Centrale del Latte di Torino & C. S.p.A. Interim report on operations at 30 September 2011

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1. Consolidated accounting schedules

1.1 Reclassified consolidated statement of financial and equity position

	30/09/2011		30/09/2010		31 Dec 2010	
Technical fixed assets	59,321		61,198		61,100	
Current technical fixed assets	-		90		-	
Intangible fixed assets	13,426		14,987		14,596	
Intangible assets in progress	363		-		-	
Equity investments and securities	73		28		73	
Total fixed assets	**73,183**	**93.5%**	**76,303**	**96.9%**	**75,769**	**92.2%**
Trade receivables	18,795		18,444		23,196	
Inventories	3,649		3,648		3,737	
Other short-term assets	8,603		7,352		8,068	
Receivables from affiliates	285		185		285	
Trade payables	(20,063)		(20,328)		(23,181)	
Other payables	(5,411)		(5,373)		(5,263)	
Tax liabilities	(730)		(1,472)		(434)	
Net working capital	**5,128**	**6.5%**	**2,457**	**3.1%**	**6,408**	**7.8%**
LIABILITIES AND EQUITY	**78,311**	**100.0%**	**78,760**	**100.0%**	**82,177**	**100.0%**
Employee severance indemnity	3,720		4,247		3,952	
Other provisions	326		553		424	
Provision for deferred taxes	4,512		5,251		5,042	
Total long-term liabilities and provisions	**8,558**	**10.9%**	**10,051**	**12.8%**	**9,418**	**11.5%**
Cash, banks and securities	(7,890)		(11,440)		(4,703)	
Payables to banks	2,113		2,936		4,907	
Current share of payables to other lenders	779		764		786	
Current share of medium/long-term loans	6,962		8,472		5,601	
Medium/long-term payables to other lenders	5,775		6,479		6,280	
Medium/long-term loans	21,435		20,344		18,184	
Net financial position	**29,173**	**37.3%**	**27,554**	**35.0%**	**31,055**	**37.8%**
Share capital	20,600		20,600		20,600	
Reserves	21,086		20,097		20,103	
Net profit (loss)	(**) (1,105)		(**) 459		(**) 1,001	
Total net equity	**40,581**	**51.8%**	**41,155**	**52.3%**	**41,704**	**50.7%**
LIABILITIES AND EQUITY	**78,312**	**100.0%**	**78,760**	**100.0%**	**82,177**	**100.0%**

(*) Pre-tax result
(**) Result after taxes

1.2 Reclassified consolidated statement of comprehensive income

	Q3 2011		Q3 2010		30/09/2011		30/09/2010	
Revenue from sales and services	24,294	98.4%	24,203	99.0%	76,240	98.8%	73,610	97.9%
Change in inventories	249	1.0%	71	0.3%	167	0.2%	174	0.2%
Other revenue and income	143	0.6%	172	0.7%	726	0.9%	1,439	1.9%
Value of production	**24,687**	**100.0%**	**24,445**	**100.0%**	**77,133**	**100.0%**	**75,223**	**100.0%**
Services	(6,133)	-24.8%	(6,327)	-25.9%	(18,873)	-24.5%	(19,433)	-25.8%
Raw materials	(13,645)	-55.3%	(13,209)	-54.0%	(41,933)	-54.4%	(37,997)	-50.5%
Other operating costs	(254)	-1.0%	(178)	-0.7%	(844)	-1.1%	(682)	-0.9%
Added value	**4,655**	**18.9%**	**4,731**	**19.4%**	**15,484**	**20.1%**	**17,110**	**22.7%**
Personnel costs	(3,340)	-13.5%	(3,218)	-13.2%	(11,205)	-14.5%	(10,625)	-14.1%
EBITDA	**1,314**	**5.3%**	**1,513**	**6.2%**	**4,279**	**5.5%**	**6,485**	**8.6%**
Provision for bad debts	(6)	0.0%	(10)	0.0%	(89)	-0.1%	(86)	-0.1%
Depreciation of tangible fixed assets	(1,037)	-4.2%	(1,017)	-4.2%	(3,057)	-4.0%	(3,019)	-4.0%
Amortization of intangible assets	(390)	-1.6%	(389)	-1.6%	(1,170)	-1.5%	(1,168)	-1.6%
Allocations for risks	(1)	0.0%	(1)	0.0%	(3)	0.0%	(48)	-0.1%
EBIT	**(119)**	**-0.5%**	**97**	**0.4%**	**(38)**	**0.0%**	**2,164**	**2.9%**
Adjustments to equity investments	-	0.0%	-	0.0%	-	0.0%	52	0.1%
Financial income	17	0.1%	12	0.0%	64	0.1%	(1,032)	-1.4%
Financial charges	(327)	-1.3%	(431)	-0.8%	(931)	-1.2%	**-**	**-0.0%**
Pre-tax result	**(429)**	**-1.7%**	**(322)**	**-0.6%**	**(905)**	**-1.2%**	**1,184**	**1.6%**
Income taxes for the year	(208)	-0.8%	(202)	-0.4%	(628)	-0.8%	(1,154)	-1.5%
(Deferred) prepaid taxes	158	0.6%	106	0.2%	428	0.6%	429	0.6%
Total net profit (loss)	**(**) (479)**	**-1.9%**	**(**) (418)**	**-0.8%**	**(1,105)**	**-1.4%**	**459**	**0.6%**

