

BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS

(In accordance with Consob guideline No. 97001574 of 20.2.1997)

*** BOARD OF DIRECTORS**

(appointed up until the date of the approval of the financial statements for the year ended on 31.12.2004)

Chairman

Nocentini Paolo

Responsibilities: the ordinary and extraordinary administration, with the exception of actions for which the Board of Directors' authorisation is specifically required by law and actions of significant economic importance such as the purchase and sale of real estate, companies, investments and the granting of guarantees for amounts in excess of Euro 154,937.07.

Vice-chairman and Managing Director *

Brandani Silvano

Powers: the same as those attributed to the Chairman, to be carried out in the Chairman's absence or impediment.

Responsibilities: the logistics organisation of the Company, the control and management of the Livorno branch and management coordination of relations with the American subsidiary companies.

Directors

Lapi Francesca
Macucci Giuliano

* On 5th March 2003, the Board of Directors of the parent company Savino Del Bene S.p.A revoked the nomination of the director Mr. Giuliano Macucci. The position of Vice-chairman, up until that point covered by Mr. Macucci, was attributed to the Managing Director Mr. Silvano Brandani.

On 21st March 2003, the Board of Directors convoked an ordinary and extraordinary shareholders' meeting of the company Savino Del Bene S.p.A. for the 16th of May 2003 in first calling, and, if necessary, for the 19th of May 2003 in second calling. The extraordinary shareholders' meeting shall be asked to resolve changes to Article No. 19 of the Company's Statute in order to regulate the eventual retirement or resignation of one or more directors in a manner more coherent with the Group's corporate governance guidelines.

BOARD OF STATUTORY AUDITORS

(appointed up until the date of the approval of the financial statements for the year ended on 31.12.2004)

Acting Auditors

Annibale Viscomi – Chairman

Luca Porciani

Roberto Zaffina

Substitute Auditors

Franco Vannucchi

Muzio Clementi

BOARD OF DIRECTORS' REPORT ON THE PERFORMANCE OF THE SAVINO DEL BENE GROUP FOR THE YEAR ENDED ON 31ST DECEMBER 2002

Foreword

This report on the consolidated financial statements for the year 2002 has been prepared by the Board of Directors of Savino Del Bene S.p.A in accordance with Article No. 2428 of the Italian Civil Code and in compliance with the guidelines established by the Italian Stock Exchange Commission (Consob) in its circulars No. 97001574 del 20th February 1997, No. 98015375 of 27th February 1998, No. 98079574 of 9th October 1998 and No. 98084143 of 27th October 1998.

To our shareholders,

Prior to analysing the consolidated financial statements of the Savino Del Bene Group, we would remind you that, on 21st February 2003, the company Palio S.p.A. has launched a **Public Takeover Bid (TOB)** on No. 27,384,172 ordinary shares of Savino del Bene, representing 74.597% of the entire share capital of Savino del Bene S.p.A., which amounts to Euro 19,088,862.00, divided into No. 36,709,350 ordinary shares with a nominal value of Euro 0.52 per share.

The above Offer is totalitarian, is of a voluntary nature, is irrevocable and is being

launched in accordance with Articles Nos. 102 and 106, paragraph 4, of the Italian Unified Tax Law (Testo Unico), and with the terms of paragraph I, Chapter II, Part II of the Consob Code of Regulations.

The TOB is launched in Italy only, as the Savino del Bene shares are traded exclusively on the Italian Stock Exchange, which is organised and run by the company Borsa Italiana S.p.A.

The Offer is addressed to all of the Company's ordinary shareholders at equal terms, but it may not be circulated in the USA, Australia, Canada, Japan or any other country in which such circulation is not permitted without authorisation by the relevant authorities.

The Offer is aimed towards the acquisition of the entirety of the ordinary shares of Savino del Bene with a nominal value of Euro 0.52 per share, with the exception of the No. 9,325,178 Savino Del Bene shares, equivalent to 25.403% of the entire share capital of the Issuer (Savino Del Bene S.p.A), held by Messrs. Silvano Brandani and Paolo Nocentini and relative to which they have irrevocably undertaken not to adhere to the TOB.

