p.A.	964	-
Italia Alimentari S.p.A (formerly Montana Alimentari S.p.A.)	-	71
New Catering S.r.l.	18	-
Roadhouse Grill Italia S.r.l.	668	155
Roadhouse Grill Roma S.r.l.	65	76
Salumi d'Emilia S.r.l.	-	21
Sfera S.p.A.	45	4
Total	**83,716**	**73,159**

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

The increase in the payable for the tax consolidation is mainly attributable to the recognition of payables to the consolidated companies following presentation of the IRES (Corporate Income Tax) reimbursement application (2007-2011), as already described in note 6.

20. Current taxes liabilities

(in thousands of euros)	31.12.2012	31.12.2011
VAT	-	1,025
IRES	-	2,483
Withholding taxes	383	402
Substitute taxes and other taxes payable	100	27
Total	**483**	**3,937**

The decrease 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)	31.12.2012	31.12.2011
Suppliers	**1,406**	**2,056**
Payables to consolidated subsidiaries	**1,248**	**278**
Alisea S.c. a r.l.	1	-
Baldini Adriatica Pesca S.r.l.	19	24
Chef Express S.p.A.	103	2
Cons. Centro Comm. Ingrosso Carni S.r.l.	3	-
Cremonini Restauration S.A.S.	231	29
Emigel S.r.l.	43	
Global Service Logistics S.r.l.	2	1
Global Service S.r.l.	8	162
Global Service S.r.l.	1	
INALCA S.p.A.	83	9
Interjet S.r.l.	8	18
Marr S.p.A.	-	2
Montana Alimentari S.p.A	5	13
New Catering S.r.l.	31	7
Roadhouse Grill Italia S.r.l.	671	-
Sfera S.r.l.	22	-
Tecno-Star Due S.r.l.	16	11
Time Vending S.r.l.	1	-
Total	**2,654**	**2,334**

22. Other current liabilities

(in thousands of euros)	**31.12.2012**	31.12.2011
Accrued expenses and deferred income	67	105
Inps/Inail/Scau	160	152
Inpdai/Previndai/Fasi/Besusso	34	33
Debiti verso istituti diversi	36	31
Other payables		
Advances and other payables from customers	17	17
Payables for employee remuneration	477	338
Guarantee deposits and down payments received	131	131
Payables to directors and auditors	78	336
Other minor payables	93	130
Total	**1,093**	**1,273**

The payables to employees include the unpaid current remuneration at 31 December 2012 and allocations relating to deferred remuneration.

Guarantees, sureties and commitments

(in thousands of euros)	**31.12.2012**	31.12.2011
Direct guarantees – sureties		
- subsidiaries	128,130	145,514
- related companies	-	
- other companies	5,475	6,816
	133,605	152,330
Direct guarantees – letter of comfort		
- subsidiaries	178,243	175,910
- associated companies	100	100
	178,343	176,010
Direct guarantees – credit mandates		
- subsidiaries	10,380	37,380
	10,380	37,380
Other risks and commitments	-	-
Total guarantees, sureties and commitments	**322,328**	**365,720**

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	1,448	VAT for compensation
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, FerServizi, Trenitalia, etc.)	Cremonini S.p.A.	3,643	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Other minor items	Cremonini S.p.A. and other subsidiaries	384	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**5,475**	

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 54,824 thousand Euro.

Indirect guarantees – credit mandates

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

Details of the main items of the income statement

23. Revenues

These are broken down as follows:

(in thousands of Euros)	2012	2011
Revenues from sales - Others	5	5
Revenues from services	2,279	1,617
Advisory services to third parties	1,700	1,700
Rent income	1,426	1,450
Other revenues from ordinary activities	33	19
Total	**5,443**	**4,791**

Below is a breakdown of revenues by geographical area:

(in thousands of Euros)	2012	2011
Italy	5,023	4,558
European Union	390	188
Non-EU countries	30	45
Total	**5,443**	**4,791**

24. Other revenues

(in thousands of Euros)	2012	2011
Insurance reimbursements	4	38
Other cost reimbursements	425	309
Services, consultancy and other minor revenues	35	1,396
Total	**464**	**1,743**

The 2011 balance included the release of provisions previously allocated that then results as excessive compared to the real liabilities.

25. Costs for purchases

(in thousands of Euros)	2012	2011
Costs for purchases - Goods for resale	(7)	(6)
Costs for purchases - Stationery and printed paper	(8)	(5)
Other costs for purchases	(35)	(47)
Total	**(50)**	**(58)**

26. Other operating costs

(in thousands of Euros)	2012	2011
Costs for services	(4,792)	(6,103)
Costs for leases and rentals	(130)	(141)
Other operating charges	(1,492)	(1,044)
Total	**(6,414)**	**(7,288)**

Costs for services

(in thousands of Euros)	2012	2011
Energy consumption and utilities	(286)	(247)
Maintenance and repairs	(233)	(179)
Commisions, commercial and distribution services	(1,348)	(1,299)
Third-party services and outsourcing	(79)	(95)
Other technical and general services	(2,846)	(4,283)
Total	**(4,792)**	**(6,103)**

As shown in the table lower service costs were incurred in 2012; in fact in 2011, presented in this item were the legal fees relating to the JBS litigation.

Costs for leases and rentals

(in thousands of Euros)	2012	2011
Instalments payable	-	-
Lease of business premises, royalties and others	**0**	**0**
Leasing	(26)	(32)
Rents and charges payable other property assets	(104)	(109)
Leases and rentals related to real and personal property	**(130)**	**(141)**
Total	**(130)**	**(141)**

Other operating charges

(in thousands of Euros)	2012	2011
Losses on receivables	(167)	(196)
Indirect taxes and duties	(563)	(510)
Capital losses on disposal of assets	(534)	-
Contributions and membership fees	(62)	(59)
Other minor costs	(166)	(279)
Total	**(1,492)**	**(1,044)**

The item "Capital losses on assets disposal", is ascribable to the realised losses from the disposal of some property considered as no longer functional to the company's business.

27. Personnel costs

(in thousands of Euros)	2012	2011
Salaries and wages	(1,624)	(1,563)
Social security contributions	(542)	(548)
Staff Severance Provision	(126)	(105)
Other personnel costs	(3)	(19)
Total	**(2,295)**	**(2,235)**

On 31 December 2012 the Company employed a total staff of 21 persons, as follows:

	Factory staff	Office staff	Managers	Total
Eployees as at 31.12.2011	0	14	7	21
Eployees as at 31.12.2012	**0**	**14**	**7**	**21**
Increases (decreases)	0	0	0	0
during year 2012	**0**	**14**	**7**	**21**

28. Amortization, depreciation, write-downs and provisions

(in thousands of Euros)	2012	2011
Depreciation of tangible assets	(1,741)	(1,806)
Amortization of intangible assets	(32)	(5)
Write-downs and provisions	(637)	(617)
Total	**(2,410)**	**(2,428)**

Write-downs and provisions

(in thousands of Euros)	2012	2011
Receivables write-downs	(621)	(520)
Other provisions	(16)	(97)
Total	**(637)**	**(617)**

29. Revenue from equity investments

(in thousands of Euros)	2012	2011
Income (Charges) from investments in subs.	37,052	19,572
Income (Charges) from investments in ass. comp.	346	108
Income (Charges) from investments in other comp.	41	112
Write-down of investments	(1,058)	(1,179)
Total	**36,381**	18,613

The "Income from equity investments in subsidiaries" constitutes profits distributed by the subsidiaries INALCA S.p.A. and MARR S.p.A., as shown in the following table.

Income (Charges) from equity investments in subsidiaries

(in thousands of Euros)	2012	2011
Inalca	12,000	-
Marr S.p.A.	25,052	19,572
Total	**37,052**	**19,572**

The "Income from equity investments in related companies" all consisted of dividends distributed by Emilia Romagna Factor.

The "Income from equity investments in other companies" instead derives from dividends distributed by Gemma S.p.A. (30 thousand Euro) and Banca Popolare dell'Emilia Romagna S.p.A. (10.2 thousand Euro).

Write-downs of investments

(in thousands of Euros)	2012	2011
Interjet S.r.l.	(909)	(955)
Global Service S.r.l.	(149)	(224)
Total	**(1,058)**	**(1,179)**

30. Financial (Income)/Charge

(in thousands of Euros)	2012	2011
Net exchange rate differences	1	(3)
Income (Charges) from management of derivatives	(344)	(175)
Net financial Income (Charges)	(12,482)	(10,673)
Total	**(12,825)**	**(10,851)**

In detail:

Exchange rate differences

(in thousands of Euros)	2012	2011
Realised net exchange rate differences	1	(3)
Net exchange rates valuation differences	-	-
Total	**1**	(3)

Income (charges) from management of derivatives

(in thousands of Euros)	2012	2011
Realized Income from management of derivatives	-	-
Realized Charges from management of derivatives	(344)	(175)
Total	**(344)**	**(175)**

Net financial income (charges)

(in thousands of Euros)	2012	2011
Financial Income (Charges) from controlling companies	**(11)**	**(10)**
Financial Income (Charges) from subsidiaries	**(3,203)**	**(5)**
Financial Income (Charges) from associated companies		
Financial income		
- Bank interest receivable	25	104
- Other financial income	50	43
Total financial income	**75**	**147**
Financial charges		
- Interest payable on loans	(6,971)	(9,496)
- Interest payable on current accounts and others	(1,936)	(723)
- Other bank charges	(299)	(419)
- Other sundry charges	(137)	(167)
Total financial charges	**(9,343)**	**(10,805)**
Total	**(12,482)**	**(10,673)**

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 breakdown of financial charges and income to/from subsidiaries:

(in thousands of Euros)	2012	2011
Chef Express S.p.A.	(2,640)	(625)
Cons. Centro Comm. Ingrosso Carni S.r.l.	(43)	(3)
Cremonini Rail Iberica S.A.	222	327
Cremonini Restauration S.A.S.	(458)	(197)
Global Service Logistics S.r.l.	1	3
Global Service S.r.l.	3	11
INALCA S.p.A.	(390)	-
Interjet S.r.l.	89	71
Marr S.p.A.	(258)	(39)
Roadhouse Grill Italia S.r.l.	271	447
Total	**(3,203)**	**(5)**

31. Income taxes

(in thousands of Euros)	2012	2011
Net income from subs. for transferred taxable amounts	3,916	4,190
Income from IRES reimbursement years 2007-2011	978	-
IRES previous years	268	-
	5,162	**4,190**
IRAP	(10)	21
Provision for deferred/pre-paid taxes	1,210	(677)
	1,200	**(656)**
Total	**6,362**	**3,534**

The IRES balance refers to costs resulting from the tax consolidation to which Cremonini S.p.A. adhered in the role of consolidator.

Taxes for the period benefitted from non-recurring income of 978 thousand Euro relating to the allocation of an IRES reimbursement for the years 2007 to 2011, as described previously.

The charge for deferred taxes mainly refers to the different tax deductibility of the amortisation accounted for and different accounting treatment of the financial leases.

Reconciliation of theoretical tax burden and actual tax burden

IRES

(in thousands of Euros)	Year 2012		Year 2011	
	Taxable amount	Tax	Taxable amoun	Tax
Profit before taxation	**18,295**		**2,287**	
Taxation rate	27.5%		27.5%	
Theoretical tax burden		**(5,031)**		**(629)**
Permanent differences				
Non-deductible amortization and depreciation	341		432	
Write-down of financial assets (non-deductible part)	1,058		1,179	
Taxes and tax amnesties	281		146	
Other non-deductible costs	879		304	
Total	**2,559**		**2,061**	
Dividends from foreign companies	(35,567)		(18,802)	
Other	(199)		(178)	
Total	**(35,766)**		**(18,980)**	
Timing differences deductible in future years				
Provisions to taxed funds	640		617	
Other	797		315	
Total	**1,437**		**932**	
Timing differences taxable in future years				
Other	(597)		-	
Total	**(597)**		**0**	
Reversal of timing diff. from previous years				
Receipt of dividends related to previous year	-		-	
Total	**0**		**0**	
Use of taxed provisions	(167)		(1,518)	
Other	-		(18)	
Total	**(167)**		**(1,536)**	
Taxable income	**(14,239)**		**(15,236)**	
Tax rate	27.5%		27.5%	
Actual tax durden		**(3,916)**		**(4,190)**
Ires previous years		**268**		

IRAP

(in thousands of Euros)	Year 2012		Year 2011	
	Taxable amount	Tax	Taxable amoun	Tax
Profit before taxation	**18,295**		**2,287**	
Costs not relevant for IRAP				
Financial income and expense	12,825		10,851	
Other	(36,381)		(18,613)	
Personnel costs	2,295		2,235	
Deductible personnel costs	(632)		(612)	
Other	-		-	
Total	**(21,893)**		**(6,139)**	
Theoretical taxable amount	**(3,598)**		**(3,852)**	
Taxation rate	4.37%		4.37%	
Actual tax burden		**0**		**0**
Irap previous years		**(10)**		**21**

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 : 949 thousand Euro
- Board of Statutory Auditors : 72 thousand Euro
- Independent auditors : 67 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, 18 March 2013

THE CHAIRMAN

OF THE BOARD OF DIRECTORS

(Cav. Lav. Luigi Cremonini)

Annexes

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

Annex 1	-	Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2012;
Annex 2	-	List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2012 financial year;
Annex 3	-	Statement of changes in tangible assets for the financial year ended as at 31 December 2012;
Annex 4	-	Statement of changes in intangible assets for the financial year ended as at 31 December 2012;
Annex 5	-	List of equity investments classified under non-current assets as at 31 December 2012;
Annex 6	-	List of equity investments in subsidiaries and associated companies as at 31 December 2012 (Article 2427, paragraph 5, of the Italian Civil Code).