(*) Pre-tax result
(**) Result after taxes

2. Comments to the accounting schedules

2.1 Introduction

This Interim report on operations at 30 September 2011 has been prepared in accordance with Article 82 of CONSOB Resolution No. 11971 of 14 May 1999 and Schedule 3 D, amended by Resolution No. 12475 of 6 April 2000.

The Company is listed in the STAR division of the Italian Stock Exchange. In Q3, the Company presented analysts with the half-yearly results for 2011, during the ISMO Italian Stock Market Opportunities event organised in Milan by Banca IMI on 21 September 2011. This presentation to analysts is available on the Company website, www.centralelatte.torino.it/ita/finanza/analisti

2.1 Scope of consolidation and valuation standards

The scope of consolidation includes: "Centrale del Latte di Torino & C. S.p.A." as the parent company, "Centro Latte Rapallo S.p.A" and "Centrale del Latte di Vicenza S.p.A.". Frascheri S.p.A. is consolidated according to the equity method on the basis of the interest held in the company (40%).

2.2 Valuation and accounting standards

International accounting standards (IASs/IFRSs) are applied in drawing up the interim accounts prepared by the subsidiaries and thus in drawing up the consolidated interim accounts.

2.3 Comment on comprehensive income.

The third quarter of 2011 has been compared with the same period of the previous year.

Q3 2011 was characterised by persistently high raw material costs, atypical weather conditions and a significant erosion of confidence on the part of consumers, partly as a consequence of the worsening of the economic and financial crisis in Italy and Europe. All of this led to a slight fall in EBITDA: 5.5% as compared to the 5.7% figure recorded at 30 June 2011, while the EBITDA rose from 4.1% in the second quarter to 5.3 in Q3 2011. In a situation that remains difficult as regards consumption, the Group's market share has held up well, with a 3.6% increase in sales recorded compared to the first quarter of 2010

	30/09/201:		**30/09/2010**		**Q3 2011**		**Q3 2010**		**31 Dec 2010**	
Value of production	77,133		75,223		24,687		24,445		**103,427**	
EBITDA	4,279	5.5%	6,485	8.6%	1,314	5.3%	1,513	6.2%	8,983	8.7%
EBIT	(38)	0.0%	2,164	2.9%	(119)	-0.5%	97	0.4%	3,093	3.0%
Result after taxes	(1,105)	-1.4%	459	0.6%	(479)	-1.9%	(418)	-1.7%	(**) 1,001	1.9%

The Group's consolidated turnover came to € 76,240 thousand in the third quarter of 2011 compared to the € 73,610 thousand in the same period of 2010, marking an increase of 3.6%.

