



Consolidated quarterly report at March 31 2001

Centrale del Latte di Torino & C. S.p.A.
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Paid-up share capital 20,600,000 euros
Turin Chamber of Commerce no. 631/77
VAT no. IT 01934250018

Operating results

The tables below show the operating results for the consolidated quarterly report of Centrale del Latte di Torino & C. S.p.A.

Income statement data are given for the quarter in question and year-to-date at the end of this quarter, together with a comparison with results for the first and last quarters of the previous year and those for the year ended December 31 2000.

Balance sheet and financial data show the situation at the end of the quarter concerned, the first quarter of the prior year and at year-end 2000.

(milions of Lire)	1 st QRT 01		1 st QRT 00		4 th QRT 00		Dec,31 2000	
<i>Value of production</i>								
Revenues from sales and services	30,138	100.6%	28,236	99.0%	30,741	97.5%	113,779	98.9%
Changes in inventories	(308)	-1.0%	140	0.5%	342	1.1%	317	0.3%
Other revenues and income	143	0.5%	147	0.5%	456	1.4%	942	0.8%
Value of production	29,973	100.0%	28,522	100.0%	31,538	100.0%	115,039	100.0%
<i>Production costs</i>								
Services	(6,266)	-20.9%	(5,594)	-19.6%	(6,280)	-19.9%	(23,813)	-20.7%
Raw materials	(16,997)	-56.7%	(16,621)	-58.3%	(19,790)	-62.7%	(68,423)	-59.5%
Other operating costs	(416)	-1.4%	(719)	-2.5%	35	0.1%	(2,055)	-1.8%
Value added	6,294	21.0%	5,588	19.6%	5,504	17.5%	20,747	18.0%
Personnel costs	(3,042)	-10.1%	(2,935)	-10.3%	(2,889)	-9.2%	(11,624)	-10.1%
Gross operating margin (EBITDA)	3,252	10.8%	2,653	9.3%	2,615	8.3%	9,123	7.9%
Writedown of accounts receivable	(109)	-0.4%	(27)	-0.1%	(12)	0.0%	(183)	-0.2%
Amortisation and depreciation of fixed assets	(1,884)	-6.3%	(1,584)	-5.6%	(1,893)	-6.0%	(6,862)	-6.0%
Operating profit (EBIT)	1,259	4.2%	1,041	3.7%	710	2.3%	2,077	1.8%
Financial income	285	1.0%	3	0.0%	340	1.1%	509	0.4%
Financial expenses	(335)	-1.1%	(299)	-1.0%	(474)	-1.5%	(1,499)	-1.3%
Extraordinary income	0	0.0%	13	0.0%	223	0.7%	551	0.5%
Extraordinary expenses	(103)	-0.3%	(5)	0.0%	(465)	-1.5%	(645)	-0.6%
Pre-tax profit	1,107	3.7%	753	2.6%	333	1.1%	993	0.9%
Income tax on current year earnings	(711)	-2.4%	(433)	-1.5%	(512)	-1.6%	(1,283)	-1.1%
Other non-deductible taxes	(66)	-0.2%	(31)	-0.1%	(12)	0.0%	(113)	-0.1%
Income tax paid in advance		0.0%		0.0%		0.0%		0.0%
Total net profit (loss)	330	1.1%	289	1.0%	(191)	-0.6%	(403)	-0.4%
Minority interest profit (loss)		0.0%		0.0%		0.0%		0.0%
Net profit (loss)	330	1.1%	289	1.0%	(191)	-0.6%	(403)	-0.4%

