CREMONINI

FINANCIAL STATEMENTS AND CONSOLIDATED ACCOUNTS

31 DECEMBER 2010

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

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CREMONINI GROUP ORGANIZATION

SCOPE OF CONSOLIDATION AS AT 31 DECEMBER 2010

CREMONINI S.p.A.

PRODUCTION

Beef

- INALCA S.p.A. 50%
- Soc.Agr.Corticella S.r.l. 100%
- Frimo S.a.m. 75.3%
- Ges.Car. S.r.l. 80%
- Guardamiglio S.r.l. 100%
- Inalca Algerie S.a r.l. 70%
- Inter Inalca Angola Ltda. 100%
- Inalca Kinshasa S.p.r.l. 55%
- Inalca Brazzaville S.a r.l. 97.9%
- Inalca Angola Ltda. (ex Inalcammil) 99.9%
- Quinto Valore S.c. a r.l. 50%
- Sara S.r.l. 100%
- Kaskad L.l.c. 100%
- Marr Russia L.l.c. 75%
- Zaklady Miesne Sochocin Spolka L.l.c. 90%
- Realbeef S.r.l. 24%
- Fiorani & C. S.p.A. 49%
- Tecno-Star Due S.r.l. 60%

Cured meats and snacks

- Montana Alimentari S.p.A. 100%
- Salumi d'Emilia S.r.l. 100%
- IBIS S.p.A. 100%

DISTRIBUTION

Foodservice

- MARR S.p.A. 58.84%
- Alisea S.c. a r.l. 55%
- Marr Foodservice Iberica S.A.U. 100%
- Sfera S.p.A. 100%
- Marr Alisurgel S.r.l. in liq. 100%
- As.Ca. S.p.A. 100%
- New Catering S.r.l. 100%
- Baldini Adriatica Pesca S.r.l. 100%
- Emigel S.r.l. 100%

CATERING

Commercial

- Chef Express S.p.A. Div "rist. commerciale" 100%
- Roadhouse Grill Italia S.r.l. 100%
- Roadhouse Grill Roma S.r.l. 55%
- Time Vending S.r.l. 50%

On board

- Chef Express S.p.A. div. "ristoraz. ferroviaria" 100%
- Cremonini Restauration S.a.s. 86%
- Avirail S.a.s. 50%
- Momentum Services Ltd. 51%
- Railrest S.A. 51%
- Cremonini Rail Iberica S.A. 100%
- Chef Express UK Ltd. 100%
- Chef Express Russia 85%
- Lounge Services S.a.s. 51%
- Global Service Logistics S.r.l 100%

CENTRALIZED ACTIVITIES

- Cremonini S.p.A.
- Consorzio C.C. Ingrosso Carni S.r.l. 86.69%
- Global Service S.r.l. 100%
- Interjet S.r.l. 100%

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	Ezio Maria	Simonelli
Statutory Auditors	Albino	Motter
	Eugenio	Orienti
Alternates	Grazia	Calzolari
	Rosa	Pipitone

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

* Chief Executive Officer of the Catering business unit

DIRECTORS' REPORT

Introduction

The financial statements as at 31 December 2010, 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.

On 4 March 2011 Cremonini S.p.A. re-acquired 100% control of INALCA S.p.A., ending the Joint Venture signed in 2008 with the Brazilian company JBS S.A. As an effect of this transaction, the entire production sector is again consolidated line-by-line in the 2011 financial year, while this sector was consolidated using the proportional method for the financial year ended 31 December as per the previous year.

In consideration of the significance of this transaction and to show the financial effects such acquisition would have determined, with reference to the 2010 financial year, a pro forma consolidated statement of comprehensive income that presents the effects of the line-by-line consolidation of the entire production sector is included after this report.

Group Performance and Analysis of the Results for the 2010 financial year

In the 2010 financial year the Cremonini Group recorded revenues of 2,450.9 million Euro compared to 2,242.6 million in 2009, up by 208.3 million Euro (+9.3%). The gross operating margin amounted to 155.4 million Euro, compared to 132.7 million in 2009, up by 22.7 million (+17.1%), and the operating result amounted to 93.1 million Euro, compared to 81.3 million in 2009, up by 11.8 million (+14.5%).

The operating result from normal operations amounted to 76.4 million Euro, an improvement of 20.1 million compared to 56.3 million in 2009 (+35 8%). This result was achieved thanks also to the combined contribution of the reduction of financial charges of 4.1 million and lower incidence of the Euro/Dollar exchange rate differences of 4.3 million Euro.

The Group's share of earnings was 44.0 million Euro, an improvement of 8.9 million compared to the final figure of 35.1 million in the 2009 financial year.

Finally, the Group's share of the net profit was 22.0 million Euro compared to 17.9 million Euro in 2009, up by 4.1 million.

The results for the year, even though they are up, suffered from the losses ensuing from the start-up of the new on-board contract in Spain relating to the entire Spanish market, awarded to the subsidiary Cremonini Rail Iberica through a tender at the end of 2009. The operations under this contract have penalized the gross operating margin by over 12.1 million Euro and the operating result by 16.2 million Euro in comparison with the previous year.

Below is a summary of the consolidated figures for the financial year ended as at 31 December 2010, compared with the previous financial year. For a more complete analysis of the Group's results, details have been set out below which are broken down by sector of activity.

Consolidated income statement

(in thousands of Euros)	**Year 2010**	Year 2009	Change %
Total revenues	**2,450,882**	**2,242,590**	**9.29**
Changes in inventories of work in progress, semi-finished and finished	(5,504)	851	
Value of production	**2,445,378**	**2,243,441**	**9.00**
Cost of production	(1,924,136)	(1,831,050)	
Value added	**521,242**	**412,391**	**26.40**
Personnel costs	(365,860)	(279,694)	
Gross operating margin [a]	**155,382**	**132,697**	**17.10**
Amortization, depreciation and write-downs	(62,298)	(51,377)	
Operating income [b]	**93,084**	**81,320**	**14.47**
Net financial income (charges)	(16,663)	(25,050)	
Profit from ordinary activities	**76,421**	**56,270**	**35.81**
Net income (charges) from investments	(211)	332	
Net extraordinary financial income (charges)	0	0	
Result before taxes	**76,210**	**56,602**	**34.64**
Income taxes for the financial year	(32,309)	(21,461)	
Result before minority interests	**43,901**	**35,141**	**n.a.**
(Profit) Loss attributable to minority interests	(22,010)	(17,287)	
Net profit attributable to the Group	**21,891**	**17,854**	**n.a.**

Consolidated income statement Pro-Forma (Production100%)

(in thousands of Euros)	**Year 2010**	Year 2009	Change %
Total revenues	**3,039,299**	**2,792,461**	**8.84**
Changes in inventories of work in progress, semi-finished and finished	(11,086)	1,385	
Value of production	**3,028,213**	**2,793,846**	**8.39**
Cost of production	(2,415,948)	(2,315,617)	
Value added	**612,265**	**478,229**	**28.03**
Personnel costs	(406,083)	(316,129)	
Gross operating margin [a]	**206,182**	**162,100**	**27.19**
Amortization, depreciation and write-downs	(83,981)	(69,144)	
Operating income [b]	**122,201**	**92,956**	**31.46**
Net financial income (charges)	(20,069)	(32,386)	
Profit from ordinary activities	**102,132**	**60,570**	**68.62**
Net income (charges) from investments	(356)	378	
Net extraordinary financial income (charges)	0	0	
Result before taxes	**101,776**	**60,948**	**66.99**
Income taxes for the financial year	(41,752)	(22,217)	
Result before minority interests	**60,024**	**38,731**	**54.98**
(Profit) Loss attributable to minority interests	(23,624)	(17,746)	
Net profit attributable to the Group	**36,400**	**20,985**	**73.46**

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 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)	**31.12.2010**	31.12.2009	Change %
Intangible assets	170,078	170,099	
Tangible assets	503,414	481,426	
Equity investments and other financial assets	14,819	13,618	
Total fixed assets	**688,311**	**665,143**	**3.48**
Trade net working capital			
- Trade receivables	455,845	444,973	
- Inventories	196,888	178,988	
- Trade payables	(370,340)	(359,582)	
Total trade net working capital	282,393	264,379	
Other current assets	62,847	55,597	
Other current liabilities	(94,654)	(79,518)	
Net working capital	**250,586**	**240,458**	**4.21**
Staff Severance Provision and other medium/long-term provisions	**(67,133)**	**(66,686)**	
Net invested capital	**871,764**	**838,915**	**3.92**
Shareholders' Equity attributable to the Group	187,798	167,133	
Shareholders' Equity attributable to minority interests	78,751	69,423	
Total Shareholders' Equity	**266,549**	**236,556**	**12.68**
Net medium/long-term debt	328,234	358,000	
Net short-term debt	276,981	244,359	
Net debt	**605,215**	**602,359**	**0.47**
Net equity and net debt	**871,764**	**838,915**	**3.92**

Net consolidated debt [(c)]

(in thousands of Euros)	**31.12.2010**	30.09.2010	30.06.2010	31.12.2009
Payables to banks, bonds and other financial institutions				
- due within 12 months	(390,996)	(384,480)	(462,623)	(340,144)
- due between 1 and 5 years	(300,277)	(313,090)	(263,151)	(288,995)
- due beyond 5 years	(27,973)	(23,408)	(24,468)	(69,005)
Total payables to banks, bonds and other financial institutions	**(719,246)**	**(720,978)**	**(750,242)**	**(698,144)**
Liquidity				
- cash and cash equivalents	108,592	75,657	112,703	81,229
- other financial assets	5,439	9,853	12,741	14,556
Total liquidity	**114,031**	**85,510**	**125,444**	**95,785**
Total net debt	**(605,215)**	**(635,468)**	**(624,798)**	**(602,359)**

The Group's net debt was 605,2 million Euro - a result substantially in line compared to 602.4 million Euro at 31 December 2009, though dividends of 17.5 million Euro were distributed and investments of 68.2 million were made.

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

(in thousands of Euros)	**Year 2010**	Year 2009	Change total value	Change %
Production (*)				
Net revenues	589,895	552,256	37,639	6.82
Intercompany revenues	24,328	24,794		
Total revenues	614,223	577,050	37,173	6.44
Gross operating margin	50,822	29,688	21,134	71.19
Amortization, depreciation and write-downs	(21,656)	(17,936)	(3,720)	20.74
Operating profit (loss)	29,166	11,752	17,414	148.18
Distribution				
Net revenues	1,180,956	1,128,362	52,594	4.66
Intercompany revenues	12,031	10,085		
Total revenues	1,192,987	1,138,447	54,540	4.79
Gross operating margin	83,041	73,763	9,278	12.58
Amortization, depreciation and write-downs	(11,935)	(10,415)	(1,520)	14.59
Operating profit (loss)	71,106	63,348	7,758	12.25
Catering				
Net revenues	675,494	557,923	117,571	21.07
Intercompany revenues	267	133		
Total revenues	675,761	558,056	117,705	21.09
Gross operating margin	24,546	32,448	(7,902)	(24.35)
Amortization, depreciation and write-downs	(23,850)	(18,996)	(4,854)	25.55
Operating profit (loss)	696	13,452	(12,756)	(94.83)
Holding company property and centralized activities				
Net revenues	4,538	4,049	489	12.08
Intercompany revenues	7,225	6,441		
Total revenues	11,763	10,490	1,273	12.14
Gross operating margin	(2,771)	(2,992)	221	(7.39)
Amortization, depreciation and write-downs	(4,857)	(4,030)	(827)	20.52
Operating profit (loss)	(7,628)	(7,022)	(606)	8.63
Consolidation adjustment				
Total revenues	*(43,852)*	*(41,453)*		
Gross operating margin	*(256)*	*(210)*		
Amortization, depreciation and write-downs				
Operating profit (loss)	*(256)*	*(210)*		
Total				
Total revenues	2,450,882	2,242,590	208,292	9.29
Gross operating margin	155,382	132,697	22,685	17.10
Amortization, depreciation and write-downs	(62,298)	(51,377)	(10,921)	21.26
Operating profit (loss)	93,084	81,320	11,764	14.47

I The Group's total revenues, compared to the 2009 financial year, increased by 208.3 million Euro. In detail, the Production revenues increased by 37.2 million Euro Distribution revenues were up by 54.5 million, while Catering improved by 117.7 million.

The Group's gross operating margin was up by 22.7 million Euro, with a Production increase of 21.1 million, Distribution up by 9.3 million and catering down by 7.9 million.

The consolidated gross operating profit, finally, was up by 11.8 million Euro, with a Production and Distribution increase respectively of 17.4 and 7.8 million and catering down by 12.8 million.

Breakdown of revenues from sales and services by geographic area

Year 2010 - (in thousands of Euros)										
	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	314,060	53.8	1,061,668	91.9	312,888	47.0	2,812	100.0	1,691,428	70.3
European Union	88,631	15.2	67,659	5.9	351,423	52.8	0	-	507,713	21.1
Extra-EU countries	181,159	31.0	25,529	2.2	938	0.1	0	-	207,626	8.6
Total	583,850	100.0	1,154,856	100.0	665,249	100.0	2,812	100.0	2,406,767	100.0

Year 2009 - (in thousands of Euros)										
	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	292,345	53.5	1,021,228	92.4	311,432	57.0	3,165	103.9	1,628,170	74.0
European Union	84,358	15.4	63,786	5.8	234,191	42.9	(89)	(2.9)	382,246	17.4
Extra-EU countries	169,696	31.1	20,195	1.8	459	0.1	(30)	(1.0)	190,320	8.6
Total	546,399	100.0	1,105,209	100.0	546,082	100.0	3,046	100.0	2,200,736	100.0

Consolidated balance sheet by sector

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

As at 31 December 2009 (in thousands of Euros)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	10,082	92,697	66,849	471		170,099
Tangible assets	239,203	58,168	96,612	87,443		481,426
Equity investments and other financial assets	2,324	480	4,250	6,564		13,618
Total fixed assets	**251,609**	**151,345**	**167,711**	**94,478**	**0**	**665,143**
Trade net working capital						
- *Trade receivables*	62,437	337,048	49,243	7,502	(11,257)	444,973
- *Inventories*	79,114	84,455	15,395	4	20	178,988
- *Trade payables*	(75,021)	(211,248)	(78,503)	(5,876)	11,066	(359,582)
Total trade and net working capital	66,530	210,255	(13,865)	1,630	(171)	264,379
Other current assets	17,610	17,947	13,706	12,016	(5,682)	55,597
Other current liabilities	(14,366)	(16,169)	(46,493)	(8,274)	5,784	(79,518)
Net working capital	**69,774**	**212,033**	**(46,652)**	**5,372**	**(69)**	**240,458**
Staff Severance Provision and other medium/long-term provisions	**(25,683)**	**(22,261)**	**(8,538)**	**(10,204)**		**(66,686)**
Net invested capital	**295,700**	**341,117**	**112,521**	**89,646**	**(69)**	**838,915**

Net consolidated debt broken down by sector

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

As at 31 December 2009 (in thousands of Euros)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(91,778)	(162,842)	(34,273)	(51,251)	(340,144)
- due between 1 and 5 years	(31,077)	(40,241)	(22,097)	(195,580)	(288,995)
- due beyond 5 years	(2,189)	(3,172)	(10,690)	(52,954)	(69,005)
Total payables to banks, bonds and other financial institutions	**(125,044)**	**(206,255)**	**(67,060)**	**(299,785)**	**(698,144)**
Liquidity					
- cash and cash equivalents	11,624	39,784	21,772	8,049	81,229
- other financial assets	1,994	9,299	1,177	2,086	14,556
Total liquidity	**13,618**	**49,083**	**22,949**	**10,135**	**95,785**
Securitization and internal treasury current accounts		**915**	**(27,829)**	**26,914**	**0**
Total net debt	**(111,426)**	**(156,257)**	**(71,940)**	**(262,736)**	**(602,359)**

The operating sectors of the Group

Production

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

a) Beef and meat-based products

Companies	Business carried out
INALCA JBS S.p.A. Via Spilamberto n. 30/C - Castelvetro di Modena (MO) (50% consolidated on a proportional basis)	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. (ex INALCAMMIL) Rua Deolinda Rodrigues n. 563 - Luanda - Angola	Food marketing.
INALCA ALGERIE S.ar.l. 08, Rue Cherif Hamani - Algeri – Algeria	Food marketing.
INTER INALCA ANGOLA Ltda. Rua Major Kayangulo n. 504 - Luanda - Angola	Food marketing.
INALCA KINSHASA S.p.r.l. Kinshasa 11eme - Rue Limete Industriel n. 112, Limete (Kinshasa) – Democratic Republic of Congo	Food marketing.
KASKAD OOO L.l.c. Via Vostochnaya n. 5, Odincovo (Moscow) - Russia	Real estate services.
MARR RUSSIA L.l.c. Ryabinovaja Str. 43 121471 - Moscow - Russia	Food marketing.
INALCA BRAZZAVILLE S.a r.l. 64, Avenue de France Poto-Poto (Brazzaville) Democratic Republic of Congo	Food marketing.
ZAKLADY MIESNE SOCH. S.p.z.o.o. L.l.c. Al. Jana Pawła II n. 80, Warsaw – Poland	Dormant.
TECNO-STAR DUE S.r.l. Via Modena 53, Castelvetro di Modena (MO)	Design of buildings and plants, management of maintenance and restructuring activities.
REALBEEF S.r.l. Contrada Tierzi – Flumeri (AV)	Slaughtering, processing and marketing of beef-based products.
FIORANI & C S.p.A. Via Coppalati n.52 Piacenza	Processing and marketing of beef-based products.

b) Cured meats and snacks

MONTANA ALIMENTARI S.p.A. Via Europa n. 14, Busseto (PR)	Production and marketing of food products (cured meats and delicatessen).

IBIS S.r.l. Via Europa n.14 – Busseto (PR)	Production and marketing of cured meats.
SALUMI D'EMILIA S.r.l. Via Modena n. 53 - Castelvetro di Modena (MO)	Production and marketing of cured meats.

Breakdown of revenues by activity (in thousands of Euros)	**Year 2010**	Year 2009	*Chg. %*
Beef and meat-based products	548,386	513,241	*6.85*
- intercompany revenues	(20,528)	(21,402)	
Net total	**527,858**	**491,839**	
Cured meats and gastronomy/snack food	87,483	86,220	*1.46*
- intercompany revenues	(1,118)	(1,009)	
Net total	**86,365**	**85,211**	
Total Production	**614,223**	**577,050**	***6.44***

The production sector revenues that amounted to 614.2 million Euro at 31 December 2010, increased by 37.1 million compared to 577.1 million Euro for the previous financial year. The gross operating margin increased from 29.7 to 50.8 million Euro, up by 21.1 million and the operating profit that amounted to 29.2 million Euro was up by 17.4 million compared to 11.8 million in 2009.
The profit for the year is to be attributed to the major investments made in the recent past that became fully operative in 2010, associated with a market upturn compared to the last two financial years.i.

The beef business

Signals of a recovery in consumer' expenditure were recorded in the 2010 financial year, despite the persistence of the crisis. The period was characterised by a reduction of the purchase prices of live animals (calves and cows) and a recovery of the value of the so-called fifth quarter (by-products and hides), factors that permitted an appreciable recovery of marginality both in Italy and abroad.

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 retail channel) and the portioned and processed meat products in general.

With regard to the foreign subsidiaries, good results in Angola, the Congo and Russia were confirmed The latter, notwithstanding the start-up of the new factory that took place in March and the insufficiency of raw material consequent to the imported amounts of meat in this country, achieved good profit performances.

As far as concerns the capital expenditure the following is noted:
- In Algeria, the purchase of a factory in Alger, within which the company has operated for some years;
- In Angola, the purchase of a new warehouse in Viana (Luanda) and the rectification of the area of Lobito;
- In the Congo, , the purchase of a distribution facility in Kinshasa;
- In Russia, the completion of the production/distribution platform in Odinzovo.

Cured meats and snacks sector

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

On the raw materials front, the entire year was characterised by a substantial stability of prices, in line with purchase costs at the end of 2009.

In this scenario the companies in this sector, thanks to their good competitiveness also ensured by an efficient industrial structure, succeeded in limiting the reduction of the volumes of cured meat sales to 2.2%, maintaining a balanced performance in terms of marginality as well.

It is noted that the snack division was successful in increasing its sales turnover by 11.5%, thanks to the growth of the “eating-out” market and a constant enrichment of the products range offered. Amongst these are noted the meat-based deep-frozen products and the filled bread rolls in “ATP” destined both to the bar channel and large-scale retail outlets.
Development and diversification of the sales channels continues successfully through continuous expansion of the number of agents and signing of agreements with large groups belonging to the modern distribution channels.

In the canned products division, where raw materials purchase costs instead recorded sharp increases throughout the year, the revenues recorded a substantial turnover maintenance (+0.86%), even though with a generalised contraction of the market.
The penetration action commenced in past years also permitted this division to conquer market shares previously belonging to our competitors and consolidate our position of second player in the reference market.

Capital expenditure in the year mainly regarded the fitting-out of a new department for the production of snacks and sauces, completion of the new facility for the production of sliced pre-cooked bacon for products destined to major chains operating in the catering sector and specific slicing plants, which came on stream at the beginning of 2011.

Distribution

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

Companies | **Business carried out**

Foodservice (distribuzione al catering)

MARR S.p.A. Via Spagna n. 20 - Rimini	Marketing and distribution of fresh, dried and frozen foodstuffs for catering operators.
MARR ALISURGEL S.r.l. in liquidazione Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Dormant company, now being liquidated.
MARR FOODSERVICE IBERICA S.A.U. Calle Goya n. 99, Madrid – Spain	Marketing and distribution on the Spanish market of fresh, dried and frozen foodstuffs for catering operators.
ALISEA S.c.ar.l. Via Imprunetana n. 231/b, Tavarnuzze (FI)	Hospital catering.
SFERA S.p.A. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen foodstuffs for catering operators.
AS.CA. S.p.A. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen foodstuffs for catering operators.
NEW CATERING S.r.l. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Distribution of food products to the bars and fast-food catering
BALDINI ADRIATICA PESCA S.r.l. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Marketing of fresh and frozen fish products.
EMIGEL S.r.l. Via del Carpino n. 4, Santarcangelo di Romagna (RN)	Distribution of food products to the bars and fast-food catering.

The distribution sector showed revenues growth in the 2009 financial year that rose from 1,138.4 million Euro to 1,193.0 million, up by 54.6 million Euro (+4,8%). The gross operating margin rose from 73.8 to 83.0 million Euro an increase of 9.2 million (+12.6%). The operating result amounted to 71.1 million Euro with respect to 63.3 million in 2009, up by 7.8 million (+12.3%).

In a still uncertain economic context and one showing signs of weak and discontinuous growth, expenditure on eating-out showed some growth in 2010 ("hotels, and meals out"): +1.8%) exceeding the overall figure (+0.3%) of the Italian household consumption (Ufficio Studi Confcommercio, February 2011).

It should be recorded that amongst the Euro zone countries, where a general reduction in eating-out is acknowledged in favour of eating at home, the positive trend of eating-out catering in Italy represents an exception, which has its cause mainly in the structure of a consumer model in which the convivial component is particularly accentuated (Ufficio Studi FIPE, February 2011).

In this context the MARR Group succeeded in 2010 in achieving the set growth objectives, thanks to its operating solidity, the flexibility of its business model, capacity to adapt its offer and improve service. The Group also archived another year of growth, thereby reinforcing its leadership in the Italian market of marketing and distribution of fresh, dehydrated and frozen food products destined for operators in eating-out catering.

In terms of categories of clientele, the "Street Market" category (restaurants and hotels not belonging to Groups or Chains), which represents over 60% of the turnover, registered sales of 720.9 million Euro, while sales in the "National Account" category (operators in structured commercial catering and collective catering) were 211.6 million Euro.

Sales to the customers in the Wholesale category (wholesalers) reached 243.1 million Euro, up compared to 225.2 million in 2009.
Normal investments were made during the year, mainly on buildings, plant and machinery at the Parent Company's branches.

One of the main events that took place in the year was when, in the early January 2010, the Regional Intercent-ER Agency communicated an increase of the current convention with MARR S.p.A. This relates to the supply of food and non-food products to the Public Administrations of the Emilia Romagna Region and is for an amount of 12.4 million, equal to 40% of the initial value.

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) "Agape" commercial offices, Via Giolitti n. 50 - Rome	Operating, under contract, on-board railway catering in Italy.
MOMENTUM SERVICES Ltd. Parklands Court, n. 24 -Birmingham Great Park Rubery Birmingham – United Kingdom	Operating, under contract, on-board catering on the trains connecting London with Paris and Brussels through the Euro tunnel.
GLOBAL SERVICE LOGISTICS S.r.l. Via Modena n. 53 - Castelvetro di Modena (MO)	Logistics, management and handling of goods in general.
CREMONINI RESTAURATION S.a.s. 83, Rue du Charolais, Paris – France	Operating, under contract, on-board catering in France.
RAILREST S.A. Frankrijkstraat, n. 95 - Brussels - Belgium	Operating, under contract, on-board catering on Thalys high speed trains connecting Belgium with France, Holland and Germany.
CREMONINI RAIL IBERICA S.A. (ex Rail Gourmet España S.A.) Camino del Pozo del Tio Raymundo, n. 11 - Madrid - Spain	Operating under contract, on-board catering on the high speed trains (AVE) in Spain.
CHEF EXPRESS UK LTD. 1-3 Union Street, Kingston Upon Thames, Surrey, London – United Kingdom	Not operating
CHEF EXPRESS RUSSIA Via Riabinavaia, 43A - Moscow - Russia	Not operating
LOUNGE SERVICES S.a.s 91, Rue du Faubourg Saint-Honoré – Paris - France	Management, under concession, of the business lounge in the Eurostar waiting rooms in Paris.
AVIRAIL S.a.s. 83 rue de Charolais - Paris - France	Operating logistic services on the Tgv Est and Lyria trains.

b) Commercial catering

CREMONINI S.p.A. – Commercial Division Via Modena n. 53, Castelvetro di Modena (MO)	Operator in the sector of commercial contracted catering. Specifically operating buffet services in major Italian railway stations, airports, ports and other areas. Activities transferred to Chef Express starting from October 1st 2010.
ROADHOUSE GRILL ITALIA S.r.l. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of steakhouses in Italy.
ROADHOUSE GRILL ROMA S.r.l. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of steakhouses in Rome.
TIME VENDING S.r.l Via Modena n. 53 - Castelvetro di Modena (MO)	Operation of automatic distributors for drinks, cooked food and non- food products.

