



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

3rd quarter report at september 30 2004

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1. Consolidated financials statement

1.1 Consolidated Balance sheet

(thousand Euro)	30-sept-04		30-sept-03		30-june-04		31-dec-03	
Fixed assets								
Tangible fixed assets	25,500		26,624		25,585		26,360	
Intangible fixed assets	19,190		21,286		19,728		20,739	
Investments and securities	1,850		2,003		1,850		1,603	
Total fixed assets	46,540	91.0%	49,913	91.1%	47,163	94.3%	48,702	96.8%
Working capital								
Trade receivables	14,889		16,845		16,000		17,743	
Inventories	2,749		2,786		2,690		2,705	
Other current assets	8,113		8,305		7,748		8,531	
Prepaid expenses and accrued income	308		277		369		195	
Trade payables	(16,900)		(16,950)		(18,492)		(20,193)	
Other payables	(3,736)		(5,007)		(4,736)		(4,948)	
Taxes payable	(155)		(150)		(203)		(1,653)	
Accrued expenses and deferred income	(667)		(1,215)		(516)		(790)	
Net working capital	4,601	9.0%	4,891	8.9%	2,860	5.7%	1,591	3.2%
Net working capital	51,141	100.0%	54,804	100.0%	50,023	100.0%	50,293	100.0%
Reserves for long-term liabilities								
Reserve for employee severance indemnity	3,830		3,701		3,713		3,622	
Other provisions	586		296		646		566	
Provision for deferred taxes	1,127		661		1,000		1,000	
Total long-term liabilities and reserves	5,543	10.8%	4,658	8.5%	5,359	10.7%	5,188	10.3%
Financial position								
Cash, banks and securities	(9,364)		(6,093)		(10,206)		(7,585)	
Treasury stock	-		(476)		-		(751)	
Payables to banks	260		797		60		-	
Medium/long-term financing	12,215		15,472		13,311		14,529	
Net financial position	3,111	6.1%	9,700	17.7%	3,165	6.3%	6,193	12.3%
Shareholders' equity								
Share capital	20,600		20,600		20,600		20,600	
Reserves	14,841		14,455		15,268		14,382	
Income (loss) for the year	4,373		(*) 2,539		(*) 2,913		(**) 1,148	
Total shareholders' equity	39,814	77.8%	37,594	68.6%	38,782	77.5%	36,130	71.8%
Capital and reserves attributable to minority interests	(*) 2,673	5.2%	(*) 2,852	5.2%	(*) 2,717	5.4%	(**) 2,782	5.5%
TOTAL OWN AND MINORITIES CAPITAL EMPLOYED	51,141	100.0%	54,804	100.0%	50,023	100.0%	50,293	100.0%

