

SAVINO DEL BENE

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31.12.2002

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the related provisions contained in Part III (Articles No. 25 to 43) of Law No. 127/91, supplemented and interpreted, where necessary, on the basis of the accounting principles issued by the Italian Institute of Accountants (Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri).

The explanatory notes explain, analyse and, in certain cases, supplement the data reported on the face of the consolidated financial statements; they contain all of the information required by Art. No. 38 of Law No. 127/91. Furthermore they provide all of the additional information necessary in order to present a true and fair view of the state of the Group, even where this is not required by specific legislation.

The consolidated financial statements as of 31st December 2002 have been prepared using the financial statements at that same date of the individual companies included in the consolidation area, approved by the relative shareholders' meetings. In those cases where the financial statements of the individual companies had not yet been approved by their shareholders' meetings, the financial statements approved by the respective Boards of Directors were used. These financial statements have been reclassified and adjusted, where necessary, to conform to Italian legislation and to the Group accounting principles, which in turn conform to those accounting principles generally accepted in Italy, or, in the absence thereof, those issued by the International Accounting Standards Committee (I.A.S.C).

The financial statements as of 31st December 2002 have been audited by the independent audit company Reconta Ernst & Young S.p.A., who have been appointed as auditors of the financial statements for the periods from 2001-2003 by the shareholders' meeting held in order to approve the financial statements for the year 2000.

CONSOLIDATION PRINCIPLES

a) Consolidation method

The consolidation was carried out in accordance with the line-by-line (global integration) method.

The main consolidation principles adopted are summarised below:

- the book value of the investments held by the holding company or other Group companies in consolidated subsidiaries is eliminated against the related shareholders' equity, and their assets, liabilities, income and expenses are consolidated on a line-by-line basis ;

- the difference between the book value and the net equity value of the consolidated companies is allocated, if positive, to the value of the assets acquired (such as land, buildings and plant, on the basis of assessments carried out by independent surveyors) within the limits of the fair value of such assets and any excess is allocated to the heading "Consolidation differences". The depreciation of these assets is made on the basis of their estimated useful economic lives.

If negative, the difference is allocated to the heading "Consolidation reserves";

-all receivables, payables, income and charges between companies included in the consolidation area are eliminated, as are any gains or losses deriving from operations carried out between consolidated companies and not yet realised at the balance sheet date.

-the minority shareholders' interest in net equity and results for the period are shown separately in the consolidated balance sheet and income statement;

-all dividends received from consolidated companies are eliminated;

-the valuation adjustments and the provisions made exclusively for fiscal purposes are eliminated.

b) Translation of foreign currency financial statements and of balances expressed in foreign currencies

Financial statements expressed in foreign currency are translated into Euro at the year-end exchange rates, with the exception of shareholders' equity balances, which are translated at historical exchange rates; the resulting exchange differences are recorded under the heading " Other reserves".

The following exchange rates were utilised:

<u>CURRENCY</u>	<u>DECEMBER 2002</u>	<u>DECEMBER 2001</u>
US Dollar	1.0487	0.8813
Canadian Dollar	1.6550	1.4077
Pounds Sterling	0.6505	0.6085
Korean Won	1,243.7600	1,162.2269
Singapore Dollar	1.8199	1.6306
Hong Kong Dollar	8.1781	6.8723
Japanese Yen	124.3900	115.3365
Indian Rupee	50.5071	43.5479
Brazilian Real	3.6944	2.0454
Turkish Lira	1,738,000.0000	1,936,270.0000
Malaysian Ringgit	3.9844	3.3485
Indonesian Rupee	9,375.3700	9,220.3333
Nuevo sol	3.6861	3.0339
Australian Dollar	1.8556	1.7280
South African Rand	9.0094	10.4302
Egyptian Pound	4.8482	4.0145
Thailand Bath	45.2094	49.72
Argentinean Pesos	3.5407	0.8813
Swiss Franc	1.4524	1.4829

CONSOLIDATION AREA

The consolidated financial statements of the Savino Del Bene Group at 31st December 2002 derive from the consolidation at that date of Savino Del Bene S.p.A. (the parent company) and of the companies in which it holds, either directly or indirectly, a controlling interest in accordance with Art. 2359 of the Italian Civil Code.

The consolidation area changed during the year. In particular, the following companies were consolidated for the first time: Savino Del Bene S.A. Chiasso, Savino Del Bene Argentina, General Noli do Brasil, Tosca Immobiliare S.r.l. and Savino Del Bene Pte Thailand Ltd.

The list of the investments included in the consolidation area, together with information regarding the consolidation method used, is shown in Appendix No. 1 attached to this report.

The following information is given in addition to that contained in the abovementioned schedule:

- 1) The direct investment in the company Savino Del Bene USA Inc. (64%) is held by the company S.D.B. Finanziaria S.A., with head offices in Luxembourg.
- 2) The direct investments (100%) in the companies Savino Del Bene Inc. New York, Savino Del Bene (Texas) Inc., Savino Del Bene Inc. California, Savino Del Bene Inc. Miami, Savino Del Bene (Georgia) Inc., Savino Del Bene International Freight Forwarders Inc. Chicago, Savino Del Bene Inc. Massachusetts, Fashion Distribution Services Inc. New Jersey, Savino Del Bene Inc. Charlotte and Savino Del Bene Inc. Seattle are held by the company Savino Del Bene USA Inc.
- 3) The direct investment in the company Brewer Enterprises Inc. (51%) is held by the company S.D.B. Finanziaria S.A.
- 4) The direct investment in the company Savitransport Inc. Chicago (95 %) is held by the company Savitransport S.p.A.
- 5) The direct investment in the company Savitransport Inc. New York (95 %) is held by the company Savitransport S.p.A.
- 6) The direct investment in the company Albatrans Inc. New York (96%) is held by the company Albatrans S.p.A.
- 7) The direct investment in the company Leonardi & Co. USA Inc. (100 %) with head offices in New York is held by the company Leonardi & Co. S.p.A.
- 8) The direct investment in the company General Freight Inc. (100%) with head offices in New York is held by the company General Noli S.p.A.
- 9) The direct investment in the company General Freight Inc. (100%) with head offices in Montreal is held by the company General Noli S.p.A.
- 10) The direct investments in the company General Noli S.L. with head offices in Valencia (100%) are held for 51% by the company General Noli S.p.A and for 49% by the company Savino Del Bene International S.A. Luxembourg.
- 11) The direct investment in the company Leonardi Iberia S.A. (100 %) with head offices in Valencia is held by the company Leonardi & Co. S.p.A.
- 12) The direct investment in the company Albatrans Spain S.L. (80%), with head offices in Barcelona, is held by the company Albatrans S.p.A.
- 13) The direct investment in the company Savino Del Bene France (99.94%) is held by the company Savino Del Bene International S.A. Luxembourg.
- 14) The direct investment in the company Albatrans France S.a.r.l. (80%), with head offices in Roissy, is held by the company Albatrans S.p.A.
- 15) The direct investment in the company Savino Del Bene S.A. Chiasso (98.8%) with head offices in Chiasso is held by the company S.D.B. Finanziaria S.A.
- 16) The investment in the company S.D.B Finanziaria S.A (100%) is held for 99.86 % by the company Savino Del Bene International S.A. Luxembourg and for 0.14% by the company Cavallino S.r.l.
- 17) The direct investment in the company Savino Del Bene Naklyati Ltd. (99%), with head offices in Istanbul, is held by the company S.D.B. Finanziaria S.A.