As stated in the Offer Document, the Bidder shall grant a cash payment of Euro 2.50 per share to each shareholder adhering to the TOB.

Given that the maximum number of shares which could be brought in adhesion to the TOB amounts to No. 27,384,172 Savino del Bene ordinary shares, the maximum total value of the TOB, in the event of a total adhesion thereto, would amount to Euro 68,460,430.00.

As regards the financial coverage of the Offer, the Bidder has declared that it has availed (with the exception of an amount of Euro 9 million of its own funds and Euro 4 million deriving from a loan received from its shareholder Ludvig SA) of an irrevocable credit facility, for a total of Euro 68 million, made available to it by the MPS Merchant Bank for the Small and Medium Enterprises S.p.A. This loan is guaranteed by a pledge on the ownership of the shares which the Bidder shall come to hold as a result of the TOB, by a pledge on the shares not brought in adhesion by Messrs. Nocentini and Brandani, and also by a pledge on the shares in the Bidder company owned by Messrs. Nocentini and Brandani.

In the Offer Document, the Bidder stated that the Offer is subject to certain conditions, as summarised below:

- (a) that the adhesion to the Offer enables the Bidder to obtain the ownership of a number of shares which, together with the shares not brought in adhesion by Messrs. Nocentini and Brandani, represent at least 66.7% (sixty-six point seven percent) of the entire share capital of Savino del Bene, in order to guarantee control of the extraordinary shareholders' meeting thereof.

We would point out that the abovementioned condition shall be considered to have been satisfied with the adhesion of a minimum of No. 15,159,958 Shares, equivalent to 41.297% of the entire share capital of Savino del Bene and 55.36% of the shares subject to the Offer.

In the event of an adhesion to the TOB for a quantity less than the Minimum Threshold, the Bidder reserves the unchallengeable right to renounce his bid, subject to the occurrence of both of the conditions described in points (b) and (c)

below, or to the renouncement of these conditions, in the event of the failure to comply therewith, subject to prior consent on the part of Mps Merchant, on condition that the Bidder, Nocentini and Brandani jointly hold at least 50.01% of the share capital of Savino del Bene.

- (b) up until 7.59 a.m. of the first Stock exchange trading day following the closing day of the Offer, there has not been any fall in the simple arithmetic average of the official quoted price of the Savino del Bene share of 15% or more with respect to Euro 2.081, in any five consecutive stock trading days ;
- (c) up until 7.59 a.m. of the first Stock exchange trading day following the closing day of the Offer, no damaging events have occurred at either a national or international level which would significantly alter the equity, economic and financial profile of Savino del Bene S.p.A, or of the Savino Del Bene Group, at a consolidated level, with respect to that disclosed in the Interim Report on the statutory and consolidated financial statements as of 30th June 2002.

The Offer is not subject to any terms of effectiveness foreseen by law and is being launched exclusively in Italy.

Given its desire to obtain *delisting*, in the Offer Document, the Bidder has declared that, should it come to hold an investment of more than 90% of the share capital of Savino Del Bene S.p.A. (for such purposes counting also those shares owned by Messrs. Nocentini and Brandani and not brought in adhesion) but no greater than 98% of the abovementioned share capital, it shall not reconstitute the floating shares but rather, shall, in accordance with Article No. 108 and letter a) of the first paragraph of Article No. 109, of the Italian Unified Tax Law (Testo Unico) and Article No. 50 of the Consob Code of Regulations, launch a **Residual take-over bid** for the Savino del Bene shares, on the basis of the existence of a private agreement between Messrs. Nocentini, Brandani and Palio S.p.A..