(*) Before taxes

(**) After taxes

1.2 Consolidated profit & loss.

(thousand Euro)	III Qrt 2004		III Qrt 2003		30-sept-04		30-sept-03		31-dec-03	
<i>Value of production</i>										
Revenues from sales and services	21,520	99.4%	22,444	100.1%	70,369	99.3%	70,345	99.3%	95,646	99.3%
Change in inventories	39	0.2%	(73)	-0.3%	44	0.1%	47	0.1%	20	0.0%
Other income and revenues	90	0.4%	52	0.2%	464	0.7%	440	0.6%	690	0.7%
Value of production	21,649	100.0%	22,423	100.0%	70,878	100.0%	70,832	100.0%	96,356	100.0%
<i>Costs of production</i>										
Services	(4,871)	-22.5%	(4,797)	-21.4%	(16,004)	-22.6%	(15,539)	-21.9%	(21,313)	-22.1%
Raw materials	(11,821)	-54.6%	(12,547)	-56.0%	(38,461)	-54.3%	(39,419)	-55.7%	(53,564)	-55.6%
Other operating costs	(231)	-1.1%	(286)	-1.3%	(866)	-1.2%	(902)	-1.3%	(1,460)	-1.5%
Added value	4,725	21.8%	4,793	21.4%	15,546	21.9%	14,972	21.1%	20,019	20.8%
Personnel costs	(2,273)	-10.5%	(2,254)	-10.1%	(7,494)	-10.6%	(7,272)	-10.3%	(9,702)	-10.1%
Gross operating margin	2,453	11.3%	2,539	11.3%	8,052	11.4%	7,700	10.9%	10,317	10.7%
Writedown of accounts receivable	8	0.0%	(6)	0.0%	(107)	-0.2%	(81)	-0.1%	(124)	-0.1%
Depreciation and amortisation of fixed assets	(1,491)	-6.9%	(1,455)	-6.5%	(4,076)	-5.8%	(4,255)	-6.0%	(5,683)	-5.9%
Provisions for contingencies	(1)	0.0%	(1)	0.0%	(4)	0.0%	(4)	0.0%	(5)	0.0%
Operating income	968	4.5%	1,077	4.8%	3,865	5.5%	3,360	4.7%	4,505	4.7%
Revaluation (writedown) treasury stock in portfolio	-	0.0%	16	0.1%	-	0.0%	16	0.0%	291	0.3%
Writedown of investments	-	0.0%	1	0.0%	(44)	-0.3%	(60)	-0.1%	(461)	-0.5%
Interest and financial income	40	0.2%	-	-0.0%	505	0.7%	59	0.1%	184	0.2%
Financial charges	(180)	-0.8%	(228)	-1.0%	(569)	-0.8%	(646)	-0.9%	(861)	-0.9%
Extraordinary income	-	14.0%	24	0.1%	154	0.2%	138	0.2%	235	0.2%
Extraordinary income	3,026	14.0%	-	0.0%	3,026	4.3%	-	0.0%	-	0.0%
Writedown of investments	(1,280)	-5.9%	-	0.0%	(1,280)	-1.8%	-	0.0%	-	0.0%
Extraordinary expense deferred taxes	(1,127)	-5.2%	-	0.0%	(1,127)	-1.6%	-	0.0%	-	0.0%
Extraordinary expense	(32)	-0.1%	(70)	-0.3%	(267)	-0.4%	(415)	-0.6%	(634)	-0.7%
Income (loss) before taxes	1,376	6.4%	819	3.7%	4,264	6.0%	2,451	3.5%	3,260	3.4%
Income taxes for the period	-	0.0%	-	0.0%	-	0.0%	-	0.0%	(2,074)	-2.2%
Prepaid (deferred) taxes	-	0.0%	-	0.0%	-	-0.0%	-	0.0%	(196)	-0.2%
Net total income (loss)	(*) 1,376	6.4%	(*) 819	3.7%	(*) 4,264	6.0%	(*) 2,451	3.5%	(**) 990	1.0%
Minority interest income (loss)	(43)	-0.2%	(29)	-0.1%	(109)	-0.2%	(88)	-0.1%	(158)	0.2%
Income (loss)	(*) 1,419	6.7%	(*) 848	3.8%	(*) 4,373	6.2%	(*) 2,539	3.6%	(**) 1,148	1.2%

(*) Before taxes

(**) After taxes

2. Notes to the Financial Statements

2.1 Foreword

This Quarterly Report has been drawn up in compliance with Section 82 of CONSOB Resolution No. 11971 dated 14th May 1999, as integrated by resolution No. 12475 dated 6th April 2000.

This quarterly report for the period ending 30th September 2004, reporting figures before tax deduction, in addition to the operations results for the quarter in question, will also make a comparison with the results of the same period of 2003 FY, and with the Financial Report ending 31st December 2003.

2.2 Consolidation area and evaluation criteria

Consolidation area includes periodic reports as at 30th September 2004 of "Centrale del Latte di Torino & C. S.p.A." as the Holding Company, of "Centro Latte Rapallo S.p.A." and "Centrale del Latte di Vicenza S.p.A." as subsidiary companies.