- 18) The direct investment in the company Savino Del Bene (S) Pte Ltd (100%), with head offices in Singapore, is held by the company Savino Del Bene International S.A. Luxembourg.
- 19) The direct investment in the company Savino Del Bene K.L Sdn. Bhd. (100%), with head offices in Kuala Lumpur, is held by the company S.D.B. Finanziaria S.A.
- 20) The direct investment in the company PT Savino Del Bene Indonesia (100%), with head offices in Jakarta, is held by the company S.D.B. Finanziaria S.A.
- 21) The direct investment in the company Savino Del Bene Pte Thailand Ltd (100%), with head offices in Bangkok, is held by the company S.D.B. Finanziaria S.A.
- 22) The direct investment in the company Savino Del Bene Japan Co. Ltd. (100 %), with head offices in Tokyo, is held by the company S.D.B. Finanziaria S.A.
- 23) The direct investment in the company Savino Del Bene Freight Forwarders India Pvt. Ltd. (100%), with head offices in Bombay, is held by the company S.D.B. Finanziaria S.A.
- 24) The direct investment in the company Savino Del Bene Do Brasil LTDA (98.68%), with head offices in San Paolo, Brazil, is held by the company S.D.B. Finanziaria S.A.
- 25) The direct investments in the company General Noli Do Brasil LTDA (100%), with head offices in San Paolo, Brazil, are held by the company S.D.B. Finanziaria S.A. for 98% and by the company General Noli S.p.A for the remaining 2%.
- 26) The direct investment in the company Savino Del Bene Argentina (58.24%), with head offices in Buenos Aires, is held by the company S.D.B. Finanziaria S.A.
- 27) The direct investment in the company Savino Del Bene Peru S.A.C. (100%), with head offices in Lima, is held by the company S.D.B. Finanziaria S.A..
- 28) The direct investment in the company Strategic Logistical Alliance (50 %), with head offices in Johannesburg, is held by the company S.D.B. Finanziaria S.A..
- 29) The direct investment in the company Novibrama S.r.l. (5 %) is held by the company Cavallino S.r.l.
- 30) The direct investment in the company Tosca Immobiliare S.r.l. (100 %) is held by the company Do.ca S.r.l.
- 31) The direct investment in the company C.R.T. S.r.l. (95%) is held by the company Novibrama S.r.l.
- 32) The direct investment in the company Savitransport Triveneto S.r.l (51%) is held by the company Savitransport S.p.A.
- 33) The direct investment in the company Tavoni Arimar Inc. (40%), with head offices in New York, is held by the company S.D.B. Finanziaria S.A.
- 34) The direct investment in the company Leonardi Florida Inc. (75%), with head offices in Miami, is held by the company Leonardi & Co. S.p.A.
- 35) The direct investment in the company Do.ca de Venezuela C.A. (51%,) with head offices in Caracas, is held by the company Do.Ca S.r.l.
- 36) The direct investment in the company Alpha Line Limited (99%) is held by the company S.D.B. Finanziaria S.A.
- 37) The direct investment in the company Savino Del Bene Egypt Ltd. (100%), with head offices in Cairo, is held by the company S.D.B. Finanziaria S.A..

- 38) The direct investment in the company General Noli Argentina (90%), with head offices in Buenos Aires, is held by the company General Noli S.p.A, with head offices in Modena.
- 39) The direct investment in the company Savino Del Bene GMBH (100%), with head offices in Hamburg, is held by the company S.D.B. Finanziaria S.A.
- 40) The direct investment in the company Savino Del Bene Bulgaria (100%), with head offices in Sofia, is held by the company S.D.B. Finanziaria S.A..
- 41) The direct investment in the company Beni Unipersonale S.r.l. in liquidation (51%), with head offices in Livorno, is held by the company Do.Ca S.r.l.

ACCOUNTING PRINCIPLES

The accounting principles adopted in the preparation of the consolidated financial statements for the year ended 31st December 2002 are consistent with those of the previous year.

The more significant accounting principles adopted are as follows:

Intangible Fixed Assets

Intangible fixed assets are recorded at cost, including directly related charges, amortised annually over the period that the assets are expected to benefit.

Starting up and expansion costs are capitalised and amortised over a period not exceeding five years, with the Board of Statutory Auditors' consent.

Concessions, licenses, trademarks and other similar rights relate to the cost of applications software acquired under license for use and are amortised on a straight-line basis over the duration of the license, which is estimated as being over a period of three years.

Goodwill is capitalised and amortised over a period of five years, with the Board of Statutory Auditors' consent.

Other intangible fixed assets are comprised mainly of improvements to third party assets and are amortised over the duration of the relative lease or rental contract and in any case over a period not exceeding their expected useful lives.

Consolidation Difference

The consolidation difference represents the excess price paid with respect to the net equity value at the moment of acquisition of the investment, not attributable to any individual asset of the company. The consolidation difference therefore represents the price paid for the goodwill that emerges on consolidation. This difference is amortised over the duration of the expected economic and financial returns from the investment and in any case over a period not exceeding 10 years.

Tangible Fixed Assets

Tangible fixed assets are recorded at purchase cost, including directly related charges, and are shown net of the accumulated depreciation thereon. The cost of certain assets has been restated following the application of monetary revaluation laws (Laws No. 576/1975, No. 413/1991 and No. 342/2000) and following mergers, within the limits of the fair value of the assets concerned. In particular, the buildings recorded in the financial

statements have been revalued in accordance with Law No. 342/2000 utilising the criteria of the revaluation of both historical cost and of accumulated depreciation, offset by the creation of a specific reserve in shareholders' equity, after having accrued the relative substitutive tax.

Tangible fixed assets are depreciated annually on a straight-line basis using rates that reflect the residual economic lives of the assets concerned, the annual rate is reduced by 50% in the year of purchase of the asset.

Repair and maintenance costs are charged entirely to the income statement in the period in which they are incurred. Incremental maintenance that prolongs the useful lives of the related assets is capitalised and amortised over the residual useful life of that asset.

Leased Assets

Assets acquired under financial leasing contracts are recorded in the financial statements in accordance with the current interpretation of the international accounting principle (IAS) No. 17, which requires that the relative asset be recorded in the fixed assets section of the balance sheet and the relative payments due be recorded in the liabilities side of the balance sheet, while the leasing charges are eliminated and depreciation is charged on the asset instead.

Financial Fixed Assets

Investments are valued at acquisition cost, written down to net equity value as per the latest approved financial statements in the event of a permanent fall in value and restored to their original cost value in subsequent accounting periods, should the reasons for such write-downs no longer apply.

Investments in foreign companies are stated at cost, converted into euros at the exchange rate in existence at the moment of acquisition or underwriting of the investment.

The above valuation criteria are also applied to those subsidiary and associated companies, the value of which is considered irrelevant for the purposes of the consolidated financial statements.

Inventories

Inventories are valued at average weighted cost.

Own Shares

Own shares are recorded in the financial statements either as financial fixed assets or current financial assets, depending on whether they are intended to be held over the long term or whether they are designed to uphold the Company's share quotation. In the former case they are valued at cost, reduced where necessary to take account of permanent reductions in value; in the second case the own shares are stated at the lower of cost, determined using the average weighted cost method, and market value.

