



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

### **Interim report on operations at 31 march 2010**

Centrale del Latte di Torino & C. S.p.A.  
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Share capital: € 20,600,000 fully paid-up  
Turin Chamber of Commerce (C.C.I.A.A.) no. 520409  
Turin Court no. 631/77  
TIN – VAT no. 01934250018

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## 1. Consolidated accounting schedules

### 1.1 Reclassified consolidated statement of financial and equity position

	31 Mar 10		31 Mar 09		31 Dec 09	
Technical fixed assets	61,686		63,114		62,454	
Current technical fixed assets	742		475		659	
Intangible fixed assets	15,767		17,324		16,155	
Equity investments and securities	73		28		73	
<b>Total fixed assets</b>	<b>78,268</b>	<b>96.1%</b>	<b>80,942</b>	<b>102.3%</b>	<b>79,342</b>	<b>96.4%</b>
Trade receivables	17,269		16,600		19,705	
Inventories	3,322		3,600		3,193	
Other short-term assets	7,087		6,842		6,883	
Receivables from affiliates	400		-		300	
Financial assets held for sale	-		207		-	
Trade payables	(18,036)		(22,658)		(20,692)	
Other payables	(5,763)		(5,942)		(5,209)	
Tax liabilities	(1,134)		(494)		(1,227)	
<b>Net working capital</b>	<b>3,145</b>	<b>3.9%</b>	<b>(1,844)</b>	<b>-2.3%</b>	<b>2,954</b>	<b>3.6%</b>
<b>LIABILITIES AND EQUITY</b>	<b>81,413</b>	<b>100.0</b>	<b>79,098</b>	<b>100.0</b>	<b>82,296</b>	<b>100.0%</b>
Employee severance indemnity	4,079	0%	4,321	0%	3,913	
Other provisions	932		911		931	
Provision for deferred taxes	5,604		6,177		5,677	
<b>Total long-term liabilities and provisions</b>	<b>10,615</b>	<b>13.0%</b>	<b>11,408</b>	<b>14.4%</b>	<b>10,521</b>	<b>12.8%</b>
Cash, banks and securities	(8,503)		(11,803)		(7,195)	
Payables to banks	5,512		4,390		8,081	
Current share of payables to other lenders	758		711		783	
Current share of medium/long-term loans	4,958		3,992		4,648	
Medium/long-term payables to other lenders	6,922		7,775		7,081	
Medium/long-term loans	18,168		21,127		16,607	
<b>Net financial position</b>	<b>27,815</b>	<b>34.2%</b>	<b>26,192</b>	<b>33.1%</b>	<b>30,005</b>	<b>36.5%</b>
Share capital	20,600		20,600		20,600	
Reserves	19,570		18,568		18,780	
<b>Net profit (loss)</b>	<b>(*) 1,223</b>		<b>(*) 660</b>		<b>(**) 800</b>	
<b>Total net equity</b>	<b>41,393</b>	<b>50.8%</b>	<b>39,828</b>	<b>50.4%</b>	<b>40,180</b>	<b>48.8%</b>
Minority share capital and reserves	1,590	2.0%	1,670	2.1%	1,590	1.9%
<b>LIABILITIES AND EQUITY</b>	<b>81,413</b>	<b>100.0%</b>	<b>79,098</b>	<b>100.0%</b>	<b>82,296</b>	<b>100.0%</b>

