



CONSOLIDATED FINANCIAL STATEMENTS at December 31 2000

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Turin Chamber of Commerce no. 631/77
VAT Code IT 01934250018

CONSOLIDATED BALANCE SHEET

	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
ASSETS	Lire	Lire	Lire
B) FIXED ASSETS			
I *Intangible fixed assets			
1) Share listing costs	2,899,473,761	0	0
2) Research and development and publicity costs	178,826,380	225,446,697	258,846,360
3) Industrial patents and industrial property rights	272,568,051	261,696,280	244,772,472
4) Franchises, licenses, trademarks and similar rights	23,684,636,680	24,338,016,549	24,994,748,918
5) Goodwill	2,798,850,369	3,234,492,803	3,670,135,236
7) Other	452,995,186	446,703,710	315,701,352
Total intangible fixed assets	30,287,350,427	28,506,356,039	29,484,204,338
II * Tangible fixed assets			
1) Land and buildings	16,041,175,051	14,312,789,416	14,127,779,420
2) Plant and machinery	11,835,920,192	12,421,740,890	10,875,039,838
3) Industrial, commercial and office equipment	1,902,223,040	2,154,431,296	2,105,495,248
4) Other	555,207,698	686,088,007	568,769,707
5) Work in progress and down payments	3,030,963,796	1,771,508,881	1,202,255,310
Total tangible fixed assets	33,365,489,777	31,346,558,490	28,879,339,523
III * Financial fixed assets			
1) Shareholdings in:			
a) subsidiary companies	0	0	0
b) associated companies	0	0	0
d) other companies	53,110,000	293,110,000	293,100,000
3) Other securities			
Total financial fixed assets	53,110,000	293,110,000	293,100,000
TOTAL FIXED ASSETS	63,705,950,204	60,146,024,529	58,656,643,861
C) CURRENT ASSETS			
I * Inventories			
1) Raw, supplementary and consumable materials	1,697,399,957	1,724,503,766	1,346,382,731
4) Finished products and goods	1,494,163,564	1,393,890,388	1,182,905,613
5) Advance payments made	376,033,354	76,413,339	136,438,744
Total inventories	3,567,596,875	3,194,807,493	2,665,727,088
II * Accounts receivable			
1) Trade receivables	20,608,873,298	18,165,920,789	17,958,488,505
2) From associated companies	0	0	0
3) From subsidiary companies	0	0	0
4) From holding companies	187,500,000	0	0
5) From others	13,597,418,972	17,047,013,762	12,043,338,506
Total receivables	34,393,792,270	35,212,934,551	30,001,827,011
III * Non-fixed asset financial assets			
5) Other securities	12,649,017,406	0	0
IV * Liquid assets			
1) Bank and post office accounts	17,302,468,862	1,483,179,759	3,160,607,211
3) Cash on hand	191,737,829	2,374,578	102,238,291
Total liquid assets	17,494,206,691	1,485,554,337	3,262,845,502
TOTAL CURRENT ASSETS	68,104,613,242	39,893,296,381	35,930,399,601
D) ACCRUED INCOME & PREPAID EXPENSES			
a) interest on loans	150,463,031	150,463,031	169,115,123
b) miscellaneous	594,651,530	606,376,192	280,364,032
TOTAL ASSETS	132,555,678,007	100,796,160,133	95,036,522,617