Marketable Securities

Fixed interest securities, both bonds and deposit certificates, are classified as current assets as they are destined either for negotiation or to meet future finance requirements. They are stated at the lower of cost and estimated realisable value, calculated on the basis of the average quoted price.

Receivables and Payables

Receivables are classified as financial fixed assets or as current assets depending upon their nature and due date. Receivables included as financial fixed assets are stated at nominal value as this coincides with their estimated realisable value. The receivables included in current assets are shown net of specific provisions for bad debts, considered necessary to bring these receivables into line with their estimated realisable value.

Payables are stated at nominal value

Accruals and Prepayments

Accruals and prepayments are recorded in order to match costs and revenues in the accounting period to which they relate.

Accrued income and liabilities relate to income and expenses relative to the period, while deferred income and prepaid expenses relate to income and expenses relative to future periods.

Provisions for Risks and Charges

These provisions cover contingencies in relation to known or likely losses or liabilities, the extent and timing of which cannot be precisely determined at the year end. Provisions reflect the best estimate of losses to be incurred based on the information available.

No provision is made for those risks that are merely "possible" but not likely; however they are disclosed in the explanatory notes.

Provisions for risks and charges comprise the following:

- *provision for pensions, leaving indemnities and similar.* This reserve was resolved by the shareholders' meetings of certain Group companies in order to provide an indemnity to the members of the Board of Directors in the event of the expiry of their appointment. The criteria adopted for the recording of such provision is in line with the nominal value resolved by the shareholders;
- *provision for taxes.* This reserve includes both provisions for the estimated future tax liability relative to fiscal disputes and tax years not yet finalised and provisions for deferred taxation;
- *other provisions.* These were created to cover the losses expected upon the unfavourable outcome of legal action in course, to take account of the losses sustained by certain subsidiary companies not included in the consolidation area and of provisions for the reserve for exchange rate fluctuations.

Employee Termination Indemnity

Employee termination indemnity represents the liability matured towards employees at the balance sheet date, determined in accordance with legislation and labour contracts in force in those countries where such an indemnity exists.

Foreign Currency Transactions

Amounts receivable and payable and other items expressed in foreign currencies are converted into euros using the exchange rates in effect at the transaction date. Eventual exchange differences realised on receipt or payment of these balances are recorded in the income statement. In accordance with the Accounting Principle No. 26 issued by the Italian Institute of Accountants (Consigli Nazionali dei Dottori Commercialisti e Ragionieri), as from the year 2000, the year-end balances are converted into euros at the year-end exchange rate and eventual unrealised gains and losses are recorded in the income statement under "financial income" and "financial charges" respectively.

Liquid assets and bank overdrafts in foreign currency are converted into euros at the year-end exchange rate.

Taxation

Accruals for income taxes, calculated on the basis of taxable income for the period, are recorded gross of advance payments of tax and taxes withheld from the Company at source and taking account of the requirements of Law No. 466/1997 and subsequent addendums and amendments.

Advance and deferred taxation are calculated on the cumulative timing differences between the result for the year per the financial statements and the taxable income shown in the tax return on the basis of the tax rate applicable in the following year. The net difference between advance and deferred taxation is recorded in the income statement.

No deferred taxation has been recorded relative to reserves upon which taxation has been postponed, as we have serious reason to believe that these reserves shall not be utilised and therefore shall not be subject to taxation.

Revenue Recognition

Income and expenses are recorded in accordance with the accruals concept and are shown net of discounts, rebates and bonuses.

Memorandum Accounts

The memorandum accounts include the following:

- guarantees given to third parties on behalf of the Group, valued at the residual value of the loan or other debenture loan (bonds) to which they relate;
- risks relative to bills receivable already credited in bank but for which the actual receipt of payment is uncertain. These are valued at the nominal value of the relative receivable;
- mortgages on land and buildings given as guarantee against loans received from banks;
- commitments assumed relative to future instalments on financial leasing contracts.

OTHER INFORMATION

The consolidated financial statements are stated in thousands of euros in order to facilitate the reading and understanding thereof.

COMMENTS ON THE PRINCIPAL ASSET HEADINGS

AMOUNTS DUE FROM SHAREHOLDERS FOR SHARE PAYMENTS DUE

No balance exists for this heading at 31.12.2002, as was also the case at 31.12.2001.

FIXED ASSETS

Intangible Fixed Assets

These amount to Euro 4,838 thousand, against Euro 5,620 thousand at 31.12.2001. They comprise mainly costs sustained for the purchase of software, for improvements to third party assets and also the consolidation differences which arose on certain acquisitions carried out during the year. The movements during the period are shown in Appendix No.2 attached to this report.

Intangible fixed assets are comprised of the following:

Starting up and expansion costs

These amount to Euro 95 thousand, against Euro 123 thousand at 31.12.2001.

They comprise principally the following costs sustained:

- for the bonus issue of share capital resolved by the Board of Directors on 17th May 1999 in exercising the powers conferred on them by the Extraordinary Shareholders' Meeting of the parent company Savino Del Bene S.p.A. dated 16th September 1998 (Euro 1 thousand);
- for legal and fiscal charges relative to the stipulation of contracts for the acquisition of companies and to the statutory amendments resolved by the extraordinary shareholders' meeting of 28th April 2000 relative to the conversion of the Company's share capital from Italian lire into euros and to the transfer to secondary premises (Euro 1 thousand);
- for legal and fiscal charges relative to the increase in share capital by means of a bonus issue resolved by the Board of Directors on 30th March 2001 in exercising the powers conferred on them by the Extraordinary Shareholders' Meeting of the parent company Savino Del Bene S.p.A. dated 16th September 1998 (Euro 1 thousand);
- for legal and fiscal charges relative to the increase in share capital by means of a bonus issue resolved by the Board of Directors on 29th March 2002 in exercising the powers conferred on them by the Extraordinary Shareholders' Meeting of the parent company Savino Del Bene S.p.A. dated 16th September 1998 (Euro 2 thousand);
- for legal expenses relative to the acquisition of the business segment of a brokerage company by the company Albatrans Inc. with head offices in New York (Euro 67 thousand);
- for legal and fiscal expenses relative to the merger by incorporation of the companies Darimec Commerciale S.r.l. and Chriseco S.r.l. into the company Cavallino S.r.l. (Euro 1 thousand);
- for net costs brought in by companies entering into the consolidation area during the year (Euro 13 thousand).

The amortisation charges for the year amounted to Euro 51 thousand, of which Euro 7 thousand relative to changes in the consolidation area.

Research, development and advertising expenses

These amount to Euro 8 thousand, against Euro 17 thousand at 31.12.2001. The variation is due to the amortisation charge for the year (Euro 8 thousand).

Concessions, licences, trademarks and similar rights

These amount to Euro 456 thousand, against Euro 194 thousand at 31.12.2001.

These comprise mainly the costs of applications software purchased for use under licence.

The movements during the year are due mainly to additions (Euro 509 thousand) and to amortisation charges for the period (Euro 242 thousand) while changes in the consolidation area had relatively little effect.

Goodwill

This amounts to Euro 419 thousand, against Euro 641 thousand at 31.12.2001. The variation during the year is due principally to the amortisation charge for the year (Euro 137 thousand).

Assets in progress and advance payments to suppliers

These amount to Euro 5 thousand against a nil balance at 31.12.2001.

No significant movements took place during the year.

