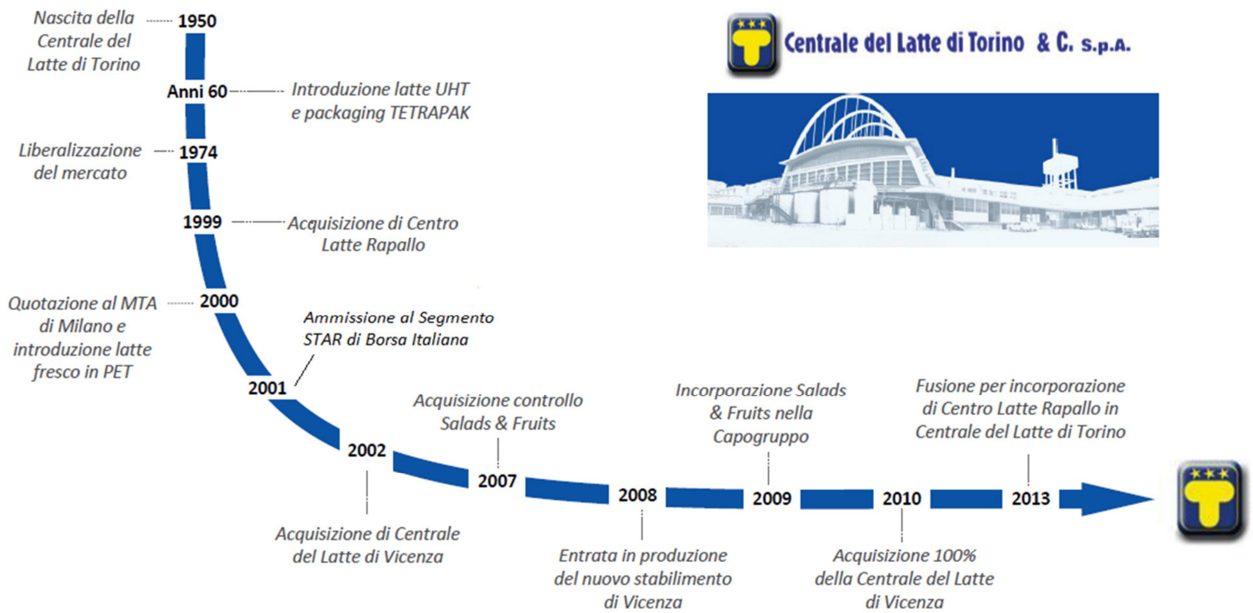
Centrale del Latte di Torino & C. S.p.A.
2014 Separate and Consolidated Financial Statements

Centrale del Latte di Torino & C. S.p.A. - Via Filadelfia 220 – 10137 Torino
Cap.soc.Euro 20.600.000 i.v. - C.C.I.A.A. Torino n. 520409 - Tribunale Torino n. 631/77
Cod.Fisc. – Part.IVA 01934250018
Tel. 0113240200 – fax 0113240300 E-mail: posta@centralelatte.torino.it www.centralelatte.torino.it

Introducing the Company and the Group

History

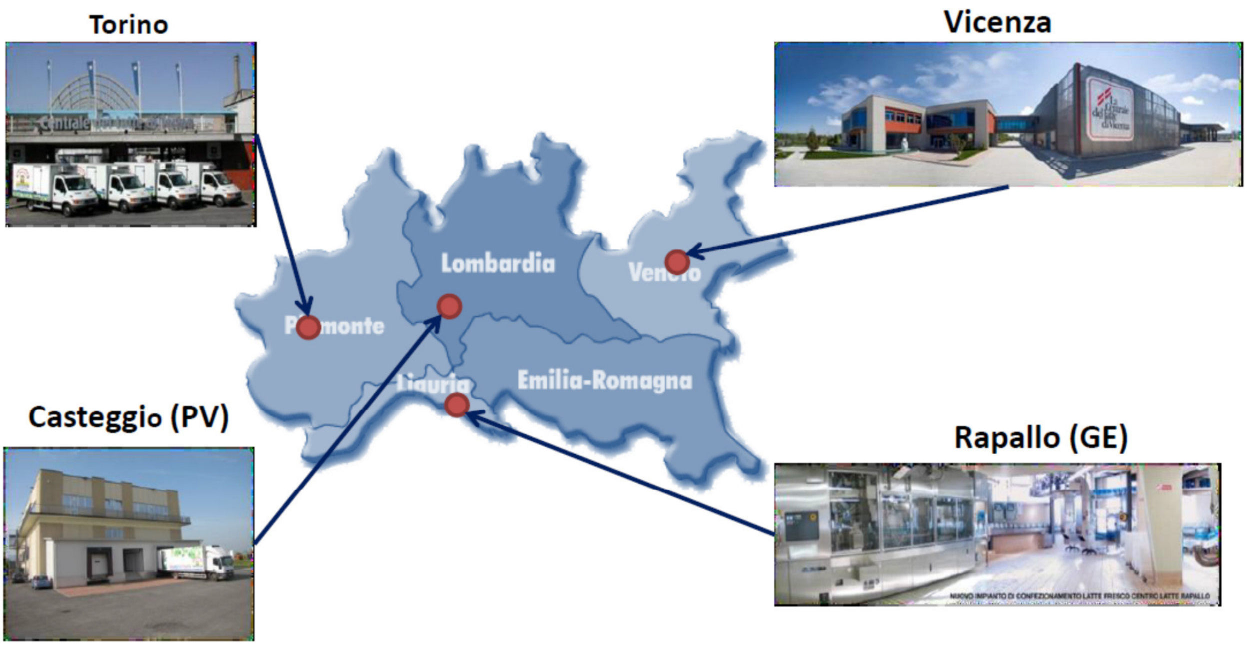
Since 1950, milk in Turin has been synonymous with Centrale del Latte. A private firm since its foundation, with head offices in Via Filadelfia 220, Turin, its day to day growth has led it to develop and expand in two directions: on the one hand, it has ensured widespread coverage of the milk market in Turin, while on the other it has also expanded beyond its traditional geographical distribution area. Over the years, painstaking attention to production and a coherent product diversification strategy have earned the Group a prestigious leadership role that is the result of the relationship of trust and familiarity built up over time.
After 50 years of constant success in the business, and in view of the perfectly mature market situation, Centrale del Latte di Torino & C. S.p.A. has implemented a policy of expansion, conducted both internally—by widening the range of products offered—and externally, through acquisitions.
It was to provide financial support for this growth and development process that in November 2000 the company listed its shares on the MTA (Electronic Stock Market) of Milan, and in 2001 was admitted to the STAR segment of Borsa Italiana.



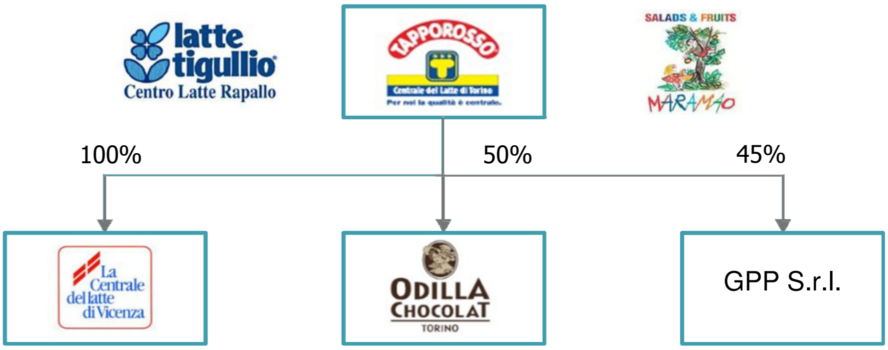
The Group

The Centrale del Latte di Torino & C. S.p.A. Group is inter-regional in scope, and specialises in the production and direct sale – also through the Centro Latte Rapallo production unit and the subsidiary Centrale del Latte di Vicenza S.p.A. – of dairy products such as fresh milk, long-life (UHT) milk, yogurt and fresh vegetables.
Given its dynamic nature and tendency towards diversification, the Group has for some time been selling own-brand packaged products in the fresh food sector, such as eggs, cheeses, pasta, vegetables and fresh salads and fruit, produced either directly or through carefully selected third-party companies.

The Group has a very strong territorial base, with almost all of its turnover realised in the Piedmont, Liguria and Veneto regions, where it enjoys a leadership position as regards fresh and long-life milk.
The Group has five production facilities to its name, all equipped with cutting-edge technology for the processing, packaging and cold storage of its products. These are located in: Turin, Rapallo (Genoa), Casteggio (Pavia), and Vicenza.



At 31 December 2014, the Centrale del Latte di Torino & C. S.p.A. Group was made up as follows:



The Shareholders

The share capital of the Company is equal to € 20,600,000.00 fully paid-up, divided into 10,000,000 common shares with a par value of € 2.06 each.

According to the information available, Centrale del Latte di Torino & C. S.p.A. has 3.637 registered shareholders, divided up as follows:

Finanziaria Centrale del Latte di Torino S.p.A.	51.78%
Lavia s.s.	5.59%
Free float	42.63%

Centrale del Latte di Torino Group

2014 Separate and Consolidated Financial Statements

Directors' Report

Dear Shareholders,

Before illustrating FY 2014, it is important to recall that on 30 April the Ordinary Shareholders' Meeting appointed the new Board of Directors, which in turn appointed Mr. Luigi Luzzati Chairman, Mr Riccardo Pozzoli Executive Vice Chairman and CEO, and Mr. Maurizio Macchiavello CEO of the Rapallo operating unit, entrusting a number of assignments to Mr. Nicola Codispoti.

The FY 2014.

While signs of a slight recovery were evident in 2014, these prospects were not borne out in the following nine months, during which private consumption fell once more. In this context, the price variable continued to have a significant impact on consumer choices, so it was not possible for the Group to recover the rise in milk raw material purchase prices by transferring the increase to retail sales prices. During the first six months of 2014, milk raw material prices rose by 9% compared to the same period of 2013; subsequently – particularly in the last two months of the year - the changes in the international economic scenario also influenced the milk market, allowing the Group to partially recover the rise in costs.

In a scenario that remains challenging, the Group succeeded in achieving a 2% increase in sales, which went from € 98.058 million in 2013 to € 100.4 million. EBITDA went from € 5.373 million in 2013 to € 5.845 million in 2014 (+9%). EBIT reached € 2.618 million, as compared to the € 1.129 million recorded at 31 December 2013. The Group's net profit reached € 791 thousand, as compared to the € 1.270 million recorded in FY 2013, characterised by a capital gain on the disposal of the equity interest in Frascheri S.p.A.

As mentioned above, Group sales amounted to € 100.426 million, with an increase of 2.4% compared to 2013. The fresh milk segment remained in difficulty, with the 3% drop abundantly offset by the 8% increase in the UHT milk segment. This is a clear symptom of a general economic situation in which consumers are oriented towards products in which the price factor is of greater significance. Turnover in the yoghurt segment recorded a fall of 3%, partly due to the unusually low summer temperatures, which did not encourage consumption. There was substantial stability in the sales of fresh salads, a product with a distinctive "service" component that has an impact on retail sales prices. There was a 9% rise in other packaged products, driven by the positive sales results on the domestic market of the soya drink and of fresh and UHT cream, also for pastry shops and ice cream parlours.
2014 was marked by the Group's entry into the Chinese market. Thanks to the activity carried out during the latter months of 2013 and the participation in trade fairs in the sector, Centrale del Latte di Torino & C. S.p.A. signed a five-year contract 2014 – 2018 for the export of long-life milk and a soya drink with Nanpufood (www.nanpufood.com), a leading import/distribution company for the markets of China, Hong Kong and Macao. During 2014 sales reached € 858 thousand, € 800 thousand for UHT milk and € 58 thousand for the soya drink. These volumes are confirmed for 2015, with good prospects for an increase over the year.
Personnel costs reached € 14.298 million, compared to € 14,133 million in 2013. The average number of employees in FY2014 was 260, compared to 259 in 2013. This figure can be broken down into categories as follows:

- Managers 16
- Middle management 9
- White-collar personnel 102
- Blue-collar personnel 133

Depreciation of tangible fixed assets went from € 3.383 million in 2013 to € 2.926 million of 2014, while amortisation of intangible fixed assets totalled € 167 thousand related to the new information system.
Financial income and expenses. Financial expenses registered at the end of FY2014 amounted to a total of € 868 thousand, compared to the € 751 thousand of the previous FY, and are mainly attributable to interest on loans and financing (€ 652 thousand). Financial income from interest totalled € 57 thousand, compared to € 76 thousand in 2013.
At the end of the financial year, the main indicators in the income statement were summarised and compared with those of the previous year in the table that follows.
For each of the paragraphs considered hitherto, regarding revenue and costs for FY2014, statements illustrating the figures and comparing them with the previous financial year have been drawn up and published in the notes to the consolidated financial statements.

The economic management and the equity position of the Group in FY2014 are illustrated in the reclassified consolidated financial statements in annex a) of this report. This annex contains a description of the criteria adopted for drawing up the reclassified accounting statements, notes referring back to the items in the statutory financial statements and information regarding "alternative performance indicators".

(€/000)	31/12/2014	31/12/2013			
Revenue from sales and services	100,426	98,058	2,368	2%	↑
Value of production	102,544	99,966	2,578	3%	↑
EBITDA	5,845	5,373	472	9%	↑
EBIT	2,618	1,129	1,489	132%	↑
Pre-tax result	1,803	2,096	(293)	-14%	·
Net result after taxes	791	1,269	(478)	-37.7%	↓

The Group's net revenue amounted to € 100.426 million, compared to € 98.058 million of the previous FY.

Although a single operating sector has been identified at both Group and ultimate parent company level, shown in the table below is a breakdown per segment:

(€/000)	31/12/2014		31/12/2013		Change		
Fresh milk	42,191	42%	43,750	45%	(1,559)	-4%	↓
UHT milk	20,738	21%	19,266	20%	1,472	8%	↑
Yogurt	7,843	8%	8,077	8%	(234)	-3%	↓
Fresh vegetables	4,691	5%	4,733	5%	(42)	-1%	↓
Bulk milk and cream	3,810	4%	3,687	4%	123	3%	↑
Other packaged products	20,294	20%	18,545	19%	1,749	9%	↑
Export	858	1%	-	-	858	100%	↑
Total	**100,426**	**100%**	**98,058**	**100%**	**2,367**	**2%**	↑

The table below shows turnover at 31 December 2014, divided up into geographical areas:

(€/000)	Fresh milk	UHT milk	Yogurt	Fresh vegetables	Bulk milk and cream	Other packaged products	Total
Piedmont							
31/12/2014	**23,934**	**12,857**	**1,999**	**2,814**	**2,160**	**6,217**	**49,983**
31/12/2013	25,201	12,343	2,009	2,770	2,038	5,382	49,743
% change	-5%	4%	-0.5%	2%	6%	16%	0%
Liguria							
31/12/2014	**11,316**	**1,271**	**733**	**1,388**	**207**	**9,338**	**24,254**
31/12/2013	11,339	1,167	739	1,502	186	8,579	23,513
% change	0%	9%	-0.9%	-8%	11%	9%	3%
Veneto							
31/12/2014	**6,941**	**6,610**	**5,111**	**489**	**1,443**	**4,739**	**25,332**
31/12/2013	7,210	5,756	5,329	460	1,464	4,583	24,803
% change	-4%	15%	-4%	6%	-1%	3%	2%
Export	**-**	**800**	**5,111**	**-**	**-**	**58**	**858**
Total							
31/12/2014	**42,191**	**21,538**	**7,843**	**4,691**	**3,810**	**20,352**	**100,426**
31/12/2013	43,750	19,267	8,077	4,733	3,687	18,545	98,058
% change	**-4%**	**12%**	**-3%**	**-1%**	**3%**	**10%**	**2.4%**

Financial position.

The net financial position of the Group at the end of FY2014, after payment of dividends for € 600 thousand, of the balance of taxes for 2013 and advance on taxes for FY2014 for € 804 thousand, was negative for € 17.189 million, considerably up compared to the figure at the end of 2013, i.e. € 19.950 million (a € -2.762 thousand difference). Worth noting is the € 4 million VAT rebate still to be paid out.

(€/000)	31/12/2014	31/12/2013	Change 2013-2014	
Cash and cash equivalents (12ne+13ne)	10,051	7,822	**2,229**	↑
Total current financial assets	**10,051**	**7,822**	**2,229**	↑
Payables to banks	(1,760)	(4,782)	(3,022)	↓
Current share of medium/long-term loans (22ne)	(6,411)	(4,288)	2,123	↑
Current share of payables to other lenders (23ne)	(850)	(850)	-	→
Total current financial liabilities	**(9,021)**	**(9,920)**	**(899)**	↓
Payables for medium/long-term loans (15ne)	(15,003)	(13,943)	1,059	↑
Payables to other lenders for medium/long-term loans (16ne)	(3,216)	(3,909)	(693)	↓
Total non-current financial liabilities	**(18,219)**	**(17,853)**	**366**	↑
Totale passività finanziarie	**(27,239)**	**(27,772)**	**(533)**	↓
Net financial position	**(17,189)**	**(19,950)**	**(2,762)**	↓

At the end of FY2014 the operating *cash flow* was € 6.053 million, compared to € 6.800 million at the end of 2013, whereas the *cash flow* absorbed by investments in technical and financial fixed assets was € 2.303 million (€ 773 thousand in 2013); the cash flow from investing activities and changes in net equity brought about a cash generation of € 2.101 million.

PLAN TO RELOCATE THE TURIN FACTORY. In June, the Parent Company submitted an expression of interest to TNE-Torino Nuova Economia S.p.A. for an area in the Municipality of Turin named zone C "Area Mirafiori". The underlying reasons for which the Company has decided to acquire a new production plant are linked to the Group's prospects for growth and development and the need to expand production capacity so as to guarantee the company remains competitive in the long term.

The expression of interest was successful, resulting in the area being assigned to Centrale del Latte di Torino & C. S.p.A., and this has in effect given rise to the commencement of the project for the relocation of the Turin factory. The assigning of the area is not binding for the company, because the carrying out of the project is conditional upon the acceptance of the concession on the part of the Entities responsible and the issuing of a low-cost loan to cover 50% of the total investment contemplated.

Alongside the plan for the relocation of the factory, Centrale del Latte di Torino & C. S.p.A. also submitted a preliminary project to the Municipality of Turin to the redevelopment of the areas it owns in Via Filadelfia, where the present production facility is located. This redevelopment operation, approved unanimously by the members of the Municipal Council of Turin with resolution no. 60 2014 02447/009 of 1 July 2014, contemplates the development of residential and commercial premises and public green areas, and represents an important source of financial resources for the Group, which will be used for the construction of the new production hub.

Further analyses and assessments on the part of Invitalia, the Entity responsible for issuing the loan, have led to the decision, under penalty of cancellation, to make the granting of the advantageous conditions conditional upon the positive outcome of the individual procedure of notification to the European Union.

SUPPLY CHAIN AGREEMENT. Further to the Decrees of the Ministry of Agricultural, Food and Forestry Policy of 2007, 2008, 2009, as amended in 2012 and 2013, which established the means of access to the low-cost loans for food chain contracts, Centrale del Latte di Torino & C. S.p.A. submitted an important reorganisation and investment plan aimed at consolidating its Liguria – Piemonte –Veneto integrated supply chain system, based on the needs and requests of the market, thus reinforcing supply chain relations in order to guarantee efficient, modern management throughout the whole milk cycle. The project, amounting to € 11.9 million divided among the Turin plant (€ 7.1 million) and the Vicenza plant (€ 4.8 million), has been authorised by the CIPE (Inter-ministerial committee for economic planning) and provides for a soft loan for an amount covering 43.79% of the total investment. The investments planned will be made as soon as the funds are made available.

INFORMATION ON FINANCIAL AND OPERATING RISKS OF THE GROUP.

Risks associated with the business activity

The main risk related to the Group's specific industrial activity regards fluctuations in milk raw material prices. The Group contains this risk by drawing up annual agreements with milk producers, which set the purchase prices at the beginning of the dairy year and maintain those prices for the whole of the period that runs from 1 April to 31 March of the following year, save for particular circumstances in which agreements may be reached on a different basis. Prices are currently set on a quarterly basis.

For purchases made outside of the main supply channel, reference is made to the most advantageous market conditions available when the need arises.

Financial risks.

The financial instruments of the Group comprise bank loans and sight and short-term bank deposits. The aim of these instruments is to finance the Group's operating activities. Other financial instruments of the Group are trade payables and receivables deriving from operating activity.

The main risks generated by financial instruments are the interest rate, liquidity and credit risk.

Interest rate risk.

The Group's exposure to interest rate risk is connected mainly to long-term loans and financing, to which are normally applied interest rates equivalent to 3 month and 6 month Euribor rates plus a fixed spread. With the application of the so-called "Basel 2" all the companies in the Group are subjected to an analysis on the part of credit institutes that attribute a rating to them; the fixed spread may vary depending on the rating assigned. At the date of closure of these consolidated financial statements, no variations had been applied. Details of the rates applied to individual loans are provided in the notes to the consolidated financial statements, specifically in the note regarding financial payables.

Liquidity risk. The Group contains liquidity risk by planning the use of liquidity by considering financial investments, financial assets (trade receivables and other financial assets) and cash flows expected from transactions.

Credit risk. The Group mainly deals with familiar, reliable clients. Receivables are monitored during the financial year in order to limit exposure to losses. The maximum risk is equivalent to the book value of these assets in the event of insolvency on the part of the counterparty.

Other risks.

In relation to the dispute with the Enasarco Foundation, on 29 October 2014, the Court of Appeal of Rome – Employment and Social Insurance section – upheld the appeal filed by the Company, overturning the first-degree sentence by virtue of which the Enasarco Foundation had obtained a payment injunction, and sentencing the Foundation to pay the legal costs. ENASARCO therefore returned the € 872,878 paid out at the time.

In 2012, the company received a further injunction to pay € 658 thousand, inclusive of penalties and interest, against which the company filed a timely appeal to the Court of Rome, Employment and Social Security Section, requesting that the injunction be suspended. The procedure is under way and the next hearing is scheduled for 21 May 2015.

A further inspection was carried out by the ENASARCO Foundation on 11 September 2014, regarding the years from 2011 to 2013, for a total amount of € 310,499.

The Company, firmly convinced of its position, and in the light of the favourable sentence of the Court of Appeal of Rome, although it believes there is a possible risk according to IAS 37, has maintained in the financial statements the provision for future risk set aside, amounting to € 700 thousand.

La Guardia di Finanza (Italian Financial Police), following the inspection, gave notice of assessment for failure to pay withholding tax to the self-employed drivers used for distribution for 2008 and 2009 tax years. The notices of assessment amount to € 427 thousand and € 572 thousand respectively. For the notice of assessment regarding the 2008 tax year, suspension of payment has been requested and obtained. For the notice of assessment regarding the 2009 tax year, suspension of payment has been requested.

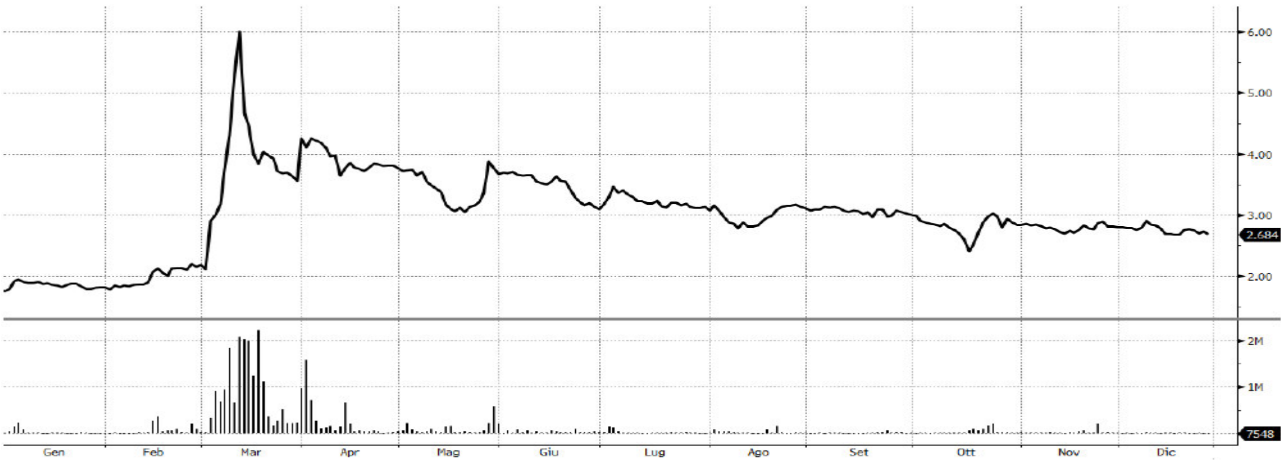
Regarding the tax inspection concerning FY 2004, please note that, following the sentence of the Regional Taxation Commission, which partially admitted the appeal presented by the company regarding the most significant findings, and the rebate of € 97 thousand paid out by Agenzia delle Entrate, the latter presented an appeal to the Supreme Court of Appeal against the sentence of the Regional Taxation Commission.

Centrale del Latte di Torino & C. S.p.A. – stock performance

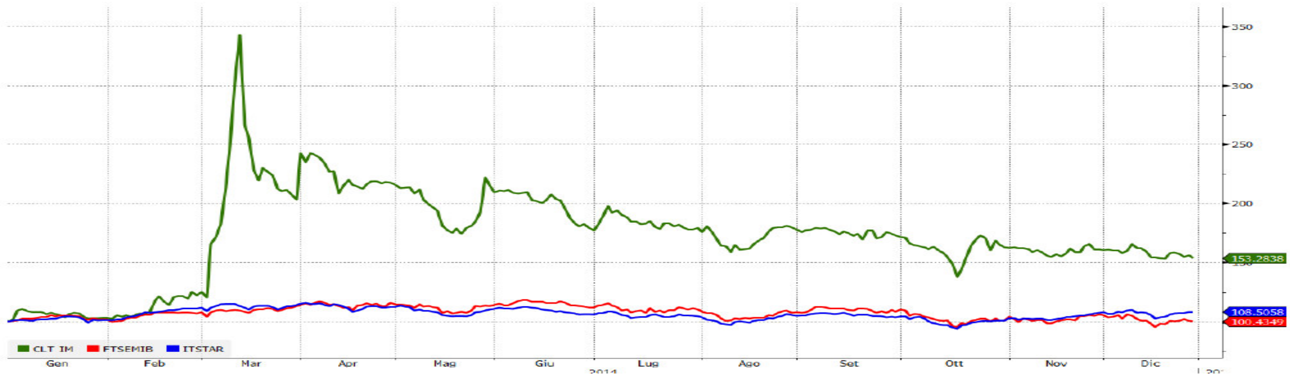
During 2014, the stock performance of Centrale del Latte di Torino & C. S.p.A., listed on the STAR (High Performance Equities) segment of Borsa Italiana, reached a maximum value of € 5.94 per share, as compared to a minimum of € 1.73. The last trading day of the year, the company shares closed at € 2.70 per share. According to the information available, 3,637 shareholders are registered in the shareholders' register of Centrale del Latte di Torino & C. S.p.A.

The graphs below illustrate share prices from 1 January to 31 December 2014 and prices as compared to the FTSE Italia STAR index, with the colour blue referring to share prices and light blue referring to the index (source: Bloomberg Finance LP).

STOCK PERFORMANCE



THE STOCK AND THE INDEXES



INFORMATION ON THE PARENT COMPANY'S MANAGEMENT

Economic management

The FY2014 of Centrale del Latte di Torino & C. S.p.A. closed with net revenue reaching € 76.158 million, up 3% compared to € 73.924 million in FY2013. EBITDA remained stable compared to 2013, amounting to € 4.835 million. EBIT stood at € 2.897 million (+ 50% compared to 2013). The net result after taxes showed a profit of € 1.414 million, against € 1.154 million in 2013. In a more strictly management context, the same considerations set out in the part dedicated to the Group remain valid. Specifically with regard to milk raw material prices, the careful policy to control spending and consumption has made it possible to cut costs and maintain profitability in line with previous FYs.

At the end of FY 2014, the main indicators in the income statement were summarised and compared with those restated for 2013 and in the post-merger version as set out below:

(€/000)	**31/12/2014**	**31/12/2013**	**Change**		
Net sales	76,158	73,924	2,235	3%	↑
Value of production	77,592	75,062	2,530	3%	↑
EBITDA	4,835	4,798	37	0,8%	↑
EBIT	2,897	1,926	971	50%	↑
Pre-tax result	2,509	2,230	279	12%	↑
Net profit (loss)	1,414	1,154	260	23%	↑

Revenue from sales

Revenue from sales increased by 3% compared to 2013.

The following table clearly illustrates sales in the segments that make up the turnover:

(€/000)	**31/12/2014**		**31/12/2013**			**Change**
Fresh milk	35,250	46%	36,540	49%	(1,290)	-4%
Intra-group	469	1%	338	0%	131	39%
Total fresh milk	**35,718**	**47%**	**36,878**	**50%**	**(1,159)**	**-3%**
UHT milk	14,129	19%	13,510	18%	619	5%
Intra-group	55	0%	24	0%	32	134%
Total UHT milk	**14,184**	**19%**	**13,533**	**18%**	**651**	**5%**
Yogurt	2,732	4%	2,748	4%	(16)	-1%
Fresh vegetables	4,201	6%	4,272	6%	(71)	-2%
Intra-group	292	0%	273	0%	20	7%
Total fresh vegetables	**4,494**	**6%**	**4,545**	**6%**	**(51)**	**-1%**
Bulk milk and cream	2,367	3%	2,224	3%	143	6%
Intra-group	242	0%	29	0%	213	732%
Total bulk milk and cream	**2,609**	**3%**	**2,253**	**3%**	**356**	**16%**
Other packaged products	15,556	20%	13,962	19%	1,594	11%
Intra-group	7	0%	5	0%	2	42%
Total other packaged products	**15,563**	**20%**	**13,966**	**19%**	**1,596**	**11%**
Export	**858**	**1%**	**-**	**-**	**858**	**100%**
Total	**76,158**	**99%**	**73,924**	**100%**	**2,235**	**3%**
of which intra-group	**1,065**	**1%**	**668**	**1%**	**397**	**59%**

Geographical breakdown

The turnover of the parent company is divided up into Piemonte (€ 51.046 million, 67% of the total), Liguria (€ 24.254 million, 32% of the total) and exports to China (€ 858 thousand, 1% of the total).

Other revenue

Other revenue amounted to € 1.366 million compared to € 1.042 million in FY2013. The breakdown of this revenue is illustrated in the pertinent table contained in the explanatory notes.

Personnel costs reached € 10.642 million, compared to € 10,606 million in 2013. The average number of employees in FY2014 was 195, compared to 197 in 2013. This figure can be broken down into categories as follows:

- Managers 12
- Middle management 6
- White-collar personnel 74
- Blue-collar personnel 103

Depreciation of tangible fixed assets went from € 2.204 million in 2013 to € 1.712 million of 2014, while amortisation of intangible fixed assets totalled € 167 thousand (€ 148 thousand in 2013) related to the new information system.