The 40% share in Frasccheri S.p.A, the 33.33% share in Salads & Fruits S.r.l. and the 40% share held by the Subsidiary Company Centro Latte Rapallo S.p.A. in GPP Genova Pasta Pesto S.p.A have not been consolidated, because it is not required by the applicable provisions of law.

Evaluation criteria.

Evaluation criteria and accounting principles adopted when drawing up the financial statements of Centrale del Latte di Torino & C. S.p.A. , Centro Latte Rapallo S.p.A. and Centrale del Latte di Vicenza S.p.A. are no different from those previously adopted for drawing up the consolidated Financial Statement for 2003, except for the following: during the period in question, the Holding Company and its Subsidiary Company Centro Latte Rapallo S.p.A. did not calculate and, therefore, did not appropriate any advanced depreciation, they also wrote off any tax interferences, as illustrated more in detail in one of the following paragraphs of this report.

2.3 Notes to the Profit & Loss Account

The Profit and Loss Account of the Group at the end of the third quarter of 2004 reports EBITDA amounting to € 8,052 thousand, corresponding to 11.4% of net sales, as against € 7,700 thousand (10.9% of net sales) in the same period of the previous year. EBIT amounts to € 3,865 thousand, corresponding to 5.5%, as against € 3,360 thousand in the previous year (4.7%).

Profit before taxes (€ 3,026 thousand) is reported after calculation of extraordinary income deriving from the writing off of tax interferences, the capital loss on the winding up of CLAV Finanziaria S.p.A. (€ 1,280 thousand), net of minority interest. It amounts to € 4,373 thousand, as against € 2,539 thousand in the same period of the previous year, when no extraordinary operations were reported.

The profit for the period is reported before income taxes. Differed taxes have been calculated on the gross amount of tax interferences that have been written off in the civil Balance Sheets of the companies concerned.

Net proceeds of the Group at the end of the third quarter of 2004 amounted to € 70,369 thousand, as against € 70,345 thousand in the same period of the previous year 2003 with a 0.1% increase, despite a 4.1% drop in the third quarter.

(thousands Euro)	III Qrt 04	III Qrt 03	Change		Total	Total	Change	
					30-sept-04	30-sept-03		
Fresh milk	9,247	9,803	(556)	-5.7%	31,149	31,682	(533)	-1.7%
UHT milk	4,767	5,042	(275)	-5.4%	15,543	15,729	(186)	-1.2%
Yoghurt	1,767	1,861	(94)	-5.1%	5,401	5,459	(58)	-1.1%
Bulk milk and cream	452	641	(189)	-29.4%	2,294	1,843	451	24.5%
Other packaged products	5,286	5,096	190	3.7%	15,982	15,632	350	2.2%
Total	21,520	22,443	(923)	-4.1%	70,369	70,345	24	0.1%

Even the beginning of the second half of 2004 was still characterised by a consumption drop in all market segments, and by consumers increasingly buying unbranded and cheap products. This was also recorded by ISTAT, which in August reported a 3.4% decrease in food retail sales, as against the same month in the previous year.

Centrale del Latte di Vicenza suffered from this general situation most. In addition to a decrease in sales due to having stopped selling non profitable products, it also suffered the effects linked to a geographic area in which competition has become quite strong.

However, in spite of this background condition, the third quarter gave some positive signs. The same period of the previous FY was countertrend to the usual downward sales trends recorded during the summer period, because of people going on holiday and leaving cities and towns. It was in fact characterised by a strong sales increase due to several favourable circumstances including, during that

period, difficulties in distribution and organisation of some competitors. A 7.5% growth was indeed recorded.

Therefore, even if the period we are now comparing our third quarter results with reported unusually good results, the Holding Company was able to maintain stable revenues for this quarter (+0.5% over a 7.5% increase in the third quarter of 2003), thus confirming its leading position in the fresh milk segment and recording a 5% growth for the first nine months (net of intergroup sales). Sales by Centro Latte Rapallo also remained stable with a 0.1% increase over a 7% growth recorded in the same period of 2003, while an overall 2.2% increase was recorded for the first nine months of 2004.

