



Consolidated quarterly report at March 31 2002

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Paid-up share capital 20,600,000 euros
Turin Company Register no. 631/77
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1. Financial Statements

1.1 Balance sheet (in euros)

	31-03-02		31-03-01		31-12-01	
Fixed assets						
Tangible fixed assets	17,756,299		17,331,722		18,000,679	
Intangible fixed assets	14,951,616		15,256,352		14,297,896	
Financial fixed assets	1,849,216		1,884,763		1,884,763	
Total fixed assets	34,557,131	96.8%	34,472,837	99.3%	34,183,338	102.6%
Current assets						
Trade receivables	12,225,108		10,687,842		11,592,593	
Inventories	1,529,263		1,728,585		1,745,632	
Other current assets	5,372,055		6,447,558		6,306,406	
Accrued income and prepayments	476,414		636,585		312,081	
Trade payables	(12,862,149)		(12,753,762)		(14,997,378)	
Other payables	(4,242,685)		(4,589,189)		(4,421,747)	
Taxes payable	(382,654)		(975,836)		(318,595)	
Accrued expenses and deferred income	(990,371)		(932,752)		(1,073,480)	
Net current assets	1,124,981	3.2%	249,032	0.7%	(854,487)	-2.6%
TOTAL CAPITAL EMPLOYED	35,682,112	100.0%	34,721,868	100.0%	33,328,851	100.0%
Reserves for long-term liabilities						
Reserve for employee severance indemnity	2,228,920		2,052,993		2,155,293	
Other reserves	25,000		-		-	
Deferred taxation	272,233		278,884		259,000	
Total long-term liabilities and reserves	2,526,153	7.1%	2,331,877	6.7%	2,414,293	7.2%
Financial position						
Cash, banks and securities	(17,039,235)		(12,678,358)		(16,163,013)	
Treasury stock	(430,527)		-		(382,995)	
Payables to banks	11,429,384		8,862,939		12,191,101	
Receivables from holding companies	(96,836)		(96,836)		(96,836)	
Medium/long-term financing	500,532		500,532		500,532	
Net financial position	(5,636,681)	-15.8%	(3,411,723)	-9.8%	(3,951,210)	-11.9%
Stockholders' equity						
Capital stock	20,600,000		20,600,000		20,600,000	
Reserves	15,839,753		15,031,516		15,100,662	
Net income (loss)	678,031		170,199		(834,894)	
Total Stockholders' equity	37,117,783	104.0%	35,801,715	103.1%	34,865,768	104.6%
Capital and reserves attributable to minority interests	1,674,857	4.7%	-		-	
TOTAL OWN AND MINORITY CAPITAL EMPLOYED	35,682,112	100.0%	34,721,869	100.0%	33,328,851	100.0%