The Bidder has also declared that, in the event in which, as a result of the Offer or of an eventual Residual Offer, it should hold an investment in excess of 98% of the entire ordinary share capital of Savino Del Bene S.p.A., including those shares not brought in adhesion by Messrs. Nocentini and Brandani, it shall not launch a residual offer, but rather, that it shall avail directly of the right to purchase the residual shares of Savino Del Bene S.p.A., in accordance with and for the effects of Article No. 111 of the Unified Tax Law (Testo Unico), within four months from the Payment Date of the Offer as a result of which the threshold of 98% has been exceeded.

According to the Offer Document, the Bidder has launched the Offer in order to indirectly strengthen, by means of a market operation directed at all of the shareholders indistinctly, the position of Messrs. Brandani and Nocentini – who jointly control the Bidder by means of verbal agreement that takes the form of an unwritten private agreement – within the company Savino Del Bene S.p.A.

Furthermore, from an industrial point of view, the Bidder has declared that the launch of the TOB represents part of an even vaster project aimed at promoting and expanding the activities of the Savino del Bene Group on the world market in order to achieve a dual objective: the development and expansion of traffic from America towards Europe and the rest of the world by means of investment in human resources and an eventual

growth for external lines and the internationalisation and globalisation of the Group's business, partly through an ever-increasing diversification towards new markets.

By means of the present Offer, the eventual Residual Offer and the exercise of his rights in accordance with Article No. 111 of the Unified Italian Tax Law, the Bidder aims to obtain the withdrawal of the Company's shares from quotation on the Italian Stock Exchange organised and managed by the Borsa Italiana. Therefore the Bidder's objective is that of the withdrawal of the shares from quotation on the Italian Stock Exchange.

The Bidder is confident of being able to realise this project in the light of its current shareholder base, which includes qualified investors of *prime standing* who shall be able to contribute also in the medium-term in sustaining the levels of investment necessary for the expansion of the Group's business.

The Bidder has declared in the Offer Document that, where there exist the necessary conditions – which could be considered even in the event that the revocation of the quotation of the Savino del Bene shares fails to take place – shall, during the twelve months following the Date of Payment of the Purchase Price, propose a resolution for the merger between the Bidder and the Company .

In the meeting held on 5th March 2003 in order to consider the Offer, the Board of Directors of Savino del Bene decided to express a positive opinion both as regards the price offered and as regards the prospects and the plans indicated by the Bidder for Savino del Bene.

In particular, as regards the price offered for the shares, the Offer guarantees an immediate cash payment to all of the shareholders who adhere to the Offer.

In order to evaluate the congruity of the price, we would point out that the Bidder has determined the price using the *discounted cash flow method* and the analysis of the quoted prices of the Savino del Bene shares on the Italian Stock Exchange.

In particular, with reference to the discounted cash flow method, the Bidder has prepared an analytical estimate of the annual cash flows forecast for the period 2003 – 2005 and a quantification of the *terminal value*, which showed the value of each Savino del Bene share as being between Euro 2 and Euro 2.10.

Analysing the quoted prices of the Savino del Bene shares during the twelve months prior to the Offer, it would emerge that the price offered to those shareholders adhering to the TOB attributes them a premium of 22.956%, 16.730% and 17.192% with respect to the average weighted quoted price during the last month, during the last 3 months and 6 months prior to the Offer, respectively. On the other hand, there exists a discount of 4.166% between the price offered and the average weighted quoted price during the last 12 months prior to the Offer.

The average weighted quoted price of the Savino del Bene shares during the abovementioned periods was as follows:

	Weighted average price	equivalent capitalisation
	(Euro)	(Euro)
1 month (January 2003)	2.033	74,639,182.31
3 months (November 2002 – January 2003)	2.142	78,620,295.97
6 months (August 2002 – January 2003)	2.133	78,310,563.82
12 months (February 2002 – January 2003)	2.609	95,762,616.53

In the light of the above, the Board of Directors of Savino del Bene, has not called, nor intends to call, in accordance with Article No. 104 of the Unified Italian Tax Law, a Meeting of the Shareholders of Savino del Bene in order to obtain their authorisation for the undertaking of action or operations aimed at contesting the Offer.