Conversely, Centrale del Latte di Vicenza recorded an 11% decrease, because it stopped selling fresh milk manufactured by third parties - due to insufficient margin levels - and also because of the reasons illustrated above.

All in all, consolidated sales remained substantially stable if compared to the first nine months of 2003, while previously conquered market positions were consolidated and increased.

Fresh milk segment.

At the end of the January-September period, sales recorded a 1.4% drop, resulting from a 3.6% growth in the Piedmont-Liguria area and a strong reduction in the Veneto region, also because Centrale del Latte di Vicenza stopped selling fresh milk manufactured by third parties.

Sales of long-life milk (UHT) and yoghurt.

During the first nine months of the year, an overall 1.2% decrease was recorded. Sales of long-life milk remained stable in the north-west area.

In the yoghurt segment, an upward (+16.5%) sales trend in Piedmont and Liguria was coupled with a decrease in the Veneto region, especially in the conventional yoghurt segment, which is a strong selling item of Centrale del Latte di Vicenza S.p.A..

For both market segments, the Veneto area was strongly affected by an unfavourable economic situation, which has driven the already low consumption level to unbranded and cheap products.

Geographic Distribution

The following table shows sales figures during the third quarter of 2004 carved up by geographic areas:

(thousands Euro)	Fresh milk	UHT milk	Yoghurt	Bulk milk and cream	Other packaged products	Total	
Piemonte							
30-set-04	17,339	9,670	1,277	598	5,295	34,180	48%
30-set-03	16,393	9,629	1,132	1,001	5,131	33,286	47%
Variazione %	5.8%	0.4%	12.8%	-40.3%	3.2%	2.7%	
Liguria							
30-set-04	9,002	987	298	-	7,040	17,326	25%
30-set-03	9,113	996	220	-	6,629	16,958	24%
Change %	-1.2%	-0.9%	35.4%	-	6.2%	2.2%	
Veneto							
30-set-04	4,808	4,886	3,826	243	3,647	17,410	25%
30-set-03	6,176	5,104	4,107	235	3,872	19,494	28%
Change %	-22%	-4%	-7%	3%	-6%	-11%	
Other							
30-set-04				1,453		1,453	2%
30-set-03	-	-	-	607	-	607	1%
Change %	-	-	-	140%	-	140%	
30-set-04	31,149	15,543	5,401	2,294	15,982	70,369	100%
30-set-03	31,682	15,729	5,459	1,843	15,632	70,345	100%
Change %	-1.7%	-1.2%	-1.1%	24.5%	2.2%	0.1%	

Operating Costs. In the third quarter of 2004, operating costs on production values remained substantially stable if compared to the third quarter of the previous FY, which were calculated on a higher base value. Operating costs for the first nine months of 2004 also remained stable and were aligned with the trends for this FY and with the budget.

Tax interferences. Following the enforcement of Decree Law No. 6/2003 reforming company law, the second clause of Section 2426 of the Italian Civil Code was deleted, which entitled companies to make value adjustments for tangible and intangible assets only to comply with applicable tax regulations. Therefore, items previously posted in the accounts in order to comply with tax regulations must be written off.

In order to write off these tax interferences concerning items from past periods, a value adjustment was made on tangible and intangible assets for advanced depreciation posted in the previous financial years.

As recommended in Document No. 1 dated 25th October 2004 issued by the Italian Accounting Body, the Accounting Principle No. 29 was applied, namely, the tax interference writing off was posted in the Profit and Loss Account under a specific Extraordinary Income item, while any differed taxes were posted under Extraordinary Charges.

This value adjustment was made in the Accounts of Centrale del Latte di Torino & C S.p.A. and of Centro Latte Rapallo S.p.A..

