



Fior di Bio

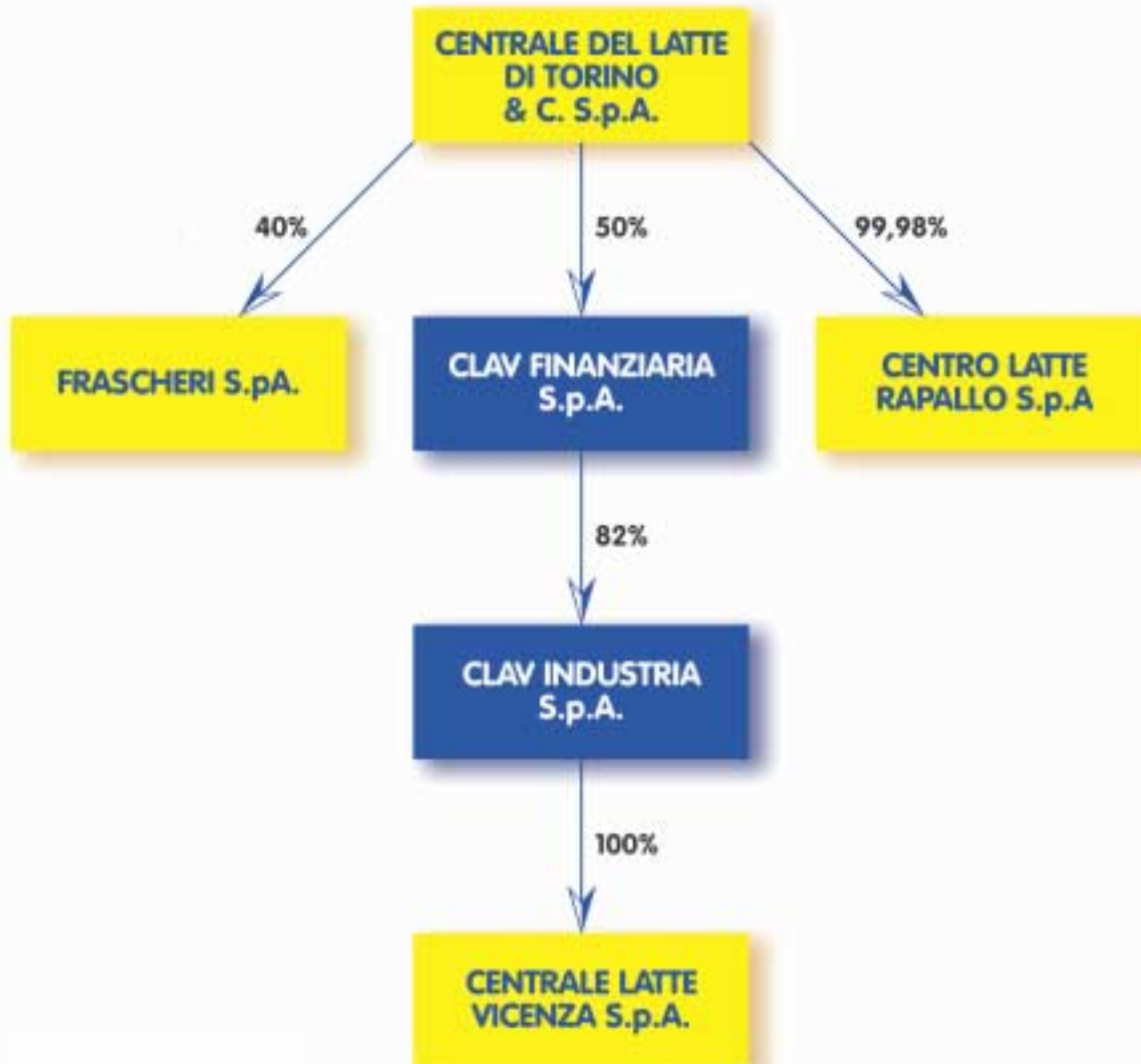


Consolidated quarterly report 30 June 2002

Centrale del Latte di Torino & C. S.p.A.
Via Filadelfia 220
10137 Torino
Tel. +39 011 3240200 - Fax +39 011 3240300
e-mail: posta@centralelatte.torino.it
www.centralelatte.torino.it
Paid-up share capital 20,600,000 euro
C.C.I.A.A. Torino 631/77
VAT no. IT 01934250018

The Group as at 30 June 2002	page 2
1. Consolidated financial statements	
Consolidated balance	page 3
Consolidated income statement	page 4
2. Notes to the financial statements	
Introduction	page 5
Consolidation area and evaluation criteria	page 6
Comments on the income statement	page 7
Pro – forma consolidated financial position	page 9
3. Comments on operations.	page 11
4. Pro – forma consolidated financial statements	
Pro – forma consolidated balance sheet	page 12
Pro – forma consolidated income statement	page 13
5. Evolution of the activity	page 14
6. Parent company financial statements	
Balance Sheet	page 15
Income statement	page 16
7. Significant facts occurring after the end of the quarter	page 17

