Consolidated quarterly report
at December 31 2001

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C.C.I.A.A. Torino 631/77
VAT no. IT 01934250018

Balance sheet *(Euro)*

	December 31 2001		December 31 2000		September 30 2001	
Non - current assets						
Technical fixed assets	18,000,679		17,231,837		18,294,506	
Intangible fixed assets	14,297,896		15,642,111		14,597,313	
Shareholdings and securities	1,884,763		27,429		1,884,763	
Total non-current assets	**34,183,338**	**100.7%**	**32,901,377**	**101.1%**	**34,776,582**	**102.2%**
Current assets						
Trade receivables	11,592,593		10,643,595		10,567,954	
Inventories	1,745,632		1,842,510		1,436,671	
Accrued income & prepaid expenses	312,081		384,820		656,878	
Other current assets	6,808,787		7,022,481		5,839,920	
Trade payables	(14,997,378)		(15,254,970)		(10,853,051)	
Other payables	(4,420,476)		(4,120,038)		(3,817,073)	
Accrued expenses & deferred income	(1,073,480)		(435,543)		(1,388,645)	
Taxes liabilities	(193,963)		(792,443)		(285,891)	
Net current assets	**(226,204)**	**-0.7%**	**(709,589)**	**-1.1%**	**2,156,765**	**-2.2%**
TOTAL FUND EMPLOYED	**33,957,134**	**100.0%**	**32,191,788**	**100.0%**	**36,933,347**	**100.0%**
Long-term liabilities and provisions						
Provision for employee severance	2,155,293		2,030,949		2,116,093	
For tax	-		0		-	
Other provision	-		0		-	
Deffered taxes	259,000		244,645		319,937	
Total long-term liabilities and provisions	**2,414,293**	**7.1%**	**2,275,594**	**7.1%**	**2,436,030**	**6.6%**
Financial position						
Cash, bank and securities	(16,163,013)		(15,567,676)		(13,015,874)	
Own shares	(382,995)		0		(446,190)	
Bank debts	12,191,101		9,079,486		11,978,786	
Debts due to holding company	-		0		-	
Credits due from holding company	(96,836)		(96,836)		(96,836)	
Medium/long term financing	500,532		500,532		500,532	
Net financial position	**(3,951,211)**	**-11.6%**	**(6,084,494)**	**-18.9%**	**(1,079,581)**	**-2.9%**
Shareholders' equity						
Share capital	20,600,000		20,600,000		20,600,000	
Reserves	15,100,662		15,608,773		14,982,132	
Net profit	(206,611)		(208,085)		(5,233)	
Total Shareholders' equity	**35,494,051**	**104.5%**	**36,000,688**	**111.8%**	**35,576,899**	**96.3%**
TOTAL OWN & MINORITY FUNDS	**33,957,134**	**100.0%**	**32,191,788**	**100.0%**	**36,933,347**	**100.0%**

Income statement *(Euro)*

(milions of Lire)	4th QRT 2001		4th QRT 2001		Dec. 31, 2001		Dec. 31, 2000	
Value of production								
Revenues from sales and services	17,097,919	97.3%	15,876,312	97.5%	62.711.250	99.2%	58.761.956	98.9%
Changes in inventories	333,721	1.9%	176,388	1.1%	86.797	0.1%	163.873	0.3%
Other revenues and income	142.861	0.8%	235,535	1.4%	434.202	0.7%	486.689	0.8%
Value of production	**17,574,501**	**100.0%**	**16,288,235**	**100.0%**	**63,232,249**	**100.0%**	**59,412,518**	**100.0%**
Production costs								
Services	(4,066,740)	-23.1%	(3,243,124)	-19.9%	(14,223,199)	-21.9%	(12,298,567)	-20.7%
Raw materials	(10,675,712)	-60.7%	(10,220,465)	-62.7%	(36,783,470)	-58.2%	(35,337,581)	-59.5%
Other operating costs	(251,003)	-1.4%	17,988	0.1%	(769,638)	-1.8%	(1,061,475)	-1.8%
Value added	**2,581,046**	**14.7%**	**2,842,634**	**17.5%**	**11,455,942**	**18.1%**	**10,714,895**	**18.0%**
Personnel costs	(1,631,091)	-9.3%	(1,491,989)	-9.2%	(6,384,557)	-10.1%	(6,003,422)	-10.1%
Gross operating margin (EBITDA)	**949,955**	**5.4%**	**1,350,645**	**8.3%**	**5,071,385**	**8.0%**	**4,711,473**	**7.9%**
Writedown of accounts receivable	156,582	0.9%	(6,375)	0.0%	(86,376)	-0.1%	(94,509)	-0.2%
Amortisation and depreciation of fixed assets	(1,401,345)	-8.0%	(977,664)	-6.0%	(4,367,822)	-6.9%	(3,544,122)	-6.0%
Operating profit (EBIT)	**(294,808)**	**-1.7%**	**366,606**	**2.3%**	**617,187**	**1.0%**	**1,072,843**	**1.8%**
Financial income	158,462	0.9%	175,363	1.1%	730,304	1.2%	262,995	0.4%
Financial expenses	(170,205)	-1.0%	(244,779)	-1.5%	(715,625)	-1.1%	(774,409)	-1.3%
Extraordinary income	120,789	0.7%	115,086	0.7%	142,113	0.2%	284,340	0.5%
Extraordinary expenses	(768,102)	-4.4%	(240,189)	-1.5%	(966,234)	-1.5%	(332,975)	-0.6%
Pre-tax profit	**(953,864)**	**-5.4%**	**172,087**	**1.1%**	**(192,255)**	**-0.3%**	**512,793**	**0.9%**
Income tax on current year earnings	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other non-deductible taxes	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Income tax paid in advance	(14,355)	-0.1%	0	0.0%	(14,355)	0.0%	-	0.0%
Total net profit (loss)	**(968,219)**	**-5.5%**	**172,087**	**1.1%**	**(206,610)**	**-0.3%**	**512,793**	**0.9%**
Minority interest profit (loss)	0	0.0%	0	0.0%	0	0.0%	-	0.0%
Net profit (loss)	**(968,219)**	**-5.5%**	**172,087**	**1.1%**	**(206,610)**	**-0.3%**	**512,793**	**0.9%**

