Annual Report 2008

Company listed on the Italian Stock Exchange since October 6th, 2005

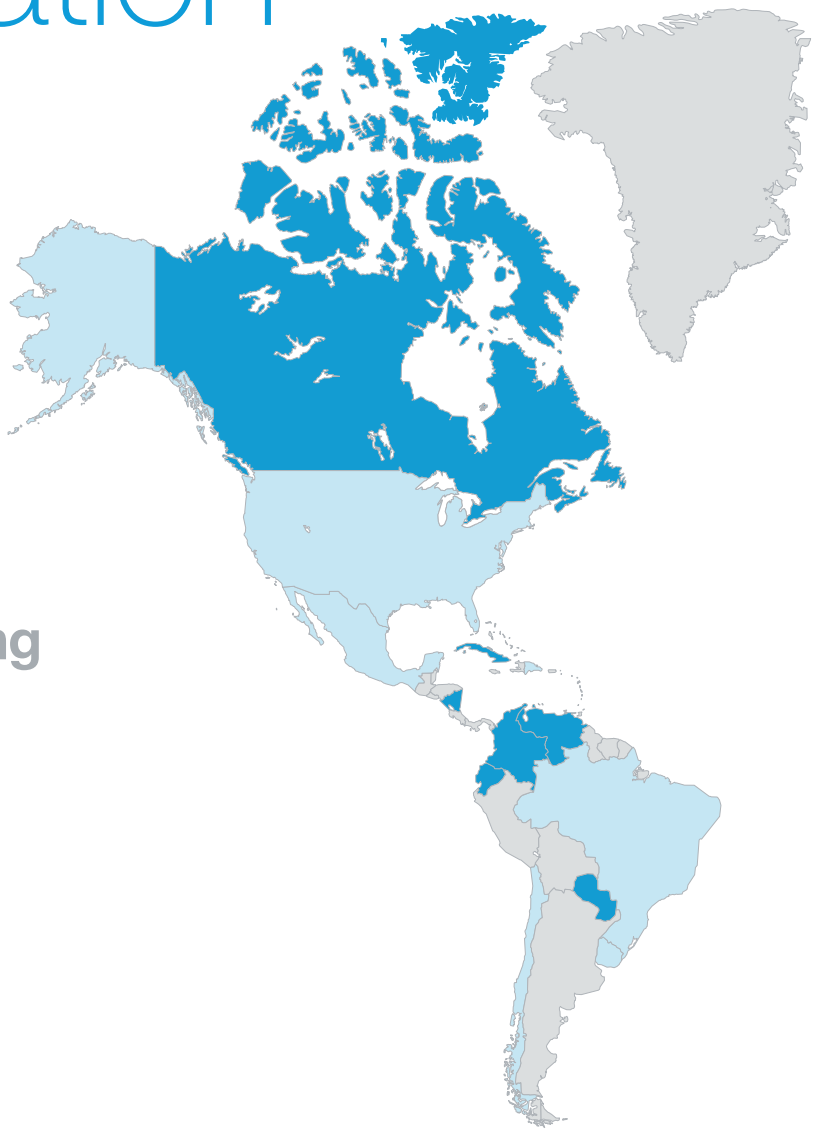
Parmalat is among the major global players in the production and distribution of food and beverages essential for daily wellness: milk, mainstream dairy products (yoghurt, cream-based white sauces, desserts and cheeses) and fruit-based drinks, which in 2008 created revenues for 3.9 billion euros. More than 14,000 employees work for Parmalat in Europe, the Americas, Africa and Australia.

Parmalat has always developed leading-edge technologies in UHT milk, Extended Shelf Life milk, functional milks and high-added-value functional fruit drinks.

Parmalat S.p.A., the Parent Company, is a public company listed on the Italian Stock Exchange since October 2005.

