



## Consolidated quarterly report at December 31 2002

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# 1. Consolidated financial statements

## 1.1 Consolidated balance sheet

<i>(in euros)</i>	31-12-02		31-12-01	
<b>Fixed assets</b>				
Tangible fixed assets	28,137,727		18,000,679	
Intangible fixed assets	22,766,115		14,297,896	
Investments and securities	1,850,292		1,884,763	
<b>Total fixed assets</b>	<b>52,754,134</b>	<b>90.1%</b>	<b>34,183,338</b>	<b>102.6%</b>
<b>Working capital</b>				
Trade receivables	20,553,028		11,592,593	
Inventories	2,555,089		1,745,632	
Other current assets	9,745,182		6,306,406	
Prepaid expenses and accrued income	368,739		312,081	
Trade payables	(20,163,186)		(14,997,378)	
Other payables	(5,874,078)		(4,421,747)	
Taxes payable	(429,591)		(318,595)	
Accrued expenses and deferred income	(935,136)		(1,073,480)	
<b>Net working capital</b>	<b>5,820,049</b>	<b>9.9%</b>	<b>(854,487)</b>	<b>-2.6%</b>
<b>TOTAL CAPITAL EMPLOYED</b>	<b>58,574,183</b>	<b>100.0%</b>	<b>33,328,851</b>	<b>100.0%</b>
<b>Reserves for long-term liabilities</b>				
Reserve for employee severance indemnity	3,551,501		2,155,293	
Other provisions	320,812		-	
Provision for deferred taxes	299,000		259,000	
<b>Total long-term liabilities and reserves</b>	<b>4,171,313</b>	<b>7.1%</b>	<b>2,414,293</b>	<b>7.2%</b>
<b>Financial position</b>				
Cash, banks and securities	(1,205,554)		(16,163,013)	
Treasury stock	(343,259)		(382,995)	
Receivables from controlling companies	-		(96,836)	
Payables to banks	3,170,933		1,247,405	
Medium/long-term financing	13,705,528		11,444,228	
<b>Net financial position</b>	<b>15,327,648</b>	<b>26.2%</b>	<b>(3,951,210)</b>	<b>-11.9%</b>
<b>Shareholders' equity</b>				
Share capital	20,600,000		20,600,000	
Reserves	15,945,106		15,100,662	
Income (loss) for the year	(*) (422,545)		(834,894)	
<b>Total shareholders' equity</b>	<b>36,122,562</b>	<b>61.7%</b>	<b>34,865,768</b>	<b>104.6%</b>
Capital and reserves attributable to minority interests	2,952,661	5.0%	-	
<b>TOTAL OWN AND MINORITIES CAPITAL EMPLOYED</b>	<b>58,574,183</b>	<b>100.0%</b>	<b>33,328,851</b>	<b>100.0%</b>