(\*) Pre-tax result

(\*\*) Result after taxes

## 1.2 Reclassified consolidated statement of comprehensive income

	31 Mar 10		31 Mar 09		31 Dec 09	
Revenue from sales and services	24,793	95.9%	25,047	97.9%	98,341	99.1%
Change in inventories	180	0.7%	169	0.7%	(143)	-0.1%
Other revenue and income	874	3.4%	375	1.5%	1,067	1.1%
<b>Value of production</b>	<b>25,847</b>	<b>100.0</b>	<b>25,591</b>	<b>100.0%</b>	<b>99,265</b>	<b>100.0</b>
		<b>%</b>				<b>%</b>
Services	(6,629)	-25.6%	(6,857)	-26.8%	(26,708)	-26.9%
Raw materials	(12,390)	-47.9%	(12,518)	-48.9%	(47,819)	-48.2%
Other operating costs	(251)	-1.0%	(217)	-0.8%	(965)	-1.0%
<b>Added value</b>	<b>6,576</b>	<b>25.4%</b>	<b>5,998</b>	<b>23.4%</b>	<b>23,773</b>	<b>23.9%</b>
Personnel costs	(3,642)	-14.1%	(3,560)	-13.9%	(14,174)	-14.3%
<b>Gross operating margin</b>	<b>2,935</b>	<b>11.4%</b>	<b>2,438</b>	<b>9.5%</b>	<b>9,599</b>	<b>9.7%</b>
Provision for bad debts	(70)	-0.3%	(70)	-0.3%	(176)	-0.2%
Depreciation of tangible fixed assets	(989)	-4%	(985)	-3.9%	(3,984)	-4.0%
Amortisation of intangible fixed assets	(388)	-1.5%	(390)	-1.5%	(1,559)	-1.6%
Allocations for risks	(1)	0.0%	(1)	0.0%	(231)	-0.2%
<b>Operating result</b>	<b>1,486</b>	<b>5.8%</b>	<b>992</b>	<b>3.9%</b>	<b>3,650</b>	<b>3.7%</b>
Adjustments to equity investments	-	-	-	-	(118)	-0.1%
Financial income	18	0.1%	47	0.	315	0.3%
Financial charges	(354)	-1.4%	(498)	2%	(1,497)	-1.5%
Pre-tax result	1,150	4.4%	541	2.1%	2,350	2.4%
Income taxes	-	-	-	-	(2,036)	-2.1%
(Deferred) prepaid taxes	73	0.3%	70	0.3%	357	0.4%
Total net profit (loss)	1,223	4.7%	611	2.4%	671	0.7%
Minority result	-	-	(49)	-0.2%	129	0.1%
<b>Net profit (loss) for the year</b>	<b>(*) 1,223</b>	<b>4.7%</b>	<b>(*) 660</b>	<b>2.6%</b>	<b>(**) 800</b>	<b>0.8%</b>

(\*) Pre-tax result

(\*\*) Result after taxes

## **2. Comments to the accounting schedules**

### **2.1 Introduction**

This Interim report on operations at 31 March 2010 has been prepared in accordance with Article 82 of CONSOB Resolution No. 11971 of 14 May 1999 and Schedule 3 D, amended by Resolution No. 12475 of 6 April 2000.

The Company is listed on the STAR segment of Borsa Italiana and participated in the STAR Conference in Milan on 17 March 2010. The associated analysts' presentation is available on the Company's website at the address: [www.centralelatte.torino.it/ita/finanza/analisti](http://www.centralelatte.torino.it/ita/finanza/analisti)

### **2.1 Scope of consolidation and valuation standards**

The scope of consolidation includes: "Centrale del Latte di Torino & C. S.p.A." as parent company, "Centro Latte Rapallo S.p.A.", "Centrale del Latte di Vicenza S.p.A.". Frascheri S.p.A. is consolidated according to the equity method on the basis of the interest held in the company (40%).

### **2.2 Valuation and accounting standards**

International accounting standards (IASs/IFRSs) are applied in drawing up the interim accounts prepared by the subsidiaries and thus in drawing up the consolidated interim accounts.

### **2.3 Comment on comprehensive income**

The first quarter of 2010 has been compared with the same period of the previous year.

The consumer goods market has continued to show signs of weakness, albeit to a less evident extent than in previous months.

In the first quarter, the Company's main national competitors launched promotional offers affecting the retail prices of fresh milk, to which the Company was forced to respond with significant price cuts in defence of its market share.

The 2009-2010 dairy season came to an end on 31 March 2010, yielding an average cost of purchasing milk from producers in the first quarter of 2010 that was in line with the average for the same period of 2009. Price negotiations for the 2010-2011 dairy season are currently in progress. Prices for the next quarter are not expected to vary significantly from those set for the reporting period.

The results for the first quarter of 2010 represented an improvement when compared to the first quarter of 2009, owing in part to the closing of the sale to third parties of a brand formerly owned by Centrale del Latte di Vicenza, yielding a considerable capital gain.