Annual Report 2008

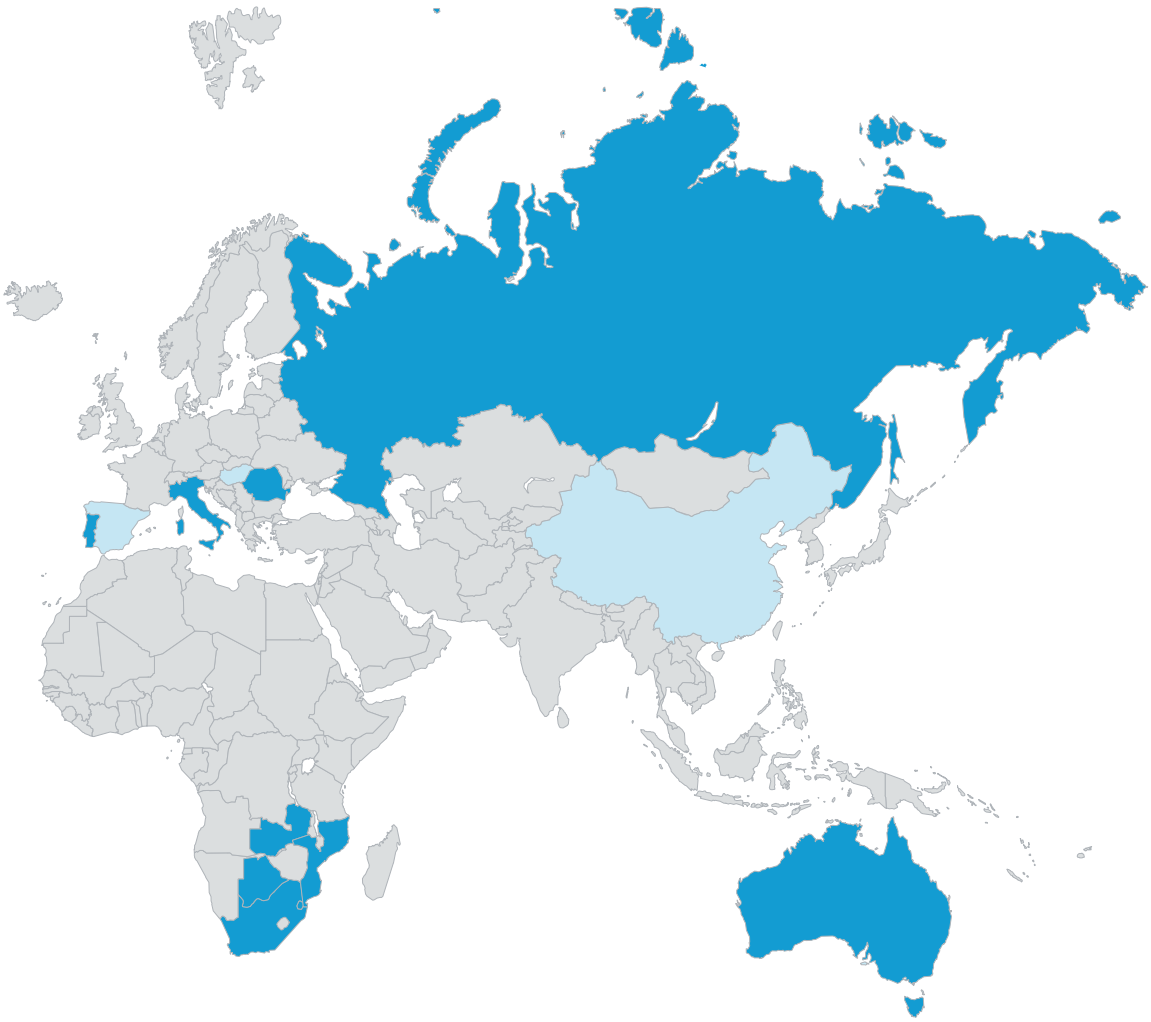
Countries of Operation



67
manufacturing facilities

more than
14,000
employees

3.9 mld € **net revenues**



PRESENCE THROUGH MANUFACTURING

PRESENCE THROUGH LICENSEES

Contents

PARMALAT S.P.A.

PARMALAT GROUP

Mission

NUTRITION AND WELLNESS ALL OVER THE WORLD.

The Parmalat Group is an Italian food-industry group with a multinational strategy that seeks to increase the well-being of consumers throughout the world. The ultimate purpose of the Group is to create value for its shareholders while adhering to ethical principles of business conduct, to perform a useful social function by fostering the professional development of its employees and associates, and to serve the communities in which it operates by contributing to their economic and social progress.