Euro	1 st QRT 01		1 st QRT 00		4 th QRT 00		Dec,31 2000	
<i>Value of production</i>								
Revenues from sales and services	15,564,869	100.6%	14,582,495	99.0%	15,876,312	97.5%	58,761,956	98.9%
Changes in inventories	(159,226)	-1.0%	72,219	0.5%	176,388	1.1%	163,873	0.3%
Other revenues and income	73,924	0.5%	75,683	0.5%	235,535	1.4%	486,689	0.8%
Value of production	15,479,567	100.0%	14,730,397	100.0%	16,288,235	100.0%	59,412,518	100.0%
<i>Production costs</i>								
Services	(3,236,223)	-20.9%	(2,888,886)	-19.6%	(3,243,124)	-19.9%	(12,298,567)	-20.7%
Raw materials	(8,778,233)	-56.7%	(8,583,911)	-58.3%	(10,220,465)	-62.7%	(35,337,581)	-59.5%
Other operating costs	(214,752)	-1.4%	(371,450)	-2.5%	17,988	0.1%	(1,061,474)	-1.8%
Value added	3,250,360	21.0%	2,886,150	19.6%	2,842,634	17.5%	10,714,895	18.0%
Personnel costs	(1,571,040)	-10.1%	(1,516,054)	-10.3%	(1,491,989)	-9.2%	(6,003,422)	-10.1%
Gross operating margin (EBITDA)	1,679,320	10.8%	1,370,095	9.3%	1,350,645	8.3%	4,711,473	7.9%
Writedown of accounts receivable	(56,152)	-0.4%	(14,106)	-0.1%	(6,375)	0.0%	(94,509)	-0.2%
Amortisation and depreciation of fixed assets	(972,837)	-6.3%	(818,275)	-5.6%	(977,664)	-6.0%	(3,544,122)	-6.0%
Operating profit (EBIT)	650,330	4.2%	537,714	3.7%	366,606	2.3%	1,072,843	1.8%
Financial income	147,414	1.0%	1,404	0.0%	175,363	1.1%	262,995	0.4%
Financial expenses	(173,061)	-1.1%	(154,580)	-1.0%	(244,779)	-1.5%	(774,409)	-1.3%
Extraordinary income	0	0.0%	6,956	0.0%	115,086	0.7%	284,340	0.5%
Extraordinary expenses	(53,045)	-0.3%	(2,711)	0.0%	(240,189)	-1.5%	(332,975)	-0.6%
Pre-tax profit	571,639	3.7%	388,782	2.6%	172,087	1.1%	512,793	0.9%
Income tax on current year earnings	(367,201)	-2.4%	(223,368)	-1.5%	(264,323)	-1.6%	(662,614)	-1.1%
Other non-deductible taxes	(34,239)	-0.2%	(16,162)	-0.1%	(6,341)	0.0%	(58,264)	-0.1%
Income tax paid in advance		0.0%		0.0%		0.0%		0.0%
Total net profit (loss)	170,199	1.1%	149,253	1.0%	(98,576)	-0.6%	(208,084)	-0.4%
Minority interest profit (loss)		0.0%		0.0%		0.0%		0.0%
Net profit (loss)	170,199	1.1%	149,253	1.0%	(98,576)	-0.6%	(208,084)	-0.4%

Comments on operating results
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The consolidation area includes the situation at March 31 2001 as regards the Holding Company. "Centrale del Latte di Torino & C. S.p.A.". and its subsidiary company. "Centro Latte Rapallo S.p.A".

The evaluation criteria and accounting principles adopted when preparing the individual and consolidated financial statements are the same as those used for preparing the annual financial statements.

The Group **income statement** for the period ended March 31 2001 shows a gross operating margin (EBITDA) of 3,252 million lire against 2,653 million recorded for the period ended March 31 2000. which represents an increase of 599 million or 22.6%. The operating profit (EBIT) amounts to 1,259 million lire compared with 1,041 million for the period ended March 31 2000, an increase for the period of 218 million or 20.9%. Year-to-date pre-tax profit at March 31 2001 is 1,107 million lire against 753 million for the period ended March 31 2000 and represents an increase of 354 million equal to 47.0%.

The consolidated net result for the period ended March 31 2001 shows a net profit of 330 million lire compared with a net profit of 289 million for the period ended March 31 2000. representing an increase of 14.2%.

EBITDA. expressed as a percentage of total sales, rose from 9.3% for the 1st quarter 2000 to 10.8% for the same quarter ended March 31 2001, whereas EBIT increased from 3.7% for the 1st quarter 2000 to 4.2% for the period ended March 31 2001.

Sales revenues

Group net sales for the quarter ended March 31 2001 were 1,902 million lire higher than in the same period ended March 31 2000 and rose to 30,138 million, which represents an increase of 6,7%.

The following table gives a breakdown of consolidated sales revenues for the Group's main product categories covering the six month periods ended March 31 2000. June 30 1999 and December 31 1999:

(millions of Lire)	1 st QRT 01	1 st QRT 00	Change		4 th QRT 00	Dec, 31 00
Fresh milk	15,973	15,365	608	4.0%	14,874	60,438
UHT milk	6,672	6,765	(93)	-1.4%	7,014	25,429
Yoghurt	779	815	(36)	-4.6%	734	3,319
Other	6,714	5,291	1,423	26.9%	8,119	24,593
Total	30,138	28,236	1,902	6.7%	30,741	113,779

Production costs

No negative factors were noted during the quarter ended March 31 2001 as regards trends for production costs.

Financial expenses. While financial expenses remained essentially stable, there was a financial income from securities held as part of the Holding Company's current assets.