1.2 Income statement (in euros)

	1st Qtr 2002		1st Qtr 2001		31-12-01	
<i>Value of production</i>						
Revenues	16,857,413	98.9%	15,564,869	100.6%	62,711,250	99.2%
Change in inventories	(9,302)	-0.1%	(159,226)	-1.0%	86,797	0.1%
Other income and revenues	204,046	1.2%	73,924	0.5%	434,202	0.7%
Value of production	17,052,157	100.0%	15,479,567	100.0%	63,232,248	100.0%
<i>Costs of production</i>						
Services	(3,710,613)	-21.8%	(3,236,223)	-20.9%	(14,223,199)	-22.5%
Raw materials	(9,714,341)	-57.0%	(8,778,233)	-56.7%	(36,783,470)	-58.2%
Other operating costs	(245,203)	-1.4%	(214,752)	-1.4%	(769,638)	-1.2%
Added value	3,382,000	19.8%	3,250,360	21.0%	11,455,940	18.1%
Personnel costs	(1,700,897)	-10.0%	(1,571,040)	-10.1%	(6,384,557)	-10.1%
Gross operating margin	1,681,103	9.9%	1,679,320	10.8%	5,071,384	8.0%
Writedown of accounts receivable	(53,742)	-0.3%	(56,152)	-0.4%	(86,376)	-0.1%
Depreciation and amortisation of fixed assets	(1,009,193)	-5.9%	(972,837)	-6.3%	(4,367,822)	-6.9%
Provisions for contingencies	(25,000)	-0.1%	-	0.0%	-	0.0%
						1.0%
Operating income	593,168	3.5%	650,330	4.2%	617,186	
Other financial income	159,043	0.9%	147,414	1.0%	730,304	1.2%
Financial expenses	(213,226)	-1.3%	(173,061)	-1.1%	(993,532)	-1.6%
Extraordinary income	882,578	5.2%	-	0.0%	142,113	0.2%
Extraordinary expense	(439,446)	-2.6%	(53,045)	-0.3%	(688,327)	-1.1%
Income (loss) before taxes	982,117	5.8%	571,639	3.7%	(192,256)	-0.3%
Income taxes for the period	(289,317)	-1.7%	(367,201)	-2.4%	(619,236)	-1.0%
Prepaid deferred taxes	(13,233)	-0.1%	(34,239)	-0.2%	(23,403)	0.0%
Legal reserve	-	0.0%	-	0.0%	-	0.0%
Net total income (loss)	679,567	4.0%	170,199	1.1%	(834,894)	-1.3%
Minority interest income (loss)	1,537	0.0%	-	0.0%	-	0.0%
Income (loss) for the period	678,030	4.0%	170,199	1.1%	(834,894)	-1.3%

2. Notes to the financial statements

2.1 Introduction

This quarterly report has been prepared in accordance with Article 82 of Consob resolution no. 11971 dated May 14 1992, supplemented by resolution no. 12475 of April 6 2000.

The quarterly report for the period ended March 31 2002 covers the results for the quarter in question with comparisons relating to the same period in 2001 and the financial statements for the year ended December 31 2001.

During the first quarter Centrale del Latte di Torino & C. completed the acquisition of Centrale Latte Vicenza S.p.A. The privatisation of the Vicenza-based company by the municipality of Vicenza began back in 2000 with a public bid that was awarded to the Granarolo Group but which was subsequently blocked by the Antitrust Authority. A second bid was opened but to no avail as all offers were below the requested minimum price; finally the transaction was completed by private agreement.