We intend to establish Parmalat as one of the top players in the global market for functional foods with high value added, which deliver improved nutrition and wellness to consumers, and attain clear leadership in selected product categories and countries with high growth potential for the Group.

Milk and dairy products and fruit beverages, foods that play an essential role in everyone's daily diet, are key categories for the Group.

A Letter to Shareholders

DEAR SHAREHOLDERS,

The macroeconomic scenario within which the Group operates underwent unexpected changes in 2008.

Specifically, while the first six months of the year were characterized by a further spike in the prices of some raw materials, including milk, the second half of 2008 saw the global economy lose its momentum and begin the downward trend that we are witnessing today, with an attendant decline in virtually all commodity prices.

Moreover, while in the mature economies, such as that of Italy, price competition increased, becoming steadily stronger due both to the rapid growth of private labels and a shift in consumer buying patterns toward lower priced products, conditions in the emerging countries were affected by rising inflation and a more pronounced contraction in consumer spending.

As a result of the collapse of oil prices during the second half of the year, the countries with economies that are more dependent on the production of energy sources are facing a drastic reduction of their profits, which could cause problems to their economies and their currencies to come under considerable pressure. This situation is likely to continue during the course of the current year and could have an impact on the Group's 2009 results in Central and South America and in Russia.

The Group responded to these changing business conditions by launching projects and investments to boost its efficiency. In some countries, one of which is South Africa, these activities are still being implemented and the resulting profitability gains have not yet been achieved. In other countries, as was the case in Australia, a turnaround has been successfully completed.

The current challenging economic conditions make the continued pursuit of the strategies undertaken by the Group even more necessary. A greater industrial and commercial efficiency, a flexible management of retail prices, a selective use of sales promotions to protect market share, a careful stewardship of our brand's values implemented by focusing marketing initiatives on products that are perceived by customers as competitively superior in terms both of function and/or experience, and a more effective penetration of dynamic sales channels will be critical success factors.

The Group's financial strength is strategically significant because it provides a competitive advantage at a time when access to credit has become difficult.

The programs launched in pursuit of the strategy outlined above and the opportunities that the Group will be able to seize thanks to its strong balance sheet make it possible to face with confidence the challenges posed by an environment that has undoubtedly become more difficult.

Lastly, despite a setback in the second half of the year caused by an unfavorable decision by the lower court that is currently being appealed, the ongoing pursuit of redress through legal actions continued successfully, enabling the Group to bring to fruition important lawsuits in the early months of 2009.

The Board of Directors takes this opportunity to express its appreciation for the contribution provided by management and all Group employees and thanks all shareholders for their support.

The Board of Directors

Financial Highlights

Income Statement Highlights (in millions of euros)

PARMALAT GROUP			PARMALAT S.P.A.	
2007	**2008**		**2008**	**2007**
3,863.7	3,910.4	NET REVENUES	896.5	869.4
366.6	316.6	EBITDA	59.7	78.4
767.9	738.8	EBIT	539.3	568.2
674.4	675.7	NET PROFIT	615.4	554.7
19.7	18.8	EBIT/REVENUES (%)	58.5	63.5
17.3	17.2	NET PROFIT/REVENUES (%)	66.7	62.1

Balance Sheet Highlights (in millions of euros)

PARMALAT GROUP			PARMALAT S.P.A.	
12. 31.2007	**12. 31.2008**		**12.31.2008**	**12. 31.2007**
855.8	1,108.8	NET FINANCIAL ASSETS	1,441.2	1,231.3
38.0	41.6	ROI (%)(1)	86.8	73.6
28.5	24.5	ROE (%)(1)	23.8	25.1
0.6	0.7	EQUITY/ASSETS	0.8	0.8
(0.3)	(0.4)	NET FINANCIAL POSITION/EQUITY	(0.5)	(0.5)
0.16	0.15	OPERATING CASH FLOW PER SHARE	0.05	0.08

(1) The indices were computed based on annualized data for the income statement and average data for the year the balance sheet

Our Brands

Global Brands

International Brands

These Parmalat trademarks are available in several countries, with direct production and with license agreements.