The following table breaks down sales performance by product line:

(Euros/000)	Q3 2011	Q3 2010	Change on the quarter		Total 30/09/2011	Total 30/09/2010	Change on the period	
Fresh milk	10,689	11,016	(327)	-3.0%	34,554	33,637	916	2.7%
UHT milk	4,524	4,591	(68)	-1.5%	14,108	14,095	13	0.1%
Yogurt	2,066	1,728	338	19.6%	6,043	5,210	833	16.0%
Fresh vegetables	1,482	1,603	(121)	-7.5%	4,543	5,019	(475)	-9.5%
Bulk milk and cream	648	730	(82)	-11.3%	2,505	2,297	209	9.1%
Other packaged products	4,884	4,534	350	7.7%	14,486	13,354	1,134	8.5%
Total	**24,294**	**24,203**	**90**	**0.4%**	**76,240**	**73,610**	**2,630**	**3.6%**

Geographical breakdown

The table below shows turnover at 30 September 2011, divided up into geographical areas:

(€/000)	Fresh milk	UHT milk	Yogurt	Fresh vegetables	Bulk milk and cream	Other packaged products	Total
Piedmont							
30/09/2011	**18,374**	**8,744**	**1,523**	**2,116**	**500**	**3,489**	**34,746**
30/09/2010	17,499	9,303	1,470	2,278	335	3,340	34,226
% change	5.0%	-6.0%	3.6%	-7.1%	49.3%	4.5%	1.5%
31 Dec 2010	**24,917**	**12,989**	**1,932**	**2,032**	**455**	**4,672**	**46,996**
Liguria							
30/09/2011	**10,115**	**1,579**	**686**	**2,045**	**115**	**7,664**	**22,202**
30/09/2010	9,688	1,589	560	2,342	242	6,889	21,310
% change	4.4%	-0.7%	22.4%	-12.7%	-52.6%	11.3%	4.2%
31 Dec 2010	**12,948**	**2,176**	**730**	**2,915**	**371**	**9,434**	**28,575**
Veneto							
30/09/2011	**6,064**	**3,785**	**3,834**	**383**	**523**	**3,333**	**17,921**
30/09/2010	6,450	3,202	3,179	399	324	3,125	16,679
% change	-6.0%	18.2%	20.6%	-3.9%	61.3%	6.7%	7.4%
31 Dec 2010	**8,706**	**4,566**	**4,276**	**505**	**431**	**4,354**	**22,836**
Other							
30/09/2011	-	-	-	**-**	**1,368**		**1,368**
30/09/2010				-	1,396		1,396
% change	-	-	-	-	-2,0%		-2,0%
31 Dec 2010	**-**	**-**	**-**	**847**	**2,114**	**-**	**2,962**
30/09/2011	**34,554**	**14,108**	**6,043**	**4,543**	**2,505**	**14,486**	**76,240**
30/09/2010	33,637	14,095	5,210	5,019	2,297	13,354	73,610
% change	**2.7%**	**0.1%**	**16.0%**	**-9.5%**	**9.1%**	**8.5%**	**3.6%**
31 Dec 2010	**46,571**	**19,731**	**6,938**	**6,299**	**3,371**	**18,460**	**101,370**

2.4 Consolidated financial position

The Group's net financial position at 30 September 2011 was negative for € 29,173 thousand, down € 869 thousand compared to 30 June 2011 and up by € 1,882 thousand compared to 31 December 2010.

(€/000)	30/09/2011	30/06/2011	31 Dec 2010	30/09/2010
Cash and cash equivalents	7,890	6,561	4,703	11,440
Total current financial assets	**7,890**	**6,561**	**4,703**	**11,440**
Payables to banks	(2,113)	(1,000)	(4,907)	(2,936)
Current share of medium/long-term loans	(6,962)	(5,607)	(5,601)	(8,472)
Current share of payables to other lenders	(779)	(825)	(786)	(764)
Total current financial liabilities	**(9,853)**	**(7,432)**	**(11,294)**	**(12,172)**
Payables for medium/long-term loans	(21,435)	(21,458)	(18,184)	(20,344)
Medium and long term payables to other lenders	(5,775)	(5,975)	(6,280)	(6,479)
Total non-current financial liabilities	**(27,210)**	**(27,433)**	**(24,464)**	**(26,823)**
Total financial liabilities	**(37,063)**	**(34,865)**	**(35,758)**	**(38,995)**
Net financial position	**(29,173)**	**(28,304)**	**(31,055)**	**(27,554)**

3. Remarks concerning the performances of companies within the scope of consolidation.

Centro Latte Rapallo S.p.A.