The effect of the above operation in the financial statement for the period in question concerned the Extraordinary Income and Depreciation fund for tangible assets for an amount of €1,735 thousand in the Balance Sheet of the Holding Company and of €1,291 thousand in the one of Centro Latte Rapallo. Differed taxes, calculated on advanced depreciation written off with a 37.25% (33% IRES and 4.25% IRAP) tax rate, were posted in the Extraordinary Charges item and in a specific fund amounting to € 646 thousand for the Holding Company and to €481 thousand for the Subsidiary Company.

Since advanced depreciations have been written off in the Balance Sheets of the two companies, the book value of tangible assets has now been restored under the Assets of these companies. Ordinary depreciation rates will from now on be appropriated based on this value.

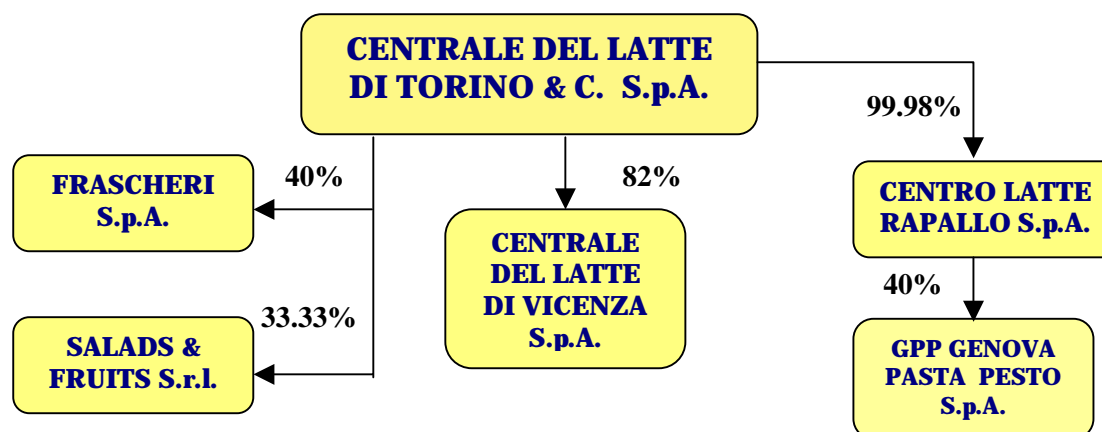
2.4 Shareholding in Subsidiary Companies

In order to implement corporate streamlining plans for the entire Group, on 9th September 2004, the Extraordinary Meeting of Shareholders of CLAV Finanziaria S.p.A. resolved to wind up the company. The 82% shareholding in Centrale del Latte di Vicenza S.p.A was directly transferred to the Holding Company.

Following the final liquidation of the Company, a capital loss of € 1,254 thousand as against the shareholding value in CLAV Finanziaria S.p.A was entered in the Balance Sheet of the Holding Company.

In the civil Balance Sheet of Centrale del Latte di Torino & C. S.p.A., the shareholding in Centrale del Latte di Vicenza S.p.A. was posted including accessory costs, for a total of € 12,377 thousand corresponding to 82% of the Company's Net worth as of 30th June 2004.

After the above operation, Gruppo Centrale del Latte di Torino & C. S.p.A. as of 30th September 2004 features the following structure:



2.5 Consolidated Financial Position

The net financial position as at 30th September 2004 compared to the same period of the previous financial year reported a net improvement which has remained substantially stable from the end of the 2nd quarter of 2004.

(thousands Euro)	30-sept-04	30-sept-03	30-june-04	31-dec-03
Liquid assets	9,364	6,093	10,206	7,585
Treasury stock	-	476	-	751
	9,364	6,569	10,206	8,336
Payables to Banks	(260)	(797)	(60)	-
Medium/long term financing	(12,215)	(15,472)	(13,310)	(14,529)
	(12,475)	(16,269)	(13,370)	(14,529)
Net Financial position	(3,111)	(9,700)	(3,166)	(6,193)

3. Remarks on Operations Results

In order to better illustrate the operations results for the Group and its companies, concise financial reports are presented here below for each operating company:

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

During the first nine months of 2003, Centrale del Latte di Torino & C. S.p.A. appropriated and used up advanced depreciations amounting to a total of € 592 thousand, while for the entire 2003 FY this figure amounted to €795 thousand.