Financial income and expenses. Financial expenses registered at the end of FY2014 amounted to a total of € 438 thousand, a rise compared to the € 318 thousand of the previous FY, and are mainly attributable to interest on loans and financing (€ 268 thousand) and to charges to discount severance indemnity (€ 83 thousand). Financial income from interest totalled € 54 thousand (€ 72 thousand in 2013).

For each of the paragraphs considered hitherto, regarding revenue and costs for FY2014, statements illustrating the figures and comparing them with the previous financial year have been drawn up and published in the notes to the financial statements.

The economic management and the equity position of the Parent Company in FY2014 are illustrated in the reclassified consolidated financial statements in annex a) of this report. This annex contains a description of the criteria adopted for drawing up the reclassified accounting statements, notes referring back to the items in the statutory financial statements and information regarding "alternative performance indicators".

Net financial position

The net financial position of the Parent Company at the end of FY2014, after payment of dividends for € 600 thousand, of the balance of taxes for 2013 and advance on taxes for FY2014 for € 726 thousand, was negative for € 343 million, considerably up compared to the figure at the end of 2013, i.e. € 2.257 million (a € -1.914 million difference). Average cost of financial debt: 3.6%. Worth noting is the € 3.161 million VAT rebate still to be paid out.

(€/000)	31/12/2014	31/12/2013	Change 2013-2014	
Cash and cash equivalents (13ne+14ne)	8,237	7,745	492	↑
Total current financial assets	**8,237**	**7,745**	**492**	↑
Payables to banks	-	(565)	(565)	↓
Current share of medium/long-term loans (23ne)	(4,563)	(4,076)	487	↑
Current share of payables to other lenders (24ne)	(41)	(70)	(29)	↓
Total current financial liabilities	**(4,604)**	**(4,712)**	**(107)**	↓
Payables for medium/long-term loans (16ne)	(3,831)	(5,284)	(1,453)	↓
Payables to other lenders for medium/long-term loans (17ne)	(145)	(6)	139	↑
Total non-current financial liabilities	**(3,977)**	**(5,290)**	**(1,313)**	↓
Total financial liabilities	**(8,580)**	**(10,002)**	**(1,422)**	↓
Net financial position	**(343)**	**(2,257)**	**(1,914)**	↓

At the end of FY2014 the operating *cash flow* was € 4.303 million, compared to € 8.429 million at the end of 2013, whereas the *cash flow* absorbed by investments in technical and financial fixed assets was € 1.810 million (€ 84 thousand in 2013); the cash flow from investing activities and changes in net equity brought about a cash absorption of € 836 thousand.

Information on the Subsidiaries included in the scope of consolidation.

Centrale del Latte di Vicenza S.p.A.

Centrale del Latte di Vicenza S.p.A., a 100%-subsidiary, closed FY2014 with a net loss of € 974 thousand, compared to a net loss of € 974 thousand in 2013. Revenue from sales, gross of intra-group sales, amounted to € 27.611 million, compared to € 26.844 million in FY2013.

The value of the intangible, property and technical assets of the subsidiary Centrale del Latte di Vicenza S.p.A. underwent assessments on the part of external, independent bodies, which showed that their economic recoverable value is higher than that entered in the financial statements.

The reclassified accounting schedules and the respective net financial positions of the subsidiaries are provided in the annexes to this report.

Reconciliation between Financial Statements and consolidated Financial Statements.

The reconciliation between the result of the Parent Group and its net equity and the corresponding result of the Group and its net equity is set out in the explanatory notes to the consolidated financial statements.

OTHER INFORMATION

Information on Compliance with Codes of Practice (Art. 89-bis of Consob Regulation).

Corporate Governance Code. The parent company has adopted a self-regulatory Code in the application of its Corporate Governance, i.e. the system of rules by which a company is managed and controlled. The annual report on Corporate Governance and the latest version of the pertinent Code, approved by the Board of Directors on 4 November 2014 - effective from 1 January 2015 – are available on the company's website:

http://www.centralelatte.torino.it/ita/finanza/documenti/codice_autodisciplina_2007.pdf

Code of behaviour for *internal dealing*. The parent company has adopted the Code of practice in order to govern the obligations regarding information, and has drawn up a register of those people who have access to confidential information, in compliance with the provisions of articles 2.6.3, 2.6.4 and 2.6bis of the "Regulation of Markets organised and managed by Borsa Italiana S.p.A.", approved by Consob resolution no. 13655 of 9 July 2002, and with articles 152*bis-ter-quater-quinquies-sexies-septies-octies* of the Consob Regulation for issuers, regarding the operations as per article 2.6.4 of the Borsa Italiana regulation carried out by relevant individuals as defined in article 2 of the Code of practice on *internal dealing.* The latest version of the Code of practice for *internal dealing*, approved by the Board of Directors on 13 February 2007, is available on the company's website:

http://www.centralelatte.torino.it/ita/finanza/documenti/codice_internal_dealing_2007.pdf

Code of procedures for dealing with transactions with related parties. The parent company has adopted the Code of Practice with related parties in compliance with the provisions of Consob resolution no. 17221 of 12 March 2010 as amended. The version of the code for related-party transactions, approved by the Board of Directors on 11 November 2010, is available on the Company's website:

http://www.centralelatte.torino.it/ita/finanza/documenti/Procedure%20operazioni%20parti%20correlate.pdf

Organisation Model as per Legislative Decree 231/2001 - Risk management and internal audit systems.

Centrale del Latte di Torino & C. S.p.A. (hereinafter referred to as CLT) believes that the adoption of the Model as per the Decree is a further means of raising awareness among directors, employees and all other third parties that have dealings with CLT, so that, in carrying out their activities, their conduct is correct, transparent and in line with the ethical and social values that inspire CLT in the pursuit of its business purpose and prevent the risk of offences set out in Legislative Decree no. 231/2001 from being committed.

The adoption and spread of the model is aimed at rendering potential offenders fully aware that they may in fact be committing an offence and at carrying out constant observation and monitoring of activities so as to ensure CLT is able to adopt preventive measures or to intervene swiftly in order to stop offences being committed. The Model is available on the Company's website:

http://www.centralelatte.torino.it/ita/finanza/investors.html

Intra-group dealings and dealings with related parties.

As regards operations carried out with related parties, including intra-group operations, these may not be considered atypical or unusual, since they are part of the normal activities carried out by the companies in the group. Said operations are regulated at market conditions.

Information regarding dealings with related companies, including those required as indicated by Consob on 28 July 2006, is presented in the notes.

Offices of the Parent Company.

Registered, administrative and production office: Turin Via Filadelfia 220

Production and distribution facility: Rapallo (Ge) Via S. Maria del Campo 157

Productive plant: Casteggio (Pv) Via Rossini 10

Tax consolidation.

The parent company joined the tax consolidation regime together with its subsidiary Centrale del Latte di Vicenza S.p.A. The option is valid for three financial years from the one that closed at 31 December 2014.

Treasury shares.

The Parent Company does not hold treasury shares or shares of the ultimate parent company. The Parent Company did not sell or purchase treasury shares or shares of the ultimate parent company during the year.

***Stock Option* Plans**

There were no outstanding *stock option* plans at 31 December 2014.

EVENTS FOLLOWING THE CLOSE OF THE FINANCIAL YEAR.

On 20 February 2015, Centrale del Latte di Torino & C. S.p.A. – in acknowledgement of the indications provided in the Report of the Board of Directors of Centrale del Latte di Firenze, Pistoia e Livorno S.p.A., published on the corporate website on 19 January 2015 – announced the drafting of a non-binding project for industrial integration between the two Groups, submitted to the Company in compliance with the indications contained in the aforementioned Report.

BUSINESS OUTLOOK.

The first months of the new financial year have confirmed the persistently sluggish food consumption.

As regards milk raw material purchase prices, the trend registered during the latter months of 2014 continued; for the whole of 2015, a reduction is therefore expected compared to the total cost registered in 2014.

Dear Shareholders,

The end of this financial year sees the expiry of the three-year appointment of the Board of Statutory Auditors. We would like to thank the Chairman of the Board and the Statutory Auditors for their work, and request that you see to the appointment of the new Board of Auditors.

The approval of 2014 financial statements sees the expiry of the nine-year appointment of the Audit Firm KPMG S.p.A. We would like to thank Pier Carlo Miaja, Riccardo Zeni and their co-operators for their work, and request that you see to the appointment of the new Audit Firm.

Dear Shareholders,

We would like to thank those in charge of the KPMG S.p.A. Audit Company, the board of statutory auditors, managers, employees and workers for their cooperation, and we invite you to approve the financial statements at 31 December 2014, the relevant explanatory notes and this report on management allocating the profit for the year (€ 1,414,153) as follows:

•	to the legal reserve	Euro	70,708
•	a dividend of € 0.06 per share to the 10 million common shares for a total of to be paid out from 6 May 2015 ex-dividend date 4 May 2015, record date 5 May 2015.	Euro	600,000
•	to the extraordinary reserve	Euro	743,445

Turin, 4 March 2015

The Chairman of the Board of Directors
Luigi Luzzati

Centrale del Latte di Torino & C. Group

2014 Financial Statements

Directors' Report – Annexes

Reclassified schedules.

The reference in the first column is to the individual item or group of items in the statutory schedule on which the reclassification is based.

Alternative performance indicators.

In setting out the financial statements, the half-yearly report and the quarterly reports, the group provides information on a number of alternative performance indicators. These indicators are the added value, the EBITDA, an acronym of *Earnings Before Interest Taxes Depreciation and Amortisation,* and EBIT, an acronym of *Earnings Before Interest and Taxes*.
The values of such indicators have been obtained by reclassifying the revenue and costs presented in the compulsory income statement schedule, without making any corrections or additions.

Annex a) Reclassified consolidated accounting schedules

The amounts shown are in €/000.

Where necessary, the comparative figures from the 2012 financial statements have been restated to provide a consistent basis of comparison with the 2013 financial statements.

		31-dec-14		31-dec-13		Change 2013-2014		
1ec	Revenues from sales and services	100,426	98.0%	98,058	98.1%	2,368	2.4%	↑
3ec	Change in inventories	97	0.1%	70	0.1%	27	38.5%	↑
2ec	Other revenues and income	2,022	2.0%	1,838	1.8%	184	10.0%	↑
	Value of production	**102,544**	**100.0%**	**99,966**	**100.0%**	**2,578**	**2.6%**	↑
12ec+13ec	Services	(26,236)	-25.6%	(25,859)	-25.9%	377	1.5%	↑
4ec	Raw materials	(55,191)	-53.9%	(53,549)	-53.6%	1,642	3.1%	↑
15ec	Other operating costs	(974)	-1.0%	(1,052)	-1.1%	(78)	-7.4%	↓
	Added value	**20,143**	**19.6%**	**19,506**	**19.5%**	**637**	**3.3%**	↑
5ec+6ec+ 7ec+8ec	Personnel costs	(14,298)	-13.9%	(14,133)	-14.1%	165	1.2%	↑
	EBITDA	**5,845**	**5.7%**	**5,373**	**5.4%**	**472**	**8.8%**	↑
11ec	Allocation to provision for bad debts	(134)	-0.1%	(250)	-0.3%	(116)	-46.4%	↓
10ec	Depreciation of tangible fixed assets	(2,926)	-2.9%	(3,383)	-3.4%	(457)	-13.5%	↓
9ec	Amortisation of intangible fixed assets	(167)	-0.2%	(148)	-0.1%	19	13.1%	↑
14ec	Allowances for risks	-	-	(463)	-0.5%	(463)	-100.0%	↓
	EBIT	**2,618**	**2.6%**	**1,129**	**1.1%**	**1,489**	**131.9%**	↑
16ec	Financial income	57	0.1%	76	0.1%	19	-24.4%	↓
18ec	Capital gain on equity investment disposal	-	-	1,606	1.6%	(1,606)	-100.0%	↓
17ec	Financial charges	(868)	-0.8%	(751)	-0.8%	117	15.6%	↑
18ec	Adjustments to equity investments	(4)	0.0%	(4)	0.0%	-	-	→
20e	Dividends from affiliates	-	-	40	0.0%	(40)	-100.0%	↓
	Pre-tax result	**1,803**	**1.8%**	**2,096**	**2.1%**	**(293)**	**-14.0%**	↓
21ec	Income taxes from tax consolidation	(1,049)	-1.0%	(911)	-0.9%	138	-15.2%	↑
22ec	(Deferred) prepaid taxes	38	0.0%	84	0.1%	(46)	-55.1%	↓
	Net profit (loss) for the year	**791**	**0.8%**	**1,269**	**1.3%**	**(478)**	**-37.7%**	↓

STATEMENT OF COMPREHENSIVE INCOME

Total net profit (loss)	**791**	**1,269**
Actuarial gains (losses) due to defined-benefit retirement plans	(452)	659
Tax effect due to other profits (losses)	124	(142)
Total other comprehensive profits (losses)	**(327)**	**517**
Comprehensive net profit (loss)	**464**	**1,787**

Consolidated equity and financial position

		31-dec-14		31-dec-13	
	Fixed assets				
1	Technical fixed assets	51,363		52,278	
2	Current technical fixed assets	308		374	
3	Intangible fixed assets	11,706		11,777	
4	Equity investments and securities	263		68	
6	Financial receivables from affiliates	140		303	
	Total fixed assets	**63,780**	**95.7%**	**64,800**	**93.7%**
8	**Working capital**	15,721		16,210	
7	Trade receivables	3,438		3,473	
5+9+10	Inventories	7,885		8,405	
32+33	Other short-term assets	(19,310)		(18,418)	
35+36	Trade payables	(4,435)		(4,985)	
34	Other payables	(468)		(333)	
	Tax liabilities	**2,832**	**4.3%**	**4,352**	**6.3%**
	Net working capital	**66,612**	**100.0%**	**69,154**	**100.00%**
	Long-term liabilities and provisions				
26	Employee severance indemnity	3,985		3,313	
28	Other provisions	1,035		1,205	
27	Provision for Directors' indemnity at the end of their term in office	124		138	
25	Provision for deferred taxes	3,815		3,823	
	Total long-term liabilities and provisions	**8,960**	**13.5%**	**8,479**	**12.3%**
	Financial position				
11+12	Cash, banks and securities	(10,051)		(7,822)	
29	Payables to banks	1,760		4,782	
30	Current share of medium/long-term loans	6,411		4,844	
31	Current share of payables to other lenders	850		850	
24	Medium/long-term payables to other lenders	3,216		3,909	
23	Medium/long-term loans	15,003		13,388	
	Net financial position	**17,189**	**25.8%**	**19,951**	**28.9%**
	Shareholders' equity				
13	Share capital	20,600		20,600	
14+15+16+17+ 18+19+20+21	Reserves	19,073		18,854	
23	Net profit (loss) for the period	791		1,270	
	Total net equity	**40,464**	**60.7%**	**40,724**	**58.8%**
	LIABILITIES AND EQUITY	**66,612**	**100.0%**	**69,154**	**100.00%**

Annex b) Reclassified accounting schedules of Centrale del Latte di Torino & C. S.p.A.

Costs and revenues are reported gross of intra-group sales and the result gross of consolidation adjustments.

The amounts shown are in €/000.

Reclassified statement of comprehensive income

		31-dec-14		31-dec-13		Change 2013-2014		
1ec	Revenues from sales and services	76,158	98.2%	73,924	98.5%	2,235	3.0%	↑
3ec	Change in inventories	13	0.0%	96	0.1%	(83)	-86.1%	↓
2ec	Other revenues and income	1,420	1.8%	1,042	1.4%	378	36.3%	↑
	Value of production	**77,592**	**100.0%**	**75,062**	**100.0%**	**2,530**	**3.4%**	↑
12ec+13ec	Services	(20,794)	-26.8%	(20,292)	-27.0%	503	2.5%	↑
4ec	Raw materials	(40,641)	-52.4%	(38,581)	-51.4%	2,059	5.3%	↑
15ec	Other operating costs	(680)	-0.9%	(785)	-1.0%	(105)	-13.3%	↓
	Added value	**15,476**	**19.9%**	**15,404**	**20.5%**	**73**	**0.5%**	↑
5ec+6ec+7ec +8ec	Personnel costs	(10,642)	-13.7%	(10,606)	-14.1%	36	0.3%	↑
	EBITDA	**4,835**	**6.2%**	**4,798**	**6.4%**	**37**	**0.8%**	↑
11ec	Allocation to provision for bad debts	(58)	-0.1%	(56)	-0.1%	1	2.1%	↑
10ec	Depreciation of tangible fixed assets	(1,712)	-2.2%	(2,204)	-2.9%	(492)	-22.3%	↓
9ec	Amortisation of intangible fixed assets	(167)	-0.2%	(148)	-0.2%	19	13.1%	↑
14ec	Allowances for risks	-	0.0%	(463)	-0.6%	(463)	-100.0%	↓
	EBIT	**2,897**	**3.7%**	**1,926**	**2.6%**	**971**	**50.4%**	↑
16ec	Financial income	54	0.1%	1,718	2.3%	(1,664)	96.8%	↓
18ec	Capital gain on equity investment disposal	-	0.0%	1,606	2.1%	(1,606)	-100%	↓
17ec	Financial charges	(438)	-0.6%	(322)	-0.4%	116	35.9%	↑
19ec	Adjustments to equity investments	(4)	0.0%	(1,092)	-1.5%	(1,088)	-99.6%	↓
20e	Dividends from affiliates	-	0.0%	40	0.0%	(40)	-100.0%	↓
	Pre-tax result	**2,509**	**3.2%**	**2,230**	**3.0%**	**279**	**12.5%**	↑
21ec	Income taxes from tax consolidation	(1,139)	-1.5%	(1,106)	-1.5%	33	3.0%	↑
22ec	(Deferred) prepaid taxes	43	0.1%	26	0.0%	17	66.7%	↑
	Net profit (loss) for the year	**1,414**	**1.8%**	**1,154**	**1.5%**	**260**	**23.0%**	↑

STATEMENT OF COMPREHENSIVE INCOME

Total net profit (loss)	**1.414**	**1.154**
Actuarial gains (losses) due to defined-benefit retirement plans	(379)	657
Tax effect due to other profits (losses)	104	(142)
Total other comprehensive profits (losses)	(275)	**515**
Comprehensive net profit (loss)	**1.139**	**1.669**

Reclassified financial and equity position

		31-dec-14		31-dec-13	
	Fixed assets				
1	Technical fixed assets	15.471		15.398	
2	Current technical fixed assets	6.420		374	
3	Intangible fixed assets	27.460		6.491	
4	Equity investments and securities	15.471		27.264	
6	Financial receivables from affiliates	140		303	
	Totale attività immobilizzate	**49.491**	**99,1%**	**49.830**	**97,71%**
	Total fixed assets				
8+9	**Working capital**	10.203		9.999	
7	Trade receivables	1.939		1.921	
10+11	Inventories	5.754		6.486	
33+34+35	Other short-term assets	(13.982)		(13.308)	
37+38	Trade payables	(3.130)		(3.733)	
36	Other payables	(324)		(199)	
	Tax liabilities	**459**	**0,9%**	**1.166**	**2,29%**
	Net working capital	**49.949**	**100,0%**	**50.998**	**100,00%**
	Long-term liabilities and provisions				
27	Employee severance indemnity	3.159		2.550	
29	Other provisions	780		927	
28	Provision for Directors' indemnity at the end of their term in office	124		138	
26	Provision for deferred taxes	2.317		2.325	
	Total long-term liabilities and provisions	**6.381**	**12,8%**	**5.940**	**11,65%**
	Financial position				
12+13	Cash, banks and securities	(8.236)		(7.745)	
30	Payables to banks	-		566	
31	Current share of medium/long-term loans	4.563		4.076	
32	Current share of payables to other lenders	41		70	
25	Medium/long-term payables to other lenders	145		6	
24	Medium/long-term loans	3.831		5.284	
	Net financial position	**344**	**0,7%**	**2.257**	**4,43%**
	Shareholders' equity				
14	Share Capital	20.600		20.600	
15+16+17+18+19 +20+21+22+	Reserves	21.210		21.047	
23	Net profit (loss) for the period	1.414		1.155	
	Total net equity	**43.224**	**86,5%**	**42.801**	**83,93%**
	LIABILITIES AND EQUITY	**49.949**	**100%**	**50.998**	**100,00%**

Annex c) Accounting Schedules of Centrale del Latte di Vicenza S.p.A. – subsidiary

The income (€ 176 thousand) deriving from the transfer of the loss to the consolidated tax position is presented under the opposite sign among "(Deferred) prepaid taxes",

Reclassified overall income statement

	31-dec-14		31-dec-13		Change 2013-2014		
Revenues from sales and services	27,611	97.2%	26,844	96,7%	767	2.9%	↑
Change in inventories	84	0.3%	(26)	-0,1%	109	423.4%	↑
Other revenues and income	758	2.7%	931	3,4%	(173)	-18.6%	↓
Value of production	**28,452**	**100.0%**	**27,749**	**100,0%**	**704**	**2.5%**	↑
Services	(5,578)	-19.6%	(5,679)	-20,5%	(101)	-1.8%	↓
Raw materials	(17,914)	-63.1%	(17,699)	-63,8%	215	1.2%	↑
Other operating costs	(294)	-1.0%	(267)	-1,0%	27	10.0%	↑
Added value	**4,667**	**16.4%**	**4,103**	**14,8%**	**563**	**13.7%**	↑
Personnel costs	(3,657)	-12.9%	(3,527)	-12,7%	130	3.7%	↑
EBITDA	**1,010**	**3.6%**	**577**	**2,1%**	**434**	**75.2%**	↑
Allocation to provision for bad debts	(76)	-0.3%	(193)	-0,7%	(117)	-60.5%	↓
Depreciation of tangible fixed assets	(1,214)	-4.3%	(1,181)	-4,3%	32	2.7%	↑
EBIT	**(280)**	**-1.0%**	**(798)**	**-2,9%**	**(518)**	**64.9%**	↑
Financial income	3	0.0%	4	0,0%	(1)	-26.9%	↓
Financial charges	(430)	-1.5%	(433)	-1,6%	(2)	-0.6%	↓
Pre-tax result	**(707)**	**-2.5%**	**(1,227)**	**-4,4%**	**(520)**	**-42.4%**	↑
Income taxes	(86)	-0.3%	(77)	-0,3%	9	11.9%	↑
(Deferred) prepaid taxes	170	0.6%	330	1,2%	160	-48.5%	↓
Taxes for previous years	**(623)**	**-2.2%**	**(974)**	**-3,5%**	**(351)**	**-36.0%**	↓

STATEMENT OF COMPREHENSIVE INCOME

Total net profit (loss)	**(623)**	**(974)**
Actuarial gains (losses) due to defined-benefit retirement plans	(72)	1
Tax effect due to other profits (losses)	20	-
Total other comprehensive profits (losses)	**(52)**	**1**
Comprehensive net profit (loss)	**(675)**	**(975)**

Reclassified financial and equity position

	31-dec-14		31-dec-13	
Attività immobilizzate				
Technical fixed assets	36,182		36.920	
Current technical fixed assets	60		-	
Intangible fixed assets	5,286		5.286	
Equity investments and securities	2		2	
Total fixed assets	**41,530**	**94.6%**	**42.208**	**93.0%**
Working capital				
Trade receivables	6,586		7,252	
Inventories	1,499		1,552	
Other short-term assets	2,131		1,920	
Trade payables	(6,395)		(6,150)	
Other payables	(1,304)		(1,252)	
Tax liabilities	(144)		(135)	
Net working capital	**2,373**	**5.4%**	**3,187**	**7.0%**
LIABILITIES AND EQUITY	**43,903**	**100.0%**	**45,397**	**100.0%**
Long-term liabilities and provisions				
Employee severance indemnity	826		763	
Other provisions	255		279	
Provision for deferred taxes	1,498		1,498	
Total long-term liabilities and provisions	**2,579**	**5.9%**	**2,540**	**5.6%**
Financial position				
Cash, banks and securities	(1,815)		(83)	
Payables to banks	1,760		4,223	
Current share of medium/long-term loans	1,848		3,903	
Current share of payables to other lenders	808		779	
Medium/long-term payables to other lenders	3,070		771	
Medium/long-term loans	11,172		8,100	
Net financial position	**16,844**	**38.4%**	**17,693**	**39.0%**
Shareholders' equity				
Share capital	29,162		29,162	
Reserves	(4,059)		(3,024)	
Net profit (loss) for the period	(623)		(974)	
Total Shareholders' Equity	**24,480**	**55.8%**	**25,161**	**55.4%**
LIABILITIES AND EQUITY	**43,903**	**100.0%**	**45,397**	**100.00%**

Net financial position

	31-dec-14	31-dec-13
Cash and cash equivalents	**1,815**	**83**
Payables to banks	(1,760)	(4,223)
Current share of medium/long-term payables	(1,848)	(771)
Current share of payables to other lenders	(808)	(779)
Current financial liabilities	**(4,416)**	**(5,773)**
Medium/long-term payables	(11,172)	(8,100)
Medium/long-term payables to other lenders	(3,070)	(3,903)
Non-current financial liabilities	**(14,242)**	**(12,008)**
Total financial liabilities	**(18.658)**	**(17.781)**
Net financial position	**(16.844)**	**(17.698)**

Annex d) Economic and Financial Indicators

The amounts shown are in €/000,

Consolidated Financial Statements – Economic Indicators

ROI Return on Investment	**31-dec-14**	**31-dec-13**
Current assets	37,095	35,911
Non-current assets	63,780	64,800
Current liabilities	(51,452)	(51,509)
Non-current liabilities	**49,423**	**49,202**
Invested capital	**2,618**	**1,129**
ROI Return on Investment	**5.3%**	**2.3%**
ROE Return on equity		
Net profit (loss)	791	1,270
Net equity	40,464	40,723
ROE Return on equity	**2.0%**	**3.1%**
ROS Return on sales		
Operating Profit	2,618	1,129
Revenues from sales	100,426	98,058
ROS Return on sales	**2.6%**	**1.2%**
ROD return on debts		
Financial charges	698	698
Financial payables	27,239	27,772
Cost of debt	**2.6%**	**2.5%**

Acid test ratio	**31-dec-14**	**31-dec-13**
Acid test	10,051	7,822
Non-current and current liabilities	(51,452)	59,988
Acid test ratio	**0.20**	**0.13**
Quick test ratio		
Current assets	37,095	35,911
Current liabilities	(51,452)	51,509
Quick test ratio	**0.72**	**0.70**
ROT		
Revenues from sales and services	102,447	99,897
Invested capital	49,423	49,202
ROT	**2.07**	**2.03**
Net financial debt/Equity		
Net financial debt	17,189	19,950
Equity	40,463	40,723
Net financial debt/Equity	**0.4**	**0.5**

Centrale del Latte di Torino & C. S.p.A. Financial Statements – Economic indicators

The amounts shown are in €/000.

ROI Return on Investment	**31-dec-14**	**31-dec-13**
Current assets	26,131	26,150
Non-current assets	49,491	49,830
Current liabilities	(26,017)	27,241
Non-current liabilities	**49,605**	**48,739**
Invested capital	**2,897**	**1,925**
ROI Return on Investment	**5.8%**	**4.0%**
ROE Return on equity		
Net profit (loss)	1,414	1,154
Net equity	43,224	42,801
ROE Return on equity	**3.3%**	**2.7%**
ROS Return on sales		
Operating Profit	2,897	1,925
Revenues from sales	76,158	73,924
ROS Return on sales	**3.8%**	**2.6%**
ROD return on debts		
Financial charges	310	1,925
Financial payables	8,580	48,739
Cost of debt	**3.6%**	**4.0%**

Acid test ratio	**31-dec-14**	**31-dec-13**
Acid test	8,236	7,745
Non-current and current liabilities	(26,017)	33,180
Acid test ratio	**0.32**	**0.23**
Quick test ratio		
Current assets	26,131	26,150
Current liabilities	(26,017)	27,241
Quick test ratio	**1.00**	**0.96**
ROT		
Revenues from sales and services	77,578	74,966
Invested capital	49,605	48,739
ROT	**1.56**	**1.54**
Net financial debt/Equity		
Net financial debt	345	2,256
Equity	43,224	42,801
Net financial debt/Equity	**0.008**	**0.1**

Centrale del Latte di Torino & C. S.p.A.

Report on corporate governance and company structure (art. 123-bis of the Consolidated Finance Law) for FY2013 – Approved by the Board of Directors of 4 March 2015

Report available on www.centralelatte.torino.it

REPORT ON CORPORATE GOVERNANCE AND COMPANY STRUCTURE (art. 123-*bis* of Legislative Decree 58 Consolidated Finance Law).

1. ISSUER'S PROFILE

The company produces, treats, processes and sells treated milk and food and dairy products in general. The Company may also undertake all transactions involving trade, finance, industry, securities and real estate that are necessary or useful to achieving the Company's object, including the acquisition of equity investments in companies having similar objects or that are instrumental to its business (also comprising the issue of personal guarantees or collateral for third parties and the contracting of loans and mortgages), but excluding trust and professional services reserved under the law, the solicitation of investment from the public and the provision of all services that qualify as "financial activity" to the public.

The company is run by a Board of Directors composed of eleven members, appointed by resolution of the Shareholders' Meeting. The Directors are chosen from a list of candidates.

2. INFORMATION ON THE COMPANY STRUCTURE (as per article 123 bis paragraph 1 of TUF) at 12 March 2012

Share capital structure (as per article 123-bis, paragraph 1, letter a), TUF)

The share capital of Centrale del Latte di Torino & C. S.p.A. amounts to € 20,600,000, fully subscribed and paid-up, and is divided into 10,000,000 common shares with a par value of € 2.06 each. All the shares of the Company are listed on the Star segment of the Electronic Stock Market (MTA) organised and managed by Borsa Italiana S.p.A.

Common shares are registered, freely transferrable, in electronic format and centrally managed by Monte Titoli S.p.A.

Each common share confers the right to one vote at the Company's ordinary and extraordinary shareholders' meetings, in addition to other financial and administrative rights provided under applicable laws and corporate by-laws.

SHARE CAPITAL STRUCTURE				
	No. of shares	**% on SC**	**Listed**	**Rights and obligations**
Common shares	10,000,000	100%	Borsa Italiana FTSE Italia STAR	Right to vote in ordinary and extraordinary meetings
Shares with limited voting rights	-	-		
Shares with no voting rights	-	-		

Other financial instruments

There are no other financial instruments that confer the right to subscribe for newly issued shares, including bonus shares, or share-based incentive schemes.

Share-based incentive scheme

At the date of approval of this Report, there were no share-based incentive schemes involving bonus issues or other forms of share capital increase.

Restrictions on security transfer (as per article 123-bis, paragraph 1, letter b), TUF)

There are no restrictions on transfers of the securities of the Company.

Major shareholders (as per article 123-bis, paragraph 1, letter c), TUF)

According to the information available3,637 shareholders are registered on the shareholders' register of Centrale del Latte di Torino & C. S.p.A.

The holders of more than 2% of common shares are:

MAJOR SHAREHOLDERS			
Declaring party	**Direct shareholder**	**% on ordinary capital**	**% on voting capital**
Adele Artom	Finanziaria Centrale del Latte di Torino S.p.A.	51.78%	51.78%
Adele Artom	Lavia s.s.	5.90%	5.90%

Securities granting special rights (as per article 123-bis, paragraph 1, letter d), TUF)

No securities granting special controlling rights have been issued.

