

Centrale del Latte di Torino & C. S.p.A. Interim report on operations at 31 March 2011

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1. Consolidated accounting schedules

1.1 Reclassified consolidated statement of financial and equity position

	31-Mar-11		31-Mar-10		31-Dec-10	
Technical fixed assets	60,376		61,686		61,100	
Current technical fixed assets	10		742		-	
Intangible fixed assets	14,206		15,767		14,596	
Intangible assets in progress	219		-		-	
Equity investments and securities	73		73		73	
Total fixed assets	74,884	94.4%	78,268	96.1%	75,769	92.2%
Trade receivables						
Inventories	20,699		17,269		23,196	
Other short-term assets	3,758		3,322		3,737	
Receivables from affiliates	7,033		7,087		8,068	
Trade payables	-		400		285	
Other payables	(21,098)		(18,036)		(23,181)	
Tax liabilities	(5,479)		(5,763)		(5,263)	
	(403)		(1,134)		(434)	
			3,145			
Net working capital	4,510	5.6%	3,9%	3.9%	6,408	7.8%
LIABILITIES AND EQUITY	79,394	100.0%	81,413	100.0%	82,177	100.0%
	100,0%		100,0%			
Employee severance indemnity	3,794		4,079		3,952	
Other provisions	424		932		424	
Provision for deferred taxes	4,861		5,604		5,042	
Total long-term liabilities and provisions	9,079	11.4%	10,615	13.0%	9,418	11.5%
Cash, banks and securities	(7,911)		(8,503)		(4,703)	
Payables to banks	1,000		5,512		4,907	
Current share of payables to other lenders	793		758		786	
Current share of medium/long-term loans	6,068		4,958		5,601	
Medium/long-term payables to other lenders	6,092		6,922		6,280	
Medium/long-term loans	22,305		18,168		18,184	
Net financial position	28,347	35.7%	27,815	34.2%	31,055	37.8%
Share capital	20,600		20,600		20,600	
Reserves	21,105		19,570		20,103	
Profit (loss) for the period	(*) 263		(*) 1,223		(**) 1,001	
Total net equity	41,968	52.8%	41,393	50.8%	41,704	50.7%
Minority share capital and reserves	-		1,590	2.0%	-	0.0%
LIABILITIES AND EQUITY	79,394	100.0%	81,413	100.0%	82,177	100.0%

(*) Pre-tax result
(**) Result after taxes

1.2 Reclassified consolidated statement of comprehensive income

	31-Mar-11		31-Mar-10		31-Dec-10	
Revenue from sales and services	26,152	98.5%	24,793	95.9%	101,370	98.1%
Change in inventories	101	0.4%	180	0.7%	194	0.2%
Other revenue and income	363	1.4%	874	3.4%	1,863	1.8%
Value of production	26,616	100.0%	25,847	100.0%	103,427	100.0%
Services	(6,508)	-24.5%	(6,629)	-25.6%	(26,351)	-25.5%
Raw materials	(14,150)	-53.2%	(12,390)	-47.9%	(53,138)	-51.4%
Other operating costs	(311)	-1.2%	(251)	-1.0%	(914)	-0.9%
Added value	5,647	21.2%	6,577	25.4%	23,024	22.3%
Personnel costs	(3,739)	-14.0%	(3,642)	-14.1%	(14,041)	-13.6%
EBITDA	1,908	7.2%	2,935	11.4%	8,983	8.7%
Provision for bad debts	(80)	-0.3%	(70)	-0.3%	(172)	-0.2%
Depreciation of tangible fixed assets	(999)	-3.8%	(990)	-4%	(4,056)	-3.9%
Amortisation of intangible fixed assets	(390)	-1.5%	(388)	-1.5%	(1,559)	-1.5%
Allocations for risks	(1)	0.0%	(1)	0.0%	(103)	-0.1%
EBIT	438	1.6%	1,486	5.8%	3,093	3.0%
Financial income	51	0.2%	18	0.1%	94	0.1%
Financial charges	(300)	-1.1%	(354)	-1.4%	(1,205)	-1.2%
Pre-tax result	189	0.7%	1,150	4.4%	1,982	1.9%
Income taxes for the year			-	-	(1,738)	-1.7%
(Deferred) prepaid taxes	74	0.3%	73	0.3%	757	0.7%
Profit (loss) for the period	(*) 263	1.0%	(*) 1,223	4.7%	(**) 1,001	1.0%

(*) Pre-tax result
(**) Result after taxes

2. Comments to the accounting schedules

2.1 Introduction

This Interim report on operations at 31 March 2011 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 22 March 2011. The associated analysts' presentation is available on the Company's website at the address: 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.". Frasccheri 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 2011 has been compared with the same period of the previous year.