Passing on to the analysis of the Consolidated Financial Statements of the Savino Del Bene Group, these are presented in accordance with the concepts of clarity and consistency, in order to give a true and fair view of the Group's equity, financial and economic situation.

In consideration of the parent company's preponderant importance within the Group, and of the fact that the companies included in the consolidation area operate in the same markets, have the same characteristics and are equally dependent upon external factors, for information regarding the performance of the individual consolidated companies, reference should be made to the comments contained in the Directors' Report on the financial statements of the parent company, Savino Del Bene S.p.A.

As can be seen in the summarised Income Statement and Balance Sheet shown below, the results for the year are satisfactory in light of the extremely difficult economic situation which has effected the world markets during the year 2002 and they indicate a discrete maintenance of operating ratios with respect to the year 2001.

Revenues from sea traffic have remained substantially in line with the those of the previous year (61.61 % of total revenue at 31.12.2002 against 61.23% at 31.12.2001); as have revenues from air traffic also (21.60 % of total revenue at 31.12.2002 against 21.12% at 31.12.2001).

The Italian and foreign subsidiary companies shipped a total of No. 118,722 TEUS **by sea** during the year 2002, compared to No. 95,980 TEUS during the year 2001, representing an increase of 23.69%. Total sea traffic, (including the parent company Savino Del Bene S.p.A.) amounted to No. 181,074 TEUS during the year 2002, against No. 144,972 TEUS in the year 2001, representing an increase of 24.90 %.

The table below shows the analysis (in percentage terms) by geographical area of the total TEUS shipped:

	2002	2001	2000
NORTH AMERICA	70.26	73.29	82.54

CENTRAL AMERICA	1.22	1.50	0.78
SOUTH AMERICA	3.38	4,16	4.86
EUROPE	4.50	2.60	2.57
AFRICA	3.06	2.82	1.68
MIDDLE EAST	5.61	6.29	2.24
FAR EAST	6.18	5.41	3.78
AUSTRALIA AND SOUTH PACIFIC	4.32	2.35	1.06
SOUTH ASIA	1.47	1.58	0.49
TOTAL	100	100	100

The principal destination of goods shipped remains North America (even though this area shows a decline with respect to 31st December 2001 due to the economic crisis in the USA), while there has been a growth in the volume of traffic towards the Far East, and towards Australia and the South Pacific, due mainly to the significant investments made by the Group in order to expand traffic in these areas.

Nevertheless, the signs of a slowing-down recorded on these markets during the final part of the year 2002 and the start of the year 2003 shall require an increasingly careful analysis in order to avoid undertaking investments with low profitability. Levels of traffic towards Europe show an increase, demonstrating the care and attention which management is dedicating to the development and expansion of traffic from the USA towards Europe and the rest of the world.

The **air traffic** sector showed the following results: the number of kilos shipped by the Italian and foreign subsidiary companies amounted to No.17,055,161 at 31.12.2002 against No. 16,123,862 at 31.12.2001 representing an increase of 5.78%. This result is extremely reassuring given the difficult world economic situation during the year 2002. Total air traffic (including the parent company Savino Del Bene S.p.A.) amounted to No. 33,623,161 Kilos at 31.12.2002 compared to No. 33,687,862 at 31.12.2001. The decrease with respect to the year 2001 is insignificant.