(\*) Before tax

## 1.2 Consolidated income statement

<i>(in euros)</i>	4th Qtr 2002		4th Qtr 2001		31-12-02		31-12-01	
<i>Value of production</i>								
Revenues from sales and services	24,347,049	98.8%	17,097,919	97.3%	92,051,758	99.7%	62,711,250	99.2%
Change in inventories	120,656	0.5%	333,721	1.9%	(324,357)	-0.4%	86,797	0.1%
Other income and revenues	187,291	0.8%	142,861	0.8%	633,517	0.7%	434,202	0.7%
<b>Value of production</b>	<b>24,654,997</b>	<b>100.0%</b>	<b>17,574,501</b>	<b>100.0%</b>	<b>92,360,918</b>	<b>100.0%</b>	<b>63,232,248</b>	<b>100.0%</b>
<i>Costs of production</i>								
Services	(6,054,064)	-24.6%	(4,066,740)	-23.1%	(21,338,350)	-23.1%	(14,486,875)	-22.9%
Raw materials	(14,249,075)	-57.8%	(10,675,712)	-60.7%	(53,562,874)	-58.0%	(36,783,470)	-58.2%
Other operating costs	(134,403)	-0.5%	(251,003)	-1.4%	(1,218,534)	-1.3%	(505,962)	-0.8%
<b>Added value</b>	<b>4,217,455</b>	<b>17.1%</b>	<b>2,581,046</b>	<b>14.7%</b>	<b>16,241,160</b>	<b>17.6%</b>	<b>11,455,940</b>	<b>18.1%</b>
Personnel costs	(2,307,293)	-9.4%	(1,631,091)	-9.3%	(9,268,842)	-10.0%	(6,384,557)	-10.1%
<b>Gross operating margin</b>	<b>1,910,162</b>	<b>7.7%</b>	<b>949,955</b>	<b>5.4%</b>	<b>6,972,319</b>	<b>7.5%</b>	<b>5,071,384</b>	<b>8.0%</b>
Writedown of accounts receivable	(18,099)	-0.1%	156,582	0.9%	(136,174)	-0.1%	(86,376)	-0.1%
Depreciation and amortisation of fixed assets	(1,485,398)	-6.0%	(1,401,345)	-8.0%	(6,272,315)	-6.8%	(4,367,822)	-6.9%
Provisions for contingencies	(26,574)	-0.1%	-	0.0%	(55,781)	-0.1%	-	0.0%
<b>Operating income</b>	<b>380,092</b>	<b>1.5%</b>	<b>(294,808)</b>	<b>-1.7%</b>	<b>508,048</b>	<b>0.6%</b>	<b>617,186</b>	<b>1.0%</b>
Writedown of treasury stock in portfolio	(39,646)	-0.2%	(277,907)	0.0%	(39,736)	0.0%	(277,907)	-0.4%
Writedown of investments	-	0.0%	-	0.0%	(35,548)	0.0%	-	0.0%
Interest and financial income	31,677	0.1%	158,462	0.9%	427,057	0.5%	730,304	1.2%
Financial charges	(258,976)	-1.1%	(170,205)	-1.0%	(982,483)	-1.1%	(715,625)	-1.1%
Extraordinary income	97,771	0.4%	120,789	0.7%	1,167,359	1.3%	142,113	0.2%
Extraordinary expense	(526,901)	-2.1%	(490,195)	-2.8%	(1,821,221)	-2.0%	(688,327)	-1.1%
<b>Income (loss) before taxes</b>	<b>(315,983)</b>	<b>-1.3%</b>	<b>(953,864)</b>	<b>-5.4%</b>	<b>(776,524)</b>	<b>-0.8%</b>	<b>(192,256)</b>	<b>-0.3%</b>
Income taxes for the period	-	0.0%	-	0.0%	0	0.0%	(619,236)	0.0%
Prepaid (deferred) taxes	(16,000)	-0.1%	(14,355)	-0.1%	(40,000)	0.0%	(23,403)	0.0%
Accruals for tax regulations	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Net total income (loss)</b>	<b>(331,983)</b>	<b>-1.3%</b>	<b>(968,219)</b>	<b>-5.5%</b>	<b>(816,524)</b>	<b>-0.9%</b>	<b>(834,894)</b>	<b>-1.3%</b>
Minority interest income (loss)	(167,790)	-0.7%	-	0.0%	(393,980)	-0.4%	-	0.0%
<b>Net income (loss) for year</b>	<b>(164,193)</b>	<b>-0.7%</b>	<b>(968,219)</b>	<b>-5.5%</b>	<b>(422,545)</b>	<b>-0.5%</b>	<b>(834,894)</b>	<b>-1.3%</b>

## 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 December 31 2002 covers the pre-tax results for the quarter in question with a comparison with the same period in 2001 and the results for the full year ended December 31 2002 shown after income tax.

### 2.2 Consolidation area and evaluation criteria

The **consolidation area** includes the situation at December 31 2002 as regards the Parent company, Centrale del Latte di Torino & C. S.p.A. and its subsidiary companies Centro Latte Rapallo S.p.A. and CLAV Finanziaria S.p.A. (consolidated results) - the CLT Group. Following the merger of Centrale Latte Vicenza S.p.A. through incorporation in CLAV Industria S.p.A. on October 24 2002, the consolidated financial statements prepared by CLAV Finanziaria S.p.A. include the results for the year of the new company now known as Centrale del Latte di Vicenza S.p.A. (hereinafter CLAV).