Employee shareholder system (as per article 123-bis, paragraph 1, letter e), TUF)

The Articles of Association of the Company contain no particular instructions regarding the voting rights of employee shareholders.

Restrictions on voting rights

There are no restrictions on voting rights.

Restrictions on security transfer (as per article 123-bis, paragraph 1, letter f), TUF)

There are no restrictions on transfers of the securities of the Company.

Shareholders' agreements (as per article 123-bis, paragraph 1, letter g), TUF)

There are no agreements among shareholders known to the issuer, pursuant to art. 122 of the TUF.

Change-of-control clauses (as per article 123-bis, paragraph 1, letter h), TUF)

Neither the issuer nor its subsidiaries have entered into significant agreements which become effective, are amended or cease to be valid in the event of a change of control as regards the contracting company.

Proxies for share capital increases and share buy-back authorisations (as per article 123-bis, paragraph 1, letter m), TUF)

The company directors have not been entrusted with proxies for share capital increases or for the issue of financial instruments or the purchase of treasury shares. The question is regulated by the corporate by-laws.

Management and coordination (as per article 2497 et seq. of the Italian Civil Code)

Pursuant to articles 36 and 37 of the Consob Regulation no. 16191/2007, regarding the publication of information prescribed by paragraphs 12 and 13 of article 2.6.2 of the Regulation of Borsa Italiana, it is hereby certified that Centrale del Latte di Torino & C. S.p.A.:

- is not controlled by companies set up and governed by the law of countries not belonging to the European Union;
- is not subject to management and coordination activities on the part of the ultimate parent company Finanziaria Centrale del Latte di Torino S.p.A., because the main aim of the company is the direct management of civil buildings and does not have a structure able to control and/or channel decisions of an operational nature.

The information required by article 123-bis, first paragraph, letter i) is contained in section II of the report on the remuneration paid to directors and members of the audit bodies.

The information required by article 123-bis, first paragraph, letter l) is illustrated in the Report on corporate governance.

3. COMPLIANCE (as per article 123-bis, paragraph 2, letter a), TUF)

Compliance with codes of practice

Centrale del Latte di Torino & C. S.p.A., with regard to the codes of practice on corporate governance promoted by Borsa Italiana S.p.A, has adopted the following:

Self-Regulatory Corporate Governance Code. The Company has adopted a self-regulatory Code in the application of its Corporate Governance, i.e. the system of rules by which a company is managed and controlled. The latest version of the Code, approved by the Board of Directors on 3 August 2012, and the annual report on Corporate Governance are available on the company's website:

http://www.centralelatte.torino.it/ita/finanza/documenti/codice_autodisciplina_2012.pdf

and on the website of Borsa Italiana S.p.A.:

http://www.borsaitaliana.it/borsa/azioni/elenco-completo-corporate-governance.html?isin=IT0003023980&lang=it
http://www.borsaitaliana.it/borsa/azioni/elenco-completo-corporate-governance.html?isin=IT0003023980&lang=it

Code of practice for internal dealing. The Company has adopted the Code of practice in order to govern the obligations regarding information, and has drawn up a register of those people who have access to confidential information, in compliance with the provisions of articles 2.6.3, 2.6.4 and 2.6bis of the "Regulation of Markets organised and managed by Borsa Italiana S.p.A.", approved by Consob resolution no. 13655 of 9 July 2002, and with articles 152*bis-ter-quater-quinquies-sexies-septies-octies* of the Consob Regulation for issuers, regarding the operations as per article 2.6.4 of the Borsa Italiana regulation carried out by relevant individuals as defined in article 2 of the Code of practice on internal dealing. The latest version of the Code of practice for internal dealing, approved by the Board of Directors on 13 February 2007, is available on the company's website:
http://www.centralelatte.torino.it/ita/finanza/documenti/codice_internal_dealing_2007.pdfhttp://www.centralelatte.torino.it/ita/finanza/documenti/codice_internal_dealing_2007.pdf
and on the website of Borsa Italiana S.p.A.:
http://www.borsaitaliana.it/borsa/quotazioni/azioni/elenco-completo-internal-dealing.html?isin=IT0003023980&lang=it<}100{>http://www.borsaitaliana.it/borsa/quotazioni/azioni/elenco-completo-internal-dealing.html?isin=IT0003023980&lang=it

Code of procedures for dealing with transactions with related parties. The Company adopted the code of procedures for dealing with transactions with related parties, pursuant to Consob resolution no. 17221 as amended. This code is available on the company's website:
http://www.centralelatte.torino.it/ita/finanza/documenti/Procedure operazioni parti correlate.pdf
http://www.centralelatte.torino.it/ita/finanza/documenti/Procedure operazioni parti correlate.pdf

4. BOARD OF DIRECTORS

Appointment and replacement of directors (as per article 123-bis, paragraph 1, letter l), TUF)

The company is managed by a Board of Directors made up of three to eleven members, appointed by resolution of the Shareholders' Meeting. The Directors are chosen from a list of candidates. Lists may be filed only by those shareholders who, alone or jointly with other shareholders, hold a total of shares representing at least 2.5% (two point five percent) of the share capital with voting rights in the ordinary meeting. Each shareholder cannot file, either through a third party or by trusts, more than one list or vote for different lists. Each candidate may be appointed in one list only, under penalty of ineligibility. Candidates may not be admitted to the lists if they already hold directorships in other five companies or entities whose stocks are liable for trading on a regulated market featured on the list provided for by articles 63 and 67 of Legislative Decree no. 58/1998. The minority list that has obtained the greatest number of votes and that is in no way connected, directly or indirectly, to the list that has received the most votes, has the right to appoint a member of the Board of Directors. The lists submitted must be filed at the headquarters of the company at least twenty five days before the date of the Meeting called upon to resolve upon the appointment of the members of the board of directors.

By the same deadline, statements must be filed along with each list in which each candidate accepts the nomination, and declares, undertaking full responsibility, that there are no reasons for which they are incompatible or could not be appointed, and that they fulfil the requirements set forth by the by-laws and current regulations for each office. Where a list does not meet the above requirements, its submission shall be considered null.

Where a single list is submitted, this represents the entire Board of Directors. In the event no list is submitted, the shareholders' meeting shall resolve by majority vote. Abstentions shall not be taken into account.

How and by when lists must be submitted is indicated in the call notice.

The lists presented may be consulted by the public on the company's website and through other means provided for by law, at least 21 days before the date of the Shareholders' Meeting.

The directors shall remain in office for a period of no more than three financial years and their term of office shall end on the date of the meeting convened to approve the financial statements for the last financial year of their term. Directors may be re-appointed.

Before directors are appointed, the shareholders' meeting shall determine the number of Board members and the duration of their term. Where the number of Directors determined is lower than the maximum number provided for, the shareholders' meeting, during the Board's term of office, may increase this number. The term of Directors thus appointed shall expire together with those serving on the Board at the time of their appointment. The remuneration due to the members of the Board of Directors shall be determined by the Shareholders' Meeting.

No plan for succession has been provided for in the event the Members of the Board of Directors are replaced before the natural expiry of their term.

Structure of the Board of Directors and Committees

At the closing date of FY2014 the Board of Directors was made up of 10 (ten) directors. The Board has not defined general criteria regarding the maximum number of management and auditing offices held in other companies that can be considered compatible with the effective performance of the role of company director.

The structure of the Board of Directors is indicated in the enclosed chart 1).

Role of the Board of Directors

The Board of Directors exercises the powers, functions and competences regarding the ordinary and extraordinary management of the company, with the sole exception of those competences that are attributed to the shareholders' meeting, either by law or by the corporate by-laws.

The Board of Directors also has the power to resolve upon the following:

- mergers in the cases provided for under articles 2505 and 2505 bis of the Italian Civil Code;
- transfer of the Company's registered office within Italy;
- the setting up or closure of secondary offices;
- the indication of which directors—in addition to the Chairman, the Vice Chairman and the Managing Directors—and executives may represent the company, in accordance with the subsequent articles 17 and 18 of the corporate by-laws;
- reduction of the share capital in the event of the withdrawal of a shareholder;
- adjustments to the corporate by-laws in accordance with regulatory provisions.

The Board of Directors met 6 times during 2014, in order to discuss and resolve upon the following:

- The draft financial statements and the draft consolidated financial statements and pertinent reports and notes at 31 December 2013;
- Annual report on corporate governance for 2013;
- The annual report of the Supervisory Body;
- Report on the remuneration paid to the members of the management and audit bodies, general managers and other key management personnel
- The call for the Shareholders' Meeting;
- The granting of powers to the Managing Director;
- Verification of the independence requisites of the independent Board Members;
- Interim report at 31 March 2014 and 30 September 2014;
- Interim report at 30 June 2014;
- Changing Corporate Governance;

When the nature of the matters on the agenda so required, Directors and Statuary Auditors were provided in advance with documentation pertaining to the matters to be considered.

Article 11 of the Company's Self-Regulatory Code deals with the question of relationships and economic transactions with related parties. The Code recommends that in the case of transactions conducted with related parties, those directors that have an interest—including a potential or indirect interest—in the transaction should provide timely, exhaustive notification thereof to the board regarding such interest and the circumstances of the same, and should leave the board meeting when the pertinent resolutions are made.

Should the nature, value, or other characteristics of the transaction so require, in order to avoid terms being set that would not be in keeping with those normally agreed upon by non-related parties, the Board of Directors arranges for it to be carried out with the assistance of independent experts, in order to determine the value of the assets or of the pertinent financial, legal, or technical profiles.

CONSOB has given a specific indication of subjects that may be deemed related parties, as described in IAS 24; these include those that control the issuer, those that are controlled by the issuer and those that are linked to the issuer, as defined by IAS 28.

Between the parent company and the subsidiary Centrale del Latte di Vicenza S.p.A., transactions have been conducted at normal market conditions, with regard both to the production of branded products and to bulk milk. The sales prices applied have been verified and monitored by the person appointed for the purpose to the Company's Monitoring Committee. This activity, in which no censurable practice was evident, has been amply reported to the Board of Directors.

As of 1 January 2011, relations with related parties are regulated by the code of procedures for dealing with transactions with related parties, pursuant to Consob resolution no. 17221 as amended.

Chairman of the Board of Directors and Managing Directors.

The Chairman of the Board of Directors and the Managing Directors are invested with the powers provided for by the Civil Code and by the corporate by-laws.

Other executive directors.

There are no executive directors other than those indicated in table 1).

Independent directors.

The Board of Directors has assessed whether the Directors appointed by the Shareholders' Meeting and indicated in table 1) fulfil the requirements of independence following the verification carried out by the Board of Statutory Auditors.

Share-based incentive scheme

On the date of approval of this report there were no share-based incentive schemes.

Compensation due to directors in the event of resignation, dismissal or severance.

An indemnity is provided for at the end of the term of office of the Executive Directors, amounting to 1/12 of their gross yearly remuneration for each FY starting from FY2011.

Regulations applicable to the appointment and replacement of directors and audit and supervisory committees

The regulations for the appointment and replacement of directors and monitoring and supervisory committees are described in the by-laws, in the Self-Regulatory Corporate Governance Code and in the pertinent annual reports.

5. HANDLING OF COMPANY INFORMATION.

All directors and auditors must maintain confidentiality on documents and information acquired in the course of carry out their task, and must comply with the procedures for conveying such documents and price-sensitive information to persons outside the company.

Acting on a proposal by the Managing Directors, the Board, during the meeting held on 18 December 2000 resolved to limit to the Chairman and the Managing Directors the right to provide persons outside the company with details on documents and information regarding the company, with particular reference to price-sensitive information. They may use the services of the consultancy firm to which financial information is entrusted to.

6. BOARD'S INTERNAL COMMITTEES.

Remuneration Committee

Within the Board of Directors, a remuneration committee has been set up. It is composed of 3 executive directors, the majority of which are independent.

The remuneration committee presents the Board with:

- proposals for the remuneration of the Chairman, the Managing Directors and the Directors that hold particular offices, monitoring the application of the decisions adopted by the Board;
- periodic assessments of the criteria adopted for the remuneration of key management personnel, overseeing their application based on information provided by the managing directors, and formulating general recommendations on the subject for the Board of Directors.

No director takes part in the meetings of the remuneration committee in which proposals are formulated regarding his own remuneration.

The Remuneration Committee is made up of the following members:

Guido Artom	Director
Alberto Tazzetti	Independent Director
Germano Turinetto	Independent Director

During FY2014 the Committee meet 1 time to deliberate the proposed system of variable remuneration payable to executive Directors.

7. REMUNERATION OF EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS (INCLUDING THOSE BELONGING TO COMMITTEES) AND KEY MANAGEMENT PERSONNEL.

For information regarding the remuneration paid to directors, see the Report on the remuneration of directors and audit bodies, published pursuant to article 123-ter of the Consolidated Finance Law.

8. INTERNAL AUDIT COMMITTEE.

The Board of Directors has formed the Internal Audit Committee, which is intended to serve in an advisory and proactive capacity, consisting of four members, three of whom are non-executive directors (two of whom are independent), and one of whom is a member of the Audit Committee.

The members of the Audit Committee are:

- **Antonella Forchino** Director
- **Luciano Roasio** Independent Director
- **Alberto Tazzetti** Independent Director

The Internal Audit Committee:

a) assesses the correct use of accounting standards and their consistency for the purposes of drafting the consolidated financial statements, together with the executive appointed to draft corporate accounts and the auditing firm;

b) assesses, and expresses opinions on specific issues related to the identification of the main company risks;

c) assesses the bids made by the auditing firm to obtain the assignment, as well as the work schedule prepared for the audit and the results set forth in the report and advisory letter, if present;

d) ensures that the auditing process is effective;

e) performs additional duties assigned by the Board of Directors;

f) periodically reports to the Board of Directors—at least every six months—on the activities performed and on the appropriateness of the internal audit system.

The Internal Audit Committee of Centrale del Latte di Torino & C. S.p.A. and its subsidiaries is authorised to supply advice and submit proposals. The committee is made up of four members, three of whom are non-executive directors (two of them independent) plus the person in charge of the audit committee..

The person in charge of the audit committee appointed, Mr Federico GAI, does not operate under any figure in charge of the operational areas, and answers to the managing directors, the internal audit committee and the auditors.

During 2014 the person in charge of the audit committee carried out inspections on the following:

- the state of the existing documentation about to changing business conditions and / or regulations, and the possibility of greater integration within the Group;
- observance of the model by the assignees in particular in relation to:
  - relation relationships with customers, suppliers and intermediaries, and with control bodies;
  - application of Legislative Decree no. 81/2008 for safety at the workplace;
  - application of Legislative Decree no. 196/2003 for security in data management;
  - application of standards for environmental protection;
  - risk management spending of fake currency;
  - information assignees of the application of the model pursuant to Legislative Decree 231.
- adequacy, and the correct application of the manual of internal procedures adopted by the Group companies, in order to identify areas of possible increased risk and possibly directing corrective activities;
- promote an adaptation of the former model 231 and related management process model, forms for risk assessment and DPS with optics refer it to the entire Group and identify a person responsible for the coordination of the management systems;
- update the Code of Ethics to changing situations;
- review the risk assessment in the different realities under the organizational model pursuant to Legislative Decree no. 231;

- The existence of problems related to the existence, monitoring and management of business risks related to litigation work, taxation and information security;
- completeness and reliability of accounting and homogeneous application of accounting standards in force;
- the existence of possible violations of the Code of Ethic;
- major charge in organizational structure and information systems;
- the activity carried out by auditors and external auditors;
- compliance of corporate conduct with laws, regulations, directives and procedures of the Group.

In the course of these inspections, carried out in the Parent Company, subsidiaries and affiliates, no situations or practices were identified that are in contrast with the procedures; no areas subject to risk or inefficiencies were identified, and in particular, no indication was found of censurable or irregular conduct in dealings with related parties.

In a number of cases, the meetings of the Board of Statutory Auditors of Centrale del Latte di Torino & C. S.p.A. were attended by a representative of the Auditing Firm.

The interim reports of the Audit Committee provided ample information to the Board of Directors.

The members of the Board of Statutory Auditors accepted the invitation to attend the working sessions of the Committee.

During 2014 the Internal Audit Committee met 6 times.

9. ORGANISATION MODEL AS PER LEGISLATIVE DECREE 231/2001.

Risk management and internal audit systems.

Centrale del Latte di Torino & C. S.p.A. (hereinafter referred to as CLT) believes that the adoption of the Model as per the Decree is a further means of raising awareness among directors, employees and all other third parties that have dealings with CLT, so that, in carrying out their activities, their conduct is correct, transparent and in line with the ethical and social values that inspire CLT in the pursuit of its business purpose and prevent the risk of offences set out in Legislative Decree no. 231/2001 from being committed.

The adoption and spread of the model is aimed at rendering potential offenders fully aware that they may in fact be committing an offence and at carrying out constant observation and monitoring of activities so as to ensure CLT is able to adopt preventive measures or to intervene swiftly in order to stop offences being committed.

The Model was drawn up with reference to the actual situation of the company, and may constitute a departure from—without affecting the validity of—the guidelines issued by Confindustria and approved by the Ministry of Justice.

By drafting the model, the company’s intention is to:

- identify offences that may give rise to administrative liability;
- identify the areas vulnerable to the commission of offences provided for by Legislative Decree no. 231/2001;
- indicate procedures;
- establish information obligations vis-à-vis the Supervisory Body;
- illustrate the disciplinary system set up to deal with failure to comply with company procedures and regulations.

The Model is the set of documents that determine the responsibilities, activities and procedures adopted and implemented to carry out the activities typical of the company that are considered at risk of offences as per Legislative Decree no. 231/2001.

The Model is a structured, coherent system of procedures and monitoring activities able to prevent risks, composed of manuals and codes of practice adopted by the company. These documents, which are regularly added to and updated in order to keep pace with changes to laws, regulations and the conditions in which the company operates, are an integral part of the Model, and the relevant parts contain the protocols that all individuals who carry out their activity in and/or for the company must comply with and ensure the application of.

The manuals and the codes of practice comprise:

- the accounting and administration procedures manual;
- the management system manual (MSM) and the procedures referred to therein, drafted in compliance with the voluntary technical standards CLT is certified for;
- the code of practice for internal dealing;
- the self-regulatory code for the application of Corporate Governance;
- the Code of Ethics.

The versions of the manuals and codes of practice, duly added to and updated, are promptly made available to all the interested parties; they are published on the company intranet and sent directly to the relevant subjects outside the company.
Activities in the context of which it is theoretically possible for offences relevant to Legislative Decree No. 231/2001 to be committed in the interest or to the benefit of CLT are:

- dealings with the Public Administration (hereinafter P.A.) or other Public Institutions (hereinafter P.I.);
- transactions and communications of an accounting, economic and financial nature;
- offences against industry and commerce;
- IT offences and illegal processing of data;
- selection of personnel and establishment of working relations;
- identification of suppliers and dealings therewith
- handling of cash
- activities governed by the regulations regarding the prevention of accidents in the workplace and the safeguarding of workplace health and hygiene;
- breach of copyright.

The Company set up a Supervisory Body as per Legislative Decree 231/2001, made up of the following Directors: Antonella Forchino, Luciano Roasio and Alberto Tazzetti;
The organisational management and control model pursuant to former Legislative Decree no. 231/2001 is available on the Company's website
http://www.centralelatte.torino.it/ita/finanza/documenti/modello_dlgs_231_2001.pdf
http://www.centralelatte.torino.it/ita/finanza/documenti/modello_dlgs_231_2001.pdf

10. TRANSACTIONS WITH RELATED PARTIES.

On 11 November 2010 the Board of Directors of the Company resolved upon the adoption of a procedure for transactions with related parties, in application of Consob resolution no. 17221 as amended. This procedure is an essential element in the internal control system of the group headed by Centrale del Latte di Torino & C. S.p.A. and the organisational model as per Legislative Decree no. 231 of 8 June 2001. The procedure is also valid as an instruction given by the Parent Company to its subsidiaries, pursuant to article 114, para. 2 of the Consolidated Finance Law.
The procedure provides for the set-up of a Committee for transactions with related parties, made up of the members of the Audit Committee , with a supplementary alternate member, who is the independent Director not part of the Audit Committee.
Transactions with related parties are carried out in line with the proper criteria in terms of both substances and procedure.
For transactions involving related parties, the directors who have even a potential or indirect interest in the operation:

a) provide the Board of Directors with exhaustive, timely notification of the existence of this interest and the circumstances of the same;
b) withdraw from Board meetings at the time of resolution.

Should the nature, value, or other characteristics of the transaction so require, in order to avoid terms being set that would not be in keeping with those normally agreed upon by non-related parties, the Board of Directors arranges for it to be carried out with the assistance of independent experts, in order to determine the value of the assets or of the pertinent financial, legal, or technical profiles.
During 2013 the Committee's intervention was not required, because the conditions provided for under points 5.1 and 5.2 of the regulation governing transactions with related parties did not arise.
The code may be consulted on the company's website:
http://www.centralelatte.torino.it/ita/finanza/documenti/Procedureoperazioniparticorrelate.pdfhttp://www.centralelatte.torino.it/ita/finanza/documenti/Procedureoperazioniparticorrelate.pdf

11. AUDITING COMPANY.

KPMG S.p.A. Engaged on 28 April 2006; engagement expires with the approval of the 2014 financial statements.

12. EXECUTIVE IN CHARGE OF DRAFTING CORPORATE ACCOUNTS.

The Board of Directors, after having heard the opinion of the board of statutory auditors, appoints or removes the executive in charge of drafting accounts, who must be in possession of the appropriate professional skills pertaining to administration, accounting and finance.

The executive in charge of drafting corporate accounts establishes the appropriate administrative and accounting procedures to draft the financial statements, the consolidated financial statements and all other communication documents of a financial nature. The executive is granted the powers and means necessary to carry out the tasks assigned to him/her.

The executive in charge of drafting corporate accounts, in a specific report provided as an annex to the financial statements and, where provided for, to the consolidated financial statements, attests to the appropriateness and the effective application of the procedures and declares that the financial statements tally with the accounting books and records.

The Board of Directors has appointed Mr. Vittorio VAUDAGNOTTI, administrative and financial manager of the Company, as the executive in charge of drafting corporate accounts.

13. KEY TRAITS OF THE CRITERIA FOR THE RISK MANAGEMENT AND INTERNAL AUDIT SYSTEMS IN PLACE IN RELATION TO THE FINANCIAL REPORTING PROCESS AT THE SEPARATE AND CONSOLIDATED LEVEL

The internal audit system of the Centrale del Latte di Torino Group is made up of the set of company rules and procedures designed, through an appropriate process of identifying the main risks connected to the setting out and communication of financial information, to meet the company's aim to provide reliable, accurate and timely information.

The accounting reports, including consolidated accounting reports, must provide users with a clear and correct picture of management, allow for the issue of statements and declarations required by law attesting to the fact that the documents and details provided to the market by the Parent Company regarding accounting information, including interim reports, tally with the accounting books and records, as well as to the appropriateness and effective application of the administrative and accounting procedures during the period the accounting documents (financial statement, half-yearly and quarterly report) refer to, and the fact that they have been drafted in compliance with the relevant international accounting standards.

Centrale del Latte di Torino Group has implemented, and regularly updates, a system of administrative and accounting procedures able to guarantee a reliable financial reporting process. This system comprises both the procedures and guidelines by means of which the Parent Company ensures an efficient exchange of data with the consolidated companies and conducts the necessary coordination activities, and the operating regulations established by the consolidated companies.

The assessment, updating or monitoring of the internal audit system linked to financial reporting involves identifying and evaluating the risk of significant errors, including those caused by fraud, in the elements that make up the financial report, assessing whether the existing monitoring measures are able to identify such errors and verifying the efficacy of the monitoring process.

The measures in place in the Group aimed at preventing significant errors in the preparation and publication of the financial report substantially regard the following:

- measures applied at group or individual consolidated company level, such as the allocation of responsibilities, powers and proxies, the division of tasks and allocation of privileges and rights of access to IT applications;
- measures applied at process level, such as the issue of authorisations and the carrying out of reconciliation and the performance of consistency checks.

The efficacy of these measures is regularly verified by the executive in charge of drafting corporate accounts.

14. APPOINTMENT OF AUDITORS.

The Board of Statutory Auditors is composed of three Statutory Auditors and three Alternate Auditors who hold office for three years and may be re-elected. The minority group is entitled to elect one Statutory Auditor and one Alternate Auditor. The Board of Statutory Auditors is appointed on the basis of lists submitted by shareholders, in which the candidates are indicated by a progressive number. list is composed of two sections: one for candidates for the office of Statutory Auditor and another for candidates for the office of Alternate Auditor. Lists may be filed only by those shareholders who, alone or jointly with other shareholders, hold a total of shares representing at least 2.5% (two point five percent) of the share capital with voting rights in the ordinary meeting. Each shareholder cannot file, either through a third party or by trusts, more than one list or vote for different lists. Each candidate may be appointed in one list only, under penalty of ineligibility. Candidates may not be admitted to the lists if they already hold directorships in other five companies or entities whose stocks are liable for trading on a regulated market featured on the list provided for by articles 63 and 67 of Legislative Decree no. 58/1998, or if they are not in possession of the requirements of honourability, professionalism and independence established by the pertinent regulations. The lists submitted must be filed with the company's headquarters at least 25 days before the date of the Shareholders' Meeting called upon to resolve upon the appointment of the members of the board of statutory auditors. How and by when lists must be submitted is indicated in the call notice.

By the same deadline, statements must be filed along with each list in which each candidate accepts the nomination, and declares, undertaking full responsibility, that there are no reasons for which they are incompatible or could not be appointed, and that they fulfil the requirements set forth by the by-laws and current regulations for each office. Where a list does not meet the above requirements, its submission shall be considered null. Election of statutory auditors takes place as follows:

1. two statutory and two alternate members shall be taken from the list obtaining the highest number of votes in the Meeting, according to the progressive order in which the candidates are listed in the sections.

2. the remaining statutory and the other alternate member shall be taken from the second list obtaining the highest number of votes in the Meeting, according to the progressive order in which the candidates are listed in the sections.

The first candidate on the minority list obtaining the highest number of votes will be the Chairman. Should the Auditor no longer be in possession of the requisites established by the regulations and the by-laws, s/he shall be removed from office. Should a statutory auditor be replaced, the latter shall be replaced by the alternate auditor from the same list.

Resolutions are passed by an absolute majority of the votes of those in attendance.

The above rulings regarding the election of Auditors do not apply to meetings held, pursuant to the law, to appoint Statutory and/or Alternate Auditors and the Chairman required to complete the Board of Statutory Auditors following the replacement or expiry of the term of an Auditor. In such cases, the meeting shall resolve by relative majority, without prejudice to the clause at paragraph two of this article. Where one list only is submitted, the entire Board of Statutory Auditors shall be appointed from said list. In the event no list is submitted, the shareholders' meeting shall resolve by majority vote. Abstentions shall not be taken into account.

The lists are made available to the public on the company's website and by the other means provided for by law at least 21 days before the date of the Shareholders' Meeting called upon to resolve upon the appointment of the members of the board of statutory auditors.

The remuneration of the Statutory Auditors is established by the Shareholders' Meeting.

The Board of Statutory Auditors may also meet by telecommunication means, provided the following conditions are met:

a) participants must be able to view, receive or transmit all the necessary documentation;
b) it must be possible to participate in the discussion in real time, in compliance with the board standards.

Meetings are held at the location of the Chairman, or in the absence of the Chairman, of the most senior Auditor in terms of age.

15. AUDITORS.

The make-up of the Board of Statutory Auditors, the date of appointment and the expiry of their engagement are indicated in table 3).

Their office expires with the approval of the 2014 financial statements. The appointment took place during the Meeting of 30 April 2012.

During FY2014, the Board of Statutory Auditors met six times.

16. RELATIONS WITH SHAREHOLDERS.

The Company has set up a dedicated section on its website, easily identifiable and accessible under the heading "Investor Relations", where shareholders can access information regarding the Company.

17. SHAREHOLDERS' MEETINGS.

Mechanisms governing the Shareholders' Meeting.

A shareholders' meeting can be ordinary or extraordinary. The ordinary shareholders' meeting is called by the Chairman, the Vice Chairman or one of the Vice Chairmen or one of the Managing Directors, at least once a year and within 120 days of the closure of the corporate year, in order to deal with the matters provided for by law.

Where the law so provides for, the ordinary shareholders' meeting may be called after the 120-day period, provided it takes place within 180 days from the end of the corporate year. The extraordinary shareholders' meeting is called to deal with matters provided for by law or by these by-laws.

The meeting may be called at the request of a number of shareholders sufficient to represent at least one twentieth of the capital of the company, who shall indicate the questions to be discussed. Requests for a meeting to be called or additions to the agenda may not be made with regard to issues the meeting resolves upon, in compliance with the law, in response to a proposal by the directors, or on the basis of a project or report drafted by them.

The shareholders' meeting is called at the company headquarters, or elsewhere, provided it is held in Italy, with notice to be published under the terms and by the means provided for by current regulations for the questions to be dealt with, on the company's website, in the Official Gazette of the Republic of Italy or in the daily newspaper "LA STAMPA", in accordance with the terms and the means provided for by the applicable regulations, specifying the day, time and place of the meeting and the matters to be dealt with.

The notice of the call may also indicate the date of further calls.

Subjects entitled to vote may participate in the Shareholders' Meeting, or appoint a representative to do so on their behalf as provided for by law, provided their entitlement has been attested to by the relevant intermediary and notified to the company in compliance with the applicable regulations..

The right to intervene and to grant a power of attorney are governed by the applicable regulations.

Powers of attorney may be notified to the company by certified e-mail before the beginning of the Shareholders' Meeting, at the address indicated on the call notice.

The setting up of the shareholders' meeting and the validity of the resolutions therein adopted are regulated by the law, with the exception of the appointment of Directors, for which the provisions of article 11 apply, and for the appointment of the Board of Statutory Auditors, for which the provisions of article 20 apply.

For each Shareholders' Meeting, the company designates a subject the shareholders may grant a power of attorney, with voting instructions, for some or all of the proposals on the agenda.

The shareholders' meeting may be held in more than one location, close to or distant from each other, linked by both audio and video, under the following conditions, which must be indicated in the minutes:

- the Chairman and the Secretary, who draft the minutes, must be in attendance at the same location;
- the Chairman is able to determine the identity and entitlement of participants, control the proceedings and determine and announce the results of each vote;
- the Secretary is able to take proper note of the events that take place during the meeting;
- participants may take part in the discussion and vote simultaneously on the issues on the agenda, and may view, receive or transmit documents;
- the notice of the call must indicate the locations with which the company has set up an audio/video link and that participants may attend; the meeting shall be held to have taken place in the location where the Chairman and Secretary are present;
- an attendance sheet must be filled out at each location.

The shareholders' meeting is chaired by the Chairman of the Board, or if s/he is absent or unable to attend, by the most senior Vice Chairman in terms of each, or, should the latter be absent or unable to attend, by another person appointed for the purpose by the shareholders' meeting. The Chairman is assisted by a Secretary or a Notary.

The Chairman, also with the assistance of persons appointed for the purpose:

- verifies the identity and entitlement of those present;
- verifies whether the shareholders' meeting has been regularly set up and that the quorum for passing resolutions has been reached;
- leads and governs the shareholders' meeting;
- establishes voting procedures (which are in any case evident) and announces the results thereof.