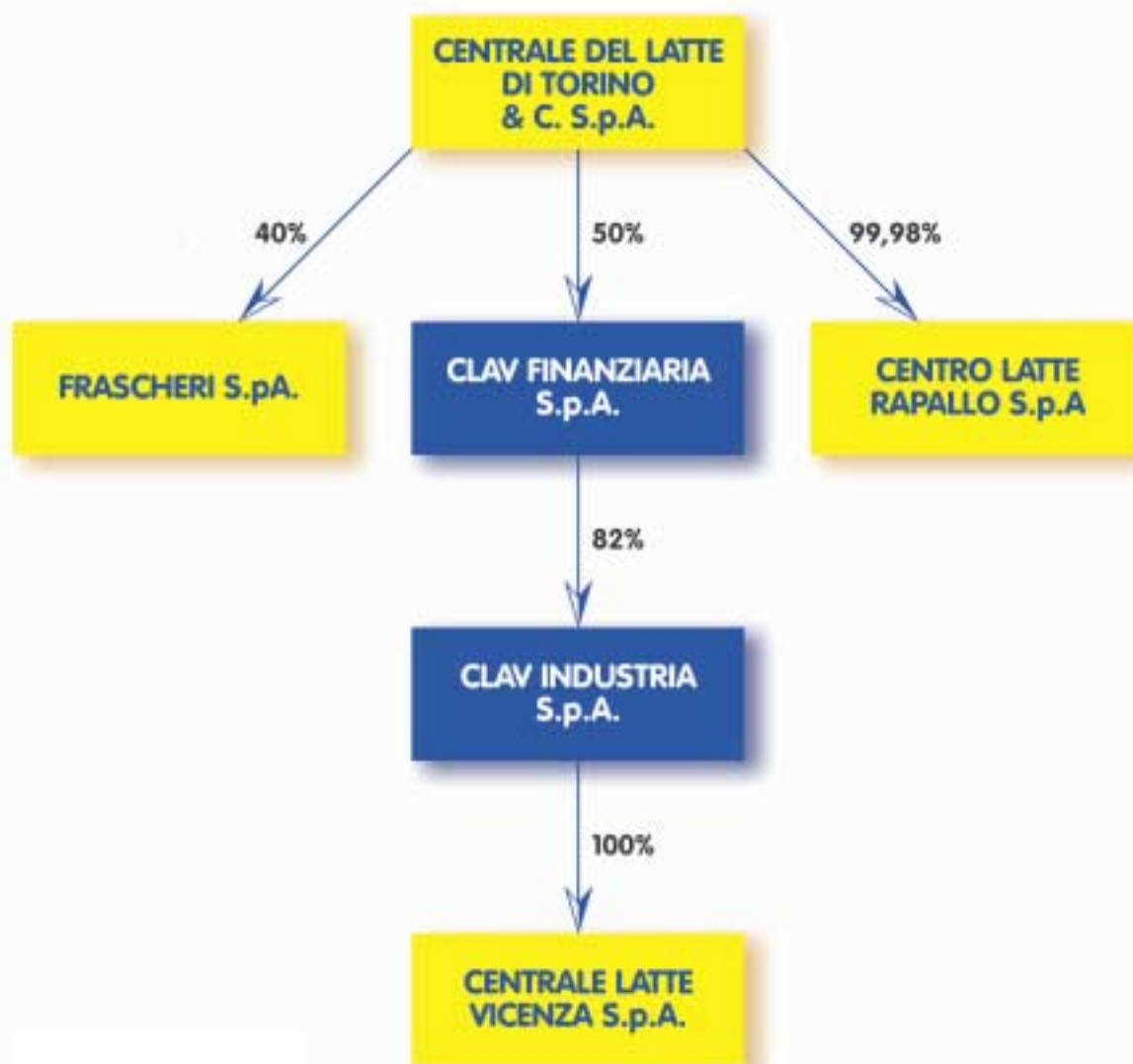
Centrale del Latte di Torino & C. S.p.A. participated as leader of a group that also included Centrale del Latte di Brescia S.p.A. and Granarolo S.p.A..

The operation was completed on April 11 2002 with the signature of a contract to purchase 100% of the capital stock, an operation achieved by setting up CLAV Industria S.p.A. with a capital stock of 16.5 million euros, controlled 82% by CLAV Finanziaria S.p.A. in which Centrale del Latte di Torino & C. S.p.A. and Centrale del Latte di Brescia each hold 50%; the remaining 18% of the stock in CLAV Industria S.p.A. is held by Granarolo S.p.A..

The total acquisition cost of 23.75 million euros was partially financed on a medium-term basis by Banca CRT and as regards Centrale del Latte di Torino & C. S.p.A. required a direct investment of 6.75 million euros.

From a strategic standpoint the primary objective is to rapidly move towards further growth of the Vicenza-based company by means of product and process innovation, brand promotion and local production.

After this acquisition the Centrale del Latte di Torino & C. S.p.A. Group can be graphically described as follows:



2.2 Consolidation area and evaluation criteria

The **consolidation area** includes the situation at March 31 2002 as regards the Parent Company, Centrale del Latte di Torino & C. S.p.A., and its subsidiary company, Centro Latte Rapallo S.p.A.. Following the financial operation described in the introduction the consolidation area includes 50% of the consolidated financial statements of CLAV Finanziaria S.p.A. which for the quarter in question only refers to the company CLAV Industria S.p.A.. Starting next quarter the results for CLAV Industria will be consolidated with those of Centrale Latte Vicenza S.p.A..