CONSOLIDATED BALANCE SHEET

	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
LIABILITIES	Lire	Lire	Lire
A) SHAREHOLDERS' EQUITY			
I * Share capital	39,887,162,000	28,500,000,000	28,500,000,000
II * Share premium reserve	28,286,519,425	1,900,000,000	1,900,000,000
III * Revaluation reserve	380,521,330	380,521,330	380,521,330
IV * Legal reserve	569,249,809	488,852,734	478,128,000
VII * Other reserves	986,507,834	1,175,682,834	1,123,966,670
VIII * Profits carried forward	0	0	475,875,000
IX * Net profit for the period	(402,908,189)	483,190,032	(413,384,102)
TOTAL SHAREHOLDERS' EQUITY	69,707,052,209	32,928,246,930	32,445,106,898
B) PROVISIONS FOR RISKS & CHARGES			
2) Tax provisions			
current year	0	557,000,000	0
prior years			
3) Other provisions	0	100,000,000	200,000,000
4) Deferred taxes	473,699,126	529,956,639	464,570,000
TOTAL PROVISIONS FOR RISKS & CHARGES	473,699,126	1,186,956,639	664,570,000
C) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY	3,932,465,191	3,871,487,925	3,708,252,283
D) ACCOUNTS PAYABLE			
3) To banks	17,580,335,730	21,513,340,271	20,252,984,354
4) To other financing sources	969,166,000	969,166,000	969,166,000
5) Advance payments received	602,219,053	0	451,139,747
6) Trade payables	24,858,864,707	20,467,986,696	20,519,761,980
Short-term trade payables for fixed assets	2,098,876,254	864,697,000	912,282,240
Long-term trade payables for fixed assets	2,580,000,000	3,655,000,000	1,505,000,000
7) Notes payable	713,068,468	814,935,392	916,802,316
10) To holding company	0	500,000,000	1,731,942,165
11) Tax liabilities	1,534,384,340	11,268,876,999	8,849,087,875
12) Social security contributions	493,305,251	337,814,021	459,299,960
13) Other accounts payable	6,168,912,999	461,307,248	1,077,961,643
TOTAL ACCOUNTS PAYABLE	57,599,132,802	60,853,123,627	57,645,428,280
E) ACCRUED EXPENSES & DEFERRED INCOME			
b) miscellaneous	843,328,679	1,956,345,012	573,165,156
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	132,555,678,007	100,796,160,133	95,036,522,617

MEMORANDUM ACCOUNTS	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
	Lire	Lire	Lire
B) COMPANY ASSETS HELD BY THIRD PARTIES			
1) Company assets held	139,269,580	159,040,346	159,040,346
C) RISKS			
1) Recourse on discounted bills	481,871,796	355,746,527	488,354,543
2) Disputed 1994 tax demand	72,914,000	72,914,000	72,914,000
D) GUARANTEES			
1) Guarantees from holding company	3,895,000,000	3,895,000,000	3,895,000,000
2) Guarantees issued to third parties	83,827,065,761	26,878,038,840	16,554,122,627
3) Guarantees from third parties	6,685,712,786	7,812,860,357	6,277,140,876
4) Mortgages in favour of third parties	19,581,000,000	19,581,000,000	19,581,000,000
5) Government bonds deposited as surety	9,744,133,552	0	0
6) Cash deposited with banks as surety	15,246,307,603	0	0
TOTAL MEMORANDUM ACCOUNTS	139,673,275,078	58,754,600,070	47,027,572,392

CONSOLIDATED BALANCE SHEET

	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
ASSETS	Euro	Euro	Euro
B) FIXED ASSETS			
I *Intangible fixed assets			
1) Share listing costs	1,497,453	0	0
2) Research and development and publicity costs	92,356	116,434	133,683
3) Industrial patents and industrial property rights	140,770	135,155	126,414
4) Franchises, licenses, trademarks and similar rights	12,232,094	12,569,537	12,908,711
5) Goodwill	1,445,486	1,670,476	1,895,467
7) Other	233,952	230,703	163,046
Total intangible fixed assets	15,642,111	14,722,304	15,227,321
II * Tangible fixed assets			
1) Land and buildings	8,284,576	7,391,939	7,296,389
2) Plant and machinery	6,112,743	6,415,294	5,616,489
3) Industrial, commercial and office equipment	982,416	1,112,671	1,087,398
4) Other	286,741	354,335	293,745
5) Work in progress and down payments	1,565,362	914,908	620,913
Total tangible fixed assets	17,231,837	16,189,146	14,914,934
III * Financial fixed assets			
1) Shareholdings in:			
a) subsidiary companies	0	0	0
b) associated companies	0	0	0
d) other companies	27,429	151,379	151,374
3) Other securities	0	0	0
Total financial fixed assets	27,429	151,379	151,374
TOTAL FIXED ASSETS	32,901,377	31,062,829	30,293,628
C) CURRENT ASSETS			
I * Inventories			
1) Raw, supplementary and consumable materials	876,634	890,632	695,349
4) Finished products and goods	771,671	719,884	610,920
5) Advance payments made	194,205	39,464	70,465
Total inventories	1,842,510	1,649,980	1,376,733
II * Accounts receivable			
1) Trade receivables	10,643,595	9,381,915	9,274,785
2) From associated companies	0	0	0
3) From subsidiary companies	0	0	0
4) From holding companies	96,836	0	0
5) From others	7,022,481	8,804,048	6,219,865
Total receivables	17,762,911	18,185,963	15,494,651
III * Non-fixed asset financial assets			
5) Other securities	6,532,672	0	0
IV * Liquid assets			
1) Bank and post office accounts	8,935,979	765,998	1,632,317
3) Cash on hand	99,024	1,226	52,802
Total liquid assets	9,035,004	767,225	1,685,119
TOTAL CURRENT ASSETS	35,173,097	20,603,168	18,556,503
D) ACCRUED INCOME & PREPAID EXPENSES			
a) interest on loans	77,708	77,708	87,341
b) miscellaneous	307,112	313,167	144,796
TOTAL ASSETS	68,459,294	52,056,872	49,082,268