Breakdown of revenues by activity (in thousands of Euros)	**Year 2010**	Year 2009	*Chg. %*
On-board catering	355,921	263,196	*35.23*
- intercompany revenues			
Net total	**355,921**	**263,196**	***35.23***
Motorway catering	166,517	146,793	*13.44*
- intercompany revenues	(837)	(1,177)	*(28.89)*
Net total	**165,680**	**145,616**	***13.78***
Commercial catering	154,160	149,448	*3.15*
- intercompany revenues		(204)	*(100.00)*
Net total	**154,160**	**149,244**	***3.29***
Total Catering	**675,761**	**558,056**	***21.09***

The distribution sector showed revenues growth in the 2010 financial year, rising from 558,1 million Euro to 675,8 million, up by 117,7 million Euro (+21,9%). The gross operating margin rose from 32,4 million Euro to 24,5 million Euro with a decrease of 7,9 million (-24,3%) and the operating result amounted to 0,7 million Euro, compared to 13.5 million in 2009, a reduction of 12,8 million .

As indicated in the preamble to this report, the results of the year were negatively influenced by the start-up of the new on-board contract relating to the entire Spanish market awarded to the subsidiary Cremonini Rail Iberica through a tender at the end of 2009.

The object of this contract is the operation of the catering and caring (sleeping carriages) services on all the high-speed (AVE) trains. These are the long distance trains (Larga Distancia and Euromed) and night trains (Trenhotel, Elipsos, Lusitania) that circulate on the entire Spanish network and that determined the assumption by Cremonini Rail Iberica, which was already operating in this market with a 20% share, of the employees of the preceding operator Wagons-Lits (Accor Group).

The financial offer, which permitted Cremonini Rail Iberica to be awarded the tender, was formulated on the basis of figures supplied by the grantor entity (RENFE) relating to a forecast of the number of trains/services/passengers, establishment/costs of the staff of the previous operators and investments to be made (materials and equipment).

The start-up of the business showed final figures of a lower number of trains to be served, higher staff costs, prevalently ascribable to existing additional contracts with the preceding operator not communicated to us and further capital expenditure incurred relative to taking over. This demonstrated an effective financial reality very much different to that understood during the tender due to the information received being incomplete and inaccurate.

These events, together with the noted crisis that has affected the Spanish market, have resulted, in the first few months of the year, onerous start-up costs that translated into a heavy loss in the financial statements of our subsidiary. This penalized the gross operating margin by 12.1 million compared to last year (+2.9 million in 2009 against -9.2 million in 2010) and the operating result by over 16.2 million (+2.4 million in 2009 against -13.8 million in 2010).

Cremonini Rail Iberica has, as an effect of the above, commenced a dispute with RENFE for the redefinition of the contractual terms that must consider the effective reality of the market served and the different operating costs from those presented during the tender.

Apart from the existing dispute, the company arranged to implement a series of actions directed at the reduction of the operating costs that have already determined a recovery of profitability and allow a forecast of a further improvement next year.

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

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

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

On-board catering

In the on-board sector, in addition to that already indicated, revenues are growing principally as an effect of the new business managed in Spain by the subsidiary Cremonini Rail Iberica S.A., and in France by the subsidiary Cremonini Restauration S.a.s. On the marginality front instead, the recovery of margin in the on-board sector in France is noted.

Amongst the significant events that took place during the period we note:

- the award to Avirail S.A. of the contract for management of the catering logistical services on-board the domestic TGV trains (with the exclusion of the TGV Est) and Lyria. This contract, which has a five years term (with an option for a further year), commenced on 1 March 2010;
- the contract with SNCF for the operation of the catering services on-board the iDTGV trains has been extended for a further twelve months. This is managed by the subsidiary Cremonini Restauration S.a.s.;
- the commencement of the on-board catering services on the trains of the new High-Speed (AVE) Madrid-Valencia line, recently inaugurated by the Spanish railways (RENFE). These services are an expansion of the contract won in December 2009 by the subsidiary Cremonini Rail Iberica.

Commercial Catering

Growth of the commercial catering sector continues, led both by catering within stations and motorway service areas and the steakhouse chain.
Growth in the commercial catering sector continues, led by both station buffets and the opening of new "Roadhouse Grill" steakhouses. Furthermore, motorway catering, where Chef Express is now confirmed as the second national operator, has final revenues that are up compared to the 2009 financial year.

We note amongst the significant events in 2010:

- commencement of the operations of three new catering points within the Genoa airport, thanks to the tender that Chef Express S.p.A. was awarded at the end of 2009;
- the opening to the public of new catering outlets within the Milan Centrale, Naples Centrale, Bolzano, Turin Porta Nuova and Messina railway stations;
- operation of the catering services within the Modena Polyclinic Hospital commenced on 1 February 2010 and, from 17 June 2010, at the Florence S. Maria Nuova Hospital;
- the sale or cessation of five service areas (Piceno, Vallescrivia Ovest, Masseria Est, Canne della Battaglia Ovest, Valmontone), thereby taking the current service areas in concession to thirty seven.

- acquisition, commencing from 1 November 2010, of the catering businesses within the Malpensa and Ciampino airports from Compass Group Italia S.p.A. Thus there are now seven Italian airports where Chef Express S.p.A. is present with its catering services.
- the acquisition of the Libreria Mondadori business division situated within the multi-functional 'Cremonini al Trevi' area a few paces from the Trevi Fountain in Rome;
- the opening to the public in Segrate (MI), Modena (in the immediate vicinity of the Modena Sud motorway toll booth), Imola (BO), Voghera (PV), Busnago (MI) and Rovigo, thereby taking the number of the Roadhouse Grill chain premises now open in Italy to 24;
- the incorporation of the new Roadhouse Grill Roma S.r.l. company, which will manage the new openings of the chain of Roadhouse Grill brand steak houses in the Rome province.

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. – Holding Division Via Modena n. 53, Castelvetro di Modena (MO)	Provides support services to Group companies in the areas of finance, insurance, legal and management/administration. It also manages the Group's real estate assets.
GLOBAL SERVICE S.r.l. Via Modena n. 53 - Castelvetro di Modena (MO)	*IT services*: centralized management of the Group's hardware and software. *Personnel services*: processing and administrative management of payrolls.
INTERJET S.r.l. Via Belvedere n. 23 - Castelvetro di Modena (MO)	Air transport services (t.p.p.) and owner of the license for rail transport.
CONS. CENTRO COMM. INGROSSO CARNI S.r.l. Via Fantoni n. 31, Bologna	Real estate services.

Relationships with unconsolidated subsidiaries, associated, controlling and related companies

With reference to the Group's relationships, in the 2009 financial year, with unconsolidated subsidiaries, associated, controlling and related companies on market conditions, it should be noted that these transactions affected the types of costs and revenues summarised in the following table. Balance sheet and income statement data are shown in specific annexes to the notes to the consolidated financial statements relating to each company, broken down by type of relationship. It should further be noted that relationships with related companies (i.e., companies referable to the controlling shareholder and outside the Cremonini Group's scope of consolidation) are on the whole, insignificant.

(in thousands of Euros)	Controlling	Subsidiaries	Associated companies	Related
Revenues				
Trade income			1,762	
Other income	4	4	2	
Total revenues	**4**	**4**	**1,764**	**-**
Costs				
Trade expense			5,179	
Other expense			44	672
Total costs	**-**	**-**	**5,223**	**672**
Loans and receivables				
Trade receivables			2,090	
Other receivables			344	
Total loans and receivables	**-**	**-**	**2,434**	**-**
Loans and payables				
Trade payables			783	
Other payables	1,400			
Total loans and payables	**1,400**	**-**	**783**	**-**

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

(in thousands of Euros)	Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Related and controlling companies:						
Cremofin S.r.l.	-	-	-	1,400	**-**	**1,400**
Total related and controlling	-	-	-	1,400	**-**	**1,400**

(in thousands of Euros)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Related and controlling companies:						
Le Cupole S.r.l.				672	**-**	**672**
Cremofin S.r.l. (parent company)			4		**4**	**-**
Total related and controlling	-	-	4	672	**4**	**672**

The payables of 672 thousand Euro to Le Cupole refer to the rental of an industrial property, in Rimini, used for some time by MARR.

Investments

During the 2010 financial year the total of the net investments made was 66.3 million Euro while cash investments were 68.2 million.

The following is the detail of the net change in intangible and tangible assets in the 2010 financial year.

(in thousands of Euros)	Production	Distribution	Catering	Others	**Total**
Intangibles					
Patents and intellectual property rights	147	104	296	22	**569**
Concessions, licenses, trademarks and similar rights	2,145	0	250	108	**2,503**
Goodwill	0	(250)	2,168	(25)	**1,893**
Intangible assets under development and advances	0	0	89	0	**89**
Other intangible assets	0	0	(21)	0	**(21)**
Total intangible assets	**2,292**	**(146)**	**2,782**	**105**	**5,033**
Tangibles					
Land and buildings	4,400	424	9,704	2,332	**16,860**
Plant and machinery	5,847	856	8,454	143	**15,300**
Industrial and business equipment	522	209	809	7	**1,547**
Other tangible assets	867	295	5,488	91	**6,741**
Tangible assets under development and advances	10,080	30	9,228	1,531	**20,869**
Total tangible assets	**21,716**	**1,814**	**33,683**	**4,104**	**61,317**
Total	**24,008**	**1,668**	**36,465**	**4,209**	**66,350**

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

Research and development

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

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

- Cured meats and snack sector – Research and development directed at the Protected Geographical Identity products and chain of high qualitative and public recognisability content continues, with research of production systems with the best qualitative and productivity standards regarding self-service products (sliced meats and portions) and finally new products are being studied to take advantage of new market requirements, for example grilled bacon.

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

Events occurring after the end of the 2010 financial year

The following events occurred after the financial year-end:

Production

- the opening of logistical branches in Italy (Calabria and Puglia);
- the start up of the operations at the new factory owned in Pointe Noire (Congo Republic);
- the start up of the operations at the factory owned in Nathalice - Kinshasa (Democratic Congo Republic);
- the opening of a cash & carry storage at Viana Park in Luanda (Angola);
- the start-up of production of the bacon department in Gazoldo;
- the start up of the biogas plant at the Ospedaletto Lodigiano (LO) factor.

Distribution

- In January 2011 MARR S.p.A. was definitively awarded the Consip (Public Partner for expense rationalisation) tender for the convention relating to the supply of food products to the Public Administrations. The convention, which has a twelve months term (renewable for a further twelve) is authorised up to a maximum expense of 34.5 million Euro and will be able to be activated by the public administration structures belonging to the various regions.

Catering

- the opening to the public of the twenty fifth Italian steakhouse with the Roadhouse Grill in Rome and the signing of further contracts for new openings of premises for the Roadhouse Grill in Rome and San Martino Siccomario (PV).
- the opening to the public of premises at the Trebbia Sud motorway service area, thus taking the service areas now in concession to thirty eight.

Holding and centralized activities

- as indicated above, on 4 March 2011 Cremonini S.p.A acquired 50% of INALCA S.p.A. from JBS S.A. ending the joint venture formed in 2008. The two companies also agreed to definitively abandon all the disputes and actions relating to the companies, executives and employees, permitting the two businesses to continue their respective activities without any restraints.

  The buy-back of 50% of Inalca S.p.A. from JBS SA was realised by the incorporation of a newco, Cremonini Produzione S.p.A., 100% held by Cremonini S.p.A., which acquired the JBS S.p.A. holding for 218,855 thousand Euro, relying on a loan organised by a pool of six banks (Unicredit, Bnl-BnpParibas, Meliorbanca-Banca Popolare dell'Emilia Romagna, Banca Popolare di Milano, the Dutch Rabobank and Banca IMI as agent). Inalca is thus 50 % directly controlled by Cremonini S.p.A. and the remaining 50% is held by newco Cremonini Produzione S.pbA., which will be merged with Inalca S.p.A. by the end of 2011.

Business Outlook

In light of the results achieved in the 2010 financial year and considering the still uncertain macroeconomic scenario, the Group aims to maintain the profitability achieved for the next financial year as well by implementing development and cost rationalisation policies.

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 2010 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 in the last part of 2010 and first few months of 2011 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, introduce 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 11,079 employees in the 12 countries where the Group operates: the majority in the European Union (96.6%) followed by Africa (1.4%) and finally non-European Union (2.0%). In 2009, with the same scope of consolidation, the establishment was instead composed of 10,139 employees.
The composition of the organisational structure based on professional stature shows 102 executives, 399 managers, 3,093 office staff and 7,485 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.

Training

The Group considers continuous training and learning a determining factor to increase and maintain its resources increasingly updated. For this reason it conducts periodic educational programmes orientated at the training of internal personnel and also of the sales force. In 2010 the Group promoted numerous training initiatives, with internal and external updating courses that varied according to the sector of which it formed part. Amongst the various initiatives undertaken, those conducted in the distribution sector are noted, which were orientated to the training of the personnel who conduct activities that influence the quality of the products, services and processes. This training involved about 600 employees, prevalently on hygiene and environmental safety.
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, of the university masters degree for Assistant Catering Manager: a professional personality in Northern Europe, which assists the manager of the premises with managerial tasks.

Environment

In the perspective of safeguarding and respecting the environment, the Group has always been meticulous in ensuring that its companies conduct their activities with reference both to the impact of their production processes and optimization of the available resources, with a constant commitment to reduce water and energy consumption and the production of solid and liquid waste. The production sector, which is involved in transformation, has equipped its production plant with the most modern technologies available in the environmental field, specifically in the water, energy and waste sectors.

Water

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

Energy

With regard to energy recovery, the Group's efforts are mainly directed at the utilisation of evolved cogeneration and thermal valorization 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 valorization of its biomass concentrations and reduction of the effect of greenhouse gas emissions.

Waste

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

The Parent Company Cremonini S.p.A.

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

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

(in thousands of Euros)	**Year 2010**	Year 2009	Chg. %
Total revenues	**6,596**	**122,035**	**(94.59)**
Changes in inventories of work in progress, semi-finished and			
Value of production	**6,596**	**122,035**	**(94.59)**
Cost of production	(7,717)	(77,487)	
Value added	**(1,121)**	**44,548**	**(102.52)**
Personnel costs	(2,075)	(35,260)	
Gross operating margin [a]	**(3,196)**	**9,288**	**(134.41)**
Amortization, depreciation and write-downs	(3,676)	(9,267)	
Operating income [b]	**(6,872)**	**21**	**n.a.**
Net financial income (charges)	(7,507)	(10,900)	
Profit from ordinary activities	**(14,379)**	**(10,879)**	**n.a.**
Net income (charges) from investments	16,842	19,016	
Net extraordinary financial income (charges)			
Result before taxes	**2,463**	**8,137**	**n.a.**
Income taxes for the financial year	3,127	2,511	
Net profit	**5,590**	**10,648**	**n.a.**

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

(in thousands of Euros)	**Year 2010**	Year 2009	*Chg. %*
Intangible assets	3	12	
Tangible assets	78,178	76,429	
Equity investments and other financial assets	264,101	263,257	
Total fixed assets	**342,282**	**339,698**	*0.76*
Trade net working capital			
- Trade receivables	28	1,368	
- Inventories	0		
- Trade payables	(2,875)	(5,040)	
Total trade net working capital	(2,847)	(3,672)	
Other current assets	10,309	10,744	
Other current liabilities	(3,269)	(7,818)	
Net working capital	**4,193**	**(746)**	*n.a.*
Staff Severance Provision and other medium/long-term provisions	**(8,862)**	**(8,799)**	
Net invested capital	**337,613**	**330,153**	*2.26*
Total Shareholders' Equity	**81,242**	**78,018**	*4.13*
Net medium/long-term debt	135,284	246,173	
Net short-term debt	121,087	5,962	
Net debt	**256,371**	**252,135**	*1.68*
Net equity and net debt	**337,613**	**330,153**	*2.26*

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 2010**	Year 2009
Payables to banks, bonds and other financial institutions		
- due within 12 months	(154,595)	(47,401)
- due between 1 and 5 years	(133,561)	(193,219)
- due beyond 5 years	(1,723)	(52,954)
Total payables to banks, bonds and other financial institutions	**(289,879)**	**(293,574)**
Liquidity		
- cash and cash equivalents	9,184	8,035
- other financial assets	2,081	2,081
Total liquidity	**11,265**	**10,116**
Securitization and internal treasury current accounts	**22,243**	**31,323**
Total net debt	**(256,371)**	**(252,135)**

As stated in the last year's report, the company transferred the catering division business branch to the subsidiary Chef Express in October 2009, including the equity investments in Italian and foreign companies through which this business is conducted.
Following this transaction, Cremonini S.p.A. has maintained management of a typical holding company therefore ceasing to run the on-board train and commercial business.
That said, the financial figures subdivided by business sector are shown in the following table.

(in thousands of Euros)	**Catering**			**Parent comp.**			**Total**		
	2010	2009	*Chg.%*	**2010**	2009	*Chg.%*	**2010**	2009	*Chg.%*
Total revenues		**117,172**	*(100.00)*	**6,596**	**4,863**	*35.64*	**6,596**	*122,035*	*(94.59)*
Changes in inventories of work in progress, semi-									
Value of production	**0**	**117,172**	*(100.00)*	**6,596**	**4,863**	*35.64*	**6,596**	*122,035*	*(94.59)*
Cost of production		(71,179)		(7,717)	(6,308)		(7,717)	*(77,487)*	
Value added	**0**	**45,993**	*(100.00)*	**(1,121)**	**(1,445)**	*22.42*	**(1,121)**	*44,548*	*(102.52)*
Personnel costs		(32,776)		(2,075)	(2,484)		(2,075)	*(35,260)*	
Gross operating margin [a]	**0**	**13,217**	*(100.00)*	**(3,196)**	**(3,929)**	*18.66*	**(3,196)**	*9,288*	*(134.41)*
Amortization, depreciation and write-downs		(6,452)		(3,676)	(2,815)		(3,676)	*(9,267)*	
Operating income [b]	**0**	**6,765**	*(100.00)*	**(6,872)**	**(6,744)**	*(1.90)*	**(6,872)**	*21*	*n.a*
Net financial income (charges)		(1,619)		(7,507)	(9,281)		(7,507)	*(10,900)*	
Profit from ordinary activities	**0**	**5,146**	*(100.00)*	**(14,379)**	**(16,025)**	*10.27*	**(14,379)**	*(10,879)*	*n.a*
Net income (charges) from investments		2,876		16,842	16,140		16,842	*19,016*	
Net extraordinary financial income (charges)	0	0		0					
Result before taxes	**0**	**8,022**	*n.a*	**2,463**	**115**	*n.a*	**2,463**	*8,137*	*n.a*
Income taxes for the financial year		*(1,885)*		3,127	*4,396*		3,127	2,511	
Net profit	**0**	*6,137*	*n.a*	**5,590**	*4,511*	*n.a*	**5,590**	*10,648*	*n.a*

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.

Property services

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

The direct services

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

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

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

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

Relationships with Group and related companies

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

(in thousands of Euros)	Parent Company	Subsidiaries	Associated companies	Related companies
Revenues				
Financial income		988		
Income from services		3,984		
Sales of goods				
Other income		18,461	228	
Total revenues	**-**	**23,433**	**228**	**-**
Costs				
Financial expense		89		
Services expense		1,019		
Purchase of goods		2		
Other expense		1,387		110
Total costs	**-**	**2,497**	**-**	**110**
Loans and receivables				
Internal treasury		39,518		
Trade receivables		343		
Other loans and receivables [(a)]		3,100		1,500
Total loans and receivables	**-**	**42,961**	**-**	**1,500**
Loans and payables				
Internal treasury		17,275		
Trade receivables		1,263		
Other loans and receivables [(a)]	1,400	761		
Total loans and payables	**1,400**	**19,299**	**-**	**-**

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

Nature of the powers conferred on the Directors

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

- to the Chairman Mr. Luigi Cremonini, in addition to the legal representation mentioned in art. 21 of the By-laws, the necessary powers were conferred for the completion of acts relating to the company's business, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 25 October 2010;
- 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 25 October 2010;
- to the Chief Executive Officer Mr. Valentino Fabbian, the necessary powers were conferred for the completion of acts relating to the specific business of catering, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 15 May 2008.

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

* * * * * * * * *

Dear Shareholders,

- Our current mandate expires with the approval of these financial statements. We invite you to resolve on this matter subject to determination of the number of the members of the Board of Directors.

- Before concluding and your decisions on this matter, we confirm that the draft financial statements for the year ended on December 2010, 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 to the Explanatory Notes for comment on individual items. We invite you to approve the financial statements for the year ended on 31 December 2010, together with the Directors' Report.

Furthermore, we propose the following allocation of the net profit for the year of Euro 5,699,403:

– a dividend of Euro 0.023 per each ordinary share having the right, with payment on 14 July 2011 and coupon surrender date (coupon no. 11) on 11 July 2011;
– allocation to the "Undistributed profits" reserve of the residual sum and that deriving from numerical rounding and thousandths calculations.

Castelvetro di Modena, 22 marzo 2011

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

FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2010

FINANCIAL STATEMENTS
CREMONINI SPA

Financial statements as at 31 December 2010

Statement of Assets and Liabilities - Assets

(in Euro)	Note	31.12.2010	31.12.2009
Non-current assets			
Tangible assets	1	78,177,831	76,428,284
Goodwill		0	0
Other intangible assets	2	3,326	12,272
Investments in subsidiaries and associated	3	262,716,485	262,144,526
Investments in other companies	4	1,120,869	756,741
Non-current financial receivables		-	-
relating to related parties		-	-
Deferred tax assets	5	1,766,929	1,804,701
Other non-current assets	6	367,072	856,210
Total non-current assets		**344,152,512**	**342,002,734**
Current assets			
Inventories		0	0
Current financial receivables	7	42,617,895	41,030,506
relating to related parties		*42,617,895*	*40,937,544*
Current trade receivables	8	1,442,923	2,774,058
relating to related parties		*342,864*	*1,079,189*
Current tax assets	9	3,213,772	701,908
Financial assets held for sale	14	2,081,075	2,081,075.0
Financial instruments / Derivatives	15	446,690.0	-
Cash and cash equivalents	10	9,184,446	8,034,598
Other current assets	11	2,377,537	4,702,665
relating to related parties		*1,500,001*	*3,173,914*
Total current assets		**61,364,338**	**59,324,810**
Total assets		**405,516,850**	**401,327,544**

Statement of Assets and Liabilities - Liabilities

(in Euros)	Nota	31.12.2010	31.12.2009
Shareholders' Equity			
Share capital	12	67,073,932	67,073,932
Reserves	13	(40,019,732)	(40,621,691)
Retained earnings		48,598,571	40,917,139
Result for the period		5,589,641	10,648,163
Total Shareholders' Equity		**81,242,412**	**78,017,543**
Non-current liabilities			
Non-current financial payables	14	135,283,760	246,080,793
Financial instruments / Derivatives	15	0	92,641.00
Employee benefits	16	436,844	581,377
Non-current provisions for risks and charges	17	2,304,034	2,540,234
Deferred tax liabilities	18	6,121,700	5,677,876
Other non-current liabilities		473	163,192
Total non-current liabilities		**144,146,811**	**255,136,113**
Current liabilities			
Current financial payables	19	173,078,240	55,027,986
relating to related parties		*18,036,431*	*7,627,354*
Financial instruments / Derivatives	15	-	-
Current tax liabilities	20	1,536,278	5,381,661
Current trade liabilities	21	3,127,054	5,235,053
relating to related parties		*1,263,295*	*1,721,054*
Other current liabilities	22	2,386,055	2,529,188
relating to related parties		*1,400,000*	*1,400,000*
Total current liabilities		**180,127,627**	**68,173,888**
Total liabilities		**405,516,850**	**401,327,544**

Financial statements as at 31 December 2010

Income statement

(in Euro)	Note	**31 December 2010**	31 December 2009
Revenues	23	4.933.443	4.356.287
relating to related parties		*3.984.003*	*3.239.748*
Other revenues	24	1.662.480	506.312
relating to related parties		*443.621*	*293.393*
Costs for purchases	25	(63.227)	(52.474)
relating to related parties		*(1.553)*	*(1.081)*
Other operating costs	26	(7.653.397)	(6.255.822)
relating to related parties		*(1.018.554)*	*(828.782)*
Personnel costs	27	(2.074.501)	(2.483.696)
Amortization and depreciation	28	(1.706.362)	(1.620.055)
Write-downs and provisions	28	(1.970.027)	(1.194.735)
Revenues from equity investments	29	16.841.590	16.140.255
relating to related parties		*16.747.727*	*16.056.287*
Financial (Income)/Charges	30	(7.507.352)	(9.281.563)
relating to related parties		*898.567*	*860.867*
Result before taxes		**2.462.647**	**114.509**
Income taxes	31	**3.126.994**	**4.396.670**
Result for the period continuing operations		**5.589.641**	**4.511.179**
Result for the period discontinued operations		0	6.136.984
Result for the period		**5.589.641**	**10.648.163**