Other intangible fixed assets

These amount to Euro 626 thousand, against Euro 853 thousand at 31.12.2001

They include the costs sustained for:

- improvements to leased assets (Euro 546 thousand);
- costs of independent surveys carried out relative to the revaluation of land and buildings (Euro 10 thousand);
- the acquisition of beneficiary rights for a three-year period on 8% of the share capital of the subsidiary Leonardi (Euro 68 thousand);
- the opening of foreign liaison offices (Euro 2 thousand);

The variation during the year was due mainly to additions during the year (Euro 82 thousand) and to the amortisation charge for the period (Euro 306 thousand).

Consolidation differences

These amount to Euro 3,229 thousand with respect to Euro 3,792 thousand at 31.12.2001.

The variation during the year relates mainly to the amortisation calculated on the goodwill paid by the parent company for the acquisition of 53% of the company Leonardi & Co. S.p.A and of other companies during the year 2001 (Euro 444 thousand), for the acquisition of 23.22% of the company Do.Ca S.r.l. (Euro 155 thousand) and for acquisitions carried out by other Group companies in other subsidiary companies included in the consolidation area in the year 2002 (Euro 136 thousand).

The net consolidation differences which arose in the year 2001 are being amortised over a period of 8 years, which represents the estimated average duration of the expected economic and financial returns from investment in the Group's sector.

Tangible Fixed Assets

These amount to Euro 35,484 thousand, against Euro 34,714 thousand at 31.12.2001.

The movements during the period are shown in Appendix No.3 attached to this report. This schedule shows the movements in historical cost and in accumulated depreciation.

The components of tangible fixed assets are:

Land and buildings

These amount to Euro 27,115 thousand, against Euro 24,846 thousand at 31.12.2001.

This asset category also includes consolidation differences relative to the year 1999 (for a total of Euro 338 thousand, net of accumulated depreciation) and to the year 2001 (for a total of Euro 327 thousand, net of accumulated depreciation) arising from the acquisition by the company S.D.B. Finanziaria S.A. with head offices in Luxembourg, of an initial 36% and of a further 15% of the entire share capital of the company Brewer Enterprises Inc. The acquisition of 36% was paid for by means of the sale by S.D.B. Finanziaria S.A. of 36% of the entire share capital of the company S.D.B. USA Inc. This involved a straight share swap, as the independent appraisal values of the two companies whose shares were exchanged were more or less equal.

This category also includes (for Euro 464 thousand, net of accumulated depreciation) the consolidation differences relative to the year 2002 arising from the consolidation of the company Tosca Immobiliare S.r.l.

The increase in this item is due principally to the expansion of the consolidation area (Euro 3,037 thousand).

The depreciation charge for the year amounted to Euro 1,387 thousand.

Plant and machinery

These amount to Euro 61 thousand, against Euro 79 thousand at 31.12.2001.

No significant movements took place during the year 2002, with the exception of additions for a total of Euro 4 thousand.

The depreciation charge for the year amounts to Euro 12 thousand

Industrial and commercial equipment

These amount to Euro 1,185 thousand, against Euro 1,075 thousand at 31.12.2001.

The following movements took place during the year 2002: additions for Euro 499 thousand, disposals for Euro 185 thousand, ordinary depreciation charges for Euro 382 thousand, accumulated depreciation on disposals for Euro 139 thousand and the effects of changes in the consolidation area for Euro 35 thousand.

The purchases and disposals that took place during the year relate mainly to changes made by the parent company in order to improve the efficiency of its warehouse.

Other assets

These amount to Euro 7,123 thousand, against Euro 8,292 thousand at 31.12.2001.

The movements are due mainly to additions during the year (in particular to the purchase of electronic machinery, motor vehicles, plant and equipment for a total value of Euro 1,721 thousand), to disposals (Euro 762 thousand), to ordinary depreciation charges (Euro 2,455 thousand), to accumulated depreciation on disposals for approximately Euro 636 thousand and to the effects of changes in the consolidation area for Euro 65 thousand

Advances to suppliers of fixed assets

These show a nil balance at 31.12.2002, against a balance of Euro 422 thousand at 31.12.2001.

This balance has decreased by Euro 422 thousand following the reclassification of the advance payments made by the parent company Savino Del Bene S.p.A. for the acquisition of the fifty-year ground lease on council land in Genoa for office use (Euro 132 thousand), for the purchase of a building in Livorno (Euro 201 thousand), and also for restructuring work in course on its Livorno building (Euro 77 thousand) and for purchases of industrial equipment (Euro 12 thousand).

Financial Fixed Assets

Equity investments

These are comprised as follows:

Investments in non-consolidated subsidiary companies

(in thousands of Euro)

	31.12.02	31.12.01	% direct possession	% indirect possession
Tosca Immobiliare S.r.l.	*	1,259.15	0	62.4
Beni S.r.l. (in liquidation)	0	114.86	0	62.4
Savino Del Bene Fiume	20.15	20.15	90	0
Savino Del Bene S.A.	*	152.98	0	98.8
Chiasso				
Alpha Line Ltd.	9.09	9.09	0	99
Tavoni Arimar NY	**	22.38	0	40
General Noli do Brasil	*	237.72	0	100
Savino Del Bene Argentina	*	336.03	1	99
Savino Del Bene Pte	*	89.53	0	100
Thailand				
Savino Del Bene Egypt	102.72	102.72	0	100
G. Noli Argentina	10.83	***	2	98
Savino Del Bene GMBH	116.33	****	0	100
Savino Del Bene Bulgaria	62.76	***	0	100
Savino Del Bene Australia	1,041.45	783.45	0	100
Total	1,363.33	3,128.06		

* These companies were consolidated on a line-by-line basis (integral consolidation method) as at 31.12.2002;

** This company is considered as being an associated company as at 31.12.2002 as it is owned for 40%;

*** Company constituted during the year 2002;

**** This company was considered as being an as associated company as at 31.12.2001 as it was owned for only 35%.

The cost of the investment in the company Savino Del Bene Australia Pty comprises 500,000 Australian Dollars, representing the underwriting of the share capital of the new company, Euro 258 thousand of advances from shareholders and Euro 516 thousand of accessory costs (intermediation costs etc.) sustained in order to remunerate the experience and skill of the work group which has begun to operate on behalf of the company.

In accordance with Art. 28 of Law No. 127/91, the subsidiary companies listed above have not been consolidated but rather have been valued at cost as the extent of their operations, as a whole, are extremely limited (in terms of total assets, total net equity, operating revenue).

Investments in associated companies (in thousands of Euro)

	31.12.02	31.12.01	% direct possession	% indirect possession
F.lli Ghelardi	26.86	26.86	49	
L.S.Log Group S.r.l. (in liquidation)	0	1.24		0
Do.ca Venezuela	0	21.85	0	31.82
Leonardi Cameroon	*	3.22		0
Leonardi Florida	17.08	0	0	39.75
Levitrans S.r.l.	322.56	638.39	40	
Aventino Service S.r.l	61.97	**	40	
Savino Del Bene GMBH	***	27.56		100
Tavoni Arimar NY	22.38			40

Total	450.85	719.12		

* This company no longer forms part of the SDB Group following the sale thereof at the end of the year 2002;

** Investment acquired during the year 2002;

*** Company classified as a subsidiary company as at 31.12.2002 following the acquisition during the year of the remaining 65% of its share capital;

**** This company was classified as a subsidiary company as at 31.12.2001 as it was 100% owned by the Group at that date.