Turin, 4 March 2015

The Chairman of the Board of Directors
Luigi Luzzati

TABLE 1:
STRUCTURE OF THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE, INDICATING THE INVESTOR RELATOR

Office	Members	Firs year in office (1)	In office up to	List (2)	Executive	Non-executive	Indep. according to Code	Indep. according to TUF	% (3)	Audit Committee	Remuneration Committee	Supervisory Body	Related Parties Commitee	No. of other offices
Chairman	LUZZATI Luigi	2000	Approval of 2016 Financial Statements	M	YES				100%					
Executive Vice Chairman and Managing Director	POZZOLI Riccardo	2000	Approval of 2016 Financial Statements	M	YES				100%					
Director	ARTOM Adele	2009	Approval of 2016 Financial Statements	M		YES			100%					
Director with assignments	CODISPOTI Nicola	2006	Approval of 2016 Financial Statements	M	YES				100%				YES	
Director	FORCHINO Antonella	2009	Approval of 2016 Financial Statements	M		YES			100%	YES		YES		
Director	FORNERO Elsa	2014	Approval of 2016 Financial Statements	M		YES	YES	YES	100%					
Managing Director Business Unit Rapallo	Maurizio MACCHIAVELLO	2000	Approval of 2016 Financial Statements	M	YES				100%					
Director	ROASIO Luciano	2002	Approval of 2016 Financial Statements	M		YES	YES	YES	100%	YES	YES	YES		
Director	TAZZETTI Alberto	2001	Approval of 2016 Financial Statements	M		YES	YES	YES	100%	YES	YES	YES	YES	SI
Director	TURINETTO Germano	2000	Approval of 2016 Financial Statements	M		YES	YES	YES	50%		SI		YES	SI

(1) Reference year of listing
(2) M = Majority list m = minority list
(3) % of attendance at Board and Committee meetings

Quorum required for the submission of lists for the last appointment: the shareholders who, alone or jointly with other shareholders, hold a total of shares representing at least 2.5% (two point five percent) of the share capital with voting rights in the ordinary meeting.

Office	Name	
Head of Internal Audit	Federico GAI	Self-employed professional
Investor Relator	Edoardo POZZOLI	
Investor Relator	Vittorio VAUDAGNOTTI	

	Boards of Directors	Internal Audit Committee	Remuneration Committee	Supervisory Body
Number of meetings held during the period	4	6	1	6

TABLE 2: OTHER OFFICES OF THE DIRECTORS

At 31 December 2014

Office	Members	Members	Other office held	In LISTED COMPANIES (foreign too)	In BANKING OR INSURANCE COMPANIES	In COMPANIES OF SIGNIFICANT SIZE
1	Director	Elsa FORNERO	Consigliere	BUZZI UNICEM S.p.A.		
2	Director	Alberto TAZZETTI	Consigliere		Intesa San Paolo Assicura S.p.A.	
			Presidente			Finanziaria Sviluppo Utilities (FSU) Srl
3	Director	Germano TURINETTO	Presidente		Terfinance S.p.A.	Vega Management S.p.A.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Office	Members	In office from	In office up to	List (*)	Indep. according to Code	% (**)	No. of other offices
Chairman	Francesco FINO	30/04/2012	Approval of 2014 Financial Statements	m	SI	100%	6
Statutory Auditor	RAYNERI Giovanni	30/04/2012	Approval of 2014 Financial Statements	M	SI	90%	32
Statutory Auditor	ROSSOTTO Vittoria	30/04/2012	Approval of 2014 Financial Statements	M	SI	90%	9
Alternate Auditor	FISCHER Massimiliano	30/04/2012	Approval of 2014 Financial Statements	M	SI		
Alternate Auditor	RAYNERI Michela	30/04/2012	Approval of 2014 Financial Statements	M	SI		
Alternate Auditor	RICHETTI Franco	30/04/2012	Approval of 2014 Financial Statements	m	SI		

(*) M = Majority list m= minority list
(**) % of attendance at Board and Committee meetings

Quorum required for the submission of lists for the last appointment: the shareholders who, alone or jointly with other shareholders, hold a total of shares representing at least 2.5% (two point five percent) of the share capital with voting rights in the ordinary meeting.

2014 Financial Statements
Centrale del Latte di Torino & C. S.p.A.

Report on the remuneration paid to the members of the management and audit bodies, general managers and other key management personnel.

REPORT ON THE REMUNERATION PAID TO THE MEMBERS OF THE MANAGEMENT AND AUDIT BODIES, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

SECTION I

The Company is managed by a Board of Directors, which is made up of ten directors. The Board of Directors will stay in office for three years, until the approval of 2016 financial statements, and was appointed by the ordinary Shareholders' Meeting of 30 April 2014.
The Board of Directors is made up as follows:

Mr. Luigi LUZZATI	Chairman
Mr. Riccardo POZZOLI	Executive Vice Chairman and Managing Director
Ms Adele ARTOM	Director
Mr. Nicola CODISPOTI	Director with duties
Ms Antonella FORCHINO	Director
Ms Elsa FORNERO	Independent Director
Mr. Maurizio MACCHIAVELLO	Managing Director at the Rapallo operating unit
Mr. Luciano ROASIO	Independent Director
Mr. Alberto TAZZETTI	Independent Director
Mr. Germano TURINETTO	Independent Director

No general managers or key management personnel were appointed by the company.

a) *Bodies or individuals involved in the preparation and approval of the remuneration policy, specifying their respective roles, and bodies or individuals responsible for the proper implementation of this policy.*
The following boards/individuals were involved in the preparation and approval of the remuneration policy:
- The ordinary shareholders' meeting with regard to the remuneration fixed proportion
- The Directors' Remuneration Committee for the fixed, variable and termination indemnity of Executive Directors and Managing Directors and the remuneration of the directors who are members the Company's internal Committees.

b) *Mention any role played by a Remuneration Committee or other committee responsible on this matters, describing their members, authority and mode of operation.*
The Directors' Remuneration Committee is made up of the following members:
   a. Mr. Luciano ROASIO, independent non-executive Director
   b. Mr. Alberto TAZZETTI, independent non-executive Director
   c. Mr. Germano TURINETTO, independent non-executive Director

The Directors' Remuneration Committee proposes the remuneration of the Chairman and the Managing Directors, the Directors with special duties and the directors who are members of internal committees, monitoring the implementation of decisions taken by the Board; periodically, it reviews the criteria adopted to set the remuneration, overseeing the implementation thereof based on information provided by the Managing Directors and makes general recommendations on these matters to the Board of Directors.

c) *Mention any role played by independent experts.*
No independent experts were involved in determining the remuneration policy.

d) *Aims of the remuneration policy, underlying principles and any changes in the remuneration policy compared to the previous financial year.*
The remuneration policy is aimed at attracting people with skills and diversified professional experience who can positively contribute to the Company's growth and control of corporate activities.

e) *Description of policies on the remuneration fixed and variable components with particular regard to the indication of their respective proportion within the overall remuneration and distinction between the short term and medium-long term variable components.*

The fixed component of executive directors' remuneration accounts for 82% of the overall remuneration, while the variable remuneration accounts for 18% of the total. The base salary is paid monthly, while variable remuneration is calculated on earnings for the financial year and paid out in the next.

f) *Policy applied with regard to non-monetary benefits.*

There are no non-monetary benefits.

g) *With reference to the variable components, a description of performance targets upon which they are assigned, distinguishing between the short term and medium-long term variable components, and information about the link between changes in performance and changes in remuneration.*

The variable remuneration is assigned by taking account of the EDBITDA resulting from the consolidated financial statements of the Group as regards the short-term results. As regards the medium-long term, variable remuneration is conditional upon the achievement of the targets indicated in the 2014 – 2016 business plan concerning increases in Group turnover, the expected Group EBITDA and the improvement in th Group's net financial position.

h) Criteria used for assessing the performance targets underlying the allocation of shares, options, other financial instruments or other variable remuneration components.

The Directors' variable remuneration is calculated by applying a schedule of percentages on the value of the Group's EBITDA: 0.7% for the Chairman and executive Vice Chairman and Managing Director, 0.4% for the Managing Director and 0.2% for the Managing Director of the Rapallo operating unit.

As regards the medium-long term, variable remuneration is conditional upon the achievement of the targets indicated in the 2014 –2015 - 2016 business plan, and is structured as set out below:

1) linked to the achievement of increases in Group turnover as contemplated in the 2014 -2016 business plan:

Target below 95%	no bonuses
Target reached between 95% and 99%	75% of the bonus
Target reached between 100% and 104%	100% of the bonus
Target reached between 105% and beyond	115% of the bonus

2) linked to the achievement of Group EBITDA di for the years 2014 -2016:

Target below 95%	no bonuses
Target reached between 95% and 99%	75% of the bonus
Target reached between 100% and 104%	100% of the bonus
Target reached between 105% and beyond	115% of the bonus

3) on the reduction of the NFP: Ratio consolidated NFP / consolidated EBITDA as per the 2014 -2016 business plan:

2014 forecast	2.70
2015 forecast	1.80
2016 forecast	1.30

Target below 95%	no bonuses
Target reached between 95% and 99%	75% of the bonus
Target reached between 100% and 104%	100% of the bonus
Target reached between 105% and beyond	115% of the bonus

NFP is considered net of the financial indebtedness destined for acquisitions of equity investments and investments destined for the possible relocation of the Turin factory, net of any disposal of assets.

The bonus for the achievement of targets shall be equal, for each target reached, to 10% of the fixed remuneration due to each Director, and shall be paid out following approval of the respective financial statements for the year. If only one target is reached, the bonus will be calculated for each year on the target reached only.

The resulting variable remuneration shall not in any case exceed € 100.000,00 for each director.

i) *Information aimed at highlighting that the remuneration policy is consistent with the pursuit of the company's long-term interests and its risk management policy, where there is a formal policy in place.*

The use of EBITDA, the increases in turnover and the reduction in net financial indebtedness are adequate, demonstrative performance indicators.

j) *The vesting periods, any deferred payment systems specifying the respective deferment periods and the criteria used for determining these periods and, any ex-post adjustment mechanisms.*

Not applicable.

k) *Information on any clause requiring that securities be held in portfolio after their acquisition, such holding periods and the criteria used for the determination of these periods.*

There are no provisions requiring that securities be held in portfolio as there are no incentive plans based on financial instruments.

l) *Policy on the remuneration provided in the event of cessation of office or termination of employment, specifying circumstances which determine the entitlement and any link between this remuneration and the Company's performance.*

At the end of their mandate the executive directors are entitled to a termination indemnity equal to 1/12th of their annual gross remuneration per each financial year, starting from the financial year during which they were appointed.

m) *Information on any insurance or social security or pension benefits, other than those provided for by law.*

The Company has in place a group accident insurance policy and a policy for the legal protection for all executive and non-executive directors.

n) *Remuneration policy, if any, applied with reference to: (i) independent directors, (ii) participation in committees and (iii) performance of specific offices (Chairman, Vice Chairman, etc.).*

Entitlement to remuneration accrues from the time of appointment. The remuneration fixed portion is paid monthly, while the variable component is paid during the year following the closure of the consolidated financial statements.

The remuneration of non-executive directors who are members of the Company's internal committees amounts to € 750.00 for each meeting.

o) *Specify whether the remuneration policy was defined with reference to the remuneration policies of other companies and, if so, the criteria used for choosing these companies.*

The Company's remuneration policy was defined without reference to the remuneration policies adopted by other companies.

SECTION II

PART ONE

1.1 ITEMS THAT MAKE UP THE REMUNERATION

Board of Directors:

a) **Executive Directors:**

- the fixed portion is determined by resolution of the Shareholders' Meeting and the Board of Directors upon the proposal of the Remuneration Committee;
- the Chairman, and the managing directors were granted use of a company car by the Company and/or its subsidiaries
- the Company has in place a group accident insurance policy in favour of the executive Directors and an insurance policy for the legal protection:
- the variable portion is determined by resolution of the Board of Directors upon the proposal of the Remuneration Committee;
- the termination indemnity is determined by resolution of the Board of Directors upon the proposal of the Remuneration Committee;

- indemnity amounting to 1/12th of the gross annual remuneration for each financial year
- there are no performance criteria underlying the allowance allocation;
- there are no incentive plans based on financial instruments;
- there are no agreements in place providing for the assignment or retention of non-monetary benefits or the engagement under consulting agreements after cessation of office;
- there are no agreements in place providing for paid non-competition commitments.

b) **Non-Executive Directors:**

1. the fixed portion is determined by resolution of the Shareholders' Meeting;
2. the variable portion payable for participation in Committees is determined by resolution of the Board of Directors upon the proposal of the Remuneration Committee;
3. there is no termination of indemnity.
4. the company has in place a group accident insurance policy in favour of non-executive directors.

The table below shows the remuneration payable to the Board of Directors' members.

Luigi LUZZATI	Chairman	178,000
Riccardo POZZOLI	Vice Chairman and Managing Director	178,000
Maurizio MACCHIAVELLO	Managing Director	198,000
Adele ARTOM	Director	8,000
Nicola CODISPOTI	Director	78,000
Antonella FORCHINO	Director	17,050
Elsa FORNERO	Director	5,333
Luciano ROASIO	Director	17,750
Alberto TAZZETTI	Director	17,750
Germano TURINETTO	Director	8,750

The Company did not appoint any general manager.

Board of Statutory Auditors:

The remuneration is determined, on a fixed basis, by the Shareholders' meeting, at the time of appointment and for the full term of office. The remuneration varies between the Chairman and the statutory auditors.

The Board of Statutory Auditors, appointed by the ordinary shareholders' meeting held on 30 April 2012 and which will remain in office until the 2014 financial statements are approved, is made up as follows:

Mr Francesco FINO	Chairman of the Board of Statutory Auditors
Mr Giovanni RAYNERI	Statutory Auditor
Ms Vittoria ROSSOTTO	Statutory Auditor
Ms Michela RAYNERI	Alternate Auditor
Mr Massimiliano FISCHER	Alternate Auditor
Mr Franco RICHETTI	Alternate Auditor

The table below shows the remuneration payable to the Board of auditors' members.

		Fixed remuneration
Francesco FINO	Chairman of the Board of Statutory Auditors	24,000
Giovanni RAYNERI	Regular Auditor	18,000
Vittoria ROSSOTTO	Regular Auditor	18,000

Key management personnel:

Remuneration payable to any other key management personnel.

There are no managers whom are assigned strategic responsibilities having the authority and responsibility for planning, directing and controlling the Company, either directly or indirectly.

1.2 *With specific reference to arrangements providing for compensation in case of early termination of office, the following information is provided:*

1.2.1 *Whether any such agreement is in place.*

Executive Directors:

the termination indemnity is determined by resolution of the Board of Directors, upon the proposal of the Remuneration Committee, amounting to 1/12th of the gross annual remuneration for each financial year

Non-Executive Directors:

There are no agreements in place providing for compensation in the event of early termination of office.

1.2.2 *Criteria for determining the indemnity payable to each person.*

See paragraph 1.2.1. above.

1.2.3 *Specification of any performance criteria underlying the granting of the indemnity.*

Granting of the indemnity is not based on any performance targets.

1.2.4 *Potential effects of office termination upon the rights granted under incentive plans based on financial instruments or to be paid in cash*

Not applicable.

1.2.5 *Cases when the directors become entitled to the indemnity*

Not applicable.

1.2.6 *Specify whether there are any agreements in place providing for the assignment or retention of non-monetary benefits or the engagement under consulting agreements after cessation of office*

No agreements have been entered into.

1.2.7 *Specify whether there are any agreements in place providing for paid non-competition commitments*

No agreements have been entered into.

1.2.8 *With reference to the directors who cease office during the financial year, any differences in the determined indemnity compared to that established in the reference agreement*

Not applicable.

1.2.9 *If no specific agreements are in place, explain the criteria used in determining the accrued termination indemnities.*

During 2014, termination indemnity totalling € 72,000 was paid to Mr. Nicola CODISPOTI, CEO in office until the approval of the 2013 financial statements.

PART TWO

Attached Table 1 as provided for by schedule 7-bis of the Issuers' Regulations

PART THREE

Pursuant to art. 84-quater, paragraph four, of Issuers' Regulation, table 1 attached hereto shows the investments held in the Company or its subsidiaries by the Directors and the Statutory Auditors, and by the non legally separated spouses and minor children, either directly or through subsidiaries, trust companies or nominees, resulting from the shareholders' register, the communications or other disclosures received from the Directors and Auditors (Table 2 provided for by the schedule 7-ter of the Issuers' Regulation).

Turin, 4 March 2015 The Chairman of the Board of Directors

Luigi Luzzati

Table 1)

EMOLUMENTS PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

(*) reference to listing year

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Luigi LUZZATI	**Chairman**	**2000**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				178,000	183,420	-	37,618	-	-	-	399,038	-	39,833
Total				**178,000**	**183,420**	**-**	**37,618**	**-**	**-**	**-**	**399,038**	**-**	**39,833**

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Riccardo POZZOLI	**VC and Managing Director**	**2000**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				178,000	182,000	-	37,618	**-**	**-**	**-**	397,618	-	52,333
Remuneration from subsidiaries				80,000	-	**-**	-	**-**	**-**	**-**	80,000	**-**	-
Total				**258,000**	**182,000**	-	**37,618**	**-**	**-**	**-**	**477,618**	**-**	**52,333**

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Adele ARTOM	**Director**	**2000**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				8,000	-	-	-	-	-	-	8,000	-	-
Total				**8,000**	-	-	-	-	-	-	**8,000**	-	-

(*) reference to listing year

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Nicola CODISPOTI	**Director**	**2009**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				8,000	-	-	21,496	-		142,000	171,496	-	-
Total				**8,000**	**-**	**-**	**21,496**	**-**	**-**	**142,000**	**171,496**	-	**-**

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Antonella FORCHINO	**Director**	**2006**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				8,000	-	9,000	-				17,000	-	-
Total				**8,000**	**-**	**9,000**	**-**	-	-	-	**17,000**	-	-

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Elsa FORNERO	**Director**	**2014**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				5,333	-	-	-	-	-	-	5,333	-	-
Total				**5,333**	-	-	-	-	-	-	**5,333**	-	-

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Maurizio MACCHIAVELLO	**Managing Director**	**2012**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				198,000	-	-	10,748	-	-	-	208,748	-	32,111
Total				**198,000**	-	-	**10,748**	-	-	-	**208,748**	-	**32,111**

(*) reference to listing year

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Luciano ROASIO	**Director**	**2009**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				8,000	-	9,750	-	-	-	-	17,750	-	-
Total				**8,000**	-	**9,750**	-	-	-	-	**17,750**	-	-

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Alberto TAZZETTI	**Director**	**2002**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				8,000	-	9,750	-	-	-	-	17,750	-	-
Total				**8,000**	-	**9,750**	-	-	-	-	**17,750**	-	-

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
Germano TURINETTO	**Director**	**2001**	**31-Dec-16**										
Remuneration from CLTO & C. S.p.A.				8,000	-	750	-	-	-	-	8,750	-	-
Total				**8,000**	-	**750**	-	-	-	-	**8,750**	-	-

Director	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance accrued
							Variable remuneration	Profit sharing					
TOTAL REMUNERATION FROM CLTO & C. S.P.A.				607,333	365,420	29,250	107,480	-	-	142,000	1,251,483	-	124,277
TOTAL REMUNERATION FROM SUBSIDIARIES				80,000	-	-	-	-	-	-	80,000	-	-
TOTAL REMUNERATION				**687,333**	**365,420**	**29,250**	**107,480**	**-**	**-**	**142,000**	**1,331,483**	**-**	**124,277**

Table 2)

EMOLUMENTS PAID TO THE MEMBERS OF THE BOARD OF AUDITORS

(*) reference to listing year

Statutory Auditors	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration: Variable remuneration	Non-equity variable remuneration: Profit sharing	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance
Francesco FINO	**Chairman**	**2012**	**31-Dec-14**										
Remuneration from CLTO & C. S.p.A.				24,000 **24,000**							24,000 **24,000**		

	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration: Variable remuneration	Non-equity variable remuneration: Profit sharing	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance
Giovanni RAYNERI	**Statutory Auditor**	**2009**	**31-Dec-14**										
Remuneration from CLTO & C. S.p.A.				18,000 **18,000**							18,000 **18,000**		

	Office	First year of office (*)	Expiration of term	Fixed remuneration	Salaries	Remuneration for attendance to committees	Non-equity variable remuneration: Variable remuneration	Non-equity variable remuneration: Profit sharing	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Severance allowance
Vittoria ROSSOTTO	**Statutory Auditor**	**2001**	**31-Dec-14**										
Remuneration from CLTO & C. S.p.A.				18,000 **18,000**							18,000 **18,000**		

TOTAL REMUNERATION				**60,000**							**60,000**		

EQUITY INVESTMENTS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE BOARD OF AUDITORS

	Office	Subsidiary	Shares held at 01/01/2014	Purchased in 2014	Sold in 2014	Shares held at 31/12/2014
Luigi LUZZATI	Chairman	**Centrale del Latte di Torino & C. S.p.A.**	**166,062**	**-**	**-**	**166,062**
Riccardo POZZOLI	Executive Vice Chairman and Managing Director	**Centrale del Latte di Torino & C. S.p.A.**	**59,125**	**-**	**4,000**	**55,125**
Adele ARTOM	Director	**Centrale del Latte di Torino & C. S.p.A.**	**3,593,864**	**-**	**36,000**	**3,557,864**
Nicola CODISPOTI	Director	**Centrale del Latte di Torino & C. S.p.A.**	**50,000**	**-**	**50,000**	-
Antonella FORCHINO	Director	**Centrale del Latte di Torino & C. S.p.A.**	**137,306**	**-**	**-**	**137,306**
Maurizio MACCHIAVELLO	Director	**Centrale del Latte di Torino & C. S.p.A.**	**10,000**	**-**	**-**	**10,000**

No other member of the Board of Directors or the Board of Statutory Auditors holds shares in the company Centrale del Latte di Torino & C. S.p.A.

Centrale del Latte di Torino & C. S.p.A.

2014 Financial Statements

Accounting schedules

Introduction

Notes:

- The references in the first column are to the individual item or group of items in the reclassified accounting schedules;
- The references in the second column are to the breakdown and analysis of the individual items set out in the notes, if present.

INCOME STATEMENT (amounts shown in Euros)

				31-dec-14		**31-dec-13**
1ec	**1ene**	**Ricavi delle vendite**		**76,158,220**		**73,923,703**
		▪ *Of which from subsidiaries*	*1,064,739*		*668,044*	
2ec	2ene	Other revenues		1,420,162		1,041,799
		▪ *Of which from subsidiaries*	*61,229*		*51,392*	
		▪ *Of which from affiliates*	*2,000*		-	
3ec	3ene	Change in inventories of semi-finished and finished goods		13,423		96,313
		Total revenues from sales and services		**77,591,805**		**75,061,815**
4ec	4ene	Raw and ancillary materials, consumables and goods		**(40,640,754)**		**(38,581,445)**
		▪ *Of which vis-à-vis subsidiaries*	*(2,298,716)*		*(2,064,091)*	
		Personnel costs		**(10,641,910)**		**(10,606,294)**
5ec	5ene	➢ Wages and salaries		(7.510.740)		(7.502.951)
6ec	6ene	➢ Social security contributions		(2.411.282)		(2.456.963)
7ec	7ene	➢ Employee severance indemnity		(589.281)		(510.947)
8ec	8ene	➢ Other costs		(130.607)		(135.433)
		Depreciation, amortisation and write-downs		**(1.937.181)**		**(2.408.583)**
9ec	9ene	➢ Amortisation of intangible fixed assets		(167.425)		(148.092)
10ec	10ene	➢ Depreciation of tangible fixed assets		(1.712.102)		(2.204.043)
11ec	11ene	➢ Write-downs of current receivables		(57.655)		(56.447)
		Altri costi operativi		**(21,474,621)**		**(21,540,132)**
12ec	12ene	➢ Services		(20,455,475)		(19,848,297)
		▪ *Of which vis-à-vis subsidiaries*	*(75,114)*		*(60,000)*	
		▪ *Of which vis-à-vis affiliates*	*(9,795)*		-	
13ec	13ene	➢ Lease and rental costs		(338,787)		(443,464)
		▪ *Of which vis-à-vis the ultimate parent company*	*(8,656)*		*(9,573)*	
14ec	14ene	Allowances for risks		-		(463,405)
15ec	15ene	Sundry operating expenses		(680,359)		(784,966)
		EBIT		**2,897,340**		**1,925,360**
16ec	16ene	Financial income		54,488		72,049
17ec	17ene	Financial charges		(437,712)		(321,560)
18ec	18ene	Capital gain on equity investment disposal		-		1,606,207
19ec	19ene	Adjustment to equity investments		(4,218)		(1,087,991)
20ec	20ene	Financial income from equity investments in affiliate		-		40,000
		Pre-tax profit (loss)		**2,509,898**		**2,234,065**
21ec	21ene	Income taxes		(1,138,904)		(1,106,239)
22ec	22ene	(Deferred) prepaid taxes		43,159		25,883
		NET PROFIT (LOSS) (A)		**1,414,153**		**1,153,709**
		Parent Company's shareholders		1,414,153		1,153,709
		Number of shares with voting rights		10,000,000		10,000,000
		Diluted net earnings (loss) per share		0.141		0.115

STATEMENT OF COMPREHENSIVE INCOME (amounts shown in Euros)

	31-dec-14	31-dec-13
NET PROFIT (LOSS) (A)	**1,414,153**	**1,153,709**
Actuarial gains (losses) due to defined-benefit retirement plans		
Tax effect due to other profits (losses)	(379,125)	657,213
TOTAL OTHER COMPREHENSIVE PROFITS (LOSSES) (B)	104,259	(141,752)
COMPREHENSIVE NET PROFIT (LOSS) (A+B)	**(274,866)**	**515,461**
NET PROFIT (LOSS) (A)	**1,139,287**	**1,669,170**

STATEMENT OF EQUITY AND FINANCIAL POSITION - ASSETS (amounts shown in Euros)

		ATTIVITA'	31-dec-14	31-dec-13
		Tangible fixed assets		
	1ne	Land	**15,471,036**	**15,771,927**
1		Buildings	2,656,138	2,656,138
1		Plants and machinery	7,104,727	7,556,066
1		Industrial and commercial equipment	4,054,906	4,070,624
1		Other	1,407,266	1,114,806
2		Fixed assets under development and advances	248,000	374,294
	3ne	**Intangible fixed assets**	**6,420,488**	**6,491,250**
3		Trademarks	5,840,983	5,840,983
3		Goodwill	350,078	350,078
3		Software	229,428	300,190
	4ne	**Financial fixed assets**	**27,822,192**	**27,665,726**
4		Equity investments in subsidiaries	27,198,328	27,198,328
4		Equity investments in affiliates	245,000	45,000
4		Other financial assets	16,279	20,507
5	5ne	Deferred tax assets	221,951	98,620
6	6ne	Financial receivables from affiliates	139,635	303,271
		TOTAL NON-CURRENT ASSETS	**49,713,717**	**49,928,903**
		CURRENT ASSETS		
	7ne	**Inventories**	**1,938,734**	**1,921,335**
7		Raw and ancillary materials and consumables	902,277	900,074
7		Finished products and goods	1,036,457	1,021,261
		Trade and other receivables	**15,733,870**	**16,385,806**
8	8ne	Trade receivables	9,952,866	9,876,309
9	9ne	Receivables from subsidiaries	249,752	122,375
10	10ne	Tax assets	4,174,001	4,719,115
11	11ne	Receivables from others	1,357,251	1,668,007
		Cash and cash equivalents	**8,235,559**	**7,744,562**
12	12ne	Bank and postal accounts	8,039,791	7,563,344
13	13ne	Cash and valuables on hand	195,768	181,218
		TOTAL CURRENT ASSETS	**25,908,162**	**26,051,703**
		TOTAL ASSETS	**75,621,879**	**75,980,606**

STATEMENT OF EQUITY AND FINANCIAL POSITION - LIABILITIES (amounts shown in Euros)

		PASSIVITA' e PATRIMONIO NETTO	31-dec-14	31-dec-13
14	14ne	**Share capital**	**20,600,000**	**20,600,000**
		Reserves	**22,624,074**	**22,200,531**
15		Share premium account	14,324,577	14,324,577
16		Revaluation reserve	196,523	196,523
17		Legal reserve	1,076,797	1,019,111
18		Other reserves	10,806,985	10,198,121
19		Non-distributable IFRS first-time adoption reserve	1,265,968	1,265,968
20		Profits (losses) carried forward	(312,196)	191,255
21		Merger surplus	166,015	166,015
22		Merger difference	(6,314,748)	(6,314,748)
23		Profit (loss) for the period	1,414,153	1,153,709
	15ne	**SHAREHOLDERS' EQUITY**	**43,224,074**	**42,800,532**
		NON-CURRENT LIABILITIES		
24	16ne	Long-term loans	3,831,226	5,284,110
25	17ne	Long-term payables to other lenders	145,289	5,750
26	18ne	Deferred taxes	2,316,852	2,324,736
		Provisions	**4,063,582**	**3,614,202**
27	19ne	Employee severance indemnity	3,159,073	2,549,625
28	20ne	Provision for Directors' indemnity at the end of their term in office	124,277	138,056
29	21ne	Provision for liabilities and charges	780,232	926,521
		TOTAL NON-CURRENT LIABILITIES	**10,356,949**	**11,228,798**
		CURRENT LIABILITIES		
		Financial payables	**4,603,967**	**4,711,900**
30	22ne	Payables to banks	-	565,489
31	23ne	Current share of long-term loans	4,563,115	4,075,953
32	24ne	Current share of payables to other lenders	40,852	70,458
		Trade and other payables	**17,436,889**	**17,239,376**
33	25ne	Trade payables	13,153,647	12,389,942
34	26ne	Payables to subsidiaries	819,144	918,110
35	27ne	Payables to affiliates	9,643	-
36	28ne	Tax liabilities	324,005	198,619
37	29ne	Payables to social security authorities	536,176	663,774
38	30ne	Other payables	2,594,274	3,068,932
		TOTAL CURRENT LIABILITIES	**22,040,857**	**21,951,276**
		TOTAL EQUITY AND LIABILITIES	**75,621,879**	**75,980,606**

Cash flow statement (amounts shown in Euros)

	31-dec-14	31-dec-13
Initial cash availability	7,179,073	2,685,199
A. Cash flow from operating activities		
Profit (loss) for the year	**1,414,153**	**1,153,709**
Amortisation of intangible fixed assets	167,425	148,092
Depreciation of tangible fixed assets	1,712,102	2,204,043
Write-down of Centrale del Latte di Vicenza S.p.A.'s equity investment	-	1,087,991
Total depreciation, amortisation and write-downs	**1,879,527**	**3,440,127**
Employee severance indemnity accrued in the FY, net of indemnities already paid and OCI effect	609,448	1,100,315
Provision for Directors' indemnity at the end of their term in office	(13,779)	61,667
Deferred taxes	(7,884)	1,802,553
Accrual to (Use of) provision for liabilities and charges	(146,289)	597,197
Total net accruals	**441,496**	**3,561,732**
Change in net working capital		
Net trade receivables and other receivables (intra-group included)	(343,568)	(1,643,945)
Inventories	(17,399)	(284,192)
Other receivables	731,540	(1,271,494)
Suppliers (parent company and intra-group included)	674,382	2,831,555
Sundry payables	(602,255)	565,197
Tax liabilities	125,386	76,081
Total change in net working capital	**568,086**	**273,203**
Operating cash flow	**4,303,262**	**8,428,771**
B. Cash flow from (for) investing activities		
Net acquisitions of technical fixed assets	(1,518,010)	(981,549)
Net acquisitions of intangible assets	(96,663)	-
Financial (investments) divestments	(195,772)	897,425
Total cash flow from (for) investing activities	**(1,810,445)**	**(84,124)**
Free cash flow	**2,492,817**	**8,344,647**
C. Cash flow from change in shareholders' equity		
Dividends paid	(600,000)	(200,000)
Total cash flow from change in shareholders' equity	**(600,000)**	**(200,000)**
D. Cash flow from financing activities		
Change in medium/long-term financial payables	(836,332)	(4,310,677)
Total cash flow from financing activities	**(836,332)**	**(4,310,677)**
Total cash flows for the period	**1,056,485**	**3,833,970**
CASH AND BANKS AT YEAR-END (net of payables to banks)	**8,235,558**	**7,179,073**
of which bank accounts and cash on hand	8,235,559	7,744,562
of which payables to banks	-	(565,489)
Financial charges paid	315,396	317,641
Taxes paid	725,530	885,000

Changes in net equity (amounts shown in Euros)

	at 01-jan-13	Result allocation	Dividend payment	Comprehensive net profit (loss)	Changes for the period	at 31-dec-13
Share capital	20,600,000	-	-	-	-	20,600,000
Share premium account	14,324,577	-	-	-	-	14,324,577
Revaluation reserve	196,523	-	-	-	-	196,523
Legal reserve	1,019,111	-	-	-	-	1,019,111
Other reserves	10,398,123	-	(200,000)	-	-	10,198,123
Non-distributable IFRS first-time adoption reserve	1,265,967	-	-	-	-	1,265,967
Profits (losses) carried forward	(282,034)	(153,018)	-	626,308	-	191,256
Merger surplus	166,015	-	-	-	-	166,015
Merger difference	-	-	-	-	(6,314,748)	(6,314,748)
Profit (loss) for the period	(153,018)	153,018	-	-	1,153,709	1,153,709
	47,841,299	**-**	**(200,000)**	**626,308**	**5,161,039**	**42,800,532**

-

	at 01-jan-13	Result allocation	Dividend payment	Comprehensive net profit (loss)	Changes for the period	at 31-dec-13
Share capital	20,600,000	-	-	-	-	20,600,000
Share premium account	14,324,577	-	-	-	-	14,324,577
Revaluation reserve	196,523	-	-	-	-	196,523
Legal reserve	1,019,111	57,685	-	-	-	1,076,796
Other reserves	10,198,123	496,024	-	112,838	-	10,806,985
Non-distributable IFRS first-time adoption reserve	1,265,967	-	-	-	-	1,265,967
Profits (losses) carried forward	191,256	-	-	(503,452)	-	(312,196)
Merger surplus	166,015	-	-	-	-	166,015
Merger difference	(6,314,748)	-	-	-	-	(6,314,748)
Profit (loss) for the period	1,153,709	(553,709)	(600,000)	-	1,414,153	1,414,153
	42,800,532	**-**	**(600,000)**	**(390,614)**	**1,414,153**	**43,224,074**

Centrale del Latte di Torino & C. S.p.A.