Other comprehensive income

(in thousands of Euros)	**31 December 2010**	31 December 2009
Financial (Income)/Charges	**5.589.641**	**10.648.163**
Efficacious part of profits/(losses) on cash flow	830.288	(49.648)
Tax effect on comprehensive income components	(228.329)	13.653
Other comprehensive income components		
Comprehensive Income	**6.191.600**	**10.612.168**

Statement of changes in the shareholders' equity over the financial year ended as at 31 December 2010

(in thousands of Euros)	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Other riserves: 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 2008	**67.073.932**	**0**	**67.073.932**	**78.279.705**	**14.749.280**	**(146.379.437)**	**12.787.578**	**0**	**(22.822)**	**(40.585.696)**	**13.648.685**	**30.235.184**	**70.372.105**
Allocation of the results for the previous year:													
- retained earnings reserve											30.235.184	(30.235.184)	**0**
- distribution of dividends											(2.966.730)		**(2.966.730)**
Consolidated comprehensive income													
- Net profit (loss) for the period												10.648.163	**10.648.163**
- Other Profits/(losses), net of taxes									(35.995)	**(35.995)**			**(35.995)**
Balances at 31 December 2009	**67.073.932**	**0**	**67.073.932**	**78.279.705**	**14.749.280**	**(146.379.437)**	**12.787.578**	**0**	**(58.817)**	**(40.621.691)**	**40.917.139**	**10.648.163**	**78.017.543**
Allocation of the results for the previous year:													
- retained earnings reserve											10.648.163	(10.648.163)	**0**
- distribution of dividends											(2.966.731)		**(2.966.731)**
Consolidated comprehensive income													
- Net profit (loss) for the period												5.589.641	**5.589.641**
- Other Profits/(losses), net of taxes									601.959	**601.959**			**601.959**
Balances at 31 December 2010	**67.073.932**	**0**	**67.073.932**	**78.279.705**	**14.749.280**	**(146.379.437)**	**12.787.578**	**0**	**543.142**	**(40.019.732)**	**48.598.571**	**5.589.641**	**81.242.412**

Cash flow statements for the financial years ended as at 31 December 2010 and 2009

(in thousands of Euros)	**31.12.2010**	31.12.2009
Net profit before minority interests continuing operations	**5.590**	**4.511**
Net profit before minority interests discontinued operations	**0**	**6.137**
Amortization and depreciation	1.706	1.620
Net change in other provisions and non-monetary income items	(2.837)	8.570
Reversal of the effects of non-recurring transaction	29	0
Operating cash-flow	**4.488**	**20.838**
(Increase) decrease in trade receivables	783	(1.658)
(Increase) decrease in inventories	0	0
Increase (decrease) in trade payables	(2.179)	1.401
(Increase) decrease in other items of the working capital	1.506	(1.842)
Effects of merger	(14)	0
Change in working capital	**96**	**(2.099)**
Changes in Staff Severance Provision and other long term liabilities	(145)	(12)
CASH-FLOW FROM CONTINUING OPERATIONS	**(1.151)**	**8.079**
CASH-FLOW FROM DISCONTINUED OPERATIONS	**0**	**(29.682)**
Net (investments) in intangible assets	0	(56)
Net (investments) in tangible assets	(1.186)	(7.273)
Change in financial assets	(2.279)	(28.117)
Effects of merger	(2.845)	0
CASH-FLOW FROM CONTINUING OPERATIONS INVESTMENTS	**(6.310)**	**(35.446)**
CASH-FLOW FROM DISCONTINUED OPERATIONS INVESTMENTS	**0**	**74.671**
Cash-flow from distribution of dividends	(2.967)	(2.967)
Share capital increases, change in treasury stock and other changes	602	(36)
Cash-flow from (for) change in shareholders' equity	**(2.365)**	**(3.003)**
FREE - CASH FLOW	**(4.236)**	**25.267**
Opening net debt	(252.135)	(277.402)
Cash-flow for the year	(4.236)	25.267
Closing net debt	**(256.371)**	**(252.135)**
Increase (Decrease) in medium-long term borrowings	(110.797)	21.621
Increase (Decrease) in medium-long term liabilities for derivatives	(93)	60
Cash flow from (for) medium-long term financial activities	**(110.890)**	**21.681**
SHORT-TERM CASH FLOW FOR THE YEAR	**(115.126)**	**46.948**
Opening net short-term debt	(5.961)	(52.909)
Cash flow of the year	(115.126)	46.948
Final net short-term debt	**(121.087)**	**(5.961)**
Increase (Decrease) in short-term borrowings	116.275	(42.477)
Changes in securities and other financial receivables	0	(2.081)

Notes to the financial statements

Form and content of the financial statements

The financial statements as at 31 December 2010 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 22 March 2011.

The section on "Accounting principles" illustrates the international accounting principles adopted in the preparation of the Cremonini S.p.A. balance sheet as at 31 December 2010.

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

The Cremonini S.p.A. financial statements as at 31 December 2010 were prepared in accordance with the cost method, with the exception of the following balance sheet postings:

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

For the purposes of comparison, the financial statements as at 31 December 2010 show the figures for the financial year ended as at 31 December 2009.

The following classifications have been used:

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

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

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

Changes in accounting standards

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

New accounting standards, amendments and interpretations applicable in 2010

- IFRS 3R Business Combinations and IAS 27/R Consolidated and separate financial statements. The two standards came into force on 1 July 2009. IFRS 3R introduced some changes in the booking of business combinations that have effects on the amount of goodwill recorded, the result for the financial year in which the acquisition takes place and on the results of the subsequent financial years. IAS 27R requires that a change in the amount of the equity investment held in a subsidiary is booked as a capital transaction. As a consequence, this change does not have an impact on goodwill, and does not give rise to either profits or losses. Furthermore, the revised standard introduced changes in the recording of a loss suffered by a subsidiary as a loss of control of the subsidiary. The changes introduced by standards IFRS 3R and IAS 27R must be applied in a perspective manner and will have impacts on future acquisitions and transactions with minority shareholders. The company does not expect significant effects from the application thereof.

- IFRS 2 Share-based payments – Vesting conditions and cancellations This change to IFRS 2, "Share-based payments", was published in January 2008 and came into force in the first financial year subsequent to 1 January 2009. The standard restricts the definition of "vesting conditions" to a condition that includes an explicit or implicit obligation to provide a service. Every other condition is a "non-vesting condition" and must be taken into consideration to determine the fair value of the instrument representative of assigned capital. In the case where the reward is non-vested as a consequence of the fact that it does not meet a "non-vesting condition" that is under the control of the entity or counterparty, this must be booked as a cancellation. The company has not undertaken transactions with share-based payments with "non vesting" conditions and, as a consequence, this change does not have an impact on the company's balance sheet and income statement.

- IAS 39 "Financial instruments: recording and measurement – Eligible Hedged Items". The change clarifies that an entity is permitted to designate a portion of the fair value changes, or of the cash flows of a financial instrument, as a hedged item. The change also includes designation of the inflation as a hedged risk or portion of the risk in particular situations. This change is not applicable in the company's financial statements.

- IFRIC 15 – "Agreements for the construction of real estate". Interpretation IFRIC 15 was promulgated in July 2008. This provides clarifications and directions in connection with when the revenues originating from the construction of real estate must be recorded and in relation to application of IAS 11 "Long-term projects" or IAS 18 "Revenues from an agreement for the construction of real estate". This change is not applicable in the company's financial statements.

- IFRIC 16 "Hedging of an equity investment in a foreign company" with which the possibility of applying hedge accounting was eliminated for hedging transactions on the exchange rate differences originating between the functional foreign currency of the foreign investee company and the foreign currency used for presentation of the consolidated financial statements. This change is not applicable in the company's financial statements.

- IFRIC 17 "Distribution of non-liquid assets to the shareholders", which provides indications on the booking of a distribution of non-liquid assets to the shareholders. The interpretation clarifies when to recognise a liability, how to measure it, how to measure the assets associated thereto and when to proceed with cancellation of assets and liabilities. This interpretation is applicable for the financial years that commence from 1 July 2009; the company considers that this interpretation does not have impacts on its financial statements.

- IFRIC 18 "Transfer of assets from customers"; clarifies the accounting treatment to be adopted if the company signs a contract in which it receives a tangible asset from its customer that must be utilised to connect the customer to a network or provide them a determined access to the supply of goods and services (for example, the supply of electricity, gas, or water). This interpretation must be applied perspectively from 1 January 2010. This change is not applicable in the company's financial statements.

Accounting Standards, amendments and interpretations applicable to the financial statements for the financial years that commence after 1 January 2010

IFRIC 14 "Advance payments relating to a forecast of minimum contribution". This amendment was issued November 2009 by the International Financial Reporting Interpretations Committee (IFRIC) with the objective of eliminating an undesired consequence of IFRIC 14 when an entity subject to a minimum contribution man advance payment of contributions for which in determined circumstances the entity that madvance payment could be required to account for an expense! In the case where a defined benefits plan is subject to a minimum contribution , the modification of IFRIC 14 imposes treatment of this pre-payment as an asset, by the same standards as any other pre-payment. The company does not consider that this amendment will have significant effects on the consolidated financial statements.

IFRIC 19 "Extinction of a financial liability with instruments representative of capital". This interpretation was issued in November 2009 by the International Financial Reporting 37 Interpretations Committee (IFRIC). It provides clarifications on the accounting, by the debtor, of instruments representative of capital issued to fully or partially discharge a financial liability following renegotiation of the relative conditions. This interpretation becomes applicable from the first financial year subsequent to 30 June 2010. The company does not expect effects from application of the interpretation.

IAS 24 "Information in the financial statements on transactions with related parties". In November 2009 the International Accounting Standards Board (IASB) published a revision of the International Accounting Standard (IAS) 24 "Information in the financial statements on transactions with related parties". The changes introduced with the revision of IAS 24 simplify the definition of related parties, eliminating at the same time some inconsistencies and exempt public entities from some information requisites relating to the transactions with related parties. This interpretation becomes applicable from the first financial year commencing after

31 December 2011. Adoption of this change will not produce any effect from the viewpoint of measurement of the financial statements items.

IAS 32– "Financial instruments: presentation, classification of the rights issued". This amendment, issued in October 2009, regulates the booking of the issuance of rights denominated in currencies other than that of the issuer. This change is not applicable in the company's financial statements.

In May 2010 the IASB issued a series of changes to IFRS ("Improvements") that shall be applicable from 1 January 2011. Only those that will result in a change in the presentation, recognition and measurement of the financial statements items are mentioned below, omitting those that will only determine terminological changes.

IFRS 3 – "Business combinations": clarifies the accounting treatment of the minority interests that do not give a right to the owners to receive a proportional share of the net assets of the subsidiary.

IFRS 7 "Financial instruments": additional disclosures". accentuates the interaction of the additional information of a qualitative and quantitative type required regarding the nature of the risks relating to derivatives.

IAS 1 – "Presentation of the financial statements" requires a reconciliation of the changes of every component of shareholders' equity in the notes or financial statements schedules.

IAS 34 – "Interim financial statements": provides clarifications regarding the additional information to be provided in the preparation of the interim financial statements.

Finally, some amendments were issued that will come into force in the following financial years but for which, at the date of these financial statements, the approval by the European Union necessary for application of these has not yet been concluded.
-IFRS 7 "Financial instruments": additional information", issued in October 2010 and applicable to the financial years that commence after 1 July 2011 and intended to improve comprehension of the transfer of financial assets transactions.
-IFRS 1 – "First adoption of the International Financial Reporting Standards" (IFRS), issued in December 2010 and applicable from 1 July 2011.
-IAS 12 – "Income taxes", issued in December 2010 and applicable from 1 January 2012, relating to the measurement of the deferred taxes deriving from a functioning asset.

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

Accounting principles

For the purposes of preparing the financial statements as at 31 December 2010, the same accounting principles and criteria used in the drawing-up of the financial statements as at 31 December 2009 were applied.

The most important accounting principles used for the preparation of the financial statements were as follows:

Tangible assets

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

The rates applied are the following:

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

Leasing

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

Goodwill and other intangible assets

Intangible assets are assets that lack physical substance, controlled by the Company and capable of generating future economic benefits, as well as goodwill, whenever purchased for a valuable consideration.
Identification is defined by reference to the possibility of distinguishing acquired intangible assets from the goodwill. This requirement is normally satisfied when:

I. the intangible assets are traceable to a legal or contractual right, or
II. the asset is separable, that is it may be assigned, transferred, leased out or exchanged autonomously or is an integral part of other assets. Control over the business consists in the power to exploit the future economic benefits deriving from the assets and the possibility of limiting access to it by others.

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

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

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

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

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

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

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

Equity investments in subsidiaries, associated and other companies

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

Cash and cash equivalents

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

Receivables and other short-term assets

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

Derecognition

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

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

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

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.

Impairment of assets

In the event of cases implying an impairment of an asset, the recoverability of its value is determined by comparing the book value with the relevant recoverable value, which is the higher of the fair value, net of disposal charges and the usable value.
Failing a binding sales agreement, fair value is estimated on the basis of the value expressed by an active market, by recent transactions or on the basis of the best available information reflecting the sum the Company may gain by selling the asset.

The usable value is determined by discounting back the expected cash flows deriving from the use of the asset and, if material and reasonable determinable, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions, to be supported by documentary evidence, representing the best estimate of future economic conditions, occurring over the residual useful life of the asset, attaching greater importance to external indications. Discounting back is made at a rate that considers the risks inherent in the specific line of business.

Evaluation is made for each single asset or for the smallest identifiable group of assets generating autonomous incoming cash flows, deriving from constant use (the so-called cash generating unit). When the reasons for write-down no longer apply, the assets, except for goodwill, are revalued and the adjustment is entered in the income statement as a revaluation (value restoration). Revaluation is made at the lower between the recoverable value and the book value before write-downs previously made, minus the amortization and depreciation rates that would have been allocated should no write-down have been made.

Capital stock

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

Earnings per share

Basic and Diluted

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

Employee benefits

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

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

Provisions for liabilities and charges

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

Financial liabilities

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

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

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

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.

Recognition of costs

Costs are recognised when related to goods and services acquired and/or received over the period to which they refer.
The lease rental instalments are entered in the income statement on the basis of their pertinence.
The financial leasing instalments are entered, for as much as regards the capital portion as a reduction of the financial debt, for as much as regards the interest portion in the income statement.
Financial costs and charges for services are recognised on an accrual basis.

Dividends

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

Main 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".

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

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

- the expected inflation rate is 2%;
- the discounting back rate used is 4,15%;
- the expected annual rate of increase in the staff severance provision is 3%;
- the annual frequency rate of advances on post-employment benefits is envisaged as 2.5%;
- the turnover of employees 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 in where the derivative financial instruments do not meet all the conditions provided for the accounting treatment of the hedging derivative financial instruments (hedge accounting), these are booked at the fair value with a contra entry to the income statement.

Market Risks

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

Exchange rate risk

Cremonini S.p.A., operating mainly nationally, is marginally exposed to changes in exchange rates that therefore have little effect on the financial flows that originate from operations and loan transactions in currencies other than the European currency (Euro).
At 31 December 2009 the Parent Company didn't hold any 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 2010, 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 104 thousand Euro on an annual basis (89 thousand Euro at 31 December 2009).

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)	**31.12.2010**	31.12.2009
Current trade receivables	1,443	2,774
Other non-current assets	367	856
Other current assets	2,378	4,703
Total	**4,188**	**8,333**

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

Please refer to point 11 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 behaviour that allows it to operate in the market with the necessary flexibility and reliability for the purpose of maintaining a correct balance between the supply and use of financial resources.

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 2010				
Financial payables	173,078	133,561	1,723	308,362
Financial instruments / Derivatives	-	-	-	-
Trade Liabilities	3,127	-	-	3,127
	176,205	**133,561**	**1,723**	**311,489**
31 December 2009				
Financial payables	55,028	193,127	52,954	301,109
Financial instruments / Derivatives	-		-	-
Trade Liabilities	5,235	-	-	5,235
	60,263	**193,127**	**52,954**	**306,344**

Classes of financial instruments

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

(in thousands of Euros)	31 December 2010		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Other non-current receivable items	367		367
Current financial receivables	42,618		42,618
Current trade receivables	1,443		1,443
Current derivative financial instruments	3,214		3,214
Current tax receivables		447	447
Cash and cash equivalents	9,184		9,184
Financial activities available for sale	2,081		2,081
Other current receivable items	2,378		2,378
Total	**61,285**	**447**	**61,731**
Balance Sheet Liabilities	**Other financial liabilities**	**Derivates utilised for hedg.**	**Total**
Non-current financial payables	135,284		135,284
Current financial payables	173,078		173,078
Derivative financial instruments	-		-
Total	**308,362**	**-**	**308,362**

(in thousands of Euros)	31 December 2009		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Other non-current receivable items	856		856
Current financial receivables	41,031		41,031
Current trade receivables	2,774		2,774
Current derivative financial instruments	702		702
Cash and cash equivalents	8,035	-	8,035
Financial activities available for sale	2,081		2,081
Other current receivable items	4,703		4,703
Total	**60,181**	**-**	**60,181**
Balance Sheet Liabilities	**Other financial liabilities**	**Derivates utilised for hedg.**	**Total**
Non-current financial payables	246,081		246,081
Current financial payables	55,028		55,028
Derivative financial instruments	93		93
Total	**301,201**	**-**	**301,201**

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

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

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

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

Presentation of the financial statements

The Statement of Assets and Liabilities, Income Statement and Statement of Changes in Shareholders' Equity have been drawn up in Euros, while the Financial Statements and the Explanatory Notes have been drawn up in thousands of Euro in order to facilitate their presentation and interpretation.

Information included in the Directors' Report

With respect to the nature of the Group's business activities, the events of significance occurring after the end of the financial year, relationships with associated and related companies together with other information relating to the different business sectors in which the Group operates, please refer to the Directors' Report.

Details of the main items of the balance sheet

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 31.12.2009	Purchases	Decreases	Branch Transfer	Other	Amort.	**Balance at 31.12.2010**
Land and buildings	68,640	2,369	(38)	3,116		(1,262)	72,825
Plant and machinery	623	115				(167)	571
Industrial and business equipment	9	8				(3)	14
Other assets	1,056	189	(20)			(264)	961
Fixed assets under construction and	6,100	1,611	(3,904)				3,807
Total	**76,428**	**4,292**	**(3,962)**	**3,116**	**0**	**(1,696)**	**78,178**

Land and buildings

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

- assets contribution deriving from the merger of Società Agricola Bergognina for about 3 million Euro;
- purchase of real estate in Rome for 2 million Euro.

As at 31 December 2010 two financial lease agreements were in force related to the acquisition of buildings. The following is a summary of the transactions.

	Ca' di Sola building	Legnano building
Commencement of the lease term	01/12/2004	01/12/2005
Duration finance lease	96 months	180 months
Nr. of lease payments	95 months	179 months
Value of the leased asset	12 million Euros	3 million Euros
Down-payment	1,200 thousand Euros	300 thousand Euros
Amount of the monthly payment	117 thousand Euros	18 thousand Euros
Interest rate	Euribor	Euribor
Amount of final option	1,200 thousand Euros	300 thousand Euros
2010 payments*	1,370 thousand Euros	247 thousand Euros
Residual value as at 31 December 2010	2,9 million Euros	2.0 million Euros

* Values inclusive of indexation.

There are mortgages on the land and buildings, against loans obtained, amounting to 91,923 thousand Euro.

Plant and machinery

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

Industrial and business equipment

The reduction of the balance is ascribable to the restitution of a deposit paid in previous years for the purchase of real estate.

Other assets

The principal investments refer specifically to: the purchase of furniture and fittings for 86.5 thousand Euro, electronic machines for 5.5 thousand Euro and motor vehicles for 95.7 thousand Euro.

3. Other intangible assets

(in thousands of Euros)	Balance at 31.12.2009	Purchases	Decreases	Branch Transfer	Other	Amort.	**Balance at 31.12.2010**
Patents and intellectual property rights	12					(9)	3
Total	**12**	**0**	**0**	**0**	**0**	**(9)**	**3**

There were no purchases during the year.

4. Equity investments in subsidiaries and associated companies

The main changes in the financial year and other information on the subsidiaries and associated companies are set out in detail in annexes 5 and 6.

Equity investments in subsidiaries

The main changes that occurred during the 2010, regarded:

- The merger of Azienda Agricola Bergognina S.r.l.;
- The write-down of the equity investments in Global Service S.r.l. and Interjet S.r.l. for respectively 461 and 916 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

The change during the course of the 2010 financial year regarded the subscription of a further 739 thousand Euro to increase the share capital of Emilia Romagna Factor S.p.A.

4. Equity investments in other companies

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

5. Deferred tax assets

Prepaid taxes amounted to 1,767 thousand Euro, and mainly refers 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)	**31.12.2010**		31.12.2009	
	Amount of timing differences	**Fiscal Effect**	**Amount of timing differences**	**Fiscal Effect**
Advance Taxation				
Write-down of intangible fixed assets	0		0	
Write-down of tangible fixed assets	786		843	
Bad debt provision	3,759		3,174	
Taxed Provisions	1,879		2,375	
Interest payables deductable	0		0	
Other			171	
Total	**6,424**		**6,563**	
Taxable amount for IRPEG / IRES	**6,424**		**6,563**	
Tax Rate	27.50%		27.50%	
Advanced taxation for IRPEG / IRES		**1,767**		**1,805**
Taxable amount for IRAP	**0**		**0**	
Tax Rate	4.48%		4.48%	
Advanced taxation for IRAP		**0**		**0**
Total		**1,767**		**1,805**

6. Other non-current assets

(in thousands of Euros)	**31.12.2010**	31.12.2009
Tax assets	3	3
Other receivables	329	818
Accrued income and prepaid expenses	35	35
Total	**367**	**856**

Current assets

7. Current financial receivables

(in thousands of Euros)	**31.12.2010**	31.12.2009
Receivables from subsidiaries	42,618	40,938
Other financial receivables	-	93
Total	**42,618**	**41,031**

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

(in thousands of Euros)	**31.12.2010**	31.12.2009
Receivables from subsidiaries	**39,518**	**37,801**
Chef Express S.p.A.	-	8,424
Cons. Centro Comm. Ingrosso Carni S.r.l.	181	901
Cremonini Rail Iberica S.A.	21,855	11,121
Global Service Logistics S.r.l.	107	1,540
Global Service S.r.l.	335	202
Interjet S.r.l.	2,990	1,973
Roadhouse Grill Italia S.r.l.	14,050	12,271
SGD S.r.l.	-	16
Receivables from subsidiaries for transferred tax payables	**3,100**	**3,137**
As.Ca. S.p.A.	-	28
Chef Express S.p.A.	576	-
Cons. Centro Comm. Ingrosso Carni S.r.l.	19	46
Emigel S.r.l.	-	10
Global Service Logistics S.r.l.	6	-
Marr S.p.A.	1,970	3,025
New Catering S.r.l.	15	-
Roadhouse Grill Italia S.r.l.	509	-
Sfera S.p.A.	5	4
Società Agricola Bergognina S.r.l.	-	24
Total	**42,618**	**40,938**

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

8. Current trade receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	**31.12.2010**	31.12.2009
Receivables from customers	**1,100**	**1,695**
Due within 12 months	3,061	3,756
Provision for bad debts	(1,961)	(2,061)
Receivables from subsidiaries	**343**	**1,077**
Alisea S.c.a r.l.	10	12
As.Ca. S.p.A.	77	65
Chef Express S.p.A.	93	133
Corticella S.r.l.	3	-
Emigel S.r.l.	2	-
Frimo S.a.m.	45	94
Global Service Logistics S.r.l.	-	182
Global Service S.r.l.	-	54
Ibis S.p.A.	-	2
INALCA S.p.A.	45	50
Marr S.p.A.	-	324
Montana Alimentari S.p.A	3	2
Railrest S.A.	-	12
Roadhouse Grill Italia S.r.l.	-	120
Sfera S.p.A.	55	7
Soc. Agr. Corticella S.r.l.	-	1
Tecno-Star Due S.r.l.	10	9
Time Vending S.r.l.	-	10
Receivables from associated companies	**0**	**2**
Food & Co. S.r.l.	-	2
Total	**1,443**	**2,774**

The change in the bad debt provision was the following:

(in thousands of euros)	**31.12.2010**	31.12.2009
Initial balance	2,061	1,285
Utilized during the year	(100)	(181)
Accruals during the year	0	957
Final balance	**1,961**	**2,061**

At 31 December 2010 the trade receivables and bad debt provision were apportioned by due date as follows:

(in thousands of euros)	**31.12.2010**		31.12.2009	
	Amount	Bad Debt prov.	Amount	Bad Debt prov.
Trade receivables not overdue	1,358	(607)	1,362	
Overdue up to 30 days	62		62	
Overdue from 31 to 60 days	172		108	
Overdue from 61 to 90 days	40		65	
Overdue from 91 to 120 days	75		0	
Overdue over 120 days	1,354	(1,354)	2,159	(2,061)
Total	**3,061**	**(1,961)**	**3,756**	**(2,061)**

9. Current tax assets

(in thousands of euros)	**31.12.2010**	31.12.2009
Receivables for advance on direct taxes	1,269	117
Receivables for withholdings	26	22
VAT credit and other taxes requested for reimbursement	1,616	321
Other sundry receivables	319	258
Provision for bad debts	(16)	(16)
Total	**3,214**	**702**

The increase of the balance is mainly ascribable to the receivable for IRAP payments on account during the course of 2010 and VAT receivable deriving from the Group's VAT payment.

10. Cash and cash equivalents

(in thousands of euros)	**31.12.2010**	31.12.2009
Cash	8	4
Bank and postal accounts	9,176	8,031
Total	**9,184**	**8,035**

The balance represents the cash & cash equivalents, the existence of money in circulation and securities at the year-end.
You are referred to the 2010 cash flow statement for the evolution of the cash & cash equivalents.