As for the financial statements of CLAV Finanziaria S.p.A. and CLAV, it proved impossible to draw up the period accounts for the previous operating year as the former two companies were in fact formed in January 2002, while in the case of CLAV, drafting the period report *a posteriori* would not have ensured sufficient and fair information.

Accordingly, the results for the fourth quarter of the previous year relate solely to the consolidated financial statements of Centrale del Latte di Torino & C. S.p.A. and Centro Latte Rapallo S.p.A., which was the company's only subsidiary at the time.

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 the accounting principles adopted to prepare the financial statements of Centrale del Latte di Torino & C. S.p.A. , Centro Latte Rapallo S.p.A. and CLAV Finanziaria S.p.A. are the same as those used in previous years.

The loss deriving from the merger through incorporation of Centrale Latte Vicenza S.p.A. in CLAV Industria S.p.A. has been allocated as follows: 7.370 million euros to land owned by CLAV and 7.275 million euros to the latter company's trademarks. These two new assets appearing in the balance sheet have been confirmed by expert reports attesting their value and, for the trademarks, their depreciation period of 20 years.

The consolidation operation between the holding company CLAV Finanziaria S.p.A. and financial statements for Centrale del Latte di Vicenza S.p.A. generated a consolidation reserve amounting to 1.689 million euros.

### ***2.3 Comments on the income statement***

**The income statement** for the Group at the end of the fourth quarter of 2002 was heavily affected by the acquisition of the Vicenza Company and therefore cannot be compared with results for the same period of the previous year.

With the inclusion of CLAV in the consolidation area the Group gross operating margin (EBITDA) rose to 6.972 million euros against 5.071 million in the prior year, an increase of 37.48%. This corresponds to 7.5% of the value of production (8% in the prior year), whereas operating income (EBIT) was 508 thousand euros or 0.6% compared with 617 thousand euros in 2001 (1%). This latter figure was negatively affected by higher amortisation of the Parent company's new investment and amortisation due to allocation of the loss on merger in the CLAV consolidated financial statements as mentioned in the previous section.

The net result before tax and minority interests was a loss of 423 thousand euros, after considering extraordinary expenses arising from the reorganisation of balance sheet items relating to the 2001 financial statements of CLAV for a net value of 950 thousand euros.

Group **net revenues** amounted to 92.052 million euros against 62.711 million euros in the prior year, an increase of 46.8%. To provide a clearer picture of revenue trends for the quarter covered by this report, the comparison below only shows consolidated revenues of Centrale del Latte di Torino & C. S.p.A. and Centro Latte Rapallo S.p.A., which reflects a growth of 5.5%, whereas revenues for CLAV are given separately:

	4th Qtr 2002	4th Qtr 2001	Change over quarter	Change %	31-12-02	31-12-01	Change %	Values CLAV	Total consolidated 31-12-02	Change %
Fresh milk	9,335,997	8,775,009	560,988	6.4%	33,515,640	32,746,327	2.3%	7,158,905	40,674,545	24.2%
UHT milk	3,881,034	3,799,508	81,526	2.1%	14,125,218	13,585,821	4.0%	8,324,150	22,449,368	65.2%
Yoghurt	363,248	382,305	(19,057)	-5.0%	1,691,656	1,732,812	-2.4%	5,367,473	7,059,129	307.4%
Bulk milk and cream	486,528	542,098	(55,570)	-10.3%	1,952,507	2,009,839	-2.9%	259,529	2,212,036	10.1%
Fior di Bio line Other packaged products	227,168	-	227,168	100.0%	808,945	-	100.0%	-	808,945	100.0%
	3,532,178	3,599,000	(66,822)	-1.9%	14,083,748	12,636,451	11.5%	4,763,988	18,847,736	49.2%
<b>Total</b>	<b>17,826,152</b>	<b>17,097,920</b>	<b>728,232</b>	<b>4.3%</b>	<b>66,177,713</b>	<b>62,711,250</b>	<b>5.5%</b>	<b>25,874,046</b>	<b>92,051,758</b>	<b>46.8%</b>

### **Geographical breakdown**

With the inclusion of the Vicenza-based company in the consolidation area the CLT Group now extends over a number of Italian regions. The table below shows a breakdown of turnover by geographical area.