The figures reported in the following tables are gross of consolidation adjustments and write offs.

(thousands Euro)	30-sept-04		30-sept-03		31-dec-03	
<i>Value of production</i>						
Revenues from sales and services	40,951	99.0%	39,143	98.8%	53,688	98.7%
Change in inventories	38	0.1%	95	0.2%	99	0.2%
Other income and revenues	394	1.0%	367	1.0%	624	1.1%
Value of production	41,384	100.0%	39,605	100.0%	54,411	100.0%
Gross operating margin	5,674	13.7%	5,238	13.2%	7,069	13.0%
Operating income	3,735	9.0%	2,610	6.6%	3,554	6.5%
Income (loss) before taxes	3,576	8.6%	2,264	5.7%	3,025	5.6%

Net financial position

(thousands Euro)	30-sept-04	30-sept-03	30-jun-04	31-dec-03
Liquid assets	7,685	6,093	8,650	5,269
Treasury stock	-	476	-	751
	7,685	6,569	8,650	6,020
Payables to Banks	-	(796)	(7)	-
Medium/long term financing	(7,400)	(15,472)	(8,434)	(9,157)
	(7,400)	(16,368)	(8,441)	(9,157)
Net Financial position	285	(9,799)	209	(3,137)

3.2 Centro Latte Rapallo S.p.A.:

During the first nine months of 2003, Centro Latte Rapallo S.p.A. appropriated and used up advanced depreciations amounting to a total of € 164 thousand, while for the entire 2003 FY this figure amounted to € 231 thousand.

The figures reported in the following tables are gross of consolidation adjustments and write offs.

(thousands Euro)	30-sept-04		30-sept-03		31-dec-03	
<i>Value of production</i>						
Revenues from sales and services	17,414	99.5%	16,958	99.6%	22,822	99.4%
Change in inventories	7	0.0%	30	0.2%	20	0.4%
Other income and revenues	73	0.5%	40	0.2%	45	0.2%
Value of production	17,494	100.0%	17,028	100.0%	22,967	100.0%
Gross operating margin	1,700	9.7%	1,483	8.7%	1,867	8.2%
Operating income	1,105	6.3%	891	5.2%	1,026	4.5%
Income (loss) before taxes	1,879	10.7 %	844	5.0%	994	4.3%

(*) Incidenza % sul valore della produzione

(**) I valori arrotondati possono comportare differenze di una unità

Net financial position

(thousands Euro)	30-sept-04	30-sept-03	30-jun-04	31-dec-03
Liquid assets	1,367	524	998	1,378
Payables to Banks	-	-	(39)	-
Medium/long term financing	(433)	(650)	(495)	(597)
	(433)	(650)	(534)	(597)
Net Financial position	935	(126)	464	781

3.3 Centrale del Latte di Vicenza S.p.A.:

The figures reported in the following tables are gross of consolidation adjustments and write offs.

(thousands Euro)	30-sept-04		30-sept-03		31-dec-03	
		(*)		(*)		(*)
<i>Value of production</i>						
Revenues from sales and services	17,410	99.6%	19,494	100.0%	26,174	100.0%
Change in inventories	(1)	0.0%	(78)	-0.4%	(99)	-0.4%
Other income and revenues	77	0.4%	82	0.4%	105	0.4%
Value of production	17,486	100.0%	19,498	100.0%	26,180	100.0%
Gross operating margin	679	3.9%	992	5.1%	1,381	5.3%
Operating income	(389)	-2.2%	(183)	-0.9%	(220)	-0.8%
Income (loss) before taxes	(606)	-3.5%	(491)	-2.5%	(775)	-2.9%

