



FINANCIAL STATEMENTS

at December 31 2000

Centrale del Latte di Torino & C. S.p.A.
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Paid-up share capital 20.600.000 euro
Turin Chamber of Commerce no. 631/77
VAT no. IT 01934250018

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 costs	136,517,380	202,630,030	258,846,360
3) Industrial patents and intellectual property rights	272,568,051	261,696,280	244,772,472
4) Franchises, licenses, trademarks and similar rights	1,355,636,680	1,388,766,549	1,425,248,918
5) New product advertising costs	266,181,071	254,788,603	97,327,001
Total intangible fixed assets	4,930,376,943	2,107,881,462	2,026,194,751
II * Tangible fixed assets			
1) Land and buildings	9,929,096,069	9,678,303,569	9,448,457,187
2) Plant and machinery	9,993,911,477	10,670,953,053	8,998,893,918
3) Industrial, commercial and office equipment	1,113,042,828	1,317,520,217	1,443,036,781
5) Work in progress and down payments	3,025,215,796	212,302,172	183,997,531
Total tangible fixed assets	24,061,266,170	21,879,079,011	20,074,385,417
III * Financial fixed assets			
1) Investments in:			
a) subsidiary companies	33,566,840,250	33,566,840,250	33,566,840,250
b) associated companies			
d) other companies	260,000	260,000	250,000
3) Other securities	0		
Total financial fixed assets	33,567,100,250	33,567,100,250	33,567,090,250
TOTAL FIXED ASSETS	62,558,743,363	57,554,060,723	55,667,670,418
C) CURRENT ASSETS			
I * Inventories			
1) Raw, supplementary and consumable materials	1,406,993,427	1,415,000,416	1,081,042,031
4) Finished products and goods	1,115,664,151	1,003,131,937	857,569,059
5) Advance payments made	376,033,354	76,413,339	136,438,744
Total inventories	2,898,690,932	2,494,545,692	2,075,049,834
II * Accounts receivable			
1) Trade receivables	14,958,335,096	12,552,448,331	13,499,228,382
2) From associated companies	0	0	0
3) From subsidiary companies	2,650,023,783	1,251,352,297	1,096,637,601
4) From holding company	187,500,000	0	0
5) From others	11,535,430,068	15,490,527,059	9,912,658,880
Total receivables	29,331,288,947	29,294,327,687	24,508,524,863
III * Non-fixed asset financial assets			
5) Other securities	12,649,017,406	0	0
IV * Liquid assets			
1) Bank and post office accounts	16,843,957,533	1,382,530,497	2,091,241,573
3) Cash on hand	95,216	914,578	504,631
Total liquid assets	16,844,052,749	1,383,445,075	2,091,746,204
TOTAL CURRENT ASSETS	61,723,050,034	33,172,318,454	28,675,320,901
D) ACCRUED INCOME & PREPAID EXPENSES			
a) interest on loans	150,463,031	150,463,031	169,115,123
b) miscellaneous	556,630,240	412,428,854	201,231,947
TOTAL ASSETS	124,988,886,668	91,289,271,062	84,713,338,389

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	1,327,736,605	1,327,736,605	1,123,966,670
IX * Net profit for the period	880,818,893	1,088,378,337	214,494,669
TOTAL SHAREHOLDERS' EQUITY	71,332,008,062	33,685,489,006	32,597,110,669
B) PROVISIONS FOR RISKS & CHARGES			
2) Tax provisions			
current year	0	557,000,000	0
prior years	0	0	200,000,000
3) Other provisions	0	100,000,000	0
4) Deferred taxes	0	0	0
TOTAL PROVISIONS FOR RISKS & CHARGES	0	657,000,000	200,000,000
C) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY			
	2,896,908,723	2,865,678,800	2,763,938,561
D) ACCOUNTS PAYABLE			
3) To banks	14,248,328,438	19,011,383,343	17,771,202,708
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	21,106,395,754	14,832,733,698	15,894,729,509
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
8) To subsidiary companies	22,959,954	1,441,440	1,800,000
10) To holding company	0	500,000,000	1,000,595,367
11) Tax liabilities	1,426,362,340	11,196,126,651	8,662,585,549
12) Social security contributions	352,498,822	199,449,021	332,075,488
13) Other accounts payable	5,902,654,118	196,202,639	259,538,568
TOTAL ACCOUNTS PAYABLE	50,022,529,201	52,241,135,184	48,676,917,492
E) ACCRUED EXPENSES & DEFERRED INCOME			
b) miscellaneous	737,440,682	1,839,968,072	475,371,667
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	124,988,886,668	91,289,271,062	84,713,338,389

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	76,935,456,368	21,085,249,985	12,470,721,807
3) Guarantees from third parties	6,685,712,786	7,812,860,357	6,277,140,876
4) Mortgages in favour of third parties	14,295,000,000	14,295,000,000	14,295,000,000
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	127,495,665,685	47,675,811,215	37,658,171,572