	Piedmont		Liguria		Veneto		Other	Total	
Fresh milk	21,572,660	48.6%	11,942,980	54.8%	7,158,905	27.7%	-	40,674,545	44.2%
UHT milk	12,815,962	28.9%	1,309,256	6.0%	8,324,150	32.2%	-	22,449,368	24.4%
Yoghurt	1,468,061	3.3%	223,595	1.0%	5,367,473	20.7%	-	7,059,129	7.7%
Bulk milk and cream	66,912	0.2%	306,133	1.4%	259,529	1.0%	1,579,462	2,212,036	2.4%
Fior di Bio line	442,612	1.0%	366,333	1.7%	-	0.0%	-	808,945	0.9%
Other packaged products	6,147,751	13.8%	7,935,997	36.4%	4,763,988	18.4%	-	18,847,736	20.5%
<b>Total</b>	<b>42,513,957</b>	<b>100.0%</b>	<b>22,084,294</b>	<b>100.0%</b>	<b>25,874,046</b>	<b>100.0%</b>	<b>1,579,462</b>	<b>92,051,759</b>	<b>100.0%</b>
<i>% of total</i>	<i>46.2%</i>		<i>24.0%</i>		<i>28.1%</i>		<i>1.7%</i>	<i>100%</i>	

**Fresh milk and UHT milk.** In terms of volume, fresh and UHT milk sales remained essentially stable.

**Yoghurt.** The yoghurt segment showed growth of 307% over the same period last year as a result of CLAV's excellent position in terms of turnover and market share. The weight of this segment as a percentage of total consolidated turnover now stands at 7.7%.

**Fior di Bio.** The new line of biological agriculture products produced revenues of 227 thousand euros in the fourth quarter bringing the total for the year to 809 thousand euros.

The widening of the product range and the support afforded by well thought-out advertising and marketing campaigns have resulted in encouraging signs of growth and have provided access to specialist stores, including a biological products supermarket, the biggest in Italy, recently opened in Turin.

The acquisition of Centrale Latte Vicenza S.p.A. will enable expansion of sales of the biological product range to Veneto using the existing distribution network which, in the meantime, will be reorganised and strengthened.

**Operating costs.** Notwithstanding the inclusion of the CLAV financial statements the quarter covered by this report does not reveal any particularly critical situations in the operating area. The percentage incidence of operating costs on net turnover is essentially stable if only the two companies based in Piedmont and Liguria are considered for comparative purposes. This, despite increases in advertising and marketing activities to support the new biological agriculture product line and for the relaunch of and support for CLAV trademarks and products that contributed to the rise in incidence of services costs to 23.1% compared with 22.9% for the same period last year. Promotional support given to Large-scale Distribution also increased considerably.

Instead there was a marked increase in consolidated amortisation on account of both higher capital expenditure by the Parent company during the previous year and amortisation relating to part of the merger loss attributed to CLAV trademarks amounting to 364 thousand euros.

The majority of **extraordinary income and expenses** refers to consultancy services provided by and for the benefit of third parties, recorded by the Parent company. These services amounted to a net total of 477,723 euros and concerned the acquisition of Centrale del Latte di Vicenza S.p.A., whereas 949,851 euros refer to the reorganisation of CLAV balance sheet items relating to prior operating years.

**Financial income.** Use of cash funds and the sale of securities in portfolio to finalise the acquisition of CLAV led to a reduction in interest income from 730 thousand euros at December 31 2001 to 427 thousand at December 31 2002.

In addition to Centrale del Latte di Torino & C. S.p.A. and Centro Latte Rapallo S.p.A. interest charges, **financial charges** include a share of interest payable, amounting to 982 thousand euros, on a loan granted for the acquisition of CLAV.

