Davide Campari – Milano S.p.A.

Relazione Semestrale al 30 giugno 2002

Half-Year Report as of 30 June 2002

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Davide Campari – Milano S.p.A.

Half-Year Report as of 30 June 2002

This document contains the English translation of an extract of the Half-Year Report of Davide Campari-Milano S.p.A. as of 30 June 2002. The translation refers to information on operations, consolidated financial statements and accompanying notes and to the parent company's financial statements, thereby excluding the accompanying notes thereto.

The translation is provided for your convenience only; and for any information in respect of Davide Campari-Milano S.p.A. the original Italian Half-Year Report, "Relazione Semestrale al 30 giugno 2002", should be exclusively relied upon.

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Davide Campari – Milano S.p.A.

Corporate officers

Board of Directors (1)

Luca Garavoglia	Chairman
Jörn Böttger	Managing Director and Chief Operating Officer Italy
Carlo P. Campanini Bonomi	Director (2)
Matteo D'Asta	Director (3)
Cesare Ferrero	Director and member of the Audit Committee
Franzo Grande Stevens	Director and member of the Appointments and Remuneration Committee
Paolo Marchesini	Director and Chief Financial Officer
Marco P. Perelli-Cippo	Managing Director and Chief Executive Officer
Giovanni Rubboli	Director, member of the Audit Committee and member of the Appointments and Remuneration Committee
Renato Ruggiero	Director and member of the Appointments and Remuneration Committee (2) (4)
Stefano Saccardi	Managing Director and Officer for Legal Affairs and Business Development
Vincenzo Visone	Director and Chief Operating Officer International
Marco Vitale	Director and member of the Audit Committee
Machiel Anton Zondervan	Director

(1): In office until the approval of the financial statements for fiscal year 2003, as per resolution dated 2 May 2001.

(2): In office following the resignation of Directors Geert Gaarnat and Nicolaas J.M. Kramer, by co-optation occurred 4 March 2002, subsequently ratified by the Shareholders' Meeting of 30 April 2002.

(3): Appointed by the Shareholders' Meeting of 30 April 2002, following the passing of Prof. Vincenzo Caianiello, Director and Member of the Appointments and Remuneration Committee.

(4): Appointed member of the Appointments and Remuneration Committee by the Board of Directors on 13 May 2002.

By its resolution of 2 May 2001, the Shareholders' Meeting confirmed the vesting of Chairman Luca Garavoglia with all powers under the law and the Company By-laws for three years and until approval of the financial statements 2003.
By its resolution of 7 May 2001, the Board of Director vested the Managing Directors Marco P. Perelli-Cippo, Jörn Böttger and Stefano Saccardi with the following powers for three years and until approval of the financial statements 2003:
– Individual signature: powers of ordinary representation and management, within value or time limits set out for each category of deeds;
– With dual combined signature: powers of representation and management for given categories of deeds, within value or time limits deemed to exceed ordinary activities.

Board of Statutory Auditors (5)

Umberto Tracanella	Chairman
Marco Di Paco	Member
Antonio Ortolani	Member
Angeloguido Mainardi	Alternate Member
Giuseppe Pajardi	Alternate Member
Mario Tracanella	Alternate Member

(5): In office until approval of the financial statements for fiscal year 2003, as per resolution dated 2 May 2001

Independent Auditors (6)

Reconta Ernst & Young S.p.A.

(6): Appointed by the Shareholders' Meeting of 1 March 2001 to audit the financial statements for fiscal years 2001-2002-2003

Information on operations
The Group

Significant events

Acquisition of Skyy Spirits, LLC

On 15 January 2002 Redfire, Inc., a company wholly controlled by Davide Campari-Milano S.p.A., completed the acquisition of an additional 50% interest in Skyy Spirits, LLC, a company with its principal place of business in San Francisco, California, already recorded among minority interests, thereby becoming its controlling shareholder with a total interest of 58.9%.
The agreement also provides for purchase options by Redfire, Inc. and sale options by the holders of residual interests, in future fiscal years, at prices related to the results achieved during upcoming fiscal years.
The acquired company distributes in the United States, in addition to its main own brands (*SKYY Vodka* and *SKYY Citrus*), also some relevant third-party brands (among them, in particular, *Cutty Sark Scotch whisky* and *Sambuca Molinari),* as well as Campari Group brands, such as *Campari*, *Cinzano* and *Ouzo 12*.
The company directly develops commercial and marketing activities for its own products on the US market, while production activities are outsourced, but the company maintains close quality control on the activity of the contractor third parties.
In March 2002, in collaboration with Miller Brewing Co., second largest US brewery and a subsidiary of SABMiller, the company launched *SKYY Blue*, a ready-to-drink, a category undergoing very fast growth internationally and particularly in the United States; sizable marketing investments are planned to support the brand.
In 2001, the company's sales, net of discounts and excise duties, were US$ 111.9 million (about € 127.0 million), up 19% from the previous fiscal year, while income before taxes and charges for stock options granted to the management, was US$ 28.4 million (about € 32.2 million), up 37.8% from the previous year.
The consideration for the operation, valued at US$ 207.5 million (about € 235.4 million), was paid in cash and funded partly with the Group's liquidity and partly through bank loans.
The full consolidation of the company starting on January 1st, 2002 generates a goodwill in the Group's favor, to be amortized at constant rates over 20 years.

Acquisition of the Zedda Piras group

On 6 February 2002, the subsidiary company Campari-Crodo S.p.A. completed the acquisition of 100% of Zedda Piras S.p.A., a company with its principal place of business in Alghero, which originally owned 67.62% of Sella & Mosca S.p.A.. The latter company in turn owns about 93.66% of Qingdao Sella & Mosca Winery Co. Ltd., a commercial joint-venture in China with local partners, and 100% of Société civile du Domaine de la Margue, a French *chateau* with about 80 hectares of vineyards.
The total value of the transaction was € 68.2 million, with the addition of a net financial debt of € 21.8 million.
The acquisition, whose consideration was paid in cash, was funded through bank loans.
On 26 June 2002, Zedda Piras S.p.A. completed the acquisition of an additional 10% interest in Sella & Mosca S.p.A., for € 3.8 million.
Net consolidated sales of the Zedda Piras group for 2001 were € 30.1 million, up 9% over the previous year, while income before taxes was € 3,8 million, up 20% over the previous year.
The acquired companies, inserted in the consolidation perimeter starting January 1st, 2002, generate a goodwill in the Group's favor, to be amortized at constant rates over 20 years.

New plant in Novi Ligure

In January 2002 the subsidiary Campari-Crodo S.p.A. started the work for the construction of the new plant in Novi Ligure, whose total surface area will be about 200,000 square meters and for which a total investment of about € 50 million is planned.
Progress on the construction works and on the completion of the plant facilities at the end of the first half of the year, in line with the project schedule, amounts to € 7.2 million, including land value.
The new production facility will initially be destined to bottling and storing sparkling wines and Cinzano vermouth, and to this end its commissioning is expected by the 2003 harvest.

For this purpose, Novi Ligure's geographical position is particularly favorable, since it is located in the Asti production area according to pertinent regulations.
Through subsequent expansions, starting in 2004, the new facility will also take on the production activities which today are carried out in the Sesto San Giovanni plant, owned by Davide Campari-Milano S.p.A., and in the Termoli plant, owned by the subsidiary company Campari-Crodo S.p.A., which will therefore be moved.

Sale of Immobiliare Vassilli 1981 S.r.l.

On 20 March 2002, the Group's interest in the subsidiary real estate company Immobiliare Vassilli 1981 S.r.l., owned by the subsidiary Lacedaemon Holding B.V. and not considered strategic within the group, was sold.

Launch of a new joint venture, Fior Brands Ltd.

On 13 May 2002, the Group launched a new joint venture with Morrison Bowmore Distillers Ltd., a company of the japanese group Suntory, for the promotion and distribution in the United Kingdom of products included in both companies' portfolios.
The newly incorporated company, still starting up as of 30 June, will initially have in its portfolio some core brands such as the Campari Group's *Campari* and *Cinzano* and Morrison Bowmore's *Bowmore* and *Midori*.

Capital reduction by Campari Holding S.A. and subsequent merger in Campari Schweiz A.G.

On 27 June 2002 Campari Holding S.A., a swiss financial company wholly owned by the Parent Company, merged with its subsidiary Campari Schweiz A.G. The operation was carried out by canceling 13,000 of the 15,000 outstanding shares for a nominal value of CHF 1,000 and the corresponding reimbursement to the shareholder Davide Campari-Milano S.p.A. The reimbursement of the excess capital resulted in a profit of € 5.4 million to the Parent Company and the Group, which derived from the difference between the current exchange rate as of the day of the transaction and the historical exchange rate at which the interest, valued at cost, was recorded.

Increase in the interest in Longhi & Associati S.r.l.

On 20 March 2002, the subsidiary company Lacedaemon Holding B.V. increased its interest in the affiliated company Longhi & Associati S.r.l., which rose from 30% to 40%.

Sales performance

All sales values set out herein, be they defined as net sales or just as sales, are always shown net of excise duties and discounts.

During the first six months of 2002, the Group's consolidated net sales reached € 306.5 million, up 31.2% over the corresponding period of 2001, when sales were € 233.6 million.

As shown in the table below, this result was achieved by effect of the major impact of recent acquisitions, whose consolidation, started January 1st, had a major impact, accounting for 30.0% of overall growth; net organic growth of the products in the portfolio was 1.2%, or 2.6% if measured before the negative impact of exchange rate variations.
The negative exchange rate effect, which globally amounted to 1.4%, was brought about almost exclusively by the Brazilian *Real*, whose average depreciation against the Euro was 13.9% during the first six months of the year.

Analysis of net sales variation	€ million	% over First half 2001
– net sales, first half 2002	306.5	
– net sales, first half 2001	233.6	
Total variation	72.9	31.2%
Whereof:		
– Skyy Spirits acquisition	53.1	22.7%
– Zedda Piras and Sella & Mosca acquisition	16.4	7.0%
– Brazilian acquisition (not consolidated as of January 2001)	0.6	0.2%
Growth through acquisitions	70.1	30.0%
– organic growth before exchange rate effects	6.2	2.6%
– exchange rate variation effects	–3.4	–1.4%
Net organic growth	2.8	1.2%
Total variation	72.9	31.2%

In regard to growth through acquisitions, the following table shows, for each acquisition, the net sales of the main product lines and the growth percentage generated by effect of their first consolidation.

	€ million	% over First half 2001
SKYY vodka + *SKYY Citrus*	40.6	17.4%
Other third party brand spirits (*Cutty Sark whisky* + others)	12.5	5.3%
Skyy Spirits acquisition subtotal	53.1	22.7%
Mirto di Sardegna and other typical *Zedda Piras* liquors	5.2	2.2%
Sella & Mosca Wines	11.0	4.7%
Other sales	0.2	0.1%
Zedda Piras and Sella & Mosca acquisition subtotal	16.4	7.0%
Dreher	0.3	0.1%
Admix whiskies	0.2	0.1%
Other sales, Brazilian acquisition	0.1	0.0%
Brazilian acquisition subtotal (January 2002 only)	0.6	0.2%
Total acquisition-driven growth	70.1	30.0%

By itself, consolidation of Skyy Spirits, LLC, with sales of € 53.1 million, generated a growth of 22.7%; more specifically, sales of vodka (*SKYY Vodka* and *SKYY Citrus*) were € 40.6 million, i.e. a growth of 17.4%, whilst the sales of other products imported and marketed on the US market (*Cutty Sark Scotch Whisky* and other third-party brand spirits), amounted to € 12.5 million.

It should be recalled that, before achieving control of Skyy Spirits, LLC in January 2002, the Group had held, since 1998, a minority stake in this company and, as such, its sales were excluded from the consolidation perimeter. However, by virtue of commercial agreement executed simultaneously with the acquisition of the minority stake, the Group was already the exclusive distributor of *SKYY Vodka* in all world markets, excluding its own domestic market (the United States), and Skyy Spirits, LLC already distributed *Campari* and other Group products in the US market. Therefore, the contribution to the Group's acquisition-driven growth deriving from the consolidation of Skyy Spirits, LLC does not coincide with the company's net sales, because the sales that had already been consolidated previously, by virtue of said existing commercial agreements, counts for the organic part of the business.

SKYY Vodka sales on the US market had a positive trend, with a growth rate in depletions which remains consistently at double-digit levels, as provided by the brand's development plan.

In March 2002, in the United States, in collaboration with Miller Brewing Co., second largest US brewery and a part of the SABMiller group, the company launched *SKYY Blue*, a ready-to-drink, a category undergoing very fast growth internationally and particularly in the United States and in the UK; a major marketing plan was successfully implemented to support the product.

The license agreement for the brand provides for Skyy Spirits, LLC to be paid royalties in proportion to the sales of *SKYY Blue* achieved by Miller Brewing Co., and a contribution to the costs involved with the marketing investment, borne by Miller Brewing Co. In any case, during the current and the next fiscal year Skyy Spirits, LLC will be entitled to a minimum amount of royalties, net of the aforementioned marketing contributions, of USD 5 million per year.
Consequently, *SKYY Blue* sales in the US market are not included within the Group's consolidation perimeter.

Consolidation of sales deriving from the acquisition of Zedda Piras and Sella & Mosca had an impact of € 16.4 million during the first half of 2002, generating a growth of 7.0% of the Group's net sales for the first half of 2001.
Sales of *Sella & Mosca* wines amounted to € 11.0 million, whereof about 85% were achieved in the Italian market and 15% in foreign markets. Starting in May, the selling of *Sella & Mosca* wines in international markets was taken over by the Group's international sales organization.
Sales of *Mirto di Sardegna* and other Zedda Piras liquors, accomplished almost entirely in the Italian market, were € 5.2 million. Starting in May, the marketing of Zedda Piras products outside Sardinia was taken over by the Campari S.p.A. subsidiary.
Overall, sales for the first half of the year show a growing trend, both for *Mirto* and for *Sella & Mosca* wines, in line with expectations.

Lastly, acquisition-driven growth includes the sales – for January 2002 only – of the brands that were included in the Group's product portfolio as a result of last year's Brazilian acquisition, consolidated only after February 2001.

The following table highlights net sales allocation and performance by geographical area.