Yearly Financial Report at 31 December 2014
Financial Statements

Notes to the 2014 Financial Statements

The company

Centrale del Latte di Torino & C. S.p.A., set up and domiciled in Italy and headquartered in Turin, in Via Filadelfia 220, deals with the processing, transformation and sale of:

- milk and dairy products
- packaged products in the fresh and ultra-fresh segment
- fresh vegetables.

The company shall exist until 31 December 2050; the duration may be prolonged one or more times by resolution of the Shareholders' Meeting.

The Company's shares are listed on the STAR segment of Borsa Italiana. The Company is a 51.78% subsidiary of Finanziaria Centrale del Latte di Torino S.p.A.

The publication of the 2014 financial statements was authorised by the Board of Directors on 04 March 2015.

The Company has also prepared, in its capacity as Parent Company, the consolidated financial statements at 31 December 2014.

Structure and content of the accounting schedules.

The financial statements at 31 December 2014 are composed of the equity and financial position, the statement of comprehensive income, the cash-flow statement, the statement of changes in Net Equity and the Notes. The statement of the equity and financial position consists of assets and liabilities analysed by maturity date, separating the current and non-current entries with maturity date, respectively, within and beyond a 12-month period.

The statement of comprehensive income is presented separately from the income statement, with the latter drafted on the basis of classifying costs by nature. The cash flow statement was prepared using the indirect method.

The financial statements for FY 2014 were drafted in Euros.

Audit

The 2014 financial statements are subject to audit by KPMG S.p.A..

Accounting and assessment standards

The financial statements of Centrale del Latte di Torino & C. S.p.A. at 31 December 2014 were drafted in accordance with the *International Financial Reporting Standards* (IFRS) issued by the *International Accounting Standards Board* (IASB) and approved by the European Union, and as required by the measures enforcing article 9 of Legislative Decree no. 38/2005. They were also drafted on a going concern basis. IFRS also include the *International Accounting Standards* (IAS), still in force, as well as all the interpreting documents issued by the *International Financial Reporting Interpretations Committee* (IFRIC), previously named *Standing Interpretations Committee* (SIC).

The following accounting standards and amendments were adopted by the Company as from 1 January 2013:

- Amendments to IAS 19 – Employee benefits.
- IFRS 13 – Fair value measurement;
- Amendments to IAS 1 – Presentation of the financial statements. Presentation of items of other comprehensive income;
- Amendments to IFRS – Financial instruments: supplementary information on offsetting financial assets and financial liabilities;
- Amendment to IAS 1 – Presentation of financial statements (within the 2009-2011 cycle of *Annual Improvements* to IFRS);
- Amendments to IAS 12 Income taxes – Deferred tax: recovery of underlying assets

Accounting standards, amendments and interpretations effective from 01 January 2013 and not relevant to the company:

- Amendments to IFRS 1 First-time adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRIC 20 – Stripping costs in the production phase of a surface mine
- Amendments to IFRS 1 – First-time adoption of IFRS – Public loans

New documents effective in subsequent years but not yet adopted in advance by the company:

- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 Disclosure on interest in other entities

Determination of Fair value

A number of accounting standards and disclosure obligations require companies to determine the *fair value* of financial and non-financial assets and liabilities.
IFRS 7 requires that changes in *fair value* – recognised in the statement of financial position – be classified on the basis of a hierarchy that reflects the significance of the inputs used to determine *fair value.* The classification uses three levels:

- Level 1 - quoted prices in active markets for the assets or liabilities being measured;
- Level 2 – input data other than quoted prices included in the previous paragraph, which are observable either directly or indirectly;
- Level 3 – input data not based on observable market data.

In the financial statements, fair value measurements are classifiable under Level 3, and mainly regard the determination of the fair value of the brands Centro Latte Rapallo and Latte Tigullio, the recoverable value of the equity investment in Centrale del Latte di Vicenza S.p.A., and other measurements concerning financial assets/liabilities.
In drafting the financial statements for FY 2010 at 31 December 2014, a number of assessments, estimates and hypotheses were formulated that have an impact on the application of the accounting standards and on the amounts of the assets, liabilities, costs and revenues indicated in the financial statements. The estimates and assumptions are based on previous experience and on other factors considered reasonable in the relevant cases, and were adopted in order to estimate the book value of assets and liabilities that could not readily be deduced from other sources. It should be noted, however, that these are estimates and therefore the final figures may differ from the estimated figures. The main estimates used by the Company concern the assessments to show provisions for credit risk, inventory obsolescence, amortisation and depreciation, write-downs of assets, employee benefits, taxes, and provisions for liabilities and charges.
These estimates and assumptions are revised regularly. Any changes deriving from the revision of accounting estimates are shown in the period in which the revision takes places, where the revision affects that period only. Where the revision affects both the current and future periods, the change is shown in the period in which the revision took place and in the relevant future periods.
The accounting standards and assessment criteria are illustrated below.

Intangible fixed assets

Intangible fixed assets can have a definite useful life, or an indefinite useful life if the length of the period during which said assets are able to generate positive cash flows cannot be readily predicted.
These fixed assets are entered as credit in the statement of financial position when it is likely that the use of the assets will determine future economic benefits and when the cost of the assets can be reliably determined. They are entered at contribution value, at acquisition price or production cost, inclusive of any ancillary expenses.
Further to initial booking:

- Intangible assets with definite useful lives are amortised systematically on the basis of their expected future use so that the net amount at period end corresponds to their residual use or recoverable amount according to company production plans. Amortisation begins when the asset becomes available for use;
- Intangible assets with an indefinite useful life are entered at the cost adjusted for impairment; they are therefore not amortised, but are subjected to impairment tests at least once a year.

Goodwill is tested for impairment on an annual basis or more frequently if events that may result in impairment losses have occurred.
The "software" category includes the group operating system, used to manage all company activities, amortised at a rate of 20% per year.

Tangible fixed assets

Tangible fixed assets are recognised at purchase cost, plus any directly attributable accessory expenses required to prepare the asset for use and less commercial allowances or discounts. The period-end amount is net of accumulated depreciation.
The depreciation charges recognised in the statement of comprehensive income have been calculated systematically and consistently according to rates deemed representative of the estimated economic and technical lives of the assets, as illustrated below:

• Buildings	2%- 4% -3%
• Light constructions	10%
• General plants	10%-5%
• specific plants	5% - 16%
• Equipment	20%-10%
• Office furniture and ordinary equipment	12%-5%
· Electronic equipment	20%-15%
• Motor vehicles and internal means of transport	20%
• Motor vehicles	25%
• Isothermal vans	16%

The depreciation period begins from the financial year in which the asset is available for use.

Land is not depreciated, as it is presumed to have an indefinite useful life.

The land on which the Company's facilities stand was measured at fair value by independent experts during the transition to international accounting standards.

Profits and losses deriving from the divestment or sale of fixed assets, calculated with reference to their book value, are entered among operating income and expenses on the statement of comprehensive income. Maintenance and repair costs are charged to the statement of comprehensive income for the financial year in which they were sustained, except for those of an incremental nature, which are charged to the fixed assets they refer to and are amortised on the basis of their residual use. Expenses of an incremental nature are those for which the pertinent future benefits are likely to be for the company.

Assets held through financial leasing contracts through which are substantially transferred all the risks and benefits linked to ownership are initially shown as tangible fixed assets at their fair value, or, if lower, at the current value of the minimum payments due for the leasing contract and subsequently depreciated in relation to the relative useful life. The corresponding liability owed to the lessor is entered in the financial statements among payables to other lenders.

Impairment of fixed assets

Tangible fixed assets, intangible fixed assets and other non-current assets are periodically subjected to *impairment tests*, each time circumstances indicate that they may be impaired. The value of a fixed asset is reduced if its net carrying amount exceeds its recoverable amount, which is defined as the greater of its net market value (*fair value* less costs to sell) and current value in use.

Equity investments carried at cost

These are equity investments in subsidiaries and in other companies that are carried at cost in the financial statements and are written down if the recoverable value is lower than the book value. The value can be recovered in subsequent years if the grounds for the write-downs cease to apply.

Other financial assets

Stocks widely traded on regulated markets are entered at fair value, with reference made to the stock price registered at close of trading on the closing date of the period, with variations in fair value recorded in the statement of comprehensive income if held for trading.

Financial assets and liabilities

Financial assets and liabilities are initially recognised at their fair value, plus any directly attributable transaction costs, whereas subsequent measurements are conducted using the amortised cost method.

Trade receivables and payables

Trade receivables, which are set to come due under normal commercial terms, are presented at their presumed realisable values.

Trade payables, which are set to come due under normal commercial terms, are recognised at their face values.

Cash and cash equivalents

These include bank deposits and cash holdings carried at par value.

Inventories

They are entered at whichever is lower between the purchase cost and the market value. For finished products, cost is determined on the basis of the average acquisition cost of raw materials, plus direct production costs and overheads directly attributable to the product. For marketed products, raw materials and consumables, the weighted average cost for the year is used. The net market value is determined on the basis of sales prices net of sales costs.

Accruals and deferrals

These are calculated using the accrual accounting method and in application of the matching principle that offsets revenues against expenses for the same financial year. They include costs or revenues common to two or more financial years and are entered under other receivables and other payables.

Employee benefits – Employee severance indemnity

Employee severance indemnity is compulsory for Italian companies under Law 297/1982. Effective from 1 January 2007, the decrees implementing the budget act introduced considerable changes in the rules governing employee severance indemnity, including the worker's choice of how to allocate future accruals. In particular, workers may allocate new accruals to specific pension plans or keep them with their employers (in which case the Company pays employee severance indemnity accruals into a treasury account with the INPS). The amendment of the law has resulted in the transformation of the nature of the employee severance indemnity from a defined-benefit plan to a defined-contribution plan for future accruals, whereas it continues to be regarded as defined-benefit plans for accruals prior to 31 December 2006.

Actuarial gains and losses are shown in the statement of comprehensive income – OCI, net of the fiscal effect and charged to net equity.

Provision for liabilities and charges

These provisions are entered into the financial statements when the Company has a legal or implicit obligation to pay particular amounts, as a result of past events, and it is probable that a financial outflow will be required from the company to the Company in order to settle the obligation. These amounts are recognised in the financial statements only when it is possible to carry out a reliable estimate of the pertinent amount.

Contingencies which represent only possible liabilities are described in the notes, in the section of the comments on provisions.

In the event of merely remote events, i.e. events that are highly unlikely to occur, no provision is recognised, nor is any relevant information provided.

Provisions are presented at the current amount of expected outlays where the discount effect is material.

Revenue

Revenue is carried at the fair value of the payment received or owed, net of any discounts, refunds, credits, and bonuses.

Revenue on the sale of an asset is recognised when the entity has substantially transferred all risks and rewards of ownership of that asset to the buyer.

Revenue on services rendered is recognised when the degree of completion of the transaction at the reporting date for the financial statements may be reliably determined according to the date of accrual of the service.

Public contributions

Contributions are entered into the financial statements only when it is reasonably certain that the company will comply with the conditions set for receiving the contribution and that those contributions will effectively be received. Public contributions for plants are entered as deferred revenues and are systematically charged as income to the income statement during the useful life of the asset they refer to.

Contributions for current expenses are carried to the income statement in the financial year in which the conditions exist for their recognition.

Costs

Costs are carried at the *fair value* of the amount paid or payable.

They are entered into the financial statements on an accrual accounting principle, net of returns, discounts, premiums and bonuses.

Financial income and expenses

Financial expenses incurred for investments in assets for which a set period of time is normally required for the asset to be ready for use or sale (*qualifying assets)*, are capitalised and amortised through the useful life of the class of assets they refer to. Financial income and other expenses are shown and entered in the financial statements on an accrual accounting principle.

Taxes

Taxes payable for the period are determined in accordance with the current fiscal regulations. Deferred taxes are calculated on temporary differences between the recognised amounts of assets and liabilities and the amounts of those assets and liabilities for tax purposes.

Deferred tax assets are only recognised where it is likely that the entity will earn taxable income against which it may set off the temporary deductible difference. Deferred tax liabilities are recognised on all the temporary taxable differences.

In addition, the tax consolidation program governed by Presidential Decree 971/86, amended by Legislative Decree 344/2003, was introduced in 2005. The program allows for optional group taxation, which consists of determining a single taxable group income for the ultimate parent company corresponding to the algebraic sum of the net total incomes of participants and thus a single income tax for Group companies.

The companies that joined the tax consolidation regime are Centrale del Latte di Torino & C. S.p.A. and Centrale del Latte di Vicenza S.p.A. The option is valid for three financial years from the one that closed at 31 December 2014.

Segment reporting

The organisation of the Company is based on a single business segment for the production and sale of food products.

BREAKDOWN OF ASSETS

NON-CURRENT ASSETS

Tangible fixed assets (1ne)

Changes in tangible fixed assets and the pertinent provisions are broken down in the tables below:

TANGIBLE FIXED ASSETS	Land	Buildings	Plant and machinery	Industrial, commercial and other equipment	Total	Fixed assets under developmen t	Totals
Historical cost	2,656,138	17,552,166	28,817,577	8,159,577	57,185,868	374,294	57,560,162
Accumulated depreciation		(9,996,099)	(24,746,954)	(7,044,861)	(41,788,235)		(41,788,235)
Initial amount	**2,656,138**	**7,556,066**	**4,070,624**	**1,114,716**	**15,397,633**	**374,294**	**15,771,927**
Acquisitions	-	60,705	388,846	820,548	1,270,099	248,000	1,518,099
Transfers	-	8,304	365,990	-	374,294	(374,294)	-
Disposals and eliminations	-	-	(410,244)	(381,055)	(791,298)	-	(791,298)
Use of provisions	-	-	395,445	289,056	684,500	-	684,500
Depreciation	-	(520,348)	(755,755)	(435,999)	(1,712,102)	-	(1,712,102)
Final amount	**2,656,138**	**7,104,727**	**4,054,906**	**1,407,266**	**15,223,036**	**248,000**	**15,471,036**

Changes in accumulated depreciation of tangible fixed assets:

TANGIBLE FIXED ASSETS	Buildings	Plant and machinery	Industrial, commercial and other equipment	Total
Initial amount	**9,996,099**	**24,746,953**	**7,044,861**	**41,788,235**
Use of provisions	-	(395,445)	(289,056)	(684,500)
Depreciation	520,348	755,755	435,999	1,712,103
Final amount	**10,516,447**	**25,107,264**	**7,191,804**	**42,815,837**

Tangible fixed assets include the net book value of machinery under finance lease contracts for € 190,181.

Intangible fixed assets (3ne)

Changes in intangible fixed assets and the pertinent provisions are broken down in the tables below:

INTANGIBLE FIXED ASSETS	Trademarks	Goodwill	Software	Total
Historical cost	5,840,983	350,078	740,462	6,639,343
Accumulated amortisation	-	-	(440,272)	(440,272)
Initial amount	**5,840,983**	**350,078**	**300,190**	**6,491,251**
Acquisitions	**-**	-	96,663	96,663
Amortisation for the period	-	**-**	(167,425)	(167,425)
Final amount	**5,840,983**	**350,078**	**229,428**	**6,420,489**

In view of the market shares, the huge investments made and how well known the Group's and Company's brands are, they are therefore considered as having an indefinite useful life

The brands with an indefinite useful life "Centro Latte Rapallo" , "Latte Tigullio" and those belonging to Centrale del Latte di Torino & C. S.p.A. were subjected to an impairment test on 31 December 2014. The recoverable value of the brands is based on their fair value net of divestment costs, estimated using the differential results method, i.e. calculating the income the company would have to forego without the intangible asset, or the income the company could obtain from third parties for the use of the intangible asset (*premium price*). Fair value has been classified as Level 3, based on the parameters used in the measurement techniques applied.

The primary assumptions used in calculation of the recoverable value are indicated here below: The values assigned to the various assumptions reflect the company's assessment of the future performance of the main products dealt with, in terms of quantity and price, and are based both on internal (2014-2016 business plan) and external sources:.

- Mean price differential per litre (brand product vs non-brand product): 87%
- Discount rate: 13,15%

The *premium price* mean income has not varied significantly during the five years of the plan, and the terminal value has been prudently determined by assuming a growth rate of zero.

The recoverable value thus calculated is superior to the book value by approx. € 10.027 million.

Financial fixed assets (4ne)

In 2014 the Company acquired a 50%-equity investment in the capital of Odilla Chocolat S.r.l.. The company was registered with Companies' House on 29 July 2014 and is therefore to be considered a start-up. The company adopted in 2014 the Sole Director system, with full powers regarding deeds and ordinary and extraordinary business entrusted to Mr. Gabriele Maiolani.

The equity investment is carried at cost for € 200 thousand.

Equity investments in affiliates refer to Odilla Chocolat S.r.l. in Turin and GPP S.r.l in Genoa.

	Equity investments in subsidiaries	Equity investments in affiliate	Equity investments in other companies	Totals
Initial amount	**27,198,328**	**45,000**	**20,507**	**27,263,835**
Decreases	-	-	-	--
Increases	**-**	**200,000**	**-**	**-**
Final amount	**27,198,328**	**245,000**	**20,507**	**27,263,835**

The value of the equity investment in the subsidiary Centrale del Latte di Vicenza was subjected to an impairment test on 31 December 2014. The recoverable value of the equity investment is based on the studies conducted by experts on company assets (brand, land and buildings, systems and equipment) on the fair value net of divestment costs, classifiable under levels 2 and 3, based on the parameters used in the measurement techniques applied.

The fair value of the land and buildings belonging to Centrale del Latte di Vicenza was subjected to an impairment test on 31 December 2014. The recoverable value was calculated based on the fair value net of divestment costs, estimated using the method of comparable market data identifiable in the area (Level 2), by means of comparison with similar portions of property in terms of use and location or in some way comparable to the building under examination recently disposed of or for sale. The amounts identified by transactions carried out, or in the case of properties for sale, the amounts requested, reduced by the pertinent negotiation margin generally applied in the specific market area, were assessed in accordance with the various characteristics of *comparables* found compared to the buildings under examination.

The recoverable value thus calculated is superior to the book value by approx. € 1.9 million.

The fair value of the systems, machinery and equipment belonging to Centrale del Latte di Vicenza was subjected to an impairment test on 31 December 2014. The recoverable value was calculated based on the fair value net of divestment costs estimated using the cost method. This method is based on the hypothetical replacement of the asset to be estimated with a comparable new asset. This method makes it possible to calculate the "maximum value", identified as how much it would cost to replace the asset, either with exactly the same asset, or alternatively, if less expensive, with an asset that has compatible characteristics and production capacity. The fair value has been classified as Level 3, based on the parameters used in the measurement techniques applied.

The recoverable value thus calculated is superior to the book value by approx. € 200 thousand.

The brand with an indefinite useful life "Centrale del Latte di Vicenza" was subjected to an impairment test on 31 December 2014. The recoverable value was calculated based on the fair value net of divestment costs, estimated using the differential results method, i.e. calculating the income the company would have to forego without the intangible asset, or the income the company could obtain from third parties for the use of the intangible asset (*premium price*). Fair value has been classified as Level 3, based on the parameters used in the measurement techniques applied.

The primary assumptions used in calculation of the recoverable value are indicated here below: The values assigned to the various assumptions reflect the company's assessment of the future performance of the main products dealt with, in terms of quantity and price, and are based both on internal (2014-2016 business plan) and external sources:

- Mean price differential per litre (brand products vs. non-brand products): 48%
- Discount rate: 13,15%

The *premium price* mean income has not varied significantly during the five years of the plan, and the terminal value has been prudently determined by assuming a growth rate of zero.

The recoverable value thus calculated is superior to the book value by approx. € 2.9 million.

In the light of the values resulting from the aforementioned expert studies, it is considered that the assets of the affiliate have a recoverable value superior to the net book value of the pertinent equity interest.

List of equity investments in subsidiaries

The figures presented below have been drawn from the subsidiaries' most recent financial statements, those for the year that ended on 31 December 2014:

	Share capital	Shareholders' equity	Profit (loss) for the year	Share held	Amount of equity investment entered
Centrale del Latte di Vicenza S.p.A. **Via Faedo 60 - Vicenza**	29,162,303	24,475,670	(627,298)	**100%**	**27,198,328**

In the light of the above, it is considered that the lower net book equity of the affiliate compared to the book value of the affiliate does not constitute impairment.

List of other financial equity investments

Equity investments in other companies come to a collective total of € 16,279 and consist of interest held in credit guarantee and power supply consortia.

Deferred tax assets (5ne)

The following table illustrates the changes in the temporary differences that gave rise to deferred tax assets:

	31/12/2013	Increases	Decreases	31/12/2014
Amortisation and depreciation recovered further to tax audit	144,382		(10,550)	133,832
Adjustment of employee severance indemnity to present value	-	457,775	-	457,775
Tax recovery of depreciation of buildings	109,381	-	-	109,381
Remuneration of directors	68,880	75,263	(68,880)	75,263
	322,643	**533,038**	**(79,430)**	**666,869**

Deferred tax assets were calculated on temporary differences for the year and the final amount of those differences, net of amounts recovered in 2014, by applying the IRES (corporate income tax) rate of 27.5% and the IRAP (regional production tax) rate of 3.9%. The following table illustrates the changes in deferred tax assets:

	31/12/2013	Increases	Decreases	31/12/2014
Amortisation and depreciation recovered further to tax audit	45,330	-	(3,313)	42,017
Adjustment of employee severance indemnity to present value	-	125,888	-	125,888
Tax recovery of depreciation of buildings	34,347	-	-	34,347
Remuneration of directors	18,943	20,697	(18,943)	20,697
	98,620	**146,585**	**(22,256)**	**222,951**

Financial receivables from affiliates (6ne).

This is accounted for by a loan granted to the subsidiary GPP S.r.l.. Genova Pasta e Pesto.

CURRENT ASSETS

Inventories (7ne)

Inventories at 31 December 2014 amounted to € 1,938,734. They were broken down as follows:

	31/12/2014	31/12/2013	Change
Raw and ancillary materials and consumables	902,277	900,073	2,204
Finished products and goods	1,036,457	1,021,261	15,196
	1,938,734	**1,921,334**	**17,400**

Trade receivables (8ne)

Trade receivables, all of which were due within one year, came to € 9,952,866 at 31 December 2014, derive from normal commercial sales transactions and have been presented net of the associated provisions for impairment. In further detail, the provisions allocated to account for receivables claimed in bankruptcies have been fully and directly applied to decrease the amounts of the associated assets, reducing those amounts to zero.

The following table provides a breakdown of provisions for impaired receivables and changes in those provisions during 2014:

	31/12/2014	31/12/2013	Change
Taxed provision for impaired receivables	126,044	132,940	-
0.5% provision for bad debts	450,973	523,996	(73,023)
	583,913	**656,936**	**(73,023)**

Receivables from subsidiaries (9ne).

Receivables from subsidiaries came to € 249,752 at the end of 2014 and were associated with normal commercial sales transactions undertaken between the Company and its subsidiary Centrale del Latte di Vicenza S.p.A..

Tax assets (10ne)

	31/12/2014	31/12/2013	Change
VAT receivable	3.161.482	3.599.708	(438.226)
Direct taxes	**983.785**	**1.089.282**	**(105.497)**
Employee severance indemnity withholdings	28.734	30.125	(1.391)
Total tax assets	**4.174.001**	**4.719.115**	**(545.114)**

Other receivables (11ne)

Receivables from others include:

	31/12/2014	31/12/2013	Change
Receivables for performance guarantees received securing the payment of the surtax in accordance with Law 486/92 (milk quotas)	706,596	953,374	(246,778)
Advances to suppliers	171,404	5,625	165,778
Accrued income and prepaid expenses	126,986	133,623	(6,637)
Receivables from distributors	106,301	434,408	(328,107)
Credits to be received	115,829	60,453	55,376
Deposits	56,736	44,577	12,159
Miscellaneous	50,027	10,325	39,703
Loans to employees	13,756	15,356	(1,600)
Receivables from social security institutions	9,617	10,266	(650)
Total other receivables	**1,357,251**	**1,668,007**	**(310,755)**

For the receivables for performance guarantees received to secure payment of the milk quotas, the company posted a payable for surtaxes as per Law no. 486/92 (milk quotas) of substantially the same amount to "other payables".

Accrued income and prepaid expenses

The following table illustrates the breakdown of accrued income and prepaid expenses:

	31/12/2014	31/12/2013	Change
ACCRUED INCOME			
Interest on bank accounts	969	14,400	(13,431)
TOTAL ACCRUED INCOME	**969**	**14,400**	**(13,431)**
PREPAID EXPENSES			
Maintenance fees	41,359	38,976	2,383
VAT guarantee policies	54,026	29,009	25,017
Loan fees	25,522	20,360	5,162
Leases	-	18,998	(18,998)
Lieu tax	5,110	10,990	(5,880)
Other costs	-	890	(890)
TOTAL PREPAID EXPENSES	**126,017**	**119,223**	**6,794**
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	**126,986**	**133,623**	**(6,637)**

Cash and cash equivalents (12ne+13ne).

Cash and cash equivalents, all of which are freely available, came to € 8,235,559 and are presented in the schedule that illustrates financial position in the analysis of financial payables.

BREAKDOWN OF LIABILITIES

NET EQUITY

Share capital (14ne)

Share capital, fully subscribed and paid-up, came to € 20,600,000, divided into 10,000,000 shares with a par value of € 2.06.

Changes in equity are illustrated in a specific schedule of the financial statements at 31 December 2014.

Availability and eligibility for distribution of equity reserves

	31/12/2014	Nature	Use	Available	Eligible for distribution
Share capital	20,600,000				
Share premium account	14,324,577	Profits/capital	-	YES	NO
Revaluation reserve	196,523	Profits/capital	-	YES	YES
Legal reserve	1,076,797	Profits/capital	-	YES	YES
Other reserves	10,806,985	Profits/capital	YES	YES	YES
Non-distributable IFRS first-time adoption reserve	1,265,967	Profits/capital	-	NO	NO
Profits (losses) carried forward	(312,196)	Merger	-	NO	NO
Merger surplus	166,015	Merger	-	NO	NO
Merger difference	(6,314,748)	Merger	-	NO	NO
Profit (loss) for the period	1,377,603	Profits/capital	-	YES	YES
	43,187,523				

NON-CURRENT LIABILITIES

Financial payables (16ne+17ne+22ne+23ne+24ne)

The following is an analysis of the items that comprise the Company's financial indebtedness, sub-divided by maturity.

Financial payables to banks and other lenders amounted to € 8,581,483, broken down as follows:

	Within 12 months	Within 5 years	Over 5 years	Total payables over 1 year	Total payables
Payables to banks for loans	4,563,115	3,831,226	-	3,831,226	8,394,341
Payables to other lenders	40,852	145,289	-	145,289	186,141
Totals	**4,603,967**	**3,976,515**	**-**	**3,977,515**	**8,581,482**

The item "payables to other lenders" refers to finance lease contracts.