#### **Adjustments to financial fixed assets**

During the quarter covered by this report the Parent company wrote down the value of treasury stock in portfolio, evaluated at the average price in the month of December equal to 2.27 euros. The total value recorded for treasury stock in portfolio amounts to 343,258 euros.

## **2.4 Financial position**

The net financial position of the Group at December 31 2002, as briefly described in the table below, shows a decrease compared with the same date in the prior year. This situation is mainly the result of including the debts of CLAV in the consolidated financial statements and utilisation of cash funds for a total of 13,500,000 euros to finalise the acquisition of CLAV Finanziaria S.p.A..

### ***Current consolidated financial position***

	<b>31-12-02</b>	<b>31-12-01</b>
Liquid assets	1,205,554	9,315,413
Securities not included in financial fixed assets	-	6,847,599
Treasury stock	343,259	382,995
Receivables from controlling companies	-	96,836
	<b>1,548,814</b>	<b>16,642,843</b>
Payables to banks	(3,170,933)	(1,247,405)
Medium/long-term financing	(13,705,528)	(11,444,228)
	<b>(16,876,461)</b>	<b>(12,691,633)</b>
<b>Net financial position</b>	<b>(15,327,648)</b>	<b>3,951,210</b>

### 3. Comments on operations

As mentioned above, the situation for the period ending December 31 2002 was significantly affected by the acquisition of CLAV and the relevant consolidation and adjustment operations associated with this. To give a clearer picture of performance, a summary of operating results is given below for the Group and each of its member companies.

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

	31-12-02		31-12-01	
Revenues (*)	51,295,140	99.4%	48,722,945	99.0%
Change in inventories	(194,115)	-0.4%	47,001	0.1%
Other income and revenues	513,737	1.0%	431,352	0.9%
<b>Value of production</b>	<b>51,614,762</b>	<b>100.0%</b>	<b>49,201,298</b>	<b>100.0%</b>
<b>Gross operating margin</b>	<b>4,449,140</b>	<b>8.6%</b>	<b>3,288,648</b>	<b>6.7%</b>
<b>Operating income</b>	<b>617,044</b>	<b>1.2%</b>	<b>675,346</b>	<b>1.4%</b>
<b>Income (loss) before taxes</b>	<b>699,799</b>	<b>1.4%</b>	<b>139,353</b>	<b>0.3%</b>

(\*) Sales revenues include inter-group sales

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

	31-12-02		31-12-01	
Revenues (*)	21,864,260	99.6%	20,806,589	99.0%
Change in inventories	(25,916)	-0.1%	39,796	0.1%
Other income and revenues	108,743	0.5%	40,105	0.9%
<b>Value of production</b>	<b>21,947,087</b>	<b>100.0%</b>	<b>20,886,490</b>	<b>100.0%</b>
<b>Gross operating margin</b>	<b>1,547,272</b>	<b>7.1%</b>	<b>1,782,736</b>	<b>8.5%</b>
<b>Operating income</b>	<b>671,357</b>	<b>3.1%</b>	<b>672,691</b>	<b>3.2%</b>
<b>Income (loss) before taxes</b>	<b>593,008</b>	<b>2.7%</b>	<b>528,330</b>	<b>2.5%</b>

(\*) Sales revenues include inter-group sales

#### *Centrale del Latte Vicenza S.p.A. (consolidated)*

	31-12-02	
Revenues (*)	25,874,046	100.3%
Change in inventories	(104,326)	-0.4%
Other income and revenues	31,548	0.1%
<b>Value of production</b>	<b>25,801,268</b>	<b>100.0%</b>
<b>Gross operating margin</b>	<b>971,124</b>	<b>3.8%</b>
<b>Operating income</b>	<b>(1,046,203)</b>	<b>-4.1%</b>
<b>Income (loss) before taxes (**)</b>	<b>(1,811,227)</b>	<b>-7.0%</b>

(\*) Sales revenues do not include any inter-group operations

(\*\*) Net of minority interests

As regards the associated company, Frasccheri S.p.A., results at December 31 2002 show a net turnover of 6.133 million euros, which is essentially stable compared with the same period in the prior year. Gross operating margin (EBITDA) rose from 244 thousand euros (3.9% of value of production) in the previous year to 324 thousand euros, or 5.3%.