Net sales by geographical area	First half 2002		First half 2001		% Variation
	€ million	%	€ million	%	2002 / 2001
Italy	159.4	52.0%	132.9	56.9%	20.0%
Europe	55.0	17.9%	60.4	25.9%	–9.0%
Americas	86.5	28.2%	32.7	14.0%	164.9%
Rest of the world	5.5	1.8%	7.6	3.2%	–26.9%
Total	306.5	100.0%	233.6	100.0%	31.2%

In Italy, net sales in the first half of 2002 were € 159.4 million, up 20.0% overall with respect to the corresponding period of 2001; of this increase, 8.1% is due to the positive performance of products already in the portfolio (mainly *Campari*, *CampariSoda* and *Cinzano* sparkling wines) and for the remaining 11.9% to the Zedda Piras and Sella & Mosca acquisition.
Although the combined effect of organic and acquisition-driven growth generated an appreciable increase in absolute terms, Italy saw its percentage of the Group's total net sales decrease from 56.9% to 52.0% thanks to the faster growth in the Americas area, resulting from the acquisition of Skyy Spirits, LLC.

Net sales in the Europe area during the first half of the year amounted to € 55.0 million, down 9.0% from last year; this drop, in organic terms, i.e. before accounting for the slight positive impact deriving from the acquisitions (Europe-wide sales of *Sella & Mosca* wines amount to 1.2%), is actually 10.2%.
Whilst sales performance in some important markets, such as Spain, France and Holland – in spite of a substantially level trend in consumption – was negatively impacted by inventory reduction in the distribution channel, in Germany the situation appears more critical, both because of this market's strategic dimension and of the persistence of the negative trend in *Campari* consumption, as Germany is the second most valuable market for this product.
On the contrary, sales in important markets such as Switzerland, Greece and the United Kingdom had a positive trend. In the UK, the commercial joint venture launched with the partner Morrison Bowmore Distillers Ltd., subsidiary of the Japanese group Suntory, has been fully operational since June.

The Americas area, by effect of the Skyy Spirits acquisition discussed above, doubled the incidence of its sales relative to the Group's total sales: it went from 14.0% to 28.2% during the six month period in question.
Sales amounted to € 86.5 million, with a total growth of 164.9% over the corresponding period of 2001, and almost entirely generated by acquisitions. Organic growth net of exchange rates effects, at 0.6%, was strongly affected by the devaluation of the Brazilian *Real*, the currency used for about 80% of organic business sales in the Americas area; before accounting for the negative exchange rate effect, organic growth in the area was actually 11.3%.

The Brazilian subsidiary, which currently has to operate in a macroeconomic environment that is heavily influenced by the upcoming elections, closed the first half of 2002 in a satisfactory manner, recording sales growth of 3.0% in terms of volume and 8.2% in terms of local currency revenues.

The table below shows the breakdown of net sales in the Americas area.

Breakdown of net sales	First half 2002		First half 2001		% Variation
in the Americas area	€ million	%	€ million	%	2002 / 2001
USA	57.9	67.0%	2.3	7.0%	2419.7%
Brazil	25.5	29.5%	26.9	82.3%	–5.2%
Other countries	3.1	3.6%	3.5	10.6%	–10.9%
Total	86.5	100.0%	32.7	100.0%	164.9%

In the Rest of the World complementary area, net sales during the first half of the year were € 5.5 million, down 26.9% from last year, mainly due to a temporary slow-down in orders by Japanese and Australian distribution, without a corresponding slow-down in consumption.

The two tables that follow respectively show:
– Net sales breakdown and trend by business segment;
– The breakdown of total growth for each business segment, in the two components of acquisition-driven and organic growth.

Net sales by segment	First half 2002		First half 2001		% Variation
	€ million	%	€ million	%	2002 / 2001
Spirits	195.2	63.7%	134.4	57.5%	45.2%
Wines	34.0	11.1%	25.5	10.9%	33.3%
Soft drinks	71.4	23.3%	70.9	30.4%	0.7%
Other sales	5.8	1.9%	2.7	1.2%	113.6%
Total	306.5	100.0%	233.6	100.0%	31.2%

Net sales variation by segment	Total variation First half 2002/2001	Whereof Acquisition-driven growth	Whereof organic growth Net of exchange rate effects
Spirits	45.2%	43.7%	1.5%
Wines	33.3%	43.1%	–9.8%
Soft drinks	0.7%	0.0%	0.7%
Other sales	113.6%	12.0%	101.6%
Total	31.2%	30.0%	1.2%

Spirits

Net sales of the spirits segment for the first half of 2002 were € 195.2 million, up 45.2% overall from the corresponding period of last year.
Recent acquisitions' contribution, decisive in this segment's trend and amounting to 43.7%, was € 58.8 million, as shown in the table below:

	€ million	% over First half 2001spirits
SKYY vodka + SKYY Citrus	40.6	30.2%
Cutty Sark + other brands marketed by Skyy Spirits	12.5	9.3%
Mirto di Sardegna and other typical *Zedda Piras* liquors	5.2	3.9%
Dreher + admix whiskies (sales in January 2002)	0.5	0.3%
Total acquisition-driven growth, spirits	58.8	43.7%

First half year organic growth of the Group's spirits was 1.5%, net of negative exchange rate effects.
The following is a brief comment on sales performance for each brand.

Campari was down 3.4% (2.0% before the negative effect brought about by the depreciation of the Brazilian *Real*), showing different trends in its three major markets, i.e. Italy, Germany and Brazil, which account for roughly 55% of the brand's total sales.
Sales in the Italian market were highly positive, and extremely encouraging are both market share data and consumption growth in the youth target segment: the strong and consistent support provided by marketing and sales investments is yielding results aligned with the most ambitious development projections for the brand.
In Germany, on the contrary, *Campari* sales in the first half of the year confirmed the negative consumption trend which the Group intends to contrast by strategically repositioning the brand and increasing its advertising investment.
For Brazil, as stated, it is essential to distinguish the negative effect connected with the devaluation of the *Real* from the actual health and resulting performance of the products on the market; in particular *Campari*, whose consumption relative to other products locally in the portfolio are more closely linked to the macroeconomic situation, despite everything that occurred, actually grew slightly over 2001, although the effects of this trend were wiped out by the devaluation.

CampariSoda grew by 9.2%: the excellent sale results during the first half was brought about by the positive performance of the Italian market, where a major promotional campaign, sustained by consistent advertising support, was completed even more successfully than had been anticipated.

Dreher was down 0.7%: for the Brazilian *aguardente*, whose consumption seems less closely correlated than *Campari*'s to macroeconomic conditions, volume and net sales performance expressed in local currency was quite positive; however, the devaluation of the *Real* totally canceled out its impact.

Admix whisky (*Drury's, Old Eight* and *Gold Cup)* sales grew 3.9%: these products, which are whiskies produced in Brazil with imported malt, benefiting from the hardships encountered by imported whiskies, had a particularly strong sales performance; even after accounting for the strong negative impact of the devaluation, they gave a positive contribution to the growth of the Group's net sales of spirits.

Cynar sales were down 3.4%; the contraction in the Italian market was only partially offset by positive results in the main international markets.

Biancosarti was up 7.5%: sales, entirely achieved in the Italian market, benefited during the half-year from an effective promotional support.

Ouzo 12 net sales grew by 6.2%: the positive performance of the Greek market and the impact of the distribution expansion to the American market offset the drop recorded in Germany.

SKYY Vodka sales in export markets grew 52.5%, both thanks to the positive development of the markets where the product had already been introduced, such as Italy, and to the distribution expansion in international markets. For the US market, the previous considerations about double-digit growth apply.

Zedda Piras achieved, during the half-year period, a satisfactory result in terms of sales, stronger in Sardinia than in the rest of Italy, where the move to shift distribution responsibilities to the Campari S.p.A. sales network and the new advertising campaign, planned for the Autumn, should generate a volume acceleration during the second half of the year.

In regard to the performance of third-party brand spirits, sales of *Jägermeister*, up 7.3% during the first half of 2002 thanks to the Italian market's decisive contribution, indicate the brand's healthy condition. On the other hand, sales of *Grant's* were down: in spite of the good result achieved in the Italian market, this product was strongly penalized by the sharp drop in sales recorded in Brazil, where all imported whiskies sold locally at very high prices met the same fate.
During the six-month period, net sales of *Grand Marnier* in Germany and of *Gorbaciova* vodka in Switzerland also contracted slightly.

Wines

Net sales of wines for the first half of the year were € 34.0 million, up 33.3% over 2001.
This growth is wholly due to the acquisition of *Sella & Mosca* wines, which contributed a growth of 43.1%; the organic part of the business, on the contrary, was down 9.8%, essentially due to slower *Cinzano* brand sales.
More in particular, sales of the *Cinzano* vermouth dropped 17.4% which, with a few exception, was recorded in all major countries.
The main reasons for this unsatisfactory result stem from three concurrent phenomena: first of all, for this specific product category, the market contraction intensified; secondly, competitors' commercial aggressiveness remained high; at the same time, the introduction of the new packaging on the European market, started at the end of the half-year period and currently still ongoing, led to a decrease in inventory levels in the channel and a partial postponement of promotional and advertising investments to the second half of the year.
On the other hand, *Cinzano* sparkling wines sales grew 5.4% during the first half of the year. This result is essentially due to the positive sales performance on the Italian market, where the brand is starting to reap the rewards of the investments made the previous fiscal year.
In Germany, foremost market for our product, sales were down in line with the contraction in the demand for sparkling wine and in particular for Asti.
The half-year was also negative for the sales of the *Liebfraumilch* wine in Brazil and for distributed third-party brands, i.e. *Riccadonna*, sold mainly in Australia, and the sparkling wine *Henkell Trocken*, marketed in Switzerland.

In regard to *Sella & Mosca*, sales were more than satisfactory in the domestic market, as anticipated, whilst in export markets the distribution restructuring caused slight delays in sales with respect to the growth plan, but we believe they can be redressed without particular problems in the second half of the year.

Soft drinks

During the first half of the year, net sales of soft drinks amounted to € 71.4 million, up 0.7% over the corresponding period of 2001.
The proportion of the sales of this segment over the Group's total sales, however, decreased considerably, going from 30.4% to 23.3% during the first six months of 2002, an inevitable consequence of the acquisition strategy, which focused on spirits & wines.
The Italian market, accounting for 98% of soft drinks sales, exhibited the behavior described below for the Group's main brands.

During the half-year period, *Crodino* sales grew by 2.4%: in June, the brand increased its market share even further, in spite of the heavy slowdown in sell-in during the second quarter after the strong growth recorded in the first quarter, which was favored by an intense promotional campaign.

Lemonsoda, Oransoda and *Pelmosoda* globally slowed more markedly than the carbonated drinks segment as a whole, with sales down 4.7%, due to adverse weather conditions, which continued during the summer season.

Sales of *Crodo* mineral water were down 4.6%.

Among third-party brands, of note is the 7.3% growth of net sales of *Lipton Ice Tea,* which benefited from the promotional and advertising investments connected with the launch of the "*Fusion*" brand extension, along with the drop in the sales of *Granini* fruit juices.

Other sales

This complementary segment, comprehensive of all net sales of all items that cannot be classified as finished product, generated € 5.8 million during the first half of 2002, more than doubling from last year as a result of the increased bottling activity on behalf of third parties during the period.

Income

The table below summarizes the consolidated income statement for the first half of 2002 and 2001, reclassified according to international practices. Values are expressed in millions of €; each entry in the income statement shows the percentage of sales as well as the percent variation between the corresponding values recorded in the two compared periods.

(€ million)	First half 2002		First half 2001		variation
	value	%	value	%	%
Net sales	**306.5**	**100.0%**	**233.6**	**100.0%**	**31.2%**
Cost of materials	(102.9)	–33.6%	(78.4)	–33.6%	31.2%
Cost of production	(23.4)	–7.6%	(19.5)	–8.3%	20.0%
Total cost of goods sold	(126.3)	–41.2%	(97.9)	–41.9%	28.9%
Gross margin	**180.2**	**58.8%**	**135.7**	**58.1%**	**32.9%**
Advertising and promotion	(57.6)	–18.8%	(44.0)	–18.8%	31.0%
Sale and distribution costs	(36.5)	–11.9%	(27.3)	–11.7%	33.9%
Trading profit	**86.1**	**28.1%**	**64.4**	**27.6%**	**33.7%**
General and administrative expenses	(21.9)	–7.1%	(15.1)	–6.5%	45.6%
Other operating revenues	4.0	1.3%	0.3	0.1%	–
Goodwill and trademark amortization	(13.9)	–4.5%	(5.7)	–2.4%	144.8%
Operating income (= EBIT) before non recurring costs	**54.3**	**17.7%**	**43.9**	**18.8%**	**23.5%**
Non recurring costs	(0.6)	–0.2%	(4.0)	–1.7%	–86.0%
Operating income = EBIT	**53.7**	**17.5%**	**39.9**	**17.1%**	**34.5%**
Net financial income (losses)	(2.2)	–0.7%	1.9	0.8%	–217.5%
Income (losses) on net exchange rates	7.4	2.4%	(4.6)	–2.0%	–261.7%
Other non operating income (losses)	(6.7)	–2.2%	(0.2)	–0.1%	–
Income before taxes	**52.2**	**17.0%**	**37.0**	**15.8%**	**41.1%**
Minority interest	(7.3)	–2.4%	0.0	0.0%	–
Group income before taxes	**44.9**	**14.6%**	**37.0**	**15.8%**	**21.3%**
Taxes	(12.9)	–4.2%	(14.3)	–6.1%	–9.8%
Net income	**32.0**	**10.4%**	**22.7**	**9.7%**	**41.0%**
Total depreciation and amortization	(21.6)	–7.1%	(12.2)	–5.2%	76.8%
EBITDA before non recurring costs	**75.9**	**24.8%**	**56.1**	**24.0%**	**35.2%**
EBITDA	**75.3**	**24.6%**	**52.1**	**22.3%**	**44.6%**
EBITA before non recurring costs	**68.1**	**22.2%**	**49.6**	**21.2%**	**37.3%**
EBITA	**67.5**	**22.0%**	**45.6**	**19.5%**	**48.2%**

The different operating profitability levels reported in the income statement, i.e. trading profit, EBITDA, EBITA and EBIT, show significant growth levels for the half-year closed as of 30 June 2002 over the data of the corresponding period 2001.
The Group's operating profitability benefited to a considerable extent from the positive effect of the first consolidation of the acquisitions of Skyy Spirits, LLC, Zedda Piras S.p.A. and Sella & Mosca S.p.A.