The subsidiary Centro Latte Rapallo closed the third quarter of 2011 with a profit after taxes of € 57 thousand (as compared to a loss of € 37 thousand at 30 September 2010). The overall turnover, gross of intra-group sales, amounted to € 18,901 thousand, compared to € 17,965 thousand at the end of Q3 2011 (+5.2%).

Centrale del Latte di Vicenza S.p.A.

Centrale del Latte di Vicenza S.p.A. closed the third quarter of 2011 with a loss after income tax of € 1.047 thousand, as compared to a loss of € 510 thousand at 30 September 2010. The overall turnover, gross of intra-group sales, amounted to € 19.518 thousand, compared to € 18.386 thousand at the end of Q3 2011 (+6.2%).

Frascheri S.p.A.

The Company closed the third quarter of 2011 with a profit after taxes of € 15 thousand (compared to a profit of € 113 thousand at 30 September 2010). The overall turnover, gross of intra-group sales, amounted to € 8,342 thousand, compared to € 8,332 thousand at the end of Q3 2010 (+1.2%).

The joint venture is consolidated proportionally according to the interest held (40%).

4. BUSINESS OUTLOOK

The Group companies performed well in terms of sales during the month of October, in a situation that remains conditioned by the negative impact on the results brought about by the high cost of raw materials.

5. ACCOUNTING SCHEDULES OF THE PARENT COMPANY

5.1 Parent Company's reclassified statement of financial and equity position

(€/000)	30/09/2011		30/09/2010		31 Dec 2010	
Technical fixed assets	14,591		15,266		15,488	
Intangible fixed assets	650		326		317	
Equity investments and securities	47,732		48,334		48,330	
Total fixed assets	**62,973**	**96.6%**	**63,926**	**102.1%**	**64,135**	**96.8%**
Trade receivables	10,378		10,211		14,061	
Inventories	1,719		1,562		1,519	
Other short-term assets	5,800		4,693		5,036	
Trade payables	(12,148)		(13,506)		(15,224)	
Other payables	(3,036)		(3,075)		(3,089)	
Tax liabilities	(500)		(1,185)		(174)	
Net working capital	**2,212**	**3.4%**	**(1,300)**	**-2.1%**	**2,129**	**3.2%**
LIABILITIES AND EQUITY	**65,185**	**100.0%**	**62,627**	**100.0%**	**66,264**	**100.0%**
Employee severance indemnity	1,725		2,146		1,967	
Other provisions	151		120		522	
Provision for deferred taxes	519		680		121	
Total long-term liabilities and provisions	**2,395**	**3.7%**	**2,946**	**4.7%**	**2,610**	**3.9%**
Cash, banks and securities	(3,544)		(6,808)		(848)	
Payables to banks	1,000		2,000		3,901	
Current share of payables to other lenders	72		105		105	
Current share of medium/long-term loans	6,140		7,653		4,781	
Medium/long-term payables to other lenders	170		154		141	
Medium/long-term loans	11,347		9,433		7,684	
Net financial position	**15,185**	**23.3%**	**12,537**	**20.0%**	**15,764**	**23.8%**
Share capital	20,600		20,600		20,600	
Reserves	27,290		25,805		25,805	
Profit (loss) for the period	(**) (284)		**(**) 738**		(**) 1,485	
Total net equity	**47,605**	**73.0%**	**47,144**	**75.3%**	**47,890**	**72.3%**
LIABILITIES AND EQUITY	**65,185**	**100.0%**	**62,627**	**100.0%**	**66,264**	**100.0%**

(**) Profit after taxes

Net financial position

(€/000)	30/09/2011	30/06/2011	31 Dec 2010	30/09/2010
Cash and cash equivalents	3,544	2,420	848	6,808
Total current financial assets	**3,544**	**2,420**	**848**	**6,808**
Payables to banks	(1,000)	-	(3,901)	(2,000)
Current share of medium/long-term loans	(6,140)	(4,785)	(4,781)	(7,653)
Current share of payables to other lenders	(72)	(129)	(105)	(105)
Total current financial liabilities	**(7,212)**	**(4,915)**	**(8,787)**	**(9,758)**
Payables for medium/long-term loans	(11,347)	(11,370)	(7,684)	(9,433)
Medium and long term payables to other lenders	(170)	(188)	(141)	(154)
Total non-current financial liabilities	**(11,517)**	**(11,558)**	**(7,825)**	**(9,587)**
Total financial liabilities	**(18,730)**	**(16,472)**	**(16,614)**	**(17,345)**
Net financial position	**(15,185)**	**(14,052)**	**(15,764)**	**(12,537)**