Annex I

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2012

(thousands Euro)	Treasury		Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Subsidiaries:					(a)	(b)		
Alisea S.c.a r.l.	9			1			**9**	**1**
Alisurgel S.r.l. in liq.					1		**1**	**-**
As.ca. S.p.A.			52			104	**52**	**104**
Azienda Agricola Corticella S.r.l.						2	**-**	**2**
Baldini Adriatica Pesca S.r.l.				19		71	**-**	**90**
Chef Express S.p.A.		34,838		103		2,315	**-**	**37,256**
Cons. Centro Comm. Ingrosso Carni S.r.l.		1,786		3	21		**21**	**1,789**
Cremonini Rail Iberica S.A.		2,696					**-**	**2,696**
Cremonini Restauration S.A.S.		15,990	231	231			**231**	**16,221**
Emigel S.r.l.				43	9	14	**9**	**57**
Ges.Car. S.r.l.						29	**-**	**29**
Global Service Logistics S.r.l.		24		2		110	**-**	**136**
Global Service S.r.l.	54			8		78	**54**	**86**
Guardamiglio S.r.l.				1		151	**-**	**152**
INALCA S.p.A.		11,690	221	82		330	**221**	**12,102**
Interjet S.r.l.	1,978			8		304	**1,978**	**312**
Marr S.p.A.		13,277	62			2,265	**62**	**15,542**
Momentum Services Ltd			5				**5**	**-**
Montana Alimentari S.p.A.			6	5		190	**6**	**195**
New Catering S.r.l.				31		30	**-**	**61**
Roadhouse Grill Italia S.r.l.	3,855			671		991	**3,855**	**1,662**
Roadhouse Grill Roma S.r.l.			8			65	**8**	**65**
Salumi d'Emilia S.r.l.						49	**-**	**49**
Sfera S.p.A.				22		45	**-**	**67**
Tecnostar Due S.r.l.			10	16		9	**10**	**25**
Time Vending S.r.l.				1			**-**	**1**
Total subsidiaries	**5,896**	**80,301**	**595**	**1,247**	**31**	**7,152**	**6,522**	**88,700**
Controlling companies:								
Cremofin S.r.l.	1,279						**1,279**	**-**
Total controlling companies	**1,279**	**-**	**-**	**-**	**-**	**-**	**1,279**	**-**

(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 2012 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.		7			**7**					**-**
C. Centro Comm. Ingrosso Carni S.r		6			**6**	53				**53**
Chef Express S.p.A.	1	1,342		219	**1,562**	2,641	106			**2,747**
Cremonini Rail Iberica S.A.	224	219		1	**444**	1				**1**
Cremonini Restauration S.A.S.		153			**153**	459				**459**
Emigel S.r.l.		1			**1**					**-**
Fiorani & C. S.p.A.		42			**42**					**-**
Frimo S.a.m.		30			**30**					**-**
Ges.Car. S.r.l.		7			**7**					**-**
Global Service Logistics S.r.l.	2				**2**					**-**
Global Service S.r.l.	5	57		31	**93**	2	165		4	**171**
Guardamiglio S.r.l.		30			**30**					**-**
Ibis S.p.A.					**-**					**-**
INALCA S.p.A.		885	4	12,028	**12,917**	390	53			**443**
Interjet S.r.l.	89	17		1	**107**		220			**220**
MARR S.p.A.		986		25,074	**26,060**	259	13		15	**287**
		5								
Montana Alimentari S.p.A.		374		6	**380**		15			**15**
		1								
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.	271	386		41	**698**		2		486	**488**
Roadhouse Grill Roma S.r.l.		1			**1**					**-**
Sara S.r.l.		2			**2**					**-**
Tecnostar Due S.r.l.		35		29	**64**		36			**36**
Time Vending S.r.l.		103		1	**104**					**-**
Total subsidiaries	**592**	**4,708**	**4**	**37,431**	**42,729**	**3,805**	**624**	**-**	**505**	**4,934**
Associated companies:										
Emilia Romagna Factor S.p.A.				346	**346**					**-**
Total associated companies	**-**	**-**	**-**	**346**	**346**	**-**	**-**	**-**	**-**	**-**
Related companies:										
Cremofin S.r.l.	-			16	16	38	-	-		**38**
Totale related companies	**-**	**-**	**-**	**16**	**16**	**38**	**-**	**-**	**-**	**38**

(a) Other revenues include dividends from subsidiaries

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2012

(thousands Euro)	Opening position			Changes over the period				Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2011	Acquisitions	Net decreases	Reclass./ Other changes	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2012
Land and buildings	84,124	(9,013)	75,111	3,935	(4,837)		(1,365)	82,387	(9,543)	72,844
Plant and machinery	2,608	(2,136)	472	43	(1)		(129)	2,406	(2,021)	385
Industrial and business equipment	48	(37)	11				(4)	48	(41)	7
Other assets	5,154	(3,951)	1,203	169	(25)		(243)	4,935	(3,831)	1,104
Fixed assets under construction and advances	1,834		1,834	1,195	(128)			2,901		2,901
Total	**93,768**	**(15,137)**	**78,631**	**5,342**	**(4,991)**	**0**	**(1,741)**	**92,677**	**(15,436)**	**77,241**

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2012

(thousands Euro)	Opening position			Changes over the period				Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2011	Acquisitions	Net decreases	Reclass./Write-downs Other changes	Amortization	Initial cost	Amortization provision	Balance at 31.12.2012
Patents and intellectual property rights	551	(551)	0	147	(57)		(30)	60		60
Concessions, licences, trademarks and similar rights	6	(2)	4				(2)	4	(2)	2
Fixed assets under development and advances	0	0	0					0	0	0
Other intangible assets	0	0	0					0	0	0
Total	**557**	**(553)**	**4**	**147**	**(57)**	**0**	**(32)**	**64**	**(2)**	**62**

Annex 5

List of equity investments classified under non-current assets as at 31 December 2012

(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	47,070	2,000				100.00	49,070
Cons. C. Comm. Ingr. Cami S.r.l.	87	5,312					86.69	5,312
Global Service S.r.l.	100.00		210		(149)	(61)	100.00	-
INALCA S.p.A.	50.00	154,821					100.00	154,821
Interjet S.r.l.	100.00	1,611	1,050		(909)		100.00	1,752
MARR S.p.A.	58.84	67,609					58.84	67,609
Total subsidiaries		**276,423**	**3,260**	**-**	**(1,058)**	**(61)**		**278,564**
Associated companies:								
Emilia Romagna Factor S.p.A.	16.97	9,142	283				16.97	9,425
Total associated companies		**9,142**	**283**	**-**	**-**	**0**		**9,425**
Other companies:								
Futura S.p.A.		963						963
Banco Popolare Società Coopera		528						528
Banco Popolare di Vicenza		-	1,000					1,000
Other minor companies		160						160
Total other companies		**1,651**	**1,000**	**-**	**-**	**-**		**2,651**
Total equity investments		**287,216**	**3,543**	**0**	**(1,058)**	**(61)**		**290,640**

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2012 (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 31.12.2012	Net equity at 31.12.2012	Percentage held at 31.12.2012	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	(6,700)	2,163	100.00%	49,070	36,639	(12,431)	
Cons. Centro Comm. Ingrosso Carni S.r.l.	Bologna	1,500,000	577	4,930	86.69%	5,312	5,979	667	
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	(148)	(14)	100.00%	0	(12)	(12)	(a)
INALCA S.p.A.	Castelvetro di Modena (MO)	150,000,000	11,976	224,930	100.00%	154,821	240,648	85,827	
Interjet S.r.l.	Castelvetro di Modena (MO)	2,500,000	(909)	1,750	100.00%	1,752	1,750	(2)	
MARR S.p.A.	Rimini	32,909,736	48,765	223,981	58.84%	67,609	206,850	139,241	
Total subsidiaries						**278,564**	**491,854**	**213,290**	
Associated companies:									
Emilia Romagna Factor S.p.A.	Bologna	36,393,940		71,347	17.65%	9,425	12,593	3,168	(b)
Total associated companies						**9,425**	**12,593**	**3,168**	

NOTE
(a) A provision for risks has been created against the shareholders' equity deficit.
(b) - Figures refer to balance sheet as at 31.12.2011

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 2012

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 31.12.2012, 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 31.12.2012, 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 31.12.2012 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 2012 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 01.01.2012 to 31.12.2012;

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 2012, 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 2012 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; with reference to the audit report on the financial statements under examination the Board of Statutory Auditors, issued on 4 April 2013, confirms the absence of observations.
- 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;

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 31.12.2012 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 31.12.2012;
- we agree with the proposal of the Board of Directors on the allocation of the profit for the year.

Castelvetro (Mo), 04.04.2013.

The Board of Statutory Auditors

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

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

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

ERNST & YOUNG

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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 financial statements of Cremonini S.p.A. as of December 31, 2012 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 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 Directors. 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 April 12, 2012.

3. In our opinion, the financial statements of Cremonini S.p.A. at December 31, 2012 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 Directors 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 December 31, 2012.

Bologna, April 4, 2013

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 2012

Consolidated financial statements as at 31 December 2012

Balance sheet assets

(in thousands of Euros)	Note	**Year 2012**	Year 2011
Non-current assets			
Tangible assets	1	812,552	816,334
Goodwill	2	148,824	151,862
Other intangible assets	3	18,200	18,814
Investments valued at equity	4	13,215	11,909
Investments in other companies	5	4,672	3,701
Financial instruments / Derivatives	18	-	42
Non-current financial receivables	6	3,712	4,453
Deferred tax assets	7	21,152	20,333
Other non-current assets	8	37,785	24,748
Total non-current assets		**1,060,112**	**1,052,196**
Current assets			
Inventories	9	324,611	302,130
Biological assets	10	27,673	13,617
Current financial receivables	11	12,210	5,171
relating to related parties		*6,546*	*270*
Current trade receivables	12	541,083	533,109
relating to related parties		*460*	*1,243*
Current tax assets	13	27,943	30,713
Financial assets held for sale		2,081	2,081
Financial instruments / Derivatives	18	371	8
Cash and cash equivalents	14	135,099	122,244
Other current assets	15	56,168	55,859
relating to related parties		*0*	*0*
Total current assets		**1,127,239**	**1,064,932**
Total assets		**2,187,351**	**2,117,128**

Consolidated financial statements as at 31 December 2012

Balance sheet liabilities

(in thousands of Euros)	Note	Year 2012	Year 2011
Shareholders' Equity			
Share capital	16	67,074	67,074
Reserves	16	17,437	18,889
Retained earnings		144,495	97,624
Result for the period		33,546	50,001
Shareholders' Equity attributable to the Group		262,552	233,588
Minority interests' capital and reserves		72,002	66,229
Profit for the period attributable to minority interests		25,768	24,515
Shareholders' Equity attributable to minority interests		97,770	90,744
Total Shareholders' Equity		**360,322**	**324,332**
Non-current liabilities			
Non-current financial payables	17	490,332	526,321
Financial instruments / Derivatives	18	2,034	1,041
Employee benefits	19	25,276	25,876
Provisions for risks and charges	20	9,546	9,921
Deferred tax liabilities	21	79,174	83,993
Other non-current liabilities	22	1,009	1,544
Total non-current liabilities		**607,371**	**648,696**
Current liabilities			
Current financial payables	23	566,752	506,914
relating to related parties		*1,000*	*1,010*
Financial instruments / Derivatives	18	5,986	1,840
Current tax liabilities	24	24,702	24,421
Current trade liabilities	25	536,721	520,681
relating to related parties		*5,232*	*3,585*
Other current liabilities	26	85,497	90,244
relating to related parties		*0*	*0*
Total current liabilities		**1,219,658**	**1,144,100**
Total liabilities		**2,187,351**	**2,117,128**

Consolidated financial statements as at 31 December 2012

Income statement

(in thousands of Euros)	Note	**Year 2012**	Year 2011
Revenues	27	3,363,217	3,137,996
relating to related parties		*3,095*	*2,409*
Other revenues	28	61,926	54,685
relating to related parties		*16*	*16*
Change in inventories of finished and semi-finished goods		40,648	8,127
Capitalisation of internal construction costs		2,826	2,288
Costs for purchases	29	(2,297,602)	(2,078,283)
relating to related parties		*(26,626)*	*(1,487)*
Other operating costs	30	(512,659)	(493,928)
relating to related parties		*(675)*	*(679)*
Personnel costs	31	(417,279)	(407,102)
Amortization and depreciation	32	(72,388)	(64,795)
Write-downs and provisions	32	(20,082)	(15,869)
Revenues from equity investments		1,297	1,600
relating to related parties		*2*	*7*
Financial (Income)/Charges	33	(52,822)	(44,956)
relating to related parties		*(3)*	*(10)*
Financial (Income)/Charges - Non recurring		-	19,928
Result before taxes		**97,082**	**119,691**
Income taxes	34	(37,768)	(45,175)
Result before minority interests		**59,314**	**74,516**
Result attributable to minority interests		(25,768)	(24,515)
Result for the period attributable to the Group		33,546	50,001

Other conprehensive income

(in thousands of Euros)	**Year 2012**	Year 2011
Result before minority interests	**59,314**	**74,516**
Efficacious part of profits/(losses) on cash flow hedge instruments	(5,535)	(1,430)
Translation effects of the financial statements expressed in foreign currencies	(800)	470
Tax effect on comprehensive income components	1,522	393
Comprehensive Income	**54,501**	**73,949**
Result attributable to minority interests	(25,687)	(24,656)
Result for the period attributable to the Group	28,814	49,293

Statement of changes in the shareholders' equity over the financial year ended as at 31 December 2012