The trading profit, which represents the profitability of the products sold, net of production, sale, distribution costs and of promotional and advertising investments, in the first half of 2002 amounted to € 86.1 million, up 33.7% over the corresponding period of the previous fiscal year. This positive variation is constituted for 31.7% by the consolidation of the margin of the newly acquired brands and for 2.0% by the organic growth of the existing business.

The trading profit's percentage of net sales was 28.1%, better – even in relative terms – than last year's 27.6%.

This improvement in profitability, quantifiable in 0.5 percentage points, derives from a reduction in the incidence of the cost of goods sold, the continued promotional-advertising pressure and, in the opposite direction, from a slight increase in sale and distribution costs.

More in particular, the cost of goods sold reduced its overall incidence on net sales, from 41.9% to the current 41.2%; this reduction is due to the following factors:
– with regard to the organic part of the activity, in the first place there is a lesser incidence of the cost of materials, mainly due to the Brazilian subsidiary, and secondly a positive sale mix effect, given the less than stellar performance, during the semester, of the lower-margin part of the soft drinks portfolio.
– with regard to assets recently included in the consolidation perimeter, there is the globally positive impact of Skyy Spirits, LLC, where the higher incidence of the cost of materials is more than offset by the lack of production expenses; equally favorable is the incidence of the costs of *Mirto* and of the other *Zedda Piras* liquors, whilst Sella & Mosca impacts on the Group's costs with a higher total cost of production, nonetheless consistent with the values of the wines sector.

In absolute value terms, promotion and advertising investments grew by 31.0% i.e. proportionally to the growth of net sales; their percentage on sales remained unchanged at 18.8%.
This equilibrium condition was the product of different dynamics, which balanced each other. Concerning the acquisitions, while Skyy Spirits, LLC came into the consolidation perimeter with a slightly higher A&P pressure than the organic one, for Sella & Mosca and Zedda Piras this expenditure had a much lower incidence on net sales during the half-year period, the former because its wine portfolio is naturally not A&P-intensive, the latter because it planned to focus its media activity in the autumn of the current year.
Concerning instead the organic part of the business, the growth of promotional and advertising investments on the Italian market was overweight, whereas they remained generally contained on international markets.
It should be recalled that the promotional and advertising expense for third-party products marketed by the Group is shown net of the contributions received from the brand owners, which amounted to 3.0% of the Group's sales in the six-month period; therefore, the incidence of the promotional and advertising expense incurred, before deducting said contributions, amounted to 21.8% of sales.

Lastly, sale and distribution costs grew slightly faster than sales and during the first half of the year their incidence on sales was 11.9% compared to last year's 11.7%. This growth is partly due to the higher weight of sales organizations in acquired companies and partly to the strengthening of existing structures, aimed at managing a more extensive product portfolio.

On the other hand, distribution costs are lower than last year, in terms of incidence on sales; this is due both to the positive impact deriving from the new consolidated companies and to the positive effects of the logistical rationalization carried out in Italy last year.

Operating income (EBIT) was € 53.7 million in the first half of 2002, up 34.5% over the previous year and with an incidence of 17.5% on net sales, slightly higher than the 17.1% recorded in 2001.

In addition to the factors noted above, income statement entries that had a significant impact on operating income, which should be highlighted herein, are: general expenses, other operating revenues, goodwill and trademark amortization and non recurring costs.

General and administrative expenses grew, during the six-month period, both in absolute terms and in terms of percentage of net sales, going from 6.5% in 2001 to 7.1%. Said greater relative weight is essentially due to some specific costs borne in the period by the Brazilian subsidiary, for organizational consulting work, and by the German subsidiary, for moving the offices into their new location.

The other operating revenues during the first half of the year amounted to € 4.0 million, providing a significant contribution to the Group's operating income and a sizable increase over the previous year, when their value was only € 0.3 million. Said income statement entry, which includes royalties collected from third parties, in 2002 benefited from € 3.8 million in royalties collected by Skyy Spirits, LLC from Miller Brewing Co., by virtue of the aforementioned licensing agreement for the Group's *SKYY Blue* brand.

During the reference period, goodwill and trademark amortization was € 13.9 million, compared with € 5.7 the first half of last year: the additional € 8.2 million result from the acquisitions of Skyy Spirits, for € 6.5 million, Zedda Piras and Sella & Mosca, for € 1.4 million, and to the full consolidation of the Brazilian acquisition (which in 2001 started only in February), for € 0.3 million.

Non recurring costs for the first half of 2002, relating to extraordinary personnel costs, were € 0.6 million; in the corresponding period of 2001, when they amounted to € 4.0 million overall, the costs for the upgrade of the company's organization and structure deriving from the IPO were € 2.3 million.

The growth rates of the other two operating profitability indicators shown separately in the income statement above, i.e. EBITDA and EBITA, greatly exceed that of operating income (EBIT), because they fully incorporate the positive economic impact of the acquisitions, without considering its goodwill and trademark amortization.

In particular, EBITA, i.e. operating income before goodwill and trademark amortization, amounted to € 67.5 million in the first six months of 2002, up 48.2% over last year. EBITDA, i.e. operating income before all depreciation and amortization, both on tangible and intangible fixed assets, was € 75.3 million, up 44.6% over last year, and its net sales incidence grew from 22.3% to 24.6%.

While sizable, the growth in the EBITDA, EBITA and operating income (EBIT) profitability indicators, before non recurring costs, seems lower than the growth in the same indicators net of said non recurring costs, because the first half of last year these extraordinary costs greatly exceeded the 2002 entry.

Consolidated income before taxes (and minority interests) was € 52.2 million, amounting to 17.0% of net sales and up 41.1% over the value recorded the first half of last year.

Income statement entries between operating income and income before taxes, i.e. net financial losses, income on net exchange rates and other non operating income, exhibited the following behavior.

The period's net financial losses amounted to € 2.2 million, compared to a positive balance of € 1.9 million achieved the first half of last year; comparing the data for the two period, therefore, shows a net negative impact of € 4.1 million. The acquisitions completed at the beginning of the year required cash outlays for € 358.0 million, which caused the aforesaid impact on the income statement, a modest one in view of the particularly favorable behavior of interest rates during the period.

Income on net exchange rates recorded during the first half of the year, and posted net of realized losses, were € 7.4 million; this amount includes:

– for € 2.5 million, the income deriving from closing the credit lines in US dollars, activated in January 2001 and pertaining to the Brazilian acquisition. The favorable performance of the money markets allowed to repay this foreign currency debt, recouping the unrealized loss posted in the financial statements as of 31 December 2001;
– for € 5.4 million, the income achieved by the Parent Company with the partial reimbursement of the share capital of the subsidiary Campari Holding S.A, subsequently merged with Campari Schweiz A.G.; this amount, classified as income on net exchange rates, resulted from the positive difference between the equivalent value in € of the reimbursed capital and the value recorded when the company was incorporated, as discussed in the accompanying note;
– for € 0.5 million, losses on net exchange rates, mostly unrealized, resulting from the operations of the Brazilian subsidiary.

In the first half of 2001, the income statement entry pertaining to exchange rate differences showed a net loss of € 4.6 million, whereof, incidentally, € 3.8 million derived from the unrealized loss on the loans in US Dollars, described above.

The other non operating income and losses for the first half of 2002 show a net loss of € 6.7 million. The two main items comprising this amount were:

– a capital gain of € 3.3 million, achieved by the subsidiary Campari Schweiz A.G. and relating to non instrumental real estate sold during the period,
– provisions for a total of € 10.0 million relating to the industrial rationalization plan whose costs will be borne from next year on, simultaneously with the start of production in the new Novi Ligure facility; this amount comprises restructuring provisions, for € 7.2 million overall, and asset depreciation for € 2.8 million.

Given the € 0.2 million in net non operating costs recorded in the income statement as of 30 June 2001, the negative impact resulting from comparing the two periods amounts to € 6.5 million.

The Group's income before taxes in the first half of 2002, amounting to € 44.9 million, net of minority interests of € 7.3 million, grew by 21.3% over the corresponding period of last year.
Third-party held shares in companies included in the Group's consolidation perimeter, negligible in the first half of 2001, grew considerably as a result of the most recent acquisitions and the value of third-party income grew along with them. Today, the most significant third-party held shares are the 41.1% interest in Skyy Spirits, LLC and the 22.38% interest in Sella & Mosca S.p.A..

The Group's net income for the period was € 32.0, up 41.0% over the first half of 2001. This growth rate, far greater than the growth rate of earnings before taxes, was brought about by the reduced tax burden for the period, deriving from the *DIT (Dual Income Tax)* tax break, which mostly benefited the Parent Company, and the *Tremonti bis* tax break, benefiting mostly the Campari-Crodo S.p.A. subsidiary, for the portion of investments incurred during the period for the construction of the new Novi Ligure facility.

Profitability by business segment

The Group's trading profit, amounting to € 86.1 million in 2002 and up 33.7% over the corresponding period of 2001, is distributed as follows, by business areas.

Trading profit	First half 2002		First half 2001		Variation
	€ million	& of total	€ million	& of total	in %
Spirits	66.4	77.1%	46.1	71.6%	43.9%
Wines	6.1	7.1%	4.5	7.1%	33.9%
Soft drinks	13.1	15.2%	13.4	20.7%	–2.1%
Others	0.6	0.7%	0.4	0.6%	45.2%
Total	86.1	100.0%	64.4	100.0%	33.7%

The analysis of the trading profit by business segment shows that the considerable increase in total profitability, amounting to 33.7%, was mainly generated by spirits, up 43.9%, and, to a lesser extent, by wines, up 33.9%, i.e. the two businesses where the Group focused its growth strategy.
The trading profit generated by spirits and wines accounted for more than 84% of the total trading profit generated by the Group during the first half of 2002; hence, it is clear that the importance of the aforesaid segments for the Group is far greater, in terms of income, than would appear in terms of sales, where their incidence amounted to 74%.
The tables that follow show, for each of the four segments, the percent variation in trading profit, gross margin (i.e. net sales minus cost of goods sold), and of net sales, as well as the incidence of these margins on sales.

Spirits profitability

	First half 2002		First half 2001		variation
	€ million	% of Segment sales	€ million	% of Segment sales	in %
Net sales	195.2	100.0%	134.4	100.0%	45.2%
Gross margin	131.4	67.3%	92.4	68.7%	42.2%
Trading profit	66.4	34.0%	46.1	34.3%	43.9%

The trading profit generated by spirits in the first half of 2002 was € 66.4 million, up 43.9% over last year.
The growth in profitability was substantially in line with net sales data, since margins also benefited from the considerable impact of the two acquisitions. The percentage of margins on net sales, however, showed a drop with respect to last year: greater for gross margin, lesser for trading profit.
Gross margin, which nonetheless remains at absolutely satisfactory levels, dropped from last year's 68.7% to 67.3%, down 1.5 percentage points; this results from the greater incidence, compared to the structural value for the Group's spirits, of the cost of goods sold for the Skyy Spirits, LLC portfolio, and especially for licensed products, such as *Cutty Sark*.
Trading profit amounted to 34.0%, down only 0.3% from last year: the productivity improvement, relative to the gross margin, results from a lesser incidence of promotional and advertising costs, brought about by the consolidated new products.

Wines profitability

	First half 2002		First half 2001		variation
	€ million	% of Segment sales	€ million	% of Segment sales	in %
Net sales	34.0	100.0%	25.5	100.0%	33.3%
Gross margin	16.5	48.5%	11.5	45.0%	43.8%
Trading profit	6.1	17.9%	4.5	17.8%	33.9%

Trading profit generated by wines during the first half of 2002 was € 6.1 million, up 33.9% over last year.
For this segment, it should be recalled that, during the period, the impact of the Sella & Mosca acquisition was decisive for the purpose of reaching the aforesaid growth rate, given that the sales performance of wines already in the portfolio was unfavorable, with a contraction of 9.8%.
The percentage of trading profit on net sales, amounting to 17.9%, remained at the same level as the previous year (17.8%), since the greater margins linked with the acquisitions offset the contraction suffered by the organic business.
More in particular, the gross margin for the first half of 2002 accounted for 48.5% of net sales, up by 3.5 percentage points from the previous year, by effect of a reduction in the cost of goods sold generated by the consolidation of the Sella & Mosca wines, whose ratio of cost of production over sales is lower than for *Cinzano* brands (and the Group's other wines), whose production is wholly carried out by third parties.
By contrast, sales and distribution costs for the first half of 2002 represented a far greater percentage of sales than last year; consequently, trading profit returned to the levels of the first half of 2001 in terms of percentage of sales. The

heavier burden of sale and distribution costs resulted from the increased importance, within the wines segment, of sales accomplished through the Group's own sales organization, given that the first half of the previous year Cinzano was prevalently marked through third-party distributors; in fact:

– for acquired businesses, sales of *Sella & Mosca* wines, excluding exports, were managed by the acquired company's sales organization;
– for existing businesses, the strong growth in the sales of *Cinzano* products in Italy, managed through the Group's own structure, entailed an increase in the corresponding costs.

Promotional and advertising expenses kept their overall incidence on net sales unchanged (since the smaller expense on Sella & Mosca was offset by a greater incidence of these costs on the *Cinzano* brand); for the second part of the year, however, the incidence of these costs is expected to grow because of greater investments destined to re-launch the *Cinzano* brand in the Italian market where, after a long absence, a new advertising campaign for *Cinzano* sparkling wives is planned.

Soft drinks profitability

	First half 2002		First half 2001		variation
	€ million	% of Segment sales	€ million	% of Segment sales	in %
Net sales	71.4	100.0%	70.9	100.0%	0.7%
Gross margin	31.8	44.5%	31.4	44.3%	1.3%
Trading profit	13.1	18.3%	13.4	18.8%	–2.1.%

The performance of the soft drinks segment was substantially stable: variations in net sales, gross margin and trading profit were absolutely marginal with respect to the corresponding period of last year.

Trading profit was € 13.1 million, down 2.1%. This slight drop in profitability is substantially due to a higher incidence of promotional and advertising investments, destined in particular to the *Crodino* brand.

Other sales profitability

	First half 2002		First half 2001		variation
	€ million	% of Segment sales	€ million	% of Segment sales	in %
Net sales	5.8	100.0%	2.7	100.0%	113.7%
Gross margin	0.6	10.1%	0.4	14.8%	45.2%
Trading profit	0.6	10.1%	0.4	14.8%	45.2%

Although the trading profit generated by the complementary segment of other sales, amounting to € 0.6 million grew strongly, its absolute values are still wholly marginal.