THE GROUP AS AT 30 JUNE 2002



1. Financial statements

1.1 Balance Sheet

	30 June 02		30 June 01		31 March 02		31 Dec. 01	
Fixed assets								
Tangible fixed assets	23,498,820		17,448,169		17,331,722		18,000,679	
Intangible fixed assets	18,711,940		14,971,901		15,256,352		14,297,896	
Financial fixed assets	1,849,754		1,884,763		1,884,763		1,884,763	
Total fixed assets	44,060,514	91.9%	34,304,833	98.3%	34,472,837	99.3%	34,183,338	102.6%
Current assets								
Trade receivables	15,503,394		10,802,303		10,687,842		11,592,593	
Inventories	2,324,732		1,812,234		1,728,585		1,745,632	
Other current assets	7,905,326		591,143		6,447,558		6,306,406	
Accrued income and prepayments	650,118		6,926,217		636,585		312,081	
Trade payables	(15,039,284)		(13,139,961)		(12,753,762)		(14,997,378)	
Other payables	(6,056,154)		(4,785,175)		(4,589,189)		(4,421,747)	
Taxes payable	(165,875)		(1,283,424)		(975,836)		(318,595)	
Accrued expenses and deferred income	(1,220,040)		(315,306)		(932,752)		(1,073,480)	
Net current assets	3,902,216	8.1%	608,031	1.7%	249,032	0.7%	(854,487)	-2.6%
TOTAL CAPITAL EMPLOYED	47,962,730	100.0%	34,912,864	100.0%	34,721,868	100.0%	33,328,851	100.0%
Reserves for long-term liabilities								
Employee termination indemnity reserve	2,874,427		2,110,697		2,052,993		2,155,293	
Other reserves	96,413		-		-		-	
Deferred taxation	275,000		297,674		278,884		259,000	
Total long-term liabilities and reserves	3,245,840	6.8%	2,408,371	6.9%	2,331,877	6.7%	2,414,293	7.2%
Financial position								
Cash, banks and securities	(10,362,529)		(13,659,860)		(12,678,358)		(16,163,013)	
Own shares	(430,090)		(178,346)		-		(382,995)	
Payables to banks	17,042,406		10,071,652		8,862,939		12,191,101	
Receivables from controlling companies	(96,836)		(96,836)		(96,836)		(96,836)	
Medium/long-term financing	500,532		500,532		500,532		500,532	
Net financial position	6,653,484	13.9%	(3,362,857)	-9.6%	(3,411,723)	-9.8%	(3,951,210)	-11.9%
Stockholders' equity								
Capital stock	20,600,000		20,600,000		20,600,000		20,600,000	
Reserves	15,110,113		15,082,043		15,031,516		15,100,662	
Net income (loss)	754,448		185,308		170,199		(834,894)	
Total Stockholders' equity	36,464,561	76.0%	35,867,350	102.7%	35,801,715	103.1%	34,865,768	104.6%
Capital and reserves attributable to minority interests	1,598,845	3.3%	-	-	-	-	-	-
TOTAL OWN AND MINORITY CAPITAL EMPLOYED	47,962,730	100.0%	34,912,864	100.0%	34,721,869	100.0%	33,328,851	100.0%

1.2 Income statement

	2nd quarter 2002		2nd quarter 2001		30 June 02		30 June 01		31 Dec. 01	
<i>Value of production</i>										
Revenues	23,253,614	100.1%	15,765,801	98.5%	40,111,027	99.6%	31,330,671	99.5%	62,711,250	99.2%
Change in inventories	(144,795)	-0.6%	108,863	0.7%	(154,097)	-0.4%	(50,363)	-0.2%	86,797	0.1%
Other income and revenues	112,188	0.5%	124,675	0.8%	316,233	0.8%	198,599	0.6%	434,202	0.7%
Value of production	23,221,006	100.0%	15,999,339	100.0%	40,273,163	100.0%	31,478,907	100.0%	63,232,248	100.0%
<i>Costs of production</i>										
Services	(5,266,658)	-22.7%	(3,434,787)	-21.5%	(8,977,271)	-22.3%	(6,671,010)	-21.2%	(14,223,199)	-22.5%
Raw materials	(13,313,418)	-57.3%	(9,138,275)	-57.1%	(23,027,759)	-57.2%	(17,916,508)	-56.9%	(36,783,470)	-58.2%
Other operating costs	(499,123)	-2.1%	(356,882)	-2.2%	(744,326)	-1.8%	(571,634)	-1.8%	(769,638)	-1.2%
Added value	4,141,807	17.8%	3,069,395	19.2%	7,523,807	18.7%	6,319,755	20.1%	11,455,940	18.1%
Personnel costs	(2,388,610)	-10.3%	(1,719,993)	-10.8%	(4,089,507)	-10.2%	(3,291,033)	-10.5%	(6,384,557)	-10.1%
Gross operating margin	1,753,197	7.6%	1,349,402	8.4%	3,434,301	8.5%	3,028,722	9.6%	5,071,384	8.0%
Writedown of accounts receivable	(47,533)	-0.2%	367	0.0%	(101,275)	-0.3%	(55,785)	-0.2%	(86,376)	-0.1%
Depreciation and amortisation of fixed assets	(1,625,196)	-7.0%	(1,070,986)	-6.7%	(2,634,389)	-6.5%	(1,982,187)	-6.3%	(4,367,822)	-6.9%
Provisions for contingencies	(1,504)	0.0%	-	-	(26,504)	-0.1%	-	-	-	-
Operating income	78,965	0.3%	278,783	1.7%	672,132	1.7%	990,750	3.1%	617,186	1.0%
Other financial income	188,872	0.8%	270,257	1.7%	342,859	0.9%	417,671	1.3%	730,304	1.2%
Financial expenses	(207,946)	-0.9%	(164,892)	-1.0%	(416,117)	-1.0%	(337,954)	-1.1%	(993,532)	-1.6%
Extraordinary revenues	80,727	0.3%	8,189	0.1%	963,305	2.4%	8,189	0.0%	142,113	0.2%
Extraordinary expense	(426,760)	-1.8%	(89,380)	-0.6%	(866,205)	-2.2%	(142,425)	-0.5%	(688,327)	-1.1%
Income (loss) before taxes	(286,143)	-1.2%	302,957	1.9%	695,975	1.7%	936,231	3.0%	(192,256)	-0.3%
Income taxes for the period	-	-	-	-	-	-	-	-	-	-
Pre-paid (deferred) taxes	(16,000)	-0.1%	-	-	(16,000)	-	-	-	-	-
Legal reserves	-	-	-	-	-	-	-	-	-	-
Net total income (loss)	(302,143)	-1.3%	302,957	1.9%	679,975	1.7%	936,232	3.0%	(192,255)	-0.3%
Minority interest income (loss)	(74,473)	-0.3%	-	-	(74,473)	-0.2%	-	-	-	-
Income (loss) for the period	(227,669)	-1.0%	302,957	1.9%	754,448	1.9%	936,233	3.0%	(192,255)	-0.3%