11. Other current assets

(in thousands of euros)	**31.12.2010**	31.12.2009
Accrued income and prepaid expenses	102	113
Other receivables		
Advances to suppliers	252	196
Receivables from social security institutions	517	594
Guarantee deposits	40	-
Other sundry receivables	3,377	5,024
Provision for bad debts	(1,910)	(1,224)
Total	**2,378**	**4,703**

The decrease of the balance is principally ascribable to the reduction of the item "Others", and is substantially ascribable to the collection of a receivable of commercial origin, for which a prudential allocation for a write-down of 360 thousand euro was made in previous financial years.

Collection of this receivable, increased by the interest accrued interests up to the date of payment, generated a gain of about 796 thousand euro, recorded in the item "Other revenues and income".

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 2010 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 2010 the Parent Company didn't hold any treasury stock.

13. Reserves

Share premium reserve
This reserve is made up of the share premium paid by the shareholders at the time of the Public Subscription Offer in 1998.
This reserve amounting to 78,280 thousand Euro has not undergone changes compared to 31 December 2009.

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

Reserve for transition to IAS
This is the reserve set up following the first-time adoption of the International Accounting Standards.

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

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

Basic earnings per share
Basic earnings per share as at 31 December 2010 amounted to 0,0442 Euro (Euro 0,0826 as at 31 December 2009) and has been calculated on the basis of net profits of Euro 5,699,403 thousand divided by the weighted average number of ordinary shares in 2010 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)	31.12.2010	31.12.2009
Due between 1 and 5 years		
Payables to banks	131,374	189,624
Payables to other financial institutions	2,187	3,503
Total payables due between 1 and 5 years	**133,561**	**193,127**
Due beyond 5 years		
Payables to banks	474	51,535
Payables to other financial institutions	1,249	1,419
Total payables due beyond 5 years	**1,723**	**52,954**
Total	**135,284**	**246,081**

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 31.12.2010**
Overdraft	8,660	Euribor 3 months+spread	2,671	-	-	2,671
Hot Money	39,000	Euribor 3 months+spread	24,617	-	-	24,617
Mortgages		Euribor 6 months+spread	126,267	131,374	474	258,115
Other				-	-	0
Total			**153,555**	**131,374**	**474**	**285,403**

The composition of the mortgages is as follows:

Bank	Interest rate	Expiry date	Current	between 1 and 5 years	beyond 5 years	Total 31.12.2010
Centrobanca	Euribor 3 m + spread	31/12/13	4,375	8,750	-	**13,125**
Credito Italiano	Euribor 6 m + spread	30/12/11	35,432	3,214	-	**38,646**
Banca Popolare di San Felice	Euribor 3 m + spread	26/04/11	5,000	-	-	**5,000**
Banca Popolare di San Felice	Euribor 3 m + spread	15/01/19	108	490	476	**1,074**
Cassa Risparmio di Vignola	Euribor 3 m + spread	31/01/11	2,500	-	-	**2,500**
Banca M. Paschi di Siena	Euribor 3 m + spread	10/08/11	15,091	-	-	**15,091**
Banca Pop. Sondrio	Euribor 3/6 m + spread	09/01/11	15,000	-	-	**15,000**
Banca Pop. Verona	Euribor 6 m + spread	31/07/11	6,886	-	-	**6,886**
Banca Pop. Vicenza	Euribor 3 m + spread	04/05/11	10,000	-	-	**10,000**
Carisbo	Euribor 6 m + spread	16/10/11	5,714	-	-	**5,714**
Cassa Risparmio di Forli	Euribor 6 m + spread	18/07/11	1,079	-	-	**1,079**
Banca Pop. Emilia Romagna	Euribor 3 m + spread	31/01/11	2,500	-	-	**2,500**
Unicredit	Euribor 6 m + spread	30/06/15	22,800	79,800	-	**102,600**
Unicredit	Euribor 6 m + spread	30/06/15	-	40,214	-	**40,214**
Amortized Costs			(409)	(1,094)	(2)	**(1,505)**
Interest payable accrued			191	-	-	**191**
Total			**126,267**	**131,374**	**474**	**258,115**

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

Other financial institutions	Interest rate	Expiry date	Current	between 1 and 5 years	beyond 5 years	Total 31.12.2010
BNP Paribas S.p.A. (ex Locafit S.p.A.)	Euribor 3 m + spread	01/12/12	1,339	1,538		**2,877**
Banca Italease	Euribor 3 m + spread	01/12/20	148	649	1,249	**2,046**
Total			**1,487**	**2,187**	**1,249**	**4,923**

Net Debt

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

(in thousands of Euros)	**31.12.2010**	31.12.2009
A. Cash	9	4
B. Cash equivalent	9,175	8,031
C. Financial assets held for sale	2,081	2,081
D. Liquidity (A) + (B) + (C)	**11,265**	**10,116**
E. Current financial assets	**39,518**	**37,801**
F. Current bank liabilities	153,555	45,961
G. Current financial instruments	(447)	0
H. Other current financial liabilities	18,762	7,918
I- Current financial liabilities	**171,870**	**53,879**
J Current net debt (I) - (E) - (D)	**121,087**	**5,962**
K. Non current bank liabilities	131,847	241,159
M. Other non current financial liabilities	3,437	4,922
N. Non current financial instruments		92
O. Non current debt (K) + (L) + (M) + (N)	**135,284**	**246,173**
P. Net Debt (J) + (O)	**256,371**	**252,135**

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 2010, which were respected, are shown in the tables below.

Table 1:

(in thousands of Euros)	Carisbo [(a)]	Antonveneta [(a)]
Amount of the loans as at 31 December 2010		5,714
Expiry date		16/10/2011
Covenants		
Net Debt/Equity		<= 3,50
Net Debt/Ebitda		<= 5

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

Table 2:

(in thousands of Euros)	Unicredit Corporate Banking
Amount of the loans as at 31 December 2010 [(b)]	142,814
Expiry date	30/06/2015
Covenants	
Net Debt/Equity	<= 3.5
Net Debt/Ebitda	<= 4,5
Net Debt Corrent / Net Debt No Corrent	<= 1,0

Compliance with the covenants shown in table 2 is precisely verified half-yearly on the basis of the figures in the Cremonini Group's audited consolidated financial statements at 31 December and 30 June. The ratios shown in the table are only referable to the 2009 financial year, different limits are defined for the subsequent financial years.

(e) 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.

(f) The maturity indicates the last date by which the full loan must be repaid. Intermediate half-yearly repayments are also envisaged commencing from 31.12.2010.

15. Liabilities from derivative instruments

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

On 31 December 2010 the Company was involved in some "interest rate swap" hedging contracts, which substituted the variable Euribor rate with a fixed rate. These transactions, accounted for with the "hedge accounting" criteria, are shown below:

- "interest rate swap" contract with BNL for 2,9 million (maturity 01.04.2012);
- "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 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 valuation of these hedge contracts led to the recording of an asset of 446,7 thousand Euro that, in compliance with the IAS, was recorded in shareholders' equity and booked to the income statement neutralizing the economic effects produced by the underlying transactions.

16. Employee benefits

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

(in thousands of euros)	**31.12.2010**	31.12.2009
Opening balance	581	8,976
Use for the financial year	(167)	(4,249)
Transfers	(3)	(4,535)
Accrued for the year	(14)	389
Other changes	40	0
Closing balance	**437**	**581**

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)	**31.12.2010**	31.12.2009
Current value of the bonds	458	606
Unrecognised actuarial (loss)/profit	(21)	(25)
Total	**437**	**581**

17. Provisions for liabilities and charges

(in thousands of euros)	**31.12.2010**	31.12.2009
Provisions for taxes	101	101
Labour disputes	488	963
Minor lawsuits and disputes	773	689
Provision for losses on equity investments	324	0
Provision for risks and losses	618	787
Total	**2,304**	**2,540**

The item "Coverage of losses on equity investments" relates to the coverage of the loss of the subsidiary Global Service S.r.l.

On 25 August 2009 Cremonini S.p.A. received a communication of irregularity relating to Group VAT for the 2006 year. The Revenue Office - Bologna Large Tax Payers contested a higher VAT charge of 203 thousand Euro together with penalties and interest for a total of 235 thousand Euro. With regard to this, the related payment form was received during April 2010 against which an appeal was presented. On 10 January 2011 the board of judges did not recognise the amount as due and partially accepted the appeal, limiting it to the penalties raised. A 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.

18. Deferred tax liabilities

At 31 December 2010 this item of 6,122 thousand Euro mainly composes deferred taxes deriving from the write-up of the land and buildings during transition to the International Accounting Standards (5,979 thousand Euro).

(in thousands of euros)	**31.12.2010**		31.12.2009	
	Amount of timing differences	**Fiscal Effect**	**Amount of timing differences**	**Fiscal Effect**
Advance Taxation				
Derivatives - Cash Flow Hedge	447		0	
Temporary IAS differences	21,760		20,440	
Other	55		207	
Total	**22,262**		**20,647**	
Taxable amount for IRPEG / IRES	**22,262**		**20,647**	
Tax Rate	27.5%		27.5%	
Advanced taxation for IRPEG / IRES		**6,122**		**5,678**
Taxable amount for IRAP				
Tax Rate	4.48%		4.48%	
Advanced taxation for IRAP		**0**		**0**
Total		**6,122**		**5,678**

Current liabilities

19. Current financial payables

(in thousands of euros)	**31.12.2010**	31.12.2009
Payables to subsidiaries	18,036	7,627
Payables controlling companies	-	0
Payables to banks	153,555	45,961
Payables to other financial institutions	1,487	1,440
Closing balance	**173,078**	**55,028**

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

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

(in thousands of euros)	**31.12.2010**	31.12.2009
Payables to consolidated subsidiaries	**17,275**	**6,477**
Alisea S.c.a r.l.	-	21
Buffet di Arezzo S.r.l.	-	52
Chef Express S.p.A.	10,528	-
Cremonini Restauration S.a.s	3,649	5,489
Marr S.p.A.	3,098	915
Payables to subsidiaries for transferred tax receivables	**761**	**1,150**
As.Ca S.p.A.	123	-
Baldini Adriatica Pesca S.r.l.	70	89
Chef Express S.p.A.	-	337
Emigel S.r.l.	10	-
Global Service Logistics S.r.l.	-	79
Global Service S.r.l.	100	147
Guardamiglio S.r.l.	49	49
Inalca S.p.A.	15	15
Interjet S.r.l.	301	300
Marr Alisurgel S.r.l.	-	3
Montana Alimentari S.p.A	72	72
New Catering S.r.l.	-	29
Roadhouse Grill Italia S.r.l.	-	9
Salumi d'Emilia S.r.l.	21	21
Total	**18,036**	**7,627**

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

20. Current taxes payable

(in thousands of euros)	**31.12.2010**	31.12.2009
VAT	-	361
IRES	997	4,611
Withholding taxes	512	382
Substitute taxes and other taxes payable	27	28
Total	**1,536**	**5,382**

The IRES (Corporate Income Tax) payable of Euro 997 thousand euro refers to tax payable deriving from the tax consolidation, in which Cremonini S.p A. participated as consolidating company.

21. Current trade payables

(in thousands of euros)	**31.12.2010**	31.12.2009
Suppliers	**1,864**	**3,514**
Payables to consolidated subsidiaries	**1,263**	**1,721**
Baldini Adriatica Pesca S.r.l.	33	56
Chef Express S.p.A.	477	188
Cons. Centro Comm. Ingrosso Carni S.r.l.	2	-
Global Service Logistics S.r.l.	-	1,320
Global Service S.r.l.	27	26
INALCA S.p.A.	49	10
Interjet S.r.l.	2	27
Marr S.p.A.	568	1
Montana Alimentari S.p.A	17	12
New Catering S.r.l.	25	25
Quinto Valore S.c.a.r.l.	15	-
Roadhouse Grill Italia S.r.l.	9	13
Salumi d'Emilia S.r.l.	2	-
Società Agricola Bergognina S.r.l.	-	28
Tecno-Star Due S.r.l.	37	11
Time Vending S.r.l.	-	4
Total	**3,127**	**5,235**

22. Other current liabilities

(in thousands of euros)	**31.12.2010**	31.12.2009
Accrued expenses and deferred income	24	52
Inps/Inail/Scau	155	172
Inpdai/Previndai/Fasi/Besusso	31	36
Debiti verso istituti diversi	39	51
Other payables		
Advances and other payables from customers	1,415	1,406
Payables for employee remuneration	341	452
Payables for acquisition of equity investments:		
- Biancheri & C. S.r.l.		
- Buffet di stazione		
Guarantee deposits and down payments received	131	
Payables to directors and auditors	75	52
Other minor payables	175	308
Total	**2,386**	**2,529**

The payables to employees include the unpaid current remuneration at 31 December 2010 and allocations relating to deferred remuneration.

Guarantees, sureties and commitments

(in thousands of euros)	**31.12.2010**	31.12.2009
Direct guarantees – sureties		
- subsidiaries	111,548	116,789
- related companies		
- other companies	13,473	20,189
	125,021	136,978
Direct guarantees – letter of comfort		
- subsidiaries	150,378	112,118
- associated companies	100	100
	150,478	112,218
Direct guarantees – credit mandates		
- subsidiaries	37,380	63,890
	37,380	63,890
Other risks and commitments	2,500	39,460
Total guarantees, sureties and commitments	**315,379**	**352,546**

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	1,898	VAT for compensation
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc.)	Cremonini S.p.A.	8,797	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Other minor items	Cremonini S.p.A. and other subsidiaries	2,778	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**13,473**	

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 38,253 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)	**2010**	2009
Revenues from sales - Goods for resale	-	-
Revenues from sales - Others	7	6
Revenues from services	1,574	1,643
Advisory services to third parties	1,700	1,396
Rent income	1,621	1,311
Other revenues from ordinary activities	31	-
Total	**4,933**	**4,356**

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

(in thousands of Euros)	**2010**	2009
Italy	4,933	4,356
European Union	-	-
Non-EU countries	-	-
Total	**4,933**	**4,356**

24. Other revenues

(in thousands of Euros)	**2010**	2009
Contributions by suppliers and others	-	-
Other sundry revenues	1,662	506
Total	**1,662**	**506**

Sundry revenues

(in thousands of Euros)	**2010**	2009
Insurance reimbursements	96	-
Capital gains on disposal of capital goods	10	-
Other cost reimbursements	559	262
Services, consultancy and other minor revenues	997	244
Total	**1,662**	**506**

The item "Services, consultancy and miscellaneous" includes a gain of 796 thousand Euro ascribable to the recovery of a receivable, partially written down previously, booked in the item "Other current receivables".

25. Costs for purchases

(in thousands of Euros)	**2010**	2009
Costs for purchases - Goods for resale	(4)	(2)
Costs for purchases - Stationery and printed paper	(10)	(7)
Other costs for purchases	(49)	(43)
Total	**(63)**	**(52)**

26. Other operating costs

(in thousands of Euros)	**2010**	2009
Costs for services	(6,645)	(5,286)
Costs for leases and rentals	(185)	(156)
Other operating charges	(823)	(814)
Total	**(7,653)**	**(6,256)**

Costs for services

(in thousands of Euros)	**2010**	2009
Energy consumption and utilities	(275)	(260)
Maintenance and repairs	(363)	(303)
Commisions, commercial and distribution services	(1,816)	(1,044)
Third-party services and outsourcing	(97)	(141)
Purchasing services	(2)	(1)
Franchising	(5)	-
Other technical and general services	(4,087)	(3,537)
Total	**(6,645)**	**(5,286)**

Costs for leases and rentals

(in thousands of Euros)	**2010**	2009
Instalments payable	(1)	-
Lease of business premises, royalties and others	**(1)**	**0**
Leasing	(38)	(54)
Rents and charges payable other property assets	(146)	(102)
Leases and rentals related to real and personal property	**(184)**	**(156)**
Total	**(185)**	**(156)**

Other operating charges

(in thousands of Euros)	**2010**	2009
Losses on receivables	(172)	-
Indirect taxes and duties	(363)	(481)
Capital losses on disposal of assets	(3)	-
Contributions and membership fees	(64)	(67)
Other minor costs	(221)	(266)
Total	**(823)**	**(814)**

27. Personnel costs

(in thousands of Euros)	**2010**	2009
Salaries and wages	(1,543)	(1,784)
Social security contributions	(434)	(545)
Staff Severance Provision	(98)	(136)
Other personnel costs	-	(19)
Total	**(2,075)**	**(2,484)**

On 31 December 2010 the Company employed a total staff of 21 persons, as follows:

	Factory staff	Office staff	Managers	Total
Eployees as at 31.12.2009	0	13	8	21
Eployees as at 31.12.2010	**0**	**14**	**7**	**21**
Increases (decreases)	0	1	(1)	0
Average no. of employees during	**0**	**14**	**7**	**21**

28. Amortization, depreciation and write-downs

(in thousands of Euros)	**2010**	2009
Depreciation of tangible assets	(1,697)	(1,534)
Amortization of intangible assets	(9)	(86)
Write-downs and provisions	(1,970)	(1,195)
Total	**(3,676)**	**(2,815)**

Write-downs and provisions

(in thousands of Euros)	**2010**	2009
Receivables write-downs	(1,070)	(800)
Other provisions	(900)	(395)
Total	**(1,970)**	**(1,195)**

29. Revenue from equity investments

(in thousands of Euros)	**2010**	2009
Income (Charges) from investments in subs.	18,006	17,009
Income (Charges) from investments in ass. comp.	228	228
Income (Charges) from investments in other comp.	94	82
Write-down of investments	(1,486)	(1,179)
Total	**16,842**	**16,140**

Income (Charges) from equity investments in subsidiaries

(in thousands of Euros)	**2010**	2009
Dividends from subsidiaries		
Global Service S.r.l.	-	177
Marr S.p.A.	18,006	16,832
Total	**18,006**	**17,009**

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

Write-downs of investments

(in thousands of Euros)	**2010**	2009
Fernie S.r.l. in liquidazione	-	(105)
Interjet S.r.l.	(916)	(804)
Società Agricola Bergognina	-	(70)
Global Service S.r.l.	(461)	(200)
Food Trend Fundation	(109)	-
Total	**(1,486)**	**(1,179)**

30. Financial income and charge

(in thousands of Euros)	**2010**	2009
Net exchange rate differences	1	0
Income (Charges) from management of derivatives	(391)	(78)
Net financial Income (Charges)	(7,117)	(9,204)
Total	**(7,507)**	**(9,282)**

In detail:

Exchange rate differences

(in thousands of Euros)	**2010**	2009
Realised net exchange rate differences	1	-
Net exchange rates valuation differences	-	-
Total	**1**	0

Income (charges) from management of derivatives

(in thousands of Euros)	**2010**	2009
Realized Income from management of derivatives	-	5
Realized Charges from management of derivatives	(391)	(83)
Total	**(391)**	**(78)**

Net financial income (charges)

(in thousands of Euros)	**2010**	2009
Financial Income (Charges) from subsidiaries	**899**	**861**
Financial income		
- Bank interest receivable	99	80
- Other financial income	93	12
Total financial income	**192**	**92**
Financial charges		
- Interest payable on loans	(7,557)	(10,389)
- Interest payable on factoring	(4)	-
- Interest payable on current accounts and others	(423)	551
- Other bank charges	(37)	(190)
- Other sundry charges	(187)	(129)
Total financial charges	**(8,208)**	**(10,157)**
Total	**(7,117)**	**(9,204)**

The item groups together the total interest payable connected to the Group treasury service and interest, commissions and charges from banks and other financiers.
These charges reduced in 2010, mainly following the interest rates trend and average amounts of the corresponding equity balances.

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

(in thousands of Euros)	**2010**	2009
Buffet di Arezzo S.r.l..	-	(1)
Chef Express S.p.A.	102	254
Cons. Centro Comm. Ingrosso Carni S.r.l.	10	35
Cremonini Rail Iberica S.A.	462	180
Cremonini Restauration S.A.S	(34)	(8)
Ges.Car. S.r.l.	-	-
Global Service Logistics S.r.l.	15	29
Global Service S.r.l.	4	3
Interjet S.r.l.	53	39
Marr S.p.A.	(3)	12
Momentum Services Ltd	-	2
Railrest S.A.	-	(13)
Roadhouse Grill Italia S.r.l.	290	300
SGD S.r.l.	-	1
Time Vending S.r.l.	-	28
Total	**899**	**861**

31. Income taxes

(in thousands of Euros)	**2010**	2009
IRES	(16,037)	(13,381)
Net income from subs. for transferred taxable amounts	19,351	16,243
	3,314	**2,862**
IRAP	(117)	199
Provision for deferred/pre-paid taxes	(70)	1,336
	(187)	**1,535**
Total	**3,127**	**4,397**

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

Reconciliation of theoretical tax burden and actual tax burden

IRES

(in thousands of Euros)	Year 2010		Year 2009	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	**2,463**		**8,137**	
Taxation rate	27.5%		27.5%	
Theoretical tax burden		**677**		**2,238**
Permanent differences				
Non-deductible amortization and depreciation	109		437	
Write-down of financial assets (non-deductible part)	1,487		1,754	
Taxes and tax amnesties	330		61	
Other non-deductible costs	602		642	
Total	**2,528**		**2,894**	
Dividends from foreign companies	(17,460)		(18,763)	
Irap deductible				
Gains on disposals subject to substitute tax				
Other	(175)		(186)	
Total	**(17,635)**		**(18,949)**	
Timing differences deductible in future years				
Provisions to taxed funds	1,970		2,462	
Interest payables				
Other	523		421	
Total	**2,493**		**2,883**	
Timing differences taxable in future years				
Other	0		(210)	
Total	**0**		**(210)**	
Reversal of timing diff. from previous years				
Receipt of dividends related to previous year	-		-	
Total	**0**		**0**	
Use of taxed provisions	(1,881)		(346)	
Write-down of financial assets	-		-	
Other	(18)		(163)	
Total	**(1,899)**		**(509)**	
Taxable income	**(12,050)**		**(5,754)**	
Tax rate	27.5%		27.5%	
Actual tax durden		**(3,314)**		**(1,582)**

IRAP

(in thousands of Euros)	Year 2010		Year 2009	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	**2,463**		**8,137**	
Costs not relevant for IRAP				
Financial income and expense	7,507		10,900	
Other	(16,842)		(19,016)	
Personnel costs	2,075		35,260	
Deductible personnel costs	(612)		(15,998)	
Other	1,797		4,371	
Total	**(6,075)**		**15,517**	
Theoretical taxable amount	**(3,612)**		**23,654**	
Taxation rate	4.37%		4.37%	
Actual tax burden		**0**		**1,034**
Actual tax burden		**(117)**		**0**

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, 22 March 2011

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

Annexes

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

Annex 1 - Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2010;

Annex 2 - List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2010 financial year;

Annex 3 - Statement of changes in tangible assets for the financial year ended as at 31 December 2010;

Annex 4 - Statement of changes in intangible assets for the financial year ended as at 31 December 2010;

Annex 5 - List of equity investments classified in non-current assets as at 31 December 2010;

Annex 6 - List of equity investments in subsidiaries and associated companies as at 31 December 2010 (Article 2427, paragraph 5, of the Italian Civil Code).