The positive net financial position at Group level reported in the following table shows a decrease from the situation at the end of 2000. This was the result of the purchase during the month of January 2001 of shares amounting in total to 3,596 million lire in the associated company, Frascheri S.p.A.

(millions of Lire)	March 31 01	March 31 00	Dec, 31 00
Cash, banks and securities	24,549	1,236	30,143
Indebtedness with banks	(14,869)	(22,062)	(17,580)
Indebtedness with holding company	0	500	0
Indebtedness with other sources of financing	(969)	(969)	(969)
Net financial position	8,711	(21,295)	11,594

Comments on operations

As mentioned previously, the 1st quarter 2001 closing at March 31 shows growth in terms of turnover of 6.7%. There was a more marked increase for non-milk products, confirming expectations of a positive result due to diversification of the product range, an action that began in 2000.

The operating results achieved show appreciable increases for EBITDA and EBIT in both absolute terms and as a percentage of net sales.

Even though the turnover has risen, this has only resulted in an increase in variable costs while fixed costs have remained essentially the same. And this, despite substantially higher charges for amortisation and depreciation, which for

the period mainly concerned share listing costs (150 million lire) and those for the new PET bottling line (51 million lire).

However there continues to be heavy price pressure as regards purchases of raw milk, whether supplied by associated dairy farms or purchased on the open market. It is forecast that this situation will continue throughout 2001.

The Group purchases 70% of its supplies of raw material from associated dairy farms and in the 1st quarter witnessed a 2.7% increase in the average price per litre when compared with the same quarter in the previous year.

**Forecast
activity**

The next quarter, the end of which will coincide with the half-yearly report, is expected to show similar growth in turnover to that seen in the 1st quarter 2001, despite the fact that all the spring holidays were concentrated in the month of April and consequently retail outlets were closed on the days in question.

As always, the month of April marked the beginning of the dairy product campaign, the moment when the new milk price for 2001-2002 is fixed together with producers. The particularly difficult moment experienced by the entire agricultural sector affected negotiations and gave rise to a heated debate between the parties concerned. with the inevitable consequence that the purchase price for raw milk again increased starting from the month of April.

As a result the Group updated its sales price list with effect from April 1 2001.

It is forecast that the gross operating margin and operating profit growth seen in the first quarter will continue.

**Operating
results for the
Holding
Company**

Below are tables illustrating the operating results of the Holding Company. Centrale del Latte di Torino & C. S.p.A.. for the 1st quarter 2001.

Income statement data are given for the quarter in question and year-to-date at the end of this quarter, together with a comparison with results for the first and

last quarters of the previous year and those for the financial year ended December 31 2000.

Balance sheet and financial data show the situation at the end of the quarter concerned, the first quarter of the prior year and at year-end 2000.

(milions of Lire)	1 st QRT 01		1 st QRT 00		4 th QRT 00		Dec,31 2000	
<i>Value of production</i>								
Revenues from sales and services	23,632	100.6%	20,780	98.7%	23,750	97.0%	84,087	98.7%
Changes in inventories	(270)	-1.1%	140	0.7%	309	1.3%	261	0.3%
Other revenues and income	132	0.6%	136	0.6%	435	1.8%	823	1.0%
Value of production	23,494	100.0%	21,056	100.0%	24,493	100.0%	85,171	100.0%
<i>Production costs</i>								
Services	(4,495)	-19.1%	(4,139)	-19.7%	(3,681)	-15.0%	(16,465)	-19.3%
Raw materials	(14,208)	-60.5%	(12,732)	-60.5%	(16,262)	-66.4%	(52,915)	-62.1%
Other operating costs	(246)	-1.0%	(284)	-1.3%	(316)	-1.3%	(976)	-1.1%
Value added	4,546	19.4%	3,902	18.5%	4,234	17.3%	14,816	17.4%
Personnel costs	(2,172)	-9.2%	(2,136)	-10.1%	(2,098)	-8.6%	(8,489)	-10.0%
Gross operating margin (EBITDA)	2,374	10.1%	1,766	8.4%	2,136	8.7%	6,327	7.4%
Writedown of accounts receivable	(81)	-0.3%	(20)	-0.1%	(9)	0.0%	(109)	-0.1%
Amortisation and depreciation of fixed assets	(1,128)	-4.8%	(891)	-4.2%	(1,073)	-4.4%	(3,896)	-4.6%
Operating profit (EBIT)	1,165	5.0%	855	4.1%	1,054	4.3%	2,322	2.7%
Financial income	272	1.2%	3	0.0%	335	1.4%	746	0.9%
Financial expenses	(273)	-1.2%	(244)	-1.2%	(395)	-1.6%	(1,234)	-1.4%
Extraordinary income	0	0.0%	13	0.1%	223	0.9%	551	0.6%
Extraordinary expenses	(88)	-0.4%	(5)	0.0%	(465)	-1.9%	(645)	-0.8%
Pre-tax profit	1,076	4.6%	622	3.0%	752	3.1%	1,740	2.0%
Income tax on current year earnings	(544)	-2.3%	(215)	-1.0%	(553)	-2.3%	(888)	-1.0%
Other non-deductible taxes	0	0.0%	0	0.0%	29	0.1%	29	0.0%
Income tax paid in advance		0.0%		0.0%		0.0%		0.0%
Total net profit (loss)	532	2.3%	407	1.9%	228	0.9%	881	1.0%
Minority interest profit (loss)		0.0%		0.0%		0.0%		0.0%
Net profit (loss)	532	2.3%	407	1.9%	228	0.9%	881	1.0%