(in thousands of Euros)	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Other Reserves: Share premium reserve	Other Reserves: Legal reserve	Other Reserves: Reserve for IAS adjustments	Other Reserves: Reserve for trading treasury stock	Other Reserves: Reserve translation differences	Other Reserves: Deficit Merger	Other Reserves: 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 ninority interests	Total
Balances at 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 2010								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**
Allocation of the results of previous year:																		
- retained earnings reserve												50,001	(50,001)	**0**	24,515	(24,515)	**0**	**0**
- distribution of dividends														**0**	(19,005)		**(19,005)**	**(19,005)**
Other changes												150		**150**	344		**344**	**494**
Net profit (loss) for the year													33,546	**33,546**		25,768	**25,768**	**59,314**
ended 31 December 2011								(734)		(718)	(1,452)	(3,280)		**(4,732)**	(81)		**(81)**	**(4,813)**
Balances 31 December 2012	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(6,773)**	**(146,379)**	**(1,476)**	**17,437**	**144,495**	**33,546**	**262,552**	**72,002**	**25,768**	**97,770**	**360,322**

Cash flow statements for the financial years ended as at 31 December 2012 and 2011

(in thousands of Euro)	31.12.2012	31.12.2011
Net profit before minority interests	**59,314**	**74,516**
Amortization and depreciation	72,388	64,795
Net change in other provisions and non-monetary income items	28,376	3,965
Reversal of the effects from extraordinary transactions		42,255
Net change in Staff Severance Provision	(20,253)	(3,242)
Changes in working capital:		
(Increase) decrease in receivables from customers	(20,123)	(14,938)
(Increase) decrease in inventories	(36,537)	(37,585)
Increase (decrease) in payables to suppliers	17,994	39,302
(Increase) decrease in other items of the working capital	(16,924)	(9,501)
Net effects from the change in consolidation area	(45)	(66,234)
Cash-flow from operating activities (A)	**84,190**	**93,333**
Net (investments) in tangible assets	(61,165)	(52,334)
Net (investments) in intangible assets	(1,822)	(1,401)
Net change in other non current assets	(2,393)	2,382
Net effects from the change in consolidation area	181	(327,205)
Cash-flow from investment activities (B)	**(65,199)**	**(378,558)**
Cash consideration for purchase transaction of 50% production sector	-	218,855
Increase (Decrease) medium-long term borrowings	(36,067)	(20,613)
Increase (Decrease) medium-long term liabilities for derivatives	993	1,041
Increase (Decrease) short term borrowings	41,753	116,580
Changes in other securities and other financial assets	8,424	(1,453)
Increase (Decrease) short term liabilites for derivatives	4,188	1,199
Cash-flow from distribution of dividends	(19,005)	(21,077)
Capital increase and other changes in equity	(6,421)	4,344
Cash flow from financing activities (C)	**(6,135)**	**298,876**
Cash Flow of the year (D=A+B+C)	**12,856**	**13,651**
Cash and cash equivalents at the beginning of the period (E)	122,243	108,592
Cash and cash equivalents at the end of the period (F=D+E)	**135,099**	**122,243**

Consolidated financial statements as at 31 December 2012

Notes

Form and content of the consolidated financial statements

The consolidated financial statements as at 31 December 2012 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 18 March 2013.

The consolidated financial statements were prepared in accordance with the cost method, with the exception of the following statement of assets and liabilities 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 2012 show the figures for the financial year ended as at 31 December 2011.

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 assets and liabilities in the statement of 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

Changes in the Parent Company's profit sharing in a subsidiary that do not result in a loss of control are accounted for as capital transactions.
Should the Parent Company lose the control of a subsidiary, it:

- eliminates the assets (including any goodwill) and the liabilities of the subsidiary
- eliminates the carrying values of any minority interests in the former subsidiary
- eliminates the accumulated exchange rate differences recognised in the shareholders' equity
- records the fair value of the consideration received
- records the fair value of any shareholding maintained in the former subsidiary
- records any profit or loss in the income statement
- reclassifies the Parent Company's share of the components previously recognised in the statement of comprehensive income in the income statement or in the undistributed profits, as appropriate.

Scope of consolidation

The consolidated financial statements as at 31 December 2012 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:

<u>Directly owned subsidiaries</u>

Montana Farm S.p.z.o.o.
Inalca Foods Nig Limited
Domus Italia
Dispal CI
Rail Express Services B.V.

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 2012, 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 2011, the following companies have been included in the scope of consolidation:

- Prometex S.a.m., a company operating in the marketing of food products;
- Orenbeef LLC, a property company;
- Avirail Italia S.r.l., a company in the catering segment, which operates in the logistics of railway routes in Italy;
- Gabf Holdings Ltd., a company operating in the marketing of bagels in London's main railway stations;
- Montana Alimentari GMBH, a company operating in the marketing of food products;
- Inalca Food and Beverage S.r.l., a company operating in the production and marketing of food products.
-

Finally, compared to 31 December 2011, the following took place:

- the exit from the scope of the consolidation of Chef Express Russia;
- the increase in the equity investment in Realbeef S.r.l. from 24.0% to 51.0%;
- the deconsolidation of Avirail S.a.s. commencing from July 2012;
- The merger of Ibis S.p.A. with Montana Alimentari S.p.A., and change of company name of the latter to Italia Alimentari S.p.A.

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 2012, 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 2012

- IFRS 7 - "Additional information – Transfers of financial assets", issued in October 2010 and applicable to business years starting after 1 July 2011, is aimed at improving the understanding of the transactions involved in transferring financial assets. The informative note refers to the assets transferred (as defined in IAS 39). If the assets transferred are not completely derecognised from the financial statements, the company must provide the information to enable the users of the financial statements to understand the relationship between the assets that are not derecognised and their associated liabilities. If the assets are completely derecognised, but the company retains a continuing involvement, information must be provided to enable the users of the financial statements to assess the nature of the residual involvement of the entity in the assets derecognised and the associated risks. These cases are not applicable to this Annual Report.
- IFRS 1 – "First-Time adoption of the International Financial Reporting Standards (IFRS)" - "Severe hyperinflation and removal of fixed dates for first-time adopter", issued in December 2010 and applicable from 1 July 2011 or later. The IASB has provided guidelines on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. This amendment is not applicable to the Group financial statements.

Accounting principles, amendments and interpretations applicable to the further financial statements

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 10 "Consolidated financial statements" and IAS 27 "Separate financial statements (revised in 2011)". 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 are 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 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 associated companies. The changes will enter into force for business years starting on 1 January 2013 or later. This principle is not applicable to the Group financial statements.
- 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. This principle is not applicable to the Group financial statements.
- 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 associated 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 and will not have any impact on the financial position or results of the Group.
- IFRS 13 "Fair Value Measurement" – this principle establishes a single source of guidance in the context of the IFRS for all fair value measurements. This emanation does not change the cases in which it is required to use the fair value, but rather provides a guideline as to how to assess the fair value in the framework of the IFRS when the application of fair value is required or allowed. This principle is applicable to business years starting on 1 January 2013 or later.
- IFRS 1 "Government Loans _ Amendments to IFRS 1". This amendment requires that entities adopting the IFRS for the first time must apply prospectively the dispositions of IAS 20 "Accounting for Government Grants and disclosure of Government Assistance" to the existing government loans on the date of transition to the IFRS. This amendment is applicable to business years starting on 1 January 2013 or later and is not applicable to the Group financial statements.
- IAS 12 – "Deferred taxes –Recoverability of the underlying assets), issued in December 2010 and applicable from 1 January 2013, relating to the measurement of the deferred taxes deriving from a functioning asset. This change to IAS 12 includes the refutable presumption that the carrying value of a property investment, measured utilising the fair value model provided by IAS 40, will be recovered through the sale and that, consequently, the related deferred tax asset should be measured based on the sale. The presumption is refutable if the property investment is held with the objective of use of substantially all benefits deriving from the property investment itself over time, instead of realising such benefits with the sale. Specifically, IAS 12 requires that the deferred tax asset that results from a non-depreciable asset, measured by utilising the write-up model provided by IAS 16 should always reflect the tax effects of the recovery of the carrying value of the underlying asset through sale. This change is not applicable in the company's financial statements.

- 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 simple clarifications and terminology. The Group is assessing how to comply with these amendments, but believes that the effect on the business year profits and net equity as at 31 December 2012 is not significant.
- IAS 32 "Offsetting Financial Assets and Financial Liabilities". These amendments clarify the meaning of "currently has a legally enforceable right to set-off", beyond the application of the IAS32 offsetting criteria in the case of regulatory systems (such as central clearinghouse systems for example) which apply gross non-simultaneous settlement mechanisms. These amendments will enter into force for business years starting on 1 January 2014 or later and will not have any impact on the financial position or results of the Group.
- IFRS 7 "Disclosures – Offsetting financial assets and financial liabilities". These amendments require the entity to disclose information about rights to set-off and relating arrangements. This disclosure will provide the readers of the financial statements with useful information in evaluating the effect of the netting arrangements on the financial position of the entity. This principle is applicable to business years starting on 1 January 2013 or later and it will not affect net financial position and results of the Group.

We would highlight some improvements to the IFRS issued in May 2012, which will be effective for business years starting on 1 January 2013 or later. We would point out that we do not believe they will have an impact on the Group financial statements.

- IFRS 1 "First-time adoption of the International Financial Reporting Standards" – this improvement clarifies that an entity that stopped applying IFRS in the past and then decides, or is required, to apply the IFRS again, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, the entity must retrospectively restate its financial statements, as if it had never stopped applying IFRS.
- IAS 1 "Presentation of financial statements" – this improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is for the previous period.
- IAS 16 "Property, plant and machinery" – this improvement clarifies that major spare parts and machinery dedicated to maintenance, which meet the definition of property, plant and machinery, are not inventory.
- IAS 32 "Financial Instruments: presentation" – this improvement clarifies that income taxes arising from distribution to shareholders are accounted for in accordance with IAS 12 "Income taxes".
- IAS 34 "Interim financial reporting" – this improvement aligns the disclosure requirements for total

segment assets with total segment liabilities in the interim financial statements. The clarification is also aimed at ensuring that the interim disclosures are in line with the annual disclosures.

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 2012, 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 statement of assets and liabilities.
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 statement of assets and liabilities 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 an impairment. 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 stakeholder'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 that 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 that fall in the application field of IAS 39 are classified as financial liabilities at their fair value and disclosed in the income statement as financial payables, or as derivatives designated as hedging instruments, according to the case. The company determines the classification of its financial liabilities at the time of initial recognition.
Financial liabilities are initially measured at their fair value, equal to the consideration received as at the settlement date, to which is added, in the case of financial payables, the directly attributable transaction costs. Subsequently they are measured with the amortised cost criterion utilising the effective interest rate method.
Profits and losses are disclosed in the income statement when the liability is extinguished, other than through the amortisation process.
The amortised cost is calculated by realising any discount or premium on the purchase and charges or costs that are an integral part of the effective interest rate. Amortisation of the effective interest rate is included in the financial charges in the income statement.

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 carrying values.

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.

The registration methods are the following:

- fair value hedge: the fair value changes of the hedging instrument are booked to the income statement together with the fair value changes of the transactions that are the object of the hedge.
- cash flow hedge: the "effective" portion of fair value change in the derivative instrument is attributed to shareholders' equity and subsequently to the income statement when the transaction that is the object of the hedge produces its effects; the ineffective portion is directly attributed to the income statement.
- financial instruments not qualified as hedges: the changes are booked to the income statement.

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 employment period of staff, 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.

Translation criteria of the foreign currencies items and translation thereof in the financial statements

Transactions and balances

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 exchange rate at the date of the financial statements.
Exchange rate differences are recognised in the income statement, including the exchange rate differences realised when settlement is made of the receivables and payables in foreign currency, which are recognised in the income statement, except for monetary elements that constitute part of the hedge of a net investment in a foreign operation. These differences are initially recognised in the statement of comprehensive income until the disposal of the net investment, and only then will they be recognised in the income statement. Taxes and tax receivables attributable to the exchange rate differences on the monetary elements must also be recognised in the statement of comprehensive income.