CONSOLIDATED BALANCE SHEET

	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
LIABILITIES	Euro	Euro	Euro
A) SHAREHOLDERS' EQUITY			
I * Share capital	20,600,000	14,719,022	14,719,022
II * Share premium reserve	14,608,768	981,268	981,268
III * Revaluation reserve	196,523	196,523	196,523
IV * Legal reserve	293,993	252,471	246,933
VII * Other reserves	509,489	607,190	580,480
VIII * Profits carried forward	0	0	245,769
IX * Net profit for the period	(208,085)	249,547	(213,495)
TOTAL SHAREHOLDERS' EQUITY	36,000,688	17,006,020	16,756,499
B) PROVISIONS FOR RISKS & CHARGES			
2) Tax provisions			
current year	0	287,666	0
prior years			
3) Other provisions	0	51,646	103,291
4) Deferred taxes	244,645	273,700	239,930
TOTAL PROVISIONS FOR RISKS & CHARGES	244,645	613,012	343,222
C) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY	2,030,949	1,999,457	1,915,152
D) ACCOUNTS PAYABLE			
3) To banks	9,079,486	11,110,713	10,459,793
4) To other financing sources	500,532	500,532	500,532
5) Advance payments received	311,020	0	232,994
6) Trade payables	12,838,532	10,570,833	10,597,573
Short-term trade payables for fixed assets	1,083,979	446,579	471,154
Long-term trade payables for fixed assets	1,332,459	1,887,650	777,268
7) Notes payable	368,269	420,879	473,489
10) To holding company	0	258,228	894,473
11) Tax liabilities	792,443	5,819,889	4,570,172
12) Social security contributions	254,771	174,466	237,209
13) Other accounts payable	3,185,978	238,245	556,721
TOTAL ACCOUNTS PAYABLE	29,747,470	31,428,016	29,771,379
E) ACCRUED EXPENSES & DEFERRED INCOME			
b) miscellaneous	435,543	1,010,368	296,015
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	68,459,294	52,056,872	49,082,268

MEMORANDUM ACCOUNTS	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
	Euro	Euro	Euro
B) COMPANY ASSETS HELD BY THIRD PARTIES			
1) Company assets held	71,927	82,137	82,137
C) RISKS			
1) Recourse on discounted bills	248,866	183,728	252,214
2) Disputed 1994 tax demand	37,657	37,657	37,657
D) GUARANTEES			
1) Guarantees from holding company	2,011,600	2,011,600	2,011,600
2) Guarantees issued to third parties	43,293,066	13,881,349	8,549,491
3) Guarantees from third parties	3,452,882	4,035,006	3,241,873
4) Mortgages in favour of third parties	10,112,743	10,112,743	10,112,743
5) Government bonds deposited as surety	5,032,425	0	0
6) Cash deposited with banks as surety	7,874,061	0	0
TOTAL MEMORANDUM ACCOUNTS	72,135,227	30,344,219	24,287,714

**Guarantees
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accounts**

These notes have been prepared in accordance with the provisions of the Civil Code Article 2424, last paragraph, and Civil Code Article 2427 no. 9.

Company assets held by third parties are refrigerators on loan to important customers.