Medium/long-term loans are broken down as follows:

Issuer	Amount granted	Amount paid	Residual debt	Last deadline	Guarantees
Deutsche Bank S.p.A. Euribor rate 3 months + 0.80	2,500,000	2,500,000	312,500	14/03/15	---
Credito Emiliano S.p.A. Euribor rate 6 months + 1.60	1,000,000	1,000,000	171,069	29/04/15	---
Credito Emiliano S.p.A. Euribor rate 3 months + +1.10	1,005,000	1,005,000	1,005,000	24 July 2015	---
Monte dei Paschi di Siena S.p.A. Euribor rate 6 months + 0.70	2,000,000	2,000,000	207,667	30/06/15	---
Banca Sella S.p.A. Euribor rate 3 months + 3.25	1,500,000	1,500,000	516,269	1/10/15	---

Issuer	Amount granted	Amount paid	Residual debt	Last deadline	Guarantees
Banca del Piemonte S.p.A.	300,000	300,000	201,306	31/12/15	---
Rate: 2.55					
Unicredit S.p.A.	2,000,000	2,000,000	909,900	30/09/16	---
Euribor rate 3 months + 1.85					
Deutsche Bank S.p.A.	1,500,000	1,500,000	1,125,000	25/03/17	---
Euribor rate 1 month + 2.25					
Banca Regionale Europea S.p.A.	2,500,000	2,500,000	1,528,976	08/09/17	---
Euribor rate 6 months + 0.80					
Banco Popolare S.c.p.a.	1,780,000	1,780,000	1,557,500	15/06/18	---
Euribor rate 6 months +3.9					
Cariparma S.p.A.	1,000,000	1,000,000	860,155	14/01/19	----
Euribor rate 3 months + 3.00					

The following table presents total residual debt, broken down by maturity:

	within 12 months	Within 5 years	over 5 years	Totals
Banco Popolare S.c.p.a.	445,000	1,112,500	-	1,557,500
Banca Regionale Europea S.p.A.	499,813	1,029,163	-	1,528,976
Deutsche Bank S.p.A.	812,500	625,000	-	1,437,500
Credito Emiliano S.p.A.	1,176,069	-	-	1,176,069
Unicredit S.p.A.	512,670	397,229	-	909,900
Cariparma S.p.A.	191,822	668,333	-	860,155
Banca Sella S.p.A.	516,269	-	-	516,269
Monte dei Paschi di Siena S.p.A.	207,667	-	-	207,667
Banca del Piemonte S.p.A.	201,306	-	-	201,306
	4,563,116	**3,832,226**	-	**8,395,342**

Payables to other lenders can be broken down as follows:

	within 12 months	Over one year Within 5 years	over 5 years	Totals
Finance lease payables	40,852	145,289	-	186,141

Finance lease payables refer to leases of plant and equipment and cars.

Financial position.

The following table contains an illustration of the Company's net financial position at 31 December 2014 in accordance with the requirements of CONSOB Notice No. DEM/6264293 of 28 July 2006 and the CESR's recommendations of 10 February 2005, CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No. 809/2004:

	31/12/2014	31/12/2013	Change
Cash and cash equivalents (13ne+14ne)	8,235,599	7,744,562	490,997
Total current financial assets	**8,235,599**	**7,744,562**	**490,997**
Payables to banks	-	(565,489)	(565,489)
Current share of medium/long-term loans (23ne)	(4,563,115)	(4,075,953)	487,162
Current share of payables to other lenders (24ne)	(40,852)	(70,458)	(29,606)
Total current financial liabilities	**(4,603,967)**	**(4,711,900)**	**(107,933)**
Payables for medium/long-term loans (16ne)	(3,831,226)	(5,284,110)	(1,452,884)
Payables to other lenders for medium/long-term loans (17ne)	(145,289)	(5,750)	139,539
Total non-current financial liabilities	**(3,976,515)**	**(5,289,859)**	**(1,313,344)**
Total financial liabilities	**(8,580,482)**	**(10,001,760)**	**(1,421,278)**
Net financial position	**(343,409)**	**(2,257,198)**	**(1,912,275)**

Loan covenants

No covenants apply to the loans issued to the Company.

Deferred taxes (18ne)

The following table illustrates the changes in the provisional differences that gave rise to deferred taxes:

	31/12/2013	Increases	Decreases	31/12/2014
Trademarks	5,603,482	-	-	5,603,482
Measurement of land	1,663,000	-	-	1,663,000
Tax items	156,938	-	(25,108)	131,830
	7,423,420	-	**(25,108)**	**7,398,312**

Deferred tax liabilities have been calculated on temporary differences for the year and the final amount of those differences, net of amounts recovered in 2013, by applying the IRES (corporate income tax) rate of 27.5% and the IRAP (regional production tax) rate of 3.9%. The following table illustrates the changes in deferred tax liabilities:

	31/12/2013	Increases	Decreases	31/12/2014
Trademarks	1,759,493	-	-	1,759,493
Measurement of land	522,182	-	-	522,182
Tax items	43,064	-	(7,884)	35,177
	2,324,736	**-**	**(7,884)**	**2,316,852**

Long-term provisions

Employee severance indemnity (19ne)

At 31 December 2014 the severance indemnity amounted to € 3,159,073.

Initial amount – 31 December 2013	**2,549,625**
Service cost	227,993
Interest cost	83,309
Decreases and uses	(37,782)
Effect of the change in taxation on revaluation	(43,196)
(Actuarial income) loss via OCI	379,124
Final amount 31 December 2014	**3,159,073**

Actuarial gains and losses are shown in the statement of comprehensive income – OCI, net of the fiscal effect and charged to net equity. The key actuarial assumptions pertain to the technical interest rate, inflation rate and the revaluation rate for salaries and employee severance indemnity. Technical assessments were conducted on the basis of the assumptions set forth below:

- technical annual discount rate 1.50%
- annual inflation rate 1.75%
- annual rate of severance indemnity increase 2.81%

The *Iboxx Eurozone Corporates* AA 10 + index was used as the discount rate.

Sensitivity analysis

Reasonably possible variations in the actuarial assumptions at the closing date of the FY would have had the following effects on the defined benefit obligation:

31/12/2014	**Annual discounting rate**		**Annual inflation rate**		**Annual turnover rate**	
thousands of euros	**0.50%**	**-0.50%**	**0.25%**	**-0.25%**	**1.00%**	**-1.00%**
Defined benefit obligation	3,018	3,311	3,199	3,120	3,158	3,162

Provision for indemnities for Directors at the end of their term in office (20ne).

The provision for indemnities for Directors at the end of their term in office amounted to € 124,277. The methods of calculation used are set out in the Report on Corporate Governance.

	31/12/2013	**Increases**	**Decreases**	**31/12/2014**
Provision for Directors' indemnity at the end of their terms in office	138,056	61,221	72,000	127,277

Provision for liabilities and charges (21ne)

The provision for liabilities and charges is broken down as follows:

	31/12/2013	**Increases**	**Decreases**	**31/12/2014**
Provision for future capital losses	817,509	-	163,636	653,872
Provision for customer indemnities	109,012	17,347	-	126,359
TOTAL PROVISION FOR LIABILITIES AND CHARGES	**926,521**	**17,347**	**163,636**	**780,232**

The provision for future capital losses contains the provision allocated by the company for the Enasarco dispute (see the paragraph on "other risks" at the bottom of the Notes).

CURRENT LIABILITIES

Short-term payables to banks (24ne- 25ne) totalled € 4,563,615 and related to current shares for mortgages and uses of credit lines.

Current share of payables to other lenders (24ne) amounted € 40,852.

Trade payables (25ne) amounted to € 13,153,647, all payable by year-end.

Payables to subsidiaries (26ne) associated with normal commercial purchase transactions between the Company and its subsidiary Centrale del Latte di Vicenza S.p.A. during the year came to € 643,462.

Payables to affiliates (27ne) associated with normal purchase transactions between the Company and its affiliate Odilla S.r.l. during the year came to € 9,643.

Tax liabilities (28ne) came to € 324,005 and comprise the following line items:

	31/12/2014	31/12/2013	Change
Payables for taxes	219,166	99,055	120,111
Payables for employees' withholding taxes	80,467	66,061	14,406
Withholdings payable on independent contractors' fees	24,372	33,503	(9,131)
	324,005	**198,619**	**125,386**

Payables to social security authorities (29ne) consist of social-security contributions payable on wages and salaries and the contributions associated with the separate management of coordinated ongoing independent contractors for a total amount of € 536,176.

The item "Other payables" (30ne) includes:

	31/12/2014	31/12/2013	Change
Payables for wages and salaries	1,353,611	1,377,218	(23,607)
Surtaxes payable under Law 486/92 (milk quotas)	753,096	1,004,823	(251,727)
Accrued liabilities and deferred income	305,271	396,570	(91,299)
Withholdings from milk producers payable under Law 88/88	77,697	77,697	-
Payables for remuneration of directors and auditors	75,263	193,680	(118,417)
Other payables	27,903	4,904	22,999
Employee union withholdings	1,433	1,461	(28)
Security deposits received	-	12,578	(12,578)
	2,594,274	**3,068,931**	**(474,657)**

Accrued liabilities and deferred income are broken down as follows:

	31/12/2014	31/12/2013	Change
DEFERRED INCOME			
Grants for current expenses	216,756	223,038	(6,282)
Other	69,644	151,623	(81,979)
Total deferred income	**286,400**	**374,661**	**(88,261)**
ACCRUED LIABILITIES			
Interest on bank loans	26,609	21,910	4,699
Total accrued liabilities	**26,609**	**21,910**	**4,699**
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	**313,009**	**396,571**	**(83,562)**

COMMITMENTS AND OTHER CONTINGENT LIABILITIES

At 31 December 2014 there were no commitments and other contingent liabilities not shown in the financial statements, except for potential liabilities that could derive from the ENASARCO dispute, which are detailed under the heading "other risks".

BREAKDOWN OF INCOME STATEMENT ITEMS

REVENUE

Revenue from sales and services (1ene)

Breakdown of sales by turnover segment (1ene):

	31/12/2014		31/12/2013		Change	
Fresh milk	35,249,851	46.3%	36,539,996	49.4%	(1,290,145)	-3.5%
Intra-group	468,592	0.6%	337,823	0.5%	130,769	38.7%
Total fresh milk	**35,718,443**	**46.9%**	**36,877,819**	**49.9%**	**(1,159,376)**	**-3.1%**
UHT milk	14,128,677	18.6%	13,509,779	18.3%	618,897	4.6%
Intra-group	55,266	0.1%	23,662	0.0%	31,604	133.6%
Total UHT milk	**14,183,943**	**18.6%**	**13,533,441**	**18.3%**	**650,501**	**4.8%**
Yogurt	2,732,190	3.6%	2,748,168	3.7%	(15,978)	-0.6%
Total yogurt	**2,732,190**	**3.6%**	**2,748,168**	**3.7%**	**(15,978)**	**-0.6%**
Fresh vegetables	4,201,448	5.5%	4,272,479	5.8%	(71,031)	-1.7%
Intra-group	292,200	0.4%	272,628	0.4%	19,572	7.2%
Total fresh vegetables	**4,493,648**	**5.9%**	**4,545,107**	**6.1%**	**(51,459)**	**-1.1%**
Bulk milk and cream	2,367,204	3.1%	2,223,731	3.0%	143,473	6.5%
Intra-group	241,772	0.3%	29,066	0.0%	212,706	731.8%
Total bulk milk and cream	**2,608,976**	**3.4%**	**2,252,797**	**3.0%**	**356,179**	**15.8%**
Other packaged products	15,555,624	20.4%	13,961,506	18.9%	1,594,118	11.4%
Intra-group	6,909	0.0%	4,865	0.0%	2,044	42.0%
Total other packaged products	**15,562,533**	**20.4%**	**13,966,370**	**18.9%**	**1,596,163**	**11.4%**
Export	**858,487**	**1.1%**	**-**	**-**	**858,487**	**100%**
Total	**76,158,220**	**98.9%**	**73,923,703**	**100.0%**	**2,234,517**	**3.0%**
of which intra-group	**1,064,739**	**1.4%**	**668,044**	**0.9%**	**396,695**	**59.4%**

See the report on operations for the comment on the performance of the FY.

Breakdown of other revenue (2ene)

	31/12/2014		31/12/2013		Change	
Extraordinary income	855,500	63%	610,096	59%	245,404	40%
Grants for current expenses	139,243	10%	176,614	17%	(37,371)	-21%
Contributions from suppliers	121,736	9%	23,113	2%	98,623	427%
Other	115,009	8%	88,514	8%	26,494	30%
Recoveries from subsidiaries	61,229	4%	51,392	5%	9,837	19%
Capital gains on asset disposal	54,055	4%	36,796	4%	17,259	47%
Sales of salvaged materials	35,705	3%	39,617	4%	(3,911)	-10%
Recoveries	17,705	1%	10,150	1%	7,556	74%
Rental income	14,000	1%	4,169	0%	9,831	236%
Indemnities	5,970	0%	1,338	0%	4,632	346%
Total	**1,420,162**	**100%**	**1,041,799**	**100%**	**378,363**	**36%**

Extraordinary income is mainly accounted for by the impact of the money unduly paid out and subsequently paid back by the ENASARCO Foundation following the sentence of the Court of Appeal of Rome. The figure amounts to € 535,472.

Use of raw materials and consumables (4ene)

The costs for raw materials and consumables amounted to € 40,640,754 and include:

	31/12/2014		31/12/2013		Change	
Purchases of ingredients – sundry foodstuffs	24,217,792	60%	22,893,830	59%	1,323,963	6%
Packaging materials	4,842,299	12%	4,735,704	12%	106,595	2%
Goods for resale	8,422,852	21%	8,092,824	21%	330,028	4%
Intra-group products	2,278,609	6%	2,025,396	5%	253,213	13%
Consumables and ancillary material	859,094	2%	794,996	2%	64,098	8%
Intra-group purchases of ingredients	-	-	15,756	0%	(15,756)	-100%
Intra-group ancillary material	20,107	0%	22,939	0%	(2,832)	-12%
Total	**40,640,754**	**100%**	**38,581,445**	**100%**	**2,059,309**	**5%**

Personnel costs (5ene+6ene+7ene+8ene)

Personnel costs totalled € 10,641,910, broken down as follows:

	31/12/2014		31/12/2013		Change	
Wages and salaries	7,510,740	71%	7,502,951	71%	7,789	0%
Social security charges	2,411,282	23%	2,456,963	23%	(45,681)	-2%
Employee severance indemnity	589,281	6%	510,947	5%	78,334	15%
Other costs	130,607	1%	135,433	1%	(4,826)	-4%
Total	**10,641,910**	**100%**	**10,606,294**	**100%**	**35,615**	**0.3%**

The employee severance indemnity accrued in 2014 and part of the social security charges may be considered a defined-contribution plan in the amount of € 589,281.

The average workforce came to 192 at 31 December 2014 (195 at 31 December 2013).

	Engagements	Resignations	Transfers	In service	Average workforce
Managers	-	-	1	12	**12**
Middle management	-	-	1	7	**7**
White-collar personnel	-	-	-	73	**72**
Blue-collar personnel	2	1	-	101	**101**
TOTAL	**2**	**1**	**2**	**193**	**192**

Amortisation and depreciation (9ene + 10ene)

Amortisation of intangible assets was calculated and recognised in the total amount of € 167,425. Depreciation of tangible assets was calculated and recognised in the total amount of € 1,712,102.

The following tables provide a breakdown of intangible and tangible assets by category:

	31/12/2014		31/12/2013		Change	
Software	167,425	100%	148,092	100%	19,333	13%

	31/12/2014		31/12/2013		Change	
Plant and machinery	755,755	44%	1,277,773	58%	(522,018)	-41%
Buildings	520,348	30%	516,773	23%	3,575	1%
Industrial and commercial equipment	435,999	25%	409,497	19%	26,502	6%
Total	**1,712,102**	**100%**	**2,204,043**	**100%**	**(491,941)**	**-29%**

Costs for services (12ene)

The costs for services amounted to € 20,455,475 and include:

	31/12/2014		31/12/2013		Change	
Transport for product distribution	7,927,749	39%	7,202,875	36%	724,873	10%
Commercial and advertising services	2,259,324	11%	2,032,013	10%	227,310	11%
Administrative services	2,140,087	10%	2,669,050	13%	(528,962)	-20%
Motive power and natural gas	1,815,681	9%	1,732,732	9%	82,949	5%
Industrial services	1,620,389	8%	1,713,588	9%	(93,199)	-5%
Purchase services	1,366,974	7%	1,310,300	7%	56,675	4%
Maintenance services	1,186,509	6%	986,472	5%	200,037	20%
Large-scale retailers' promotion contributions	1,127,760	6%	1,165,124	6%	(37,363)	-3%
Free gifts with products	624,409	3%	643,610	3%	(19,201)	-3%
Insurance services	326,592	2%	332,533	2%	(5,941)	-2%
Intra-group administrative services	60,000	0%	60,000	0%	-	-
Total	**20,455,475**	**100%**	**19,848,297**	**100%**	**607,178**	**3%**

Lease and rental costs (13ene)

Lease and rental costs amounted to € 338,787. Industrial leases refer to leased plant.

	31/12/2014		31/12/2013		Change	
Industrial leases	252,213	74%	354,496	80%	(102,283)	-29%
Leases of premises and buildings	86,573	26%	88,968	20%	(2,395)	-3%
Total	**338,787**	**100%**	**443,464**	**100%**	**(104,677)**	**-24%**

The minimum financial commitments in connection with industrial leases that cannot be cancelled come to:

- € 242,405 for 2015;

Sundry operating expenses (15ene)

Sundry operating expenses amounted to € 680,359 Euro and include:

	31/12/2014		31/12/2013		Change	
Taxes other than income taxes	456,443	67%	422,244	54%	34,199	8%
Contingent liabilities	105,143	15%	201,944	26%	(96,801)	-48%
Membership fees	74,771	11%	81,024	10%	(6,253)	-8%
Entertainment expenses	19,493	3%	23,647	3%	(4,154)	-18%
Fines and penalties	12,549	2%	4,208	1%	8,341	198%
Capital losses	6,335	1%	34,200	4%	(27,865)	-81%
Subscriptions to magazines and books	5,625	1%	4,903	1%	722	15%
Other	-	-	12,796	2%	(12,796)	-100%
Total	**680,359**	**100%**	**784,966**	**100%**	**(104,607)**	**-15%**

Financial income and charges (16ene + 17ene)

A breakdown of financial income and charges is shown in the table below:

Financial income	31/12/2014		31/12/2013		Change	
Interest from banking institutions	43,331	80%	56,561	79%	(13,230)	-23%
Interest on VAT refunds	5,690	10%	10,085	14%	(4,395)	-44%
Other	5,467	10%	5,403	7%	63	1%
Total	**54,488**	**100%**	**72,049**	**100%**	**(17,562)**	**-24%**
FINANCIAL EXPENSES						
Interest on mortgages and loans	267,576	61%	221,771	70%	45,805	21%
Interest on severance indemnity discounting	83,309	19%	-	-	83,309	100%
Interest on current accounts	45,941	10%	42,912	14%	3,029	7%
Performance bond expenses	25,526	6%	46,106	15%	(20,581)	-45%
Other	13,481	3%	1,263	0%	12,218	967%
Finance lease interest	1,879	0%	5,589	2%	(3,710)	-66%
Total	**437,712**	**100%**	**317,641**	**100%**	**120,071**	**38%**

Adjustments to financial assets (19ene)

The negative adjustment of € 4,218 refers to the equity investment in Capitalimpresa.

Taxes (21ene + 22ene).

Income taxes, not including deferred tax assets and liabilities, came to € 1,078,371 compared to € 1,080,356 in FY2013.

	31/12/2014		31/12/2013		Change	
IRES for the year 27.5%	733,780	64%	675,513	61%	58,267	9%
IRAP for the year 3.9%	405,124	36%	430,726	39%	(25,602)	-6%
TOTAL TAXES	**1,138,904**	**100%**	**1,106,239**	**100%**	**32,665**	**3%**
Prepaid taxes	(43,159)		(25,883)		17,276	
NET TOTAL TAXES	**1,078,371**		**1,080,356**		**(1,985)**	

The following schedule reconciles pre-tax profit and taxable income:

IRES (rate 27.5%)	Taxable base for IRES purposes	Notional IRES	Actual IRES
Net result	**1,414,153**	**388,892**	
Increases	1,772,893		
Decreases	518,775		
Taxable base	**2,668,291**		**733,780**
IRAP (rate 3.9%)	**Income subject to IRAP**	**Notional IRAP**	**Actual IRAP**
EBIT	**2,897,340**	**112,996**	
Increases in personnel costs	10,641,910		
Increases	1,277,111		
Decreases	10,550		
Decreases in personnel costs	4,475,674		
Taxable base	**10,387,789**		**405,124**

Dealings with related parties.

The Company has not undertaken transactions with related parties beyond those presented in the following tables:

Equity investments in the issuer held by directors, statutory auditors and their non-legally separated spouses and minor children, either directly or through subsidiaries.

Relevant persons	Office	Shares held at 01/01/2014	Purchased in 2014	Sold in 2014	Shares held at 31/12/2014
Luigi LUZZATI	Chairman	166,062	-	-	166,062
Riccardo POZZOLI	Vice Chairman and Managing Director	59,125	-	4,000	55,125
Adele ARTOM	Director	3,593,864	-	36,000	3,557,864
Nicola CODISPOTI	Director	50,000	-	50,000	-
Antonella FORCHINO	Director	137,306	-	-	137,306
Maurizio MACCHIAVELLO	Director	10,000	-	-	10,000

Commercial dealings with other related parties.

In the past, the group leading company entered into a lease agreement for an area adjacent to the Turin production facility, used as a parking lot for the motor vehicles of its employees and distributors owned by the parent company Finanziaria Centrale del Latte di Torino S.p.A. for a total of € 8,148.

The following table presents the situation of dealings with related parties at 31 December 2014:

	Receivables	Payables	Costs	Revenue
Finanziaria Centrale del Latte di Torino S.p.A. vis-à-vis:				
Centrale del Latte di Torino & C. S.p.A. - subsidiary	**-**	**-**	**-**	**8,148**
Centrale del Latte di Torino & C. S.p.A. vis-à-vis:				
Finanziaria Centrale del Latte di Torino S.p.A. – ultimate parent company	-	-	8,148	-
Centrale del Latte di Vicenza S.p.A. - subsidiary	249,752	819,144	2,323,936	1,125,968
Odilla Chocolat S.r.l. - subsidiary	-	-	9,795	-
GPP S.r.l. – subsidiary	139,635	-	-	-
	389,387	**819,144**	**2,341,879**	**1,125,968**
Centrale del Latte di Vicenza S.p.A. vis-à-vis:				
Centrale del Latte di Torino & C. S.p.A.	**819,144**	**249,752**	**1,125,968**	**2,323,936**
Odilla Chocolat S.r.l. vis-à-vis:				
Centrale del Latte di Torino & C. S.p.A.	**-**	**-**	**-**	**9,795**
GPP S.r.l. vis-à-vis:				
Centrale del Latte di Torino & C. S.p.A.	**-**	**139,635**	**-**	**-**
Totals	**1,208,531**	**1,208,531**	**3,467,847**	**3,467,847**

Remuneration of Directors and Auditors.

For information regarding the remuneration paid to Directors and Auditors, see the report on the remuneration paid to members of the management and audit bodies, general managers and other key management personnel.

FINANCIAL AND OPERATIONAL RISKS

Risks associated with the business activity

The main risk related to the Company's specific industrial activity regards fluctuations in milk raw material prices. The company contains this risk by drawing up annual agreements with milk producers, which set the purchase prices at the beginning of the dairy year and maintain those prices for the whole of the period that runs from 1 April to 31 March of the following year, save for particular circumstances in which agreements may be reached on a different basis.

For purchases made outside of the main supply channel, reference is made to the most advantageous market conditions available when the need arises.

Financial risks.

The financial instruments of the Company comprise bank loans, sight and short-term bank deposits. The aim of these instruments is to finance the Company's operating activities. Other financial instruments of the Company are trade payables and receivables deriving from operating activity.

The main risks generated by financial instruments are the interest rate, liquidity and credit risk.

Interest rate risk. The Company's exposure to interest rate risk is connected mainly to long-term loans and financing, to which are normally applied interest rates equivalent to 3 month and 6 month Euribor rates plus a fixed spread. With the application of the so-called "Basel 2" Accord, the companies are subjected to an analysis on the part of lending credit institutes that attribute a rating to them; the fixed spread may vary depending on the rating assigned. At the date of closure of these consolidated financial statements, no variations had been applied.

Liquidity risk. The Company contains liquidity risk by planning the use of liquidity by considering financial investments, financial assets (trade receivables and other financial assets) and cash flows expected from transactions.

Credit risk. The Company mainly deals with familiar, reliable clients. Receivables are monitored during the financial year in order to limit exposure to losses. The maximum risk is equivalent to the book value of these assets in the event of insolvency on the part of the counterparty.

Other risks.

In relation to the dispute with the Enasarco Foundation, on 29 October 2014, the Court of Appeal of Rome – Employment and Social Insurance section – upheld the appeal filed by the Company, overturning the first-degree sentence by virtue of which the Enasarco Foundation had obtained a payment injunction, and sentencing the Foundation to pay the legal costs. ENASARCO therefore returned the € 872,878 paid out at the time.

In 2012, the company received a further injunction to pay € 658 thousand, inclusive of penalties and interest, against which the company filed a timely appeal to the Court of Rome, Employment and Social Security Section, requesting that the injunction be suspended. The procedure is under way and the next hearing is scheduled for 21 May 2015.

A further inspection was carried out by the ENASARCO Foundation on 11 September 2014, regarding the years from 2011 to 2013, for a total amount of € 310,499.

The Company, firmly convinced of its position, and in the light of the favourable sentence of the Court of Appeal of Rome, although it believes there is a possible risk in application of IAS 37, has maintained in the financial statements the provision for future risk set aside, amounting to € 600 thousand.

La Guardia di Finanza (Italian Financial Police), following the inspection, gave notice of assessment for failure to pay withholding tax to the self-employed drivers used for distribution for the 2008 and 2009 tax years. The notices of assessment amount to € 427 thousand and € 572 thousand respectively. For the notice of assessment regarding the 2008 tax year, suspension of payment has been requested and obtained. For the notice of assessment regarding the 2009 tax year, suspension of payment has been requested.

Regarding the tax inspection concerning FY 2004, please note that, following the sentence of the Regional Taxation Commission, which partially admitted the appeal presented by the company regarding the most significant findings, and the rebate of € 97 thousand paid out by Agenzia delle Entrate, the latter presented an appeal to the Supreme Court of Appeal against the sentence of the Regional Taxation Commission.

FEES OWED TO THE AUDITING FIRM KPMG S.p.A.

Article 149 duodecies of the Issuers' Regulations

Audit of yearly report and consolidated financial statements: € 71,677

Audit of half-yearly financial report: € 13,726

BUSINESS OUTLOOK.

The first months of the new financial year have confirmed the persistently sluggish food consumption.

As regards milk raw material purchase prices, the trend registered during the latter months of 2014 continued; for the whole of 2015, a reduction is therefore expected compared to the total cost registered in 2014.

EVENTS FOLLOWING THE CLOSE OF THE FINANCIAL YEAR.

On 20 February 2015, Centrale del Latte di Torino & C. S.p.A. – in acknowledgement of the indications provided in the Report of the Board of Directors of Centrale del Latte di Firenze, Pistoia e Livorno S.p.A., published on the corporate website on 19 January 2015 – announced the drafting of a non-binding project for industrial integration between the two Groups, submitted to the Company in compliance with the indications contained in the aforementioned Report.

Centrale del Latte di Torino & C. S.p.A.

2014 Consolidated Financial Statements

Accounting schedules

Introduction

Notes:

- The references in the first column are to the individual item or group of items in the reclassified accounting schedules;
- The references in the second column are to the breakdown and analysis of the individual items set out in the notes, if present.