The investment in the company Levitrans S.r.l. (acquired at the beginning of the year 2000) has been valued using the net equity method. The difference between the price paid at the time of acquisition (Euro 878 thousand) and the share of net equity of this company at 31.12.2000 (Euro 266 thousand) is being amortised over a period of five years.

The decrease in the value of the investment in the company Levitrans S.r.l. is due to the amortisation charge for the year calculated as at 31st December 2002 (Euro 27 thousand) on the initial goodwill, to the Group share of losses for the year (Euro 128 thousand) and to the revision carried out during the year 2002 on the purchase price of this investment (Euro 161 thousand). It should be noted that the amortisation charge for the period was calculated on the initial value of goodwill adjusted to take account of the revision of the initial purchase price.

Investments in other companies (in thousands of Euro)

	31.12.02	31.12.01	% direct possession	% indirect possession
Aereop.Vicentini S.p.A	0.89	0.89		immaterial
CNA	0.08	0.08		immaterial
Cons. Inter. Fiumicino	153.97	77.47		N/A
Total	154.94	78.44		

Receivables

No receivables were due within 12 months from non-consolidated subsidiary companies at 31.12.2002, nor at 31.12.2001.

No receivables were due after 12 months from non-consolidated subsidiary companies. At 31.12.2001 such receivables amounted to Euro 139 thousand.

No receivables were due within 12 months from associated companies. At 31.12.2001 such receivables amounted to Euro 24 thousand.

The receivables due within 12 months from others (Euro 206 thousand, against Euro 34 thousand at 31.12.2001) relate mainly to advances paid by a foreign Group company in favour of the manager thereof.

The receivables due after 12 months from others (Euro 1,016 thousand, against Euro 1,169 thousand at 31.12.2001) are comprised of guarantee deposits given mainly for supply contracts, real estate rental, licences and similar, and of receivables due from the fiscal authorities following the payment of the advance tax on employee termination indemnity in accordance with Law. No. 79/97.

Current Assets

Inventories

These amount to Euro 5 thousand, against Euro 10 thousand at 31.12.2001. They relate mainly to computers and electronic machinery to be disposed of during the coming year.

Receivables

These amount to Euro 137,564 thousand, against Euro 130,944 thousand at 31.12.2001, and comprise the following:

	31.12.02	31.12.01
Trade receivables	120,822	113,726
Due from non-consolidated subsidiary companies	2,626	2,068
Due from associated companies	323	84
Due from others	13,793	15,066
Total	137,564	130,944

Trade receivables include receivables from correspondents and agents arising in the course of normal shipping activities. These are classified as current receivables (Euro 120,368 thousand against Euro 113,264 thousand at 31.12.2001) and non-current receivables (Euro 454 thousand against Euro 462 thousand at 31.12.2001). They are shown net of a specific provision for doubtful debts set up to cover the risks of non-recovery of receivables. The amount accrued during the period to adjust the receivables to their estimated realisable value was Euro 1,629 thousand against Euro 2,097 thousand at 31.12.2001.

The increase in receivables with respect to the previous year is largely due to lengthening of the customer payment period, due evidently to the general stagnation which characterised the world economy during the year 2002.

The receivables due from non-consolidated subsidiary companies amount to Euro 2,626 thousand, against Euro 2,068 thousand at 31st December 2001, and relate mainly to trade receivables for freight charges due within 12 months that these companies shall, in turn, charge to their customers.

They include receivables due to consolidated Group companies from the following companies: Savino Del Bene Australia (Euro 2,324 thousand), Savino Del Bene Egypt Ltd. (Euro 156 thousand), Savino Del Bene GMBH (Euro 2 thousand), Savino Del Bene Bulgaria (Euro 58 thousand), General Noli Argentina (Euro 86 thousand).

Receivables due from associated companies amount to Euro 323 thousand, against Euro 84 thousand at 31.12.2001 and are comprised of receivables due from the companies Levitrans S.r.l (Euro 151 thousand), Do.ca Venezuela (Euro 18 thousand), Leonardi Florida Inc. (Euro 129 thousand) and Tavoni Arimar N.Y. (Euro 25 thousand).

Receivables due from others are divided into current and non-current receivables in relation to the expected date of receipt. The resulting analysis is as follows:

Receivables due within 12 months	31.12.02	31.12.01
Advances to suppliers	1,016	478
Fiscal authorities for advance payments of taxes	7,657	9,008
Fiscal authorities for tax withheld at source	17	41
Fiscal authorities for tax credits	137	0
VAT credit	503	1,074
Fiscal authorities for advance taxation	611	784
Other receivables	660	750
Total	10,601	12,135

The category "Other receivables" comprises mainly refunds due from the Italian welfare institution (INPS), receivables from INAIL, together with short-term advances to employees for Euro 192 thousand.

Receivables due after 12 months

	31.12.02	31.12.01
Fiscal authorities for sundry tax refunds	12	54
Insurance companies	1,914	1,658
Fiscal authorities for income tax refunds	16	38
Advances to employees	405	414
Fiscal authorities for advance taxation	803	590
Other receivables	42	177
Total	3,192	2,931

The receivables from fiscal authorities for advance taxation of Euro 611 thousand and Euro 803 thousand shown in receivables due within and after 12 months respectively, relate to the advance taxation calculated in accordance with the Italian Accounting Principle No. 25 relative to income tax.

The receivables from insurance companies relate mainly to insurance policies for directors' termination indemnity.

Current Financial Assets

These amount to Euro 7,240 thousand, against Euro 6,424 thousand at 31.12.2001. They comprise the following:

Investments in subsidiary companies

These show a nil balance at 31.12.2002, against Euro 80 thousand at 31.12.2001.

The balance at 31.12.2001 was comprised entirely of the investment in the company Tavoni Arimar S.p.A, sold on 15th March 2002 and therefore not consolidated in the Group financial statements for the year ended on 31st December 2001. The amount stated in the balance sheet represented the sale price of this investment.

Own shares

These amount to Euro 1,054 thousand, against Euro 529 thousand last year. The purchase and sale of own shares has been carried out in accordance with the resolutions of the Ordinary Shareholders' Meeting of 29th June 1999. On 28th April 2000, 2nd May 2001 and 2nd May 2002 the Ordinary Shareholders' Meetings of the parent company renewed the authorisation conferred upon the Board of Directors for the purchase and sale of own shares in accordance with Articles No. 2357 and No. 2357 bis of the Italian Civil Code for a period of eighteen months from the date of the said meetings.

The nominal value of the own shares in portfolio at 31st December 2002 amounts to Euro 215 thousand, corresponding to No. 413,733 shares with a nominal value of Euro 0.52 per share. During the year No. 760,743 shares were purchased and No. 594,925 shares were sold. This trading has resulted in gains of Euro 70 thousand and losses of Euro 230 thousand, arising mainly from the sale of own shares to the Group's managers in accordance with the stock option plan resolved by the Board of Directors on 10th January 2000.

Other securities

	31.12.02	31.12.01
Administered securities	5,864	5,746
Ducato Fund Euro Bonds 2000	44	41
Nomura Asian Fund	22	28
Other securities	256	0
Total	6,186	5,815

Administered securities amount to Euro 5,864 thousand. Certain Group companies stipulated contracts with major international merchant banks for the administration of share portfolios in order to obtain a

more profitable return on their available liquidity. The investments have always been carried out following the criteria of maximum prudence and of diversification of the investment portfolio, favouring short-term investments in bonds (in both Euro and US dollars with a maturity date within twelve months in order to avoid or at least minimise eventual losses).