The procedure described above has been approved by our independent auditors, PricewaterhouseCoopers S.p.A..

The 40% holding in Frascheri S.p.A. has not been consolidated on a line by line basis as it does not meet the criteria established by Italian regulations.

Evaluation criteria.

The evaluation criteria and accounting principles adopted to prepare individual and consolidated financial statements are the same as those used previously.

2.3 Comments on the income statement

The Group **income statement** for the first quarter of 2002 shows a gross operating margin (EBITDA) of 1,681 million euros, remaining essentially stable when compared with the 1,679 million recorded in the same period of 2001. Operating profit (EBIT) was 593 thousand euros against 650 thousand in the first quarter of 2001, a reduction that was due to higher amortisation as a result of new investments and an allocation to reserves for future contingencies of 25 thousand euros recorded by the Centro Latte Rapallo S.p.A. subsidiary.

Compared with the first quarter of 2001 **net revenues** for the Group rose by 1,292 million euros or 8.3% to reach 16,857 million euros, in accordance with the breakdown summarised in the following table:

	1st Qtr 02	1st Qtr 01	change	
Fresh milk	8,703,083	8,234,127	468,956	5.7%
UHT milk	3,707,976	3,456,234	251,743	7.3%
Yoghurt	402,350	396,870	5,480	1.4%
Bulk milk and cream	556,880	584,260	(27,380)	-4.7%
Fior di Bio line	181,980	-	181,980	100.0%
Other packaged products	3,305,143	2,893,378	411,765	14.2%
Total	16,857,413	15,564,869	1,292,544	8.3%

In terms of sales volumes fresh milk, UHT milk and yoghurt remained essentially stable when compared with the first quarter of 2001, the results for which included production for third parties that was discontinued in 2001. Volumes for packaged products were stable too.

Fior di Bio. The new line of biological agriculture products produced revenues of 195 thousand euros in the first quarter of 2002, including sales of 13 thousand euros made by the associated company, Frascheri S.p.A.. In addition to the original 7 products comprising this line a further 4 have now been added (mascarpone, three-type salad, carrots julienne and orange juice), which have been well received by consumers. Shortly another product will be added to the line, namely biological yoghurt that will be produced at the Carmagnola plant, for which the procedure to obtain biological production certification is underway.

Broadening the range, supported by targeted marketing and advertising actions, is beginning to show positive signs of growth and it is believed that the revenue goal budgeted for 2002 will in all likelihood be achieved.

Operating costs. There were no particular events that negatively affected operating cost trends for the quarter in question.

Extraordinary income and expense mainly concerns consultancy activities provided to and by third parties in relation to the acquisition of Centrale Latte Vicenza S.p.A. and overall showed a positive balance of 477,723 euros.

Financial income not only includes interest on securities in the portfolio and current account balances for a total of 102 thousand euros, but also the positive effects of the good performance of Company shares during the first quarter. Based on this performance the average monthly share price has been fixed at 2.8559 euros, representing an increase of 12.41% over the average value recorded in December 2001, and gave rise to a revaluation of treasury stock in the portfolio for an amount of 47,351 euros.

Financial expense includes a writedown of the investment in Frasccheri S.p.A. equal to 40% of the loss reported in the 2001 financial statements for this associated company. This writedown amounted to 35,548 euros and has been charged to this year as approval of the Frasccheri S.p.A. financial statements was given after the Board of Directors had approved the 2001 financial statements for Centrale del Latte di Torino & C. S.p.A..

2.4 Financial position

A summary of the Group's net financial position is outlined in the table below and shows an increase when compared with the first quarter of 2001.