(*) Incidenza % sul valore della produzione

(**) I valori arrotondati possono comportare differenze di una unità

Net financial position

(migliaia di Euro)	30-set-04	30-set-03	30-giu-04	31-dic-03
Liquid assets	311	1,120	558	938
Payables to Banks	(260)	-	(14)	-
Medium/long term financing	(4,382)	(5,160)	(4,382)	(4,775)
	(4,642)	(5,160)	(4,396)	(4,775)
Net Financial position	(4,332)	(4,040)	(3,838)	(3,837)

3.4 Frasccheri S.p.A.

At the end of the third quarter of 2004, the net earnings of this Subsidiary Company amounted to € 7,174 thousand, as against €6,779 thousand in the same period of 2003 with a 5.8% increase.

EBITDA amounted to 6.7% of net sales, EBIT reached 2.9% of net sales. In the same period of 2003 they amounted to 8.8% and 3.9%, respectively.

Profit before taxes amounts to €178 thousand, as against €233 thousand in the previous FY.

4. BUSINESS EVOLUTION

October confirmed the downward trend in consumption in general and in the consumption of food products in particular.

As to the fourth quarter, the negative change recorded at the end of September compared to the previous FY is expected to be limited by the positive effect deriving from the launching of new important products.

5. Financial Statements of the Holding Company

5.1 Holding Company – balance sheet

(migliaia di Euro)	30-sept-04		30-sept-03		30-jun-04		31-dec-03	
Fixed assets								
Tangible fixed assets	8,959		9,028		7,522		8,362	
Intangible fixed assets	1,097		1,560		1,212		1,442	
Investments and securities	31,326		32,607		32,418		32,208	
Total fixed assets	41,382	93.9%	43,195	93.2%	41,152	96.4%	42,012	96.6%
Working capital								
Trade receivables	8,296		9,079		8,937		10,856	
Inventories	1,330		1,252		1,189		1,208	
Other current assets	4,885		5,266		4,576		5,634	
Prepaid expenses and accrued income	174		152		192		154	
Trade payables	(9,201)		(8,276)		(9,919)		(11,003)	
Other payables	(2,275)		(3,334)		(2,935)		(3,456)	
Taxes payable	(73)		(72)		(79)		(1,205)	
Accrued expenses and deferred income	(429)		(909)		(407)		(713)	
Net working capital	2,707	6.1%	3,158	6.8%	1,554	3.6%	1,475	3.4%
Net working capital	44,090	100.0%	46,353	100.0%	42,706	100.0%	43,486	100.0%
Reserves for long-term liabilities								
Reserve for employee severance indemnity	1,873		1,764		1,809		1,765	
Other provisions	646		-		-		-	
Provision for deferred taxes	-		-		57		-	
Total long-term liabilities and reserves	2,519	5.7%	1,764	3.8%	1,866	4.4%	1,765	4.1%
Financial position								
Cash, banks and securities	(7,685)		(4,444)		(8,650)		(5,265)	
Treasury stock	-		(476)		-		(751)	
Payables to banks	-		796		7		-	
Medium/long-term financing	7,400		9,662		8,434		9,157	
Net financial position	(285)	-0.6%	5,538	11.9%	(209)	-0.5%	3,141	7.2%
Shareholders' equity								
Share capital	20,600		20,600		20,600		20,600	
Reserves	17,680		16,187		17,680		16,187	
Income (loss) for the year	(*) 3,576		(*) 2,264		(*) 2,769		(**) 1,793	
Total shareholders' equity	41,856	94.9%	39,051	84.2%	41,049	96.1%	38,580	88.7%
TOTAL OWN AND MINORITIES CAPITAL EMPLOYED	44,090	100.0%	46,353	100.0%	42,706	100.0%	43,486	100.0%