Notes to the financial statements

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 accounting details, balance sheet income statement and all other tables in this document are expressed in euros.
As this report covers the quarter ended December 31 2001, in addition to performance for the quarter concerned there is also a preliminary analysis of factors that have characterised the Group's financial performance for the whole year. The results reported have already been exhaustively analysed by the auditors, PricewaterhouseCoopers, who have checked their congruity and accuracy and, furthermore, these results will be used as the basis for preparation of the financial statements that will be on the agenda of the Board Meeting to be held on March 12 2002.
As regards new measures concerning the tax treatment of company profits introduced by the 2002 Budget, it was believed to be premature at this time to report estimated taxation and so tax for the year in question will be included in the financial statements mentioned above.

2.2 Consolidation area and evaluation criteria

The consolidation area includes the situation at December 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., whereas investments in Frascheri S.p.A., Unionfidi Piemonte and Consorzio CELPI have not been consolidated as this is not contemplated by the 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 year 2001 shows a gross operating margin (EBITDA) of 5,071 million euros, compared with 4,711million euros for the year ended December 31 2000, which represents an increase of 360 thousand euros or 7,6%. The operating profit (EBIT) amounts to 617 thousand euros compared with 1,073 million euros in the previous year.

As regards the fourth quarter, the Group income statement shows a gross operating margin of 950 thousand euros, a decrease of 400 thousand euros compared with the same period for the prior year, whereas the negative operating profit of 295 thousand euros compares with a positive result in the prior year amounting to 367 thousand euros.

Sales revenues

Group net sales revenues for the quarter ended December 31 2001 grew by 1,222 million euros when compared with the same period ended December 31 2000, and for the entire year reached 62,711 million euros, an increase of 6.7%.

The following table summarises the breakdown of consolidated sales revenues by main product lines.

	IV Qrt 01	IV Qrt 00	variation		31-dec-01	31-dec-00	variation	
	€	**€**	**€**		**€**	**€**	**€**	
Latte fresco	8,775,009	8,364,019	410,989	4.9%	32,746,327	31,213,623	1,532,704	4.9%
Latte UHT	3,799,508	3,660,366	139,142	3.9%	13,585,821	13,132,984	452,837	3.4%
Yogurt	382,305	380,864	1,441	0.4%	1,732,812	1,714,122	18,690	1.1%
Latte e panna sfusi	542,098	658,202	(116,104)	-17.6%	2,009,839	2,684,544	(674,705)	-25.1%
Altri prodotti confezionati	3,599,000	2,812,860	786,140	27.9%	12,636,451	10,016,683	2,619,768	26.2%
Totale	**17,097,919**	**15,876,312**	**1,221,608**	**7.7%**	**62,711,250**	**58,761,956**	**3,949,294**	**6.7%**

The associated company, Frascheri S.p.A. recorded a growth of 4.2% or 8,2 million euros.

Interest expense

Interest expense remained essentially stable, whereas the interest income reported was derived from securities held as current assets by the Holding Company and the tax credit on distributed earnings of the Centro Latte Rapallo subsidiary.

2.4 Financial position

The Group's ***net positive financial position*** summarised in the following table shows an increase from the position reported at the end of the 3rd quarter 2001. This improvement was the result of the reimbursement of VAT credit due from the tax authorities.

	31-dec-01	31-dec-00	30-sept-01
	€	**€**	**€**
Disponibilità liquide	16,163,013	15,567,676	13,015,874
Azioni proprie	382,995	0	446,190
Debiti verso banche	(12,191,101)	(9,079,486)	(11,978,786)
Crediti verso controllanti	96,836	96,836	96,836
Debiti verso altri finanziatori	(500,532)	(500,532)	(500,532)
Posizione finanziaria netta	**3,951,211**	**6,084,494**	**1,079,582**

Purchase of own stock

As approved by the ordinary shareholders' meeting held on April 30 2001, starting in the month of June the Holding Company began to purchase its own stock.