The guarantee account "guarantees from holding company" amounting to 3,895 million lire represents guarantees issued by the holding company, **Finanziaria Centrale del Latte di Torino S.p.A.**, in favour of San Paolo IMI S.p.A. as surety for medium-term loans of 3,295 million lire, fully repaid on September 30 2000, and 600 million lire that will fall due on April 1 2001.

The guarantee account "guarantees issued in favour of third parties" amounting to 83,827,065,761 lire concerns:

- guarantees issued to suppliers as surety for prompt payment Lire 793,500,500
- guarantee issued to the Piedmont Region as surety for payment of the FEOGA financing Lire 739,769,025
- guarantee issued to the Turin and Chiavari VAT Offices as surety for reimbursements made Lire 24,837,296,236
- guarantee issued to the Municipality of Vicenza as surety for participation in the privatisation bid concerning Centrale del Latte Vicenza S.p.A. Lire 55,455,000,000
- guarantee issued to the Municipality of Salerno as surety for participation in the privatisation bid concerning Centrale del Latte di Salerno S.p.A. Lire 2,000,000,000
- guarantee issued to the Ministry for Foreign Trade for imports of cheese from Switzerland Lire 1,500,000

The account "mortgages in favour of third parties" amounting to 19,581 million lire refers to guarantees issued to San Paolo IMI, Centrobanca and Mediocredito Ligure for loans granted to the company, respectively for 3,295,000,000 lire as a charge in relation to the loan repaid on September 30 2000, 11,000,000,000 lire as a charge in relation to a loan that will fall due on March 20 2013, and 5,286,000,000 lire falling due on January 5 2001, March 15 2004 and December 15 2006.

The "guarantees received from third parties" of 6,685,712,786 lire concern surety for payment of supplementary amounts withheld as established by Law 468/92 ("milk quota" dispute).

The Government bonds and cash have been deposited as surety with Banca CRT for the granting of financing to be used in the event the company were to purchase the entire shareholding in Centrale del Latte Vicenza S.p.A.

INCOME STATEMENT	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
	Lire	Lire	Lire
A) VALUE OF PRODUCTION			
1) Revenues from sales and services	113,779,011,650	56,494,228,583	106,971,851,015
2) Changes in unfinished, semi-finished and finished goods inventories	317,303,041	62,214,272	(67,085,579)
5) Other revenues and income:			
* miscellaneous	849,424,675	244,716,764	776,275,171
* operating grants	92,937,071	46,468,535	60,672,000
TOTAL VALUE OF PRODUCTION	115,038,676,437	56,847,628,154	107,741,712,607
B) PRODUCTION COSTS			
6) Raw, supplementary and consumable materials and goods	68,768,070,467	33,638,210,935	64,058,553,603
7) Services	23,539,711,087	11,155,635,808	19,641,824,774
8) Leasing and rental of third-party assets	273,635,773	136,681,381	289,045,960
9) Personnel costs			
a) salaries and wages	8,087,886,013	4,086,046,083	7,933,113,989
b) social security contributions	2,796,971,190	1,438,781,557	2,749,790,265
c) severance indemnities	655,779,272	278,061,879	623,578,352
d) pensions and similar obligations			
e) other costs	83,609,213	42,204,949	53,963,350
10) Amortisation, depreciation and writedowns			
a) amortisation of intangible fixed assets	2,809,115,627	1,307,493,835	2,574,733,697
b) depreciation of tangible fixed assets	4,053,260,550	1,955,106,225	3,760,402,450
d) writedown of accounts receivable and liquid assets	182,995,140	93,725,237	105,103,230
11) Changes in raw, supplementary, consumable materials and goods inventories	(344,972,136)	(526,891,538)	521,784,800
12) Provisions for risks			
14) Sundry production costs	2,055,301,226	1,456,079,367	2,574,858,662
TOTAL PRODUCTION COSTS	112,961,363,422	55,061,135,718	104,886,753,132
OPERATING PROFIT (A-B)	2,077,313,015	1,786,492,436	2,854,959,475