Results for the first quarter of 2011 largely confirmed what was evident during the last quarter of 2010, with operating costs remaining stable for the most part and milk raw material prices remaining high. As forecast, in order to cover these rises in costs, the Group has in turn raised its own prices; the actual application of these increases varied in terms of times and methods. The adjustments were made from February onwards, and therefore the full effect of their application will not be evident until the second quarter of the year. When comparing the first quarter of 2011 with the same period in 2010, it is imperative to take account of the fact that in the first three months of last year the Group registered a capital gain of € 400 thousand on the sale of a minor brand pertaining to Centrale del Latte di Vicenza , as well as other extraordinary income amounting to € 250 thousand.

In a situation that remains difficult as regards consumption, the Group recorded a 5% increase in sales compared to the first quarter of 2010

	31 Mar 11		31 Mar 10		31-Dec-10	
Value of production	26,616		25,847		103,427	
EBITDA	1,908	7.2%	2,935	11.4%	8,983	8.7%
EBIT	438	1.6%	1,486	5.7%	3,093	3.0%
Result for the period	(*) 263	1.0%	(*) 1,223	4.7%	(**) 1,001	1.9%

(*) Pre-tax result

(**) Result after taxes

The Group's consolidated turnover came to € 26,152 thousand in the first quarter of 2011 compared to the € 24,793 thousand in the same period of 2010, marking an increase of 5%.

Also thanks to the commencement of new production at the Vicenza facility, the share of turnover associated with fresh milk increased by 8%, a rise only partially attributable to the increases applied to the sales price lists.

Sales in the UHT milk segment remained largely stable, with an absolute value increase of € 23 thousand compared to the first quarter of 2010.

The yogurt segment recorded an increase of 9% compared to 31 March 2010, a rise that again was thanks to the commencement of new production at the Vicenza facility.

There was a drop in sales in the fresh vegetable segment, while sales of the other packaged products grew by 2% compared to the first quarter of 2010.

The table below shows the performance of sales, divided up into product lines:

(€/000)	31 Mar 10		Change on the period		Total 31-Dec-10		
Fresh milk	12,215	46%	11,271	46%	944	8%	46,571
UHT milk	5,018	19%	4,994	20%	24	0%	19,731
Yogurt	1,854	7%	1,699	7%	155	9%	6,938
Fresh vegetables	1,417	6%	1,577	6%	(160)	-10%	6,299
Bulk milk and cream	1,093	3%	805	3%	288	36%	3,371
Other packaged products	4,555	18%	4,447	16%	108	2%	18,460
Total	26,152	100%	24,793	100%	1,359	5%	101,370

Geographical breakdown

The table below shows turnover at 31 March 2011, divided up into geographical areas:

(€/000)	Fresh milk	UHT milk	Yogurt	Fresh vegetables	Bulk milk and cream	Other packaged products	Total
Piedmont							
31-Mar-11	6,887	3,081	496	703	234	1,150	12,551
31-Mar-10	6,282	3,372	489	751	118	1,135	12,148
% change	10%	-9%	1%	-6%	99%	1%	3%
31-Dec-10	24,917	12,989	1,932	2,032	455	4,672	46,996
Liguria							
31-Mar-11	3,189	543	186	595	77	2,266	6,856
31-Mar-10	2,890	510	174	699	52	2,429	6,755
% change	10%	6%	7%	-15%	47%	-7%	2%
31-Dec-10	12,948	2,176	730	2,915	371	9,434	28,575
Veneto							
31-Mar-11	2,139	1,394	1,172	119	224	1,139	6,187
31-Mar-10	2,099	1,112	1,036	127	77	883	5,334
% change	2%	25%	13%	-6%	190%	29%	16%
31-Dec-10	8,706	4,566	4,276	505	431	4,354	22,836
Other							
31-Mar-11	-	-	-	-	558	-	558
31-Mar-10	-	-	-	-	558	-	558
% change	-	-	-	-	0%	-	0%
31-Dec-10	-	-	-	847	2,114	-	2,962
31-Mar-11	12,215	5,018	1,854	1,417	1,093	4,555	26,152
31-Mar-10	11,271	4,994	1,699	1,577	805	4,447	24,793
% change	8%	0%	9%	-10%	36%	2%	5%
31-Dec-10	46,571	19,731	6,938	6,299	3,371	18,460	101,370