This strategy was initially based on expectations of a fall in quoted prices on the fixed interest securities market against relatively high overall share prices, particularly on the American stock market. In fact, the prospect of further increases in interest rates during the year 2000, motivated by the need to slow down the extremely high economic growth which had reached the limits of productive resources in the USA and by the need for a more direct control over the risk of inflation in Europe due to the economic recovery in course, had been reinforced by the explicit pronouncements of the relevant monetary authorities.

As a result, the investments in shares, inclusive of warrants, were limited, privileging the acquisition of securities which are significantly undervalued and which are therefore more likely to maintain their value in the event of a drop in the stock market, while at the same time benefiting from eventual rises in the stock market.

Nevertheless, the marked decline of the world stock markets which commenced during the last part of the year 2000 with a consequent reduction in interest rates in the USA as from the beginning of 2001, together with the strengthening of the Euro against the US dollar led to a partial switch within the investments portfolio away from the US dollar towards the Euro. This strategy enabled the Group to reduce the negative effects of the potential losses on securities in the financial statements as of 31.12.2002.

The number of quotas held by the subsidiary company Sacid in the Ducato Euro Bonds 2000 investment fund amounted to No. 7,067,755.

The number of quotas held by the subsidiary company Savino Del Bene International S.A. Luxembourg in the Nomura share fund amounted to No. 2,400.

Other securities relate principally to government bonds acquired by certain Group companies in order to invest temporary liquidity.

Liquid Funds

These amount to Euro 20,024 thousand, against Euro 21,904 thousand at 31.12.2001. Of this total, Euro 19,633 thousand represent current bank account balances, Euro 221 thousand relate to cheques on hand and Euro 170 thousand relate to cash on hand at the various Group companies.

Accrued Income and Prepaid Expenses

These amount to Euro 1,139 thousand at 31.12.2002, against Euro 986 thousand at 31.12.2001. The accrued income relates mainly to interest income matured on current accounts and on fixed interest securities.

The prepaid expenses relate to that part of costs sustained during the year (insurance, financial leases and others) relative to subsequent periods.

They comprise the following:

	31.12.02	31.12.01
Accrued income	50	116
Prepaid expenses	1,089	870
Total	1,139	986

COMMENTS ON THE PRINCIPAL LIABILITY AND NET EQUITY HEADINGS

Shareholders' Equity

The movements which took place in the various components of Shareholders' equity are shown in Appendix No. 4 attached to this report.

Detail of the principal components of Shareholders' equity and the movements therein is given below:

Share Capital

The share capital shown in the consolidated financial statements as of 31st December 2002 represents the share capital (fully paid up) of the parent company Savino Del Bene S.p.A., comprised of No. 36,709,350 ordinary shares with a nominal value of Euro 0.52 each.

On 29th March 2002, the Board of Directors of the parent company Savino Del Bene S.p.A., in exercising the powers conferred upon it by the extraordinary shareholders' meeting of 16th September 1998 (which authorised the directors to increase the share capital up to a maximum of Lire 38 billion, in one or more issues, within the following five years, by means of the issue of No. 2,109,600 ordinary shares with a nominal value of Lire 1,000 per share), resolved to create a profit-sharing incentive scheme for employees with a bonus issue of share capital for a total of Euro 88,062. As a result of this increase, the share capital passed from Euro 19,000,800 to Euro 19,088,862.

No dividend-bearing shares, convertible bonds or other securities were issued by any other Group company during the year 2002.

Share Premium Reserve

No such reserve existed at 31.12.2002, nor at 31.12.2001.

Revaluation Reserves

These amount to Euro 6,023 thousand at 31.12.2002, unchanged with respect to 31.12.2001. These were formed from the revaluation reserves originated in accordance with Law No. 413/1991 (for Euro 108 thousand) and Law No. 342/2000 (for Euro 5,914 thousand).

Legal Reserve

This amounts to Euro 1,780 thousand, against Euro 1,443 thousand at 31.12.2001.

The increase of Euro 337 thousand during the year is due to the allocation of 5% of the net profit of the year 2001 to this reserve, as resolved by the Shareholders' Meeting of the parent company, Savino Del Bene S.p.A., held on 2nd May 2002 for the approval of the financial statements of the company for the year ended on 31.12.2001.

Reserve For Own Shares

This amounts to Euro 1,549 thousand, unchanged with respect to 31.12.2001. This reserve was created by means of a resolution passed by the Ordinary Shareholders' Meeting of 21.10.1994 in order to comply with the third paragraph of Art. 2357 of the Italian Civil Code.

On 27th June 1997, and subsequently on 16th September 1998, 29th June 1999, 28th April 2000, 2nd May 2001 and 2nd May 2002, the Ordinary Shareholders' Meetings of the parent company renewed the authorisation conferred upon its Board of Directors for the purchase and sale of own shares for a period of 18 months from the date of the meeting, in accordance with Articles No. 2357 and No. 2357 bis of the Italian Civil Code.

Other Reserves

These amount to Euro 29,296 thousand, against Euro 26,698 thousand at 31.12.2001.

The movements which took place in these reserves are summarised in the schedule "Movements in consolidated net equity" shown as an appendix to these financial statements.

These reserves include the negative reserve for translation adjustments for an amount of Euro 140 thousand but do not include consolidation reserves.

Income for the Year

This amounts to Euro 895 thousand, against Euro 6,754 thousand at 31.12. 2001.

This amount is shown net of the minority interest share (Euro 488 thousand) of income for the period.

Comments on the principal income statement headings are given below after the notes to the balance sheet.

Minority Interest Share of Equity

This amounts to Euro 5,905 thousand, against Euro 5,686 thousand at 31.12. 2001. It shows the portion of consolidated shareholders' equity pertaining to the minority shareholders.

Provisions For Risks And Charges

These comprise the following:

	31.12.02	31.12.01
Leaving indemnity, pension funds and similar	1,895	1,637
Taxation provision	305	371
Others	715	825
Total	2,915	2,833

The leaving indemnity, pension funds and similar represent the provision resolved by the shareholders' meetings of the companies Savino Del Bene S.p.A., Savintransport S.p.A., Fiorino Shipping S.r.l. and Lulli S.r.l. in order to recognise an indemnity to the long-term members of the Board of Directors at the end of their collaboration. The increase in this reserve is due mainly to the provisions accrued during the period.

The taxation provision comprises the risks of fiscal penalties and sanctions. During the year this provision was increased by Euro 23 thousand to cover expected potential fiscal liabilities.

The taxation provision also includes a provision for deferred taxation of Euro 168 thousand.

The category "**Others**" is comprised entirely of the provision for litigation, penalties and disputes. No provision exists at 31.12.2002 for the coverage of losses sustained by non-consolidated subsidiary and associated companies.

During the period the provision for litigation, penalties and disputes was increased by Euro 50 thousand to cover potential losses realisable as a result of unfavourable court sentences, and was utilised for Euro 145 thousand.

This provision includes prudent provisions against probable future charges arising from disputes relative to personnel and litigation with third parties not yet resolved at the year end.