	31 mar 10		31 mar 09		31 Dec 09	
Value of production	25,851		25,591		99,265	
Gross operating margin	2,934	11.4%	2,438	9.5%	9,599	9.7%
Operating result	1,486	5.7%	992	3.9%	3,650	3.7%
Pre-tax result	1,223	4.7%	541	2.1%	2,350	2.4%

The Group's consolidated turnover came to € 24,793 thousand in the first quarter of 2010 compared to the € 25,047 thousand in the same period of 2009, marking a decrease of 1%.

Despite the commencement of new production at the Vicenza facility, the share of turnover associated with fresh milk was affected by the promotional offers made by the Company's main competitors, resulting in a decrease of 1.6%.

The UHT segment reported an increase of 3.2% compared to the first quarter of 2009, driven by targeted marketing operations.

Minimally processed products were stable, benefiting from the integration of the Casteggio facility and the work done on improving production.

The other packaged products segment grew by 2.9%.

The yogurt and bulk milk and cream segments declined. In the latter segment, the rationalisation of ingredient purchases reduced surplus raw milk and thus the sale of excess supply.

The following table breaks down sales performance by product line:

(€/000)	31 mar 10		31 mar 09		Change on the period		Total 31 Dec 09
Fresh milk	11,271	45.6%	11,450	45.7%	(179)	-1.6%	44,802
UHT milk	4,994	20.1%	4,842	19.3%	153	3.2%	18,805
Yogurt	1,699	6.9%	1,872	7.5%	(173)	-9.3%	7,229
Fresh vegetables	1,577	6.4%	1,570	6.3%	7	0.5%	6,295
Bulk milk and cream	805	3.2%	992	4.0%	(188)	-18.9%	3,012
Other packaged products	4,447	15.9%	4,321	17.3%	127	2.9%	18,198
Total	24,793	100.0%	25,047	100.0%	(254)	-1.0%	98,341

## Geographical breakdown

The table below shows turnover at 31 March 2010, divided up into geographical areas:

(€/000)	Fresh milk	UHT milk	Yogurt	Fresh vegetables	Bulk milk and cream	Other packaged products	Total
<b>Piedmont</b>							
31 Mar 10	6.282	3.372	489	751	117	1.135	12.148
31 Mar 09	6.377	3.255	559	557	194	1.225	12.166
% change	-1,5%	3,6%	-12,5%	35,0%	-39,5%	-7,3%	-0,2%
31 Dec 09	23.785	12.629	2.078	2.079	443	4.743	45.756
<b>Liguria</b>							
31 Mar 10	2.890	510	174	699	52	2.430	6.755
31 Mar 09	3.172	493	174	744	229	2.170	6.984
% change	-8,9%	3,4%	-0,3%	-6,0%	-77,3%	12,0%	-3,3%
31 Dec 09	13.515	1.995	722	3.032	362	9.736	29.363
<b>Veneto</b>							
31 Mar 10	2.099	1.112	1.035	127	77	884	5.334
31 Mar 09	1.901	1.094	1.138	141	135	925	5.333
% change	10,4%	1,7%	-9,0%	-10,0%	-42,8%	-4,5%	0,0%
31 Dec 09	7.502	4.180	4.429	536	393	3.719	20.759
<b>Other</b>							
31 Mar 10	-	-	-	225	558	-	784
31 Mar 09	-	-	-	129	435	-	563
% change	-	-	-	75,1%	28,5%	-	39,1%
31 Dec 09	-	-	-	648	1.815	-	2.463
31 Mar 10	11.271	4.994	1.699	1.577	805	4.447	24.795
31 Mar 09	11.450	4.842	1.872	1.570	992	4.321	25.047
% change	-1,6%	3,2%	-9,3%	0,5%	-18,9%	2,9%	-1,0%
31 Dec 09	44.802	18.805	7.229	6.295	3.012	18.198	98.341

## 2.4 Consolidated financial position

The Group's net financial position at 31 March 2010 was negative for € 27,815 thousand, up by € 2,190 thousand compared to 31 December 2009.