2.4 Consolidated financial position

The Group's net financial position at 31 March 2011 was negative for € 28,347 thousand, up by € 2,708 thousand compared to 31 December 2010.

(€/000)	31-Mar-11	31-Mar-10	31-Dec-10
Cash and cash equivalents	7,911	8,503	4,703
Total current financial assets	7,911	8,503	4,703
Payables to banks	(1,000)	(5,512)	(4,907)
Current share of medium/long-term loans	(6,068)	(4,958)	(5,601)
Current share of payables to other lenders	(793)	(758)	(786)
Total current financial liabilities	(7,861)	(11,228)	(11,294)
Payables for medium/long-term loans	(22,305)	(18,168)	(18,184)
Medium and long term payables to other lenders	(6,092)	(6,922)	(6,280)
Total non-current financial liabilities	(28,397)	(25,090)	(24,464)
Total financial liabilities	(36,258)	(36,318)	(35,758)
Net financial position	(28,347)	(27,815)	(31,055)

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 2011 with a pre-tax loss of € 129 thousand (€ 22 thousand at 31 March 2010). The overall turnover, gross of intra-group sales, amounted to € 6,003 thousand, compared to € 5,755 thousand at the end of Q1 2010.

Centrale del Latte di Vicenza S.p.A.

Centrale del Latte di Vicenza S.p.A. closed the first quarter of 2011 with a pre-tax loss of € 404 thousand compared to a loss of € 3 thousand at 31 March 2010. The overall turnover, gross of intra-group sales, amounted to € 6,708 thousand, compared to € 5,905 thousand at the end of Q1 2010.

Frascheri S.p.A.

The Company closed the first quarter of 2011 with a pre-tax loss of € 139 thousand (compared to a loss of € 129 thousand at 31 March 2010). The overall turnover, gross of intra-group sales, amounted to € 2,210 thousand, compared to € 2,262 thousand at the end of Q1 2010.

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

4. BUSINESS OUTLOOK

For the moment a reduction in milk raw material prices cannot be imagined, and current price levels can be expected to remain as they are. As regards the market, the month of April showed signs of recovery, with good increases in sales in terms of both volume and value. There is likely to be a recovery in profit margins once the increases to the price lists takes full effect.

5. ACCOUNTING SCHEDULES OF THE PARENT COMPANY

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

(€/000)	31-Mar-11		31-Mar-10		31-Dec-10	
Technical fixed assets	15,202		15,688		15,488	
Intangible fixed assets	306		346		317	
Intangible assets in progress	219		-		-	
Equity investments and securities	48,330		38,368		48,330	
Financial receivables from subsidiaries	-		6,000		-	
Total fixed assets	64,057	98.6%	60,402	99.2%	64,135	96.8%
Trade receivables	11,630		10,465		14,061	
Inventories	1,637		1,472		1,519	
Other short-term assets	4,087		3,569		5,036	
Trade payables	(13,047)		(10,869)		(15,224)	
Other payables	(3,176)		(3,321)		(3,089)	
Tax liabilities	(186)		(814)		(174)	
Net working capital	945	1.4%	502	0.8%	2,129	3.2%
LIABILITIES AND EQUITY	65,002	100.0%	60,904	100.0%	66,264	100.0%
Employee severance indemnity	1,808		2,093		1,967	
Other provisions	120		120		522	
Provision for deferred taxes	522		680		121	
Total long-term liabilities and provisions	2,450	3.8%	2,893	4.7%	2,610	3.9%
Cash, banks and securities	(3,635)		(4,230)		(848)	
Payables to banks	-		-		3,901	
Current share of payables to other lenders	106		102		105	
Current share of medium/long-term loans	5,248		4,339		4,781	
Medium/long-term payables to other lenders	129		234		141	
Medium/long-term loans	11,806		9,748		7,684	
Net financial position	13,654	21.0%	10,193	16.7%	15,764	23.8%
Share capital	20,600		20,600		20,600	
Reserves	27,290		25,805		25,805	
Profit (loss) for the period	(*) 1,008		(*) 1,413		(**) 1,485	
Total net equity	48,898	75.2%	47,818	78.6%	47,890	72.3%
LIABILITIES AND EQUITY	65,002	100.0%	60,904	100.0%	66,264	100.0%
(*) Pre-tax profit		(**)	Profit after taxes			