2. Notes to the financial statements

2.1 Introduction

This quarterly report has been drafted in compliance with art. 82 of CONSOB's resolution no. 11971 of 14 May 1992, as supplemented by resolution no. 12475 of 6 April 2000.

This report for the period ended 30 June 2002 illustrates the results achieved during the three months in question and compares them both with the figures recorded in the same three-month period of 2001 and with the results of the operating year ended 31 December 2001.

The three-month report as at 30 March of the previous year announced the conclusion of the process of acquisition of Centrale Latte Vicenza S.p.A. (herein below CLAV), a company formerly owned by the Municipality of Vicenza. For this acquisition, Centrale del Latte di Torino & C. S.p.A. headed a syndicate with Centrale del Latte di Brescia S.p.A. and Granarolo S.p.A.

The process of acquisition, concluded on 11 April 2002 by signing a purchase agreement for the entire shareholding in the company concerned, was made possible by the creation of CLAV Industria S.p.A. with a share capital of 16.5 million Euro, owned 82% by CLAV Finanziaria S.p.A., whose two shareholders, Centrale del Latte di Torino & C. S.p.A. and Centrale del Latte di Brescia, held a 50% interest each, and 18% by Granarolo S.p.A..

On 28 June 2002, Centrale del Latte di Torino & C. S.p.A. concluded the acquisition of the 50% interest held in CLAV Finanziaria S.p.A. by Centrale del Latte di Brescia. The *closing* of the transaction has been scheduled at 13 September 2002. The cost of this acquisition, which in effect gives Centrale del Latte di Torino & C. S.p.A. control over 82% of CLAV, amounts to 6.750 million Euro, fully covered by our company's bank liquidity.

On 19 September 2002, "CLAV Industria S.p.A" and "CLAV" will be merged by incorporation, and the new company will take the name of **Centrale del Latte di Vicenza S.p.A.**

2.2 Consolidation area and evaluation criteria

The **consolidation area** includes the situation at 30 June 2002 as regards the Holding Company, "Centrale del Latte di Torino & C. S.p.A.", and its subsidiary company, "Centro Latte Rapallo S.p.A.". Upon the conclusion of the financial transaction described above, the financial statements of "CLAV Finanziaria S.p.A.", including, for the three-month period in question, the consolidated accounts of "CLAV Industria S.p.A.", which in their turn include the accounts of "CLAV", have been consolidated on a proportional (50%) basis.

As for the financial statements of "CLAV Finanziaria S.p.A.", "CLAV Industria S.p.A." and "CLAV", it proved impossible to draw up the period accounts for the previous operating year: the former two companies, in fact, did not exist at the time (having been established 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 second 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 procedure described above was approved by PricewaterhouseCoopers S.p.A., an independent auditing company.

The company's 40% shareholding in Frasccheri S.p.A. has not been consolidated on account of its failing to conform to the applicable standards.

Evaluation criteria

The evaluation criteria and the accounting principles adopted in drafting the financial statements of Centrale del Latte di Torino & C. S.p.A. and Centro Latte Rapallo S.p.A. are the same as were used in previous years. The financial statements of the three new Group member companies have been drafted in accordance with the accounting principles used by the parent company and were subjected (with special regard to their application to the financial statements of "CLAV") to a preliminary review by an auditing company, AGN Serca - Brescia, that has been asked to audit their annual and six-monthly accounts.

The difference on consolidation arising from the elimination of the interest in "CLAV" from the assets of CLAV Industria S.p.A. and the Shareholders' Equity of the former municipality-owned company, amounting to 14.645 million Euro, has been allocated, for 7.370 million Euro to a plot of land belonging to "CLAV" and, for 7.275 million Euro to trademarks owned by the same Company. These two new assets appearing in the balance sheet are confirmed by expert reports attesting their value and, for the trademarks, their depreciation period, of 20 years.