#### **4. FUTURE TRENDS**

It is expected that results for the first quarter of 2003 will be in line with those reported for the quarter covered by this report, on the wave of the relaunch of sales and marketing activities for Centrale del Latte di Vicenza S.p.A. and business and sales strategies already implemented in other Group companies.

## 5. Parent company financial statements

### 5.1 Parent company balance sheet

	31-12-02		31-12-01	
<b>Fixed assets</b>				
Tangible fixed assets	10,716,279		13,006,223	
Intangible fixed assets	1,906,288		2,273,546	
Investments	32,667,156		19,193,294	
<b>Total fixed assets</b>	<b>45,289,723</b>	<b>94.4%</b>	<b>34,473,062</b>	<b>103.0%</b>
<b>Working capital</b>				
Trade receivables	11,644,002		10,273,754	
Inventories	1,201,944		1,358,518	
Other current assets	5,941,011		5,364,177	
Prepaid expenses and accrued income	177,655		292,731	
Trade payables	(11,252,628)		(13,205,146)	
Other payables	(3,975,786)		(3,936,942)	
Taxes payable	(199,016)		(139,108)	
Accrued expenses and deferred income	(870,331)		(1,017,115)	
<b>Net working capital</b>	<b>2,666,851</b>	<b>5.6%</b>	<b>(1,009,131)</b>	<b>-3.0%</b>
<b>TOTAL CAPITAL EMPLOYED</b>	<b>47,956,574</b>	<b>100.0%</b>	<b>33,463,932</b>	<b>100.0%</b>
<b>Reserves for long-term liabilities</b>				
Reserve for employee severance indemnity	1,671,495		1,558,611	
Other provisions	26,000		-	
<b>Total long-term liabilities and provisions</b>	<b>1,697,495</b>	<b>3.5%</b>	<b>1,558,611</b>	<b>4.7%</b>
<b>Financial position</b>				
Cash, banks and securities	(387,187)		(15,812,150)	
Treasury stock	(343,259)		(382,995)	
Receivables from controlling companies	-		(96,836)	
Payables to banks	2,217,807		957,970	
Medium/long-term financing	7,657,441		10,824,854	
<b>Net financial position</b>	<b>9,144,803</b>	<b>19.1%</b>	<b>(4,509,157)</b>	<b>-13.5%</b>
<b>Shareholders' equity</b>				
Share capital	20,600,000		20,600,000	
Reserves	15,814,478		15,939,908	
Income (loss) for the year (*)	699,799		(125,430)	
<b>Total shareholders' equity</b>	<b>37,114,277</b>	<b>77.4%</b>	<b>36,414,478</b>	<b>108.8%</b>
<b>TOTAL OWN AND MINORITIES CAPITAL EMPLOYED</b>	<b>47,956,574</b>	<b>100.0%</b>	<b>33,463,932</b>	<b>100.0%</b>