Euro	1 st QRT 01		1 st QRT 00		4 th QRT 00		Dec,31 2000	
<i>Value of production</i>								
Revenues from sales and services	12,204,978	100.6%	10,732,021	98.7%	12,265,726	97.0%	43,427,537	98.7%
Changes in inventories	(139,295)	-1.1%	72,219	0.7%	159,373	1.3%	134,804	0.3%
Other revenues and income	68,165	0.6%	70,191	0.6%	224,486	1.8%	424,999	1.0%
Value of production	12,133,848	100.0%	10,874,431	100.0%	12,649,584	100.0%	43,987,340	100.0%
<i>Production costs</i>								
Services	(2,321,335)	-19.1%	(2,137,392)	-19.7%	(1,901,041)	-15.0%	(8,503,238)	-19.3%
Raw materials	(7,337,648)	-60.5%	(6,575,556)	-60.5%	(8,398,836)	-66.4%	(27,328,518)	-62.1%
Other operating costs	(126,796)	-1.0%	(146,461)	-1.3%	(163,098)	-1.3%	(503,833)	-1.1%
Value added	2,348,070	19.4%	2,015,021	18.5%	2,186,609	17.3%	7,651,751	17.4%
Personnel costs	(1,121,866)	-9.2%	(1,102,919)	-10.1%	(1,083,440)	-8.6%	(4,384,245)	-10.0%
Gross operating margin (EBITDA)	1,226,204	10.1%	912,102	8.4%	1,103,169	8.7%	3,267,506	7.4%
Writedown of accounts receivable	(41,913)	-0.3%	(10,330)	-0.1%	(4,722)	0.0%	(56,546)	-0.1%
Amortisation and depreciation of fixed assets	(582,650)	-4.8%	(460,017)	-4.2%	(554,132)	-4.4%	(2,011,864)	-4.6%
Operating profit (EBIT)	601,641	5.0%	441,755	4.1%	544,315	4.3%	1,199,096	2.7%
Financial income	140,655	1.2%	1,307	0.0%	172,976	1.4%	385,514	0.9%
Financial expenses	(141,081)	-1.2%	(126,179)	-1.2%	(204,051)	-1.6%	(637,506)	-1.4%
Extraordinary income	0	0.0%	6,956	0.1%	115,086	0.9%	284,340	0.6%
Extraordinary expenses	(45,298)	-0.4%	(2,711)	0.0%	(240,189)	-1.9%	(332,975)	-0.8%
Pre-tax profit	555,917	4.6%	321,127	3.0%	388,138	3.1%	898,469	2.0%
Income tax on current year earnings	(280,953)	-2.3%	(110,780)	-1.0%	(285,601)	-2.3%	(458,614)	-1.0%
Other non-deductible taxes	0	0.0%	0	0.0%	15,050	0.1%	15,050	0.0%
Income tax paid in advance		0.0%		0.0%		0.0%		0.0%
Total net profit (loss)	274,965	2.3%	210,347	1.9%	117,587	0.9%	454,905	1.0%
Minority interest profit (loss)		0.0%		0.0%		0.0%		0.0%
Net profit (loss)	274,965	2.3%	210,347	1.9%	117,587	0.9%	454,905	1.0%