Annex 1

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2010

(in thousands of Euros)	Treasury		Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Subsidiaries:					(a)	(b)		
Alisea Sc.a r.l.			10				**10**	**-**
Asca SpA.			77			122	**77**	**122**
Azienda Agricola Corticella Sr.l.			3				**3**	**-**
Baldini Adriatica Pesca Sr.l.				33		70	**-**	**103**
Chef Express SpA.		10,528	93	477	576		**669**	**11,005**
Cons. Centro Comm. Ingrosso Carni Sr.l.	181			2	19		**200**	**2**
Cremonini Rail Iberica SA.	21,855						**21,855**	**-**
Cremonini Restauration SA.S.		3,649					**-**	**3,649**
Emigel Sr.l.			2			11	**2**	**11**
Frimo Sa.m.			45				**45**	**-**
Global Service Logistics Sr.l.	107				6		**113**	**-**
Global Service Sr.l.	335			27		100	**335**	**127**
Guardamiglio Sr.l.						49	**-**	**49**
INALCA SpA.			45	49		15	**45**	**64**
Interjet Sr.l.	2,990			2		301	**2,990**	**303**
Marr SpA.		3,098		568	1,970		**1,970**	**3,666**
Marr Alisurgel Sr.l.							**-**	**-**
Momentum Services Ltd				1			**-**	**1**
Montana Alimentari SpA.			3	17		72	**3**	**89**
New Catering Sr.l.				24	15		**15**	**24**
Quinto Valore soc.cons.a r.l.				15			**-**	**15**
Roadhouse Grill Italia Sr.l.	14,050			9	509		**14,559**	**9**
Salumi d'Emilia Sr.l.				2		21	**-**	**23**
Sfera SpA.			55		5		**60**	**-**
Tecnostar Due Sr.l.			10	37			**10**	**37**
Total subsidiaries	**39,518**	**17,275**	**343**	**1,263**	**3,100**	**761**	**42,961**	**19,299**
Related companies:								
A.O. Konservny	-	-	-	-	1,500	-	**1,500**	**-**
Total related companies	**-**	**-**	**-**	**-**	**1,500**	**-**	**1,500**	**-**
Controlling companies:								
Cremofin Sr.l.	-	-	-	-	-	1,400	**-**	**1,400**
Total controlling companies	**-**	**-**	**-**	**-**	**-**	**1,400**	**-**	**1,400**

(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 2010 financial year

(in thousands of Euros)	Revenues				Total	Expenses				Total
	Financial	Services	Sales	Other	revenues	Financial	Services	Sales	Other	expenses
				(a)						
Subsidiaries:										
Azienda Agricola Corticella S.r.l.		11			**11**					**-**
C. Centro Comm. Ingrosso Carni S.r.l.	10	6			**16**					**-**
Chef Express S.p.A.	146	994		303	**1.443**	44	131		3	**178**
Cremonini Rail Iberica S.A.	462	81			**543**					**-**
Cremonini Restauration S.A.S.		90			**90**	34				**34**
Fiorani & C. S.p.A.		42			**42**		1			**1**
Frimo S.a.m.		45			**45**					**-**
Ges.Car. S.r.l.		7			**7**					**-**
Global Service Logistics S.r.l.	15				**15**					**-**
Global Service S.r.l.	4	54		26	**84**		80		464	**544**
Guardamiglio S.r.l.		25			**25**					**-**
Ibis S.p.A.		43			**43**					**-**
INALCA S.p.A.		885		27	**912**		145		3	**148**
Interjet S.r.l.	53	19			**72**		593		916	**1.509**
MARR S.p.A.	8	956		18.028	**18.992**	11	6		1	**18**
Momentum Services Ltd.					**-**		1			**1**
Montana Alimentari S.p.A.		342		4	**346**		21			**21**
Quinto Valore soc.cons.a r.l.					**-**		14			**14**
Railrest S.A.		12			**12**					**-**
Realbeef S.r.l.		5			**5**					**-**
Roadhouse Grill Italia S.r.l.	290	230		43	**563**		5			**5**
Salumi d'Emilia S.r.l.					**-**		1			**1**
Sara S.r.l.		3			**3**					**-**
Tecnostar Due S.r.l.		33		29	**62**		20			**20**
Time Vending S.r.l.		101		1	**102**		1	2		**3**
Total subsidiaries	**988**	**3.984**	**-**	**18.461**	**23.433**	**89**	**1.019**	**2**	**1.387**	**2.497**
Associated companies:										
Emilia Romagna Factor S.p.A.				228	**228**				-	-
Total associated companies	**-**	**-**	**-**	**228**	**228**	**-**	**-**	**-**	**-**	**-**
Related companies:										
Food Trend Foundation	-				**-**	-	-	-	110	**110**
Totale related companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**110**	**110**

(a) Other revenues include dividends from subsidiaries

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2010

(in thousands of Euros)	Opening position			Changes over the period					Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2009	Acquisitions	Net decreases	Reclass./	Other changes	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2010
Land and buildings	81,689	(13,049)	68,640	2,369	(38)	3,116		(1,262)	87,136	(14,311)	72,825
Plant and machinery	19,505	(18,882)	623	115				(167)	19,620	(19,049)	571
Industrial and business equipment	5,341	(5,332)	9	8				(3)	5,349	(5,335)	14
Other assets	13,930	(12,874)	1,056	189	(20)			(264)	14,099	(13,138)	961
Fixed assets under construction and advances	6,100		6,100	1,611	(3,904)				3,807		3,807
Total	**126,565**	**(50,137)**	**76,428**	**4,292**	**(3,962)**	**3,116**	**0**	**(1,696)**	**130,011**	**(51,833)**	**78,178**

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2010

(in thousands of Euros)	Opening position			Changes over the period					Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2009	Acquisitions	Net decreases	Reclass.	Write-downs	Other change	Amortization	Initial cost	Amortization provision	Balance at 31.12.2010
Patents and intellectual property rights	1,776	(1,764)	12						(9)	551	(548)	3
Concessions, licences, trademarks and similar rights	301	(301)	0							0	0	0
Fixed assets under development and advances			0							0	0	0
Other intangible assets	2,110	(2,110)	0							0	0	0
Total	**4,187**	**(4,175)**	**12**	**0**	**0**	**0**		**0**	**(9)**	**551**	**(548)**	**3**

Annex 5

List of equity investments classified under non-current assets as at 31 December 2010

(in thousands of Euros) Company name	Percentage	Initial value	Purchases or subscriptions	Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value
Subsidiaries:								
Chef Express S.p.A.	100,00	34.165					100,00	34.165
Cons. C. Comm. Ingr. Carni S.r.l.	86,69	5.312					86,69	5.312
Global Service S.r.l.	100,00	-	200		(461)	261	100,00	-
INALCA JBS S.p.A.	50,00	144.821					50,00	144.821
Interjet S.r.l.	100,00	1.783	800		(916)		100,00	1.667
MARR S.p.A.	58,84	67.609					58,84	67.609
Società Agricola Bergognina S.r.l.	100,00	52	75			(127)	-	-
Total subsidiaries		**253.742**	**1.075**	**-**	**(1.377)**	**134**		**253.574**
Associated companies:								
Emilia Romagna Factor S.p.A.	22,80	8.403	739				16,97	9.142 (a)
Total associated companies		**8.403**	**739**	**-**	**-**	**0**		**9.142**
Other companies:								
Futura S.p.A.		600	363					963
Other minor companies		156	4		(2)			158
Total other companies		**756**	**367**	**- -**	**2**	**-**		**1.121**
Total equity investments		**262.901**	**1.814**	**0**	**(1.379)**	**134**		**263.837**

(The change of the percentage of equity investment in Emilia Romagna Factor is consequent to the merger of Abf Factoring during the course of 2010

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2010 (Article 2427, paragraph 5, of the Italian Civil Code).

(in thousands of euros) Name	Registered office	Capital stock (in Euro if not otherwise stated)	Net profit (loss) for the year ended 31.12.2010	Net equity at 31.12.2010	Percentage held at 31.12.2010	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	(9.409)	(2.846)	1	34.165	30.419	(3.746)	
Cons. Centro Comm. Ingrosso Carni S.r.l.	Bologna	1.500.000	490	3.860	1	5.312	4.987	(325)	
Global Service S.r.l.	Castelvetro di Modena (MO)	93.000	(461)	(303)	1	0	(297)	(297)	(b)
INALCA JBS S.p.A.	Castelvetro di Modena (MO)	280.000.000	11.375	365.905	1	144.821	202.154	57.333	
Interjet S.r.l.	Castelvetro di Modena (MO)	2.500.000	(916)	1.665	1	1.667	1.665	(2)	
MARR S.p.A.	Rimini	32.909.736	45.109	202.682	1	67.609	199.804	132.195	
Total subsidiaries						**253.574**	**438.732**	**185.158**	
Associated companies:									
Emilia Romagna Factor S.p.A.	Bologna	25.000.000	1.439	39.861	16,97%	9.142	8.454	(688)	(a) (c)
Total associated companies						**9.142**	**8.454**	**(688)**	

NOTE

(a) - Figures refer to balance sheet as at 31.12.2009

(b) A provision for risks has been created against the shareholders' equity deficit.

(c) In 2010 Abf Factoring was incorporated in the company. The ownership percentage has changed accordingly.

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 2010

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 31.12.2010, 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 31.12.2010, 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 31.12.2010 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 2010 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 01.01.2010 to 31.12.2010;

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 2010, 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 2010 as required by law together with the Directors' Report, and certifies, within its authority, having verified that:

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

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

CONCLUSIONS

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

- in our opinion, the individual and consolidated financial statements for the financial year ended as at 31.12.2010 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 31.12.2010;
- we agree with the proposal of the Board of Directors on the allocation of the profit for the year.

We thank you for the trust given to us and remind you that the mandate of this Board expires with the approval of these financial statements and accordingly invite you to resolve on this matter.

Castelvetro (Mo), 28.04.2011.

The Board of Statutory Auditors

Mr. Ezio Simonelli (Chairman)

(signed)

Mr. Eugenio Orienti (standing statutory auditor)

(signed)

Mr. Albino Motter (standing statutory auditor)

(signed)

ERNST & YOUNG

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

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Fax (+39) 051 236666
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Independent auditors' report
pursuant to art. 14 of Legislative Decree n. 39 dated January 27, 2010 and art. 165-bis of Legislative Decree n. 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, 2010 and for the year then ended, comprising the balance sheet, the income statement, the other comprehensive income, the statement of changes in equity, the cash flows statement 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, 2010.

3. In our opinion, the financial statements of Cremonini S.p.A. at December 31, 2010 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. We draw your attention to the disclosures contained in the explanatory notes to the financial statements with respect to the acquisition of the 100% control of Inalca JBS S.p.A., occurred on March 4, 2011, ending the 50% joint venture started in 2008 with the Brazilian company JBS S.A.. The two venturers agreed to give up all disputes and causes in progress related to the joint venture. The acquisition of Inalca JBS S.p.A. was made through Cremonini Produzione S.p.A., a 100% owned subsidiary, which acquired the shares from JBS S.p.A. for a total amount of Euro 218.8 million, drawing down a line of credit arranged by a pool of banks. As a consequence of the acquisition, Cremonini S.p.A. directly owns 50% of Inalca JBS S.p.A. and Cremonini Produzione S.p.A. owns the remaining 50%.

5. 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, 2010.

Bologna, April 27, 2011

Reconta Ernst & Young S.p.A.

Signed by: Andrea Nobili, partner

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

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FINANCIAL STATEMENTS AS AT 31 DECEMBER 2010

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements as at 31 December 2010

Balance sheet assets

(in thousands of Euros)	Note	**Year 2010**	Year 2009
Non-current assets			
Tangible assets	1	503,415	481,426
Goodwill	2	162,081	163,412
Other intangible assets	3	7,997	6,687
Investments valued at equity	4	10,013	9,507
Investments in other companies	5	2,275	1,939
Financial instruments / Derivatives	18	16	
Non-current financial receivables	6	4,679	1,485
Deferred tax assets	7	15,134	14,995
Other non-current assets	8	11,756	12,329
Total non-current assets		**717,366**	**691,780**
Current assets			
Inventories	9	191,423	173,398
Biological assets	10	5,464	5,591
Current financial receivables	11	3,383	12,621
relating to related parties		*344*	*314*
Current trade receivables	12	461,230	448,710
relating to related parties		*2,090*	*3,860*
Current tax assets	13	24,339	17,781
Financial assets held for sale		2,081	2,136
Financial instruments / Derivatives	18	447	10
Cash and cash equivalents	14	108,592	81,229
Other current assets	15	54,039	41,884
relating to related parties		*0*	*0*
Total current assets		**850,998**	**783,360**
Total assets		**1,568,364**	**1,475,140**

Consolidated financial statements as at 31 December 2010

Balance sheet liabilities

(in thousands of Euros)	Note	**Year 2010**	Year 2009
Shareholders' Equity			
Share capital	16	67,074	67,074
Reserves	16	19,869	16,855
Retained earnings		78,964	65,350
Result for the period		21,891	17,854
Shareholders' Equity attributable to the Group		187,798	167,133
Minority interests' capital and reserves		56,741	52,136
Profit for the period attributable to minority		22,010	17,287
Shareholders' Equity attributable to minority		78,751	69,423
Total Shareholders' Equity		**266,549**	**236,556**
Non-current liabilities			
Non-current financial payables	17	327,719	357,328
Financial instruments / Derivatives	18	0	93
Employee benefits	19	22,013	23,426
Non-current provisions for risks and charges	20	8,763	7,599
Deferred tax liabilities	21	36,356	35,660
Other non-current liabilities	22	1,688	2,094
Total non-current liabilities		**396,539**	**426,200**
Current liabilities			
Current financial payables	23	390,075	336,658
relating to related parties		*0*	*0*
Financial instruments / Derivatives	18	641	829
Current tax liabilities	24	23,345	18,204
Current trade liabilities	25	411,459	386,672
relating to related parties		*783*	*1,342*
Other current liabilities	26	79,756	70,021
relating to related parties		*1,400*	*0*
Total current liabilities		**905,276**	**812,384**
Total liabilities		**1,568,364**	**1,475,140**

Consolidated financial statements as at 31 December 2010

Income statement

(in thousands of Euros)	Note	**Year 2010**	Year 2009
Revenues	27	2,406,767	2,200,736
relating to related parties		*1,762*	*2,004*
Other revenues	28	44,115	41,854
relating to related parties		*4*	*705*
Change in inventories of finished and semi-finished		(6,269)	(400)
Capitalisation of internal construction costs		765	1,251
Costs for purchases	29	(1,546,329)	(1,490,587)
relating to related parties		*(5,179)*	*(8,704)*
Other operating costs	30	(377,807)	(340,463)
relating to related parties		*(716)*	*(838)*
Personnel costs	31	(365,860)	(279,694)
Amortization and depreciation	32	(45,202)	(37,385)
Write-downs and provisions	32	(17,096)	(13,992)
Revenues from equity investments		(211)	332
relating to related parties		*(6)*	*0*
Financial (Income)/Charges	33	(16,663)	(25,050)
relating to related parties		*0*	*0*
Result before taxes		**76,210**	**56,602**
Income taxes	34	(32,309)	(21,461)
Result before minority interests		**43,901**	**35,141**
Result attributable to minority interests		(22,010)	(17,287)
Result for the period attributable to the Group		21,891	17,854

Other comprehensive income

(in thousands of Euros)	**Year 2010**	Year 2009
Result before taxes	**43,901**	**35,141**
Efficacious part of profits/(losses) on cash flow hedge instruments	967	(428)
Translation effects of the financial statements expressed in foreign currencies	2,643	(3,673)
Tax effect on comprehensive income components	(266)	118
Comprehensive Income	**47,245**	**31,158**
Result attributable to minority interests	(22,245)	(17,241)
Result for the period attributable to the Group	25,000	13,917

Statement of changes in the shareholders' equity over the financial year ended as at 31 December 2010

(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' Equity attributable to the Group	Minority interests' capital and reserves	Result attributable to minority interests	Shareholders' Equity attributable to ninority interest	Total
Balances at 31 December 2008	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(5,139)**	**(146,379)**	**(23)**	**20,524**	**29,625**	**39,000**	**156,223**	**51,063**	**14,075**	**65,138**	**221,361**
Allocation of the results of previous year:																		
- retained earnings reserve												39,000	(39,000)	**0**	14,075	(14,075)	**0**	**0**
- distribution of dividends												(2,967)		**(2,967)**	(13,131)		**(13,131)**	**(16,098)**
Net effect purchases/sales treasury stock MARR												(50)		**(50)**	(37)		**(37)**	**(87)**
Other changes												10		**10**	212		**212**	**222**
Net profit (loss) for the year													17,854	**17,854**		17,287	**17,287**	**35,141**
ended 31 December 2009								(3,633)		(36)	(3,669)	(268)		**(3,937)**	(46)		**(46)**	**(3,983)**
Balances 31 December 2009	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(8,772)**	**(146,379)**	**(59)**	**16,855**	**65,350**	**17,854**	**167,133**	**52,136**	**17,287**	**69,423**	**236,556**
Allocation of the results of previous year:																		
- retained earnings reserve												17,854	(17,854)	**0**	17,287	(17,287)	**0**	**0**
- distribution of dividends												(2,967)		**(2,967)**	(14,508)		**(14,508)**	**(17,475)**
Other changes												(1,368)		**(1,368)**	1,591		**1,591**	**223**
Net profit (loss) for the year													21,891	**21,891**		22,010	**22,010**	**43,901**
ended 31 December 2010								2,412		602	3,014	95		**3,109**	235		**235**	**3,344**
Balances 31 December 2010	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(6,360)**	**(146,379)**	**543**	**19,869**	**78,964**	**21,891**	**187,798**	**56,741**	**22,010**	**78,751**	**266,549**

Cash flow statements for the financial years ended as at 31 December 2010 and 2009

(in thousands of Euros)	**31.12.2010**	31.12.2009
Net profit before minority interests	**43,901**	**35,141**
Amortization and depreciation	45,202	37,385
Net change in other provisions and non-monetary income items	4,741	8,257
Reversal of the effects from extraordinary transactions	0	0
Operating cash-flow	**93,844**	**80,783**
(Increase) decrease in receivables from customers	(13,136)	(45,251)
(Increase) decrease in inventories	(17,713)	11,572
Increase (decrease) in payables to suppliers	9,820	18,933
(Increase) decrease in other items of the working capital	7,626	6,692
Net effects from the change in consolidation area	181	0
Change in working capital	**(13,222)**	**(8,054)**
Net change in Staff Severance Provision	(1,401)	(4,125)
CASH-FLOW FROM OPERATING ACTIVITIES	**79,221**	**68,604**
Net (investments) in intangible assets	(5,398)	(20,078)
Net (investments) in tangible assets	(60,641)	(62,553)
Change in financial assets	(1,090)	(1,084)
Net effects from the change in consolidation area	(1,040)	(2,798)
CASH-FLOW FROM INVESTING ACTIVITIES	**(68,169)**	**(86,513)**
FREE - CASH FLOW BEFORE EXTRAORDINARY TRANSACTIONS	**11,052**	**(17,909)**
Cash-flow from extraordinary transactions	**0**	**0**
Cash-flow from distribution of dividends	(17,475)	(16,098)
Capital increases, change in treasury stock and other changes, including those of minority interests	3,567	135
Cash-flow from (for) change in shareholders' equity	**(13,908)**	**(15,963)**
FREE - CASH FLOW	**(2,856)**	**(33,872)**
Opening net financial debt	(602,359)	(568,487)
Cash-flow for the period	(2,856)	(33,872)
Closing net financial debt	**(605,215)**	**(602,359)**
Increase (Decrease) medium-long term borrowings	(29,673)	53,411
Increase (Decrease) medium-long term liabilities for derivatives	(93)	59
Cash flow from (for) medium-long term financial activities	**(29,766)**	**53,470**
CASH FLOW SHORT TERM OF THE PERIOD	**(32,622)**	**19,598**
Initial net short term indebtness	(244,359)	(263,957)
Cash flow of the period	(32,622)	19,598
Final net short term indebtness	**(276,981)**	**(244,359)**
Increase (Decrease) short term borrowings	51,040	(13,166)
Changes in other securities and other financial assets	9,133	(3,270)
Increase (Decrease) short term liabilites for derivatives	(188)	432
Cash flow from (for) short term financial assets	**59,985**	**(16,004)**
INCREASE (DECREA.) CASH AND CASH EQUIVALENTS	**27,363**	**3,594**
Cash and cash equivalents at the beginning of the period	81,229	77,635
Cash flow of the period	27,363	3,594

Consolidated financial statements as at 31 December 2010

Notes

Form and content of the consolidated financial statements

The consolidated financial statements as at 31 December 2010 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 22 March 2011.

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

- land and buildings for which the fair value as at 1 January 2004 was adopted, as "deemed cost" as provided for by IFRS 1, as detailed later in this report;

the derivative contracts were entered at their fair value with a counter entry in the income statement.

For the purpose of comparison, the consolidated financial statements as at 31 December 2010 show the figures for the financial year ended as at 31 December 2009.

The following classifications were utilised:

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

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

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

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

Consolidation methods

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

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

Scope of consolidation

The consolidated financial statements as at 31 December 2010 include the financial statements of the Parent Company Cremonini S.p.A. and those of the companies it either directly or indirectly controls (including the specifically destined entities), excluding the subsidiaries whose value is not of significance.

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

Directly owned subsidiaries

Montana Farm S.p.z.o.o.
Inalca Brasil Comercio Ltda.

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 2009, 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.

In particular, compared to 31 December 2009, the following companies have been included in the scope of consolidation:

- Fiorani & C. S.p.A., a company operating in the transformation and marketing of beef-based products, is proportionally consolidated in light of the agreements that allow joint control with the majority shareholder;
- Avirail S.a.s. a 50% subsidiary of Cremonini Restauration S.a.s. managing the logistical services for the trains of the Tgv Est and Lyria lines;

Finally, compared to 31 December 2009, the following took place:

- the deconsolidation of S.G.D. as an effect of the merger into Chef Express S.p.A.;
- the deconsolidation of Arezzo S.r.l. as an effect of the merger into Chef Express S.p.A.;
- the deconsolidation of Società Agricola Bergognina S.r.l. as an effect of the merger into Cremonini S.p.A.;
- the increase of the equity investment in Frimo S.a.m. from 75.1% to 75.3%;
- the increase of the equity investment in In.Al.Ca. Algerie S.a.r.l. from 55,0% to 70.0%

Changes in accounting standards

The new IFRSs and IFRICs adopted by the EU, in effect from 1 January 2010, 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 2010

- IFRS 2 Share-based payments – Vesting conditions and cancellations. This change to IFRS 2, "Share-based payments", was published in January 2008 and came into force in the first financial year subsequent to 1 January 2009. The standard restricts the definition of "vesting conditions" to a condition that includes an explicit or implicit obligation to provide a service. Every other condition is a "non-vesting condition" and must be taken into consideration to determine the fair value of the instrument representative of assigned capital. In the case where the reward is non-vested as a consequence of the fact that it does not meet a "non-vesting condition" that is under the control of the entity or counterparty, this must be booked as a cancellation. The company has not undertaken transactions with share-based payments with "non vesting" conditions and, as a consequence, this change does not have an impact on the Group's statement of assets and liabilities and income statement.

– IAS 39 "Financial instruments: reporting and evaluation – Eligible Hedged Items". The modification clarifies that an entity may allocate a portion of the changes in fair value or the cash flow of a financial instrument as a covered element. The modification also includes the designation of inflation as a covered risk or a portion of the risk in specific situations. This modification is not applicable to the Group financial statements

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- IFRIC 15 – "Agreements for the construction of real estate". Interpretation IFRIC 15 was promulgated in July 2008. This provides clarifications and directions in connection with when the revenues originating from the construction of real estate must be recorded and in relation to application of IAS 11 "Long-term projects" or IAS 18 "Revenues from an agreement for the construction of real estate". This interpretation is not applicable to the Group's financial statements.

- IFRIC 16 "Hedging of an equity investment in a foreign company", with which the possibility of applying hedge accounting was eliminated for hedging transactions on the exchange rate differences originating between the functional foreign currency of the foreign investee company and the foreign currency used for presentation of the consolidated financial statements. This interpretation is not applicable to the Group's financial statements.

- IFRIC 17 "Distribution of non-liquid assets to the shareholders", which provides indications on the recording of a distribution of non-liquid assets to the shareholders. The interpretation clarifies when to recognise a liability, how to measure it, how to measure the assets associated thereto and when to proceed with cancellation of assets and liabilities. This interpretation applies to financial years commencing from 1 July 2009 but does not apply in the Group's financial statements.

- IFRIC 18 "Transfer of assets from customers"; clarifies the accounting treatment to be adopted if the company signs a contract in which it receives a tangible asset from its customer that must be utilised to connect the customer to a network or provide them a determined access to the supply of goods and services (for example, the supply of electricity, gas, or water). This interpretation must be applied prospectively from 1 January 2010 but does not apply to the Group's financial statements.

Accounting Standards, amendments and interpretations applicable to the financial statements for the financial years that commence after 1 January 2010

IFRIC 14 "Advance payments relating to a forecast of minimum contribution". This amendment was issued in November 2009 by the International Financial Reporting Interpretations Committee (IFRIC) with the objective of eliminating an undesired consequence of IFRIC 14 when an entity subject to a minimum contribution man advance payment of contributions for which in determined circumstances the entity that madvance payment could be required to account for an expense. In the case where a defined benefits plan is subject to a minimum contribution forecast, the modification of IFRIC 14 imposes treatment of this pre-payment as an asset, by the same standards as any other pre-payment. The Group does not consider that this amendment will have significant effects on the consolidated financial statements.

IFRIC 19 "Extinction of a financial liability with instruments representative of capital". This interpretation was issued in November 2009 by the International Financial Reporting 37 Interpretations Committee (IFRIC). It provides clarifications on the accounting, by the debtor, for instruments representing capital issued to fully or partially discharge a financial liability following renegotiation of the relative conditions. This interpretation became applicable from the first financial year subsequent to 30 June 2010. The Group does not expect effects from application of the interpretation.

IAS 24 "Information in the financial statements on transactions with related parties". In November 2009 the International Accounting Standards Board (IASB) published a revision of the International Accounting Standard (IAS) 24 "Information in the financial statements on transactions with related parties". The changes introduced with the revision of IAS 24 simplify the definition of related parties, eliminating at the same time some inconsistencies and exempting public entities from some information requisites relating to the transactions with related parties. This interpretation becomes applicable from the first financial year commencing after 31 December 2011. Adoption of this change will not produce any effect from the viewpoint of measurement of the financial statements items.

IAS 32– "Financial instruments: presentation, classification of the rights issued". This amendment, issued in October 2009, regulates the booking of the issuance of rights denominated in currencies other than that of the issuer. This change is not applicable in the Group's consolidated financial statements.

In May 2010 the IASB issued a series of changes to IFRS ("Improvements") that shall be applicable from 1 January 2011. Only those that will result in a change in the presentation, recognition and measurement of the financial statements items are mentioned below, omitting those that will only determine terminological changes.

IFRS 3 – "Business combinations": clarifies the accounting treatment of the minority interests that do not give a right to the owners to receive a proportional share of the net assets of the subsidiary.

IFRS 7 "Financial instruments": additional disclosures": accentuates the interaction of the additional information of a qualitative and quantitative type required regarding the nature of the risks relating to derivatives.

IAS 1 – "Presentation of the financial statements" requires a reconciliation of the changes of every component of shareholders' equity in the notes or financial statements schedules.

IAS 34 – "Interim financial statements": provides clarifications regarding the additional information to be provided in the preparation of the interim financial statements.

Finally, some amendments were issued that will come into force in the following financial years but for which, at the date of these financial statements, the approval by the European Union necessary for application of these has not yet been concluded:
-IFRS 7 "Financial instruments": additional information", issued in October 2010 and applicable to the financial years that commence after 1 July 2011 and intended to improve comprehension of the transfer of financial assets transactions.
-IFRS 1 – "First adoption of the International Financial Reporting Standards (IFRS), issued in December 2010 and applicable from 1 July 2011.
-IAS 12 – "Income taxes", issued in December 2010 and applicable from 1 January 2012, relating to the measurement of the deferred taxes deriving from a functioning asset.