INCOME STATEMENT (amounts shown in Euros)

			31-dec-14	31-dec-13
1ec	**1ene**	**Revenues from sales**	**100,425,772**	**98,058,351**
2ec	2ene	Other revenues	2,021,571	1,838,176
		▪ *Of which from affiliate*	*2,000*	-
3ec	3ene	Change in inventories of semi-finished and finished goods	96,981	70,476
		Total revenues from sales and services	**102,544,324**	**99,967,003**
4ec	4ene	Raw and ancillary materials, consumables and goods	**(55,191,203)**	**(53,548,558)**
		Personnel costs	**(14,298,474)**	**(14,133,034)**
5ec	5ene	➢ Wages and salaries	(10,051,383)	(9,983,120)
6ec	6ene	➢ Social security contributions	(3,283,966)	(3,285,638)
7ec	7ene	➢ Employee severance indemnity	(774,117)	(695,582)
8ec	8ene	➢ Other costs	(189,007)	(168,694)
		Depreciation, amortisation and write-downs	**(3,227,201)**	**(3,781,471)**
9ec	9ene	➢ Amortisation of intangible fixed assets	(167,425)	(148,092)
10ec	10ene	➢ Depreciation of tangible fixed assets	(2,925,749)	(3,383,458)
11ec	11ene	➢ Write-downs of current receivables	(137,027)	(249,921)
		Other operating costs	**(27,209,822)**	**(27,374,793)**
12ec	12ene	Services	(25,688,037)	(25,201,242)
		▪ *Of which vis-à-vis affiliate*	*(9,795)*	-
13ec	13ene	Lease and rental costs	(547,886)	(658,291)
		Of which vis-à-vis parent company	*(8,656)*	*(9,573)*
14ec	14ene	Allowances for risks	-	(463,405)
15ec	15ene	Sundry operating expenses	(973,899)	(1,051,855)
		EBIT	**2,617,625**	**1,129,147**
16ec	16ene	Financial income	57,428	76,075
17ec	17ene	Financial charges	(868,163)	(750,588)
18ec	18ene	Capital gain on equity investment disposal	-	1,606,207
19ec	19ene	Adjustment to equity investments	(4,218)	(3,919)
20ec	20ene	Financial income from equity investments in affiliate	-	40,000
		Pre-tax profit (loss)	**1,802,672**	**2,096,922**
21ec	21ene	Income taxes	(1,049,301)	(910,953)
22ec	22ene	(Deferred) prepaid taxes	37,711	83,944
		Taxes for previous years	**791,082**	**1,269,914**
		NET PROFIT (LOSS) (A)	791,082	1,269,914
		Parent Company's shareholders	10,000,000	10,000,000
		Number of shares with voting rights	0.079	0.127

STATEMENT OF COMPREHENSIVE INCOME (amounts shown in Euros)

	31-dec-14	31-dec-13
NET PROFIT (LOSS) (A)	**791,082**	**1,269,914**
Actuarial gains (losses) due to defined-benefit retirement plans	(459,629)	658,768
Effetto fiscale relativo a altri utili (perdite)	126,398	(142,087)
TOTAL OTHER COMPREHENSIVE PROFITS (LOSSES) (B)	**(333,231)**	**516,681**
COMPREHENSIVE NET PROFIT (LOSS) (A+B)	**457,851**	**1,786,595**

STATEMENT OF EQUITY AND FINANCIAL POSITION - ASSETS (amounts shown in Euros)

		ATTIVITA'	31-dec-14	31-dec-13
		NON-CURRENT ASSETS		
	1ne	**Tangible fixed assets**	**51,670,850**	**52,652,271**
1		Land	11,687,533	11,687,533
1		Buildings	20,935,967	21,694,200
1		Plants and machinery	16,689,846	17,067,249
1		Industrial and commercial equipment	2,049,504	1,828,995
2		Fixed assets under development and advances	308,000	374,294
	2ne	**Intangible fixed assets**	**11,706,176**	**11,776,938**
3		Trademarks	11,126,670	11,126,670
3		Goodwill	350,078	350,078
3		Software	229,428	300,190
		Financial fixed assets	**807,510**	**634,353**
4	3ne	Equity investments in affiliates	245,000	45,000
4	4ne	Other financial assets	18,356	22,584
5	5ne	Deferred tax assets	404,519	263,498
6	6ne	Financial receivables from affiliates	139,635	303,271
		TOTAL NON-CURRENT ASSETS	**64,184,536**	**65,063,562**
		CURRENT ASSETS		
	7ne	**Inventories**	**3,437,827**	**3,473,064**
7		Raw and ancillary materials and consumables	1,976,219	2,121,993
7		Finished products and goods	1,461,608	1,351,071
		Trade and other receivables	**23,200,635**	**24,351,537**
8	8ne	Trade receivables	15,715,488	16,210,281
9	9ne	Tax assets	5,020,383	5,335,473
10	10ne	Receivables from others	2,351,974	2,805,783
		Financial receivables from affiliates	**10,050,795**	**7,822,113**
11	11ne	**Cash and cash equivalents**	9,855,027	7,628,594
12	12ne	Bank and postal accounts	195,768	193,519
		Cash and valuables on hand	**36,689257**	**35,949,984**
		TOTAL CURRENT ASSETS	**100,873,793**	**100,710,275**

STATEMENT OF EQUITY AND FINANCIAL POSITION - LIABILITIES (amounts shown in Euros)

		PASSIVITA' e PATRIMONIO NETTO	31-dic-14	31-dic-13
13	13ne	**Share capital**	**20,600,000**	**20,600,000**
		Reserves	**19,863,722**	**20,123,419**
14		Share premium account	14,324,578	14,324,578
15		Revaluation reserve	196,523	196,523
16		Legal reserve	1,019,111	1,019,111
17		Other reserves	2,872,377	2,315,302
18		Consolidation reserve	1,679,365	1,679,365
19		Non-distributable IFRS first-time adoption reserve	134,886	134,886
20		Profits (losses) carried forward	(1,320,216)	(985,275)
21		Merger surplus	166,015	166,015
22		Profit (loss) for the period	791,083	1,269,914
	14ne	**GROUP NET EQUITY**	**40,463,722**	**40,723,419**
		NON-CURRENT LIABILITIES		
23	15ne	Long-term loans	15,002,890	13,387,872
24	16ne	Long-term payables to other lenders	3,215,743	3,909,080
25	17ne	Deferred taxes	3,815,308	3,823,192
		Provisions	**5,144,196**	**4,655,726**
26	18ne	Employee severance indemnity	3,985,057	3,312,559
27	19ne	Provision for Directors' indemnity at the end of their term in office	124,277	138,056
28	20ne	Provision for liabilities and charges	1,034,862	1,205,111
		TOTAL NON-CURRENT LIABILITIES	**27,178,138**	**26,331,425**
		CURRENT LIABILITIES		
		Financial payables	**9,020,754**	**10,475,399**
29	21ne	Payables to banks	1,760,000	4,782,215
30	22ne	Current share of long-term loans	6,411,146	4,843,620
31	23ne	**Current share of payables to other lenders**	849,608	849,564
		Trade and other payables	**24,211,181**	**23,735,589**
32	24ne	Trade payables	19,299,032	18,417,660
33	25ne	Payables to affiliates	9,643	-
34	26ne	Tax liabilities	467,652	333,344
35	27ne	Payables to social security authorities	825,692	859,579
36	28ne	Other payables	3,708,959	4,125,006
		TOTAL CURRENT LIABILITIES	**33,231,935**	**33,655,432**
		TOTAL EQUITY AND LIABILITIES	**100,873,793**	**100,710,275**

Cash flow statement (amounts shown in Euros)

	31-dec-14	31-dec-13
Initial cash availability	3,039,898	3,142,138
A. Cash flow from operating activities		
Profit (loss) for the year	791,084	1,269,913
Amortisation of intangible fixed assets	167,425	148,092
Depreciation of tangible fixed assets	2,925,749	3,383,458
Total depreciation, amortisation and write-downs	**3,093,174**	**3,531,550**
Employee severance indemnity accrued in the FY, net of indemnities already paid and OCI effect	345,149	(210,483)
Provision for Directors' indemnity at the end of their term in office	(13,779)	61,667
Deferred taxes	(7,884)	(29,734)
Accrual to (Use of) provision for liabilities and charges	170,249	463,405
Total net accruals	**493,735**	**284,855**
Change in net working capital		
Net trade receivables and other receivables (intra-group included)	490,578	1,850,238
Inventories	35,237	101,849
Other receivables	682,939	(119,703)
Suppliers (parent company and intra-group included)	881,372	980,525
Sundry payables	(549,732)	(844,710)
Tax liabilities	134,308	(253,634)
Total change in net working capital	**1,674,702**	**1,714,566**
Operating cash flow	**6,052,694**	**6,800,885**
B. Cash flow from (for) investing activities		
Net acquisitions of technical fixed assets	(2,107,084)	(780,541)
Financial (investments) divestments	(195,772)	4,619
Total cash flow from (for) investing activities	**(2,302,856)**	**(775,923)**
Free cash flow	**3,749,838**	**6,024,962**
C. Cash flow from change in shareholders' equity		
Dividends paid	(600,000)	(200,000)
Total cash flow from change in shareholders' equity	**(600,000)**	**(200,000)**
D. Cash flow from financing activities		
Change in medium/long-term financial payables	2,101,061	(5,927,201)
Total cash flow from financing activities	**2,101,061**	**(5,927,201)**
Total cash flows for the period	**5,290,900**	**(102,239)**
CASH AND BANKS AT YEAR-END (net of payables to banks)	**8,290,7897**	**3,039,899**
Of which bank accounts and cash on hand	10,050,795	7,822,113
Of which payables to banks	(1,760,000)	(4,782,215)
Financial charges paid	757,032	750,588
Taxes paid	803,586	1,074,000

Changes in redetermined shareholders' equity **(amounts shown in Euros)**

	at 01-jan-13	Result allocation	Dividend payment	Comprehensive net profit (loss)	Changes for the period	at 31-dec-13
Share capital	20,600,000	-	-	-	-	20,600,000
Share premium account	14,324,578	-	-	-	-	14,324,578
Revaluation reserve	196,523	-	-	-	-	196,523
Legal reserve	1,019,111	-	-	-	-	1,019,111
Other reserves	2,515,302		(200,000)	-	-	2,315,302
Consolidation reserve	1,679,365	-	-	-	-	1,679,365
Non-distributable IFRS first-time adoption reserve	134,886	-	-	-	-	134,886
Profits (losses) carried forward	(731,836)	(563,242)	-	936,940	-	(982,276)
Merger surplus	166,015		-	-	-	166,015
Profit (loss) for the period	(563,242)	563,242	-	-	1,269,914	1,269,914
Shareholders' equity	**39,340,702**	**-**	**(200,000)**	**936,940**	**1,269,914**	**40,723,419**

	at 01-jan-13	Result allocation	Dividend payment	Comprehensive net profit (loss)	Changes for the period	at 31-dec-13
Share capital	20,600,000	-	-	-	-	20,600,000
Share premium account	14,324,578	-	-	-	-	14,324,578
Revaluation reserve	196,523	-	-	-	-	196,523
Legal reserve	1,019,111	-	-	-	-	1,019,111
Other reserves	2,315,302	669,914		(112,839)	-	2,872,377
Consolidation reserve	1,679,365	-	-	-	-	1,679,365
Non-distributable IFRS first-time adoption reserve	134,886	-	-	-	-	134,886
Profits (losses) carried forward	(982,276)	-	-	(337,939)	-	(1,320,215)
Merger surplus	166,015	-	-	-	-	166,015
Profit (loss) for the period	1,269,914	(669,914)	(600,000)	-	791,082	791,082
Shareholders' equity	**40,723,419**	**-**	**(600,000)**	**(450,778)**	**791,082**	**40,463,722**

Centrale del Latte di Torino & C. S.p.A.

2014 Consolidated Financial Statements

Notes to the 2014 Consolidated Financial Statements

The Group.

The Parent Company, Centrale del Latte di Torino & C. S.p.A., incorporated and domiciled in Turin, Italy, at Via Filadelfia 220, manages, coordinates and provides general guidance for the industrial, commercial, managerial and financial policies of its subsidiary, Centrale del Latte di Vicenza S.p.A.

The Group deals with the processing, transformation and sale of:

- milk and dairy products
- packaged products in the fresh and ultra-fresh segment
- fresh vegetables.

The publication of the 2014 consolidated financial statements was authorised by the Board of Directors on 4 March 2015.

Scope of consolidation.

The line-by-line method is applied to the consolidation of equity investments in operating companies in which the Group holds a direct or indirect interest and controls the majority of voting rights or has the power to determine their financial and management policies in order to obtain the benefits of their activities.

There has been no change in the consolidation area compared to FY2013. Consequently, the financial statements for the year of Centrale del Latte di Torino & C. S.p.A. and its 100% subsidiary Centrale del Latte di Vicenza S.p.A. – Via Faedo 60 – Vicenza have been incorporated into the consolidated financial statements drawn up. Both financial statements were drawn up using the same accounting standards and approved by the respective Boards of Directors.

Consolidation techniques.

In preparing the consolidated financial statements, the assets, liabilities, costs and revenues of consolidated companies are added up line by line, attributing minority-interest shareholders their portion of net equity and the profit or loss for the period in specific items in the balance sheet and statement of comprehensive income. If control of a company is acquired during the year, the Group's share of that company's costs and revenues is recognised in the consolidated financial statements beginning on the date on which control is acquired.

The main adjustments applied in preparing the condensed consolidated interim financial statements are as follows:

- the carrying amounts of consolidated equity investments are derecognised, along with the subsidiary's net equity;
- dealings among the consolidated entities in the form of payables and receivables and costs and revenue are derecognised;
- the difference between the price of the equity investment and the present value of the acquiree's assets and liabilities at the acquisition date is recognised among intangible assets.

Structure and content of the accounting schedules.

The financial statements at 31 December 2014 consist of the consolidated statement of financial and equity position, consolidated statement of comprehensive income, consolidated cash flow statement, statement of changes in equity and explanatory notes.

The statement of comprehensive income is presented separately from the income statement, with the latter drafted on the basis of classifying costs by nature. The consolidated cash flow statement is presented using the indirect method.

The consolidated financial statements at 31 December 2014, the accounting schedules and the pertinent notes are in Euros.

Audit

The consolidated financial statements at 31 December 2014 are subject to audit by KPMG S.p.A..

Accounting and assessment standards

The consolidated financial statements at 31 December 2014 were drafted in accordance with *the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB)* and approved by the European Union, and as required by the measures enforcing article 9 of Legislative Decree no. 38/2005. They were drafted on a going concern basis. IFRS also *include the International Accounting Standards (IAS)*, still in force, as well as all the interpreting documents issued by *the International Financial Reporting Interpretations Committee (IFRIC), previously named Standing Interpretations Committee (SIC).*

These consolidated financial statements were drafted in continuity with the standards applied in the previous FY, except for the new features introduced by the new amendments, indicated below, in force as of 2014.

The following accounting standards and amendments were adopted by the Group as from 1 January 2013:

- Amendments to IAS 19 – Employee benefits.
- IFRS 13 – Fair value measurement;
- Amendments to IAS 1 – Presentation of the financial statements. Presentation of items of other comprehensive income;
- Amendments to IFRS – Financial instruments: supplementary information on offsetting financial assets and financial liabilities;
- Amendment to IAS 1 – Presentation of financial statements (within the 2009-2011 cycle of Annual Improvements to IFRS);
- Amendments to IAS 12 Income taxes – Deferred tax: recovery of underlying assets

Accounting standards, amendments and interpretations effective from 01 January 2013 and not relevant to the Group:

- Amendments to IFRS 1 First-time adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRIC 20 – Stripping costs in the production phase of a surface mine
- Amendments to IFRS 1 – First-time adoption of IFRS – Public loans

New documents effective in subsequent years but not yet adopted in advance by the Group:

- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 Disclosure on interest in other entities

Determination of Fair value

A number of accounting standards and disclosure obligations require companies to determine the fair value of financial and non-financial assets and liabilities.
IFRS 7 requires that changes in fair value – recognised in the statement of financial position – be classified on the basis of a hierarchy that reflects the significance of the inputs used to determine fair value. The classification uses three levels:

- Level 1 - quoted prices in active markets for the assets or liabilities being measured;
- Level 2 – input data other than quoted prices included in the previous paragraph, which are observable either directly or indirectly;
- Level 3 – input data not based on observable market data.

In the financial statements, *fair value* measurements are classifiable under Levels 2 and 3, and mainly regard the determination of the fair value of the property that houses the headquarters of Centrale del Latte di Vicenza (type 2), the brands Centro Latte Rapallo Latte Tigullio and Centrale del Latte di Vicenza, and the fair value of the systems in use at Centrale del Latte di Vicenza, as well as other measurements concerning financial assets/liabilities.

In drafting the consolidated financial statements for FY 2009 at 31 December 2014, a number of assessments, estimates and hypotheses were formulated that have an impact on the application of the accounting standards and on the amounts of the assets, liabilities, costs and revenue indicated in the financial statements. The estimates and assumptions are based on previous experience and on other factors considered reasonable in the relevant cases, and were adopted in order to estimate the book value of assets and liabilities that could not readily be deduced from other sources. It should be noted, however, that these are estimates and therefore the final figures may differ from the estimated figures. The main estimates used by the Company concern the assessments to show provisions for credit risk, inventory obsolescence, amortisation and depreciation, write-downs of assets, employee benefits, taxes, and provisions for liabilities and charges.
These estimates and assumptions are revised regularly. Any changes deriving from the revision of accounting estimates are shown in the period in which the revision takes places, where the revision affects that period only. Where the revision affects both the current and future periods, the change is shown in the period in which the revision took place and in the relevant future periods.
The accounting standards and assessment criteria are illustrated below.

Intangible fixed assets

Intangible fixed assets can have a definite useful life, or an indefinite useful life if the length of the period during which said assets are able to generate positive cash flows cannot be readily predicted.

These fixed assets are entered as credit in the statement of financial position when it is likely that the use of the assets will determine future economic benefits and when the cost of the assets can be reliably determined. They are entered at contribution value, at acquisition price or production cost, inclusive of any ancillary expenses.

Further to initial booking:

- Intangible assets with definite useful lives are amortised systematically on the basis of their expected future use so that the net amount at period end corresponds to their residual use or recoverable amount according to company production plans. Amortisation begins when the asset becomes available for use;
- Intangible assets with an indefinite useful life are entered at the cost adjusted for impairment; they are therefore not amortised, but are subjected to *impairment* tests at least once a year.

The line item "Goodwill" represents the *fair value* of the payment transferred, plus the amount recognised of any equity investments held by third parties in the company purchased, less the net amount recognised (usually the *fair value*), of the identifiable assets purchased. Goodwill is tested for impairment on an annual basis or more frequently if events that may result in impairment losses have occurred.

The "*software*" category includes the group operating system, used to manage all company activities.

Tangible fixed assets

Tangible fixed assets are recognised at purchase cost, plus any directly attributable accessory expenses required to prepare the asset for use and less commercial allowances or discounts. The period-end amount is net of accumulated depreciation.

The depreciation charges recognised in the statement of comprehensive income have been calculated systematically and consistently according to rates deemed representative of the estimated economic and technical lives of the assets, as illustrated below:

· Buildings	2%- 4% -3%
· Light constructions	10%
· General plants	10%-5%
· Specific plants	5% - 16%
· Equipment	20%-10%
· Office furniture and ordinary equipment	12%-5%
· Electronic equipment	20%-15%
· Motor vehicles and internal means of transport	20%
· Motor vehicles	25%
· Isothermal vans	16%

The depreciation period begins from the financial year in which the asset is available for use.

Land is not depreciated, as it is presumed to have an indefinite useful life.

The land on which the Group's facilities stand was measured at *fair value* by independent experts during the transition to international accounting standards.

Profits and losses deriving from the divestment or sale of fixed assets, calculated with reference to their book value, are entered among operating income and expenses on the statement of comprehensive income. Maintenance and repair costs are charged to the statement of comprehensive income for the financial year in which they were incurred, except for those of an incremental nature, which are charged to the fixed assets they refer to and are amortised on the basis of their residual use. Expenses of an incremental nature are those for which the pertinent future benefits are likely to be for the company.

Assets held through financial *leasing* contracts through which are substantially transferred all the risks and benefits linked to ownership are initially shown as tangible fixed assets at their *fair value*, or, if lower, at the current value of the minimum payments due for the leasing contract and subsequently depreciated in relation to the relative useful life. The corresponding liability owed to the lessor is entered in the financial statements among payables to other lenders.

Impairment of fixed assets

Tangible fixed assets, intangible fixed assets and other non-current assets are periodically subjected to impairment tests, each time circumstances indicate that they may be impaired. Excepted from this are intangible fixed assets with an indefinite useful life and goodwill, both subjected to i*mpairment* tests at least once a year, as provided for by IAS 36. The value of a fixed asset is reduced if its net carrying amount exceeds its recoverable amount, which is defined as the greater of its net market value (*fair value* less costs to sell) and current *value in use.*

Financial instruments

Equity investments carried at equity

These are equity investments in affiliates that are measured according to the equity method in the consolidated financial statements on the basis of the most recently approved financial statements available, adjusted to ensure they are consistent with international accounting standards.

Other financial assets

Equity investments in other companies are carried at *fair value*. Profits and losses deriving from changes in fair value are charged directly to net equity (*fair value* reserve) until they are transferred or become impaired; in which case overall profits and losses are charged to the income statement for the period. When *fair value* cannot be reliably determined, equity investments are carried at the cost adjusted for impairment, the effect of which is recognised in the income statement.

Stocks widely traded on regulated markets are entered at fair value, with reference made to the stock price registered at close of trading on the closing date of the period, with variations in fair value recorded in the statement of comprehensive income if held for trading.

Financial assets and liabilities

Financial assets and liabilities are initially recognised at their fair value, plus any directly attributable transaction costs, whereas subsequent measurements are conducted using the amortised cost method.

Trade receivables and payables

Trade receivables, which are set to come due under normal commercial terms, are presented at their presumed realisable values.

Trade payables, which are set to come due under normal commercial terms, are recognised at their face values.

Cash and cash equivalents

These include bank deposits and cash holdings carried at par value.

Inventories

They are entered at whichever is lower between the purchase cost and the market value. For finished products, cost is determined on the basis of the average acquisition cost of raw materials, plus direct production costs and overheads directly attributable to the product. For marketed products, raw materials and consumables, the weighted average cost for the year is used. The net market value is determined on the basis of sales prices net of sales costs.

Accruals and deferrals

These are calculated using the accrual accounting method and in application of the matching principle that offsets revenues against expenses for the same financial year. They include costs or revenues common to two or more financial years and are entered under other receivables and other payables.

Employee benefits – Employee severance indemnity

Employee severance indemnity is compulsory for Italian companies under Law 297/1982. Effective from 1 January 2007, the decrees implementing the budget act introduced considerable changes in the rules governing employee severance indemnity, including the worker's choice of how to allocate future accruals. In particular, workers may allocate new accruals to specific pension plans or keep them with their employers (in which case the Company pays employee severance indemnity accruals into a treasury account with the INPS). The amendment of the law has resulted in the transformation of the nature of the employee severance indemnity from a defined-benefit plan to a defined-contribution plan for future accruals, whereas it continues to be regarded as defined-benefit plans for accruals prior to 31 December 2006.

Actuarial gains and losses are shown in the statement of comprehensive income – OCI, net of the fiscal effect and charged to net equity.

Provision for liabilities and charges

These provisions are entered into the financial statements when the Group has a legal or implicit obligation to pay particular amounts, as a result of past events, and it is probable that a financial outflow will be required from the Group in order to settle the obligation. These amounts are recognised in the financial statements only when it is possible to carry out a reliable estimate of the pertinent amount.

Contingencies which represent only possible liabilities are described in the notes, in the section of the comments on provisions.

In the event of merely remote events, i.e. events that are highly unlikely to occur, no provision is recognised, nor is any relevant information provided.

Provisions are presented at the current amount of expected outlays where the discount effect is material.

Revenue

Revenue is carried at the *fair value* of the payment received or owed, net of any discounts, refunds, credits, and bonuses.

Revenue on the sale of an asset is recognised when the entity has substantially transferred all risks and rewards of ownership of that asset to the buyer.

Revenue on services rendered is recognised when the degree of completion of the transaction at the reporting date for the financial statements may be reliably determined according to the date of accrual of the service.

Public contributions

Contributions are entered into the financial statements only when it is reasonably certain that the company will comply with the conditions set for receiving the contribution and that those contributions will effectively be received. Public contributions for plants are entered as deferred revenues and are systematically charged as income to the income statement during the useful life of the asset they refer to.

Contributions for current expenses are carried to the income statement in the financial year in which the conditions exist for their recognition.

Costs

Costs are carried at the *fair value* of the amount paid or payable.

They are entered into the financial statements on an accrual accounting principle, net of returns, discounts, premiums and bonuses.

Financial income and expenses

Financial expenses incurred for investments in assets for which a set period of time is normally required for the asset to be ready for use or sale (*qualifying assets*), are capitalised and amortised through the useful life of the class of assets they refer to. Financial income and other expenses are shown and entered in the financial statements on an accrual accounting principle.

Taxes

Taxes payable for the period are determined in accordance with the current fiscal regulations.

Deferred taxes are calculated on temporary differences between the recognised amounts of assets and liabilities and the amounts of those assets and liabilities for tax purposes. Deferred tax assets are only recognised where it is likely that the entity will earn taxable income against which it may set off the temporary deductible difference. Deferred tax liabilities are recognised on all the temporary taxable differences. In addition, the tax consolidation program governed by Presidential Decree 971/86, amended by Legislative Decree 344/2003, was introduced in 2005. The program allows for optional group taxation, which consists of determining a single taxable group income for the ultimate parent company corresponding to the algebraic sum of the net total incomes of participants and thus a single income tax for Group companies.

The companies that joined the tax consolidation regime are the Parent Company Centrale del Latte di Torino & C. S.p.A. and Centrale del Latte di Vicenza S.p.A. The option is valid for three financial years from the one that closed at 31 December 2014.

Segment reporting

The organisation of the Group is based on a single business segment for the production and sale of food products.

EPS

Earnings per share are calculated by dividing earnings by the weighted average number of shares outstanding during the period. It is presented at the foot of the statement of comprehensive income

BREAKDOWN OF ASSETS

NON-CURRENT ASSETS

Tangible fixed assets (1ne)

Changes in tangible fixed assets and the pertinent provisions are broken down in the tables below:

TANGIBLE FIXED ASSETS	Land	Buildings	Plant and machinery	Industrial, commercial and other equipment	Total	Fixed assets under development	Totals
Historical cost	**11,687,533**	**33,430,607**	**46,390,538**	**9,776,839**	**101,285,928**	**374,294**	**101,660,222**
Accumulated depreciation		(11,736,407)	(29,316,397)	(7,950,538)	(49,003,664)	-	(49,003,664)
Initial amount	**11,687,533**	**21,694,199**	**17,074,139**	**1,826,301**	**52,282,265**	**374,294**	**52,656,559**
Reclassifications	-	-	(8,690)	2,607	(6,083)	-	(6,083)
Acquisitions	-	72,952	901,334	824,800	1,799,084	308,000	2,107,084
Transfers	-	8,304	365,990	-	374,294	(374,294)	-
Disposals and eliminations	-	-	(487,744)	(494,188)	(981,931)	-	(981,931)
Use of provisions	-	-	420,882	400,177	821,060	-	821,060
Depreciation	-	(839,488)	(1,576,065)	(510,196)	(2,925,749)	-	(2,925,749)
Final amount	**11,687,533**	**20,935,967**	**16,689,846**	**2,049,504**	**51,362,850**	**308,000**	**51,670,850**

Changes in accumulated depreciation of tangible fixed assets:

TANGIBLE FIXED ASSETS	Buildings	Plant and machinery	Industrial, commercial and other equipment	Total
Initial amount	**11,736,407**	**29,316,397**	**7,950,538**	**49,003,665**
Depreciation	839,488	1,576,065	510,196	2,925,749
Use of provisions	-	(420,882)	(400,178)	(821,060)
Final amount	**12,575,895**	**30,471,581**	**4,127,794**	**51,108,031**

Tangible fixed assets include the net book value of machinery under finance *lease contracts* for € 6,615,483.

A first mortgage on the land and buildings belonging to Centrale del Latte di Vicenza S.p.A., with a net book value at 31 December 2014 of 22,862,635 was posted as a guarantee for securing the loan received, as indicated in the comment on financial payables.

The fair value of the land and buildings belonging to Centrale del Latte di Vicenza was subjected to an impairment test on 31 December 2014. The recoverable value was calculated based on the fair value net of divestment costs, estimated using the method of comparable market data identifiable in the area (Level 2), by means of comparison with similar portions of property in terms of use and location or in some way comparable to the building under examination recently disposed of or for sale. The amounts identified by transactions carried out, or in the case of properties for sale, the amounts requested, reduced by the pertinent negotiation margin generally applied in the specific market area, were assessed in accordance with the various characteristics of *comparables* found compared to the buildings under examination

The recoverable value thus calculated is superior to the book value of approx. € 1.9 million.

The *fair value* of the systems, machinery and equipment belonging to Centrale del Latte di Vicenza was subjected to an *impairment* test on 31 December 2014. The recoverable value was calculated based on the fair value net of divestment costs estimated using the cost method". This method is based on the hypothetical replacement of the asset to be estimated with a comparable new asset. This method makes it possible to calculate the "maximum value", identified as how much it would cost to replace the asset, either with exactly the same asset, or alternatively, if less expensive, with an asset that has compatible characteristics and production capacity. The *fair value* has been classified as Level 3, based on the parameters used in the measurement techniques applied.

The recoverable value thus calculated is superior to the book value by approx. € 200 thousand.

Intangible fixed assets (2ne)

Changes in intangible fixed assets and the pertinent provisions are broken down in the tables below:

	Trademarks	Goodwill	Software	Total
Historical cost	11,126,670	350,078	740,462	12,217,210
Accumulated amortisation	-	-	(440,272)	(440,272)
Initial amount	**11,126,670**	**350,078**	**300,190**	**11,776,938**
Acquisitions	-	-	96,663	96,663
Disposals and eliminations	-	-	(167,425)	(167,425)
Final amount	**11,126,670**	**350,078**	**229,428**	**11,706,176**

In view of the market shares, the huge investments made and how well known the Group's and Company's brands are, they are therefore considered as having an indefinite useful life

The brands with an indefinite useful life "Centro Latte Rapallo", "Latte Tigullio" and "Centrale del Latte di Vicenza" were subjected to an impairment test on 31 December 2014. The recoverable value of the brands is based on the *fair value* net of divestment costs, estimated using the differential results method, i.e. calculating the income the company would have to forego without the intangible asset, or the income the company could obtain from third parties for the use of the intangible asset (*premium price*). *Fair value* has been classified as Level 3, based on the parameters used in the measurement techniques applied.

The primary assumptions used in calculation of the recoverable value are indicated here below: The values assigned to the various assumptions reflect the company's assessment of the future performance of the main products dealt with, in terms of quantity and price, and are based both on internal (2014-2016 business plan) and external sources.

- Mean price differential per litre (brand products vs non-brand products): 87%
- Discount rate: 13,15%

The *premium price* mean income has not varied significantly during the five years of the plan, and the terminal value has been prudently determined by assuming a growth rate of zero.

The recoverable value thus calculated is superior to the book value by approx € 7.132 milioni di Euro.

Financial fixed assets (3ne)

In 2014 the Company acquired a 50%-equity investment in the capital of Odilla Chocolat S.r.l.. The company was registered with Companies' House on 29 July 2014 and is therefore to be considered a start-up. The company adopted in 2014 the Sole Director system, with full powers regarding deeds and ordinary and extraordinary business entrusted to Mr. Gabriele Maiolani.

The equity investment is carried at cost for € 200 thousand.

Equity investments in affiliates refer to Odilla Chocolat S.r.l. in Turin and GPP S.r.l in Genoa.

	Equity investments in affiliates	Equity investments in other companies	Totals
Initial amount	**45,000**	**20,507**	**27,263,835**
Decreases	-	-	-
Increases	**200,000**	**-**	**-**
Final amount	**245,000**	**20,507**	**27,263,835**

List of other financial equity investments (4ne)

Equity investments in other companies are broken down in the table below:

	31/12/2014	31/12/2013
Capitalimpresa S.p.A.	14,500	18,718
Consorzio CFV	1,700	1,700
Other equity investments individually worth less than one thousand euro	2,156	2,166
Total equity investments in other companies	**18,356**	**22,584**

Deferred tax assets (5ne)

The following table illustrates the changes in the temporary differences that gave rise to deferred tax assets:

	31/12/2013	Increases	Decreases	31/12/2014
Allocation to taxed provisions for risks	485,000	45,000		530,000
Amortisation recovered further to audit	133,000	-	(10,550)	122,450
Tax recovery of depreciation of buildings	109,382	-	-	109,382
Membership fees	20,921	-	-	20,921
Remuneration of directors	96,380	82,763	(96,380)	82,763
Supplementary customer indemnity	6,009	-	(5,634)	375
Adjustment of employee severance indemnity to present value	-	457,775	-	457,775
	850,692	**585,538**	**(112,564)**	**1,323,666**

Deferred tax assets were calculated on temporary differences for the year and the final amount of those differences, net of amounts recovered in 2013, by applying the IRES (corporate income tax) rate of 27.5% and the IRAP (regional production tax) rate of 3.9%. The following table illustrates the changes in deferred tax assets:

	31/12/2013	Increases	Decreases	31/12/2014
Allocation to taxed provisions for risks	154,301	14,130	-	168,431
Amortisation recovered further to audit	45,336	-	(3,313)	42,023
Tax recovery of depreciation of buildings	34,347	-	-	34,347
Remuneration of directors	21,042	22,760	(26,506)	17,296
Supplementary customer indemnity	2,212	-	(4,401)	(2,189)
Membership fees	6,259	-	-	6,259
Adjustment of employee severance indemnity to present value	-	138,351	-	138,351
	263,498	**175,241**	**(34,219)**	**404,519**

Financial receivables from affiliates (6ne).

The financial receivable from affiliates amounted to € 139,635 and regarded the affiliate GPP S.r.l.

CURRENT ASSETS

Inventories (7ne)

Inventories at 31 December 2014 amounted to € 3,437,827. They were broken down as follows:

	31/12/2014	31/12/2013	Change
Raw and ancillary materials and consumables	1,976,219	2,121,993	(145,774)
Finished products and goods	1,461,608	1,351,071	110,537
	3,437,827	**3,473,064**	**(35,237)**

Trade receivables (8ne)

Trade receivables, all of which were due within one year, came to € 15,715,488 at 31 December 2014, derive from normal commercial sales transactions and have been presented net of the associated provisions for impairment. In further detail, the provisions allocated to account for receivables claimed in bankruptcies have been fully and directly applied to decrease the amounts of the associated assets, reducing those amounts to zero.