Bottling activities on behalf of third parties will benefit, during the second half of the year, from an increase in transfer prices, already agreed with the other party.

Net financial position

As of 30 June 2002, the net financial debt of € 239.4 million is broken down as follows:

(€ million)	30 June 2002	30 June 2001	31 December 2001
Cash and banks	62.8	137.7	177.8
Marketable securities	12.0	41.3	46.4
Payables due to banks	(293.1)	(88.3)	(112.3)
Real estate lease and other financial payables (current portion)	(1.9)	(2.5)	(1.8)
Net liquid funds	(220.2)	88.2	110.1
Real estate lease and other financial payables (medium – long term portion)	(19.2)	(13.5)	(13.5)
Net financial position	(239.4)	74.7	96.6

This financial position does not consider the own stock held by the Parent Company, recorded among fixed financial assets at the purchase cost of € 31 million.
The growth in financial debt relative to 31 December 2001 is due to the acquisitions discussed above: in particular, Skyy Spirits entailed transaction costs for about € 235.4 million, along with the Group's additional debt burden of € 29.2 million; this amount includes the initial net financial debt of the acquired company as well as the distribution, in April, of the residual part of retained earnings as of the acquisition date.
The acquisition of Zedda Piras S.p.A. had a negative impact of € 91.5 million on the Group's net financial position, of which € 21.4 million derive from the newly consolidated companies' initial debt and a loan from Société Civile di Domaine de la Margue, which is excluded from the consolidation.
Lastly, it should be stressed that if Qingdao Sella & Mosca Winery Co. Ltd. and Société civile du Domaine de la Margue, both subsidiaries of Sella & Mosca S.p.A., had been included in the consolidation perimeter, the Group's financial situation would have worsened by € 0.4 million.

The Parent Company

The first half of 2002 closed with net income of € 99.5 million, far greater than the € 15.6 million of the corresponding period of the previous year, net of € 1.7 million in amortization and depreciation, € 0.6 million in provisions for risks and € 1.2 million in provisions for income taxes.
The considerable earnings growth during the period over the previous year was mostly generated by the increase in income from equity investments, as well as from the improvement in operating and financial results.
With regard to operations, to a value of production of € 51.5 million and substantially consistent with the first half of last year corresponded production costs of € 44.7 million, down € 5.6 million from the first half of 2001; it should be stressed, incidentally, that last year's service costs included the expenses borne for upgrading the corporate structure in view of the IPO.
The significant improvement in financial income, whose net total balance is € 93.6 million as opposed to € 14.1 million as of 30 June 2001, was brought about in particular by the important inflow of dividends received from subsidiaries, amounting to € 93.6 million, and the achievement of substantial parity between financial income and expenses. A decisive contribution in this regard came from income on exchange rates, amounting to € 2.5 million, generated by extinguishing the exposure in US Dollars activated during 2001 in connection with the Brazilian acquisition.
Lastly, extraordinary income, with a net amount of € 0.4 million, was characterized by extraordinary revenues for € 5.4 million resulting from the reimbursement of a portion of the share capital resolved by Campari Holding S.A., subsequently merged with its subsidiary Campari Schweiz A.G., and, with the opposite sign, by the provisions for € 5.2 million related to the previously discussed industrial restructuring plan, which calls for transferring some production activities to the new Novi Ligure facility, currently under construction.
During the six-month period in question, the Company carried out its operations with 271 employees, at the headquarters of Via Filippo Turati in Milan and in the Sesto San Giovanni plant.

Campari on the stock exchange

Shares and shareholders

The share capital of Davide Campari-Milano S.p.A. is € 29,040,000 divided in 29,040,000 shares with a par value of € 1.00 each.
As of 30 June 2002, the main shareholders are:

Shareholder	n. of common shares	% ownership
Alicros S.r.l.	14,809,600	50.997%
Morgan Stanley Investment Management Ltd. (1)	2,726,622	9.389%
Davide Campari-Milano S.p.A. (2)	1,000,000	3.443%

(1) Communication of 30 May 2002
(2) Purchase of own stock aimed at servicing the stock option plan

Share performance

During the first half of 2002, the price of Campari stock at the MTA performed very well, with an absolute increase of 26.5% and relative performance of 37.2% with respect to the Mibtel index. During the first six months of the year, trading reached an average daily volume of 65,334 traded shares and a global trading volume amounting to 28.1% of all shares comprising the share capital.

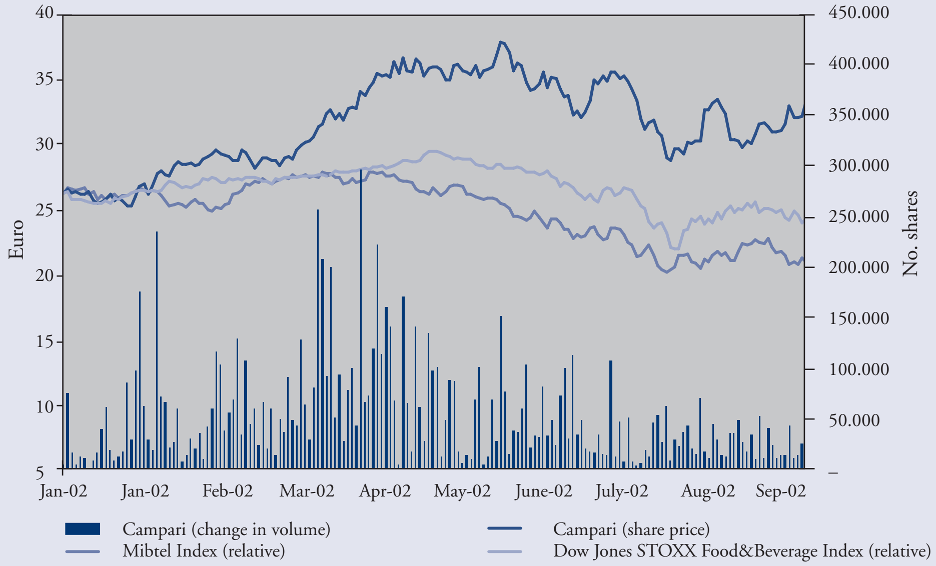
Share Data	First half 2002	2001 (1)
High price (€)	37.77	31.00
Low price (€)	25.28	21.84
Average price (€)	31.43	27.16
Price as of closing day of the period	33.36	26.37
Stock market capitalization as of closing day of the period (€ million)	968.8	765.8
Average volumes traded (number of shares) (2)	65,334	42,260

Source: Bloomberg

(1) : MTA trading started 6 July 2001. Placement price: € 31.00

(2) : Excluding the first week of trading in 2001

Share performance since January 1st, 2002



Source: Bloomberg

Research and development activity

Research and development activity concerned exclusively ordinary production and commercial activities; accordingly, the related costs have been fully recognized in the income statement for the period.

Relationships with non-consolidated subsidiary companies, parent companies and their subsidiaries

Pursuant to Article 2428 of the Italian Civil Code and Consob resolutions no. 97001574 of 20 February 1997 and no. 98015375 of 27 February 1998, all the Group's relationships with subsidiary companies not included in the consolidation areas are listed below, along with its relationships with associated companies, parent companies and the subsidiaries thereof, with particular reference to any income statement effects, if significant. All transactions set out below are at market prices and conditions.

Entry	€ / ml.	Description of transactions
Sales revenues	4.0	Revenues from sales to the subsidiary companies M.C.S. S.c.a.r.l. and International Marques V.O.F. for the supply of products by the subsidiary Campari International S.A.M.
	0.03	Revenues from sales by Sella & Mosca S.p.A. to Qingdao Sella & Mosca Winery Co. Ltd., a subsidiary company excluded from the consolidation area.
Other revenues	0.03	Rent in relation to the sub-letting contracts for office use involving a portion of the buildings of via Bonaventura Cavalieri 4, 20121 Milan and of via Filippo Turati 25, 20121 Milan, stipulated respectively between the Parent Company and the controlling shareholder Alicros S.r.l. and between the Parent Company and the subsidiary company Longhi & Associati S.r.l.
	0.04	Sundry revenues of Campari S.p.A. towards Longhi & Associati S.r.l.
	0.003	Occupation indemnity paid to the Parent Company by Mr. Michele Magno (brother of the Group's indirect controlling shareholder) relating to an apartment in Rome.
Costs of materials	0.008	Purchase costs of Sella & Mosca S.p.A. from Société civile du Domaine de la Margue, a subsidiary company excluded from the consolidation area.
Costs for services	1.5	Costs for promotional and advertising activities incurred by the affiliated companies M.C.S. S.c.a.r.l. and International Marques V.O.F. and re-charged to the subsidiary company Campari International S.A.M.
	0.1	Commissions on the purchase of advertising means, charged to the subsidiary company Campari S.p.A. by the affiliated company Longhi & Associati S.r.l.
Financial income	0.02	Interests due to the subsidiary company Campari Finance Teoranta in relation to the existing loan to the non consolidated subsidiary company Société civile du Domaine de la Margue.

It is also specified that, as of 30 June 2002, the subsidiary company Campari Finance Teoranta has an outstanding loan of € 1.9 million to Société civile du Domaine de la Margue, set at a market rate linked to Euribor.

Ownership and acquisition of own stock and of the parent company's stock

The Parent Company owns 1,000,000 own stock with a book value of € 1.00, for a value of € 1 million accounting for 3.4% of share capital. The own stock is destined for the stock option plan, as previously discussed. Lastly, the company does not own and did not own during the reference period, either directly or indirectly, any of the Controlling Company's share.
None of the other companies in the Group owns or have owned during the six-month period, directly or indirectly, any own stock or stock of their controlling companies.

Corporate governance

During 2001, the Parent Company adopted new Bylaws, in compliance with the Corporate Governance Self-Regulatory Code. During the first part of the current fiscal year, the corporate governing bodies and the duly appointed committees continued their activities in accordance with the new Bylaws.
Amendments to the Self-Regulatory Code, recently promulgated by the Italian Stock Exchange, will be incorporated during the second half of the year.

Events after the end of the six-month period

Campari Mixx

During the summer, the Group launched *Campari Mixx*, a new product under the *Campari* brand that is positioned in the *ready to drink* (*premium packaged spirits*) segment, undergoing rapid growth throughout the world.
The product, which will receive communication investments during the second half of the year, and whose distribution started in the summer, will initially be available throughout Italy and Switzerland.

US private placement

On 15 July 2002, the Group announced the placement of senior guaranteed notes on the US market, for a total amount of US$ 170 million; they were issued by the subsidiary Redfire, Inc. with the aim of refinancing the debt incurred by the Group to acquire control over Skyy Spirits, LLC.
The transaction, structured over three *tranches* of US$ 20, 50 and 100 million and with respective maturity of 7 years (average life 5 years), 10 years (average life 7.5 years) and 10 years “bullet”, has a fixed coupon for the three *tranches* of, respectively, 5.67%, 6.17% and 6.49%. Subsequently, a swap transaction was completed to change said fixed rates into variable rates corresponding to the variable 6-month US LIBOR rate with an added spread, respectively, of about 86, 87, and 90 basis points.

Distribution of *‘1800’ tequila* in the United States

In August, the Group announced an important agreement that will allow it to enhance its presence in the US market for spirits. Through its subsidiary Skyy Spirits, LLC, Campari obtained 5-year exclusive rights to the marketing and distribution, in the United States, of tequila brands “*Reserva 1800*” and “*Gran Centenario*”, both owned by the world’s foremost tequila producer.
With a volume of about 300,000 9-liter cases and sales of about US$ 40 million, *Reserva 1800* is one of the most heavily imported tequila super premium brands in the United States.

Forecast

The two important acquisitions completed at the start of 2002 had the expected positive impact on the Group’s first-semester performance; given that the new companies were successfully integrated in the Group’s organization, it is likely that the newly acquired business will contribute equally positive results during the second half of the year.

In regard to other products, sales on the Italian market during the second half of the year should benefit from the positive impact of the launch of *Campari Mixx* and from the re-launching of *Cinzano* sparkling wines: both these operations will be accompanied by sizable advertising investments.
As to the Group’s major international markets, the second half of the year is expected to be a time of recovering sell-in for some products that were heavily de-stocked during the first six months; other products, such as *Cinzano* vermouth, may well take longer to win back lost positions.

Looking at the macroeconomic environment, there is no doubt that fairly worrisome signals are coming from many directions, and in particular from countries that are strategic for the Group: all major Western economies have revised their GDP growth forecasts downwards, and in particular Germany's demand for consumer goods is slowing sharply.

Brazil is going through a deep political and economic crisis, with heavy repercussions in terms of currency devaluation. The graph that follows shows the evolution of the Brazilian *Real* vs. Euro exchange rate in 2002.

Brazilian *Real* vs. Euro exchange rate, 2002

Source: Bloomberg

If the exchange rate stays at current levels during the remaining four months of the year, the mean annual rate will be such that the Brazilian subsidiary's net sales at the end of 2002, thus converted, would be devaluated by 28%, in consolidation currency terms, with respect to the mean rate in 2001. In this situation, the impact of the Brazilian *Real*'s devaluation on the Group's net sales for all of 2002 would be 3.3%.

Structure and content of the consolidated and Parent Company financial statements

Preparation criteria

This half-year report was prepared in accordance with Section 2428, 3rd Paragraph, of the Italian Civil Code and with relevant Consob communications, in particular Consob resolution n. 11971 of 14 May 1999, subsequently complemented by resolution n. 12475 of 6 April 2000.
In particular, pursuant to Article 81, Paragraph 2 of the aforesaid Consob resolution no. 11971, the notes pertaining to the Parent Company's financial statements were prepared for a more correct disclosure.
Also in accordance with the provisions of Article 81 of the same Consob resolution, the content of the balance sheet is limited to entries preceded by Roman numerals and the content of the income statement to entries preceded by Arabic numerals (Article 81, Paragraph 4); moreover, the income for the period is shown net of taxes (Article 81, Paragraph 7).
The accounting statements and detail tables included in the accompanying notes are expressed in thousands of €, whereas comments are expressed in millions of € at the consolidated level and in € for the Parent Company.
Each entry in the balance sheet and in the income statement is compared to the corresponding value of the first half of 2001 and of the financial statements as of 31 December 2001.

Accounting principles and evaluation criteria, guided by prudence and competence, do not differ from those used to prepare the financial statements as of 31 December 2001, whereto the reader is referred, and the report for the first half of 2001.
The comments indicate any variations to balance sheet entries with respect to the financial statements as of 31 December 2001 and any variations to the income statement with respect to the first half of 2001.