Accounting policies

For the purposes of preparing the consolidated financial statements as at 31 December 2010, the same accounting standards and criteria applied in drawing up the IAS-IFRS reconciliation statements for the previous financial year were applied. The most important accounting policies adopted to prepare the consolidated financial statements are shown in the following points:

Tangible assets

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

Tangible assets are entered at their purchase cost or production cost, inclusive of directly allocated additional charges required to make the assets available for use. As indicated in the section on the

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

The rates applied are the following:

- Buildings	2% - 5%
- Plant and machinery	7.50%-20%
- Industrial and business equipment	15%-25%
- Other assets:	
- Electronic office machines	20%
- Office furniture and fittings	10%-15%
- Motor vehicles and means of internal transport	20%
- Cars	25%
- Other minor assets	10%-40%

Leasing

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

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

Goodwill and other intangible assets

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

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

I. the intangible assets are traceable to a legal or contractual right, or
II. the asset is separable, that is it may be assigned, transferred, leased out or exchanged autonomously or is an integral part of other assets. Control over the business consists in the power to exploit the future economic benefits deriving from the assets and the possibility of limiting access to it by others.

Intangible assets are entered at cost, measured in accordance with the criteria established for tangible assets. No revaluations are allowed, even in pursuance to specific laws.
Intangible assets with a definite useful life are systematically amortized over their useful life, based on the estimate of the period over which the assets will be used by the Group; the recoverability of their book value is determined by adopting the criteria included in the section "Impairment of assets".

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

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

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

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

Equity investments in associated and other companies

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

Inventories

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

Biological assets

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

Cash and cash equivalent

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

Crediti ed altre attività a breve

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. 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.

Impairment of assets

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

Capital stock

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

Earnings per share

Basic and Diluted

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

Financial liabilities

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

Accounting treatment of derivative contracts

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

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

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

Employee benefits

As provided by IAS 19, the staff severance provision falls within the frame of the so-called benefit plans forming post-employment benefits. The accounting treatment established for such forms of benefit requires an actuarial calculation, which allows for a future projection of the amount of Staff Severance Provision already carried and for discounting it back, in order to consider the time running before actual payment. The actuarial calculation weighs variables such as average staff employment period, inflation rates and expected interest rates. Liabilities are valued by an independent actuary.

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

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

Provisions for liabilities and charges

Provisions for liabilities and charges involve determined costs and charges, considered definite or probable, for which the amount or due date could not yet be determined at year-end. Provisions are recognised when:

I. the existence of a current, legal or implied obligation is probable, arising from a previous event;
II. the discharge of the obligation may likely carry charges;
III. the amount of the obligation may be reliably estimated.

Provisions are entered at the value representing the best estimate of the amount the Group would reasonably pay to redeem the obligation or to transfer it to third parties at the end of the period. When the financial effect of time is significant and the payment dates of the obligations are reliably estimable, the provision is discounted back; the increase in the provision, associated with the passage of time, is entered in the income statement under "Financial income (charges)". The supplementary clientele severance indemnity, as all other provisions for liabilities and charges, has been appropriated, based on a reasonable estimate of future probable liabilities, and taking the elements available into consideration.

Income taxes

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

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

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

Currency translation

Receivables and payables initially expressed in foreign currency are translated into Euro at current exchange rates. The receivables and payables originally expressed in foreign currencies are translated into Euro at the historical exchange rates at the dates of the relative transactions. The exchange rate differences realised on receipt of the receivables and payment of the payables in foreign currencies are recorded in the income statement. At the date of preparation of the annual financial statements the receivables and payables in foreign currencies are translated at the exchange rates prevailing at 31 December 2010 with recording of the relative effects to the income statement and a contra entry to the respective items of the balance sheet.
The Cremonini Group's consolidated financial statements are prepared in Euro, which is the Parent Company's functional currency and that used for presentation.
The balances included in the financial statements of each of the Group's companies are recorded in the currency of the primary economic environment where the company operates (functional currency).

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

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

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

Currency	Year-end exchange rate		Average exchange rates	
	2010	2009	2010	2009
Dollars (USA)	1.33620	1.44060	1.32570	1.39478
Dinars (Algeria)	99.26540	104.17200	98.09110	101.21200
Readjustado Kwanza (Angola)	123.79300	128.60800	121.85160	110.78400
Real (Brazil)	2.21170	2.51130	2.33140	2.76742
Roubles (Russia)	40.81960	43.15400	40.26280	44.13760
Zloty (Poland)	3.97500	4.10450	3.99470	4.32762

Stock options

In the shareholders' meeting of 2 September 2003, the subsidiary MARR S.p.A. approved a stock option plan, valued at the fair value of the capital instruments granted to the employees upon the assignment date. The fair value of the capital instruments exercised over the period, was charged to "Personnel costs" in the income statement, against an appropriate reserve in the Shareholders' Equity. The fair value of the capital instruments was measured by an independent actuary.
It is noted that the stock option plans were concluded in the 2007 financial year; assignations of the residual options were completed within said financial year and these were fully exercised within the same period.

Business combinations

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

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.

Recognition of costs

Costs are recognised when related to goods and services acquired and/or received over the period.
The lease rental instalments are entered in the income statement on the basis of their pertinence.
The financial leasing instalments are entered, for as much as regards the capital portion as a reduction of the financial debt, for as much as regards the interest portion in the income statement.
Financial costs and charges for services are recognised on an accrual basis.

Sector information

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

The principal summarized figures by business sector are shown below:

(in thousands of Euros)	**Year 2010**	Year 2009	Change total value	Change %
Production (*)				
Net revenues	589,895	552,256	37,639	6.82
Intercompany revenues	24,328	24,794		
Total revenues	614,223	577,050	37,173	6.44
Gross operating margin	50,822	29,688	21,134	71.19
Amortization, depreciation and write-downs	(21,656)	(17,936)	(3,720)	20.74
Operating profit (loss)	29,166	11,752	17,414	148.18
Distribution				
Net revenues	1,180,956	1,128,362	52,594	4.66
Intercompany revenues	12,031	10,085		
Total revenues	1,192,987	1,138,447	54,540	4.79
Gross operating margin	83,041	73,763	9,278	12.58
Amortization, depreciation and write-downs	(11,935)	(10,415)	(1,520)	14.59
Operating profit (loss)	71,106	63,348	7,758	12.25
Catering				
Net revenues	675,494	557,923	117,571	21.07
Intercompany revenues	267	133		
Total revenues	675,761	558,056	117,705	21.09
Gross operating margin	24,546	32,448	(7,902)	(24.35)
Amortization, depreciation and write-downs	(23,850)	(18,996)	(4,854)	25.55
Operating profit (loss)	696	13,452	(12,756)	(94.83)
Holding company property and centralized activities				
Net revenues	4,538	4,049	489	12.08
Intercompany revenues	7,225	6,441		
Total revenues	11,763	10,490	1,273	12.14
Gross operating margin	(2,771)	(2,992)	221	(7.39)
Amortization, depreciation and write-downs	(4,857)	(4,030)	(827)	20.52
Operating profit (loss)	(7,628)	(7,022)	(606)	8.63
Consolidation adjustment				
Total revenues	*(43,852)*	*(41,453)*		
Gross operating margin	*(256)*	*(210)*		
Amortization, depreciation and write-downs				
Operating profit (loss)	*(256)*	*(210)*		
Total				
Total revenues	2,450,882	2,242,590	208,292	9.29
Gross operating margin	155,382	132,697	22,685	17.10
Amortization, depreciation and write-downs	(62,298)	(51,377)	(10,921)	21.26
Operating profit (loss)	93,084	81,320	11,764	14.47

Breakdown of revenues from sales and services by geographic area

Year 2010 - (in thousands of Euros)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	314,060	53.8	1,061,668	91.9	312,888	47.0	2,812	100.0	1,691,428	70.3
European Union	88,631	15.2	67,659	5.9	351,423	52.8	0	-	507,713	21.1
Extra-EU countries	181,159	31.0	25,529	2.2	938	0.1	0	-	207,626	8.6
Total	583,850	100.0	1,154,856	100.0	665,249	100.0	2,812	100.0	2,406,767	100.0

Year 2009 - (in thousands of Euros)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	292,345	53.5	1,021,228	92.4	311,432	57.0	3,165	103.9	1,628,170	74.0
European Union	84,358	15.4	63,786	5.8	234,191	42.9	(89)	(2.9)	382,246	17.4
Extra-EU countries	169,696	31.1	20,195	1.8	459	0.1	(30)	(1.0)	190,320	8.6
Total	546,399	100.0	1,105,209	100.0	546,082	100.0	3,046	100.0	2,200,736	100.0

Consolidated balance sheet structure by business sector

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

As at 31 December 2009 (in thousands of Euros)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	10,082	92,697	66,849	471		170,099
Tangible assets	239,203	58,168	96,612	87,443		481,426
Equity investments and other financial assets	2,324	480	4,250	6,564		13,618
Total fixed assets	**251,609**	**151,345**	**167,711**	**94,478**	**0**	**665,143**
Trade net working capital						
- *Trade receivables*	62,437	337,048	49,243	7,502	(11,257)	444,973
- *Inventories*	79,114	84,455	15,395	4	20	178,988
- *Trade payables*	(75,021)	(211,248)	(78,503)	(5,876)	11,066	(359,582)
Total trade and net working capital	66,530	210,255	(13,865)	1,630	(171)	264,379
Other current assets	17,610	17,947	13,706	12,016	(5,682)	55,597
Other current liabilities	(14,366)	(16,169)	(46,493)	(8,274)	5,784	(79,518)
Net working capital	**69,774**	**212,033**	**(46,652)**	**5,372**	**(69)**	**240,458**
Staff Severance Provision and other medium/long-term provisions	**(25,683)**	**(22,261)**	**(8,538)**	**(10,204)**		**(66,686)**
Net invested capital	**295,700**	**341,117**	**112,521**	**89,646**	**(69)**	**838,915**

Net consolidated debt broken down by sector

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

As at 31 December 2009 (in thousands of Euros)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(91,778)	(162,842)	(34,273)	(51,251)	(340,144)
- due between 1 and 5 years	(31,077)	(40,241)	(22,097)	(195,580)	(288,995)
- due beyond 5 years	(2,189)	(3,172)	(10,690)	(52,954)	(69,005)
Total payables to banks, bonds and other financial institutions	**(125,044)**	**(206,255)**	**(67,060)**	**(299,785)**	**(698,144)**
Liquidity					
- cash and cash equivalents	11,624	39,784	21,772	8,049	81,229
- other financial assets	1,994	9,299	1,177	2,086	14,556
Total liquidity	**13,618**	**49,083**	**22,949**	**10,135**	**95,785**
Securitization and internal treasury current accounts		**915**	**(27,829)**	**26,914**	**0**
Total net debt	**(111,426)**	**(156,257)**	**(71,940)**	**(262,736)**	**(602,359)**

Main accounting judgments, estimates and assumptions adopted by Management

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

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

In order to measure any impairment of goodwill entered in the financial statements, the Group has adopted the method previously illustrated in the section on "impairment of assets". The recoverable value was determined on the basis of the calculation of the usable value.
Cash flows of cash generating units attributable to each goodwill/consolidation difference have been inferred for 2010 from the Budget for 2011, and for subsequent years from estimates calculated by corporate management utilising constant growth rates that are never higher than the programmed rate of inflation.
The average cost of capital (WACC) of 6,5% (7,75 % for MARR and its subsidiaries). The evaluation of any losses in value of the assets (impairment test on goodwill) was carried out annually with reference to 31 December 2010.

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

The Group defines the cost of each transaction with the employees, regulated with capital instruments, by referring to the fair value of the instruments at the date when they are conceded. Estimation of the fair value requires the determination of the most appropriate evaluation model for the concession of capital instruments that, accordingly, depends on the terms and conditions based on which of these instruments are conceded. This also requires identification of the data to supply the evaluation model amongst which are hypotheses on the expected life of the options, the volatility and equity return.

Specifically, it is noted that the stock option plan, approved by the shareholders' meeting of the subsidiary MARR S.p.A. on 2 September 2003, was concluded in the 2007 financial year; assignations of the residual options were completed within said financial year and these were fully exercised within the same period.

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

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

- the expected inflation rate is 2%;
- the discounting back rate used is 4,15%;
- the expected annual rate of increase in the staff severance provision is 3%;
- the annual frequency rate of advances on post-employment benefits is envisaged as 2.5%;
- the turnover of employees was 9% except for Fiorani S.p.A. that was 5%.

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

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

- the voluntary turnover provided was 13% for MARR S.p.A., 10% for Montana S.p.A, 8% for Ibis S.p.A., 7% for Asca S.p.A, 6% for Emigel S.r.l. and 5% for New Catering S.r.l.;
- the corporate voluntary turnover provided was 14% for Ibis S.p.A., 10% for Asca S.p.A., 7% for New Catering S.r.l., 10% for Montana S.p.A., and 2% for MARR S.p.A and Emigel S.r.l.;

- the discount rate utilised was 3.9%.

• 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 a strategy for the future taxes.

• Other estimates and hypotheses utilised

The following elements of the financial statements are affected by management estimates and assumptions:
- inventory obsolescence;
- amortisation and depreciation
- valuations of other assets.

Financial risk management

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

- Market risks: deriving from Group's exposure to the fluctuations in exchange rates, interest rates and volatility of the prices of the products and services sold;

- Credit risk: deriving from the possibility of bankruptcy of a counterparty;

- Liquidity risk: deriving from the absence of financial resources to meet short-term financial commitments.

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

Market 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

The Cremonini Group, operating internationally, is structurally exposed to changes in exchange rates that affect the financial flows that originate from operations and loan transactions in currencies other than the European currency (Euro).
The Group's exposures derive above all from the transactions of a trade nature regulated in United States Dollars; other exposures in foreign currencies to which the Group is subjected are those in

Russian Roubles, English Pounds, Angolan Kwanza, Polish Zloty and Algerian Dinar.

The exchange rate changes have impacted:

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

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

Sensitivity analysis

In general, an appreciation of the Euro against other currencies has a negative effect on the pre-tax profit and vice versa.
At 31 December 2010, 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	225	(249)
GB - Pounds	(42)	47
Angola - Readjustado Kwanza	770	(851)
Russia - Rubles	1,693	(1,871)

Interest rate risk

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

Sensitivity analysis

At 31 December 2010, 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 thousand Euro on an annual basis (201 thousand Euro at 31 December 2009).

Price risk

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

Credit risk

The credit risk represents the Group's exposure to potential losses deriving from the counter party's failure to meet obligations assumed and is evaluated both in commercial terms, i.e., correlated to the customer typologies and to the contractual terms and concentration of the sales, and in financial terms connected to the typology of the counter parties used in financial transactions.
The Group's operating practices allow control of the credit risk, through a procedure that monitors the merit classes of the customers that request deferment of payments, thus limiting sales of products

and/or services to customers without an adequate level of credit line and guarantees. The monitoring of the customer is based on collection of data and information on new customers and supervision of the evolution of individual credit positions. Furthermore, the receivables balance is monitored during the financial year so as to ensure that the delinquent positions are not significant.
The credit risk is also mitigated by the fact that there are no major expositions due to a concentration of positions, in view of the multiple numbers of customers and particularly distributed turnover. With regard to the financial counterparty risk deriving from the use of liquidity, the Group implements policies that limit the loan exposure with the individual financial institutions.

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

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

(in thousands of Euros)	**31.12.2010**	31.12.2009
Current trade receivables	461,230	448,710
Other non-current assets	11,756	12,329
Other current assets	54,039	41,884
Total	**527,025**	**502,923**

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

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

Liquidity risk

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

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

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

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

(in thousands of Euros)	Within 12 months	1-5 years	Over 5 years	Total
At 31 December 2010				
Financial payables	390,075	299,746	27,973	717,794
Financial instruments / Derivatives	641	-	-	641
Trade Liabilities	411,459	-	-	411,459
	802,175	**299,746**	**27,973**	**1,129,894**
At 31 December 2009				
Financial payables	336,658	288,322	69,006	693,986
Financial instruments / Derivatives	829	-	-	829
Trade Liabilities	386,672	-	-	386,672
	724,159	**288,322**	**69,006**	**1,081,487**

Classes of financial instruments

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

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

(in thousands of Euros)		31 December 2009	
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Non-current financial receivables	-	-	-
Other non-current receivable items	1,485	-	**1,485**
Current financial receivables	12,329	-	**12,329**
Current trade receivables	12,621	-	**12,621**
Current derivative financial instruments	448,710	-	**448,710**
Current derivative financial instruments	-	10	**10**
Current tax receivables	17,781	-	**17,781**
Cash and cash equivalents	81,229	-	**81,229**
Other current receivable items	41,884	-	**41,884**
Total	**616,039**	**10**	**616,049**
Balance Sheet Liabilities	**Other financial liabilities**	**Derivates utilised for hedg**	**Total**
Non-current financial payables	357,328	-	**357,328**
Current financial payables	-	93	**93**
Derivative financial instruments	336,658	-	**336,658**
Derivative financial instruments	-	829	**829**
Total	**693,986**	**922**	**694,908**

Capital management policy

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

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

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

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

Information included in the Directors' Report

With respect to the nature of the Group's business activities, the events of significance occurring after the closing of the financial year, relationships with Group and related companies and other information relating to the different business sectors in which the Group operates, please refer to the Directors' Report.

Details of the main items of the consolidated balance sheet

ASSETS

Non-current assets

Specific statements have been prepared for the two categories of non-current assets (intangible and tangible) which have been attached respectively in annex 3 and 4, that indicate for each item the historic cost, previous amortization and depreciation, changes over the period and final balances.

1. Tangible assets

(in thousands of Euros	Balance at 31.12.2009	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2010**
Land and buildings	329,434	(67)	17,192	(332)	14,137	(11,875)	348,489
Plant and machinery	86,523	547	15,940	(640)	9,478	(17,901)	93,947
Industrial and business equipment	3,602	(23)	1,573	(26)	142	(1,460)	3,808
Other assets	35,122	(56)	8,569	(1,828)	1,628	(8,814)	34,621
Fixed assets under construction and advances	26,745	(117)	25,670	(4,801)	(24,947)		22,550
Total	**481,426**	**284**	**68,944**	**(7,627)**	**438**	**(40,050)**	**503,415**

Land and buildings

The increase in the item Land and buildings above all regarded the Catering (9.704 thousand Euro) and Production (4.400 thousand Euro) sectors.
This increase in the catering sector specifically regards the purchases through financial leases by Roadhouse Grill S.r.l. for the opening of the new premises of the steakhouse chain, such as Modena Sud e Voghera, and the investments made by Cremonini for the refurbishment and updating of various station buffets.
The increase in the Production sector mainly regarded the capital expenditure by Inalca Kinshasa of about 2.8 million euro for land with buildings purchased in Kinshasa for storage and a distribution platform. INALCA has also incurred capital expenditure of about 1.3 million euro for improvements to the factories. Amongst these are the new refrigeration plant costing over 350 thousand euro and a further 150 thousand euro for the anaerobic digestion department at the Ospedaletto Lodigiano facility.
The other movements refer to reclassification of works completed in the period and previously recorded under the item "Non-current assets in progress".

Non-current tangible assets are mortgaged and have liens amounting to respectively 300.6 million Euro and 72.6 million Euro, against loans obtained.

At 31 December 2010 there were fourteen financial leases, one of which regarding the purchase of an aircraft, while the remaining leases relate to the purchase of real estate. Shown below are the summarized figures of the transactions:

	Ca' di Sola Building	Legnano Building	Opera (MI) Building
Commencement of the lease term	01/12/2004	01/12/2005	21/10/2004
Duration finance lease	96 months	180 months	96 months
Nr. of lease payments	95 months	179 months	96 months
Value of the leased asset	12 milion Euros	3 milion Euros	7 milion Euros
Initial payment at the sign of the contract	1,200 thousand Euros	300 thousand Euros	700 thousand Euros
Amount of the monthly payment	117 thousand Euros	18 thousand Euros	72 thousand Euros
Interest rate	Euribor	Euribor	Euribor
Amount of final option	1,200 thousand Euros	300 thousand Euros	350 thousand Euros
2010 payments*	1,370 thousand Euros	247 thousand Euros	834 thousand Euros
Residual value as at 31 December 2010*	2,9 milion Euros	2 milion Euros	1.9 milion Euros

	Corbetta Building	Ferrara Building	Bergamo Building
Commencement of the lease term	01/03/2007	01/06/2007	01/07/2007
Duration finance lease	180 months	180 months	180 months
Nr. of lease payments	179 months	179 months	179 months
Value of the leased asset	1.6 milion Euros	1.3 milion Euros	2.9 milion Euros
Initial payment at the sign of the contract	163 thousand Euros	133 thousand Euros	296 thousand Euros
Amount of the monthly payment	10 thousand Euros	8 thousand Euros	19 thousand Euros
Interest rate	Euribor	Euribor	Euribor
Amount of final option	326 thousand Euros	267 thousand Euros	589 thousand Euros
2010 payments*	107 thousand Euros	87 thousand Euros	193 thousand Euros
Residual value as at 31 December 2010	1.3 milion Euros	1 milion Euros	2.3 milion Euros

	Padova Building	Trezzano Building	Rozzano Building
Commencement of the lease term	29/02/2008	10/09/2008	24/09/2008
Duration finance lease	18 years	216 months	216 months
Nr. of lease payments	71 semester	215 months	215 months
Value of the leased asset	3.4 milion Euros	2.5 milion Euros	3.2 milion Euros
Initial payment at the sign of 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
2010 payments*	160 thousand Euros	152 thousand Euros	148 thousand Euros
Residual value as at 31 December 2010	2.8 milion Euros	2.8 milion Euros	2.6 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 at the sign of 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
2010 payments*	220 thousand Euros	156 thousand Euros	111 thousand Euros
Residual value as at 31 December 2010	3,0 million Euros	2,2 million Euros	3,9 million Euros

	Voghera Building	Aircraft
Commencement of the lease term	02/12/2010	01/02/2006
Duration finance lease	18 years	60 months
Nr. of lease payments	215 months	59 months
Value of the leased asset	1,5 million Euros	9,2 million Euros
Initial payment at the sign of the contract	147 thousand Euros	922 thousand Euros
Amount of the monthly payment	7 thousand Euros	137 thousand Euros
Interest rate	Euribor	Euribor
Amount of final option	147 thousand Euros	922 thousand Euros
2010 payments*	0,7 thousand Euros	1.751 thousand Euros
Residual value as at 31 December 2010	1,3 million Euros	1,0 million Euros

* Values inclusive of indication

Plant and machinery

In detail, the larger investments that make up the balance shown in the above table were made by: INALCA JBS (2.371 thousand Euro), Montana (1.661 thousand Euro), Chef Express (2.054 thousand Euro), Avirail (2.331 thousand Euro), Cremonini Rail Iberica (1.574 thousand Euro) and Cremonini Resaturation (1.505 thousand Euro), all for plant and machinery utilised in the conduct of the respective production or catering businesses.
The other movements refer to reclassification of works that were previously recorded under the item "Non-current assets in progress".

Other assets

The principal investments that are mainly attributable to Cremonini Rail Iberica refer to the acquisition of operating tangible assets following the award of the on-board catering service on all the trains of the Spanish network.
Further significant increases refer to both Chef Express and Roadhouse Grill Italia, relating to purchases of furniture and fittings.

Non-current assets under construction and advances

Most of the increases can be accounted for as follows:

- 1,380 thousand Euro for capital expenditure by the subsidiary Montana S.p.A for the construction of a new plant for sandwich production.
- 2,085 thousand Euro for capital expenditure by the subsidiary Kaskad for improvements and extensions to the new factory.
- 2,010 thousand Euro for capital expenditure by the subsidiary Inalca Angola for the purchase in progress of new storage warehouses close to Luanda.
- 1,391 thousand Euro for capital expenditure by the subsidiary Inalca Algerie for the construction of new refrigerated storage.
- 1,003 thousand Euro per for capital expenditure by the subsidiary Inalca Kinshasa for the purchase and concession of land for the new Matadi platform.
- 5,726 thousand Euro for capital expenditure related to the refurbishment of various sales outlets of the commercial catering division of the subsidiary Chef Express S.p.A. ;
- 3,21o thousand Euro for the construction and refurbishment works in the new premises of the steakhouse chain of the subsidiary Roadhouse Grill S.r.l.;

2. **Goodwill**

Goodwill is not amortized with the exclusion of that with a defined useful life, the amortization of which

is correlated to the term of the concession; recoverability of the related book value is verified at least annually and anyway when events occur that presuppose impairment.
The verification is carried out at the level of the smallest aggregate on the basis of which corporate management measures, directly or indirectly, the return on the investment that includes the goodwill (cash generating unit); for the main hypotheses utilized for the determination of recoverable value you are referred to that shown in the paragraph "Main estimates used by management and discretional measurements".

(in thousands of Euros	Balance at 31.12.2009	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2010**
Production - Beef	6,839				(94)		6,745
Production - Others	2,446						2,446
Distribution	91,626			(250)			91,376
Catering	62,075		2,168		(217)	(2,913)	61,113
Holding company and services	426			(25)			401
Total	**163,412**	**0**	**2,168**	**(275)**	**(311)**	**(2,913)**	**162,081**

- acquisition of a business division conducting catering at the airports of Milan Malpensa and Rome Ciampino;
- acquisition of a business division conducting retail sales of books, discs, films, etc., in Rome.

In detail:

(in thousands of Euros)	Malpensa and Ciampino Airport	Roma Bookshop
Acquisition price	1.200	244
Costs directly attributable to the business combination	-	-
Total cost of the business combination	**1.200**	**244**
Fair value of assets acquired and contingent liabilities assumed	36	(26)
Goodwill	**1.164**	**270**

The cost of the business combination was determined on the basis of the carrying values shown in the sale contract of the business division, appropriately reviewed in conformity with the IFRSs (but still in the verification phase between the parties). The details of the net assets and goodwill acquired are illustrated below:

Book values determined in conformity with the IFRS immediately prior to the combination	Malpensa and Ciampino Airport	Roma Bookshop
Tangible fixed assets	36	30
Payables to suppliers	0	(56)
Fair value of assets acquired, liabilities and contingent liabilities assumed	**36**	**(26)**

It is also specified that the reduction of the item, compared to 31 December 2009, is related to the adjustment of the price booked by the subsidiary Baldini Adriatica Pesca S.r.l., with reference to the acquisition of the business branch of F.lli Baldini S.r.l. in 2009.