By the same reasoning, the loss on merger arising from the above-mentioned merger between CLAV Industria S.p.A. e "CLAV" will also be allocated to said plot of land and trademarks.

The process of consolidation between the holding company, CLAV Finanziaria S.p.A., and the consolidated accounts of CLAV Industria S.p.A. has generated a consolidation reserve of 1.689 million Euro, of which 50%, i.e. 844,000 Euro, appears in the consolidated accounts of Centrale del Latte di Torino & C. S.p.A.

2.3 Comments on the income statement

The **income statement** of the Group at the end of the first six months of 2002 is marked by the acquisition of the Vicenza Company and cannot be compared with the statement relating to the same period of the previous year.

Now that the group has become part of the consolidation perimeter of “CLAV”, its gross operating margin (EBITDA) comes to 3.434 million Euro, corresponding to 8.5%, and operating profit (EBIT) is 672,000 Euro, corresponding to 1.7%; the latter indicator has suffered from the higher depreciation rates applied to new investments by the parent company and the amortisation arising from the allocation of the difference on consolidation recorded in the consolidated financial statements of CLAV Industria S.p.A., as described in the previous section.

Net result before taxes is 645,000 Euro after considering the extraordinary expenses arising from the reorganisation of balance sheet items relating to the 2001 financial statements of “CLAV”, for a net value of 488,000 Euro.

The Group’s **net revenues**, totalling 40.111 million Euro, include the revenues acquired by “CLAV” (on a 50% basis). To provide a clearer picture of revenue trends in the course of the three-month period in question, only the consolidated revenues of Centrale del Latte di Torino & C. S.p.A. and Centro Latte Rapallo S.p.A. have been reported and compared, while the revenues arising from the consolidation of Centrale Latte Vicenza S.p.A. (CLAV for short) are given separately:

	2nd quarter 02	2nd quarter 01	Variation over quarter		30 June 02	30 June 01	Change %	Values CLAV (*)	Total consolidated 30 June 02	Change %
Fresh milk	8,219,760	7,989,756	230,004	2.8%	16,922,843	16,648,505	1.6%	1,865,295	18,788,138	11.4%
UHT milk	3,315,441	3,084,281	231,160	2.8%	7,023,417	6,648,350	5.6%	2,133,748	9,157,165	27.4%
Yoghurt	502,888	500,963	1,925	0.0%	905,238	903,283	0.2%	1,450,802	2,356,040	61.7%
Unpackaged milk and cream	408,500	527,651	(119,151)	-1.4%	965,380	1,055,638	-8.6%	152,842	1,118,222	5.6%
Fior di Bio line	242,118	-	242,118	2.9%	424,098	-	-	-	424,098	-
Other packaged products	3,848,752	3,663,229	185,523	2.3%	7,153,895	6,075,083	17.8%	1,120,947	8,274,842	26.6%
Total	16,537,459	15,765,880	771,579	4.9%	33,394,871	31,330,858	6.6%	6,723,634	40,118,505	21.9%

concerning Centrale Latte Vicenza
S.p.A.

In view of the foregoing considerations concerning the forthcoming acquisition of the remaining 50% of CLAV Finanziaria and hence the total control of “CLAV”, we have prepared the following pro-forma table of consolidated revenues including 100% of net sales of the Vicenza company:

			Change		Values	Total consolidated pro-forma	Change	
	30 June 02	30 June 01			CLAV (*)	30 June 02		
Fresh milk	16,922,843	16,648,505	274,338	1.6%	3,730,591	20,653,433	4,004,928	24.1%
UHT milk	7,023,417	6,648,350	375,067	5.6%	4,267,496	11,290,913	4,642,563	69.8%
Yoghurt	905,238	903,283	1,954	0.2%	2,901,604	3,806,841	2,903,558	321.4%
Unpackaged milk and cream	965,380	1,055,638	(90,257)	-8.6%	305,683	1,271,064	215,426	20.4%
Fior di Bio line	424,098	-	424,098	-	-	424,098	424,098	-
Other packaged products	7,153,895	6,075,083	1,078,813	17.8%	2,241,894	9,395,790	3,320,707	54.7%
Total	33,394,871	31,330,858	2,064,013	6.6%	13,447,268	46,842,139	15,511,281	49.5%

concerning Centrale del Latte Vicenza S.p.A.

In terms of quantities sold, we find that sales of fresh milk, UHT milk and yoghurt remained stable compared to the first three months of 2001, which included production for third parties that was discontinued in the course of 2001. Sales of packaged products were also stable.

Fior di Bio. In the course of the second quarter of 2002, the new line of products from biological cultivations achieved sales of 242,000 Euro, resulting in total sales over the first six months of the year of 442 thousand Euro.

With the recent addition of four new yoghurt specialities produced by a Carmagnola plant recently certified by AIAB Piemonte – a certifying body for biological products - the range now includes 15 articles, all of them well received by consumers.

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.

With the acquisition of Centrale Latte Vicenza S.p.A. we shall be able to expand the sale of our range of biological products to Veneto using the existing distribution network which, in the meantime, will be reorganised and strengthened.