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 costs	70,505	104,650	133,683
3) Industrial patents and intellectual property rights	140,770	135,155	126,414
4) Franchises, licenses, trademarks and similar rights	700,128	717,238	736,080
5) New product advertising costs	137,471	131,587	50,265
Total intangible fixed assets	2,546,327	1,088,630	1,046,442
II * Tangible fixed assets			
1) Land and buildings	5,127,950	4,998,427	4,879,721
2) Plant and machinery	5,161,425	5,511,087	4,647,541
3) Industrial, commercial and office equipment	574,839	680,442	745,266
5) Work in progress and down payments	1,562,394	109,645	95,027
Total tangible fixed assets	12,426,608	11,299,601	10,367,555
III * Financial fixed assets			
1) Investments in:			
a) subsidiary companies	17,335,826	17,335,826	17,335,826
b) associated companies			
d) other companies	134	134	129
3) Other securities	0		0
Total financial fixed assets	17,335,960	17,335,961	17,335,955
TOTAL FIXED ASSETS	32,308,895	29,724,192	28,749,952
C) CURRENT ASSETS			
I * Inventories			
1) Raw, supplementary and consumable materials	726,651	730,787	558,312
4) Finished products and goods	576,192	518,074	442,897
5) Advance payments made	194,205	39,464	70,465
Total inventories	1,497,048	1,288,325	1,071,674
II * Accounts receivable			
1) Trade receivables	7,725,335	6,482,799	6,971,770
2) From associated companies	0	0	0
3) From subsidiary companies	1,368,623	646,270	566,366
4) From holding company	96,836	0	0
5) From others	5,957,552	8,000,190	5,119,461
Total accounts receivable	15,148,347	15,129,258	12,657,597
III * Non-fixed asset financial assets			
5) Other securities	6,532,672	0	0
IV * Liquid assets			
1) Bank and post office accounts	8,699,178	714,017	1,080,036
3) Cash on hand	49	473	261
Total liquid assets	8,699,227	714,490	1,080,297
TOTAL CURRENT ASSETS	31,877,295	17,132,073	14,809,567
D) ACCRUED INCOME & PREPAID EXPENSES			
a) interest on loans	77,708	77,708	87,341
b) miscellaneous	287,476	213,002	103,928
TOTAL ASSETS	64,551,373	47,146,974	43,750,788

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	685,719	685,719	580,480
IX * Net profit for the period	454,905	562,101	110,777
TOTAL SHAREHOLDERS' EQUITY	36,839,908	17,397,103	16,835,003
B) PROVISIONS FOR RISKS & CHARGES			
2) Tax provisions			
current year	0	287,666	0
prior years	0	0	103,291
3) Other provisions	0	51,646	0
Deferred taxes	0		
TOTAL PROVISIONS FOR RISKS & CHARGES	0	339,312	103,291
C) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY	1,496,128	1,480,000	1,427,455
D) ACCOUNTS PAYABLE			
3) To banks	7,358,648	9,818,560	9,178,060
4) To other financing sources	500,532	500,532	500,532
5) Advance payments received	311,020	0	232,994
6) Trade payables	10,900,544	7,660,468	8,208,943
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
8) To subsidiary companies	11,858	744	930
10) To holding company	0	258,228	516,764
11) Tax liabilities	736,655	5,782,317	4,473,852
12) Social security contributions	182,050	103,007	171,503
13) Other accounts payable	3,048,466	101,330	134,040
TOTAL ACCOUNTS PAYABLE	25,834,480	26,980,295	25,139,530
E) ACCRUED EXPENSES & DEFERRED INCOME			
b) miscellaneous	380,856	950,264	245,509
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	64,551,373	47,146,974	43,750,788

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	39,733,847	10,889,623	6,440,590
3) Guarantees from third parties	3,452,882	4,035,006	3,241,873
4) Mortgages in favour of third parties	7,382,751	7,382,751	7,382,751
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	65,846,016	24,622,502	19,448,823

**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 76,935,456,368 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 VAT Office as surety for reimbursements made Lire 17,945,686,843
- 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 14,295 million lire refers to guarantees issued to San Paolo IMI and Centrobanca 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, and 11,000,000,000 lire as a charge in relation to a loan that will fall due on March 20 2013.