Group companies

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	
	2012	2011	2012	2011
Dollars (USA)	1.31940	1.29390	1.28479	1.39196
Dinars (Algeria)	103.38361	97.46589	99.80862	101.52284
Readjustado Kwanza (Angola)	126.42491	122.62416	122.51020	130.44613
New Metical (Mozambique)	38.98827	35.09757	36.21243	40.46290
Real (Brazil)	2.70360	2.41590	2.50840	2.32651
Roubles (Russia)	40.32950	41.76586	39.92617	40.88475
Zloty (Poland)	4.07400	4.45800	4.18474	4.12062

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 measure any intangible assets acquired specifically. 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:

(thousands Euro)	**Year 2012**	Year 2011	Change total value	Change %
Production				
Net revenues	1,496,851	1,260,748	236,103	18.73
Intercompany revenues	49,935	43,098		
Total revenues	1,546,786	1,303,846	242,940	18.63
Gross operating margin	115,648	99,594	16,054	16.12
Amortization, depreciation and write-downs	(48,498)	(39,156)	(9,342)	23.86
Operating profit (loss)	67,150	60,439	6,711	11.10
Distribution				
Net revenues	1,248,478	1,237,264	11,214	0.91
Intercompany revenues	11,490	11,912		
Total revenues	1,259,968	1,249,176	10,792	0.86
Gross operating margin	90,205	91,778	(1,573)	(1.71)
Amortization, depreciation and write-downs	(13,203)	(12,434)	(769)	6.18
Operating profit (loss)	77,002	79,344	(2,342)	(2.95)
Catering				
Net revenues	677,157	690,619	(13,462)	(1.95)
Intercompany revenues	275	272		
Total revenues	677,432	690,891	(13,459)	(1.95)
Gross operating margin	37,940	35,167	2,773	7.89
Amortization, depreciation and write-downs	(27,169)	(25,405)	(1,764)	6.94
Operating profit (loss)	10,771	9,762	1,009	10.34
Holding company property and centralized activities				
Net revenues	2,658	4,049	(1,391)	(34.35)
Intercompany revenues	8,264	8,069		
Total revenues	10,922	12,118	(1,196)	(9.87)
Gross operating margin	(2,714)	(1,626)	(1,088)	66.91
Amortization, depreciation and write-downs	(3,601)	(3,669)	68	(1.85)
Operating profit (loss)	(6,315)	(5,295)	(1,020)	19.26
Consolidation adjustment				
Total revenues	*(69,964)*	*(63,350)*		
Gross operating margin		*(262)*		
Amortization, depreciation and write-downs				
Operating profit (loss)		*(262)*		
Total				
Total revenues	3,425,144	3,192,681	232,463	7.28
Gross operating margin	241,079	224,651	16,428	7.31
Amortization, depreciation and write-downs	(92,471)	(80,664)	(11,807)	14.64
Operating profit (loss)	148,608	143,987	4,621	3.21

Breakdown of result by sector

(thousands Euro)	**Year 2012**	Year 2011	Difference in absolute value	Chg. %
Production				
Total revenues	1,546,786	1,413,580	133,206	9.42
Gross operating margin	115,648	107,067	8,581	8.01
Amortization, depreciation and write-downs	(48,498)	(42,645)	(5,853)	13.72
Operating profit (loss)	67,150	64,422	2,728	4.23
Total				
Total revenues	3,425,144	3,298,323	126,821	3.85
Gross operating margin	241,079	232,114	8,965	3.86
Amortization, depreciation and write-downs	(92,471)	(84,153)	(8,318)	9.88
Operating profit (loss)	148,608	147,961	647	0.44

Revenues from sales and service by geographic area

Year 2012 - (thousands Euro)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	702,358	47.5	1,124,006	92.3	311,925	47.0	2,672	98.7	2,140,961	63.7
European Union	250,838	17.0	60,505	5.0	352,170	53.0	35	1.3	663,548	19.7
Extra-EU countries	525,712	35.5	32,987	2.7	9	0.0		-	558,708	16.6
Total	1,478,908	100.0	1,217,498	100.0	664,104	100.0	2,707	100.0	3,363,217	100.0

Year 2011 - (thousands Euro)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	598,934	48.0	1,123,700	93.0	323,453	47.6	2,397	100.0	2,048,484	65.3
European Union	192,131	15.4	59,973	5.0	356,337	52.4		-	608,441	19.4
Extra-EU countries	456,743	36.6	24,324	2.0	4	0.0		-	481,071	15.3
Total	1,247,808	100.0	1,207,997	100.0	679,794	100.0	2,397	100.0	3,137,996	100.0

Consolidated statement of assets and liabilities structure by business sector

As at 31 December 2012 (thousands Euro)	Production	Distribution	Catering	Holding and centralized	rcompany reven intercompany	Total
Intangible assets	15,898	91,769	58,749	608		167,024
Tangible assets	538,886	52,592	135,374	85,700		812,552
Equity investments and other financial assets	5,188	527	1,739	14,573		22,027
Total fixed assets	**559,972**	**144,888**	**195,862**	**100,881**	**0**	**1,001,603**
Trade net working capital						
- Trade receivables	135,713	372,235	39,500	4,754	(14,386)	537,816
- Inventories	239,127	98,677	14,249	5	226	352,284
- Trade payables	(176,192)	(236,748)	(98,385)	(3,613)	13,927	(501,011)
Total trade and net working capital	198,648	234,164	(44,636)	1,146	(233)	389,089
Other current assets	31,958	45,550	17,450	12,421	(6,657)	100,722
Other current liabilities	(30,876)	(12,275)	(58,439)	(8,787)	6,889	(103,488)
Net working capital	**199,730**	**267,439**	**(85,625)**	**4,780**	**(1)**	**386,323**
Staff Severance Indemnity Provision and other m/l-term provisions	**(73,431)**	**(24,816)**	**(8,590)**	**(7,159)**	**0**	**(113,996)**
Net invested capital	**686,271**	**387,511**	**101,647**	**98,502**	**(1)**	**1,273,930**

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**

Net consolidated debt broken down by sector

As at 31 December 2012 (thousands Euro)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(194,923)	(179,981)	(108,292)	(87,359)	(570,555)
- due between 1 and 5 years	(297,399)	(49,940)	(10,918)	(101,977)	(460,234)
- due beyond 5 years	(2,557)	(3,529)	(25,946)	(177)	(32,209)
Total payables to banks, bonds and other financial institutions	**(494,879)**	**(233,450)**	**(145,156)**	**(189,513)**	**(1,062,998)**
Liquidity					
- cash and cash equivalents	56,923	52,595	25,446	135	135,099
- other financial assets	3,067	2,354	5,009	3,861	14,291
Total liquidity	**59,990**	**54,949**	**30,455**	**3,996**	**149,390**
Securitization and internal treasury current accounts	**12,192**	**13,268**	**49,693**	**(75,153)**	**0**
Total net debt	**(422,697)**	**(165,233)**	**(65,008)**	**(260,670)**	**(913,608)**

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)**

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 that 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;
- 6,56% 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 2012.

• <u>Estimates adopted for the actuarial calculation for determination of the defined benefits plans for post-employment benefits</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 discount rate utilised was 2.4%[1];
- the expected annual rate of increase in the staff severance provision is 3.0%;
- the annual frequency rate of advances on post-employment benefits is envisaged as 2.5%;
- the turnover of employees was 9.0%, 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 AS.CA. S.p.A, 5% for New Catering S.r.l., 6% for EMI.GEL S.r.l. and 11% for Sfera S.p.A. and Italia Alimentari S.p.A.

- the corporate voluntary turnover provided was 2% for MARR S.p.A. and EMI.GEL S.r.l., 10% for
- AS.CA. S.p.A., 7% for New Catering S.r.l., 4% for Sfera S.p.A. and Italia Alimentari S.p.A.

- the discount rate utilised was 1.8%.

• <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.

[1] The annual discount rate utilised for the current value determination of the obligation was calculated, consistent with par. 78 of IAS 19, with reference to the average yields curve that arises from the IBOXX Eurozone Corporates A index with a 7-10 years' duration in December 2012, considered as mostly representative of the Group's debt rate.

- Other estimates and hypotheses utilised

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

- inventory obsolescence;
- amortisation and depreciation
- measurements 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 affected:

- 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 2012, 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	909	(1,004)
GB - Pounds	(86)	95
Angola - Readjustado Kwanza	420	(464)
Russia - Rubles	619	(684)

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 stipulated, almost totally, 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 2012,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 56 thousand Euro on an annual basis (597 thousand Euro at 31 December 2011).

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 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 based on 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)	31.12.2012	31.12.2011
Current trade receivables	541,083	533,109
Other non-current assets	37,785	24,748
Other current assets	56,168	55,859
Total	**635,036**	**613,716**

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 to maintain 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 based on 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
At 31 December 2012				
Financial payables	551,752	473,123	32,209	1,057,084
Financial instruments / Derivatives	5,615	2,034	-	7,649
Trade Liabilities	536,721	-	-	536,721
	1,094,088	**475,157**	**32,209**	**1,601,454**
At 31 December 2011				
Financial payables	506,914	398,033	128,288	1,033,235
Financial instruments / Derivatives	1,798	1,033	-	2,831
Trade Liabilities	520,681	-	-	520,681
	1,029,393	**399,066**	**128,288**	**1,556,747**

Classes of financial instruments

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

(in thousands of Euros)	31 December 2012		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Non-current financial receivables	-	-	**-**
Non-current financial receivables	3,712	-	**3,712**
Other non-current receivable items	37,785	-	**37,785**
Current financial receivables	12,210	-	**12,210**
Current trade receivables	541,083	-	**541,083**
Current derivative financial instruments	371	-	**371**
Current tax receivables	27,943	-	**27,943**
Cash and cash equivalents	135,099	-	**135,099**
Other current receivable items	56,168	-	**56,168**
Total	**814,371**	**-**	**814,371**
Balance Sheet Liabilities	**Other financial liabilities**	**Derivates utilised for hedg.**	**Total**
Non-current financial payables	490,332	-	**490,332**
Current financial payables	-	2,034	**2,034**
Current financial payables	566,752	-	**566,752**
Derivative financial instruments	-	5,986	**5,986**
Total	**1,057,084**	**8,020**	**1,065,104**

(in thousands of Euros)	31 December 2011		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Non-current financial receivables	-	42	**42**
Other non-current receivable items	4,453	-	**4,453**
Current financial receivables	24,748	-	**24,748**
Current trade receivables	5,171	-	**5,171**
Current derivative financial instruments	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**
Derivative financial instruments	506,914	-	**506,914**
Derivative financial instruments	-	1,840	**1,840**
Total	**1,033,235**	**2,881**	**1,036,116**

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.

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.

[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.

Details of the main items of the consolidated statement of assets and liabilities

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 Euro)	Balance at 31.12.2011	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2012**
Land and buildings	596,418	2	16,340	(3,866)	18,274	(21,799)	605,369
Plant and machinery	152,833	(2,727)	14,264	(2,706)	10,885	(31,879)	140,670
Industrial and business equipment	5,442	(38)	2,860	(132)	145	(1,990)	6,287
Other assets	37,058	76	7,552	(1,392)	2,584	(10,947)	34,931
Fixed assets under construction and advances	24,583	2,328	30,921	(2,397)	(30,140)	-	25,295
Total	**816,334**	**(359)**	**71,937**	**(10,493)**	**1,748**	**(66,615)**	**812,552**

Land and buildings

The sectors that have mostly contributed to the item under examination are: the Catering Sector (11.9 million Euro) and Production Sector (4.0 million Euro).

For further detail, it is noted that the increase in catering regarded, specifically, the purchases by Roadhouse Grill Italia S.r.l. for the opening of new premises for the steakhouse chain, such as Macerata, Mestre and Capriate, through financial leases, as well as investments made by Chef Express S.p.A. for the refurbishing and updating of various station buffets and motorway areas.

The increase in the Production sector mainly regarded investments made in the Carni specifically by the subsidiaries: INALCA S.p.A. for improvements and updates to buildings (1.7 million Euro), and Realbeef S.r.l. of about 1.5 million Euro for the construction of a new logistics platform and a purification facility.

The other movements refer to reclassification of works completed in the period that were previously recorded under the item "Non-current assets in progress", as well as the exchange rate effects that contributed about 1.1 million Euro.

At 31 December 2012 there were eighteen financial leases. Shown below are the summarized figures of the transactions:

	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
2012 payments*	161 thousand Euros	147 thousand Euros	136 thousand Euros
Residual value as at 31 December 2012	2.6 milion Euros	2.6 milion Euros	2.4 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
2012 payments*	200 thousand Euros	152 thousand Euros	254 thousand Euros
Residual value as at 31 December 2012	2.7 million Euros	2.10million Euros	3.6 million Euros

	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
2012 payments*	85 thousand Euros	146 thousand Euros	157 thousand Euros
Residual value as at 31 December 2012	1.2 million Euros	2.0 million Euros	3.2 million Euros

	Macerata Building	Mestre Building	Capriate Building
Commencement of the lease term	01/05/2012	31/10/2012	19/12/2012
Duration finance lease	216	216	156 mesi
Nr. of lease payments	215 months	215 months	155 months
Value of the leased asset	1.5 million Euros	2.4 million Euros	2.7 million Euros
Initial payment on signing the contract	156 thousand Euros	497 thousand Euros	265 thousand Euros
Amount of the monthly payment	8 thousand Euros	10 thousand Euros	18 thousand Euros
Interest rate	Euribor	Euribor	Euribor
Amount of final option	147 thousand Euros	465 thousand Euros	265 thousand Euros
2012 payments*	58 thousand Euros	17 thousand Euros	2 thousand Euros
Residual value as at 31 December 2012	1.3 million Euros	2.7 million Euros	1.8 million Euros

	Legnano Building	Specific machinery	Aircraft
Commencement of the lease term	01/12/2005	01/04/2010	01/01/2011
Duration finance lease	180 months	48 months	36 months
Nr. of lease payments	179 months	8 semester	36 months
Value of the leased asset	3.0 million Euros	1.5 million Euros	973 million Euros
Initial payment on signing the contract	300 thousand Euros	290 thousand Euros	-
Amount of the monthly payment	18 thousand Euros	230 thousand Euros	28 thousand Euros
Interest rate	Euribor	Euribor	Euribor
Amount of final option	300 thousand Euros	23 thousand Euros	-
2012 payments*	204 thousand Euros	464 thousand Euros	320 thousand Euros
Residual value as at 31 December 2012	1.7 million Euros	393 thousand Euros	338 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:

- Production (for a total of 9.0 million Euro) by: INALCA S.p.A. (4.0 million Euro), Italia Alimentari S.p.A. (2.7 million Euro), Realbeef (1.0 million Euro), Inalca Kinshasa (0.5 million Euro).
- Catering (for a total of 4.0 million Euro) by: Chef Express S.p.A. (1.6 million Euro), Roadhouse Grill Italia S.r.l. (661 thousand Euro), Cremonini Restauration (726 thousand Euro), Cremonini Rail Iberica (527 thousand Euro) and Avirail Italia S.r.l. (404 thousand Euro).
- Distribution (for a total of 1.3 million Euro) all ascribable to Marr S.p.A.