3. Other intangible assets

(in thousands of Euros	Balance at 31.12.2009	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2010**
Patents and intellectual property rights	2,868	9	579	(10)	109	(1,309)	2,246
Concessions, licences, trademarks and similar rights	2,028	1	2,531	(28)	937	(548)	4,921
Fixed assets under development and advances	(75)		125	(36)	109		123
Long-term costs	1,866	1	11	(32)	(789)	(350)	707
Total	**6,687**	**11**	**3,246**	**(106)**	**366**	**(2,207)**	**7,997**

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.

It is noted that the increases related to the item "Concessions, licenses, brands and similar rights", are 1,572 thousand Euro ascribable to the subsidiary Marr Russia for specific Mc Donald techniques connected to the start-up of production for this important customer in Russia, as well as 560 thousand Euro, deriving from the subsidiary Inalca Kinshasa, due to the concession of land (three-year usufruct) in the Nathalice area of the Congo.

The other non-current intangible assets have a defined useful life and consequently are amortised over that life.
The item "Non-current assets under development and advances" represents capitalisation of costs for transactions in progress at the financial year-end, which will be completed in the current next financial years.

4. Equity investments measured with the net equity method

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).

<u>Equity investments in related companies</u>

The main changes in the value of the related companies refers to the write-down of the equity investment in Bell Carni S.r.l., subscription of a share capital increase of Emillia Romagna Factor, as well as a write-up of the equity investment itself as an effect of the respective financial results assumed pro quota in the consolidated financial statements; finally the decrease in the equity investment in Fiorani consequent to consolidation of the company from March 2010.

5. Investments in other companies

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

6. Non-current financial receivables

(in thousands of Euros)	31.12.2010	31.12.2009
Interest-bearing and non-interest-bearing loans to third parties	4,679	1,485
Total	**4,679**	1,485

The balance of the item at 31 December 2010 of 4,679 thousand Euro, is totally attributable to MARR S.p.A. This balance includes the quota after a year of the interest-bearing financial receivables of MARR itself from the following partners: La Cascina Soc. Coop. a r.l. (for 3,900 thousand Euro) and Adria Market (for 140 thousand Euro), other than for the quota after one year of the receivables from truckers following the sales to the latter of the transport vehicles with which MARR''s goods are handled (for a total of 639 thousand Euro).

7. Prepaid tax assets

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

8. Other non-current assets

(in thousands of Euros)	31.12.2010	31.12.2009
Trade receivables	3,492	3,817
Tax assets	2,214	3,112
Accrued income and prepaid expenses	3,391	3,198
Other receivables	2,659	2,202
Total	**11,756**	**12,329**

Trade receivables

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

Tax receivables

The decrease of the item "Non-current tax receivables" is mainly attributable to Chef Express S.p.A. and refers to reclassification to current tax receivables of a VAT receivable due in the previous financial years, following a repayment request to the Inland Revenue during the course of 2010.

Deferred income and pre-paid expenses

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

Other receivables

The item "Other non-current receivables" mainly includes (2,149 thousand Euro) other receivables for VAT on customer losses ascribable to MARR S.p.A.

Current assets

9. Inventories

(in thousands of Euros)	**31.12.2010**	31.12.2009
Raw materials, secondary materials and consumables	14,778	12,805
Work in progress and semi-finished goods	1,832	2,029
Finished goods and goods for resale	174,280	158,030
Advances	1,482	1,404
Provision for write-down of inventories	(949)	(870)
Total	**191,423**	**173,398**

10. Biological assets

The amount for biological assets all refers to the valuation of the cattle owned by the Società Agricola Corticella and Guardamiglio in compliance with IAS 41.

11. Crediti finanziari correnti

(in thousands of Euros)	**31.12.2010**	31.12.2009
Receivables from subsidiaries	**-**	**68**
Montana Farm s.p.zo.o.	-	68
Receivables from associated companies	**344**	**246**
Farm Service S.r.l.	135	135
Food & Co S.r.l.	-	111
Bell Carni (già Italbeef)	209	-
Other financial receivables	**3,039**	**12,307**
Interest-bearing and non-interest-bearing loans to third parties	40	132
Treasury receivables from minorities	2,999	12,175
Totale	**3,383**	**12,621**

The significant reduction of the balance compared to that of 2009 is mainly related in the item "Other receivables of a financial nature". Specifically, the other receivables of a financial nature principally refer to interest-bearing receivables of the subsidiary MARR. In detail they refer to the financial receivables from truckers (425 thousand Euro) following the sales to the latter of the transport vehicles with which MARR''s goods are handled, service provider partners (100 thousand Euro), other commercial and non-commercial partners (2,120 thousand Euro) to consolidate the respective commercial relationships and allow a further revenues increase, in addition to loans granted to agents (6 thousand Euro). The decrease compared to last financial year is linked to the renewal of some existing partnership contracts with some customers and their classification to medium to long-term as provided contractually.

12. Current financial receivables

Trade receivables are broken down as follows:

(in thousands of Euros)	**31.12.2010**	31.12.2009
Trade receivables	**459,140**	**444,851**
Due within 12 months	487,627	469,669
Provision for bad debts	(28,487)	(24,818)
Receivables from unconsolidated subsidiaries	**0**	**187**
Montana Farm Sp.zo.o.	-	187
Receivables from associated companies	**2,090**	**3,672**
A.O. Konservni	1,500	3,174
Farm Service S.r.l.	121	266
Fiorani & C. Sp.A.	-	30
Bell Carni (già Italbeef)	390	90
Prometex S.a.m.	-	11
Food & Co S.r.l.	79	101
Total	**461,230**	**448,710**

The Group's credit risk is mainly attributable to the amount of the trade receivables. The amounts shown in the financial statements are net of provisions for non-collectability of receivables, estimated by the Group's management on the basis of historical experience and their measurement in the current economic context.

At 31 December 2010 the composition of the overdue trade receivables from third parties is the following:

(in thousands of Euros)	**31.12.2010**		31.12.2009	
	Amount	Bad Debt Prov.	Amount	Bad Debt Prov.
Trade receivables not overdue	300,073	(807)	282,093	(259)
Overdue up to 30 days	55,721	(94)	52,933	(109)
Overdue from 31 to 60 days	26,499	(151)	26,135	(143)
Overdue from 61 to 90 days	22,131	(225)	26,789	(220)
Overdue from 91 to 120 days	87,234	(27,749)	85,829	(24,380)
Total	**491,658**	**(29,026)**	**473,779**	**(25,111)**

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)	31.12.2010	31.12.2009
Receivables for advance on direct taxes	1,816	1,642
Receivables for withholdings	4,416	77
VAT credit and other taxes requested for reimbursement	12,826	10,070
Other sundry receivables	5,350	6,060
Bad debts provision	(69)	(68)
Total	**24,339**	**17,781**

The item "VAT receivables and other taxes for which a refund has been requested" is mainly ascribable to a VAT receivable in Russia due to the subsidiary Kaskad, generated following major investment for construction of the new factory in Odintzovo (Moscow). This amount will be partially received through repayment requests and partially through offsetting the VAT payable on rents receivable.

14. Cash and cash equivalents

(in thousands of Euros)	31.12.2010	31.12.2009
Cash	11,512	11,093
Checks	164	2
Bank and postal accounts	96,916	70,134
Total	**108,592**	**81,229**

The balance, which at 31.12.2010 exceed at 31.12.2009, represents the cash and cash equivalents and the existence of money and notes in circulation at the financial year-end.
Please refer to the cash flow statement for the year 2010 for the evolution of cash and cash equivalents.

15. Other current assets

(in thousands of Euros)	31.12.2010	31.12.2009
Accrued income and prepaid expenses	3,496	3,796
Other receivables		
Advances to suppliers	41,118	27,089
Receivables from insurance companies	577	258
Receivables for contributions to be collected	-	-
Receivables from social security institutions	1,988	1,753
Receivables from agents	3,321	3,186
Receivables from employees	870	607
Down payments	55	15
Guarantee deposits	409	316
Other sundry receivables	4,781	8,379
Provision for bad debts	(2,576)	(3,515)
Total	**54,039**	**41,884**

The "Advances to suppliers" refer, for 38.672 thousand Euro, to the distribution sector and the amount is linked to the re-supply methods typical of that activity; in particular they include payments made to foreign suppliers for goods purchased on a "F.O.B." basis.

LIABILITIES

Shareholders' equity

As far as changes are concerned, please refer to the consolidated figures

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 2010.

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 2009.

The reserve for treasury shares trading was reversed following the cancellation of the treasury shares.
The cash flow hedge reserve records the profits or losses deriving from the valuation of the financial instruments designated to hedge variable rate loans.

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

The inverse merger between Cremonini S.p.A. and Cremonini Investimenti S.r.l. (the company through which the delisting of Cremonini S.p.A. was completed) took place on 31.12.2009. The cancellation of the carrying value of the equity investment in Cremonini S.p.A. (of 200,954 thousand Euro) against the shareholders' equity held by Cremonini Investimenti S.r.l. (54,575 thousand Euro) generated a merger deficit of 146,379 thousand Euro.

The basic earnings per share as at 31 December 2010 amounted to Euro 0,1706 (Euro 0,1384 as at 31 December 2009) and was calculated on the basis of net profits of 21,001 thousand Euro divided by the weighted average number of ordinary shares in 2010, equal to 128,988,330. There is no difference between basic and diluted earnings per share.

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

(in thousands of Euros)	Financial year as at 31.12.2010		
	Capital stock and reserve	Profit/(loss)	Shareholders' equity
Parent Company's shareholders' equity and profit/(loss) for the year	**75,652**	**5,590**	**81,242**
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	(23,662)	-	(23,662)
- Pro rata subsidiary profits (losses)	-	27,295	27,295
- Investments write-downs	(11,882)	11,882	0
- Dividends	22,685	(22,685)	0
- Consolidation differences	103,208	-	103,208
Elimination of the effects of commercial transactions between Group companies	(448)	(289)	(737)
Adjustment of the financial statement of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	353	99	452
Total adjustments	*90,254*	*16,302*	*106,556*
Group's share of net equity and profit/(loss)	**165,906**	**21,892**	**187,798**
Minorities' share of net equity and profit/(loss)	56,741	22,010	78,751
Consolidated financial statements shareholders' equity and profit/(loss) for the year	**222,647**	**43,902**	**266,549**

Non-current liabilities

17. Non-current financial payables

(in thousands of Euros)	31.12.2010	31.12.2009
Due between 1 and 5 years		
Payables to banks	290,629	276,383
Payables to other financial institutions	9,117	11,939
Total payables due between 1 and 5 years	**299,746**	**288,322**
Due beyond 5 years		
Payables to banks	8,648	56,896
Payables to other financial institutions	19,325	12,110
Total payables due beyond 5 years	**27,973**	**69,006**
Total	**327,719**	**357,328**

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 31.12.2010
Overdraft	56,661	Euribor + spread	14,440			14,440
Advances - Imports	76,750		22,236			22,236
Advances - Exports	18,850		7,852			7,852
Advances on invoices Italy	211,995		88,913			88,913
Advances subj. to collection	111,287	Euribor + spread	26,088			26,088
Hot Money	88,500	Euribor + spread	60,355			60,355
Mortgages	-	Euribor + spread	157,054	290,629	8,648	456,331
Altri Rapporti			8			8
Total	**564,043**		**376,946**	**290,629**	**8,648**	**676,223**

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.

18. Liabilities from derivative instruments

The Group uses financial instruments offered by the market (including so-called "derivatives") solely with a view to optimizing debt cost and hedging interest and exchange rate fluctuations.
At 31 December 2008 several "interest rate swap" coverage contracts existed that replaced the variable-rate EURIBOR with a fixed rate. These transactions, booked using hedge accounting criteria, are the following:

- "interest rate swap" contract with BNL for 2.9 million (expires 01.04.2012);
- "interest rate swap" contract with Akros for 10.0 million (expires 30.06.2015);
- "interest rate swap" contract with Banca S. Geminiano e S. Prospero 10,0 million (expires 30.06.2015);
- "interest rate swap" contract with Unicredit for 10.0 million (expires 30.06.2015);
- "interest rate swap" contract with Unicredit for 100 million (expires 30.06.2015);
- "interest rate swap" contract with BNP Paribas for 10.0 million (expires 30.06.2015);
- "interest rate swap" contract with BNL for 22.9 million (expires 16.11.2014);
- "interest rate swap" contract with Cariparma e Piacenza for 0.8 million (expires 10.12.2011);
- "interest rate swap" contract with Sanpaolo IMI for 2,9 million(expires 01.07.2014).

The valuation of these hedging contracts resulted in the recording of a liability of 641 thousand Euro and a business of 463 thousand overall that, in compliance with the IAS, was recorded to shareholders' equity and will be booked to the income statement in the following years neutralizing the financial effects produced by the underlying transactions.

19. Employee benefits

(in thousands of Euros)	**31.12.2010**	31.12.2009
Staff Severance Provision	21,399	22,799
Other benefits	614	627
Total	**22,013**	**23,426**

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)	**31.12.2010**	31.12.2009
Current value of bonds	22,023	24,176
Unrecognised actuarial (loss)/profit	(624)	(1,377)
Total	**21,399**	**22,799**

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

(in thousands of Euros)	**31.12.2010**	31.12.2009
Opening balance	22,799	26,925
Effect of the change in consolidation area	53	133
Use for the financial year	(2,308)	(6,025)
Financial year provision	1,153	1,349
Other changes	(298)	417
Closing balance	**21,399**	**22,799**

20. Provision for non-current liabilities and charges

(in thousands of Euros)	**31.12.2010**	31.12.2009
Provisions for taxes	494	126
Labour disputes	1,448	1,787
Minor lawsuits and disputes	1,485	926
Supplementary clientele severance indemnity	2,371	2,147
Provision for losses on equity investments	-	185
Provision for rewards and promotions	544	-
Provision for future risks and losses	2,421	2,428
Total	**8,763**	**7,599**

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 a also a tax dispute pending for alleged breaches of direct taxes (1993-1999) and VAT (tax years 1998-1999) legislation. During the 2004 financial year the Rimini Provincial Tax Commission imposed tax and penalties for an overall 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.

As at 31 2010 MARR S.p.A. had paid 4,730 thousand Euro by way of advance taxes pending judgement; the amount was classified as tax receivables.

Again with reference to MARR S.p.A., during the course of 2007 various disputes arose with the Customs Office regarding the payment of preferential customs duties on some fish imports. With reference to the most significant of these, regarding excise duties for and amount of about 250 thousand Euro regarding some purchases of goods originating from Mauritania, it is noted that in May 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 cost 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 the 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.

The Revenue Office (Bologna Large Tax Payers Section) conducted a general tax verification during the course of the first half of 2010 with reference to the 2007 tax period (partially extended to the 2005 and 2006 financial years), concluded with the preparation of a report on findings. The prevalent part of the proposed adjustments is ascribable to some costs incurred for the securitisation transactions implemented by the Cremonini Group. The assessments relating only to the 2005 tax period, consequent to the aforesaid tax verification were notified last December. The consultants appointed for this purpose considered reasonably that the adjustments made by the Revenue Office were groundless.

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. A appeal will be made against this ruling. No provision has been made in the 31 December 2010 financial statements because of the fact that, in light also of authorative jurisprudence rulings, the liability is considered as improbable.

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

21. Deferred tax liabilities

As at 31 December 2010 the amount of this item of 36.356 thousand Euro mainly arises from the effect of application of the international accounting standards, the effect of the various amounts of the tax deductible depreciation compared to depreciation booked and from the different tax treatment of the leases and effects deriving from the consolidation records, capital gains instalments and other sundries.

22. Other non-current liabilities

(in thousands of Euros)	**31.12.2010**	31.12.2009
Accrued expenses and deferred income	1,124	1,088
Payables for acquisition of equity investments/branches of business	531	580
Payables to Social Security Institutions	33	73
Other payables	-	353
Total	**1,688**	**2,094**

The item "Payable for acquisition of equity investments" refers to Chef Express and relates to the residual payable for the acquisition of the business divisions at Malpensa, Ciampino and Sangro Ovest.

Current liabilities

23. Current financial payables

(in thousands of Euros)	**31.12.2010**	31.12.2009
Payables to controlling companies	**0**	**0**
Payables to unconsolidated subsidiaries	**0**	**0**
Other payables		
Payables to banks	376,946	329,328
Payables to other financial institutions	13,065	7,285
Other payables	64	45
Closing balance	**390,075**	**336,658**

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

Net Debt

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

(in thousands of Euros)	**31.12.2010**	31.12.2009
A. Cash	11,512	11,093
B. Cash equivalent	97,080	70,136
C. Financial assets held for sale	2,081	2,136
D. Liquidity (A) + (B) + (C)	**110,673**	**83,365**
E. Current financial assets	**3,343**	**12,420**
F. Current bank liabilities	376,946	329,328
G. Current financial instruments	194	819
H. Other current financial liabilities	13,857	9,997
I- Current financial liabilities	**390,997**	**340,144**
J Current net debt (I) - (E) - (D)	**276,981**	**244,359**
K. Non current bank liabilities	299,277	333,279
L. Bonds	0	0
M. Other non current financial liabilities	28,973	24,628
N. Non current financial instruments	(16)	93
O. Non current debt (K) + (L) + (M) + (N)	**328,234**	**358,000**
P. Net Debt (J) + (O)	**605,215**	**602,359**

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 2010, completely complied with, are listed in the following tables.

Table 1:

(in thousands of Euros)	Banca IMI (a)	BNL (a)	Centrobanca (a)
Amount of the loans as at 31 December 2010	65,000	25,000	10,000
Expiry date	05/08/2013	29/06/2012	31/12/2019
Covenants	0	0	0
Net Debt/Equity	<= 1,5	<= 2	<= 1,5
Net Debt/Ebitda	<= 3,0	<= 3	<= 3,6

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

Table 2:

(in thousands of Euros)	BNL (b)	MEDIOCREDITO (b)
Amount of the loans as at 31 December 2010	45,714	52,500
Expiry date	16/11/2014	30/06/2014
Covenants	0	0
Net Debt/Equity	<= 2	<= 1
Net Debt/Ebitda	<= 3,5	<= 4,0

(b) covenants calculated on the INALCA JBS Group's consolidated financial statements.

Compliance with the covenants is precisely verified annually on the basis of the figures of the audited consolidated financial statements as at 31 December and contractual verification thereof is not provided for during the year.
The loan agreements with BNL and MedioCreditoItaliano/Banca Popolare di Milano relating to Inalca JBS entail the commitment of maintaining the current shareholding structure and on changes to this the aforesaid banks have the right to request early redemption.

Table 3:

(in thousands of Euros)	Carisbo (c)	Unicredit Corporate Banking (c) (d)
Amount of the loans as at 31 December 2010	5,714	142,814
Expiry date	16/10/2011	30/06/2015
Covenants	0	0
Net Debt/Equity	<= 3,5	<= 3,2
Net Debt/Ebitda	<= 5	<= 4,5
Net Debt Corrent / Net Debt No Corrent		<= 1,0

(c) covenants calculated on the Cremonini Groups' consolidated financial statements (first two parameters) and on the separate financial statements of the Parent Company (third parameter);

(d) amount relating to the acquisition line and costs line supplied by the agent bank that was functional in the exercise of the public offer to buy Cremonini S.p.A. shares. The maturity date indicates the last date by which the full loan must be repaid. Intermediate half-yearly repayments are also envisaged commencing from 31.12.2010.

Compliance to the covenants relating to the Unicredit Corporate Banking loan is precisely verified annually on the basis of the figures of the audited consolidated financial statements of the Cremonini Group as at 31 December for the first two parameters and precisely half-yearly on the basis of the figures of the separate financial statements of the Parent Company as at 31 December and 30 June for the third parameter. The ratios shown in the table are only referable to the 2010 financial year, different limits are defined for the subsequent financial years.

24. Current taxes payable

(in thousands of Euros)	**31.12.2010**	31.12.2009
VAT	4,093	3,247
IRAP	2,737	1,028
IRES	1,573	4,936
Withholding taxes	6,799	5,097
Substitute taxes and other taxes payable	8,143	3,896
Total	**23,345**	**18,204**

IRAP and IRES payables relate to 2010 financial year taxes not yet paid at the balance sheet date.

25. Current trade payables

(in thousands of Euros)	31.12.2010	31.12.2009
Suppliers	**410,676**	**385,330**
Payables to associated companies	**783**	**1,342**
Fiorani & C. Sp.A.	-	91
Parma France Sa.s.	294	557
Parma Turc Sa.s.	486	677
Bell Carni Sr.l. (già Italbeef Sr.l)	3	-
Food & Co Sr.l.	-	17
Total	**411,459**	**386,672**

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 2009 is mainly attributable to the distribution sector.

26. Other current liabilities

(in thousands of Euros)	31.12.2010	31.12.2009
Accrued expenses and deferred income	2,437	2,470
Inps/Inail/Scau	6,328	5,818
Inpdai/Previndai/Fasi/Besusso	85	92
Enasarco/FIRR	564	577
Payables to other social security institutions	18,107	15,188
Other payables	0	
Advances and other payables to customers	8,877	7,554
Payables for employee remuneration	36,312	30,228
Payables for acquisition of equity investments	792	2,712
Guarantee deposits and down payments received	320	68
Payables to directors and auditors	552	216
Payables to agents	162	154
Other minor payables	5,220	4,944
Total	**79,756**	**70,021**

The payables to employees include the unpaid current remuneration at 31 December 2010 and allocations relating to deferred remuneration.

The item "Payable for acquisition of equity investments" mainly refers to the residual debt for acquisition of the Buffet di Arezzo S.r.l. equity investment and Malpensa, Ciampino, Sangro Ovest and Gelaterie Roma Termini business divisions. The reduction compared to 31 December 2009 is mainly ascribable to the payments envisaged contractually for the acquisitions of Emigel S.r.l. and the McDonald's Castelnuovo Scrivia business division.

Guarantees, sureties and commitments

(in thousands of euros)	**31.12.2010**	31.12.2009
Direct guarantees – sureties		
- related companies		
- other companies	92,470	89,922
	92,470	89,922
Direct guarantees – letter of comfort		
- associated companies	978	4,893
- other companies	700	700
	1,678	5,593
Other risks and commitments	24,848	25,172
Total guarantees, sureties and commitments	**118,996**	**120,687**

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	10.860	VAT for compensation
Highways and Oil Companies	Cremonini S.p.A. and other subsidiaries	29.283	Guaranteeing successful conclusion of contracts (services, maintainance).
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc)	Cremonini S.p.A.	26.807	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities
Other minor items	Cremonini S.p.A. and other subsidiaries	25.520	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**92.470**	

Direct guarantees – comfort letters

The item "Payable for acquisition of equity investments" mainly refers to the residual debt for acquisition of the Buffet di Arezzo S.r.l. equity investment and Malpensa, Ciampino, Sangro Ovest and Gelaterie Roma Termini business divisions. The reduction compared to 31 December 2009 is mainly ascribable to the payments envisaged contractually for the acquisitions of Emigel S.r.l. and the

McDonald's Castelnuovo Scrivia business division.

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	Cremonini S.p.A. - Roadhouse Grill Italia S.r.l.	8,129
Credit letter of purchase of goods	Marr S.p.A.	15,989
Other sundry	Fiorani & C S.p.A. - Montana S.p.A.	730
Total		**24,848**

The item "Payable for acquisition of equity investments" mainly refers to the residual debt for acquisition of the Buffet di Arezzo S.r.l. equity investment and Malpensa, Ciampino, Sangro Ovest and Gelaterie Roma Termini business divisions. The reduction compared to 31 December 2009 is mainly ascribable to the payments envisaged contractually for the acquisitions of Emigel S.r.l. and the McDonald's Castelnuovo Scrivia business division.
The letters of patronage exclusively regard the guarantees provided to banks for the granting of loans or credit lines.

Details of the main items of the consolidated income statement

27. Revenues

Revenues are broken down as follows:

(in thousands of Euros)	**31.12.2010**	31.12.2009
Revenues from sales - Finished goods	432,508	393,066
Revenues from sales - Goods for resale	1,538,565	1,424,563
Revenues from sales - Oil	54,825	53,330
Revenues from sales - Others	54,469	55,099
Revenues from services	303,542	261,429
Advisory services to third parties	2,212	1,787
Rent income	4,295	4,047
Other revenues from ordinary activities	16,351	7,415
Total	**2,406,767**	**2,200,736**

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

(in thousands of Euros)	**31.12.2010**	31.12.2009
Italy	1,691,427	1,628,170
European Union	507,714	382,246
Non-EU countries	207,626	190,320
Total	**2,406,767**	**2,200,736**

28. Other revenues

The other revenues can be broken-down as follows:

(in thousands of Euros)	**31.12.2010**	31.12.2009
Contributions by suppliers and others	31,355	25,532
Operating grants	602	568
Other sundry revenues	12,158	15,754
Total	**44,115**	**41,854**

Other sundry revenues

(in thousands of Euros)	**31.12.2010**	31.12.2009
Rent income	466	419
Insurance reimbursements	1,569	851
Capital gains on disposal of capital goods	1,089	2,878
Other cost reimbursements	2,097	3,626
Services, consultancy and other minor revenues	6,937	7,980
Total	**12,158**	**15,754**

29. Costs for purchases

(in thousands of Euros)	**31.12.2010**	31.12.2009
Costs for purchases - Raw materials	(279,680)	(272,736)
Costs for purchases - Goods for resale	(1,112,847)	(1,039,568)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(31,312)	(28,606)
Costs for purchases - Finished goods	(11,407)	(11,889)
Costs for purchases - Oil	(52,520)	(51,741)
Costs for purchases - Stationery and printed paper	(2,148)	(1,992)
Changes in inventories of raw materials, secondary materials, consumables and goods for resale	21,128	(11,463)
Other costs for purchases	(77,543)	(72,592)
Total	**(1,546,329)**	**(1,490,587)**

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

30. Other operating costs

(in thousands of Euros)	**31.12.2010**	31.12.2009
Costs for services	(310,175)	(278,632)
Costs for leases and rentals	(56,491)	(51,524)
Other operating charges	(11,141)	(10,307)
Total	**(377,807)**	**(340,463)**

Costs for services

(in thousands of Euros)	**31.12.2010**	31.12.2009
Energy consumption and utilities	(21,147)	(20,789)
Maintenance and repairs	(15,747)	(14,352)
Transport on sales	(61,050)	(57,824)
Commisions, commercial and distribution services	(79,907)	(67,896)
Third-party services and outsourcing	(25,744)	(22,068)
Purchasing services	(32,701)	(31,296)
Franchising	(88)	(103)
Other technical and general services	(73,791)	(64,304)
Total	**(310,175)**	**(278,632)**

Costs for leases and rentals

(in thousands of Euros)	**31.12.2010**	31.12.2009
Lease of business premises, royalties and others	(38,887)	(34,513)
Costs for leases	(26)	(143)
Leases and rentals related to real and personal property	(17,578)	(16,868)
Total	**(56,491)**	**(51,524)**

The increase in the value of the item "Lease of business premises, royalties and others" refers to the increase in the number of premises and service stations managed by the businesses operating in the catering sector.