Operating costs. Notwithstanding the inclusion of “CLAV” accounts, the three-month period covered by this report does not reveal any particularly critical situations in the operating area. The percentage incidence of operating costs on net sales remains substantially stable compared to the values reported in the consolidated financial statements of the two companies located in Piedmont and Liguria.

A marked increase is observed instead in consolidated depreciation values, on account both of the bigger investments made by the parent company in the course of the previous year and of the depreciation relating to the portion of the difference on consolidation assigned to “CLAV” trademarks, which amounts to 182,000 Euro.

The value of **extraordinary income and expenses** recorded in the three-month period in question arises from the reorganisation of “CLAV” balance sheet items relating to prior operating years:

- allocation to provision for risks covering doubtful debts amounting to a total of 41,700 Euro, including 20,850 Euro recorded in the consolidated accounts;
- allocation to provision for risks and charges, covering amounts payable, arising from the milk quotas dispute, for which the previous management had not provided appropriate coverage, amounting to a total of 47,099 Euro, including 23,550 Euro recorded in the consolidated accounts;
- allocation to provision for inventory write-downs arising from obsolete packaging materials, amounting to a total of 42,255 Euro, including 21,127 Euro recorded in the consolidated accounts;
- sundry contingencies, amounting to a total of 357,292 Euro, including 178,996 Euro recorded in the consolidated accounts;
- non-operating income, amounting to a total of 136,306 Euro, including 68,153 Euro recorded in the consolidated accounts.

Financial income from interest on securities (disposed of before the end of the quarter ended 30 June) and from current account bank balances remained substantially stable.

Albeit at a lesser rate compared to the first quarter, the average monthly value of the shares continued to improve over the value recorded at 31 December 2001. This value now comes to 2.853 per share.

In addition to Centrale del Latte di Torino & C. S.p.A. and Centro Latte Rapallo S.p.A. interest charges, **financial expenses** include a share of the interest payable on a loan granted to CLAV Industria S.p.A. for the acquisition of the stake in “CLAV”, to a total of 60,000 Euro.

2.4 Financial position

The net financial position of the Group at 30 June 2002, as briefly described in the table below, shows a downswing compared to the same period of the previous year. This decrease is ascribed to the inclusion in the Group’s consolidated financial statements of the indebtedness of CLAV Industria S.p.A., which includes the loan obtained for the acquisition of the entire shareholding in Centrale Vicenza S.p.A., of 5.2 million Euro, only 50% of which has been charged to the consolidated accounts of the holding company as at 30 June 2002.

In connection with the transaction scheduled to take place in September to achieve control of a 82% interest in CLAV Industria, and hence control of “CLAV”, in addition to the table illustrating the consolidated financial statements covered by this report, we give below a table relating to the group’s pro-forma consolidated financial position after the acquisition of the 82% shareholding in CLAV Industria:

Current consolidated financial position

	30 June 02	30 June 01	31 Dec. 01
Liquid assets	10,362,529	13,659,860	9,315,413
Financial assets not recorded as fixed assets	-	-	6,847,599
Own shares	430,090	178,346	382,995
Receivables from controlling companies	96,836	96,836	96,836
	10,889,455	13,935,042	16,642,843
Payables to banks	(17,042,406)	(10,071,652)	(12,191,101)
Payables to other financing sources	(500,532)	(500,532)	(500,532)
	(17,542,939)	(10,572,184)	(12,691,633)
Net financial position	(6,653,484)	3,362,857	3,951,210

Pro – forma consolidated financial position

	30 June 02	30 June 01	31 Dec. 01
Liquid assets	5,162,084	13,659,860	9,315,413
Financial assets not recorded as fixed assets	-	-	6,847,599
Own shares	430,090	178,346	382,995
Receivables from controlling companies	96,836	96,836	96,836
	5,689,010	13,935,042	16,642,843
Payables to banks	(21,056,530)	(10,071,652)	(12,191,101)
Payables to other financing sources	(500,532)	(500,532)	(500,532)
	(21,557,062)	(10,572,184)	(12,691,633)
Net financial position	(15,868,052)	3,362,857	3,951,210

3. Comments on operations

As mentioned above, the situation for the period ending 30 June 2002 is characterised by the acquisition of “CLAV” and the relative consolidation and adjustment operations. To ensure a better understanding of the situation of the Group and its member Companies, we give below a number of summary tables illustrating the accounts of each individual operating company:

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

	30 June 02		30 June 01		31 Dec. 01	
Revenues	26,021,336	99.2%	24,516,960	99.4%	48,722,945	99.0%
Change in inventories	(84,541)	-0.3%	(59,342)	-0.2%	47,001	0.1%
Other income and revenues	286,027	1.1%	202,823	0.8%	431,352	0.9%
Value of production	26,222,823	100.0%	24,660,442	100.0%	49,201,298	100.0%
Gross operating margin	2,268,076	8.6%	2,129,122	8.6%	3,288,648	6.7%
Operating income	831,407	3.2%	893,545	3.6%	675,346	1.4%
Income (loss) before taxes	1,227,867	4.7%	1,043,505	4.2%	139,353	0.3%

(*) Sales revenues include inter-group sales

Centro Latte Rapallo S.p.A.