The 150,750 shares of treasury stock in portfolio at the end of the year have been valued at the average price in the month of December, equal to 2.5406 euros, and so showed a reduction in value of 251,664 euros for the whole year and 63,194 euros for the fourth quarter alone.

3. Comments on operations

During the quarter covered by this report there was, on the one hand, a positive trend for sales in line with expectations and, on the other, a reduction in profitability due to higher than normal operating costs and other costs of an extraordinary nature.

Operations in the quarter ended December 31 2001 saw a sudden, unexpected increase in the cost of unprocessed milk. The negative economic cycle and difficulties in the agricultural sector, together with the cost increase normally experienced because of the higher quality of milk produced in winter months, led to a 6.12% increase in the ex-farm price of milk when compared with the previous quarter, for an impact of 258,000 euros.

A distinguishing feature of the Group's production has always been the quality and certified origin of its unprocessed milk. Selected Piedmontese farms supply 74% of the raw milk and this policy is fundamental in terms of quality and transparency towards consumers, who can always be sure that the milk they purchase is from farms in Piedmont. Quality and guarantees for the consumer do not always go hand in hand with positive short-term financial results. And in fact the Group decided to sacrifice as little as possible of the distinctive features of its production, while continuing to maintain the organoleptic qualities of a milk for which consumers have always shown their appreciation.

In order to cope with an increase in sales of fresh milk in the new PET bottles by the Holding Company, the Centro Latte Rapallo subsidiary and the associated company, Frascheri, the decision was taken to bring forward implementation of the second bottling line - originally scheduled for the early part of 2002 - to the fourth quarter. The total capital expenditure amounting to 1,342,800 euros meant that reserves for depreciation of 152,000 euros had to be made and this amount was recorded entirely in costs for the period in question.

A further contributor to higher operating costs in the 4th quarter was the increase in promotional grants made to Large-scale Distribution Organisations (LDOs), which resulted in an increase of 88.000 euros during the period when compared with the 3rd quarter.
Lastly, it should be mentioned that services in support of advertising campaigns planned for the 3rd quarter were postponed to the 4th quarter, whereas this was not the case in the prior year.
As regards extraordinary operations during the 4th quarter, there were considerable costs for the reorganisation of the Holding Company. This operation led to a reduction in employees from 107 at January 1 2001 to the current 104, which was achieved at a cost of … euros. The reorganisation entailed subdividing the production area into separate business units to achieve a leaner production organisation structure that can better control single production lines and tasks from a management standpoint at the Turin plant. Given this new structure there is no longer the need for a Plant Manager as responsibility for each production area has been delegated to a relevant business unit. The people assigned to manage these units all have the necessary know-how and experience acquired over many years with the Company to operate autonomously.
After the above comments on events in the quarter ended December 31 2001, a brief overview will now be given on performance for the year as a whole.
Group net revenues rose by …%, there was an increase of …% in gross operating margin (EBITDA), whereas operating profit (EBIT) fell by …%. The latter was heavily affected by the increase of … thousand euros for depreciation on new capital expenditure at the Holding Company's Turin plant, in particular the second PET bottling line, and as regards intangible assets, the amortisation of costs for listing shares (it should be borne in mind that amortisation in the previous year was calculated on a pro rata basis).
The financial statements for 2001 reflect an increase in the price of unprocessed materials, which reached a peak during the last quarter of the year. On average the purchase price for raw milk increased by …% and this was only partly offset by increases in list prices.
Normal operations were affected by costs for services which were not required in prior years, relative to the listing of shares on the Telematic Stock Exchange and in the STAR segment, amounting in total to … thousand euros, of which … thousand euros were non-recurring costs for the revision of accounting and administrative control procedures.
Extraordinary operations reported in the financial statements show a considerable increase in costs compared with the prior year, in particular the negative trend in the stock market and consequent reduction in the share price of the Holding Company. This led to a writedown of … euros in the value of treasury stock which was recorded in the income statement.
The year 2001 also absorbed the entire cost for professional services and suretyships in connection with participation in the first and second stage of the bid to privatise Centrale del Latte di Vicenza and Centrale del Latte di Salerno, for a total amount of … thousand euros.
It can therefore be noted that despite the turbulent period witnessed in the agricultural world, which led to an increase in the price of raw materials, there was a growth in profit before tax. If the extraordinary events

mentioned previously were not considered this would have led to an increase of …% over the prior year for pre-tax profit at Group level.

It can therefore be said that in overall terms results for the year ended December 31 2001 were positive and have laid the foundations for further improvement in future years.

5. Significant events after the close of the quarter

There are no significant events to report after the close of the quarter in question

Chairman of the Board of Directors
Luigi LUZZATI