Employee Termination Indemnity

The following movements took place during the year:

Balance at 1.1.2002	7,773
Changes in consolidation area and translation adjustments	
Indemnity matured and accrued in the income statement	1,639
Other movements	
Indemnity paid out during the period	-758
Balance at 31.12.2002	8,654

Payables

The payables due within 12 months amount to Euro 129,386 thousand, against Euro 122,097 thousand at 31.12.2001 and comprise the following:

	31.12.02	31.12.01
Payables towards banks	40,269	35,321
Payables towards other providers of finance	757	525
Advances received from customers	408	602
Trade payables	71,006	63,849
Payables towards associated companies	219	108
Payables towards non-consolidated subsidiary companies	625	525
Taxes payable	7,456	12,838
Payables towards social welfare institutions	2,272	2,096
Other payables	6,374	6,233
Total	129,386	122,097

Payables Towards Banks

Payables towards banks may be divided as follows at 31.12.2002:

	31.12.02	31.12.01
Due within 12 months	40,269	35,321
Due after 12 months	1,964	2,711
Total	42,233	38,032

The payables due within 12 months relate mainly to short-term loans or to current account overdrafts. The average interest charged by the banks on current account overdrafts varies from a minimum of 7% to a maximum of 9% p.a. The Group companies have very rarely had to use this form of finance, which is by nature extremely costly. The interest rates charged on US\$ loans varied from a minimum of 2.2% to a maximum of 3.5%, while the rates for loans in Euro varied from a minimum of 3.7 % to a maximum of 4.3 %.

The **payables due after 12 months** consist of :

- Euro 298 thousand relative to a loan granted by Monte dei Paschi to the company Cavallino S.r.l., stipulated in 1998 for an original amount of Lire 1,000 million and repayable on 31.12.2008, with an annual interest rate of 6.35%. The part due after 5 years amounts to Euro 67 thousand.
- Euro 129 thousand relative to a loan granted by the Banca Mediocredito to the company Leonardi & Co. S.p.A, stipulated on 21st February 2001 for an original amount of Lire 1,500,000,000, with maturity date 31st March 2004 and repayable in 6 six-monthly instalments of Lire 250,000,000 starting from 30th September 2001. The interest rate on this loan is equivalent to 5.95% p.a. up until 31st March 2001 and, for the following six-monthly periods as from 1st April and 1st October each year, at the Euribor six-monthly rate plus 1.25 percentage points.
- Euro 1,537 thousand relative to a loan granted by the Banca Popolare di Novara to the company Brewer Enterprises, for an original amount of US\$ 1,850,000 at an annual interest rate of 6.25 %, with maturity date 31st March 2012 , repayable over a period of ten years in 120 monthly instalments (with the option to extinguish the loan after a period of five years). The interest rates applied are in line with the average interest rates on the American market for unsecured loans.

Payables towards Other Providers of Finance

The payables towards other providers of finance due within 12 months amount to Euro 757 thousand, against Euro 525 thousand at 31.12.2001.

The payables towards other providers of finance due after 12 months amount to Euro 497 thousand, against Euro 803 thousand in the previous year.

Advances received from Customers

These amount to Euro 418 thousand, against Euro 614 thousand in the previous year. They relate mainly to advances received from customers relative to services still to be completed.

Trade Payables

These amount to Euro 71,010 thousand, against Euro 63,871 thousand at 31.12.2001. They represent short-term payables of a commercial nature and include the supplements relative to services concluded on or before 31.12.2002.

Payables towards Non-Consolidated Subsidiary Companies

These amount to Euro 625 thousand, against Euro 525 thousand at 31.12.2001.

They comprise payables due by the consolidated Group companies towards the companies Savino Del Bene Australia (Euro 309 thousand), Savino Del Bene Rijeka (Euro 5 thousand), Savino Del Bene GMBH (Euro 101 thousand), Savino Del Bene Egypt Ltd. (Euro 126 thousand), Savino Del Bene Bulgaria (Euro 83 thousand) and General Noli Argentina (Euro 1 thousand).

Payables towards Associated Companies

These amount to Euro 219 thousand, against Euro 108 thousand at 31.12.2001, and relate to payables due towards the associated companies Levitrans S.r.l. (Euro 2 thousand), Leonardi Florida (Euro 56 thousand) and Tavoni Arimar N.Y. (Euro 161 thousand).

Payables towards Fiscal Authorities

The payables towards fiscal authorities due within 12 months comprise the following

	31.12.02	31.12.01
Income taxes	4,922	9,970
VAT payable	476	34
Withholding taxes	1,180	1,011
Substitutive tax Law No. 342/2000	741	1,482
Substitutive tax	38	57
Other payables towards fiscal authorities	99	284
Total	7,456	12,838

Payables towards Social Welfare Institutions

These amount to Euro 2,272 thousand, against Euro 2,096 thousand at 31.12.2001. They represent obligatory contributions matured and yet to be paid to government welfare institutions.

Other Payables

These are comprised of the following:

	31.12.02	31.12.01
Payables towards employees	3,068	3,135
Payables towards directors	112	139
Payables towards third parties for the acquisition of shares and quotas	1,686	1,046
Other payables	1,508	1,913
Total	6,374	6,233

“Payables towards third parties for the acquisition of shares and quotas” comprises the residual balance outstanding towards third parties by the parent company for the acquisition of quotas in the company Levitrans S.r.l. (Euro 85 thousand) and of 53% of the company Leonardi & Co. S.p.A.(Euro 1,601 thousand).

“Other payables” includes sundry payables and include various liabilities of an uncertain nature that the Group has decided to maintain in its financial statements for prudential reasons.

Accrued Liabilities and Deferred Income

These are comprised as follows:

	31.12.02	31.12.01
Accrued liabilities	990	631
Deferred income	261	225
Total	1,251	856

The accrued liabilities relate to costs matured during the year and comprise mainly of interest charges from banks.

The deferred income comprises portions of income relative to subsequent periods and refers principally to income from recharging insurance premiums and to rental income.

Memorandum Accounts

The memorandum accounts amount to a total of Euro 19,762 thousand, against Euro 20,646 thousand at 31.12.2001.

They comprise the following:

- bank guarantees granted to third parties on behalf of the Group for Euro 12,837 thousand for the carrying out of commercial activities and to guarantee the honouring of commitments.
- commitments for the residual instalments of financial leasing contracts for Euro 2,835 thousand ;
- fidejussions granted to third parties on the Group's behalf for Euro 824 thousand;
- guarantees received from third parties for Euro 1,549 thousand;
- mortgages on land and buildings for Euro 1,717 thousand registered against loans received from banking institutions.

No commitments have been assumed by Group companies other than those resulting from the balance sheet nor have any commitments been assumed by those subsidiary companies not consolidated in accordance with Art. 28 of Law No. 127/91.

COMMENTS ON THE PRINCIPAL INCOME STATEMENT HEADINGS

VALUE OF PRODUCTION

The total value of production amounts to Euro 486,629 thousand at 31.12.2002, against Euro 485,933 thousand at 31.12.2001. It comprises the following:

- Revenue from sales of goods and services (Euro 484,012 thousand)
- Other income and revenue (Euro 2,617 thousand)

Revenue from sales of goods and services

This revenue derives from the Group's characteristic shipping and logistics activities. They are shown net of rebates and discounts and may be analysed by transport sector:

	31.12.02	31.12.01
Revenue by sea	298,201	296,277
Revenue by air	104,577	102,213
Revenue by land	22,979	23,781
Other revenue	58,255	61,557
Total	484,012	483,828

Other Income and Revenue

This amounts to Euro 2,617 thousand against Euro 2,105 thousand at 31.12.2001.