	30 June 02		30 June 01		31 Dec. 01	
Revenues	10,831,657	99.2%	10,066,854	99.4%	20,806,589	99.0%
Change in inventories	10,062	-0.3%	8,979	-0.2%	39,796	0.1%
Other income and revenues	50,921	1.1%	14,463	0.8%	40,105	0.9%
Value of production	10,892,640	100.0%	10,090,296	100.0%	20,886,490	100.0%
Gross operating margin	854,749	7.8%	899,601	8.9%	1,782,736	8.5%
Operating income	412,834	3.8%	366,013	3.6%	672,691	3.2%
Income (loss) before taxes	364,057	3.3%	290,622	2.9%	528,330	2.5%

(*) Sales revenues include inter-group sales

CLAV Industria S.p.A. (consolidated accounts)

	30 June 2002	
Revenues	6,725,466	100.2%
Change in inventories	(79,618)	-0.9%
Other income and revenues	9,275	0.7%
Value of production	6,655,123	100.0%
Gross operating margin	312,331	4.7%
Operating income	(220,237)	-3.3%
Income (loss) before taxes	(413,741)	-6.2%

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

4. PRO – FORMA CONSOLIDATED FINANCIAL STATEMENTS

To provide exhaustive information, we have also produced a table showing the pro-forma consolidated balance sheet and income statement after the acquisition of the remaining 50% shareholding in CLAV Finanziaria S.p.A.:

4.1 Pro – forma consolidated balance sheet

	30 June 02 pro-forma		30 June 01 actual		31 March 02 actual		31 Dec. 01 actual	
Fixed assets								
Tangible fixed assets	29,422,329		17,448,169		17,331,722		18,000,679	
Intangible fixed assets	23,601,435		14,971,901		15,256,352		14,297,896	
Financial fixed assets	1,850,292		1,884,763		1,884,763		1,884,763	
Total fixed assets	54,874,056	91.5%	34,304,833	98.3%	34,472,837	99.3%	34,183,338	102.6%
Current assets								
Trade receivables	19,501,114		10,802,303		10,687,842		11,592,593	
Inventories	2,855,173		1,812,234		1,728,585		1,745,632	
Other current assets	8,879,110		591,143		6,447,558		6,306,406	
Accrued income and prepayments	756,789		6,926,217		636,585		312,081	
Trade payables	(18,675,016)		(13,139,961)		(12,753,762)		(14,997,378)	
Other payables	(6,743,200)		(4,785,175)		(4,589,189)		(4,421,747)	
Taxes payable	(199,860)		(1,283,424)		(975,836)		(318,595)	
Accrued expenses and deferred income	(1,258,476)		(315,306)		(932,752)		(1,073,480)	
Net current assets	5,115,633	8.5%	608,031	1.7%	249,032	0.7%	(854,487)	-2.6%
TOTAL CAPITAL EMPLOYED	59,989,689	100.0%	34,912,864	100.0%	34,721,868	100.0%	33,328,851	100.0%
Reserves for long-term liabilities								
Employee termination indemnity reserve	3,513,301		2,110,697		2,052,993		2,155,293	
Other reserves	167,827		-		-		-	
Deferred taxation	275,000		297,674		278,884		259,000	
Total long-term liabilities and provisions	3,956,128	6.6%	2,408,371	6.9%	2,331,877	6.7%	2,414,293	7.2%
Financial position								
Cash, banks and securities	(5,162,084)		(13,659,860)		(12,678,358)		(16,163,013)	
Own shares	(430,090)		(178,346)		-		(382,995)	
Payables to banks	21,056,530		10,071,652		8,862,939		12,191,101	
Receivables from controlling companies	(96,836)		(96,836)		(96,836)		(96,836)	
Medium/long-term financing	500,532		500,532		500,532		500,532	
Net financial position	15,868,052	26.5%	(3,362,857)	-9.6%	(3,411,723)	-9.8%	(3,951,210)	-11.9%
Stockholders' equity								
Capital stock	20,600,000		20,600,000		20,600,000		20,600,000	
Reserves	15,954,500		15,082,043		15,031,516		15,100,662	
Net income (loss)	413,316		185,308		170,199		(834,894)	
Total Stockholders' equity	36,967,817	61.6%	35,867,350	102.7%	35,801,715	103.1%	34,865,768	104.6%
Capital and reserves attributable to minority interests	3,197,692	5.3%	-	0.0%	-		-	
TOTAL OWN AND MINORITY CAPITAL EMPLOYED	59,989,689	100.0%	34,912,864	100.0%	34,721,869	100.0%	33,328,851	100.0%