Local Jewels

Australia

Canada

Colombia

Italy

Portugal

Sud Africa

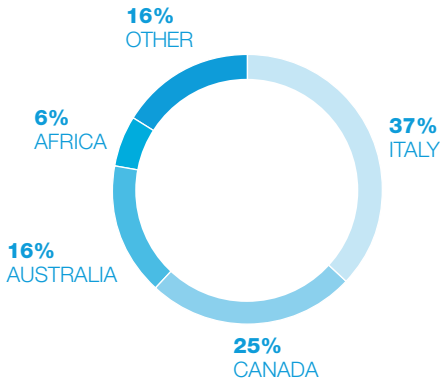
Venezuela

All Parmalat Group trademarks are registered in the relevant international classes of goods.

2008 SALES REVENUES BY GEOGRAPHICAL REGION (%)

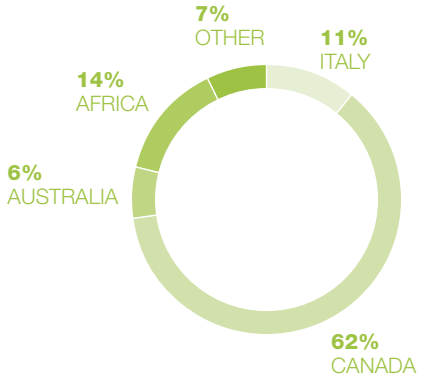
MILK

The Milk Division, which includes milk in all of its marketable forms (UHT, pasteurized, condensed, powdered, etc.), cream and béchamel, accounts for about 59% of the Group's total consolidated revenues. Milk sales are concentrated mainly in Italy (37%, divided equally between UHT milk and pasteurized milk), Canada and Australia, two countries where pasteurized milk is the main product.



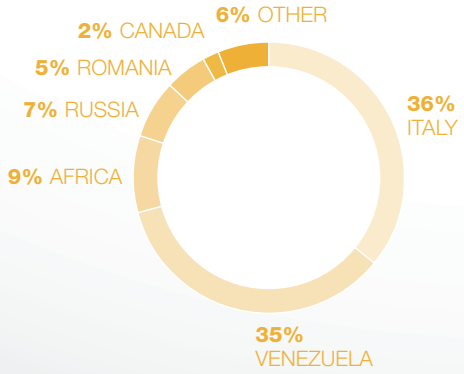
MILK DERIVATIVES

The Milk Derivatives Division, which includes yoghurt, desserts, butter and cheese, contributes about 32% of the Group's total consolidated revenues. The Division's largest markets are Canada, where it sells mainly cheese, butter and yoghurt, and South Africa, where it distributes cheese and yoghurt, followed by Italy (cheese and yoghurt) and Australia (yoghurt and desserts).



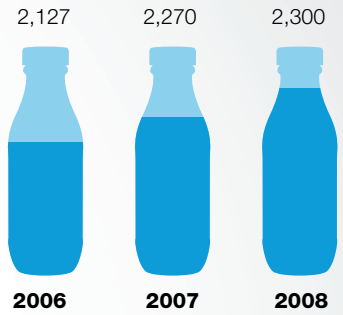
FRUIT BASED DRINKS

The Fruit Based Drinks Division, which includes fruit juices and tea, accounts for about 7% of the Group's total consolidated revenues. The Division generates most of its sales in Italy and Venezuela, which together contribute about 70% of total revenues. Other important markets include South Africa, Russia (7%) and Romania (5%), where sales consist exclusively of *Santàl* fruit juices.

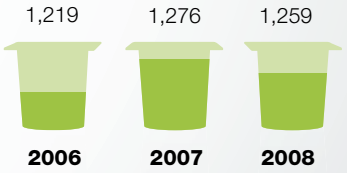


SALES REVENUES GROWTH (€ M)

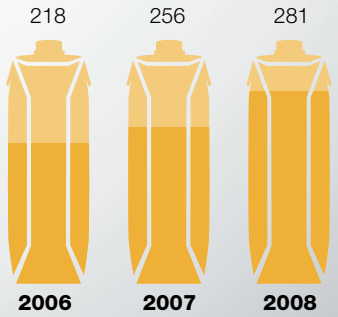
The Milk Division grew by an average of 4% (CAGR) between 2006 and 2008, with the main Business Units performing as follows: in Italy, revenues increased by 6% on average (equal to about 93 million euros) thanks to higher unit sales and the consolidation of Newlat and Carnini (it is important to remind that Newlat was sold in May 2008); in Australia, the average growth rate was 5% and so was in Canada (+5%). The growth rate of subsidiaries from non-euro areas are calculated including the impact of currency translations.