Consolidation area

The consolidation area as of 30 June 2002 includes the Parent Company and all Italian and foreign companies whereof the Parent Company controls, directly or indirectly, the majority of votes exercisable in ordinary shareholders' meetings. Changes occurred after 31 December 2001 are listed below.

The following companies were included in the consolidation area after 31 December 2001:
- In January, the Group completed its acquisition of an additional 50% share in Skyy Spirits, LLC, raising its interest in this company to 58.9%; the company was consolidated with the integral method starting January 1st, 2002.
- Also in January, the Group completed its acquisition of 100% of Zedda Piras S.p.A., which owns 67.62% Sella & Mosca S.p.A., which in turn owns 93.66% of Qingdao Sella & Mosca Winery Co. Ltd., a commercial joint venture in China with local partners currently in the start-up phase, and 99.99% of Société civile du Domaine de la Margue. Subsequently, in June 2002, the acquisition of an additional 10% interest in Sella & Mosca S.p.A. was completed.
  Zedda Piras S.p.A. and Sella & Mosca S.p.A. thus entered the consolidation perimeter on January 1st, 2002, while the subsidiaries of Sella & Mosca S.p.A. were not consolidated as they were not deemed significant for the purposes of representing the Group's result and balance sheet.
  Nevertheless, for the sake of greater clarity, the effect of the two companies' inclusion on the Group's financial situation is indicated herein: see the paragraph dedicated to the net financial position.

The following companies were excluded from the consolidation area during the period in question:
- The real estate company Immobiliare Vassilli 1981 S.r.l., controlled by Lacedaemon Holding B.V., was sold to third parties during the period.
- Campari Holding S.A., a swiss company wherein the Parent Company has a direct interest, reimbursed part of its share capital to its parent company and was then merged in its own subsidiary Campari Schweiz A.G.
- The company Kenston sales & services Inc. S.A., a uruguayan financial company, was removed from the consolidation area because it underwent liquidation during the period.

Criteria and exchange rates applied in converting the financial statements

The exchange rates applied for the conversion into € of financial statements expressed in foreign currencies outside the € zone are as follows:

	Period ending					
	30 June 2002		30 June 2001		31 December 2001	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
US Dollar	0.8977	0.9975	0.8981	0.8480	0.8956	0.8813
Swiss Franc	1.4691	1.4721	1.5308	1.5228	1.5104	1.4829
Brazilian Real	2.1955	2.8484	1.9274	1.9478	2.1019	2.0454
Uruguayan Peso	14.0700	18.728	11.7356	11.4013	12.0441	12.4087

Davide Campari – Milano S.p.A.

Consolidated accounting statements and explanatory and complementary notes for the Campari Group

Consolidated balance sheet
(Thousands of €)

ASSETS	30 June 2002	30 June 2001	31 December 2001
A Amounts due from Shareholders	–	–	–
B FIXED ASSETS			
I Intangible fixed assets	468,591	177,986	170,923
II Tangible fixed assets	115,747	92,268	91,004
III Financial fixed assets	43,215	23,637	52,852
TOTAL FIXED ASSETS	**627,553**	**293,891**	**314,779**
C CURRENT ASSETS			
I Inventories	89,645	67,977	64,368
II Receivables	176,641	142,610	148,724
III Financial assets not held as fixed assets	12,006	41,295	46,370
IV Liquid funds	62,780	137,731	177,766
TOTAL CURRENT ASSETS	**341,072**	**389,613**	**437,228**
D ACCRUED INCOME AND PREPAID EXPENSES	**3,686**	**3,449**	**984**
TOTAL ASSETS	**972,311**	**686,953**	**752,991**

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2002	30 June 2001	31 December 2001
A SHAREHOLDERS' EQUITY			
I Share capital	29,040	29,040	29,040
IV Legal reserve	5,808	5,808	5,808
V Reserve for own stock in portfolio	31,000	–	31,000
VII Other reserves	202,082	179,966	177,722
VIII Income (losses) carried forward	130,403	154,361	123,361
IX Income (loss) for the period	31,974	22,672	63,406
TOTAL SHARE OF SHAREHOLDERS' EQUITY	**430,307**	**391,847**	**430,337**
Minority interest:			
Share capital and reserves	2,759	2,309	2,306
Income (loss) for the period	7,293	–18	–9
TOTAL MINORITY INTEREST SHARE OF SHAREHOLDERS' EQUITY	**10,052**	**2,291**	**2,297**
TOTAL SHAREHOLDERS' EQUITY	**440,359**	**394,138**	**432,634**
B RESERVES FOR RISKS AND CHARGES	**42,389**	**31,428**	**34,163**
C EMPLOYEES' LEAVING INDEMNITY - ITALY	**13,014**	**11,073**	**10,854**
D PAYABLES	**471,638**	**246,982**	**273,791**
E ACCRUED EXPENSES AND DEFERRED INCOME	**4,911**	**3,332**	**1,549**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**972,311**	**686,953**	**752,991**
MEMORANDUM ACCOUNTS			
1 Guarantees to third parties	25,172	23,575	21,581
2 Commitments to third parties	18,273	7,746	3,156
3 Risks to third parties	234	1,027	234
TOTAL MEMORANDUM ACCOUNTS	**43,679**	**32,348**	**24,971**

Consolidated income statement
(Thousands of €)

		30 June 2002	30 June 2001	31 December 2001
A	**VALUE OF PRODUCTION**			
	1 Revenues from sales of goods and services	362,484	268,651	568,247
	2 Variation in work in progress, semi finished and finished products inventories	3,454	6,098	2,274
	4 Fixed assets increases due to internal works	481	–	–
	5 Other income and revenues (of which operating grants = 0)	23,940	11,567	22,707
	Total value of production	**390,359**	**286,316**	**593,228**
B	**PRODUCTION COSTS**			
	6 Raw, ancillary and consumable materials and goods for resale	126,427	96,154	194,977
	7 Services	100,202	80,161	158,153
	8 Rental and lease charges	1,664	1,397	2,720
	9 Personnel	35,142	24,558	51,044
	10 Amortization, depreciation and write-downs	25,304	12,166	26,446
	11 Variation in raw, ancillary and consumable materials and goods for resale	–2,659	–2,578	263
	12 Provisions for risks	932	313	1,081
	13 Other provisions	25	85	48
	14 Other operating expenses	54,008	35,411	71,883
	Total cost of production	**341,045**	**247,667**	**506,615**
	Difference between value and cost of production	**49,314**	**38,649**	**86,613**
C	**FINANCIAL INCOME AND EXPENSES**			
	15 Income from equity investments	–	52	132
	16 Other financial income	5,509	6,266	13,085
	17 Interest and other financial charges (–)	–5,208	–9,042	–13,936
	Total net financial income and expenses	**301**	**–2,724**	**–719**
D	**Adjustments to the value of financial assets**			
	18 Revaluation	26	1,391	2,770
	19 Write-down (–)	–	–	–1,872
	Total adjustments to the value of financial assets	**26**	**1,391**	**898**
E	**EXTRAORDINARY INCOME AND EXPENSES**			
	20 Income	10,163	1,853	12,067
	21 Expenses (–)	–7,597	–2,401	–3,354
	Total extraordinary items	**2,566**	**–548**	**8,713**
	INCOME (LOSS) BEFORE TAXES	**52,207**	**36,768**	**95,505**
	22 Total income taxes for the period	12,940	14,114	32,108
	23 NET INCOME FOR THE PERIOD	**39,267**	**22,654**	**63,397**
	INCOME MINORITY INTEREST	7,293	–18	–9
	GROUP SHARE OF NET INCOME	**31,974**	**22,672**	**63,406**

Comments to the main entries of the consolidated balance sheet

Assets

Fixed assets

Intangible fixed assets

	30 June 2002	30 June 2001	31 December 2001
Start up and expansion costs	115	136	115
Industrial patents and intellectual property rights	2,268	2,714	2,475
Concessions, license rights, trademarks and similar rights	13,145	13,886	13,128
Consolidation difference	449,552	157,989	152,580
Intangible assets in progress and advances to suppliers of intangible fixed assets	207	108	354
Other intangible fixed assets	3,304	3,153	2,271
Total	468,591	177,986	170,923

The following variations occurred during the six-month period:

	Start up and expansion costs	Industrial patents and intellectual property rights	Concessions, license rights, trademarks and similar rights	Consolidation difference	Intangible assets in progress and advances to suppliers of intangible fixed assets	Other intangible fixed assets	Total
Initial value	1,371	6,108	21,977	186,858	354	7,689	224,357
Initial amortization reserve	(1,256)	(3,633)	(8,849)	(34,278)	–	(5,418)	(53,434)
Initial balance	115	2,475	13,128	152,580	354	2,271	170,923
Perimeter variation	88	–	1,131	310,106	86	715	312,126
Investments	–	691	4	–	131	776	1,602
Dismissals	–	–	–	–	–	–	–
Amortization	(64)	(486)	(738)	(13,135)		(736)	(15,159)
Reclassifications from fixed assets under construction	–	–	–	–	(354)	354	–
Exchange rate differences and other movements	(24)	(412)	(380)	1	(10)	(76)	(901)
Final balance	115	2,268	13,145	449,552	207	3,304	468,591
Final value	1,510	5,838	23,957	496,965	207	9,544	538,021
Final amortization reserve	(1,395)	(3,570)	(10,812)	(47,413)	–	(6,240)	(69,430)

The most significant variations recorded during the six-month period are due to the acquired companies' entry in the consolidation perimeter, as extensively discussed in the Directors' Report (please see).
In particular, the entry "concessions, license rights, trademarks and similar rights" shows license costs borne by Skyy Spirits, LLC for the distribution of various Scotch Whiskies in the United States. The entry "consolidation difference" shows the residual positive differences resulting from comparing the value of the interests with the corresponding shares of shareholders' equity as of the date of the acquisitions. Therefore, the consolidation of Skyy Spirits, LLC entailed the recording of a consolidation difference of € 251.3 million, whereas the acquisition of the Zedda Piras group, along with the purchase of an additional 10% interest in Sella & Mosca S.p.A., generated a consolidation difference of € 58.8 million, both with 20-year amortization. The details of these two entries, net of amortization, are as follows:

	30 June 2002		31 December 2001	
	Concessions, license rights, trademarks and similar righs	Consolidation difference	Concessions, license rights, trademarks and similar righs	Consolidation difference
Former Bols products	2,622	9,039	2,839	10,514
Ouzo 12	8,180	9,828	8,428	10,126
Cinzano	849	56,573	874	58,279
Brazilian acquisition	707	71,731	984	73,661
Skyy Spirits	755	244,984	–	–
Zedda Piras and Sella & Mosca	29	57,395	–	–
Others	4	–	3	–
	13,145	449,552	13,128	152,580

Among the increases during the reference periods are software investments in the entry "industrial patent rights, use of intellectual property" and, in the entry "other intangible fixed assets", other software implementation expenses by the Parent Company and the Italian affiliates, for the development of specific project on the SAP R/3 system.

Tangible fixed assets

	30 June 2002	30 June 2001	31 December 2001
Land and buildings	54,056	52,414	46,756
Plant and machinery	34,551	28,433	29,020
Industrial and commercial equipment	5,181	5,841	5,956
Other tangible fixed assets	4,880	4,927	4,673
Fixed assets under construction and advances to suppliers of tangible fixed assets	17,079	653	4,599
Total	115,747	92,268	91,004

Relevant changes occurred during the six-month period are as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Fixed assets under construction and advances to suppliers of tangible fixed assets	Total
Initial value	83,336	113,955	35,944	17,207	4,599	255,041
Initial depreciation reserve	(36,580)	(84,935)	(29,988)	(12,534)	–	(164,037)
Initial balance	46,756	29,020	5,956	4,673	4,599	91,004
Perimeter variation	9,959	7,193	1,006	1,077	3,370	22,605
Investments	522	715	2,026	988	12,757	17,008
Dismissals	(453)	28	(84)	(37)	(103)	(649)
Depreciation	(1,261)	(3,327)	(905)	(974)	–	(6,467)
Reclassifications from fixed assets under construction	–	2,955	–	–	(2,955)	–
Write-downs	–	–	(2,800)	–	–	(2,800)
Exchange rate differences and other movements	(1,467)	(2,033)	(18)	(847)	(589)	(4,954)
Final balance	54,056	34,551	5,181	4,880	17,079	115,747
Final value	94,885	129,096	37,405	18,941	17,079	297,406
Final depreciation reserve	(40,829)	(94,545)	(32,224)	(14,061)	–	(181,659)

The increase in tangible fixed assets by effect of the consolidation perimeter variation, amounting to € 22.6 million, is due for € 22.0 million to the acquisition of the Zedda Piras group, for € 1.0 million to the Skyy Spirits acquisition, and includes a reduction of € 0.4 million due to the effect of the de-consolidation of Immobiliare Vassilli 1981 S.r.l., sold during the period..
The most sizeable investments for the period relate to the purchase of reusable packages by Campari S.p.A. for € 1.4

million, classified among industrial and commercial equipment, the purchase of electronic machines by the Group's companies under "other tangible fixed assets" and the increase in fixed assets under construction. The latter refer almost exclusively to the construction of the new Novi Ligure facility by the subsidiary Campari-Crodo S.p.A. As of the end of the first half of the year, progress in the construction work and of the plant amounts to € 7.2 million, whilst advances to suppliers for construction works and plant amount to € 2.0 million.
The dismissals of land and buildings refer to the sale of a building by the swiss subsidiary Campari Schweiz A.G., generating a capital gain of € 3.3 million, recorded in the income statement of the period among extraordinary revenue.
The write-downs of industrial and commercial equipment, for € 2.8 million, refer to the write-down by Campari S.p.A. within the context of the closure of the "returnable container" line connected to the plan to close and transfer the Sesto San Giovanni and Termoli facilities. The amount of the write-down pertains to the packages recorded among fixed assets as of 30 June 2002, which are not expected to be returned within the times set by the plan.
Exchange rate differences and other movements in the period, entailing a reduction of € 5.0 million to the tangible assets balance, were generated almost exclusively by the conversion differences due to the devaluation of the Brazilian currency against the Group's currency, recorded during the period.
As of 30 June 2002, the item "land and buildings" includes the amount of € 5.1 million pertaining to leased assets; residual debt as of the same date, amounting to € 14.4 million, is recorded in the "payables due to banks" entry.
Total write-downs on tangible fixed assets existing at the end of the period is € 9.8 million, net of amortization.