(€/000)	31 Mar 10	31 Mar 09	31 Dec 09
Cash and cash equivalents	8,503	11,368	7,194
Securities held for trading	-	435	-
Total current financial assets	8,503	11,803	7,194
Payables to banks	(5,512)	(4,390)	(8,081)
<b>Current share of medium/long-term loans</b>	<b>(4,958)</b>	<b>(3,992)</b>	<b>(4,648)</b>
Current share of payables to other lenders	(758)	(711)	(783)
Total current financial liabilities	(11,228)	(9,093)	(13,512)
<b>Payables for medium/long-term loans</b>	<b>(18,168)</b>	<b>(21,127)</b>	<b>(16,607)</b>
Medium and long term payables to other lenders	(6,922)	(7,775)	(7,081)
Total non-current financial liabilities	(25,091)	(28,902)	(23,688)
<b>Total financial liabilities</b>	<b>(36,319)</b>	<b>(37,995)</b>	<b>(37,200)</b>
<b>Net financial position</b>	<b>(27,815)</b>	<b>(26,192)</b>	<b>(30,005)</b>

### **3. Remarks concerning the performances of companies within the scope of consolidation.**

#### **Centro Latte Rapallo S.p.A.**

The subsidiary Centro Latte Rapallo closed the first quarter of 2010 with a pre-tax profit of € 22 thousand (€ 111 thousand at 31 March 2009). The overall turnover, gross of intra-group sales, amounted to € 5,755 thousand, compared to € 6,148 thousand at the end of Q1 2009.

#### **Centrale del Latte di Vicenza S.p.A.**

Centrale del Latte di Vicenza S.p.A., a 91.74%-owned subsidiary, closed the first quarter of 2010 with a pre-tax loss of € 3 thousand compared to a loss of € 594 thousand at 31 March 2009. The overall turnover, gross of intra-group sales, amounted to € 5,905 thousand, compared to € 5,872 thousand at the end of Q1 2009.

#### **Frascheri S.p.A.**

The Company closed the first quarter of 2010 with a pre-tax loss of € 129 thousand (compared to a break-even in March 2009). The overall turnover, gross of intra-group sales, amounted to € 2,262 thousand, compared to € 2,297 thousand at the end of Q1 2009.

The joint venture is consolidated proportionally due to the interest held (40%).

### **4. BUSINESS OUTLOOK**

The ongoing negotiations to determine the cost of purchasing milk from producers support the theory that prices will not undergo significant changes compared to the reporting quarter.

Due to the extension of the current situation of severe pressure on sale prices exerted by the continuation of promotional offers from the Company's main competitors, the market is expected to show tighter margins, which may be partially offset by cutting costs and increasing production efficiency.

## 5. ACCOUNTING SCHEDULES OF THE PARENT COMPANY

The Parent Company's accounting schedules comprise pro-forma data including the accounting figures for Salads & Fruits S.r.l., which was merged into the Parent Company in 2009.

### 5.1 Parent Company's reclassified statement of financial and equity position

(€/000)	31 Mar 10		31 Mar 09		31 Mar 09 Pro-forma	
Technical fixed assets	15,688		10,911		16,014	
Intangible fixed assets	346		385		385	
Equity investments and securities	38,368		43,414		42,048	
Financial receivables from subsidiaries	6,000		4,600		4,000	
Total fixed assets	60,402	99.1%	59,311	102.5%	62,447	103.8%
Trade receivables	10,465		10,170		10,372	
Inventories	1,472		1,413		1,551	
Other short-term assets	3,569		3,045		3,242	
Trade payables	(10,869)		(13,151)		(13,984)	
Other payables	(3,321)		(2,808)		(3,338)	
Tax liabilities	(813)		(139)		(149)	
Net working capital	502	0.9%	(1,471)	-2.5%	(2,306)	-3.8%
LIABILITIES AND EQUITY	60,904	100.0%	57,840	100.0%	60,141	100.0%
Employee severance indemnity	2,093		2,091		2,138	
Other provisions	120		120		120	
Provision for deferred taxes	680		728		728	
Total long-term liabilities and provisions	2,893	4.7%	2,940	5.1%	2,987	5.0%
Cash, banks and securities	(4,230)		(7,345)		(7,346)	
Payables to banks	-		-		423	
Current share of payables to other lenders	102		99		138	
Current share of medium/long-term loans	4,339		2,414		2,868	
Medium/long-term payables to other lenders	234		331		375	
Medium/long-term loans	9,748		10,215		12,088	
Net financial position	10,193	16.7%	5,714	9.9%	8,547	14.2%
Share capital	20,600		20,600		20,600	
Reserves	25,805		26,911		26,751	
Net profit (loss)	(*) 1,413		(*) 1,588		(*) 1,256	
Total net equity	47,818	78.6%	49,186	85.0%	48,607	80.8%
LIABILITIES AND EQUITY	60,904	100.0%	57,840	100.0%	60,141	100.0%