5. 2 Parent Company's reclassified statement of comprehensive income

(€/000)	Q3 2011		Q3 2010		30/09/2011		30/09/2010	
Revenue from sales and services	13,079	97.3%	13,405	98.0%	43,674	98.3%	42,638	97.9%
Change in inventories	299	2.2%	179	1.3%	309	0.7%	263	0.6%
Other revenue and income	67	0.5%	92	0.7%	438	1.0%	649	1.5%
Value of production	**13,443**	**100.0%**	**13,676**	**100.0%**	**44,421**	**100.0%**	**43,551**	**100.0%**
Services	(3,309)	-24.6%	(3,371)	-24.7%	(10,162)	-22.9%	(10,512)	-24.1%
Raw materials	(7,680)	-57.1%	(7,680)	-56.2%	(24,747)	-55.7%	(22,628)	-52.0%
Other operating costs	(104)	-0.8%	(102)	-0.7%	(464)	-1.0%	(387)	-0.9%
Added value	**2,350**	**17.5%**	**2,523**	**18.4%**	**9,048**	**20.4%**	**10,024**	**23.0%**
Personnel costs	(1,763)	-13.1%	(1,662)	-12.2%	(6,198)	-14.0%	(5,798)	-13.3%
EBITDA	**587**	**4.4%**	**860**	**6.3%**	**2,849**	**6.4%**	**4,226**	**9.7%**
Provision for bad debts	2	0.0%	-	-	(43)	-0.1%	(41)	-0.1%
Depreciation of tangible fixed assets	(509)	-3.8%	(463)	-3.4%	(1,492)	-3.4%	(1,379)	-3.2%
Amortisation of intangible fixed assets	(10)	-0.1%	(10)	-0.1%	(30)	-0.1%	(30)	-0.1%
EBIT	**70**	**0.5%**	**387**	**2.8%**	**1,284**	**2.9%**	**2,776**	**6.4%**
Write-down of equity investments	0	0.0%	-	-	(598)	-1.3%	(805)	-1.8%
Financial income	(3)	0.0%	3	0.0%	10	0.0%	122	0.3%
Financial charges	(145)	-1.1%	(229)	-1.7%	(402)	-0.9%	(470)	-1.1%
Pre-tax result	**(76)**	**-0.6%**	**161**	**1.2%**	**294**	**0.7%**	**1,624**	**3.7%**
Income taxes for the year	(152)	-1.1%	(155)	-1.1%	(589)	-1.3%	(885)	-2.0%
(Deferred) prepaid taxes	21	0.2%	(12)	-0.1%	10	0.0%	-	-
Total net profit (loss)	**(208)**	**-1.5%**	**(**) (6)**	**0.0%**	**(**) (284)**	**-0.6%**	**(**) 738**	**1.7%**

(*) Pre-tax profit

(**) Profit after taxes

6. EVENTS AFTER THE CLOSE OF THE QUARTER

Following the inspection carried out in 2009 by the Agenzia delle Entrate (Italian Revenue Office), Centrale del Latte di Torino & C. S.p.A. has been served with a tax assessment notice regarding the FYs 2007 – 2008 for a total of € 267 thousand.

The Parent Company, following an inspection by the Enasarco Foundation, has been served with a tax assessment notice for a total of € 244 thousand regarding the legal framework governing the contracts of staff dealing with transport and product delivery. The company, firmly convinced that its stance is correct, has taken all the measures necessary to combat the actions of the Foundation, presenting an appeal within the deadline and in accordance with the procedures established.

Turin, 8 November 2011

The Chairman of the Board of Directors

Luigi LUZZATI

Pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Law, the Executive in charge of drafting corporate accounts, Mr. Vittorio Vaudagnotti, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

Turin, 8 November 2011

The Executive in charge of drafting financial statements

Vittorio VAUDAGNOTTI