Financial fixed assets

	30 June 2002	30 June 2001	31 December 2001
Equity investments:			
in subsidiary companies	8,127	493	398
in associated companies	421	411	532
in other companies	194	18,967	17,832
Receivables from other companies:			
due within 12 months	517	1,217	337
due after 12 months	2,502	2,095	2,299
Other securities maturing after 12 months	454	454	454
Own stock	31,000	–	31,000
Total	43,215	23,637	52,852

The following changes took place during the period:

	Equity investments in subsidiary companies	Equity investments in associated companies	Equity investments in other companies	Receivables from other companies due within 12 months	Receivables from other companies due after 12 months	Other securities	Own stock
Balance as of 31 December 2001	398	532	17.832	337	2.299	454	31.000
Perimeter effect	8,127	3	(17,601)	–	128	–	–
Increases	–	17	–	180	75	–	–
Revaluations/write-downs	–	(131)	–	–	–	–	–
Decreases	(398)	–	–	–	–	–	–
Other changes	–	–	(37)	–	–	–	–
Balance as of 30 June 2002	8,127	421	194	517	2,502	454	31,000
Composition as of 30 June 2002							
Qingdao Sella & Mosca Winery Co. Ltd	2,887						
Société civile du Domaine de la Margue	5,240						
MCS S.c.a.r.l. - Bruxelles		208					
International Marques V.o.f. - Haarlem		127					
Longhi & Associati S.r.l. - Milano		86					
Other equity investments < 10%			194				
Loan to SIAM Monticchio S.p.A.				517	116		
Advanced payment of taxes for staff leaving indemnity					910		
n. 454 Idreg Piemonte S.p.A. Bonds						454	
Own stock							31,000
Other items					1,476		
	8,127	421	194	517	2,502	454	31,000

The increase in entry "Equity investments in subsidiary companies" during the period derives from the controlling interests held by the newly consolidated company Sella & Mosca S.p.A. in a commercial joint venture in China, Qingdao Sella & Mosca Winery Co. Ltd, and in a French company, Société civile du Domaine de la Margue. These companies were excluded from the consolidation area because they were not considered significant for the purpose of representing the Group's results.
The decrease of this same entry relative to 31 December 2001 refers to the interest in Campari Management S.A.M, whose liquidation was completed during the period.
Interests in other companies are reduced by € 17.6 million as a result of the entry into the consolidation area of Skyy Spirits, LLC whereof the Group, which previously held a minority interest, acquired the controlling share.
Own stock, amounting to € 31 million, refer to 1,000,000 of common stock, or 3.443% of share capital, for a total book value of € 1,000,000, acquired during the previous year to service the stock option plan.

CURRENT ASSETS

Inventories

	30 June 2002	30 June 2001	31 December 2001
Raw, ancillary and consumable materials	26,921	18,953	17,240
Work in progress and semi-finished products	19,775	21,835	22,285
Finished products and goods for resale	42,949	27,189	24,843
Total	89,645	67,977	64,368

In the financial statements of Italian companies and of some foreign companies, inventories were evaluated with the

LIFO method. The greater value due to the adoption of the average cost method in the consolidated balance sheet is € 2.4 million.
The inventory increase relative to 31 December 2001 is due, for € 25.4 million, to the perimeter variation resulting from the acquisitions; in particular, Skyy Spirits' raw materials inventories at the time of the acquisition amounted to € 3.9 million, whilst those of Zedda Piras and Sella & Mosca amounted to € 6.2 million. Similarly, the impact on the initial inventories of finished products is € 11.6 million for Skyy Spirits and € 3.1 million for Zedda Piras and Sella & Mosca, whilst the effect on semi-finished products is € 0.6 million relating to the Zedda Piras group.
Moreover, negative effects of about € 6.3 million are also recorded. These result from the impact of the appreciation of the € against the Brazilian currency and, albeit to a lesser extent, to the US currency as well.
In addition to the above variations, a € 6.1 million stock increase, connected with the increase in the Group's sales and to the seasonal phenomena that characterize the Group's business, is noted.
The above values are net of the inventory write-down reserve which, as of 30 June 2002, amounted to € 0.9 million (€ 1.2 million as of 31 December 2001). The reduction that occurred during the period is due solely to the devaluation of the Brazilian currency.

Receivables

	30 June 2002	30 June 2001	31 December 2001
Due from customers - within 12 months	141,920	109,297	119,509
Due from customers - after 12 months	43	57	93
Due from non consolidated subsidiaries - within 12 months	1,900	–	–
Due from associated companies - within 12 months	2,795	2,076	2,500
Other receivables due- within 12 months	29,137	30,100	25,948
Other receivables due - after 12 months	846	1,080	674
Total	176,641	142,610	148,724

Receivables due from customers incorporate the effect of the consolidation area variation, resulting from the increased sales generated by the Group's acquisitions. The initial impact of this effect is € 36.9 million. Receivables due from customers, deriving from normal sales operations, are net of the reserve for bad debts amounting to € 5.4 million.

The following changes occurred to this reserve during the period:

31 December 2001	4,067
Utilization	(168)
Provisions	775
Perimeter variations	809
Other movements	(61)
30 June 2002	5,422

Receivables due from non-consolidated subsidiaries refer to the loan between the subsidiary Campari Finance Teoranta and Société civile du Domaine de la Margue, a subsidiary of Sella & Mosca S.p.A. that is outside the consolidation area. The loan is at market conditions with an interest rate linked to Euribor.

The balance of other receivables due as of 30 June 2002 comprises:

	30 June 2002	30 June 2001	31 December 2001
Due from tax authorities	5,402	8,748	5,769
Deferred tax assets	10,339	8,183	6,584
Advances to suppliers	7,063	6,454	7,776
Receivables for sundry sales	3,579	5,865	3,475
Due from agents and distribution centers (net of the provisions for bad debts of € 2,576 thousand)	653	616	1,147
Others	2,947	1,314	1,871
Total	29,983	31,180	26,622

The increase in deferred tax assets refers to the funds allocated and to the write-downs recorded by the Group's Italian companies in connection with the plan to close and transfer the activities of the Sesto San Giovanni and Termoli plants, commented in the Directors' Report (please see).

Financial assets not held as fixed assets and liquid funds

	30 June 2002	30 June 2001	31 December 2001
Other marketable securities	12,006	41,295	46,370
Bank and postal deposits	62,678	137,714	177,756
Checks, cash and other values	102	17	10
Total liquid funds	62,780	137,731	177,766
Total	74,786	179,026	224,136

Other marketable securities are constituted by SICAV and by securities held by the Group's branches.
Net financial debt, amounting to € 239.4 million, consists of:

	30 June 2002	30 June 2001	31 December 2001
Liquid funds	62,780	137,731	177,766
Payables to banks – within 12 months	(294,970)	(90,822)	(114,072)
Payables to banks and other lenders – after 12 months	(19,244)	(13,491)	(13,455)
	(251,434)	33,418	50,239
Marketable securities	12,006	41,295	46,370
Net financial position	(239,428)	74,713	96,609

For a comment on the increase of the Group's financial debt during the period, please see the Directors' Report.

Accrued income and prepaid expenses

	30 June 2002	30 June 2001	31 December 2001
Accrued income	182	623	434
Prepaid expenses	3,504	2,826	550
Total	3,686	3,449	984

Liabilities and shareholders' equity

Shareholders' Equity

Movements in the consolidated shareholders' equity

	Balance as of 31 December 2001	Dividends	Transfers	Exchange rate differences and other movements	Income for the period	Balance as of 30 June 2002
Share capital	29,040					29,040
Legal reserve	5,808					5,808
Own stock reserve	31,000					31,000
Other reserves:						
– Extraordinary reserve	7,982					7,982
– Suspended tax reserve	3,041					3,041
– Merger residual	5,687					5,687
– Consolidation reserve	150,082		31,689	(994)		180,777
– Reserve for financial statement conversion into foreign currency	10,930			(6,335)		4,595
Income (losses) brought forward	123,361		7,042			130,403
Income (loss) for the period	63,406	(24,675)	(38,731)		31,974	31,974
Total Group's Shareholders' Equity	430,337	(24,675)		(7,329)	31,974	430,307

The previous year's income was distributed to shareholders for € 24.7 million.
As of 30 June 2002, share capital comprises no. 29,040,000 common stock with a book value of € 1 each.

The change to the reserve for financial statement conversion into foreign currency incorporates exchange rate differences on subsidiaries' initial shareholders' equity, resulting mainly from the oscillations of the Brazilian currency and of the US Dollar, as well as the difference resulting from the different exchange rates used to convert the balance sheet and income statement for the period. Moreover, it decreased during the period as a result of the merger of Campari Holding S.A. into Campari Schweiz A.G., accomplished through a reduction in the share capital of Campari Holding S.A. and its corresponding reimbursement to the controlling shareholder Davide Campari-Milano S.p.A. Said reimbursement generated an exchange rate difference of € 5.4 million in the Parent Company's favor, deriving from the difference between the original exchange rate at the time the capital was paid in and the exchange rate for the reimbursement transaction. At the consolidated level, this difference was already included in the conversion reserves as of 31 December 2001, for the part of exchange rate differences that in the past had been deferred at the closing of each fiscal year. However, by effect of the Group's exit from the company in question, said difference was realized during the period and consequently recorded as a revenue in the income statement as provided by IAS n. 21.

Conciliation with the shareholders' equity and income of the Parent Company Davide Campari-Milano S.p.A.

	30 June 2002		31 December 2001	
	Shareholders' equity	Income for the period	Shareholders' equity	Income for the period
Parent Company's Financial Statements	313,847	99,527	238,995	32,411
Difference between consolidated subsidiaries value and corresponding shareholders' equity	140,100	39,705	213,335	107,789
Elimination of dividends distributed by consolidated companies	–	(105,386)	–	(76,325)
Elimination of intra-group income net of tax effect	(22,575)	(2,090)	(19,457)	(310)
Evaluation criteria alignment	(1,065)	218	(2,536)	(159)
Consolidated financial statements	430,307	31,974	430,337	63,406

Third parties' shareholders equity

The changes occurred to third party shareholders' interests refer to the following companies, consolidated with the global integration method as of 30 June 2002:

	As of 30 June 2002 % third party owned	As of 31 December 2001 % third party owned
O-Dodeca B.V.	25.00%	25.00%
Skyy Spirits, LLC	41.10%	–
Sella & Mosca S.p.A.	22.38%	–

In particular, the changes occurred to third parties' equity after 31 December 2001 can be summarized as follows:

	Balance as of 31 December 2001	Perimeter variation	Dividends (*)	Transfers	Exchange rate diff. and other movements	Income for the period	Balance as of 30 June 2002
Third party capital and reserves	2,306	19,157	(18,563)	(9)	(132)	–	2,759
Third party income (loss)	(9)	–	–	9		7,293	7,293
Total third party equity	2,297	19,157	(18,563)	–	(132)	–	10,052

(*) includes advances on dividends distributed on first half 2002 income

Reserve For Risks and Charges

	30 June 2002	30 June 2001	31 December 2001
Leaving indemnities, pension funds and the like	2,421	1,924	2,035
Taxation	20,599	21,188	20,093
Deferred taxation	6,654	3,072	6,072
Other reserves	12,715	5,244	5,963
Total	42,389	31,428	34,163

The "other reserves" entry, significantly increased from 31 December, includes provisions made during the period by the Parent Company and by the Campari-Crodo S.p.A. subsidiaries against restructuring costs connected with the re-organization of the Group's production sites and with the transfer of some activities to the new Novi Ligure facility, currently under construction. The total amount of the restructuring costs allocated against said reorganization is € 7.2 million, before the tax effect recorded in deferred tax assets.

Employees' leaving indemnity

Changes to this reserve account since 31 December 2001 are shown below. The perimeter variation relates to the initial balance of the reserve account of the newly consolidated Italian companies, Zedda Piras S.p.A. and Sella & Mosca S.p.A.

Initial balance as of 31 December 2001	10,854
Perimeter variation	1,724
Provision for the period	866
Utilization during the period and advances to employees	(430)
Final balance as of 30 June 2002	13,014

Payables

	30 June 2002	30 June 2001	31 December 2001
Banks – within 12 months	294,970	90,822	114,072
Banks – after 12 months	17,933	13,491	13,455
Other lenders – after 12 months	1,311	1,047	1,209
Advance payments received – within 12 months	1,064	687	392
Suppliers – within 12 months	98,407	78,196	89,070
Associated companies – within 12 months	974	–	1,488
Tax authorities – within 12 months	25,450	30,467	22,540
Tax authorities – after 12 months	2,352	4,704	4,704
Social security institutions – within 12 months	3,491	2,442	2,693
Other payables – within 12 months	25,686	25,126	24,168
Total	471,638	246,982	273,791

Payables due to banks as of 30 June 2002 consist of the following:

	within 12 months	after 12 months		Total
		total	whereof After 5 years	
Debt due to banks	293,110	5,428	1,242	298,538
Credito Emiliano for lease of real estate	1,860	12,505		14,365
Total	294,970	17,933	1,242	312,903

The short term debt due to banks refers mainly to the credit lines opened by the Parent Company and by the subsidiary Redfire, Inc. in relation to the acquisitions completed during the year. It also includes short term debt due to banks and the due portion of mid-long term investments by the companies Sella & Mosca S.p.A. e Zedda Piras S.p.A..
These loans, with a residual debt of € 6.396 million as of 30 June 2002, are supported by mortgages on land and buildings and liens on machinery and plants.
Payables due to Credito Emiliano represent the principal portion of the installments outstanding on a nine-year real estate lease, expiring 20 February 2006, on the building occupied by the head offices of the Parent Company and of certain subsidiary companies in Milan, recorded as a capital lease. The remaining lease installments are due as follows:

Year	Amount
2002	910
2003	1,938
2004	2,102
2005	2,280
2006	7,134
Total	14,365

Payables due to suppliers increase as a result of the Group's businesses and of the higher costs deriving therefrom, also in connection with promotional and advertising activities. The expansion of the consolidation area has led to a € 15.7 million increase in payables to suppliers. The entry also includes payables due by the subsidiary Campari-Crodo S.p.A. for the construction of the new Novi Ligure facility.
Payables due to tax authorities within 12 months relate to taxes payable by individual Group companies in the respective countries and comprise the following:

	30 June 2002	30 June 2001	31 December 2001
Income tax	6,047	12,650	5,850
Value added tax	2,342	5,436	5,886
Taxes on alcohol production	13,298	8,590	7,097
Withholding and other sundry taxes	3,763	3,791	3,707
Total	25,450	30,467	22,540

Income tax payable is shown net of advance payments of tax and of tax withheld at source. The increase in taxes on alcohol production relative to reference periods relates to the Group's increased activity in the spirits sector.
Withholding and other sundry taxes include the current portion of € 2.7 million of the payment over 5 years of the substitutive tax generated from the sale of the equity investments by Cinzano Investimenti e Partecipazioni S.p.A., now merged in Campari-Crodo S.p.A. The non-current portion of € 2.4 million has been classified under Payables due to tax authorities after 12 months.
Other payables, which constitute a residual entry related mainly to deposits on packages, year-end rebates to customers and payables to personnel, increased since 31 December 2001 by effect of the consolidation of Skyy Spirits, LLC, Sella & Mosca S.p.A. and Zedda Piras S.p.A. and of their respective payables to personnel.