	31-03-02	31-03-01	31-12-01
Cash and banks	10,810,107	6,127,945	9,315,413
Financial assets not recorded as fixed assets	6,229,128	6,550,413	6,847,599
Treasury stock	430,527	-	382,995
Receivables from holding companies	96,836	96,836	96,836
Total liquid assets	17,566,597	12,775,194	16,642,843
Payables to banks	(11,429,384)	(8,862,939)	(12,191,101)
Payables to other financing sources	(500,532)	(500,532)	(500,532)
Total payables	(11,929,916)	(9,363,471)	(12,691,633)
Net financial position	5,636,681	3,411,722	3,951,210

The increment in the net financial position can be attributed to the effect of consolidating 50% of the situation at March 31st for the holding company CLAV Finanziaria S.p.A. that, in turn, consolidated the financial statements for CLAV Industria S.p.A. which still reported the liquidity required for the acquisition of Centrale Latte Vicenza S.p.A. that took place on April 11 2002.

3. Comments on operations

The first quarter of 2002 showed a growth in revenues that, as previously indicated, rose by 8.3%, with a more marked increase in non-milk products.

The results indicate a substantially stable gross operating margin (EBITDA) when compared with the prior year.

When comparing values for the two quarters it should be borne in mind that milk contracts, and therefore milk prices, run from April 1st through to March 31st of the following year and can either positively or negatively affect comparisons between situations as regards the first quarter.

In the specific case in point the cost of raw material for the first quarter of 2001 was particularly favourable as it had been fixed in 2000.

The increase in average purchase price for the first quarter of 2002 compared to 2001 was 10.51%, which was only in part offset (on average +6%) by updates to list prices.

3.1 Future trends

The next quarter, which will also coincide with the half-yearly report, will see the first proportional consolidation of financial results for the period as regards Centrale Latte Vicenza S.p.A.. It is expected that the financial statements and consequent results for the latter company will be conditioned by intense reorganisation activity in the second quarter, which will also continue and start to progressively show results in the following months.

The month of April marks the beginning of a new milk campaign year: the price of milk valid for the period April 1 2002 - March 31 2003 has not yet been defined although negotiations underway with agricultural organisations would currently seem to indicate a slight drop in price.

4. Parent company financial statements

4.1 Balance sheet (in euros)

	1st Qtr 2002		1st Qtr 2001		31-12-01	
Fixed assets						
Tangible fixed assets	12,684,240		12,329,982		13,006,223	
Intangible fixed assets	2,309,275		2,439,454		2,273,546	
Financial fixed assets	25,907,747		19,193,294		19,193,294	
Total fixed assets	40,901,262	97.6%	33,962,730	100.0%	34,473,062	103.0%
Current assets						
Trade receivables	10,597,448		9,511,695		10,273,754	
Inventories	1,260,802		1,406,881		1,358,518	
Other current assets	4,635,766		5,695,655		5,364,177	
Accrued income and prepayments	394,870		550,575		292,731	
Trade payables	(11,195,585)		(11,448,322)		(13,205,146)	
Other payables	(3,716,329)		(3,947,564)		(3,936,942)	
Taxes payable	(89,857)		(952,905)		(139,108)	
Accrued expenses and deferred income	(874,094)		(827,838)		(1,017,115)	
Net current assets	1,013,020	2.4%	(11,823)	0.0%	(1,009,131)	-3.0%
TOTAL CAPITAL EMPLOYED	41,914,282	100.0%	33,950,907	100.0%	33,463,932	100.0%
Reserves for long-term liabilities						
Reserve for employee severance indemnity reserve	1,607,721		1,521,028		1,558,611	
Other reserves	-		-		-	
Total long-term liabilities and reserves	1,607,721	3.8%	1,521,028	4.5%	1,558,611	4.7%
Financial position						
Cash, banks and securities	(6,910,996)		(12,467,797)		(15,812,150)	
Treasury stock	(430,527)		-		(382,995)	
Receivables from holding companies	(96,836)		(96,836)		(96,836)	
Payables to banks	10,142,135		7,679,107		11,282,292	
Medium/long-term financing	500,532		500,532		500,532	
Net financial position	3,204,309	7.6%	(4,384,994)	-12.9%	(4,509,157)	-13.5%
Stockholders' equity						
Capital stock	20,600,000		20,600,000		20,600,000	
Reserves	15,814,478		15,939,908		15,939,908	
Pre-tax income	687,775		274,965		(125,430)	
Total Stockholders' equity	37,102,253	88.5%	36,814,873	108.4%	36,414,478	108.8%
TOTAL OWN AND MINORITY CAPITAL EMPLOYED	41,914,282	100.0%	33,950,907	100.0%	33,463,932	100.0%