4.2 Pro – forma consolidated income statement

	2nd quarter 2002		2nd quarter 2001		30 June 02		30 June 01		31 Dec. 01	
	pro-forma		actual		pro-forma		actual		actual	
<i>Value of production</i>										
Revenues	29,977,248	100.4%	15,765,801	98.5%	46,834,661	99.8%	31,330,671	99.5%	62,711,250	99.2%
Change in inventories	(224,413)	-0.8%	108,863	0.7%	(233,715)	-0.5%	(50,363)	-0.2%	86,797	0.1%
Other income and revenues	118,671	0.4%	124,675	0.8%	322,716	0.7%	198,599	0.6%	434,202	0.7%
Value of production	29,871,505	100.0%	15,999,339	100.0%	46,923,663	100.0%	31,478,907	100.0%	63,232,248	100.0%
<i>Costs of production</i>										
Services	(6,865,252)	-23.0%	(3,434,787)	-21.5%	(10,575,865)	-22.5%	(6,671,010)	-21.2%	(14,223,199)	-22.5%
Raw materials	(17,418,331)	-58.3%	(9,138,275)	-57.1%	(27,132,672)	-57.8%	(17,916,508)	-56.9%	(36,783,470)	-58.2%
Other operating costs	(519,663)	-1.7%	(356,882)	-2.2%	(764,866)	-1.6%	(571,634)	-1.8%	(769,638)	-1.2%
Added value	5,068,259	17.0%	3,069,395	19.2%	8,450,259	18.0%	6,319,755	20.1%	11,455,940	18.1%
Personnel costs	(3,003,586)	-10.1%	(1,719,993)	-10.8%	(4,704,483)	-10.0%	(3,291,033)	-10.5%	(6,384,557)	-10.1%
Gross operating margin	2,064,674	6.9%	1,349,402	8.4%	3,745,777	8.0%	3,028,722	9.6%	5,071,384	8.0%
Writedown of accounts receivable	(57,733)	-0.2%	367	0.0%	(111,475)	-0.2%	(55,785)	-0.2%	(86,376)	-0.1%
Depreciation and amortisation of fixed assets	(2,146,704)	-7.2%	(1,070,986)	-6.7%	(3,155,898)	-6.7%	(1,982,187)	-6.3%	(4,367,822)	-6.9%
Provisions for contingencies	(3,007)	0.0%	-	-	(28,007)	-0.1%	-	-	-	-
Operating income	(142,771)	-0.5%	278,783	1.7%	450,397	1.0%	990,750	3.1%	617,186	1.0%
Other financial income	216,123	0.7%	270,257	1.7%	370,111	0.8%	417,671	1.3%	730,304	1.2%
Financial expenses	(259,010)	-0.9%	(164,892)	-1.0%	(467,180)	-1.0%	(337,954)	-1.1%	(993,532)	-1.6%
Extraordinary revenues	154,842	0.5%	8,189	0.1%	1,037,421	2.2%	8,189	0.0%	142,113	0.2%
Extraordinary expense	(670,933)	-2.2%	(89,380)	-0.6%	(1,110,379)	-2.4%	(142,425)	-0.5%	(688,327)	-1.1%
Income (loss) before taxes	(701,748)	-2.3%	302,957	1.9%	280,369	0.6%	936,231	3.0%	(192,256)	-0.3%
Income taxes for the period	-	-	-	-	-	-	-	-	-	-
Pre-paid (deferred) taxes	(16,000)	-0.1%	-	0.0%	(16,000)	0.0%	-	-	-	-
Legal reserves	-	-	-	-	-	-	-	-	-	-
Net total income (loss)	(717,748)	-2.4%	302,957	1.9%	264,369	0.6%	936,232	3.0%	(192,255)	-0.3%
Minority interest income (loss)	(148,947)	-0.5%	-	-	(148,947)	-0.3%	-	-	-	-
Income (loss) for the period	(568,801)	-1.9%	302,957	1.9%	413,316	0.9%	936,233	3.0%	(192,255)	-0.3%

5. EVOLUTION OF THE BUSINESS

The quarter ending 30 September 2002 will be marked by the typical seasonal factors characterising the summer months from July through August. It is believed, however, that the favourable sales trends and the satisfactory results obtained in terms of incidence of costs will make it possible to achieve better results in the second quarter of 2002 compared to the previous year and to record a growth in the final figures for all the indicators considered so far.

Over the next few months, the process of company reorganisation will be carried on at CLAV through the appointment of a new Chief Executive, the launch of new sales and marketing initiatives and a gradual widening of the product portfolio in keeping with conditions already prevailing at other Group member companies and with the goal of achieving a progressive improvement in the operating results of the new subsidiary, in conformity with the Group's historical results.

6. Parent company financial statements

6.1 Balance Sheet

	30 June 02		30 June 01		31 March 02	
Fixed assets						
Tangible fixed assets	12,440,275		12,578,777		12,684,240	
Intangible fixed assets	2,186,758		2,419,517		2,309,275	
INVESTMENTS	32,657,747		19,193,294		25,907,747	
Total fixed assets	47,284,779	94.5%	34,191,588	99.3%	40,901,262	97.6%
Current assets						
Trade receivables	11,131,409		9,510,853		10,597,448	
Inventories	1,338,418		1,391,415		1,260,802	
Other current assets	5,963,216		445,701		4,635,766	
Accrued income and prepayments	440,080		6,164,093		394,870	
Trade payables	(10,119,871)		(11,580,657)		(11,195,585)	
Other payables	(4,830,731)		(4,238,847)		(3,716,329)	
Taxes payable	(89,098)		(1,218,666)		(89,857)	
Accrued expenses and deferred income	(1,064,830)		(238,617)		(874,094)	
Net current assets	2,768,593	5.5%	235,273	0.7%	1,013,020	2.4%
TOTAL CAPITAL EMPLOYED	50,053,372	100.0%	34,426,861	100.0%	41,914,282	100.0%
Reserves for long-term liabilities						
Employee termination indemnity reserve	1,589,949		1,555,320		1,607,721	
Other reserves	-		-		-	
Total long-term liabilities and reserves	1,589,949	3.2%	1,555,320	4.5%	1,607,721	3.8%
Financial position						
Cash, banks and securities	(983,165)		(13,505,523)		(6,910,996)	
Own shares	(430,090)		(178,346)		(430,527)	
Receivables from controlling companies	(96,836)		(96,836)		(96,836)	
Payables to banks	11,830,636		9,095,086		10,142,135	
Medium/long-term financing	500,532		500,532		500,532	
Net financial position	10,821,078	21.6%	(4,185,086)	-12.2%	3,204,309	7.6%
Stockholders' equity						
Capital stock	20,600,000		20,600,000		20,600,000	
Reserves	15,814,478		15,939,908		15,814,478	
Pre-tax income	1,227,867		516,719		687,775	
Total Stockholders' equity	37,642,345	75.2%	37,056,627	107.6%	37,102,253	88.5%
TOTAL OWN AND MINORITY CAPITAL EMPLOYED	50,053,372	100.0%	34,426,861	100.0%	41,914,282	100.0%