Accrued expenses and deferred income

	30 June 2002	30 June 2001	31 December 2001
Accrued expenses	2,796	2,249	333
Deferred income	2,115	1,083	1,216
Total	4,911	3,332	1,549

Memorandum accounts

	30 June 2002	30 June 2001	31 December 2001
Guarantees to third parties	25,172	23,575	21,581
Commitments to third parties	18,273	7,795	3,156
Risks to third parties	234	1,027	234
Total	43,679	32,397	24,971

Guarantees to third parties increase mainly due to sureties issued by Campari-Crodo S.p.A. in connection with the construction of the new Novi Ligure facility. Residual commitments to suppliers for the construction of the facility and the purchase of machinery are incorporated in the entry "Commitments to third parties", for € 15.5 million.

Comments on the main entries in the consolidated income statement

Value of production

Revenues from sales of goods and services

Revenues from sales of goods and services comprise the following:

	30 June 2002	30 June 2001	31 December 2001
Sales of the Group's principal production, net of excise duties	306,499	232,663	494,271
Excise duties	52,829	31,540	64,616
Sales of wines and must for production	7,111	4,646	14,559
Reclassification in entry A5 – production subcontracted by third parties	(4,023)	(610)	(5,758)
Others	68	412	559
Total	362,484	268,651	568,247

Sales performance and distribution by product line and geographical area are discussed in the Directors' Report.

Other income and revenues

The entry comprises the following:

	30 June 2002	30 June 2001	31 December 2001
Advertising contributions received	9,478	3,092	7,302
Production subcontracted by third parties	4,023	610	5,758
Royalties collected	4,018	303	723
Real estate income	471	449	819
Sundry sales	1,827	1,448	2,487
Capital grants	57	115	196
Gains on disposal of fixed assets	62	271	341
Others	4,004	5,279	5,081
Total	23,940	11,567	22,707

The marked increase in advertising contributions received relates to the promotional and advertising activities performed by the newly consolidated company Skyy Spirits, LLC in support of third party brands.
The item "production subcontracted by third parties" includes almost exclusively the revenues deriving from the bottling of *Smirnoff Ice* at the Sulmona facility, which grew significantly since the second half of 2001.
Collected royalties are also up sharply from the corresponding period of the previous year as a result of the royalties accrued by Skyy Spirits, LLC on sales of *SKYY Blue*, a new ready-to-drink distributed in the United States by Miller Brewing Co. These royalties amount to € 3,8 million as of 30 June 2002.

Production costs

Production costs consist of:

	30 June 2002	30 June 2001	31 December 2001
Raw, ancillary, consumable materials and goods for resale	126,427	96,154	194,977
Services	100,202	80,161	158,153
Rental and lease charges	1,664	1,397	2,720
Personnel	35,142	24,558	51,044
Amortization of intangible fixed assets	15,158	6,768	14,515
Depreciation of tangible fixed assets	6,467	5,398	11,310
Other fixed asset write-downs	2,800	–	–
Write-down of receivables included in current assets and liquid funds	879	–	621
Variation in inventories of raw, ancillary and consumable materials	(2,659)	(2,578)	263
Provision for risks	932	313	1,081
Other provisions	25	85	48
Other operating costs	54,008	35,411	71,883
Total	341,045	247,667	506,615

Costs for services

Costs for services comprise the following:

	30 June 2002	30 June 2001	31 December 2001
Advertising and promotion costs	64,088	46,333	92,317
Transportation	9,651	9,589	19,335
Commissions	8,553	5,238	10,297
Other sundry expenses	17,910	19,001	36,204
Total	100,202	80,161	158,153

The reduction in the "Other" entry relative to the corresponding period of the previous year is mostly due to the consulting work relating to the IPO, which in the first half of 2001 had generated costs of € 3.8 million, borne by the Parent Company and fully recognized during the same period.

Personnel costs

Personnel costs comprise the following:

	30 June 2002	30 June 2001	31 December 2001
Wages and salaries	24,764	16,048	33,477
Social security contributions	6,088	5,765	10,031
Employees' leaving indemnity – Italy	866	789	1,435
Supplementary retirement pensions and agents' leaving indemnity	136	32	95
Other personnel related costs	3,288	1,924	6,006
Total	35,142	24,558	51,044

The increase in personnel costs during the period is due to the increase in the size of the organization as a result of the acquisitions.

Amortization, depreciation and write-downs

Amortization rates, composition and movements have been illustrated above. The table below shows the amortization of trademarks and consolidation differences (goodwill) by brand:

	30 June 2002	30 June 2001	31 December 2001
Former Bols products	1,693	1,693	3,385
Cinzano	1,731	1,701	3,432
Ouzo 12	545	545	1,089
Brazilian acquisition	1,930	1,591	3,539
Skyy Spirits	6,526	–	–
Zedda Piras and Sella & Mosca	1,448	–	–
Others	–	134	–
Total	13,873	5,664	11,445

Please see the comments on tangible fixed assets for the goodwill amortization deriving from the newly consolidated companies Skyy Spirits, LLC, Zedda Piras S.p.A. and Sella & Mosca S.p.A.

Other write-downs on fixed assets

The amount of € 2.8 million relates to the write-down by the subsidiary Campari S.p.A. for the packages of the "reusable container" cycle; please see the comments on changes to tangible fixed assets.

Provisions for risks

The entry includes allocations for € 0.5 million made by the Parent Company and by other subsidiaries mainly against different real estate related issues and ongoing disputes with agents.

Other operating expenses

These comprise the following:

	30 June 2002	30 June 2001	31 December 2001
Excise duties and other taxes on alcohol	50,686	32,007	64,755
Sundry	3,322	3,404	7,128
Total	54,008	35,411	71,883

Sundry operating expenses consist mainly of expenses related to management of real estate and other non-recurring expenses

Financial income and expenses

	30 June 2002	30 June 2001	31 December 2001
Income from investments in associated companies	–	47	127
Income from investments in other companies	–	5	5
Other financial income from receivables included in fixed assets	12	100	760
Other financial income from marketable securities	1,278	1,102	1,499
Sundry financial income:			
– from parent companies	–	(11)	–
– from other companies	4,219	5,075	10,826
Interest and other financial charges from other companies	(5,208)	(9,042)	(13,936)
Total	301	(2,724)	(719)

Sundry income from other companies, net of positive exchange rate differences for € 2.8 million, are sharply lower than in the first half of 2001 as a result of the increase in the Group's financial debt deriving from the acquisitions completed at the beginning of the year. Positive exchange rate differences, almost entirely realized, refer for € 2.5 million to the extinction of the credit lines in US Dollars activated by the Parent Company during the previous fiscal year. In particular, the €'s appreciation against the US currency in 2002 allowed to close these positions at an exchange rate that was close to the initial one, thereby allowing to recoup the unrealized loss already recorded at the end of the last fiscal year. The increase in the Group's financial debt generated higher interest expenses which therefore, net of negative exchange rate differences for € 0.2 million, are sharply up from the corresponding period of the previous fiscal year, when exchange rate differences were negative for € 5.1 million, mostly due to the loan in US Dollars discussed above.

Adjustments to the value of financial assets

	30 June 2002	30 June 2001	31 December 2001
Revaluation of investments	26	1,391	2,770
Write-down of investments	–	–	(1,872)
Total	26	1,391	898

Adjustments to the value of financial assets, which in 2001 essentially comprised the adjustment to shareholders' equity from the value of the interest in Skyy Spirits, LLC, now include only the changes deriving from comparing the values of the investments in associated companies with the corresponding equity.

Extraordinary income and expenses

	30 June 2002	30 June 2001	31 December 2001
Gains on disposal of fixed assets	4.041	991	4.266
Other income	6.122	862	7.801
Losses on disposal of fixed assets	(9)	–	(1)
Other expenses	(7.588)	(2.173)	(3.068)
Prior year taxes	–	(228)	(285)
Total	2.566	(548)	8.713

Gains on the disposal of fixed assets relate almost exclusively to the sale of a real estate property by the subsidiary Campari Schweiz A.G during the reference period.
Other income comprises the amount of € 5.4 million recorded by the Parent Company as a result of the share capital reduction by the subsidiary Campari Holding S.A., operations previously described under the "Shareholders' Equity" entry (please see).
Other expenses include risk provisions for a total of € 7.2 million made by the Parent Company and the subsidiary Campari-Crodo S.p.A. for the corporate restructuring process announced by the Group during the first half of the year, which calls for the construction of a new facility in Novi Ligure and the transfer of some production lines from the Sesto San Giovanni and Termoli plants.

Income for the period attributable to minority interests

Compared to the 2001 financial statements, the income attributable to minority interests includes, as of 30 June 2002, the portion attributable to the minority shareholders of Skyy Spirits, LLC, corresponding to 41.1% of the company's equity, as well as the 22.38% minority share in Sella & Mosca S.p.A.
It is specified that the income attributable to minority interest for Skyy Spirits, LLC is before taxes since the company is a Limited Liability Company and thus not subject to state or federal tax with the exception of the minimum taxes provided by some States. Each shareholder is directly responsible for any fiscal income and losses deriving from his/her interest in the company and pays any taxes due.

Other information

Results by business segment
Results are commented in the Directors' Report.

Personnel data
The average number of employees of the companies included in the consolidation is as follows:

By category	30 June 2002	30 June 2001	31 December 2001
Managers	64	53	56
Clerical staff	710	587	580
Manual workers	570	529	504
Total	1,344	1,169	1,140

By geographic area	30 June 2002	30 June 2001	31 December 2001
Italy	709	621	622
Other countries	635	548	518
Total	1,344	1,169	1,140

The increase in the Group's workforce, both in Italy and abroad, is directly related to the increase in the consolidation perimeter as a result of the acquisitions completed at the beginning of the year.

The Chairman
of the Board of Directors
Luca Garavoglia

Davide Campari – Milano S.p.A.

Enclosures to the Half-Year Report

Davide Campari – Milano S.p.A.

List of equity investments
In accordance with Consob resolution no. 11971 of 14 May 1999 Article 126

Parent Company

Name, activity, location	Capital as of 30 June 2002	
	Currency	Amount
Davide Campari-Milano S.p.A. Milan Holding and manufacturing company	€	29,040,000

Subsidiary companies consolidated with the integral method

Name, activity, location	Capital as of 30 June 2002		% owned by the Parent Company		
	Currency	Amount	direct	indirect	direct share holding entity
ITALY					
Campari S.p.A. Trading company Milan	€	1,220,076		100.00	Campari-Crodo S.p.A.
Campari-Crodo S.p.A. Holding and manufacturing company Milan	€	61,000,000		100.00	DI.CI.E. Holding B.V.
Francesco Cinzano & C.ia S.p.A. Trading company Milan	€	1,200,000		100.00	Campari-Crodo S.p.A.
Sella & Mosca S.p.A. Manufacturing and trading company Alghero	€	13,838,916		77.62	Zedda Piras S.p.A.
Società Acque Minerali Ossolane S.p.A. Trading company Milan	€	104,000		100.00	Campari-Crodo S.p.A.
Zedda Piras S.p.A. Manufacturing and trading company Cagliari (operating location: Alghero)	€	3,276,000		100.00	Campari-Crodo S.p.A.
EUROPE					
Campari Deutschland GmbH Trading company Munich (D)	€	5,200,000		100.00	DI.CI.E. Holding B.V.
Campari Finance Teoranta Financial company Dublin (I)	€	1,000,000	100.00		
Campari France S.A Manufacturing company Nanterre (F)	€	2,300,000		100.00	DI.CI.E. Holding B.V.
Campari International S.A.M. Trading company Monaco (MC)	€	155,000		100.00	DI.CI.E. Holding B.V.
Campari Schweiz A.G. Trading company Zug (CH)	CHF	2,000,000	100.00		
DI.CI.E. Holding B.V. Holding company Amsterdam (NL)	€	15,015,000	100.00		
Lacedaemon Holding B.V. Holding company Amsterdam (NL)	€	10,436,945		100.00	Campari Schweiz A.G.
N. Kaloyannis Bros. A.E.B.E. Trading company Piraeus (GR)	€	325,500		75.00	O-Dodeca B.V.
O-Dodeca B.V. Holding company Amsterdam (NL)	€	2,000,000		75.00	Lacedaemon Holding B.V.
Prolera LDA Services company Funchal (P)	€	5,000	100.00		
Sovinac S.A. Real estate company Bruxelles (B)	€	613,600		100.00	Lacedaemon Holding B.V.

Subsidiary companies consolidated with the integral method (continued)

Name, activity, location	Capital as of 30 June 2002		% owned by the Parent Company		
	Currency	Amount	direct	indirect	direct share holding entity
AMERICAS					
Campari do Brasil Ltda. Manufacturing and trading company Barueri (Brazil)	BRC	243,202,100	100.00		
Gregson's S.A. Trademark holder company Montevideo (Uruguay)	UYP	175,000		100.00	Campari do Brasil Ltda.
Redfire, Inc. Holding company Wilmington, Delaware (USA)	USD	115,450,000	100.00		
Skyy Spirits, LLC Trading company Wilmington, Delaware (USA) (operating location: San Francisco, USA)	USD	15,348,729		58.90	Redfire, Inc.