The increases in the category under examination relate to plant and machinery, which is used in the carrying out of the respective distribution, distribution and catering businesses, are detailed below for the following companies:

- INALCA S.p.A. for a new central Refrigerator and Freezing Tunnel at Castelvetro.
- Italia Alimentari S.p.A. a new, fast cooked meat line and doubling of the Bacon line at Gazoldo degli Ippoliti.
- Realbeef S.r.l. for a new packaging and deboning facility.
- Chef Express S.p.A. for plant improvements in various sales units.
- MARR S.p.A. for investments at its Milan, Genoa, Sanremo and Rimini branches.

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 are attributable to the Catering Sector (4.0 million Euro), Production Sector (2.2 million Euro) and Distribution Sector (1.3 million Euro).
Details of investments for companies within the individual catering sectors are shown below: Roadhouse Grill Italia S.r.l. 1.3 million Euro and Chef Express S.p.A. 1.1 million, ((both for the purchase of furniture and fittings for their premises), Cremonini Rail Iberica for 801 thousand Euro), Cremonini Rail Iberica for 801 thousand Euro (per the purchase of tableware and uniforms) and Avirail Italia S.r.l. for 750 thousand Euro (initial preparations for its business). The balance shown for the Production Sector mainly derives from INALCA S.p.A. 939 thousand Euro and Inalca Angola 358 thousand Euro; both companies mostly for the purchase of vehicles and electronic machines. Finally, the Distribution Sector through MARR S.p.A. with 1.1 million Euro for the purchase of vehicles and electronic machines.

Non-current assets under construction and advances

Most of the increases can be accounted for as follows:

- 7.9 million Euro of investments relating to the refurbishment of various sales outlets of the subsidiary Chef Express S.p.A.'s commercial catering division;
- 7.5 million Euro for the construction and refurbishment works in the new premises of the steakhouse

chain of the subsidiary Roadhouse Grill S.r.l.;

- 3.1 million Euro of investments made by the subsidiary Orenbeef for the new factory;
- 3.0 million Euro of investments made by the subsidiary Kaskad for improvements and expansion related to the new factory;
- 2.8 million Euro of investments made by the subsidiary Inalca Angola for improvements and expansion related to the new factory;
- 2.3 million Euro of investments made by the subsidiary Italia Alimentari S.p.A. for the construction of new plant for the production of sandwiches, as well as improvements and expansion related to the new production lines;
- 741 million Euro of investments made by the subsidiary Marr Russia for investments made related to the new factory;
- 664 thousand Euro of investments made by the subsidiary Inalca Kinshasa for completion of the works initiated last year..

There are mortgages and liens secured by non-current tangible assets for amounts of about 638.3 million Euros against loans obtained.

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 31.12.2011	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2012**
Production - Beef	2,448	-	60	(959)	-	-	1,549
Production - Others	0	-	-	-	-	-	0
Distribution	91,376	-	-	-	(27)	-	91,349
Catering	57,637	-	1,255	(284)	-	(3,083)	55,525
Holding company and services	401	-	-	-	-	-	401
Total	**151,862**	**0**	**1,315**	**(1,243)**	**(27)**	**(3,083)**	**148,824**

It is noted that the goodwill additions of the catering sector are related to the new consolidated company Gabf Holdings L.t.d. The decreases refer to the write-downs deriving from the impairment test on the goodwill.

The detail of the determination of Gabf Holding Ltd.'s goodwill is shown below:

(in thousands of Euros)	GABF Holding
Acquisition price	37
Costs directly attributable to the business combination	-
Total cost of the business combination	**37**
Fair value of assets acquired and contingent liabilities assumed	(1,218)
Goodwill	**1,255**

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

Book values determined in conformity with the IFRS immediately prior to the combination	GABF Holding
Intangible fixed assets	-
Tangible fixed assets	199
Other financial assets	300
Inventories	77
Receivables from custumers	62
Net Debt	(434)
Other current assets	36
Provisions for risks and charges	0
Staff severance provision	0
Payables to suppliers	(1,204)
Others	(254)
Fair value of assets acquired, liabilities and contingent liabilities assumed	**(1,218)**

3. Other intangible assets

(in thousands of Euros)	Balance at 31.12.2011	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2012**
Patents and intellectual property rights	2,157	(123)	1,210	(87)	155	(1,150)	2,162
Concessions, licences, trademarks and similar rights	15,981	1	529	(62)	209	(1,412)	15,246
Fixed assets under development and advances	206	0	163	(104)	(116)	-	149
Long-term costs	470	300	0	0	0	(127)	643
Total	**18,814**	**178**	**1,902**	**(253)**	**248**	**(2,689)**	**18,200**

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 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.

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

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 the related companies mainly refers to the acquisition of further shares in Emilia Romagna Factor and the write-up thereof based on the last available financial statements and the measurement, at equity, of the equity investment in Avirail Sas following deconsolidation thereof commencing from 1 July

2012.

5. Investments in other companies

The only change in 2012 concerned the acquisition of an equity investment in Banco Popolare di Vicenza for 1.0 million Euro.
For further detail on "Investments in other companies" please refer to Annex 5.

6. Non-current financial receivables

(in thousands of Euros)	**31.12.2012**	31.12.2011
Interest-bearing and non-interest-bearing loans to third parties	3,712	4,453
Total	**3,712**	4,453

The balance of the item as at 31 December 2012 of 3,712 thousand Euro is mainly attributable to MARR S.p.A. The composition of this balance includes the portion after the year of MARR S.p.A.'s interest-bearing financial receivables, from the following partnership companies: La Cascina Soc. Coop. a r.l. (for 1,300 thousand Euro), and Adria Market (for 140 thousand Euro), other than the portion after the year from transport companies, following the sales to the latter of the transport vehicles with which MARR S.p.A.'s merchandise is moved (2,064 thousand Euro overall).

7. Deferred tax assets

The amount of these taxes mainly refers to the tax effect (IRES and IRAP) calculated on the taxed provisions, write-downs of non-current financial assets fiscally deductible in subsequent financial years and write-downs of non-current intangible assets.

8. Other non-current assets

(in thousands of Euros)	**31.12.2012**	31.12.2011
Trade receivables	6,187	6,565
Tax assets	12,243	2,933
Deferred income and prepaid expenses	2,268	3,427
Other receivables	17,087	11,823
Total	**37,785**	**24,748**

<u>Tax receivables</u>

The balance at 31 December 2012 mainly comprises:

- Receivables from the Tax Authorities of about 6.7 million Euro, related to the IRES reimbursement on the deductibility of IRAP concerning the personnel costs.
- Receivables for VAT repayment request of about 4.8 million Euro, 2.8 million of which due to MARR S.p.A. for VAT on customer bad debts.

<u>Deferred income and pre-paid expenses</u>

The item "non-current accruals and prepayments" is mainly attributable to Chef Express S.p.A. and refers to costs incurred for the awarding of catering services in motorway areas managed in concession. These costs are a form of prepaid rent and accordingly are recovered during the various concessions. The decrease on the 2011 figure is mainly due to natural reclassification among the other current receivable items.

Other receivables

This item is largely ascribable, as in past financial years, to the Distribution sector. They include allocation, above all receivables from MARR S.p.A.'s suppliers, of 14.9 million Euro (9.0 million at 31 December 2011). Also included are receivables for the "end of management payout" of about 949 thousand Euro, due from the petroleum companies (985 thousand Euro at 31 December 2011) to Chef Express S.p.A. These payouts, provided by the national collective agreements signed between the trade associations, are provided for and revalued annually and will be paid by the petroleum companies to the company at the time of termination of the activity.

Current assets

9. Inventories

(in thousands of Euros)	**31.12.2012**	31.12.2011
Raw materials, secondary materials and consumables	47,452	34,096
Work in progress and semi-finished goods	4,505	4,390
Finished goods and goods for resale	269,878	261,659
Advances	3,671	3,030
Provision for write-down of inventories	(895)	(1,045)
Total	**324,611**	**302,130**

The increase in inventories is attributable to the change in stocks related to the Italian production sector, a strategic choice to face 2013 during which an insufficiency of products is expected.

10. Biological assets

The amount of the biological assets all refers to the measurement carried out in compliance with IAS 41 of the cattle owned by the Group's agricultural company Società Agricola Corticella.
The increase over the 2011 value derives both from: the increase of the number of head being reared (29,027 head in 2012 compared to 18,975 in 2011), to meet the procurement needs of the sector, and the purchase price increases thereof.

11. Current financial receivables

(in thousands of Euros)	31.12.2012	31.12.2011
Receivables from subsidiaries	**501**	**-**
Dispal CI	227	-
Domus Italia S.r.l.	274	-
Receivables from associated companies	**4,766**	**270**
Farm Service S.r.l.	270	270
Avirail s.a.s.	4,496	-
Receivables from controlling companies	**1,279**	**-**
Cremofin S.r.l.	1,279	-
Other financial receivables	**5,664**	**4,901**
Interest-bearing and non-interest-bearing loans to third parties	-	376
Treasury receivables from minorities	5,664	4,525
Totale	**12,210**	**5,171**

It should be noted that, amongst the "Receivables from related companies" are the receivables of the subsidiary Cremonini Restauration (about 4.5 million Euro), from Avirail Sas following the latter's deconsolidation (the largest change of the item over 2011).

The other financial receivables regard: 2.3 million Euro of receivables for loans to third parties of the subsidiary MARR S.p.A., all interest bearing. In detail these are financial receivables from transport companies (710 thousand Euro), following the sales to the latter of the transport vehicles with which MARR S.p.A.'s merchandise is moved, from service provider partners (60 thousand Euro), and other commercial partnership companies (1,550 thousand Euro) for the purpose of consolidating the respective commercial relationships and allow a further revenues increase, and finally loans granted to agents (34 thousand Euro). Also included in the item are Production Sector receivables attributable to both Inalca Kinshasa (1.2 million Euro for a loan to a third party company called "Minocongo") and Realbeef for1.0 million Euro (advance to Macello Irpino S.r.l.).

12. Current trade receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	31.12.2012	31.12.2011
Trade receivables	**540,623**	**531,866**
Due within 12 months	581,061	566,192
Provision for bad debts	(40,438)	(34,326)
Receivables from unconsolidated subsidiaries	**159**	**0**
Dispal CI	159	-
Receivables from associated companies	**301**	**1,243**
A.O. Konservni	-	1,000
Parma France S.a.s	2	7
Farm Service S.r.l.	299	200
Food & Co	-	34
Prometex S.a.m.	-	2
Total	**541,083**	**533,109**

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 based on historical experience and their measurement in the current economic context.
At 31 December 2012, the composition of the overdue trade receivables from third parties is the following:

(in thousands of Euros)	**31.12.2012**		31.12.2011	
	Amount	Bad Debt Prov.	Amount	Bad Debt Prov.
Trade receivables not overdue	327,830	(552)	351,577	(827)
Overdue up to 30 days	87,511	(432)	75,439	(234)
Overdue from 31 to 60 days	28,487	(131)	28,361	(218)
Overdue from 61 to 90 days	28,491	(212)	23,451	(512)
Overdue from 91 to 120 days	102,755	(33,330)	85,152	(27,610)
Overdue over 120 days	13,291	(6,898)	9,788	(5,936)
Total	**588,365**	**(41,555)**	**573,768**	**(35,337)**

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)	**31.12.2012**	31.12.2011
Receivables for advance on direct taxes	5,742	3,142
Receivables for withholdings	38	4,078
VAT credit and other taxes requested for reimbursement	13,772	17,358
Other sundry receivables	8,460	6,204
Bad debts provision	(69)	(69)
Total	**27,943**	**30,713**

The balance of the item "VAT receivables and other taxes for which a refund has been requested" is mainly ascribable to the Production Sector, as in 2011. Specifically, the subsidiary Kaskad has receivables of 1.5 million Euro generated following an important investment made for the construction of the new factory in Odinzovo (Moscow). These receivables will be partially received through refund requests (which have already partially taken place however) and partially through set-off against the VAT payable on rental received.
There are also VAT receivables relating to: Quintovalore for 1.5 million Euro, Marr Russia for 1.7 million Euro and INALCA S.p.A. for 3.3 million Euro. The latter, after having requested a 2.0 million Euro refund and offset a further million over two financial years, has regenerated receivables from Group VAT payments of about 3.0 million Euro.

14. Cash and cash equivalents

(in thousands of Euros)	**31.12.2012**	31.12.2011
Cash	20,053	18,029
Checks	20	41
Bank and postal accounts	115,026	104,174
Total	**135,099**	**122,244**

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 2012 for the evolution of cash and cash equivalents.

15. Other current assets

(in thousands of Euros)	**31.12.2012**	31.12.2011
Accrued income and prepaid expenses	6,388	5,141
Other receivables		
Advances to suppliers	35,710	37,663
Receivables from insurance companies	1,039	1,982
Receivables from social security institutions	1,027	2,729
Receivables from agents	2,385	2,838
Receivables from employees	1,163	1,033
Guarantee deposits	565	516
Other sundry receivables	10,134	6,563
Provision for bad debts	(2,243)	(2,606)
Total	**56,168**	**55,859**

The item "Advances to suppliers" refers, for 33.6 million Euro, to the Distribution Sector and the Production Sector for 2.0 million. Both amounts are connected to the methods of procurement typical of the business carried out; specifically this includes payments made to foreign suppliers for the purchase of goods "F.O.B.".

The decrease in "Due from insurance companies" is mainly linked to the collection by MARR S.p.A. of the insurance claim for damages for an accident during 2011.