(millions of Lire)	1 st QRT 01	1 st QRT 00	Dec,31 2000
Non-current assets			
Technical fixed assets	23,874	21,785	24,061
Intangible fixed assets	4,723	2,137	4,930
Shareholdings and securities	37,163	33,567	33,567
Total non-current assets	65,761 100.0%	57,490 104.5%	62,559 104.7%
Current assets			
Trade receivables	18,417	14,166	17,608
Inventories	2,724	2,687	2,899
Accrued income & prepaid expenses	1,066	425	707
Other current assets	11,028	11,618	11,535
Trade payables	(22,167)	(20,301)	(26,521)
Other payables	(7,644)	(369)	(6,857)
Accrued expenses & deferred income	(1,603)	(854)	(737)
Tax liabilities	(1,845)	(9,829)	(1,426)
Net current assets	(23) 0.0%	(2,457) -4.5%	(2,793) -4.7%
TOTALE FUNDS EMPLOYED	65,738 100.0%	55,033 100.0%	59,766 100.0%
Long-term liabilities & provisions			
Provision for employee severance indemnity	2,945	2,782	2,897
Other provisions	0	200	0
Total long-term liabilities and provisions	2,945 4.5%	2,982 5.4%	2,897 4.8%
Financial position			
Cash, banks and securities	(24,141)	(795)	(29,493)
Indebtedness with banks	14,869	18,372	14,248
Payables to holding company	0	500	0
Receivables from holding company	(188)	0	(188)
Medium/long-term financing	969	969	969
Net financial position	(8,491) -12.9%	19,046 34.6%	(14,463) -24.2%
Shareholders' equity			
Share capital	39,887	28,500	39,887
Reserves	30,864	4,097	30,564
Net profit	532	407	881
Total shareholders' equity	71,284 108.4%	33,004 60.0%	71,332 119.4%
TOTAL OWN & MINORITY FUNDS	65,738 100.0%	55,033 100.0%	59,766 100.0%

Euro	1 st QRT 01		1 st QRT 00		Dec,31 2000	
Non-current assets						
Technical fixed assets	12,329,982		11,251,147		12,426,607	
Intangible fixed assets	2,439,454		1,103,772		2,546,327	
Shareholdings and securities	19,193,294		17,335,955		17,335,961	
Total non-current assets	33,962,730	100.0%	29,690,875	104.5%	32,308,895	104.7%
Current assets						
Trade receivables	9,511,695		7,316,308		9,093,958	
Inventories	1,406,881		1,387,973		1,497,049	
Accrued income & prepaid expenses	550,575		219,337		365,183	
Other current assets	5,695,655		5,999,976		5,957,552	
Trade payables	(11,448,322)		(10,484,726)		(13,697,109)	
Other payables	(3,947,564)		(190,506)		(3,541,537)	
Accrued expenses & deferred income	(827,838)		(441,051)		(380,856)	
Tax liabilities	(952,905)		(5,076,026)		(736,655)	
Net current assets	(11,824)	0.0%	(1,268,715)	-4.5%	(1,442,414)	-4.7%
TOTALE FUNDS EMPLOYED	33,950,907	100.0%	28,422,160	100.0%	30,866,481	100.0%
Long-term liabilities & provisions						
Provision for employee severance indemnity	1,521,028		1,436,976		1,496,128	
Other provisions	0		103,291		0	
Total long-term liabilities and provisions	1,521,028	4.5%	1,540,267	5.4%	1,496,128	4.8%
Financial position						
Cash, banks and securities	(12,467,797)		(410,710)		(15,231,900)	
Indebtedness with banks	7,679,107		9,488,492		7,358,648	
Payables to holding company	0		258,228		0	
Receivables from holding company	(96,836)		0		(96,836)	
Medium/long-term financing	500,532		500,532		500,532	
Net financial position	(4,384,993)	-12.9%	9,836,543	34.6%	(7,469,555)	-24.2%
Shareholders' equity						
Share capital	20,600,000		14,719,022		20,600,000	
Reserves	15,939,908		2,115,981		15,785,003	
Net profit	274,965		210,347		454,905	
Total shareholders' equity	36,814,872	108.4%	17,045,350	60.0%	36,839,908	119.4%
TOTAL OWN & MINORITY FUNDS	33,950,907	100.0%	28,422,160	100.0%	30,866,481	100,0%

Significant events after the close of the quarter
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On April 2 2001 the Company was accepted for listing on the new segment of the Italian Stock Exchange known as STAR - Segmento Titoli ad Alti Requisiti (High Standard Share Segment) - intended for companies whose share capital does not exceed 800 million Euro and that meet higher standards of transparency in terms of information given than those required for listing on the Telematic Stock Exchange.

In May a dividend of 0.03 Euro per share was announced, the due date of which will be simultaneous with the May 21 warrant and with payment on May 24, for a total of 580 million lire with a pay-out of 69%.

Chairman of the Board of Directors
Luigi LUZZATI