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	84,087,436,517	41,376,025,720	76,787,889,200
2) Changes in unfinished, semi-finished and finished goods inventories	261,016,440	23,027,627	(36,107,614)
5) Other revenues and income:			
* miscellaneous	729,975,989	220,566,281	698,636,342
* operating grants	92,937,071	46,468,535	60,672,000
TOTAL VALUE OF PRODUCTION	85,171,366,017	41,666,088,163	77,511,089,928
B) PRODUCTION COSTS			
6) Raw, supplementary and consumable materials and goods	53,238,419,474	25,698,569,844	47,887,963,964
7) Services	16,292,601,775	8,079,558,092	13,965,786,380
8) Leasing and rental of third-party assets	171,962,101	87,438,725	188,110,620
9) Personnel costs			
a) salaries and wages	5,889,552,550	2,987,767,245	5,744,555,815
b) social security contributions	2,030,950,380	1,026,201,626	2,029,127,703
c) severance indemnities	484,970,789	189,008,403	458,704,593
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	592,979,774	209,495,075	370,813,175
b) depreciation of tangible fixed assets	3,302,531,355	1,630,356,732	2,876,418,865
d) writedown of accounts receivable and liquid assets	109,488,140	64,901,237	82,676,475
11) Changes in raw, supplementary, consumable materials and goods inventories	(323,030,048)	(456,493,636)	461,426,489
12) Provisions for risks	0		
14) Sundry production costs	975,556,510	449,597,413	951,207,798
TOTAL PRODUCTION COSTS	82,849,592,013	40,008,605,705	75,070,755,227
OPERATING PROFIT (A-B)	2,321,774,004	1,657,482,458	2,440,334,701

INCOME STATEMENT

	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
	Lire	Lire	Lire
C) FINANCIAL INCOME AND EXPENSES			
15) Income from shareholdings:			
in subsidiary companies	249,950,000	249,950,000	0
in associated companies			
tax credits on dividends	146,795,635	146,795,635	350,000
16) Other financial income:			
from securities in current assets	179,048,225		0
from other sources	170,664,660	4,612,570	22,113,408
17) Interest and other financial charges:			
from holding company	0		(56,975,000)
from others	(1,234,383,240)	(504,080,300)	(978,146,530)
TOTAL FINANCIAL INCOME AND EXPENSES	(487,924,720)	(102,722,095)	(1,012,658,122)
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)		(69,053,828)
b) taxes relating to prior years	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	1,739,678,893	1,645,378,337	997,764,669
22) Income tax			
a) on current year earnings	(888,000,000)	(557,000,000)	(783,270,000)
IRPEG	(386,000,000)	(266,000,000)	(286,561,000)
IRAP	(502,000,000)	(291,000,000)	(496,709,000)
Income tax paid in advance	29,140,000		
23) NET PROFIT (LOSS)	880,818,893	1,088,378,337	214,494,669

INCOME STATEMENT

	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
	Euro	Euro	Euro
A) VALUE OF PRODUCTION			
1) Revenues from sales and services	43,427,537	21,368,934	39,657,635
2) Changes in unfinished, semi-finished and finished goods inventories	134,804	11,893	(18,648)
5) Other revenues and income:			
* miscellaneous	377,001	113,913	360,816
* operating grants	47,998	23,999	31,334
TOTAL VALUE OF PRODUCTION	43,987,340	21,518,739	40,031,137
B) PRODUCTION COSTS			
6) Raw, supplementary and consumable materials and goods	27,495,349	13,272,204	24,732,069
7) Services	8,414,427	4,172,744	7,212,727
8) Leasing and rental of third-party assets	88,811	45,158	97,151
9) Personnel costs			
a) salaries and wages	3,041,700	1,543,053	2,966,815
b) social security contributions	1,048,898	529,989	1,047,957
c) severance indemnities	250,467	97,615	236,901
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	306,248	108,195	191,509
b) depreciation of tangible fixed assets	1,705,615	842,009	1,485,546
d) writedown of accounts receivable and liquid assets	56,546	33,519	42,699
11) Changes in raw, supplementary, consumable materials and goods inventories	(166,831)	(235,759)	238,307
12) Provisions for risks	0	0	0
14) Sundry production costs	503,833	232,198	491,258
TOTAL PRODUCTION COSTS	42,788,243	20,662,720	38,770,809
OPERATING PROFIT (A-B)	1,199,096	856,018	1,260,328

INCOME STATEMENT

	Dec. 31 2000	Jun. 30 2000	Dec. 31 1999
	Euro	Euro	Euro
C) FINANCIAL INCOME AND EXPENSES			
15) Income from shareholdings:			
in subsidiary companies	129,088	129,088	0
in associated companies			
tax credits on dividends	75,814	75,814	181
16) Other financial income:			
from securities in current assets	92,471	0	0
from other sources	88,141	2,382	11,421
17) Interest and other financial charges:			
from holding company	0	0	(29,425)
from others	(637,506)	(260,336)	(505,171)
TOTAL FINANCIAL INCOME AND EXPENSES	(251,992)	(53,052)	(522,994)
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	(222,031)
PRE-TAX PROFIT	898,469	849,767	515,302
22) Income tax			
a) on current year earnings	(458,614)	(287,666)	(404,525)
IRPEG	(199,352)	(137,378)	(147,996)
IRAP	(259,261)	(150,289)	(256,529)
Income tax paid in advance	15,050		
23) NET PROFIT (LOSS)	454,905	562,101	110,777