4.2 Income statement (in euros)

	1st Qtr 2002		1st Qtr 2001		31-12-01	
<i>Value of production</i>						
Revenues	13,175,099	98.3%	12,204,978	100.6%	48,722,945	99.0%
Change in inventories	26,681	0.2%	(139,295)	-1.1%	47,001	0.1%
Other income and revenues	197,570	1.5%	68,165	0.6%	431,352	0.9%
Value of production	13,399,350	100.0%	12,133,848	100.0%	49,201,298	100.0%
<i>Costs of production</i>						
Services	(2,667,240)	-19.9%	(2,321,335)	-19.1%	(9,884,854)	-20.1%
Raw materials	(8,263,902)	-61.7%	(7,337,648)	-60.5%	(30,900,954)	-62.8%
Other operating costs	(126,407)	-0.9%	(126,796)	-1.0%	(568,184)	-1.2%
Added value	2,341,801	17.5%	2,348,070	19.4%	7,847,305	15.9%
Personnel costs	(1,213,891)	-9.1%	(1,121,866)	-9.2%	(4,558,658)	-9.3%
Gross operating margin	1,127,910	8.4%	1,226,204	10.1%	3,288,648	6.7%
Writedown of accounts receivable	(11,137)	-0.1%	(41,913)	-0.3%	(44,549)	-0.1%
Depreciation and amortisation of fixed assets	(685,847)	-5.1%	(582,650)	-4.8%	(2,568,753)	-5.2%
Operating income	430,927	3.2%	601,641	5.0%	675,346	1.4%
Revaluation of treasury stock in portfolio	47,351	0.4%	-	-	-	-
Write-down of investments	(35,548)	-0.3%	-	-	-	-
Other financial income	101,877	0.8%	140,655	1.2%	846,978	1.7%
Financial expenses	(158,084)	-1.2%	(141,081)	-1.2%	(888,230)	-1.8%
Extraordinary incomes	882,578	6.6%	-	0.0%	142,113	0.3%
Extraordinary expense	(439,446)	-3.3%	(45,298)	-0.4%	(636,854)	-1.3%
Income (loss) before taxes	829,656	6.2%	555,917	4.6%	139,353	0.3%
Income taxes for the period	(141,881)	-1.1%	(280,953)	-2.3%	(255,736)	-0.5%
Prepaid (deferred) taxes	-	-	-	-	(9,048)	-0
Net total income (loss)	687,775	5.1%	274,964	2.3%	(125,430)	-0.3%
Minority interest income (loss)	-	-	-	0.0%	-	-
Income (loss) for the period	687,775	5.1%	274,964	2.3%	(125,430)	-0.3%

5. Significant events after the close of the quarter

On April 11 2002 CLAV Industria S.p.A. finalised the acquisition of Centrale Latte Vicenza S.p.A. from the municipality of Vicenza and then commenced procedures to incorporate said company.

After having acquired the necessary documentation and performing inspections of the Turin and Carmagnola plants, on April 22 2002 the Certification Authority commission for biological products - AIAB Piemonte - approved and authorised biological production by Centrale del Latte di Torino & C. S.p.A..

This approval is in addition to the existing ISO 9002 quality certification, a further important recognition of the Group's concern for the quality of its production activities and products marketed.

Turin, May 14th 2002

Chairman of the Board of Directors

Luigi LUZZATI