INCOME STATEMENT	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
	Lire	Lire	Lire
C) FINANCIAL INCOME AND EXPENSES			
15) Income from investments			
Other	146,795,635	146,795,635	350,000
16) Other financial income			
from securities in current assets	179,048,225	0	0
from others	183,384,617	7,661,137	30,516,414
17) Interest and other financial charges			
from holding companies	0	0	(56,975,000)
from others	(1,499,465,164)	(625,155,511)	(1,148,608,081)
TOTAL FINANCIAL INCOME AND EXPENSES	(990,236,687)	(470,698,739)	(1,174,716,667)
E) EXTRAORDINARY INCOME AND EXPENSES			
20) Income			
a) gains on disposals	28,405,000	12,902,000	53,037,191
b) miscellaneous	522,153,676	277,806,614	110,391,317
21) Expenses			
a) losses on disposals	(3,598,677)	0	(69,053,828)
b) taxes relating to prior years	0	0	(254,679,000)
c) miscellaneous	(641,130,390)	(200,090,640)	(269,607,590)
TOTAL EXTRAORDINARY INCOME AND EXPENSES	(94,170,391)	90,617,974	(429,911,910)
PRE-TAX PROFIT	992,905,937	1,406,411,671	1,250,330,898
22) Income tax			
a) on current year earnings	(1,283,000,000)	(857,835,000)	(1,533,270,000)
IRPEG			
IRAP			
c) deferred income tax	(141,954,126)	(65,386,639)	(130,445,000)
income tax paid in advance	29,140,000	0	0
23) NET PROFIT (LOSS) FOR THE PERIOD	(402,908,189)	483,190,032	(413,384,102)

INCOME STATEMENT	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
	Euro	Euro	Euro
A) VALUE OF PRODUCTION			
1) Revenues from sales and services	58,761,956	29,176,834	55,246,350
2) Changes in unfinished, semi-finished and finished goods inventories	163,873	32,131	(34,647)
5) Other revenues and income:			
* miscellaneous	438,691	126,386	400,913
* operating grants	47,998	23,999	31,334
TOTAL VALUE OF PRODUCTION	59,412,518	29,359,350	55,643,951
B) PRODUCTION COSTS			
6) Raw, supplementary and consumable materials and goods	35,515,744	17,372,686	33,083,482
7) Services	12,157,246	5,761,405	10,144,156
8) Leasing and rental of third-party assets	141,321	70,590	149,280
9) Personnel costs			
a) salaries and wages	4,177,045	2,110,267	4,097,111
b) social security contributions	1,444,515	743,069	1,420,148
c) severance indemnities	338,682	143,607	322,051
d) pensions and similar obligations			
e) other costs	43,181	21,797	27,870
10) Amortisation, depreciation and writedowns			
a) amortisation of intangible fixed assets	1,450,787	675,264	1,329,739
b) depreciation of tangible fixed assets	2,093,334	1,009,728	1,942,086
d) writedown of accounts receivable and liquid assets	94,509	48,405	54,281
11) Changes in raw, supplementary, consumable materials and goods inventories	(178,163)	(272,117)	269,479
12) Provisions for risks			
14) Sundry production costs	1,061,474	752,002	1,329,804
TOTAL PRODUCTION COSTS	58,339,675	28,436,703	54,169,487
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	1,072,843	922,646	1,474,464

INCOME STATEMENT		Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
		Euro	Euro	Euro
C) FINANCIAL INCOME AND EXPENSES				
15) Income from shareholdings				
Other		75,814	75,814	181
16) Other financial income				
from securities in current assets		92,471	0	0
from others		94,710	3,957	15,760
17) Interest and other financial charges				
from holding companies				(29,425)
from others		(774,409)	(322,866)	(593,207)
TOTAL FINANCIAL INCOME AND EXPENSES		(511,415)	(243,096)	(606,691)
E) EXTRAORDINARY INCOME AND EXPENSES				
20) Income				
a) gains on disposals		14,670	6,663	27,391
b) miscellaneous		269,670	143,475	57,012
21) Expenses				
a) losses on disposals		(1,859)	0	(35,663)
b) taxes relating to prior years		0	0	(131,531)
c) miscellaneous		(331,116)	(103,338)	(139,241)
TOTAL EXTRAORDINARY INCOME AND EXPENSES		(48,635)	46,800	(222,032)
PRE-TAX PROFIT		512,793	726,351	645,741
22) Income tax				
a) on current year earnings		(662,614)	(443,035)	(791,868)
c) deferred income tax		(73,313)	(33,769)	(67,369)
income tax paid in advance		15,050	0	0
23) NET PROFIT (LOSS)		(208,084)	249,547	(213,496)