The table below shows the analysis (in percentage terms) by geographical area of the total Kilos shipped. It illustrates the substantial stability in the traffic routes:

	2002	2001	2000
NORTH AMERICA	59.22	63.34	64.46
CENTRAL AMERICA	0.59	0.93	1.00
SOUTH AMERICA	3.65	3.85	3.88
EUROPE	6.73	6.31	6.37
AFRICA	1.57	1.63	1.26
MIDDLE EAST	2.16	3.46	2.86
FAR EAST	20.60	16.93	17.48
AUSTRALIA AND SOUTH PACIFIC	2.35	0.58	0.48
SOUTH ASIA	3.13	2.97	2.21

TOTAL	100	100	100
--------------	------------	------------	------------

Summarised Consolidated Income Statement

Thousands of euro	31.12.02	%	31.12.01	%	31.12.00	%
					393,302	100.00
Sales revenue	484,012	100.00	483,828	100.00		
Other income and revenues	2,617	0.54	2,105	0.44	1,875	0.48
Goods and services consumed	(410,226)	-84.76	(406,555)	-84.03	(324,870)	-82.60
Added value	76,403	15.78	79,378	16.41	70,307	17.88
Labour costs	(52,872)	-10.92	(51,479)	-10.64	(39,837)	-10.13
Other operating expenses	(1,773)	-0.37	(1,796)	-0.37	(1,814)	-0.46
Gross operating margin	21,758	4.49	26,103	5.40	28,656	7.29
Amortisation and depreciation	(5,626)	-1.16	(5,124)	-1.06	(3,659)	-0.93
Provision for risks	(2,265)	-0.47	(3,501)	-0.72	(1,958)	-0.50
Net operating profit	13,867	2.86	17,478	3.62	23,039	5.86
Financial income (expenses), net	(7,820)	-1.62	(27)	-0.01	2,592	0.66
Income before taxes and extraordinary items	6,047	1.24	17,451	3.61	25,631	6.52
Extraordinary income (expenses), net	102	0.02	350	0.07	1,355	0.34
Income before taxes	6,149	1.26	17,801	3.68	26,986	6.86
Income tax for the period	(4,766)	-0.98	(9,736)	-2.01	(11,682)	-2.97
Net income for the period	1,383	0.28	8,065	1.67	15,304	3.89
Income/(losses) attributable to minority interests	(488)	-0.10	(1,311)	-0.27	(936)	-0.24
Group share of net income	895	0.18	6,754	1.40	14,368	3.65

During the year ended on 31st December 2002, the Savino Del Bene Group realised a **consolidated turnover** of Euro 484.01 million (+ 0.04% with respect to 31st December 2001), **an added value** of Euro 76.40 million (-3.75% with respect to 31st

December 2001) and a **gross operating margin** of Euro 21.76 million (- 16.65 % with respect to 31st December 2001)

Net operating profit amounted to Euro 13.87 million (- 20.61 % with respect to the year 2001) after amortisation, depreciation and provisions for Euro 7.891 million.

Turnover remained substantially in line with that of the previous year, due in part to the commercial expansion strategy adopted by the Group during the year, which enabled it to offset the negative effects of the world economic situation. The effects of the expansion of the consolidation area during the year are immaterial.

The operating ratios have remained at a satisfactory level, demonstrating the Group's operating flexibility and its capacity to earn significant revenues from its tradition business activities.

The **Value Added margin** fell from 16.41% at 31st December 2001 to 15.78% at 31st December 2002. This ratio was clearly penalised by the trend in freight charges (especially in the air sector), which did not undergo any particular decrease during the year .

The **Ebitda margin** fell from 5.40% at 31st December 2001 to 4.49% at 31st December 2002. This ratio was influenced by the rise in labour costs, due partly to the expansion of the consolidation area .

The **Ebit margin** fell from 3.62% at 31st December 2001 to 2.86% at 31st December 2002. We have no particular comments to make regarding this ratio. The amortisation of the consolidation differences which emerged during the year 2002 are not particularly significant.

Net income amounted to Euro 0.895 million (- 86.75% with respect to 31st December 2001). However, we would emphasise that the significant decrease in this figure with respect to the previous year is due both to a high incidence of tax rate which has undergone a significant increase following the drop in income before tax caused by the losses and lower profits recorded by the Group's foreign companies with respect to the previous year, and to the extremely negative performance of the US dollar which has had negative repercussions on exchange differences. However, in the absence of any hopes of a revaluation of the US dollar in the near future, the Group intends to define more precise financial and commercial strategies, which shall enable it to neutralise as far as possible the negative effects deriving from fluctuations in currency exchange rates.