(\*) Before tax

## 5.2 Parent company income statement

	4th Qtr 2002		4th Qtr 2001		31-12-02		31-12-01	
<i>Value of production</i>								
Revenues from sales and services	13,937,549	98.6%	13,427,354	97.0%	51,295,140	99.4%	48,722,945	99.0%
Change in inventories	50,852	0.4%	283,621	2.0%	(194,115)	-0.4%	47,001	0.1%
Other income and revenues	145,000	1.0%	133,953	1.0%	513,737	1.0%	431,352	0.9%
<b>Value of production</b>	<b>14,133,401</b>	<b>100.0%</b>	<b>13,844,928</b>	<b>100.0%</b>	<b>51,614,762</b>	<b>100.0%</b>	<b>49,201,298</b>	<b>100.0%</b>
<i>Costs of production</i>								
Services	(3,253,222)	-23.0%	(2,984,604)	-21.6%	(11,044,095)	-21.4%	(10,080,357)	-20.5%
Raw materials	(8,180,595)	-57.9%	(8,996,412)	-65.0%	(31,042,010)	-60.1%	(30,900,954)	-62.8%
Other operating costs	70,381	0.5%	(155,957)	-1.1%	(352,823)	-0.7%	(372,681)	-0.8%
<b>Added value</b>	<b>2,769,964</b>	<b>19.6%</b>	<b>1,707,955</b>	<b>12.3%</b>	<b>9,175,834</b>	<b>17.8%</b>	<b>7,847,305</b>	<b>15.9%</b>
Personnel costs	(1,096,003)	-7.8%	(1,166,885)	-8.4%	(4,726,694)	-9.2%	(4,558,658)	-9.3%
<b>Gross operating margin</b>	<b>1,673,961</b>	<b>11.9%</b>	<b>541,070</b>	<b>3.9%</b>	<b>4,449,140</b>	<b>8.6%</b>	<b>3,288,648</b>	<b>6.7%</b>
Writedown of accounts receivable	(8,663)	-0.1%	180,722	1.3%	(53,663)	-0.1%	(44,549)	-0.1%
Depreciation and amortisation of fixed assets	(1,658,822)	-11.8%	(763,966)	-5.5%	(3,752,433)	-7.3%	(2,568,753)	-5.2%
Provisions for contingencies	(26,000)	-0.2%	-	-	(26,000)	-0.1%	-	-
<b>Operating income</b>	<b>(19,525)</b>	<b>-0.1%</b>	<b>(42,174)</b>	<b>-0.3%</b>	<b>617,044</b>	<b>1.2%</b>	<b>675,346</b>	<b>1.4%</b>
Writedown of treasury stock in portfolio	(39,646)	-0.3%	(277,907)	-2.0%	(39,736)	-0.1%	-	-
Writedown of investments	-	-	-	-	(35,548)	-0.1%	(277,907)	-
Interest and financial income	(6,225)	0.0%	156,225	1.1%	440,166	0.9%	846,978	1.7%
Financial charges	(151,334)	-1.1%	(147,789)	-1.1%	(609,737)	-1.2%	(610,323)	-1.2%
Extraordinary income	70,161	0.5%	120,789	0.9%	1,002,564	1.9%	142,113	0.3%
Extraordinary expense	(33,031)	-0.2%	(477,326)	-3.4%	(674,954)	-1.3%	(636,854)	-1.3%
<b>Income (loss) before taxes</b>	<b>(179,600)</b>	<b>-1.3%</b>	<b>(668,182)</b>	<b>-4.8%</b>	<b>699,799</b>	<b>1.4%</b>	<b>139,354</b>	<b>0.3%</b>
Income taxes for the period	-	-	-	-	-	-	(255,736)	0.5%
Prepaid (deferred) taxes	-	-	-	-	-	-	(9,048)	0.0%
Accruals for tax regulations	-	-	-	-	-	-	-	-
<b>Net total income (loss)</b>	<b>(179,600)</b>	<b>-</b>	<b>(668,182)</b>	<b>-</b>	<b>699,799</b>	<b>-</b>	<b>(125,430)</b>	<b>-0.3%</b>
Minority interest income (loss)	-	-	-	-	-	-	-	-
<b>Net income (loss) for year</b>	<b>(179,600)</b>	<b>1.3%</b>	<b>(668,182)</b>	<b>-4.8%</b>	<b>699,799</b>	<b>1.4%</b>	<b>(125,430)</b>	<b>-0.3%</b>

## **6. SIGNIFICANT EVENTS AFTER THE CLOSE OF THE QUARTER**

On January 20 2003 Mediobanca Banca di Credito Finanziario S.p.A. disbursed a medium-term loan of 4,000,000 euros to the Parent company, guaranteed by a mortgage on the Turin plant, funds that will be used to ensure the balanced growth of company activities.

After the close of the quarter the average market value of Parent company shares during the past 30 days decreased from the average level reported for December 2002 and now stands at 2.214 euros per share.

Turin, March 13 2003

Chairman of the Board of Directors

Luigi LUZZATI