(*) Before taxes

(**) After taxes

5.2 Profit & Loss Account of the Holding Company

(migliaia di Euro)	III Qrt 2004		III Qrt 2003		30-sept-04		30-sept-03		31-dec-03	
<i>Value of production</i>										
Revenues from sales and services	12,188	98.8%	12,127	99.9%	40,951	99.0%	39,143	98.8%	53,688	98.7%
Change in inventories	95	0.8%	(17)	-0.1%	38	0.1%	95	0.2%	99	0.2%
Other income and revenues	57	0.5%	34	0.3%	394	1.0%	366	0.9%	624	1.1%
Value of production	12,340	100.0%	12,144	100.0%	41,384	100.0%	39,604	100.0%	54,411	100.0%
<i>Costs of production</i>										
Services	(2,395)	-19.4%	(2,334)	-19.2%	(8,481)	-20.5%	(7,978)	-20.1%	(11,245)	-20.7%
Raw materials	(6,982)	-56.6%	(6,879)	-56.6%	(22,843)	-55.2%	(22,304)	-56.3%	(30,718)	-56.5%
Other operating costs	(116)	-0.9%	(96)	-0.8%	(382)	-0.9%	(300)	-0.8%	(431)	-0.8%
Added value	2,847	23.1%	2,835	23.3%	9,678	23.4%	9,022	22.8%	12,017	22.1%
Personnel costs	(1,181)	-9.6%	(1,151)	-9.5%	(4,004)	-9.7%	(3,785)	-9.6%	(4,947)	-9.1%
Gross operating margin	1,666	13.5%	1,684	13.9%	5,674	13.7%	5,237	13.2%	7,069	13.0%
Writedown of accounts receivable	13	0.1%	1	0.0%	(69)	-0.2%	(39)	-0.1%	(46)	-0.1%
Depreciation and amortisation of fixed assets	(615)	-5.0%	(872)	-7.2%	(1,869)	-4.5%	(2,589)	-6.5%	(3,469)	-6.4%
Operating income	1,064	8.6%	813	6.7%	3,735	9.0%	2,609	6.6%	3,554	6.5%
Revaluation (writedown) treasury stock in portfolio	-	0.0%	16	0.1%	-	0.0%	16	0.0%	291	0.5%
Writedown of investments	-	0.0%	1	0.0%	(40)	-0.1%	(61)	-0.2%	(461)	-0.8%
Interest and financial income	38	0.3%	15	0.1%	498	1.2%	251	0.6%	273	0.5%
Financial charges	(69)	-0.6%	(89)	-0.7%	(274)	-0.7%	(402)	-1.0%	(477)	-0.9%
Extraordinary income	1,735	14.1%	-	0.0%	1,735	4.2%	-	0.0%	-	0.0%
Extraordinary income	-	0.3%	17	0.1%	88	0.2%	46	0.1%	46	0.1%
Writedown of investments	(1,254)	-10.2%	-	0.0%	(1,254)	-3.0%	-	0.0%	-	0.0%
Extraordinary expense deferred taxes	(646)	-5.2%	-	0.0%	(646)	-1.6%	-	0.0%	-	0.0%
Extraordinary expense	(60)	-0.5%	(21)	-0.2%	(266)	-0.6%	(195)	-0.5%	(202)	-0.4%
Income (loss) before taxes	806	6.5%	752	6.2%	3,576	8.6%	2,264	5.7%	3,025	5.6%
Income taxes for the period	-	0.0%	-	0.0%	-	0.0%	-	0.0%	(1,375)	2.5%
Prepaid (deferred) taxes	-	0.0%	-	0.0%	-	0.0%	-	0.0%	143	0.3%
Net total income (loss)	(*) 806	6.5%	(*) 752	6.2%	(*) 3,576	8.6%	(*) 2,264	5.7%	(**) 1,793	3.3%

(*) Before taxes

(**) After taxes

6. SUBSEQUENT EVENTS

No particularly important events worth reporting here have taken place since the closure of the third quarter .

Turin, november 11, 2004

The Chairman of the Board of Directors
Luigi Luzzati