The following table provides a breakdown of provisions for impaired receivables and changes in those provisions during 2014:

	31/12/2014	31/12/2013	Change
Taxed provision for impaired receivables	575,053	530,053	45,000
0.5% provision for bad debts	517,207	567,588	50,381
	1,092,260	**1,097,641**	**95,381**

Tax assets (9ne)

	31/12/2014	31/12/2013	Change
VAT receivable	4,000,378	4,189,435	(189,058)
Direct taxes	991,271	1,115,913	(124,642)
Employee severance indemnity withholdings	28,734	30,125	(1,391)
Total tax assets	**5,020,383**	**5,335,473**	**(315,091)**

Other receivables (10ne)

Receivables from others include:

	31/12/2014	31/12/2013	Change
Receivables for performance guarantees received securing the payment of the surtax in accordance with Law 486/92 (milk quotas)	1,479,927	1,726,704	(246,777)
Credits to be received	223,505	275,721	(52,216)
Advances to suppliers	171,404	5,625	165,778
Accrued income and prepaid expenses	169,759	194,424	(24,665)
Receivables from distributors	125,051	471,160	(346,109)
Miscellaneous	75,673	36,038	39,635
Deposits	58,077	46,852	11,225
Advances on salaries	19,543	13,570	5,973
Miscellaneous	75,673	36,038	39,635
Receivables from social security institutions	15,280	20,332	(5,053)
Loans to employees	13,756	15,356	(1,600)
Total other receivables	**2,351,974**	**2,805,783**	**(453,809)**

For the receivables for performance guarantees received to secure payment of the milk quotas, the company posted a payable for surtaxes as per Law no. 486/92 (milk quotas) of substantially the same amount to "other payables".

Accrued income and prepaid expenses

The following table illustrates the breakdown of accrued income and prepaid expenses:

	31/12/2014	31/12/2013	Change
PREPAID EXPENSES			
Maintenance fees	64,884	62,501	2,383
VAT guarantee policies	58,060	33,043	25,017
Multiannual charges on loans	36,121	43,767	(7,646)
Lieu tax	5,110	10,990	(5,880)
Personnel costs	2,383	2,383	-
Leases	2,233	21,231	(18,998)
Other costs	-	2,205	(2,205)
Advertising costs	-	(3,906)	-
TOTAL PREPAID EXPENSES	**168,790**	**180,025**	**(11,235)**
ACCRUED INCOME			
Interest on bank accounts	969	14,400	(13,431)
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	**169,759**	**194,425**	**(24,666)**

Cash and cash equivalents (11ne+12ne).

Cash and cash equivalents, all of which are freely available, came to € 10,050,795 and are presented in the schedule that illustrates financial position in the analysis of financial payables.

BREAKDOWN OF LIABILITIES

NET EQUITY

Share capital (13ne)

Share capital, fully subscribed and paid-up, came to € 20,600,000, divided into 10,000,000 shares with a par value of € 2.06.

Changes in the Group's net equity are illustrated in the specific schedule of the consolidated financial statements at 31 December 2014.

Availability and eligibility for distribution of equity reserves

	31/12/2014	Nature	Use	Available	Eligible for distribution
Share capital					
Share premium account		Profits/capital	-	YES	NO
Revaluation reserve		Profits/capital	-	YES	YES
Legal reserve		Profits/capital	-	YES	YES
Other reserves		Profits/capital	YES	YES	YES
Non-distributable IFRS first-time adoption reserve		Profits/capital	-	NO	NO
Profits (losses) carried forward		Merger	-	NO	NO
Merger surplus		Merger	-	NO	NO
Merger difference		Merger	-	NO	NO
Profit (loss) for the period		Profits/capital	-	YES	YES

The following schedule reconciles the profit or loss for the period and net equity of the Parent Company with the profit or loss for the period and net equity in the consolidated financial statements:

	Result for the period	Shareholders' equity
Balances from accounting schedules at 31 December 2014	**1,414,153**	**43,224,074**
of Centrale del Latte di Torino & C. S.p.A.		
Result for the year of Centrale del Latte di Vicenza S.p.A.	(623,071)	24,479,897
Derecognition of equity investments in companies within the scope of consolidation	-	(27,198,328)
Other consolidation adjustments	-	(41,921)
Balances as consolidated accounting schedules at 31 December 2014	**791,082**	**40,463,722**

NON-CURRENT LIABILITIES

Financial payables (15ne+16ne+21ne+22ne+23ne)

The following is an analysis of the items that comprise the Company's financial indebtedness, sub-divided by maturity.

Financial payables to banks and other lenders amounted to € 27,239,387, of which € 1,760,000 for payables to banks not linked to loans; the remaining financial payables are broken down as follows:

	Within 12 months	Within 5 years	Over 5 years	Total payables over 1 year	Total payables
Payables to banks for loans	**6,411,146**	**10,760,033**	**4,242,857**	4,242,857	21,414,036
Payables to other lenders	849,608	2,150,347	1,065,396	3,215,743	4,065,351
Totals	**7,260,754**	**12,910,380**	**5,308,253**	**7,458,600**	**25,479,387**

The item "payables to other lenders" refers to finance lease contracts.

Medium/long-term loans are broken down as follows:

Issuer	Amount granted	Amount Funds disbursed	Residual debt	Last deadline	Guarantees
Deutsche Bank S.p.A. Euribor rate 3 months + 0.80	**2,500,000**	**2,500,000**	**312,500**	**14/03/15**	---
Credito Emiliano S.p.A. Euribor rate 6 months + 1.60	**1,000,000**	**1,000,000**	**171,069**	**29/04/15**	---
Credito Emiliano S.p.A. Euribor rate 3 months + +1.10	**1,005,000**	**1,005,000**	**1,005,000**	**24 July 2015**	---
Monte dei Paschi di Siena S.p.A. Euribor rate 6 months + 0.70	**2,000,000**	**2,000,000**	**207,667**	**30/06/15**	---
Banca Sella S.p.A. Euribor rate 3 months + 3.25	**1,500,000**	**1,500,000**	**516,269**	**1/10/15**	---
Banca del Piemonte S.p.A. Rate: 2.55	**300,000**	**300,000**	**201,306**	**31/12/15**	---
Unicredit S.p.A. Euribor rate 3 months + 1.85	**2,000,000**	**2,000,000**	**909,900**	**30/09/16**	---
Credito Emiliano S.p.A. Euribor rate 3 months + +2.65	**1,500,000**	**1,500,000**	**1,500,000**	**31 Dec 2016**	Personal guarantee
Deutsche Bank S.p.A. Euribor rate 1 month + 2.25	**1,500,000**	**1,500,000**	**1,125,000**	**25/03/17**	---
Banca Regionale Europea S.p.A. Euribor rate 6 months + 0.80	**2,500,000**	**2,500,000**	**1,528,976**	**08/09/17**	---
Banca Regionale Europea S.p.A. Euribor rate 3 months + 2.50	**1,000,000**	**1,000,000**	**919,695**	**30/09/16**	Patronage controllante
Banco Popolare S.c.p.a. Euribor rate 6 months +3.9	**1,780,000**	**1,780,000**	**1,557,500**	**15/06/18**	---
Banca Passadore S.p.A. Euribor rate 6 months + 3.0	**2,500,000**	**2,500,000**	**2,500,000**	**1/01/19**	---
Cariparma S.p.A. Euribor rate 3 months + 3.00	**1,000,000**	**1,000,000**	**860,155**	**14/01/19**	----
Unicredit Banca d'Impresa S.p.A. Euribor rate 6 months + 1.80	**10,000,000**	**10,000,000**	**6,000,000**	**30/06/25**	Mortgage on an owned property in Vicenza for € 20 million
Unicredit Banca d'Impresa S.p.A. Euribor rate 6 months + 2.75	**3,000,000**	**3,000,000**	**2,100,000**	**30/06/25**	Mortgage on an owned property in Vicenza for € 20 million

The following table presents total residual debt, broken down by maturity:

	within 12 months	Within 5 years	over 5 years	Totals
Unicredit Banca d'Impresa	1,284,099	3,481,943	4,242,857	9,008,899
Credito Emiliano S.p.A.	1,926,069	750,000	-	2,676,069
Banca Passadore & C. S.p.A.	-	2,500,000	-	2,500,000
Banca Regionale Europea S.p.A.	826,415	1,622,256	-	2,448,671
Banco Popolare S.c.p.a.	445,000	1,112,500	-	1,557,500
Deutsche Bank S.p.A.	812,500	625,000	-	1,437,500
Cariparma S.p.A.	191,822	668,333	-	860,155
Banca Sella S.p.A.	516,269	-	-	516,269
Monte dei Paschi di Siena S.p.A.	207,667	-	-	207,667
Banca del Piemonte S.p.A.	201,306	-	-	201,306
	6,411,146	**10,760,033**	**4,242,857**	**21,414,036**

Payables to other lenders can be broken down as follows:

	within 12 months	Within 5 years	over 5 years	Total over 1 year	Totals
Finance lease payables	849,608	2,150,347	1,065,396	3,215,743	4,065,351

Finance lease payables refer to leases of plant and equipment.

Financial position.

The following table contains an illustration of the Company's net financial position at 31 December 2014 in accordance with the requirements of CONSOB Notice No. DEM/6264293 of 28 July 2006 and the CESR's recommendations of 10 February 2005, CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No. 809/2004:

	31/12/2014	31/12/2013	Change
Cash and cash equivalents (11ne+12ne)	10,050,795	7,822,113	2,228,682
Total current financial assets	**10,050,795**	**7,822,113**	**2,228,682**
Payables to banks (21ne)	(1,760,000)	(4,782,215)	(3,022,215)
Current share of medium/long-term loans (22ne)	(6,411,146)	(4,843,620)	2,123,082
Current share of payables to other lenders (23ne)	(849,608)	(849,564)	44
Total current financial liabilities	**(9,020,754)**	**(10,475,399)**	**(899,089)**
Payables for medium/long-term loans (15ne)	(15,002,890)	(13,387,872)	1,059,462
Payables to other lenders for medium/long-term loans (16ne)	(3,215,743)	(3,909,080)	(693,337)
Total non-current financial liabilities	**(18,218,633)**	**(17,296,952)**	**366,125**
Total financial liabilities	**(27,239,387)**	**(27,772,351)**	**(532,964)**
Net financial position	**(17,188,592)**	**(19,950,238)**	**(1,695,718)**

Loan covenants

Loan issued by Unicredit Banca d'Impresa S.p.A. to Centrale del Latte di Vicenza S.p.A., set to mature on 30 June 2025, currently in the prepayment period, with an outstanding balance of € 6 million at 31 December 2014:

ratio of the borrower's net financial indebtedness to its net equity is not to exceed 1.5 at 31 December of each year.

Loan issued by Unicredit Banca d'Impresa S.p.A. to Centrale del Latte di Vicenza S.p.A., set to mature on 30 June 2025, with an outstanding balance of € 2.100 million at 31 December 2014: ratio of the borrower's net financial indebtedness to its net equity is not to exceed 1.3 at 31 December 2011 and 1.25 up to maturity. At 31 December 2014, the parameters indicated above were complied with.

Deferred taxes (17ne)

The following table illustrates the changes in the provisional differences that gave rise to deferred taxes:

	31/12/2013	Increases	Decreases	31/12/2014
Trademarks	10,512,843	-	-	10,512,843
Measurement of land	1,663,000	-	-	1,663,000
Elimination of tax interference – accelerated amortisation	56,295	-	(25,109)	31,186
	12,232,138	**-**	**(25,109)**	**12,207,029**

Deferred tax liabilities have been calculated on temporary differences for the year and the final amount of those differences, net of amounts recovered in 2014, by applying the IRES (corporate income tax) rate of 27.5% and the IRAP (regional production tax) rate of 3.9%. The following table illustrates the changes in deferred tax liabilities:

	31/12/2013	Increases	Decreases	31/12/2014
Trademarks	3,159,917	-	-	3,519,917
Measurement of land	522,183	-	-	522,183
Elimination of tax interference – accelerated amortisation	141,092	-	(7,884)	133,208
	3,823,192	**-**	**(7,884)**	**3,815,308**

Long-term provisions

Employee severance indemnity (18ne)

At 31 December 2014 the severance indemnity amounted to € 3,985,057.

Initial amount – 31 December 2013	**3,312,559**
Service cost	227,993
Interest cost	106,856
Decreases and uses	(68,599)
Effetto cambiamento tassazione su rivalutazione	(53,380)
Actuarial loss (income) via OCI	459,628
Final amount 31 December 2014	**3,985,057**

Actuarial gains and losses are shown in the statement of comprehensive income – OCI, net of the fiscal effect and charged to net equity.

The key actuarial assumptions pertain to the technical interest rate, inflation rate and the revaluation rate for salaries and employee severance indemnity. Technical assessments were conducted on the basis of the assumptions set forth below:

- technical annual discount rate 1.50%
- annual inflation rate 1.75%
- annual rate of severance indemnity increase 2.81%

The *Iboxx Eurozone Corporates* AA 10 + index was used as the discount rate.

Sensitivity analysis

Il verificarsi di variazioni ragionevolmente possibili nelle ipotesi attuariali alla data di chiusura dell'esercizio, avrebbero avuto i seguenti effetti sull'obbligazione a benefici definiti:

31 December 2014	Annual discounting rate		Annual inflation rate		Annual turnover rate	
thousands of euros	0.50%	-0.50%	0.25%	-0.25%	1.00%	-1.00%
Defined benefit obligation	3,813	4,170	4,034	3,937	3,981	3,991

Provision for indemnities for Directors at the end of their term in office (19ne).

The provision for indemnities for Directors at the end of their term in office amounted to € 127,277. The methods of calculation used are set out in the Report on Corporate Governance.

	31/12/2013	Increases	Decreases	31/12/2014
Provision for Directors' indemnity at the end of their terms in office	138,056	61,221	72,000	127,277

Provision for liabilities and charges (20ne)

The provision for liabilities and charges is broken down as follows:

	31/12/2013	Increases	Decreases	31/12/2014
Provision for risks – milk quotas	25,631	-	-	25,631
Provision for future capital losses	1,042,509	-	163,636	878,872
Provision for customer indemnities	136,971	17,347	-	154,318
	1,205,111	**17,347**	**163,636**	**1,058,822**

The provision for future capital losses contains approx. € 600 thousand allocated for the Enasarco dispute (see the paragraph on "other risks" at the bottom of the Notes).

CURRENT LIABILITIES

Short-term payables to banks (21ne- 22ne) totalled € 1,760,000 and related to uses of credit lines and current shares for mortgages.

Current share of payables to other lenders (23ne) amounted to € 849,608.

Trade payables (24ne) amounted to € 19,299,032, all payable by year-end.

Payables to affiliates (25ne) amounted to € 9,643.

Tax liabilities (26ne) came to € 467,652 and comprise the following line items:

	31/12/2014	31/12/2013	Change
Payables for employees' withholding taxes	227,172	186,954	40,218
Payables for income taxes	210,984	99,055	111,929
Withholdings payable on independent contractors' fees	29,496	47,335	(17,839)
	467,652	**333,344**	**134,308**

Payables to social security authorities (27ne) consist of social-security contributions payable on wages and salaries and the contribution associated with the separate management of coordinated ongoing independent contractors in the total amount of € 825,692.

The item "other payables" (28ne) includes:

	31/12/2014	31/12/2013	Change
Payables for wages and salaries	1,608,840	1,596,210	12,630
Surtaxes payable under Law 486/92 (milk quotas)	1,526,427	1,778,154	(251,727)
Accrued liabilities and deferred income	352,229	410,380	(58,151)
Payables for remuneration of directors and auditors	78,883	208,647	(129,764)
Withholdings from milk producers payable under Law 88/88	77,974	77,974	-
Other payables	62,317	34,109	28,208
Employee union withholdings	2,262	6,954	(4,692)
Security deposits received	-	12,578	(12,578)
	3,708,959	**4,125,006**	**(416,047)**

Accrued liabilities and deferred income are broken down as follows:

	31/12/2014	31/12/2013	Change
DEFERRED INCOME			
Grants for current expenses	209,018	223,038	(14,020)
Other	69,644	151,623	(81,979)
Total deferred income	**278,662**	**374,661**	**(95,999)**
ACCRUED LIABILITIES			
Interest on bank loans	73,567	32,360	41,207
Other charges	-	3,360	(3,360)
Total accrued liabilities	**73,567**	**35,720**	**37,847**
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	**352,229**	**410,381**	**(58,152)**

COMMITMENTS AND OTHER CONTINGENT LIABILITIES

At 31 December 2014 there were no commitments and other contingent liabilities not shown in the financial statements, except for potential liabilities that could derive from the ENASARCO dispute, which are detailed under the heading "other risks".

BREAKDOWN OF INCOME STATEMENT ITEMS

REVENUE

Revenue from sales and services (1ene)

Breakdown of sales by turnover segment (1ene):

	31/12/2014		31/12/2013		Change	
Fresh milk	42,190,722	42%	43,750,217	45%	(1,559,495)	-4%
UHT milk	20,738,230	21%	19,265,966	19%	1,472,263	8%
Yogurt	7,843,408	8%	8,077,139	9%	(233,731)	-3%
Fresh vegetables	4,690,778	5%	4,732,696	5%	(41,918)	-1%
Bulk milk and cream	3,809,897	4%	3,687,378	4%	122,519	3%
Other packaged products	20,294,251	19%	18,544,954	18%	1,749,297	9%
Export	**858,487**	**1%**	**-**	**-**	**858,487**	**100%**
Total	**100,425,772**	**100.0%**	**98,058,351**	**100%**	**2,367,422**	**2%**

See the report on operations for the comment on the performance of the FY.

Breakdown of other revenue (2ene)

	31/12/2014		31/12/2013		Change	
Extraordinary income	938,358	49%	735,120	40%	203,238	28%
Recoveries	410,257	21%	606,826	33%	(196,569)	-32%
Other	241,670	13%	191,170	10%	50,499	26%
Contributions from suppliers	180,602	9%	23,113	1%	157,488	681%
Grants for current expenses	139,243	7%	176,614	10%	(37,371)	-21%
Capital gains on asset disposal	55,766	3%	39,496	2%	16,270	41%
Sales of salvaged materials	35,705	2%	39,617	2%	(3,911)	-10%
Rental income	14,000	1%	4,169	0%	9,831	236%
Indemnities	5,970	0%	22,051	1%	(16,081)	-73%
Total	**2,021,571**	**100%**	**1,838,176**	**100%**	**183,394**	**10%**

Use of raw materials and consumables (4ene)

The costs for raw materials and consumables amounted to € 55,191,203 and include:

	31/12/2014		31/12/2013		Change	
Purchases of ingredients – sundry foodstuffs	35,084,073	64%	33,717,415	63%	1,366,657	4%
Goods for resale	11,215,715	20%	10,915,988	20%	299,727	3%
Packaging materials	7,764,335	14%	7,841,788	15%	(77,453)	-1%
Consumables and ancillary material	1,127,080	2%	1,073,367	2%	53,713	5%
Total	**55,191,203**	**100%**	**53,548,558**	**100%**	**1,642,644**	**3%**

Personnel costs (5ene+6ene+7ene+8ene)

Personnel costs totalled € 14,298,474, broken down as follows:

	31/12/2014		31/12/2013		Change	
Wages and salaries	10,051,383	70%	9,983,120	71%	68,263	1%
Social security charges	3,283,966	23%	3,285,638	23%	(1,672)	0%
Employee severance indemnity	774,117	5%	695,582	5%	78,535	11%
Other costs	189,007	1%	168,694	1%	20,313	12%
Total	**14,298,474**	**100%**	**14,133,034**	**100%**	**165,440**	**1%**

The employee severance indemnity accrued in 2014 may be considered a defined-contribution plan in the amount of € 774,117.

The average workforce came to 260 at 31 December 2014 (259 at 31 December 2013).

	Engagements	Resignations	Transfers	In service	Average workforce
Managers	-	(1)	1	16	16
Middle management	-	-	1	9	9
White-collar personnel	5	(3)	-	103	102
Blue-collar personnel	4	(1)	-	132	133
TOTAL	**10**	**(5)**	**2**	**260**	**260**

Amortisation and depreciation (9ene + 10ene)

Amortisation of intangible assets was calculated and recognised in the total amount of € 167,425. Depreciation of tangible assets was calculated and recognised in the total amount of € 2,925,749.

The following tables provide a breakdown of intangible and tangible assets by category:

	31/12/2014		31/12/2013		Change	
Software	167.425	100%	148.092	100%	19.333	13%

	31/12/2014		31/12/2013		Change	
Plant and machinery	1,576,065	54%	2,063,080	61%	(487,015)	-24%
Buildings	839,488	29%	835,421	25%	4,067	0%
Industrial and commercial equipment	510,195	17%	484,957	14%	25,238	5%
Total	**2,925,749**	**100%**	**3,383,458**	**100%**	**(457,709)**	**-14%**

Costs for services (12ene)

The costs for services amounted to € 25,688,037 and include:

	31/12/2014		31/12/2013		Change	
Transport for product distribution	9,600,584	37%	8,848,182	35%	752,402	9%
Motive power and natural gas	2,995,237	12%	2,941,326	12%	53,911	2%
Commercial and advertising services	2,716,293	11%	2,460,007	10%	256,285	10%
Administrative services	2,609,603	10%	3,116,695	12%	(507,091)	-16%
Industrial services	2,020,955	8%	2,155,647	9%	(134,692)	-6%
Maintenance services	1,752,779	7%	1,543,138	6%	209,641	14%
Purchase services	1,637,867	6%	1,616,447	6%	21,421	1%
Large-scale retailers' promotion contributions	1,345,666	5%	1,479,928	6%	(134,262)	-9%
Free gifts with products	664,942	3%	691,576	3%	(26,634)	-4%
Insurance services	344,110	1%	348,296	1%	(4,186)	-1%
Total	**25,688,037**	**100%**	**25,201,242**	**100%**	**486,795**	**2%**

Lease and rental costs (13ene)

Lease and rental costs amounted to € 547,886. Industrial leases refer to leased plant.

	31/12/2014		31/12/2013		Change	
Industrial leases	449,391	82%	569,323	86%	(119,932)	-21%
Leases of premises and buildings	98,495	18%	88,968	14%	9,527	11%
Total	**547,886**	**100 %**	**658,291**	**100%**	**(110,405)**	**-17%**

The minimum financial commitments for 2015 in connection with industrial leases that cannot be cancelled come to € 450,000.

Provisions for risks (14ene). No provision for risks was recorded

Sundry operating expenses (15ene)

Sundry operating expenses amounted to € 973,899 Euro and include:

	31/12/2014		31/12/2013		Change	
Taxes other than income taxes	651,107	67%	604,199	57%	46,908	8%
Contingent liabilities	132,080	14%	257,320	24%	(125,240)	-49%
Membership fees	94,495	10%	101,946	10%	(7,451)	-7%
Capital losses	49,857	5%	34,200	3%	15,657	100%
Entertainment expenses	24,502	3%	29,419	3%	(4,918)	-17%
Fines and penalties	13,995	1%	4,904	0%	9,091	185%
Subscriptions to magazines and books	7,863	1%	7,071	1%	792	11%
Other	-	0%	12,796	1%	(12,796)	-100%
Total	**973,899**	**100%**	**1,051,855**	**100%**	**(77,956)**	**-7%**

Financial income and charges (16ene + 17ene)

A breakdown of financial income and charges is shown in the table below:

	31/12/2014		31/12/2013		Change	
Financial income						
Interest from banking institutions	43,406	76%	56,607	74%	(13,201)	-30%
Other	7,198	13%	6,216	8%	982	14%
Interest on VAT refunds	6,824	12%	13,251	17%	(6,427)	-94%
Total	**57,428**	**100%**	**76,074**	**100%**	**(18,646)**	**-32%**

	31/12/2014		31/12/2013		Change	
Financial charges						
Interest on mortgages and loans	599,624	69%	493,450	66%	106,174	18%
Interest on current accounts	91,337	11%	131,803	18%	(40,466)	-44%
Financial charges for employee severance indemnity discounting	83,309	10%	-	-	83,309	100%
Finance lease interest	52,183	6%	72,326	10%	(20,143)	-39%
Performance bond expenses	27,822	3%	49,273	7%	(21,451)	-77%
Other	13,889	2%	2,324	0%	11,565	83%
Interest on suppliers	-	-	1,412	0%	(1,412)	-100%
Total	**868,163**	**100%**	**750,588**	**100%**	**117,576**	**14%**

Adjustments to equity investments (19ene): The negative adjustment refers to the equity investment in Capitalimpresa, and amounts to € 4,218.

Taxes (21ene + 22ene).

Income taxes, not including deferred tax assets and liabilities, came to € 1,011,590 compared to € 827,009 in FY2013.

	31/12/2014		31/12/2013		Change	
IRES for the year 27.5%	558,116	53%	403,324	44%	154,792	38%
IRAP for the year 3.9%	491,185	47%	507,629	56%	(16,443)	-3%
TOTAL TAXES	**1,049,301**	**100%**	**910,953**	**100%**	**138,348**	**15%**
Prepaid and deferred taxes	(37,711)		(83,944)		(46,233)	-55%
NET TOTAL TAXES	**1,011,590**		**827,009**		**184,581**	**22%**

Dealings with related parties.

The Company has not undertaken transactions with related parties beyond those presented in the following tables:

Equity investments in the issuer held by directors, statutory auditors and their non-legally separated spouses and minor children, either directly or through subsidiaries.

Relevant persons	Office	Shares held at 01/01/2014	Purchased in 2014	Sold in 2014	Shares held at 31/12/2014
Luigi LUZZATI	Chairman	166,062	-	-	166,062
Riccardo POZZOLI	Vice Chairman and Managing Director	59,125	-	4,000	55,125
Adele ARTOM	Director	3,593,864	-	36,000	3,557,864
Nicola CODISPOTI	Director	50,000	-	50,000	-
Antonella FORCHINO	Director	137,306	-	-	137,306
Maurizio MACCHIAVELLO	Director	10,000	-	-	10,000

Commercial dealings with other related parties.

In the past, the group leading company entered into a lease agreement for an area adjacent to the Turin production facility, used as a parking lot for the motor vehicles of its employees and distributors owned by the parent company Finanziaria Centrale del Latte di Torino S.p.A. for a total of € 8,148.

The following table presents the situation of dealings with related parties at 31 December 2014:

	Receivables	Payables	Costs	Revenue
Finanziaria Centrale del Latte di Torino S.p.A. vis-à-vis:				
Centrale del Latte di Torino & C. S.p.A. - subsidiary	**-**	**-**	**-**	**8,148**
Centrale del Latte di Torino & C. S.p.A. vis-à-vis:				
Finanziaria Centrale del Latte di Torino S.p.A. – ultimate parent company	-	-	8,148	-
Odilla Chocolat S.r.l. - subsidiary	-	-	9,795	-
GPP S.r.l. – subsidiary	139,635	-	-	-
	139,635	**-**	**17,943**	**-**
Odilla Chocolat S.r.l. vis-à-vis:				
Centrale del Latte di Torino & C. S.p.A.	**-**	**-**	**-**	**9,795**
GPP S.r.l. vis-à-vis:				
Centrale del Latte di Torino & C. S.p.A.	**-**	**139,635**	**-**	**-**
Totals	**139,635**	**139,635**	**17,943**	**17,943**

Remuneration of Directors and Auditors.

For information regarding the remuneration paid to Directors and Auditors, see the report on the remuneration paid to members of the management and audit bodies, general managers and other key management personnel.

FINANCIAL AND OPERATIONAL RISKS

Risks associated with the business activity

The main risk related to the Company's specific industrial activity regards fluctuations in milk raw material prices. The company contains this risk by drawing up annual agreements with milk producers, which set the purchase prices at the beginning of the dairy year and maintain those prices for the whole of the period that runs from 1 April to 31 March of the following year, save for particular circumstances in which agreements may be reached on a different basis.

For purchases made outside of the main supply channel, reference is made to the most advantageous market conditions available when the need arises.

Financial risks.

The financial instruments of the Company comprise bank loans, sight and short-term bank deposits. The aim of these instruments is to finance the Company's operating activities. Other financial instruments of the Company are trade payables and receivables deriving from operating activity.

The main risks generated by financial instruments are the interest rate, liquidity and credit risk.

Interest rate risk. The Company's exposure to interest rate risk is connected mainly to long-term loans and financing, to which are normally applied interest rates equivalent to 3 month and 6 month Euribor rates plus a fixed spread. With the application of the so-called "Basel 2" Accord, the companies are subjected to an analysis on the part of lending credit institutes that attribute a rating to them; the fixed spread may vary depending on the rating assigned. At the date of closure of these consolidated financial statements, no variations had been applied.

Liquidity risk. The Company contains liquidity risk by planning the use of liquidity by considering financial investments, financial assets (trade receivables and other financial assets) and cash flows expected from transactions.

Credit risk. The Company mainly deals with familiar, reliable clients. Receivables are monitored during the financial year in order to limit exposure to losses. The maximum risk is equivalent to the book value of these assets in the event of insolvency on the part of the counterparty.

Other risks.

In relation to the dispute with the Enasarco Foundation, on 29 October 2014, the Court of Appeal of Rome – Employment and Social Insurance section – upheld the appeal filed by the Company, overturning the first-degree sentence by virtue of which the Enasarco Foundation had obtained a payment injunction, and sentencing the Foundation to pay the legal costs. ENASARCO therefore returned the € 872,878 paid out at the time.

In 2012, the company received a further injunction to pay € 658 thousand, inclusive of penalties and interest, against which the company filed a timely appeal to the Court of Rome, Employment and Social Security Section, requesting that the injunction be suspended. The procedure is under way and the next hearing is scheduled for 21 May 2015.

A further inspection was carried out by the ENASARCO Foundation on 11 September 2014, regarding the years from 2011 to 2013, for a total amount of € 310,499.

The Company, firmly convinced of its position, and in the light of the favourable sentence of the Court of Appeal of Rome, although it believes there is a possible risk according to IAS 37, has maintained in the financial statements the provision for future risk set aside, amounting to € 600 thousand.

La Guardia di Finanza (Italian Financial Police), following the inspection, gave notice of assessment for failure to pay withholding tax to the self-employed drivers used for distribution for 2008 and 2009 tax years. The notices of assessment amount to € 427 thousand and € 572 thousand respectively. For the notice of assessment regarding the 2008 tax year, suspension of payment has been requested and obtained. For the notice of assessment regarding the 2009 tax year, suspension of payment has been requested.

Regarding the tax inspection concerning FY 2004, please note that, following the sentence of the Regional Taxation Commission, which partially admitted the appeal presented by the company regarding the most significant findings, and the rebate of € 97 thousand paid out by Agenzia delle Entrate, the latter presented an appeal to the Supreme Court of Appeal against the sentence of the Regional Taxation Commission.

FEES OWED TO THE AUDITING FIRM KPMG S.p.A.

Article 149 duodecies of the Issuers' Regulations

Audit of yearly report and consolidated financial statements: € 71,677

Audit of interim report: € 13,726

BUSINESS OUTLOOK.

The first months of the new financial year have confirmed the persistently sluggish food consumption.

As regards milk raw material purchase prices, the trend registered during the latter months of 2014 was confirmed; for the whole of 2015, a reduction is therefore expected compared to the total cost registered in 2014.

EVENTS FOLLOWING THE CLOSE OF THE FINANCIAL YEAR.

On 20 February 2015, Centrale del Latte di Torino & C. S.p.A. – in acknowledgement of the indications provided in the Report of the Board of Directors of Centrale del Latte di Firenze, Pistoia e Livorno S.p.A., published on the corporate website on 19 January 2015 – announced the drafting of a non-binding project for industrial integration between the two Groups, submitted to the Company in compliance with the indications contained in the aforementioned Report.