Net financial position

(€/000)	31-Mar-11	31-Dec-10	31-Mar-10
Cash and cash equivalents	3,635	848	4,230
Total current financial assets	3,635	848	4,230
Payables to banks	-	(3,901)	-
Current share of medium/long-term loans	(5,248)	(4,781)	(4,339)
Current share of payables to other lenders	(106)	(105)	(102)
Total current financial liabilities	(5,354)	(8,787)	(4,441)
Payables for medium/long-term loans	(11,806)	(7,684)	(9,748)
Medium and long term payables to other lenders	(129)	(141)	(234)
Total non-current financial liabilities	(11,934)	(7,825)	(9,982)
Total financial liabilities	(17,288)	(16,614)	(14,423)
Net financial position	(13,653)	(15,764)	(10,193)

5.2 Parent Company's reclassified statement of comprehensive income

	31-Mar-11		31-Mar-10		31-Dec-10	
Revenue from sales and services	15,577	97.8%	14,870	95.9%	59,380	98.5%
Change in inventories	116	0.7%	187	1.2%	131	0.2%
Other revenue and income	242	1.5%	455	2.9%	803	1.3%
Value of production	15,935	100.0%	15,512	100.0%	60,314	100.0%
Services	(3,473)	-21.8%	(3,729)	-24.0%	(14,152)	-23.5%
Raw materials	(8,597)	-53.9%	(7,605)	-49.0%	(32,077)	-53.2%
Other operating costs	(186)	-1.2%	(142)	-0.9%	(518)	-0.9%
Added value	3,679	23.1%	4,036	26.0%	13,569	22.5%
Personnel costs	(2,028)	-12.7%	(1,990)	-12.8%	(7,751)	-12.9%
EBITDA	1,651	10.4%	2,046	13.2%	5,818	9.6%
Provision for bad debts	(48)	-0.3%	(42)	-0.3%	(62)	-0.1%
Depreciation of tangible fixed assets	(486)	-3.1%	(449)	-2.9%	(1,868)	-3.1%
Amortisation of intangible fixed assets	(10)	-0.1%	(10)	-0.1%	(39)	-0.1%
EBIT	1,107	6.9%	1,545	10.0%	3,849	6.4%
Write-down of equity investments	-	-	-	-	126	0.2%
Financial income	34	0.2%	17	0.1%	(483)	-0.8%
Financial charges	(133)	-0.8%	(149)	-1.0%	(808)	-1.3%
Pre-tax result	1,008	6.3%	1,413	9.1%	2,684	4.5%
Income taxes for the year	-	-	-	-	(1,570)	-2.6%
(Deferred) prepaid taxes	-	-	-	-	371	0.6%
Profit (loss) for the period	(*) 1,008	6.3%	(*) 1,413	9.1% (**)	1,485	2.5%

(*) Pre-tax profit

(**) Profit after taxes

6. EVENTS AFTER THE CLOSE OF THE QUARTER

The ordinary shareholders' meeting of Centrale del Latte di Torino & C. S.p.A. held on 28 April approved the financial statements and resolved to allocate the profit to cover the carried-forward loss and to reserves. The meeting also saw the appointment of the new Board of Directors for FYs 2011 – 2012 – 2013.

Turin, 12 May 2011

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, 12 May 2011
statements

The Executive in charge of drafting financial
statements
Vittorio VAUDAGNOTTI