The item "Receivables from welfare and social security institutions" includes 115 thousand Euro (1,339 thousand Euro at 31 December 2011) relating to the extraordinary redundancy fund (C.I.G.S.) requested for the tree-years 2009 – 2011 by the subsidiary Chef Express S.p.A., against restructurings of some sales outlets; in December 2011 the Employment Ministry issued the authorisation decree and therefore the company sent the reimbursement requests to the territorially authorised INPS (Italian Social Security Institute) offices during this year, obtaining recovery of almost all the expected sums.

The item "Other miscellaneous" of about 10.1 million Euro is an update of the 2011 figure and is up by around 3.5 million Euro. This increase is generally ascribable to:

- 2.1 million Euro of the subsidiary Realbeef for a receivable called Baronia S.p.A., motivated by the investment made by the company for construction of the purification plant and building destined for deboning;
- 1.2 million Euro for payment of advances to customs made by the subsidiary Inalca Kinshasa.

The "Bad debts provision" refers mainly to receivables from suppliers and agents.

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 2012.

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 2011.

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 merger deficit generated in 2008 on the inverse merger between Cremonini Investimenti S.r.l. and Cremonini S.p.A, amounts to 146,379 thousand Euro, and is unchanged with respect to 31 December 2011.

The basic earnings per share as at 31 December 2012 amounted to Euro 0,2428 (Euro 0,3876 as at 31 December 2011) and was calculated on the basis of net profits of 31.323 thousand Euro divided by the weighted average number of ordinary shares in 2012 equal to 128,988,330. There is no difference between basic and diluted earnings per share.

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

(in thousands of Euros)	Financial year as at 31.12.2012		
	Capital stock and reserve	Profit/(loss)	Shareholders' equity
Parent Company's shareholders' equity and profit/(loss) for the year	**82,078**	**24,657**	**106,735**
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	2,465	-	2,465
- Pro rata subsidiary profits (losses)	-	50,939	50,939
- Investments write-downs	(11,149)	11,149	-
- Dividends	54,354	(54,354)	-
- Consolidation differences	100,271	-	100,271
Elimination of the effects of commercial transactions between Group companies	(779)	193	(586)
Adjustment of the financial statement of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	1,766	962	2,728
Total adjustments	*146,928*	*8,889*	*155,817*
Group's share of net equity and profit/(loss)	**229,006**	**33,546**	**262,552**
Minorities' share of net equity and profit/(loss)	72,002	25,768	97,770
Consolidated financial statements shareholders' equity and profit/(loss) for the year	**301,008**	**59,314**	**360,322**

Non-current liabilities

17. Non-current financial payables

(in thousands of Euros)	**31.12.2012**	31.12.2011
Due between 1 and 5 years		
Payables to banks	450,759	390,246
Payables to other financial institutions	7,364	7,787
Total payables due between 1 and 5 years	**458,123**	**398,033**
Due beyond 5 years		
Payables to banks	7,130	106,553
Payables to other financial institutions	25,079	21,735
Total payables due beyond 5 years	**32,209**	**128,288**
Total	**490,332**	**526,321**

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 31.12.2012**
Overdraft	87,603	Euribor + spread	54,712	-	-	54,712
Advances - Imports	113,600		37,219	-	-	37,219
Advances - Exports	52,450		20,991	-	-	20,991
Advances on invoices Italy	236,173		122,113	-	-	122,113
Advances subj. to collection	120,662	Euribor + spread	28,171	-	-	28,171
Hot Money	77,900	Euribor + spread	77,900	-	-	77,900
Mortgages		Euribor + spread	190,232	450,535	7,130	647,897
Altri Rapporti			3,967	224	-	4,191
Total	**688,388**		**535,305**	**450,759**	**7,130**	**993,194**

You are referred to the Directors' Report for a careful examination of the net debt and its components, both current and non-current.

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 31.12.2012
Leasing					
Legnano	Euribor + spread	01/12/2020	172	1,563	**1,735**
Ferrara	Euribor + spread	01/06/2022	55	868	**923**
Corbetta	Euribor + spread	01/03/2022	70	1,043	**1,113**
Bergamo	Euribor + spread	01/07/2022	123	1,949	**2,072**
Capriate	Euribor + spread	19/12/2025	61	1,706	**1,767**
Rozzano	Euribor + spread	23/09/2026	102	2,341	**2,443**
Trezzano	Euribor + spread	09/09/2026	107	2,482	**2,589**
Padova	Euribor + spread	01/03/2026	120	2,437	**2,557**
Corsico	Euribor + spread	11/08/2027	136	2,572	**2,708**
Vicenza	Euribor + spread	08/10/2027	103	1,933	**2,036**
Modena Sud	Euribor + spread	16/09/2028	160	3,419	**3,579**
Voghera	Euribor + spread	02/12/2028	54	1,166	**1,220**
Mirabilandia	Euribor + spread	01/07/2029	79	1,937	**2,016**
Parma	Euribor + spread	23/12/2029	107	3,092	**3,199**
Macerata	Euribor + spread	01/05/2030	44	1,241	**1,285**
Mestre	Euribor + spread	31/10/2030	160	2,490	**2,650**
Sara	Euribor + spread	08/02/2014	370	22	**392**
Aeromobile	Euribor + spread	15/01/2014	339	-	**339**
Other minor leasings	Euribor + spread		22	-	**22**
Due to Factoring companies	Euribor + spread		21,214	-	**21,214**
Other Relationships	Euribor + spread		4,909	182	**5,091**
Total			**28,507**	**32,443**	**60,950**

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.
As at 31 December 2012 there were some outstanding "interest rate swap" hedging contracts, by which the variable Euribor interest rate was substituted with a fixed rate. These transactions, booked using hedge accounting criteria, are the following:

- "interest rate swap" contract with Akros 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 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);
- "interest rate swap" contract with BNL bullet for 50.0 million (maturity 31.08.2016);
- "interest rate swap" contract with BNL annuity for 50.0 million (maturity 31.08.2016);
- "interest rate swap" contract with Rabobank for 159.0 million (maturity 31.08.2016);
- "interest rate swap" contract with Carisbo for 1.4 million (maturity 01.07.2014).

The valuation of these hedging contracts resulted in the recording of a liability of 8,020 thousand 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.
Details of the changes registered in the period are given below:

(in thousands of Euros)	31 December 2012			31 December 2011		
	CFH Reserve Gross	Deferred taxes	CFH Reserve Net	CFH Reserve Gross	Deferred taxes	CFH Reserve Net
Opening balance - Parent company	(1,042)	284	(758)	(749)	206	(543)
Opening balance - Consolidated companies	(804)	221	(583)	385	(106)	279
Changes of the period						
Hedge instruments						
Profit/(Loss) of the period	1,589	(437)	1,152	620	(171)	450
Riclass. Profit/(Loss) to Income statement	(1,596)	439	(1,157)	(671)	182	(490)
	(7)	2	(5)	(51)	11	(40)
Net change of the period Other comprehensive income	(5,535)	1,522	(4,013)	(1,430)	393	(1,037)
Closing balance - Consolidated companies	(5,356)	1,473	(3,883)	(804)	221	(583)
Closing balance - Parent company	**(2,032)**	**556**	**(1,476)**	**(1,042)**	**284**	**(758)**

19. Employee benefits

(in thousands of Euros)	31.12.2012	31.12.2011
Staff Severance Provision	24,524	25,123
Other benefits	752	753
Total	**25,276**	**25,876**

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)	31.12.2012	31.12.2011
Current value of bonds	27,595	25,855
Unrecognised actuarial (loss)/profit	(3,071)	(732)
Total	**24,524**	**25,123**

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

(in thousands of Euros)	31.12.2012	31.12.2011
Opening balance	25,123	21,399
Effect of the change in consolidation area	10	5,811
Use for the financial year	(2,816)	(3,449)
Financial year provision	1,737	1,436
Other changes	470	(74)
Closing balance	**24,524**	**25,123**

20. Provision for risks and charges

(in thousands of Euros)	**31.12.2012**	31.12.2011
Provisions for taxes	255	523
Labour disputes	857	1,515
Minor lawsuits and disputes	1,598	1,459
Supplementary clientele severance indemnity	3,338	3,126
Provision for rewards and promotions	624	466
Provision for future risks and losses	2,874	2,832
Total	**9,546**	**9,921**

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 taxpayer 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 2012 MARR S.p.A. had paid 6,042 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 abovementioned ruling was not appealed by the tax office and passed into judgement; said reimbursement had already been presented during the course 2012 by the subsidiary Società Agricola Corticella to the authorised Modena office and will presumably be paid thereto during the 2013 financial year.

During the first half of 2012, the Revenue Office (large taxpayers' office of the Bologna DRE) conducted a tax audit of a general character with reference to the 2009 tax period of Cremonini S.p.A., concluded with the preparation of a report on findings in which the company participated. The residual payable deriving from the phasing of the liability amounted to about 100 thousand Euro as at 31 December 2012.

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 2012 the amount of this item of 79,174 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 sundry items.
The decrease in the balance compared to 2011 mainly involved the deferred tax payables for assets write-ups of about 1.5 million Euro, and non-received deferred dividends for 1.8 million Euro.

22. Other non-current liabilities

(in thousands of Euros)	**31.12.2012**	31.12.2011
Accrued expenses and deferred income	837	1,317
Payables for acquisition of equity investments/branches of business	77	154
Payables to Social Security Institutions	73	73
Other payables	22	-
Total	**1,009**	**1,544**

The item "Accrued income and deferrals" comprises both deferred income on rents received from third parties in previous financial years relative to the sales outlet of the subsidiary Chef Express S.p.A. at the Susa airport, as well as further deferred income of 316 thousand Euro on interest income from MARR S.p.A.'s customers.

Current liabilities

23. Current financial payables

(in thousands of Euros)	31.12.2012	31.12.2011
Payables to controlling companies	**0**	**1,010**
Payables to unconsolidated subsidiaries	**0**	**0**
Payables to unconsolidated subsidiaries	**1,000**	**0**
Avirail s.a.s	1,000	0
Other payables		
Payables to banks	535,305	477,139
Payables to other financial institutions	28,507	28,418
Other payables	1,940	347
Closing balance	**566,752**	**506,914**

The composition of the item "Payables to other financial institutions" is shown in point 17 above.

Net Debt

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

(in thousands of Euros)	31.12.2012	31.12.2011
A. Cash	20,053	18,029
B. Cash equivalent	115,046	104,215
C. Financial assets held for sale	2,081	2,081
D. Liquidity (A) + (B) + (C)	**137,180**	**124,325**
E. Current financial assets	**10,430**	**4,795**
F. Current bank liabilities	535,305	477,139
G. Current financial instruments	5,615	1,832
H. Other current financial liabilities	27,855	29,805
I- Current financial liabilities	**568,775**	**508,776**
J. Current net debt (I) - (E) - (D)	**421,165**	**379,656**
K. Non current bank liabilities	457,889	496,799
M. Other non current financial liabilities	32,520	29,677
N. Non current financial instruments	2,034	1,041
O. Non current debt (K) + (L) + (M) + (N)	**492,443**	**527,517**
P. Net Debt (J) + (O)	**913,608**	**907,173**

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 2012, all completely complied with, are listed in the following tables.

Table 1:

(thousands Euro)	Banca IMI (a)	BNL (a)	Centrobanca (a)	Coop. Centrale Raiffeissen (a)
Amount of the loans as at 31 December 2012	43,333	22,500	7,778	25,000
Expiry date	05/08/2013	29/01/2014	31/12/2019	30/03/2015
Covenants				
Net Debt/Equity	<= 1,5		<= 1,5	<1,5
Net Debt/Ebitda	<= 3,0		<= 3,6	< 3,0
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 2012	193,600	98,214
Expiry date	31/08/2016	28/02/2017
Covenants		
Net Debt/Ebitda	< =3,75	< =3,75
Ebitda/Net Financial charges	>= 4,25	>= 4,25
Maximum capex	<= 26.400	<= 26.400
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 based on 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.

Table 3:

(thousands Euro)	Unicredit Corporate Banking (c) (d)
Amount of the loans as at 31 December 2012	108,614
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 and costs lines supplied by the agent bank for the exercise of the public offer to buy Cremonini S.p.A. shares, the indicated maturity represents the last date by which the full loan must be repaid. Intermediate half-yearly repayments are also envisaged.
Compliance with the covenants relating to the Unicredit Corporate Banking loan facility is precisely verified annually based on the consolidated and audited financial statements of the Cremonini Group as at 31 December, relative to the first two parameters, and half-yearly based on the Parent Company's separate financial statements as at 31 December and 30 June for the third parameter.

Table 4:

(thousands Euro)	Carisbo (e)
Amount of the loans as at 31 December 2012	20,000
Expiry date	20/06/2014
Covenants	
Net Debt/Equity	<= 3,0
Net Debt/Ebitda	<= 4,0
Gross Debt Catering sector	<= Euro 130.000

(e) covenants calculated on the CREMONINI Group's consolidated financial statements. (first two parameters) and on the Catering sector (third parameter).

With reference to the Carisbo loan facility, the covenants of which are calculated based on the consolidated financial statements of Cremonini S.p.A., it is noted that as at 31 December 2012 the gross net debt of the catering sector exceeded that defined contractually.
Following the failure to comply with the aforesaid parameter negotiations have opened with the bank to review the covenant; the long-term portion of the loan, equal to 15,000 thousand Euro, was prudentially reclassified in the current financial payables.

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 2012, as a guarantee for medium to long-term loans.

24. Current tax liabilities

(in thousands of Euros)	31.12.2012	31.12.2011
VAT	4,337	6,415
IRAP	1,071	882
IRES	3,972	2,518
Withholding taxes	8,311	8,648
Substitute taxes and other taxes payable	7,011	5,958
Total	**24,702**	**24,421**

IRAP and IRES payables relate to 2011 financial year taxes not yet paid at the year-end.