The main components of this heading are comprised of income from the rental of real estate, gains on disposal of assets, other non-recurring income deriving from normal operations and sundry services charged to customers.

COST OF PRODUCTION

Raw, Ancillary and Consumable Materials and Goods For Resale

These amount to Euro 2,065 thousand, against Euro 2,513 thousand at 31.12.2001.

They include the costs sustained for the purchase of packing materials, stationery, printed matter, fuel and oil, tyres and other items of a limited value.

Services

These amount to Euro 403,761 thousand, against Euro 399,530 thousand at 31.12.2001, and comprised the following:

	31.12.02	31.12.01
Freight charges	274,296	281,242
Haulage charges	45,392	42,274
Agents and correspondents' fees	29,181	30,021
Customs clearing costs	20,560	10,126
Other costs	34,332	35,867
Total	403,761	399,530

Labour costs

These amount to Euro 52,872 thousand, against Euro 51,479 thousand at 31.12.2001.
The increase during the year was due principally to changes in the consolidation area.

Other Operating Costs

These amount to Euro 1,773 thousand against Euro 1,796 thousand at 31.12.2001.
They comprise the following:

	31.12.02	31.12.01
Losses on assets	35	89
Non-recurring charges	181	20
Subscriptions and advertising	367	436
Deductible taxes	125	115
Bonuses, gifts to employees	53	85
Registration fees	22	32
Non-deductible taxes and duties	238	279
Sundry purchases	714	499
Losses not covered by reserves	19	178
Others	19	63
Total	1,773	1,796

FINANCIAL INCOME AND EXPENSES

Net financial expenses amounted to Euro 7,905 thousand, against net financial expenses of Euro 27 thousand at 31.12.2001.

This balance is comprised of financial income, interest and other financial charges.

Other Financial Income

This amounts to Euro 9,597 thousand at 31st December 2002, against Euro 11,277 thousand at 31.12.2001 and is comprised as follows:

Other Financial Income from Securities held as Current Assets, from Securities held as Fixed Assets and from Receivables included in Fixed Assets

	31.12.02	31.12.01
Interest income on bonds	17	45
Gains on disposal of own shares	70	9
Gains on disposal of administered securities	18	38
Total	105	92

Other financial income other than the above from third parties

	31.12.02	31.12.01
Interest income from banks	267	424
Interest income from customers	254	61
Gains on exchange	8,818	10,265
Rebates and financial discounts	29	23
Others	124	409
Total	9,492	11,182

The year 2002 was characterised by a reduction in gains on exchange, due mainly to the lower revaluation of the US dollar with respect to the previous year. The company Savino Del Bene S.p.A. and the other Italian and European Group companies (which invoice approx. 50% of their total sales in US dollars) have thus benefited to a lesser extent than in previous years from the exchange benefits connected to the fact that the receivables collection date is approx. 30 days after the invoice date.

Other financial income other than the above from subsidiary companies

No such income was recorded during the year ended 31.12.2002, while this amounted to Euro 3 thousand at 31.12.2001 and represented income received by the company Savino Del Bene U.K. from the subsidiary company, Direct European Transportation.

The tax credits on dividends received by the parent company are recorded as a direct deduction of income tax. The equity effects of the tax credits have also been eliminated.

Interest and Other Financial Charges

These amount to Euro 17,502 thousand, against Euro 11,304 thousand at 31.12.2001, and comprise the following:

	31.12.02	31.12.01
Interest charges from banks	1,900	2,177
Losses on exchange	14,247	7,753
Bank charges	772	664
Other financial charges	583	710
Total	17,502	11,304

ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

These show a negative balance of Euro 390 thousand, against a negative balance of Euro 1,177 thousand at 31.12.2001.

This amount is represented by the revaluation of securities included in current assets (Euro 85 thousand), the write-downs during the year of the investments in the associated companies Levitrans S.r.l. (Euro 155 thousand) and Do.ca Venezuela (Euro 22 thousand) and in the company Beni Unipersonale S.r.l. put into liquidation as at 31.12.2002 (Euro 235 thousand) and by the write-downs of securities included in current assets (Euro 63 thousand).

The following investments were written down during the year:

	31.12.02	31.12.01
Levitrans S.r.l.	155	123
L.S. Logistic Group	0	3
Leonardi Cameroon	0	4
Tavoni Arimar S.p.A	0	1,033
Do.ca Venezuela	22	0
Beni Unipersonale S.r.l.	235	0
Total	412	1,163

EXTRAORDINARY INCOME AND EXPENSES

Net extraordinary income amounts to Euro 102 thousand, against Euro 350 thousand at 31.12.2001.

The net balance is comprised of Euro 399 thousand of extraordinary income and of Euro 297 thousand of extraordinary expenses.

Extraordinary income relates principally to the non-recurring income arising relative to the adjustment made to provision for taxation relative to fiscal disputes in course and to the adjustment to the receivables for advance taxation from prior years (Euro 102 thousand).

Extraordinary expenses relate to the payment of prior year taxes (Euro 52 thousand), and to losses on disposals of an extraordinary nature (Euro 25 thousand) and to other extraordinary expenses for Euro 220 thousand.

Income taxes for the year

These amount to Euro 4,766 thousand, against Euro 9,736 thousand at 31.12.2001.

They are calculated on the basis of the fiscal legislation in force in the countries in which the various Group companies are situated.

No significant fiscal disputes exist at a Group level.

The total amount for the year (which does not take into account the consolidation adjustments) may be analysed as follows:

	2002			2001		
	Income before tax	Tax	% Incidence	Income before tax	Tax	% Incidence
Parent company	5,189	2,877	55.44	12,097	5,360	44.31
Italian subsidiaries	2,717	2,126	78.25	9,016	4,674	51.87
Foreign subsidiaries	1,516	659	43.47	1,117	905	81.02

Current taxation comprises the tax charge for the year determined in accordance with local fiscal legislation.

Deferred taxation at 31.12.2002 comprises income for advance taxation for the year (of which Euro 232 thousand is relative to the parent company).

Workforce

During the year ended on 31.12.2002 the Savino Del Bene Group employed the following average workforce:

	31.12.02	31.12.01
Managers	50	49
Clerical and supervisory staff	1,224	1,081
Manual workers	69	62
Total	1,343	1,192

The exact number of employees at 31.12.2002 amounted to No. 1,377 persons.

For the purposes of clarity we would point out that the category "Managers" includes No. 40 managers of foreign companies who would be considered as being supervisory staff under Italian legislation.

Board Of Directors', Board Of Statutory Auditors' and Chief Executive Officers' Emoluments

In accordance with Art. No. 78 of the Consob Decree No. 11971 of 14.5.1999 (amended and supplemented by Decree No. 12475 of 6.4.2000), which repealed the Decree No. 11520 relative to Law No. 58 of 24th February 1998, the following page contains a schedule (prepared in accordance with Appendix 3C of the abovementioned decree) giving

details of the emoluments paid to Directors, Statutory Auditors and Chief Executive Officers in any form, by both the parent and subsidiary companies.

Stock Options Offered to the Board Of Directors and Chief Executive Officers

No stock option has been offered to the members of the Board of Directors . The figure of Chief Executive Officer does not exist within the Group structure.

The Chairman of the Board of Directors