Other equity investments

Name, activity, location	Capital as of 30 June 2002		% owned by the Parent Company			Book value	Evaluation criterion
	Currency	Amount	direct	indirect	direct share holding entity	€ /000	
NON CONSOLIDATED SUBSIDIARY COMPANIES							
Qingdao Sella & Mosca Winery Co. Ltd Manufacturing and trading company Pingdu City, Qingdao (China)	RMB	24,834,454		93.66	Sella & Mosca S.p.A.	2.886	Cost
Société civile du Domaine de la Margue Manufacturing and trading company Saint Gilles (F)	€	4,793,183		100.00	Sella & Mosca S.p.A.	5.240	Cost
Kenston sales & services Inc. S.A (*) Financial company Montevideo (Uruguay)	USD	15,000		100.00	Campari do Brasil Ltda.	–	–
NON CONSOLIDATED JOINTLY CONTROLLED COMPANIES							
Fior Brands Ltd. (**) Trading company Stirling (Scotland)	BPS	100		50.00	DI.CI.E. Holding B.V.	–	
ASSOCIATED COMPANIES							
International Marques V.o.f. Trading company Harleem (NL)	€	210,000		33.33	DI.CI.E. Holding B.V.	127	Shareholders' Equity
M.C.S. S.c.a.r.l. Trading company Bruxelles (B)	€	464,808		33.33	DI.CI.E. Holding B.V.	208	Shareholders' Equity
Longhi & Associati S.r.l. Services company Milan	€	10,400		40.00	Lacedaemon Holding B.V.	83	Shareholders' Equity

(*) company in liquidation

(**)commercial joint venture currently in the start-up phase

Consolidated cash flow statement
(Thousands of €)

	30 June 2002	31 December 2001
Cash flow from operating activities		
Net income for the period	**31,974**	**63,406**
Adjustments to reconcile net income to net cash provided from operations:		
Depreciation, amortization and write-downs	21,625	25,825
Deferred taxes	(5,472)	5,469
Gains on sale of fixed assets	(4,041)	(4,266)
Provision for employees' leaving indemnity	866	1,434
Payment of employees' leaving indemnity	(430)	(3,061)
Other non cash items	5,591	6,447
Net change in operating assets and liabilities:		
Receivable from customers[1], inventories, payables to suppliers	7,190	(5,010)
Other changes	(2,599)	(1,984)
Net cash flow generated by operating activities	**54,703**	**88,260**
Cash flow from investing activities		
Purchases of tangible fixed assets	(17,008)	(12,515)
Income from disposals of tangible fixed assets	5,117	7,816
Purchases of intangible fixed assets	(1,602)	(2,311)
Acquisition of new subsidiaries [2]	(357,984)	(112,595)
Net change in equity investments	1,743	(2,719)
Purchase of own stock	–	(31,000)
Net change in marketable securities	34,364	2,538
Net change in financial receivables	(211)	3,016
Net change in minority interest	1,481	6
Net cash generated by investing activities	**(334,100)**	**(147,764)**
Cash flow from financing activities		
Payment of lease installments	(877)	(1,646)
Net change in short-term bank borrowings	180,825	98,085
Net change in M/L financial debt (non current portion)	5,530	–
Dividends paid	(24,675)	(25,496)
Net cash flow generated by financing activities	**160,803**	**70,943**
Exchange rate differences and other movements	3,608	(1,405)
Net increase (decrease) in cash and banks	**(114,986)**	**10,034**
Cash and banks at beginning of period	177,766	167,732
Cash and banks at end of period [3]	**62,780**	**177,766**

Notes:

(1): Change to receivables from customers in cash flows as of 30 June 2002 is net of payables to customers for year-end rebates.

(2): As of 30 June 2002, the entry refers to the acquisition of Skyy Spirits, LLC for € 264,613 thousand and to the acquisition of the Zedda Piras group for € 93,371 thousand.

(3): A conciliation between the Group's cash position and net financial position is provided in the Accompanying note – Liquid Funds.

Davide Campari – Milano S.p.A.

Reclassified consolidated financial statements
Balance sheet
(Thousands of €)

	30 June 2002	30 June 2001	31 December 2001
ASSETS			
Current Assets			
Cash and banks	62,780	137,731	177,766
Marketable securities	12,006	41,295	46,370
Financial receivables, short term portion	517	1,217	337
Receivables from customers, net of write-down reserves and year-end rebates (*)	132,763	100,143	108,270
Receivables from tax authorities	5,402	8,748	5,769
Prepaid taxes	10,339	8,183	6,584
Inventories	89,645	67,977	64,368
Other current assets, net of write-down reserves	21,777	18,694	17,079
Total current assets	**335,229**	**383,988**	**426,543**
Net fixed tangible assets	115,747	92,268	91,004
Goodwill, net of amortization	449,552	157,989	152,580
Other intangible assets, net of amortization	19,039	19,997	18,343
Equity investments	8,742	19,871	18,762
Financial receivables, net of current portion	2,502	2,095	2,299
Other assets	1,343	1,591	1,221
Own stock	31,000	–	31,000
Total assets	**963,154**	**677,799**	**741,752**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables due to banks	293,110	88,253	112,285
Real estate lease, current portion	1,860	2,569	1,787
Payables due to suppliers	97,031	78,196	86,670
Income taxes	6,047	12,650	5,850
Payables due to tax authorities	19,403	17,817	16,690
Other current liabilities	28,345	22,433	21,451
Total current liabilities	**445,796**	**221,918**	**244,733**
Employees' leaving indemnity – Italy	13,014	11,073	10,854
Payables due to banks	5,428	–	–
Real estate lease, less current portion	12,505	13,491	13,455
Payables due to other lenders (non current)	1,311	–	1,209
Non current payables due to the tax authorities	22,951	25,892	24,797
Deferred taxes	6,654	3,072	6,072
Other non current liabilities	15,136	8,215	7,998
Minority interests	10,052	2,291	2,297
Total non current liabilities	**87,051**	**64,034**	**66,682**
Shareholders' equity			
Share capital	29,040	29,040	29,040
Reserves	401,267	362,807	401,297
Total Shareholders' equity	**430,307**	**391,847**	**430,337**
Total liabilities and Shareholders' equity	**963,154**	**677,799**	**741,752**

(*): Relative to the schedule shown as of 31 December 2001, payables due to customers are now expressed net of year-end rebates, previously classified in the entries "payables due to suppliers" and "other payables"; to provide more homogeneous data, the data as of 30 June 2001 and as of 31 December 2001 have been reclassified correspondingly.

Davide Campari – Milano S.p.A.

Reclassified consolidated financial statements
Income statement
(Thousands of €)

	30 June 2002	30 June 2001	31 December 2001
Net sales	**306,499**	**233,585**	**494,271**
Materials	(102,870)	(78,420)	(170,049)
Production costs	(23,373)	(19,483)	(41,483)
Total cost of goods sold	**(126,243)**	**(97,903)**	**(211,532)**
Gross margin	**180,256**	**135,682**	**282,739**
Advertising and promotions	(57,629)	(43,990)	(91,282)
Sales and distribution costs	(36,495)	(27,253)	(54,960)
Trading profit	**86,132**	**64,439**	**136,497**
General and administrative costs	(22,039)	(15,140)	(31,554)
Other operating revenues	4,018	303	723
Goodwill and trademark amortization	(13,870)	(5,665)	(11,446)
Operating income = EBIT before non recurring costs	**54,241**	**43,937**	**94,221**
Non recurring costs	(564)	(4,021)	(5,575)
Operating income = EBIT	**53,677**	**39,916**	**88,645**
Net financial income (expenses)	(2,219)	1,889	3,153
Income (losses) on net exchange rates	7,405	(4,579)	(3,872)
Other non operating income (expenses)	(6,656)	(230)	6,066
Income before taxes	**52,207**	**36,996**	**93,992**
Minority interests	(7,293)	18	9
Group income before taxes	**44,915**	**37,014**	**94,001**
Taxes	(12,941)	(14,342)	(30,595)
Net income	**31,974**	**22,672**	**63,406**
EBITDA before non recurring costs	**75,866**	**56,103**	**120,046**
EBITDA	**75,302**	**52,082**	**114,470**
EBITA before non recurring costs	**68,111**	**49,602**	**105,666**
EBITA	**67,547**	**45,581**	**100,091**

Davide Campari – Milano S.p.A.

Financial statements of the Parent Company Davide Campari-Milano S.p.A.

Parent Company balance sheet
(Thousands of €)

Assets	30 June 2002	30 June 2001	31 December 2001
A) Amounts due from Shareholders	–	–	–
B) Fixed assets			
I. Intangible fixed assets	2,831	3,629	2,885
II. Tangible fixed assets	14,975	16,487	15,105
III. Financial fixed assets	470,903	289,722	353,972
Total fixed assets	**488,709**	**309,838**	**371,962**
C) Current assets			
I. Inventories	10,235	10,711	9,085
II. Receivables	76,374	50,384	20,531
III. Financial assets not held as fixed assets	–	–	–
IV. Liquid funds	9	207	527
Total current assets	**86,618**	**61,302**	**30,143**
D) Accrued income and prepaid expenses	**4,161**	**5,760**	**4,333**
Total assets	**579,488**	**376,900**	**406,438**
Liabilities and Shareholders' Equity			
A) Shareholders' Equity			
I. Share capital	29,040	29,040	29,040
II. Stock overprice provision	–	–	–
III. Revaluation reserve	–	–	–
IV. Legal reserve	5,808	5,808	5,808
V. Reserve for own and portfolio stock	31,000	–	31,000
VI. Mandatory reserves	–	–	–
VII. Other reserves:	18,069	17,376	17,376
– Extraordinary reserve	7,982	7,982	7,982
– Investment conferral reserve as per D.Lgs. 544/92	3,041	3,041	3,041
– Merger residual	5,687	5,687	5,687
– Reserve from amortization brought forward	1,354	666	666
– Taxed reserve from amortization brought forward	5	–	–
VIII. Income (losses) carried forward	130,403	154,361	123,360
IX. Income (loss) for the period	99,527	15,582	32,411
Total Shareholders' equity	**313,847**	**222,167**	**238,995**
B) Reserves for risks and charges	**23,924**	**18,237**	**18,386**
C) Employees' leaving indemnity - Italy	**5,491**	**5,228**	**5,200**
D) Payables	**236,025**	**131,057**	**143,817**
E) Accrued expenses and deferred income	**201**	**211**	**40**
Total liabilities	**579,488**	**376,900**	**406,438**
Memorandum accounts			
2) Improper commitment system	142,735	28,985	23,052
Total memorandum accounts	**142,735**	**28,985**	**23,052**

Parent Company income statement
(Thousands of €)

	30 June 2002	30 June 2001	31 December 2001
A) Value of production			
1) Revenues from sales of goods and services	42,865	42,319	82,092
2) Variation in work in progress, semi finished and finished products inventories	–350	678	176
5) Other income and revenues	9,016	8,654	17,717
Total value of production	**51,531**	**51,651**	**99,985**
B) Production Costs			
6) Raw, ancillary and consumable materials and goods for resale	20,481	21,328	37,973
7) Services	5,529	10,876	19,402
8) Rental and lease charges	2,100	2,166	4,056
9) Personnel	7,898	7,682	15,211
10) Amortization, depreciation and write-downs	1,705	1,559	3,964
11) Variation in raw, ancillary and consumable materials and goods for resale	–1,500	–602	522
12) Provisions for risks	532	84	135
14) Other operating expenses	7,962	7,135	14,592
Total costs of production	**44,707**	**50,228**	**95,855**
Difference between value and cost of production (A – B)	**6,824**	**1,423**	**4,130**
C) Financial income and expenses			
15) Income from equity investments	93,514	20,005	30,005
16) Other financial income	3,043	1,150	1,882
17) Interest and other financial charges	3,017	7,045	8,026
Total net financial income and expenses (15 + 16 – 17)	**93,540**	**14,110**	**23,861**
D) Adjustments to the value of financial assets	–	–	–
E) Extraordinary income and expenses			
20) Income:	5,681	679	7,516
21) Expenses:	5,271	76	373
Total extraordinary items (20 – 21)	**410**	**603**	**7,143**
Income before taxes (A – B +/– C +/– D +/– E)	**100,774**	**16,136**	**35,134**
22) Income taxes for the period	1,247	554	2,723
23) Net income for the period	**99,527**	**15,582**	**32,411**

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**AUDITORS' REPORT ON THE REVIEW
OF THE MANAGEMENT REPORT OF
DAVIDE CAMPARI – MILANO S.p.A.**
(Translation from the original Italian version)

To the Shareholders of
Davide Campari – Milano S.p.A.

1. We have performed the review of the Management Report of DAVIDE CAMPARI – MILANO S.p.A. for the semi-annual period ended June 30, 2002 represented by the Balance Sheets and the Statements of Income and related Notes of DAVIDE CAMPARI - MILANO S.p.A (Parent Company Statements) and of the DAVIDE CAMPARI - MILANO Group (Consolidated Statements). We have also reviewed that part of the financial information presented by the Board of Directors in the Management Report with respect of their discussions and analyses of the operations, solely for the purpose of evaluating its consistency with the above mentioned statements and related Notes.

2. Our review was conducted in accordance with auditing standards governing review of interim financial statements recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) in its resolution No. 10867 of July 31, 1997. The review of the data related to the six months period ended June 30, 2002 of one subsidiary, which represents approximately 2% of the consolidated assets and 8% of the consolidated net sales, was performed by an other auditor who supplied us with the review report. A review consists mainly of obtaining information with respect to the accounts included in the statements identified in paragraph 1 of this report and the consistency of the accounting principles applied through discussions with appropriate members of management, and analytical procedures applied to the financial data presented in such statements. A review does not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities. Consequently, the scope of a review engagement provides significantly less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the statements and related Notes identified in paragraph 1 of this report of DAVIDE CAMPARI - MILANO S.p.A. as of and for the six months period ended June 30, 2002 as we do in connection with reporting on our full scope audits of the annual Parent Company and Consolidated financial statements of DAVIDE CAMPARI - MILANO S.p.A.

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3. With respect to the parent company and the consolidated comparative data as of and for the year ended December 31, 2001 and for the six months period ended June 30, 2002, reference should be made to our audit and review reports issued on April 10, 2002 and on September 14, 2001 respectively.

4. Based on our review, we did not become aware of any significant modifications that should be made to the statements and related Notes identified in paragraph 1 of this report, in order for them to be in conformity with the criteria for the presentation of the semi-annual Management Report, stated by art. 81 of CONSOB regulations as approved in its resolution No. 11971 of May 14, 1999 and subsequent modifications.

Milan, September 23, 2002

Reconta Ernst & Young S.p.A.
Signed by: Pellegrino Libroia
(Partner)

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