With regard to relationships with related companies, it should be noted that "Leases and rentals related to real and personal property" include 672 thousand Euro to Le Cupole S.r.l. for the rental of an industrial property in Rimini, used for some time by Marr S.p.A.

Other operating charges

(in thousands of Euros)	**31.12.2010**	31.12.2009
Losses on receivables	(733)	(350)
Indirect taxes and duties	(5,346)	(5,139)
Capital losses on disposal of assets	(170)	(435)
Contributions and membership fees	(695)	(598)
Other minor costs	(4,197)	(3,785)
Total	**(11,141)**	**(10,307)**

31. Personnel costs

(in thousands of Euros)	**31.12.2010**	31.12.2009
Salaries and wages	(269,128)	(202,070)
Social security contributions	(83,944)	(66,523)
Staff Severance Provision	(7,863)	(8,190)
Pension and similar provisions	(312)	(751)
Other personnel costs	(4,613)	(2,160)
Total	**(365,860)**	**(279,694)**

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

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

As at 31 December 2010 the Group's employees amounted to 11,079 compared to 10.139 at 31 December 2009. The resulting increase is principally ascribable to the development of the catering business (+888 staff). The break down by category and average number of employees in 2010 is shown in the following schedule:

	Factory staff	Office staff	Managers	Total
Employees as at 31.12.2009	6,944	3,068	127	10,139
Employees as at 31.12.2010	**7,485**	**3,492**	**102**	**11,079**
Increases (decreases)	541	424	(25)	940
Average no. of employees during year 2010	**7,652**	**3,471**	**100**	**11,223**

32. Amortization, depreciation and write-downs

(in thousands of Euros)	**31.12.2010**	31.12.2009
Depreciation of tangible assets	(40,050)	(34,006)
Amortization of intangible assets	(5,152)	(3,379)
Other write-downs of fixed assets	(279)	(7)
Write-downs and provisions	(16,817)	(13,985)
Total	**(62,298)**	**(51,377)**

33. Financial income and charges

(in thousands of Euros)	**31.12.2010**	31.12.2009
Net exchange rate differences	1,248	(3,061)
Income (Charges) from management of derivatives	(835)	(333)
Net financial Income (Charges)	(17,076)	(21,656)
Total	**(16,663)**	**(25,050)**

Exchange rate differences

(in thousands of Euros)	**31.12.2010**	31.12.2009
Realized exchange rate profits	6,472	6,500
Realized exchange rate losses	(6,839)	(8,617)
Unrealized exchange rate profits	8,773	7,831
Unrealized exchange rate losses	(6,803)	(9,511)
Realized income from management of exchange rate derivatives	628	813
Evaluated income from management of exchang rate derivatives	76	-
Realized charges from management of exchange rate derivatives	(1,041)	-
Evaluated charges from management of exchange rate derivatives	(18)	(77)
Total	**1,248**	**(3,061)**

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

Income (Charges) from management of derivatives

(in thousands of Euros)	**31.12.2010**	31.12.2009
Realized Income from management of derivatives	0	29
Realized Charges from management of derivatives	(851)	(292)
Valuation Income from management of derivatives	16	(70)
Total	**(835)**	**(333)**

The income of 16 thousand Euro is ascribable to the fair value of derivative contracts on interest rates existing at 31 December 2010 and not accounted for with the "hedge accounting" criteria.

Net financial Income (Charges)

(in thousands of Euros)	**31.12.2010**	31.12.2009
Financial Income (Charges) due to controlling companies	**0**	**0**
Financial income		
- Bank interest receivable	149	172
- Other financial income	2,426	1,998
Total financial income	**2,575**	**2,170**
Financial charges		
- Interest payable on loans	(10,160)	(12,740)
- Interest payable on factoring	(1,280)	(1,172)
- Interest payable on current accounts and others	(5,362)	(7,317)
- Other bank charges	(256)	(429)
- Interest on bonds	0	(20)
- Other sundry charges	(2,593)	(2,148)
Total financial charges	**(19,651)**	**(23,826)**
Total	**(17,076)**	**(21,656)**

The decrease of the item interest payable on loans, which amounted to 10.2 million Euro compared to 12.7 million in 2009, is mainly due to the reduction of the interest rates.

34. Income taxes

(in thousands of Euros)	**31.12.2010**	31.12.2009
IRES	(23,544)	(19,764)
IRAP	(8,446)	(6,920)
Net deferred tax assets/liabilities	(319)	5,223
Total	**(32,309)**	**(21,461)**

* * * * * *

Castelvetro di Modena, 22 March 2011

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

Annexes

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

Annex 1	-	Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2010;
Annex 2	-	List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2010;
Annex 3	-	Statement of changes in tangible assets for the financial year ended as at 31 December 2010;
Annex 4	-	Statement of changes in intangible assets for the financial year ended as at 31 December 2010;
Annex 5	-	List of equity investments classified under financial assets as at 31 December 2010 and others;
Annex 6	-	List of equity investments in subsidiaries and associated companies as at 31 December 2010 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation.

Annex 1

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2010

(in thousands of Euros)	Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Total subsidiaries	-	-	-	-	-	-
Associated companies:						
Farm Service S.r.l.	121		135		**256**	**-**
Food & Co S.r.l.	79			-	**79**	**-**
Bell Carni S.r.l. (già Italbeef)	390	(3)	209		**599**	**(3)**
Parma France S.a.s.		294		-	**-**	**294**
Parma Turc S.a.s.		486		-	**-**	**486**
A.O. Konservni	1,500				**1,500**	
Total associated companies	**2,090**	**783**	**344**	**-**	**2,434**	**783**
Related and controlling companies:						
Cremofin S.r.l.				1,400	**-**	**1,400**
Total related companies	**-**	**-**	**-**	**1,400**	**-**	**1,400**

Annex 2

List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2010

(in thousands of Euros)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Subsidiaries:						
Montana Farm Sp.zo.o.			4		**4**	**-**
Total subsidiaries	**-**	**-**	**4**	**-**	**4**	**-**
Associated companies:						
Farm Service S.r.l.	1,120				**1,120**	**-**
Parma France S.a.s.		2,068	2	21	**2**	**2,089**
Parma Turc S.a.s.		2,435			**-**	**2,435**
Prometex S.a.m.	31	0		5	**31**	**5**
Bell Carni S.r.l. (già Italbeef)	611	676		18	**611**	**694**
Total associated companies	**1,762**	**5,179**	**2**	**44**	**1,764**	**5,223**
Controlling companies						
Cremofin S.r.l.			4		**4**	**-**
Total controlling companies	**-**	**-**	**4**	**-**	**4**	**-**
Related companies:						
Agricola 2000 S.r.l.					**-**	**-**
Le Cupole S.r.l.				672	**-**	**672**
Tre Holding S.r.l.					**-**	**-**
Total related companies	**-**	**-**	**-**	**672**	**-**	**672**

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2010

(in thousands of Euros)	Opening position			Changes over the period					Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2009	Net effects of the change in consolidation area	Acquisitions	Net decreases	Reclassif./ Other changes	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2010
Land and buildings	387,814	(58,380)	329,434	(67)	17,192	(332)	14,137	(11,875)	415,602	(67,113)	348,489
Plant and machinery	215,720	(129,197)	86,523	547	15,940	(640)	9,478	(17,901)	236,190	(142,243)	93,947
Industrial and business equipment	19,720	(16,118)	3,602	(23)	1,573	(26)	142	(1,460)	17,682	(13,874)	3,808
Other assets	81,508	(46,386)	35,122	(56)	8,569	(1,828)	1,628	(8,814)	83,621	(49,000)	34,621
Fixed assets under constructic and advances	26,745	0	26,745	(117)	25,670	(4,801)	(24,947)		22,550		22,550
Total	**731,507**	**(250,081)**	**481,426**	**284**	**68,944**	**(7,627)**	**438**	**(40,050)**	**775,645**	**(272,230)**	**503,415**

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2010

(in thousands of Euros)	Opening position			Changes over the period					Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2009	Net effects change in consolidation are	Acquisitions	Net decreases	Reclass. Other change:	Amortiz.	Initial cost	Amortization provision	Balance at 31.12.2010
Patents and intellectual property rights	13,183	(10,315)	2,868	9	579	(10)	109	(1,309)	13,870	(11,624)	2,246
Concessions, licences, trademarks and similar rights	3,933	(1,905)	2,028	1	2,531	(28)	937	(548)	7,374	(2,453)	4,921
Fixed assets under developmer and advances	(75)	0	(75)		125	(36)	109		123	0	123
Other intangible assets	6,189	(4,323)	1,866	1	11	(32)	(789)	(350)	5,380	(4,673)	707
Total	**23,230**	**(16,543)**	**6,687**	**11**	**3,246**	**(106)**	**366**	**(2,207)**	**26,747**	**(18,750)**	**7,997**

Annex 5

List of equity investments classified under financial assets as at 31 December 2010 and others

(in thousands of Euros) Company name	Percentage	Initial value	Purchases or subscriptions	Disposals	(Write-dow evaluatior	Other changes	Percentage	Final value	Notes
Subsidiaries:									
Inalca Foods Nig Limited			14				57.00	14	
Montana Farm Sp.zo.o.	100.00 -		78				100.00	78	
Total subsidiaries		**0**	**92**	**0**	**0**	**0**		**92**	
Associated companies:									
A.O. Konservni	25.00 -						25.00 -		
Consorzio I.R.I.S a r.l.	37.50	4					37.50	4	
Bell Carni s.r.l. (ex Italbeef)	44.40	110	54		(164)		44.40	-	
Emilia Romagna Factor S.p.A.	22.80	8,760	740			100	22.80	9,600	
Farm Service S.r.l.	30.00	87					30.00	87	
Fiorani & C. S.p.A.	49.00	316				(316)	49.00	-	
Food & Co. Sr.l.	30.00	3					30.00	3	
Masofico S.A.	40.00	-					40.00	-	
Parma France S.a.s.	30.40	202					30.40	202	
Prometex S.a.m.	28.60	25					28.60	25	
Realbeef S.r.l.	24.00 -						24.00 -		
Total associated companies		**9,507**	**794**	**0**	**(164)**	**(216)**		**9,921**	
Other companies:									
Centro Agroalimentare Riminese S.p.A.		280						280	
Futura S.p.A.		600	363					963	
Nuova Campari S.p.A.		775						775	
Other minor		284		16	(54)	11		257	
Total other companies		**1,939**	**363**	**16**	**(54)**	**11**		**2,275**	
Total equity investments		**11,446**	**1,249**	**16**	**(218)**	**(205)**		**12,288**	

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2010 (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 31.12.2010	Shareholders equity at 31.12.2010	Control share at 31.12.2010	Shareholding at 31.12.2010	Book value (A)	Portion of the Shareholders' Equity (B)	Difference (B) - (A)	Participants at 31.12.2009	Control share at 31.12.2009	Shareholding at 31.12.2009	Notes
Investments valued at equity:													
Associated companies:													
A.O. Konservni	Stavropol (Russia)	USD 1,785	(52)	62	25,00%	12,50%	-	0	0	INALCA JBS S.p.A.	25,00%	12,50%	(c)
Emilia Romagna Factor S.p.A.	Bologna	25.000.000	1.439	39.861	22,80%	16,97%	9.600	9.600	0	Cremonini S.p.A.	22,80%	22,80%	(b)
Fiorani & C. S.p.A.	Piacenza									INALCA JBS S.p.A.	49,00%	24,50%	(d)
Food & Co. S.r.l.	Rome	10.000	4	18	30,00%	30,00%	3	5	2	Chef Express S.p.A.	30,00%	30,00%	(b)
Investments valued at cost:													
Subsidiaries													
Inalca Foods Nig Limited	Benin City (Nigeria)	Naira 10,000,000	-	-	57,00%	28,50%	14	14	0	INALCA JBS S.p.A.	-	-	
Montana Farm S.p.zo.o.	Platyny (Poland)	Zloty 3,394,000	(3)	(461)	100,00%	50,00%	78	78	0	Montana Alimentari S.p.A.	100,00%	50,00%	(b)
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%	(c)
Bell Carni s.r.l. (ex Italbeef)	Rovigo	90.000	(248)	(161)	44,40%	22,20%	-	0	0	INALCA JBS S.p.A.	44,40%	22,20%	(b)
Farm Service S.r.l.	Reggio Emilia	500.000	60	1.110	30,00%	15,00%	87	333	246	INALCA JBS S.p.A.	30,00%	15,00%	(b)
Parma France S.a.s.	Lione (France)	1.000.000	124	1.699	30,40%	15,20%	202	516	314	INALCA JBS S.p.A.	30,40%	15,20%	(b)
Prometex S.a.m.	Principality of Monaco	150.000	37	288	28,60%	10,77%	25	82	57	Frimo S.a.m.	28,60%	10,74%	(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 2009, the last financial statements available./(c) The figures refer to 31 December 2008, the last financial statements available./ (d) Subsidiary consolidated starting from 2010

Continued: Annex 6

(in migliaia di Euro) Denominazione	Sede	Capitale sociale (in Euro se non indicato diversamente)	Risultato esercizio chiuso al 31.12.2010	Patrimonio netto al 31.12.10	Quota di controllo al 31.12.2010	Quota di interessenza al 31.12.2010	Metodo di consolidamento	Partecipanti al 31.12.2010	Quota di controllo al 31.12.2009	Quota di interessenza al 31.12.2009	Note
Società consolidate con il metodo dell'integrazione globale:											
Alisea S.c.a r.l.	Tavarnuzze (FI)	500.000	1.230	2.408	55,00%	32,71%	Integrale	MARR S.p.A.	55,00%	32,71%	
As.Ca. S.p.A.	Santarcangelo di Romagna (RN)	518.000	1.233	4.815	100,00%	59,47%	Integrale	MARR S.p.A.	100,00%	59,47%	
Avirail S.a.s.	Parigi (Francia)	100.000	403	503	50,00%	43,00%	Proporzionale	Cremonini Restauration S.a.s.	-	-	
Baldini Adriatica Pesca S.r.l.	Santarcangelo di Romagna (RN)	10.000	24	43	100,00%	59,47%	Integrale	MARR S.p.A.	100,00%	59,47%	
Cons. Centro Comm. Ingrosso Carni S.r.l.	Bologna	1.500.000	490	3.860	86,63%	86,63%	Integrale	Cremonini S.p.A.	86,63%	86,63%	
Chef Express S.p.A.	Castelvetro di Modena (MO)	8.500.000	(9.409)	2.846	100,00%	100,00%	Integrale	Cremonini S.p.A.	100,00%	100,00%	
Chef Express Russia	Mosca (Russia)	Rubli 500.000	-	-	85,00%	85,00%	Integrale	Chef Express S.p.A.	85,00%	85,00%	
Chef Express UK Ltd.	Londra (Regno Unito)	GBP 80.000	-	-	100,00%	100,00%	Integrale	Chef Express S.p.A.	100,00%	100,00%	
Cremonini Restauration S.a.s.	Parigi (Francia)	1.500.000	1.724	3.378	86,00%	86,00%	Integrale	Chef Express S.p.A.	86,00%	86,00%	
Cremonini Rail Iberica S.A.	Madrid (Spagna)	1.500.012	(10.159)	7.127	100,00%	100,00%	Integrale	Chef Express S.p.A.	100,00%	100,00%	
Cremonini S.p.A.	**Castelvetro di Modena (MO)**	**67.073.932**	**5.699**	**81.352**			**Capogruppo**				
Emigel S.r.l.	Santarcangelo di Romagna (RN)	260.010	160	2.572	100,00%	59,47%	Integrale	MARR S.p.A.	100,00%	59,47%	
Fiorani & C. S.p.A.	Piacenza	500.000	1.874	3.371	49,00%	24,50%	Proporzionale	INALCA S.p.A.	-	-	
Frimo S.a.m.	Principato di Monaco	150.000	(83)	842	75,30%	37,65%	Proporzionale	INALCA S.p.A.	75,10%	37,45%	
Ges.Car. S.r.l.	Castelvetro di Modena (MO)	330.000	(81)	281	80,00%	40,00%	Proporzionale	INALCA S.p.A.	80,00%	40,00%	
Global Service S.r.l.	Castelvetro di Modena (MO)	93.000	(461)	(303)	100,00%	100,00%	Integrale	Cremonini S.p.A.	100,00%	100,00%	
Global Service Logistics S.r.l.	Castelvetro di Modena (MO)	100.000	(234)	(162)	100,00%	100,00%	Integrale	Global Service S.r.l.	100,00%	100,00%	
Guardamiglio S.r.l.	Piacenza	4.135.000	341	4.322	100,00%	50,00%	Proporzionale	INALCA S.p.A.	100,00%	50,00%	
Ibis S.p.A.	Castelvetro di Modena (MO)	14.000.000	2.601	21.560	100,00%	50,00%	Proporzionale	Salumi d'Emilia: 99,1%;Montana: 0,9%	100,00%	50,00%	
INALCA S.p.A.	Castelvetro di Modena (MO)	280.000.000	11.375	365.905	50,00%	50,00%	Proporzionale	Cremonini S.p.A.	50,00%	50,00%	
Inalca Angola Ltda.	Luanda (Angola)	Kwanza 810.000.000	10.317	28.089	99,90%	49,95%	Proporzionale	INALCA S.p.A.	99,90%	49,95%	(a)
Inalca Algerie S.a r.l.	Algeri (Algeria)	DA 500.000.000	326	5.405	70,00%	35,00%	Proporzionale	INALCA S.p.A.	55,00%	27,50%	(a)
Inalca Brazzaville S.a r.l.	Brazzaville (Rep.Congo)	USD 2.715	252	1.194	97,90%	26,92%	Proporzionale	Inalca Kinshasa S.p.r.l.	97,90%	26,92%	(a)
Inalca Kinshasa S.p.r.l.	Kinshasa (Rep.Dem.Congo)	USD 2.700.000	3.671	9.313	55,00%	27,50%	Proporzionale	INALCA S.p.A.	55,00%	27,50%	(a)
Inter Inalca Angola Ltda.	Luanda (Angola)	Kwanza 900.000	251	2.019	100,00%	50,00%	Proporzionale	INALCA S.p.A.	100,00%	50,00%	(a)
Interjet S.r.l.	Castelvetro di Modena (MO)	2.500.000	(916)	1.665	100,00%	100,00%	Integrale	Cremonini S.p.A.	100,00%	100,00%	
Kaskad L.l.c.	Mosca (Russia)	Rubli 1.487.031.484	(1.174)	60.507	100,00%	50,00%	Proporzionale	INALCA S.p.A.	100,00%	50,00%	(a)
Lounge Services S.a.s.	Parigi (Francia)	40.000	13	56	51,00%	51,00%	Integrale	Chef Express S.p.A.	51,00%	51,00%	
Marr Alisurgel S.r.l. in liquid.	Santarcangelo di Romagna (RN)	10.000	13	177	100,00%	59,47%	Integrale	MARR: 97%; Sfera: 3%	100,00%	59,46%	
Marr Foodservice Iberica S.A.	Madrid (Spagna)	600.000	(17)	437	100,00%	59,47%	Integrale	MARR S.p.A.	100,00%	59,47%	
Marr Russia L.l.c.	Mosca (Russia)	Rubli 100.000.000	5.812	9.092	75,00%	37,50%	Proporzionale	Kaskad L.l.c.	75,00%	37,50%	(a)
MARR S.p.A.	Rimini	32.909.736	45.109	202.682	58,84%	59,47%	Integrale	Cremonini S.p.A.	58,84%	59,47%	
Momentum Services Ltd.	Birmingham (Regno Unito)	GBP 269.258	1.942	2.390	51,00%	51,00%	Integrale	Chef Express S.p.A.	51,00%	51,00%	
Montana Alimentari S.p.A.	Busseto (PR)	40.248.000	684	38.979	100,00%	50,00%	Proporzionale	INALCA S.p.A.	100,00%	50,00%	
New Catering S.r.l.	Santarcangelo di Romagna (RN)	33.900	533	911	100,00%	59,47%	Integrale	MARR S.p.A.	100,00%	59,47%	
Quinto Valore S.c.a r.l.	Reggio Emilia	90.000	-	90	50,00%	25,00%	Proporzionale	INALCA S.p.A.	50,00%	25,00%	
Railrest S.A.	Bruxelles (Belgio)	500.000	550	1.113	51,00%	51,00%	Integrale	Chef Express S.p.A.	51,00%	51,00%	
Realbeef S.r.l.	Flumeri (AV)	100.000	22	87	24,00%	12,00%	Proporzionale	INALCA S.p.A.	24,00%	12,00%	
Roadhouse Grill Italia S.r.l.	Castelvetro di Modena (MO)	4.000.000	509	4.439	100,00%	100,00%	Integrale	Chef Express S.p.A.	100,00%	100,00%	
Roadhouse Grill Roma S.r.l.	Castelvetro di Modena (MO)	90.000	-	-	55,00%	55,00%	Integrale	Roadhouse Grill Italia S.r.l.	-	-	
Salumi d'Emilia S.r.l.	Castelvetro di Modena (MO)	5.300.000	(141)	16.155	100,00%	50,00%	Proporzionale	Montana Alimentari S.p.A.	100,00%	50,00%	
Sara S.r.l.	Castelvetro di Modena (MO)	100.000	6	97	100,00%	50,00%	Proporzionale	INALCA S.p.A.	100,00%	50,00%	
Sfera S.p.A.	Santarcangelo di Romagna (RN)	220.000	312	1.065	100,00%	59,47%	Integrale	MARR S.p.A.	100,00%	59,47%	
Società Agricola Corticella S.r.l.	Spilamberto (MO)	5.000.000	142	9.493	100,00%	50,00%	Proporzionale	INALCA S.p.A.	100,00%	50,00%	
TECNO-STAR DUE S.r.l.	Castelvetro di Modena (MO)	10.400	1	32	60,00%	30,00%	Proporzionale	INALCA S.p.A.	60,00%	30,00%	

(a) Importi espressi in Euro risultanti dalla conversione degli importi originali in valuta. / (b) I dati si riferiscono al 31 dicembre 2009, ultimo bilancio disponibile / (c) I dati si riferiscono al 31 dicembre 2008, ultimo bilancio disponibile. / (d) Società consolidata con decorrenza dal 2010

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Independent auditors' report
pursuant to art. 14 of Legislative Decree n. 39 dated January 27, 2010 and art. 165-bis of Legislative Decree n. 58 dated February 24, 1998
(Translation from the original Italian text)

To the Shareholders
of Cremonini S.p.A.

1. We have audited the consolidated financial statements of Cremonini S.p.A. and its subsidiaries, (the "Cremonini Group") as of December 31, 2010 and for the year then ended, comprising the balance sheet, the income statement, the other comprehensive income, the statement of changes in equity, the cash flows statement 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, 2010.
3. In our opinion, the consolidated financial statements of the Cremonini Group at December 31, 2010 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. We draw your attention to the disclosures contained in the explanatory notes to the consolidated financial statements with respect to the following:
   a) the subsidiary Inalca Angola Ltda. (50% consolidated in accordance with the proportional consolidation method), in prior years and in the current year, has not accounted for any provision for income taxes, based on an exemption supported by a certificate issued by the authorities with respect to its production activity in the meat and fish sectors, although the main activity of the subsidiary is a trading activity. In the current year, the subsidiary received a certificate from the

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Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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authorities, that, according to the directors of the subsidiary, confirms such exemption. For such confirmation, Euro 1.5 million have been paid by the subsidiary to the authorities. Based on these facts, the directors believe that the risk that the exemption might be refused to be acknowledged is not probable.

b) On March 4, 2011 Cremonini S.p.A. acquired the 100% control of Inalca JBS S.p.A. ending the 50% joint venture started in 2008 with the Brazilian company JBS S.A.. In addition, the two venturers agreed to give up all disputes and causes in progress related to the joint venture. The acquisition of Inalca JBS S.p.A. was made through Cremonini Produzione S.p.A., a 100% owned subsidiary,, which acquired the shares from JBS S.p.A. for a total amount of Euro 218.8 million, drawing down a line of credit arranged by a pool of banks. As a consequence of the acquisition, Cremonini S.p.A. directly owns 50% of Inalca JBS S.p.A. and Cremonini Produzione S.p.A. owns the remaining 50%.

5. 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, 2010.

Bologna, April 27, 2011

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Signed by: Andrea Nobili, partner

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

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