Summarised consolidated balance sheet

Thousands of euro	31.12.02	31.12.01	31.12.00
Receivables due from			0

shareholders			
Intangible fixed assets	4,838	5,620	921
Tangible fixed assets	35,484	34,714	29,088
Financial fixed assets	3,191	5,292	3,140
Fixed assets	43,513	45,626	33,149
Current assets	138,708	131,940	107,059
Current liabilities	(89,892)	(88,774)	(79,813)
Provisions for risks and charges	(2,915)	(2,833)	(2,273)
Net working capital	45,901	40,333	24,973
Employee termination indemnity	(8,654)	(7,773)	(6,591)
Net capital invested	80,760	78,186	51,531
Financed by:			
Total net equity	64,537	67,154	61,507
Group share of net equity	58,632	61,468	58,312
Minority interest share of net equity	5,905	5,686	3,195
Net financial debt	16,223	11,032	(9,976)
Net medium/long term indebtedness	2,461	3,514	2,540
Net short term indebtedness	13,762	7,518	(12,516)
Total sources of finance	80,760	78,186	51,531

The consolidated net financial position of the Group at 31.12.2002 showed a negative balance of Euro 16.22 million compared to a negative net balance of Euro 11.03 million at 31st December 2001. The deterioration thereof is due to various factors such as the lengthening of the payment period of trade receivables and the net indebtedness brought into the Group by those companies included in the consolidation area for the first time during the year 2002.

In particular, medium/long-term financial indebtedness dropped from Euro 3.5 million at 31.12.2001 to Euro 2.46 million at 31.12.2002 and short-term financial indebtedness rose from Euro 35.85 million at 31.12.2001 to Euro 41.03 million at 31.12.2002. Net short-term liquidity (cash and marketable securities) fell from Euro 28.33 million at 31.12.2001 to Euro 27.26 million at 31.12.2002 .

INVESTMENTS

Various movements have taken place in fixed assets (intangible, tangible and financial), due both to the acquisition of buildings necessary for the Group's activities and to

certain operations carried out in order to continue the Group's strategy of expansion on all of the principal markets particularly with a view to a greater globalisation and internationalisation of its activities. The movements that took place are detailed in the explanatory notes.

SHARE PERFORMANCE

During the year 2002 the Savino Del Bene share underwent significant fluctuation. The share was subject to intense trading during the first 6 months of the year at relatively high prices despite the drop in traffic at world level and the international and American economic crisis which occurred following the 11th September 2001 and which had negative effects on all of the world stock markets.

This growth was due mainly to the fact that a careful analysis of the Company and of its future income prospects showed the share to be decidedly undervalued. A greater public awareness of the Company, due in large part to a well aimed and constant investor relations activity, has attracted important financial intermediaries and international merchant banks who have almost certainly contributed in transmitting to investors and to the financial community as a whole, the Group's potential for current and future growth.

The rediscovery of this sector by investors on an international level, had drawn the financial operators' attention to the only share quoted on the Italian stock exchange related to the logistics and the shipping services sector in general.

The international situation has deteriorated during the second half of the year, as the effects of the world-wide political instability and the crisis of business and consumer confidence which has hit the USA have begun to be felt throughout the entire world. Competition in the transport and logistics sector in general has become even more aggressive; shipping companies have been forced to cut their prices in order not to lose their market share, with obvious negative repercussions on operating margins and particularly on future income prospects, given the lack of any clear signals of an inversion of the current trend.

This has led to a significant reduction in the volume of shares traded and a consequently, to a significant reduction in share prices. The buy-back policy adopted by the parent company Savino Del Bene has obviously not been able to stem the strong tendency towards the sale of the shares by shareholders, generated by an adjustment of the target share price following the revised perception of the business and the changed expectations for future growth.