6.2 Income statement

	2nd quarter 2002		2nd quarter 2001		30 June 02		30 June 01		31 Dec. 01	
<i>Value of production</i>										
Revenues	12,846,237	100.2%	12,311,982	98.3%	26,021,336	99.2%	24,516,960	99.4%	48,722,945	99.0%
Change in inventories	(111,221)	-0.9%	79,954	0.6%	(84,541)	-0.3%	(59,342)	-0.2%	47,001	0.1%
Other income and revenues	88,457	0.7%	134,658	1.1%	286,027	1.1%	202,823	0.8%	431,352	0.9%
Value of production	12,823,473	100.0%	12,526,594	100.0%	26,222,823	100.0%	24,660,442	100.0%	49,201,298	100.0%
<i>Costs of production</i>										
Services	(2,649,861)	-20.7%	(2,477,045)	-19.8%	(5,317,101)	-20.3%	(4,798,380)	-19.5%	(9,884,854)	-20.1%
Raw materials	(7,620,736)	-59.4%	(7,771,280)	-62.0%	(15,884,638)	-60.6%	(15,108,927)	-61.3%	(30,900,954)	-62.8%
Other operating costs	(153,177)	-1.2%	(125,942)	-1.0%	(279,584)	-1.1%	(252,738)	-1.0%	(568,184)	-1.2%
Added value	2,399,698	18.7%	2,152,327	17.2%	4,741,499	18.1%	4,500,396	18.2%	7,847,305	15.9%
Personnel costs	(1,259,533)	-9.8%	(1,249,409)	-10.0%	(2,473,424)	-9.4%	(2,371,275)	-9.6%	(4,558,658)	-9.3%
Gross operating margin	1,140,165	8.9%	902,918	7.2%	2,268,076	8.6%	2,129,122	8.6%	3,288,648	6.7%
Writedown of accounts receivable	(36,066)	-0.3%	2,138	0.0%	(47,203)	-0.2%	(39,775)	-0.2%	(44,549)	-0.1%
Depreciation and amortisation of fixed assets	(703,619)	-5.5%	(613,152)	-4.9%	(1,389,466)	-5.3%	(1,195,802)	-4.8%	(2,568,753)	-5.2%
Operating income	400,480	3.1%	291,904	2.3%	831,407	3.2%	893,545	3.6%	675,346	1.4%
Write-up of own shares in portfolio	(257)	0.0%	-	0.0%	47,095	0.2%	-	-	-	-
Write-down of investments	-	0.0%	-	0.0%	(35,548)	-0.1%	-	-	-	-
Other financial income	290,711	2.3%	398,020	3.2%	392,587	1.5%	538,675	2.2%	846,978	1.7%
Financial expenses	(130,327)	-1.0%	(139,135)	-1.1%	(288,411)	-1.1%	(280,216)	-1.1%	(888,230)	-1.8%
Extraordinary revenues	6,611	0.1%	8,189	0.1%	889,189	3.4%	8,189	0.0%	142,113	0.3%
Extraordinary expense	(169,006)	-1.3%	(71,390)	-0.6%	(608,452)	-2.3%	(116,688)	-0.5%	(636,854)	-1.3%
Income (loss) before taxes	398,212	3.1%	487,588	3.9%	1,227,867	4.7%	1,043,505	4.2%	139,353	0.3%
Income taxes for the period	-	-	(245,833)	-2.0%	-	-	(526,786)	-2.1%	(255,736)	-0.5%
Pre-paid (deferred) taxes	-	-	-	-	-	-	-	-	(9,048)	-
Net total income (loss)	398,212	3.1%	241,755	1.9%	1,227,867	4.7%	516,719	2.1%	(125,430)	-0.3%
Minority interest income (loss)	-	-	-	-	-	-	-	-	-	-
Income (loss) for the period	398,212	3.1%	241,755	1.9%	1,227,867	4.7%	516,719	2.1%	(125,430)	-0.3%

7. SIGNIFICANT FACTS OCCURRING AFTER THE END OF THE QUARTER

No significant facts have occurred after the end of the quarter.

Turin, 30 July 2002

Chairman of the Board of Directors

Luigi LUZZATI