(\*) Pre-tax profit      (\*\*) Profit after taxes

### Net financial position

(€/000)	31 Mar 10	31 Dec 09	31 Mar 09	31 Mar 09 pro forma
Cash and cash equivalents	4,230	3,139	6,910	6,911
Securities held for trading	-	-	435	435
Total current financial assets	4,230	3,139	7,345	7,346
Payables to banks	-	(557)	-	(423)
Current share of medium/long-term loans	(4,339)	(4,025)	(2,414)	(2,868)
Current share of payables to other lenders	(102)	(133)	(99)	(138)
Total current financial liabilities	(4,441)	(4,715)	(2,513)	(3,429)
Payables for medium/long-term loans	(9,748)	(8,188)	(10,215)	(12,088)
Medium and long term payables to other lenders	(234)	(262)	(331)	(375)
Total non-current financial liabilities	(9,982)	(8,450)	(10,546)	(12,463)
Total financial liabilities	(14,423)	(13,165)	(13,059)	(15,892)
Net financial position	(10,193)	(10,025)	(5,714)	(8,547)

## 5.2 Parent Company's reclassified statement of comprehensive income

	31 Mar 10		31 Mar 09		31 Mar 09 pro forma	
Revenue from sales and services	14,870	95.9%	14,438	96.9%	14,897	96.9%
Change in inventories	187	1.2%	183	1.2%	179	1.2%
Other revenue and income	456	2.9%	285	1.9%	299	1.9%
Value of production	15,512	100.0%	14,906	100.0%	15,375	100,0%
Services	(3,729)	-24.0%	(3,359)	-22.5%	(3,632)	-23.6%
Raw materials	(7,605)	-49.0%	(7,570)	-50.8%	(7,764)	-50.5%
Other operating costs	(142)	-0.9%	(84)	-0.6%	(93)	-0.6%
Added value	4,036	26.0%	3,893	26.1%	3,886	25.3%
Personnel costs	(1,990)	-12.8%	(1,727)	-11.6%	(1,936)	-12.6%
Gross operating margin	2,046	13.2%	2,167	14.5%	1,950	12.7%
Provision for bad debts	(42)	-0.3%	(40)	-0.3%	(44)	-0.3%
Depreciation of tangible fixed assets	(449)	-2.9%	(376)	-2.5%	(447)	-2.9%
Amortisation of intangible fixed assets	(10)	-0.1%	(10)	-0.1%	(10)	-0.1%
Allocations for risks	-	-	-	-	-	-
Operating result	1,545	10.0%	1,741	11.7%	1,449	9.4%
Write-down of equity investments	18	0.1%	49	0.3%	41	0.3%
Financial income	(149)	-1.0%	(202)	-1.4%	(242)	-1.6%
Pre-tax result	1,413	9.1%	1,588	10.7%	1,249	8.1%
Income taxes	-	-	-	-	-	-
(Deferred) prepaid taxes	-	-	-	-	-	-
Total net profit (loss)	(*) 1,413	9.1%	(*) 1,588	10.7%	(*) 1,249	8.1%

(\*) Pre-tax profit

## 6. EVENTS AFTER THE CLOSE OF THE QUARTER

The ordinary shareholders' meeting of Centrale del Latte di Torino & C. S.p.A. held on 29 April approved the financial statements and the carry-forward of the loss for 2009. Luciano ROASIO was also confirmed as independent director during the same meeting.

The extraordinary shareholders' meeting of Centrale del Latte di Vicenza S.p.A. held on 28 April 2010 resolved to reduce share capital from € 23.041 million to € 19.441 million to cover previous losses and approved a capital increase of € 29.162 million.

In April, GPP Genova Pasta e Pesto S.p.A., in which Centro Latte Rapallo S.p.A. holds a 45% interest, was transformed into a limited-liability company (S.r.l.) and changed its name to GPP S.r.l.

Turin, 10 May 2010

The Chairman of the Board of Directors  
Luigi LUZZATI

Pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Law, the Executive in charge of drafting corporate accounts, Mr. Vittorio Vaudagnotti, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

Turin, 10 May 2010

The Executive in charge of drafting financial statements

Vittorio VAUDAGNOTTI