DISCLOSURE OF RELATED PARTY TRANSACTIONS

In accordance with the CONSOB recommendation No. DAC/98015375 of 27th February 1998, we would point out that:

- the Group company Savino Del Bene S.L. Spain has received services from the company Amazzone S.a.s. (5.036 % owned by the parent company Savino Del Bene S.p.A.) for a total of Euro 60,000 related to the supply of the commercial know-how necessary for the running of the company's operating activities;

- the Group company Levitrans S.r.l. (40% owned by the parent company Savino Del Bene S.p.A) paid Mr. Giuliano Macucci emoluments of Euro 33,000 for his services as director;
- the Group company Albatrans S.p.A (50% owned by the parent company Savino Del Bene S.p.A) has received occasional services from Mr. Giuliano Macucci for a total of Euro 25,500 related to the supply of the commercial know-how necessary for the running of the company's operating activities.

OWN SHARES

At 31.12.2002 Savino Del Bene S.p.A. held No. 413,733 own shares. These shares represent 1.13% of the Company's entire share capital. During the year No. 760,743 shares were purchased and No. 594,925 shares were sold.

The sale and purchase operations carried out during the year were designed to uphold the share quotation where unjustified sales pressure significantly lowered their value.

As required by Art. No. 2357 of the Italian Civil Code, a non-distributable reserve of Lire 3,000,000,000 has been recorded in net equity. The shareholders' meeting to be held on 16th May 2003 in order to approve the 2002 financial statements, shall not be asked, in ordinary meeting, to renew the reserve for the purchase of own shares.

We would also point out that none of the other Group companies hold, neither directly nor indirectly through trust companies or proxies, own shares or shares in the parent company.

POST BALANCE SHEET EVENTS

Apart from the TOB launched by the company Palio S.p.A. which has already been discussed in depth, no other significant events have taken place after the year end.

FORECAST FOR THE COMING YEAR

The Group's performance during 2003 and in future years shall obviously be affected by the growth prospects of the US economy. The worsening of the US economic situation and the probable strengthening of the Euro against the US dollar, will lead to a drop in exports from Europe towards the USA and therefore an inevitable reduction in intermediation activity in the international transport sector.

The Savino Del Bene Group shall seek to avoid this situation by continuing its strategy of globalisation and internationalisation towards new markets and by concentrating its efforts both in broadening its commercial base and in the expansion of exports from the USA towards Europe and towards the rest of the world.

This objective is being sought through the strengthening of the Group's American offices and through the search for potential commercial partners with a high level of expertise and experience in this type of business, allowing the Group to grow even more rapidly.

Obviously, should this expansion programme produce the effects desired, the American offices shall undergo a significant expansion which shall in turn produce significant effects on their turnover towards the rest of the world and on their profit levels, thus increasing both their contribution towards consolidated net income and their capacity to self-finance further expansion projects.

Nevertheless, we would point out that an eventual persistence of the current slowing down in the economy of the country which represents our principal market, while inevitably leading to a drop in turnover and in the volume of goods transported, should not lead to any significant changes to operating margins once freight charges fall in line with the market trend. In this case the Group should benefit from the effects its high level of flexibility and from the relative lack of fixed costs.

Obviously, should the current strong pressure on the freight market persist throughout the year 2003 also, and should the economic recovery fail to materialise, this could lead to further pressure on operating margins .

The Group shall also be particularly occupied in developing logistic and organisational solutions with a high technological content which shall enable it to serve the most demanding and varied customers with highly specialised logistics services with a high added value, not to mention more timely flows of information.

Of the various geographic areas of growth other than the USA, particular attention shall be paid to the People's Republic of China, a huge market which calls for experience, capability, and especially a knowledge of the culture and working environment in general. The Shanghai branch (opened during the year 2001) is already showing promising returns. The Group is also concentrating on Eastern Europe, and further expansion is expected on the South American market.

The Chairman of the Board of Directors