25. Current trade liabilities

(in thousands of Euros)	31.12.2012	31.12.2011
Suppliers	**531,489**	**517,777**
Payables to associated companies	**5,232**	**2,904**
Emil Food S.r.l.	3	-
Parma France S.a.s.	2,403	841
Parma Lacombe	383	5
Parma Turc S.a.s.	2,443	2,058
Total	**536,721**	**520,681**

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 2011 is mainly attributable to the distribution sector.

26. Other current liabilities

(in thousands of Euros)	**31.12.2012**	31.12.2011
Accrued expenses and deferred income	2,583	4,707
Inps/Inail/Scau	7,672	7,899
Inpdai/Previndai/Fasi/Besusso	131	138
Enasarco/FIRR	710	618
Payables to other social security institutions	17,772	18,625
Other payables		
Advances and other payables to customers	9,454	8,064
Payables for employee remuneration	40,540	42,095
Payables for acquisition of equity investments	128	377
Guarantee deposits and down payments received	222	203
Payables to directors and auditors	608	1,291
Payables to agents	171	203
Other minor payables	5,506	6,024
Total	**85,497**	**90,244**

The payables to employees include the unpaid current remuneration at 31 December 2012 and allocations relating to deferred remuneration.

Guarantees, sureties and commitments

(in thousands of euros)	**31.12.2012**	31.12.2011
Direct guarantees – sureties		
- related companies	-	-
- other companies	116,171	114,372
	116,171	114,372
Direct guarantees – letter of comfort		
- associated companies	1,406	1,406
- other companies	-	-
	1,406	1,406
Other risks and commitments	17,996	21,255
Total guarantees, sureties and commitments	**135,573**	**137,033**

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	26,368	VAT for compensation.
Highways and Oil Companies	Cremonini S.p.A. subsidiares	17,350	Guaranteeing successful conclusion of contracts (services, maintainance).
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, FerServizi, Trenitalia, etc)	Cremonini S.p.A. and other subsidiaries	22,595	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Public Agencies	Cremonini S.p.A. subsidiares	32,112	Garantees release for the timely execution of contracts lasting several years.
Airports	Cremonini S.p.A. subsidiares	5,279	Guaranteeing successful conclusion of contracts.
Other minor items	Cremonini S.p.A. and other subsidiaries	12,467	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**116,171**	

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.	7,431
Credit letter of purchase of goods	Marr S.p.A.- As.Ca.	8,912
Other sundry	Fiorani & C S.p.A. - Italia Alimentari S.p.A.	1,653
Total		**17,996**

"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, Lainate e Bellinzago Lombardo).

The item "Letters of credit for goods purchases" relates to letters of credit, issued by some banks, to guarantee obligations to our foreign suppliers.
guarantee obligations to our foreign suppliers.
The "Other miscellaneous" item regards third party consignment goods at the Fiorani and Italia Alimentari S.p.A. warehouses.

Details of the main items of the consolidated income statement

27. Revenues

Revenues are broken down as follows:

(in thousands of Euros)	31.12.2012	31.12.2011
Revenues from sales - Finished goods	1,093,165	837,720
Revenues from sales - Goods for resale	1,828,600	1,955,974
Revenues from sales - Oil	39,048	55,291
Revenues from sales - Others	56,826	58,524
Revenues from services	317,477	203,374
Advisory services to third parties	1,968	1,845
Rent income	6,944	4,437
Other revenues from ordinary activities	19,189	20,831
Total	**3,363,217**	**3,137,996**

Below is a breakdown of revenues by geographical area:

(in thousands of Euros)	31.12.2012	31.12.2011
Italy	2,140,961	1,996,128
European Union	663,548	624,889
Non-EU countries	558,708	516,979
Total	**3,363,217**	**3,137,996**

28. Other revenues

The other revenues can be broken-down as follows:

(in thousands of Euros)	31.12.2012	31.12.2011
Contributions by suppliers and others	35,895	35,642
Operating grants	2,245	1,480
Other sundry revenues	23,786	17,563
Total	**61,926**	**54,685**

Other sundry revenues

(in thousands of Euros)	31.12.2012	31.12.2011
Rent income	1,213	690
Insurance reimbursements	3,344	2,354
Capital gains on disposal of capital goods	1,854	705
Other cost reimbursements	2,262	2,030
Services, consultancy and other minor revenues	15,113	11,784
Total	**23,786**	**17,563**

29. Costs for purchases

(in thousands of Euros)	31.12.2012	31.12.2011
Costs for purchases - Raw materials	(727,670)	(612,734)
Costs for purchases - Goods for resale	(1,337,032)	(1,259,070)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(67,470)	(57,691)
Costs for purchases - Finished goods	(22,005)	(19,556)
Costs for purchases - Oil	(37,114)	(53,128)
Costs for purchases - Stationery and printed paper	(2,358)	(2,359)
Changes in inventories of raw materials, secondary materials, consumables and goods for resale	(2,593)	30,881
Other costs for purchases	(101,360)	(104,626)
Total	**(2,297,602)**	**(2,078,283)**

The increase of the balance of some items compared to 31 December 2011 is partially ascribable to the Production Sector as an effect of the change of the scope of the consolidation.
"Oil purchases" relate to the fuel sales in the motorway service stations and are correlated to the corresponding "Revenues from oil sales"; this item is ascribable only to the Catering Sector.

30. Other operating costs

(in thousands of Euros)	31.12.2012	31.12.2011
Costs for services	(431,864)	(415,249)
Costs for leases and rentals	(62,605)	(64,295)
Other operating charges	(18,190)	(14,384)
Total	**(512,659)**	**(493,928)**

Costs for services

(in thousands of Euros)	31.12.2012	31.12.2011
Energy consumption and utilities	(39,668)	(31,418)
Maintenance and repairs	(20,684)	(19,872)
Transport on sales	(76,415)	(72,473)
Commisions, commercial and distribution services	(96,653)	(98,438)
Third-party services and outsourcing	(50,034)	(42,526)
Purchasing services	(53,009)	(58,363)
Other technical and general services	(95,401)	(92,159)
Total	**(431,864)**	**(415,249)**

The increase in the balance compared to 31 December 2011 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)	31.12.2012	31.12.2011
Lease of business premises, royalties and others	(39,466)	(39,885)
Costs for leases	(154)	(11)
Leases and rentals related to real and personal property	(22,985)	(24,399)
Total	**(62,605)**	**(64,295)**

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 668 thousand Euro to Le Cupole S.r.l. for an industrial property in Rimini.

Other operating charges

(in thousands of Euros)	**31.12.2012**	31.12.2011
Losses on receivables	(161)	(464)
Indirect taxes and duties	(8,801)	(7,279)
Capital losses on disposal of assets	(2,047)	(332)
Contributions and membership fees	(1,790)	(1,482)
Other minor costs	(5,391)	(4,827)
Total	**(18,190)**	**(14,384)**

The increase in the balance compared to 31 December 2011 mainly refers to the production sector as an effect of the change in the scope of consolidation.

31. Personnel costs

(in thousands of Euros)	**31.12.2012**	31.12.2011
Salaries and wages	(306,499)	(299,268)
Social security contributions	(95,393)	(93,216)
Staff Severance Provision	(10,262)	(9,563)
Pension and similar provisions	(379)	(569)
Other personnel costs	(4,746)	(4,486)
Total	**(417,279)**	**(407,102)**

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.

As at 31 December 2012 the Group's employees amounted to 11,970 compared to 12,402 at 31 December 2011, The resulting decrease is principally ascribable to the development of the catering sector both Commercial and On Board businesses.

The break down by category and average number of employees in 2012 is shown in the following schedule:

	Factory staff	Office staff	Managers	**Total**
Employees as at 31.12.2011	9,924	2,339	139	12,402
Employees as at 31.12.2012	**9,478**	**2,348**	**144**	**11,970**
Increases (decreases)	(446)	9	5	(432)
Average no. of employees during year 2012	**9,574**	**2,337**	**148**	**12,059**

32. Amortization, depreciation, write-downs and provisions

(in thousands of Euros)	**31.12.2012**	31.12.2011
Depreciation of tangible assets	(66,615)	(59,236)
Amortization of intangible assets	(5,772)	(5,560)
Other write-downs of fixed assets	(1,243)	(393)
Write-downs and provisions	(18,840)	(15,475)
Total	**(92,470)**	**(80,664)**

33. Financial (Income)/Charges

(in thousands of Euros)	31.12.2012	31.12.2011
Net exchange rate differences	167	(3,212)
Income (Charges) from management of derivatives	(1,589)	(620)
Net financial Income (Charges)	(51,400)	(41,124)
Total	**(52,822)**	**(44,956)**

Exchange rate differences

(in thousands of Euros)	31.12.2012	31.12.2011
Realized exchange rate profits	19,143	7,078
Realized exchange rate losses	(13,043)	(9,817)
Unrealized exchange rate profits	8,095	17,440
Unrealized exchange rate losses	(14,261)	(15,016)
Realized income from management of exchange rate derivatives	3,456	1,137
Evaluated income from management of exchang rate derivatives	1,356	(101)
Realized charges from management of exchange rate derivatives	(4,153)	(2,948)
Evaluated charges from management of exchange rate derivatives	(426)	(985)
Total	**167**	**(3,212)**

The net exchange rate valuation differences refer to the valuation of balances in the statement of assets and liabilities 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)	31.12.2012	31.12.2011
Realized Charges from management of derivatives	(1,589)	(775)
Valuation Income from management of derivatives	-	155
Total	**(1,589)**	**(620)**

Net financial Income (Charges)

(in thousands of Euros)	31.12.2012	31.12.2011
Financial Income (Charges) due to controlling companies	-	-
Financial income		
- Bank interest receivable	270	501
- Other financial income	2,204	3,101
Total financial income	**2,474**	**3,602**
Financial charges		
- Interest payable on loans	(23,917)	(24,877)
- Interest payable on factoring	(4,336)	(3,527)
- Interest payable on current accounts and others	(16,978)	(10,511)
- Other bank charges	(3,019)	(2,353)
- Other sundry charges	(5,624)	(3,458)
Total financial charges	**(53,874)**	**(44,726)**
Total	**(51,400)**	**(41,124)**

Financial charges of 53.9 million Euro, , increased by around 9.2 million compared to 44.7 million in the same period of 2011, mainly both due to the higher accrued interest on the loan facility obtained for the buy-back of 50% of the production sector during the 2011 financial year, and the increase in the cost of money.

34. Income taxes

(in thousands of Euros)	**31.12.2012**	31.12.2011
IRES	(27,369)	(30,101)
IRAP	(10,446)	(10,465)
Net deferred tax assets/liabilities	47	(4,609)
Total	**(37,768)**	**(45,175)**

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 : 6,450 thousand Euro
- Independent auditors: 923 thousand Euro

Subsequent events

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

* * * * * *

Castelvetro di Modena, 18 March 2013

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

Annexes

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

Annex 1 - Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2012;

Annex 2 - List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2012;

Annex 3 - Statement of changes in tangible assets for the financial year ended as at 31 December 2012;

Annex 4 - Statement of changes in intangible assets for the financial year ended as at 31 December 2012;

Annex 5 - List of equity investments classified under financial assets as at 31 December 2012 and others;

Annex 6 - List of equity investments in subsidiaries and associated companies as at 31 December 2012 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation.

Annex I

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2012

(in thousands of Euros)	Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Subsidiaries:						
Dispal CI	159	-	227		**386**	**-**
Domus Italia S.r.l.	-		274	-	**274**	**-**
Total subsidiaries	**159**	**-**	**501**	**-**	**660**	**-**
Associated companies:						
Avirail s.a.s.			4,496	1,000	**4,496**	**1,000**
Farm Service S.r.l.	299		270		**569**	**-**
Parma France S.a.s.	2	2,403			**2**	**2,403**
Parma Lacombe		384			**-**	**384**
Parma Turc S.a.s.		2,443			**-**	**2,443**
Total associated companies	**301**	**5,230**	**4,766**	**1,000**	**5,067**	**6,230**
Related and controlling companies:						
Cremofin S.r.l.			1,279		**1,279**	**-**
Emil-Food S.r.l.		3			**-**	**2**
Total related companies	**-**	**3**	**1,279**	**-**	**1,279**	**-**

Annex 2

List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2012

(in thousands of Euros)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Subsidiaries:						
Dispal CI	151	-	2		**153**	**-**
Domus Italia S.r.l.	-		6	-	**6**	**-**
Montana Farm S.p.zo.o.			2		**2**	**-**
Total subsidiaries	**151**	**-**	**10**	**-**	**161**	**-**
Associated companies:						
Farm Service S.r.l.	2,944				**2,944**	**-**
Parma France S.a.s.		9,389	12	1	**12**	**9,390**
Parma Lacombe S.a.s.		4,535			**-**	**4,535**
Parma Turc S.a.s.		12,702			**-**	**12,702**
Total associated companies	**2,944**	**26,626**	**12**	**1**	**2,956**	**26,627**
Controlling companies						
Cremofin S.r.l.			8	19	**8**	**19**
Total controlling companies	**-**	**-**	**8**	**19**	**8**	**19**
Related companies:						
Le Cupole S.r.l.		671	4		**4**	**671**
#RIF!		4			**-**	**4**
Total related companies	**-**	**675**	**4**	**-**	**4**	**675**

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2012

(thousands Euro)	Opening position			Changes over the period						Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2011	Net effects of the change n consolidation are	Acquisitions	Net decreases	Reclassif./ Other changes	Exchange Differences	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2012
Land and buildings	712,856	(116,438)	596,418	2	16,340	(3,866)	17,213	1,061	(21,799)	742,969	(137,600)	605,369
Plant and machinery	409,838	(257,005)	152,833	(2,727)	14,264	(2,706)	10,155	730	(31,879)	426,346	(285,676)	140,670
Industrial and business equipment	26,921	(21,479)	5,442	(38)	2,860	(132)	159	(14)	(1,990)	28,794	(22,507)	6,287
Other assets	101,654	(64,596)	37,058	76	7,552	(1,392)	2,563	21	(10,947)	110,199	(75,268)	34,931
Fixed assets under construction and advances	24,583		24,583	2,328	30,921	(2,397)	(30,369)	229	-	25,295	-	25,295
Total	**1,275,852**	**(459,518)**	**816,334**	**(359)**	**71,937**	**(10,493)**	**(279)**	**2,027**	**(66,615)**	**1,333,603**	**(521,051)**	**812,552**

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2012

(in thousands of Euros)	Opening position			Net effects change in consolidation area	Changes over the period					Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2011		Acquisitions	Net decreases	Reclass. Other changes	Exchange Differences	Amortiz.	Initial cost	Amortization provision	Balance at 31.12.2012
Patents and intellectual property rights	14,859	(12,702)	2,157	(123)	1,210	(87)	155	0	(1,150)	15,362	(13,200)	2,162
Concessions, licences, trademarks and similar rights	20,778	(4,797)	15,981	1	529	(62)	134	75	(1,412)	21,392	(6,146)	15,246
Fixed assets under development and advances	206	0	206	0	163	(104)	(116)	0	0	149	0	149
Other intangible assets	4,507	(4,037)	470	300	0	0	0	0	(127)	4,807	(4,164)	643
Total	**40,350**	**(21,536)**	**18,814**	**178**	**1,902**	**(253)**	**173**	**75**	**(2,689)**	**41,710**	**(23,510)**	**18,200**

Annex 5

List of equity investments classified under financial assets as at 31 December 2012 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)			(a)
Dispal C.I.			34				100.00	34	
Domus Italia S.r.l.			40				56.00	40	
Inalca Food and Beverage		21				(21)			(a)
Inalca Foods Nig Limited	57.00	29			-29.00		57.00	-	
Montana Farm S.p.zo.o.	100.00	170				2	100.00	172	
Rail Express Services B.V.			100				100.00	100	
Orenbeef LLC	100.00	23				(23)			(a)
Total subsidiaries		**293**	**174**	**0**	**(29)**	**(92)**		**346**	
Associated companies:									
A.O. Konservni	25.00	-					25.00	-	
Avirail S.a.s.					287	107	49.00	394	(b)
Consorzio I.R.I.S. a r.l.	37.50	4					37.50	4	
Emilia Romagna Factor S.p.A.	22.80	10,981	283		626		22.80	11,890	
Farm Service S.r.l.	30.00	174					30.00	174	
Food & Co. S.r.l.	30.00	3					30.00	3	
Parma France S.a.s.	30.40	404					30.40	404	
Prometex S.a.m.	28.60	50	105			(155)			(a)
Total associated companies		**11,616**	**388**	**0**	**913**	**(48)**		**12,869**	
Other companies:									
Banca Popolare Soc Coop		528						528	
Banca Popolare di Vicenza		-	1,000					1,000	
Centro Agroalimentare Riminese S.p.A.		280						280	
Futura S.p.A.		963						963	
Nuova Campari S.p.A.		1,549						1,549	
Other minor		381	2	(31)				352	
Total other companies		**3,701**	**1,002**	**(31)**	**0**	**0**		**4,672**	
Total equity investments		**15,610**	**1,564**	**(31)**	**884**	**(140)**		**17,887**	

(a) Company now included in the scope of consolidation

(b) Company out of the scope of consolidation from the second quarter 2012

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2012 (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 31.12.2012	Shareholders' equity at 31.12.2012	Control share at 31.12.2012	Shareholding at 31.12.2012	Book value (A)	Portion of the Shareholders' Equity (B)	Difference (B) - (A)	Participants at 31.12.2012	Control share at 31.12.2011	Shareholding at 31.12.2011	Notes
Investments valued at equity:													
Associated companies:													
A.O. Konservni	Stavropol (Russia)	USD 1.784	(52)	62	25,00%	25,00%	-	16	16	INALCA S.p.A.	25,00%	25,00%	(e)
Emilia Romagna Factor S.p.A.	Bologna	25.000.000	1.431	65.354	16,97%	16,97%	11.890	11.091	(799)	Cremonini S.p.A.	16,97%	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%	(c)
Investments valued at cost:													
Subsidiaries													
Dispal C.I.		FCFA 10.000.000	nd	nd	99,00%	99,00%	34	nd	nd	INALCA S.p.A.	-	-	(a)
Domus Italia S.r.l.		50.000	-	-	56,00%	56,00%	40	nd	nd	Inalca Food & Beverage	-	-	(a)
Inalca Foods Nig Limited	Benin City (Nigeria)	Naira 10.000.000	nd	nd	57,00%	57,00%	-	nd	nd	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%	172	(461)	(633)	Italia Alimentari S.p.A.	100,00%	100,00%	(a)(d)
Rail Express Services B.V.		100.000	nd	nd	100,00%	100,00%	100	nd	nd	Chef Express S.p.A.	-	-	(f)
Associated companies:													
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%	(e)
Farm Service S.r.l.	Reggio Emilia	500.000	23	1.145	30,00%	30,00%	174	344	170	INALCA S.p.A.	30,00%	30,00%	(b)
Parma France S.a.s.	Lione (France)	1.000.000	214	2.136	30,40%	30,40%	404	649	245	INALCA S.p.A.	30,40%	30,40%	(b)

NOTES

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. / (b) The figures refer to 31 December 2011, the last financial statements available./(c) The figures refer to 31 December 2010, the last financial statements available./ (d) The figures refer to 31 December 2009, the last financial statements available/(e) The figures refer to 31 December 2008, the last financial statements available/(f)The Company will prepare the Financial statement on December 2013

Continued: Annex 6

Company name	HQ	Share capital (expressed in Euro, unles otherwise indicated)	Result for the financial year ended 31.12.12	Shareholders' equity at 31.12.12	Control share at 31.12.2012	Shareholding at 31.12.2012	Consolidation method	Participants at 31.12.2012	Control share at 31.12.2011	Shareholding at 31.12.2011	Notes
(thousands Euro)											
Companies consolidated on a line-by-line basis:											
Alisea S.c.a r.l.	Tavarnuzze (FI)	500,000	1,339	2,665	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	4	188	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	1,280	5,442	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Avirail Italia	Milan	100,000	363	463	100.00%	100.00%	Line-by-line	Chef Express S.p.A.	-	-	(b)
Baldini Adriatica Pesca S.r.l.	Santarcangelo di Romagna (RN)	10,000	222	512	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Bell Carni s.r.l.	Stienta (RO)	90,000	(165)	91	66.67%	66.67%	Line-by-line	INALCA S.p.A.	66.67%	66.67%	
Cons. Centro Comm. Ingrosso Carni S.r.l.	Bologna	1,500,000	5,578	538	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	(6,699)	2,163	100.00%	100.00%	Line-by-line	Cremonini S.p.A.	100.00%	100.00%	
Chef Express UK Ltd.	London (United Kingdom)	GBP 80.000	(35)	64	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	2,143	3,466	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	(9,334)	1,257	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**	**24,776**	**106,853**			**Holding**				
Emigel S.r.l.	Santarcangelo di Romagna (RN)	260,010	340	2,890	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Fiorani & C. S.p.A.	Piacenza	500,000	405	1,374	49.00%	49.00%	Proportional	INALCA S.p.A.	49.00%	49.00%	
Frimo S.a.m.	Principality of Monaco	150,000	94	954	75.30%	75.30%	Line-by-line	INALCA S.p.A.	75.30%	75.30%	
Gabf Holdings Limited	London (United Kingdom)	-	87	1,307	100.00%	100.00%	Line-by-line	Chef Express UK Ltd.	-	-	(a)(b)
Ges.Car. S.r.l.	Castelvetro di Modena (MO)	330,000	181	514	80.00%	80.00%	Line-by-line	INALCA S.p.A.	80.00%	80.00%	
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	(151)	(12)	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)	90,000	67	158	100.00%	100.00%	Line-by-line	Global Service S.r.l.	100.00%	100.00%	
Guardamiglio S.r.l.	Piacenza	4,135,000	1,014	11,033	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	100.00%	
INALCA S.p.A.	Castelvetro di Modena (MO)	150,000,000	11,271	224,225	100.00%	100.00%	Line-by-line	Cremonini S.p.A.	100.00%	100.00%	
Inalca Angola Ltda.	Luanda (Angola)	Kwanza 810.000.000	6,309	33,383	99.90%	99.90%	Line-by-line	INALCA S.p.A.	99.90%	99.90%	(a)
Inalca Algerie S.a r.l.	Algeri (Algeria)	DA 500.000.000	151	5,427	70.00%	70.00%	Line-by-line	INALCA S.p.A.	70.00%	70.00%	(a)
Inalca Brazzaville S.a r.l.	Brazzaville (Rep.Congo)	USD 2.715	1,111	2,572	55.00%	55.00%	Line-by-line	INALCA S.p.A.	97.90%	97.90%	(a)
Inalca Food & Beverage	Modena	30,000	57	92	70.00%	70.00%	Line-by-line	INALCA S.p.A.	-	-	
Inalca Kinshasa S.p.r.l.	Kinshasa (Rep.Dem.Congo)	USD 2.700.000	3,614	11,089	55.00%	55.00%	Line-by-line	INALCA S.p.A.	55.00%	55.00%	(a)
Industria Alimentar Carnes de Mocambique Ltd	Maputo (Mozambique)	USD 20.000.000	(125)	627	99.90%	99.90%	Line-by-line	INALCA S.p.A.	99.90%	99.90%	(a)
Inter Inalca Angola Ltda.	Luanda (Angola)	Kwanza 900.000	626	2,711	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	100.00%	(a)
Interjet S.r.l.	Castelvetro di Modena (MO)	2,500,000	(919)	1,750	100.00%	100.00%	Line-by-line	Cremonini S.p.A.	100.00%	100.00%	
Italia Alimentari S.p.A.	Busseto (PR)	40,248,000	1,878	59,171	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	100.00%	
Kaskad L.l.c.	Moscow (Russia)	Rubli 1525.656.473	1,497	86,451	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	100.00%	(a)
Lounge Services S.a.s.	Paris (France)	40,000	405	1,374	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	(4)	(428)	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Marr Russia L.l.c.	Moscow (Russia)	Rubli 100.000.000	7,584	20,967	75.00%	75.00%	Line-by-line	Kaskad L.l.c.	75.00%	75.00%	(a)
MARR S.p.A.	Rimini	33,262,560	48,763	223,980	58.84%	59.47%	Line-by-line	Cremonini S.p.A.	58.84%	59.47%	
Momentum Services Ltd.	Birmingham (United Kingdom)	GBP 269.258	1,283	1,633	51.00%	51.00%	Line-by-line	Chef Express S.p.A.	51.00%	51.00%	
Montana GMBH	Moglingen (Germany)	25,000	93	52	100.00%	100.00%	Line-by-line	Italia Alimentari S.p.A.	-	-	(b)
New Catering S.r.l.	Santarcangelo di Romagna (RN)	33,900	703	1,224	100.00%	59.47%	Line-by-line	MARR S.p.A.	100.00%	59.47%	
Orenbeef L.L.C.	Orenburg (Russia)		42	78	100.00%	100.00%	Line-by-line	Kaskad L.l.c.	-	-	(a)(b)
Prometex S.A.M.	Principality of Monaco	150,000	(162)	198	98.67%	74.30%	Line-by-line	Frimo S.a.m.	-	-	(b)
Quinto Valore S.c.a r.l.	Reggio Emilia	90,000	-	45	50.00%	50.00%	Proportional	INALCA S.p.A.	50.00%	50.00%	
Railrest S.A.	Brussels (Belgium)	500,000	858	1,408	51.00%	51.00%	Line-by-line	Chef Express S.p.A.	51.00%	51.00%	
Realbeef S.r.l.	Flumeri (AV)	300,000	67	386	51.00%	51.00%	Line-by-line	INALCA S.p.A.	24.00%	12.00%	
Roadhouse Grill Italia S.r.l.	Castelvetro di Modena (MO)	20,000,000	(472)	21,509	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	(199)	1,021	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	354	7,363	100.00%	100.00%	Line-by-line	Italia Alimentari S.p.A.	100.00%	100.00%	
Sara S.r.l.	Castelvetro di Modena (MO)	100,000	(88)	(4)	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	100.00%	
Sfera S.p.A.	Santarcangelo di Romagna (RN)	220,000	294	1,937	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	707	10,644	100.00%	100.00%	Line-by-line	INALCA S.p.A.	100.00%	100.00%	
TECNO-STAR DUE S.r.l.	Castelvetro di Modena (MO)	10,400	23	80	60.00%	60.00%	Line-by-line	INALCA S.p.A.	60.00%	60.00%	
Time Vending S.r.l.	Castelvetro di Modena (MO)	100,000	107	168	50.00%	50.00%	Proportional	Chef Express S.p.A.	50.00%	50.00%	
Zaklady Miesne Soch. S.p.zo.o.	Warsaw (Poland)	Zloty 1800.000	116	(1,020)	90.00%	90.00%	Line-by-line	INALCA S.p.A.	90.00%	90.00%	(a)

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. /(b) Subsidiary consolidated starting from 2012

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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010 [include additional regulations if required]
(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 December 31, 2012 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 Directors. 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 April 12, 2012.

3. In our opinion, the consolidated financial statements of the Cremonini Group at December 31, 2012 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 Directors 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 December 31, 2012.

Bologna, April 4, 2013

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.