The Milk Derivatives Division grew by an average of 2% (CAGR) between 2006 and 2008, with the main Business Units performing as follows: in Canada, the Division increased its revenues by 5% on average; in Italy, revenues were up by an average of 4%; in Africa, the growth rate was modest (+1%) due mainly to the unfavourable market conditions in 2008. The growth rate of subsidiaries from non-euro areas are calculated including the impact of currency translations.



The Fruit Based Drinks Division grew by an average of 13% (CAGR) between 2006 and 2008, with the main Business Units performing as follows: in Italy, revenues increased by 9% on average (equal to about 16 million euros); in Venezuela, the growth rate was 45% on average; in Africa, the growth rate for the period was virtually flat. The growth rate of subsidiaries from non-euro areas are calculated including the impact of currency translations.



Information about Parmalat's Securities

The securities of Parmalat S.p.A. have been trading on the Milan Online Stock Market since October 6, 2005. The key data for 2008 are summarized below:

	COMMON SHARES	WARRANTS
Securities outstanding at 12/30/08	1,687,397,257	70,832.043
Closing price on 12/30/08	1.165	0.5715
Capitalization	1,965,817,804.405	40.480.512,57
High for the year (in euros)	2.685 2 January 2008	1.68 2 January 2008
Low for the year (in euros)	1.15 21 November 2008	0.5 2 December 2008
Average price in December (in euros)	1.24	0,567
Highest daily trading volume	221,928,339 23 April 2008	437,215 15 May 2008
Lowest daily trading volume	3.867.618 15 December 2008	9,826 3 December 2008
Average trading volume in December	8,240,152[1]	21,904

(1) 0.48% of the share capital

Performance of Parmalat's Shares

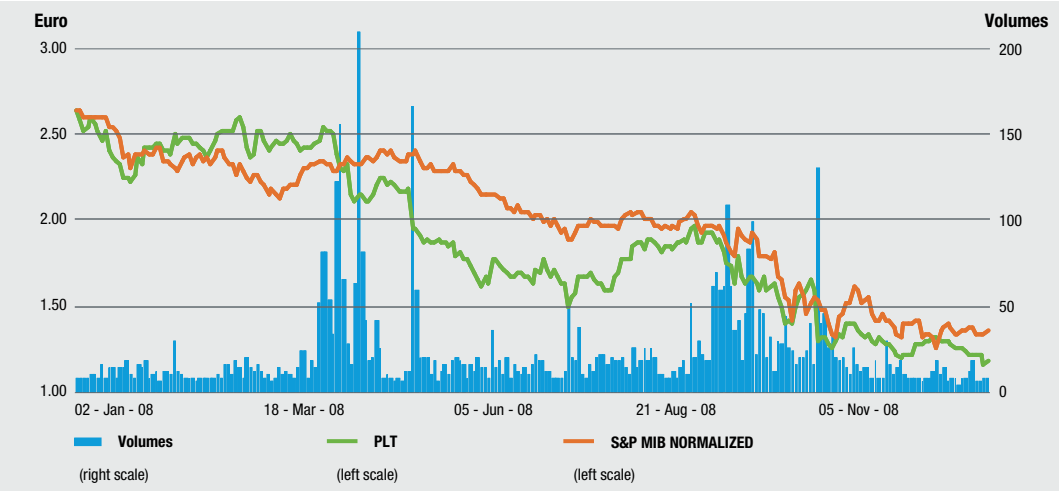
The charts that follow compare the performance of the Parmalat shares with that of the main Italian market index: S&P MIB.

The wide fluctuation in the Parmalat share price that occurred in 2008 should be viewed within the context of the global financial crisis that shook all financial markets. The performance of the reference market indices was also sharply negative, to the extent that the capitalization of the main companies traded on the Italian stock market was almost cut in half during the past 12 months.

Against this backdrop, the Company's shares performed substantially in line with the market during the first quarter of 2008. However, their price declined faster than the market average in April and May due mainly to two reasons: a worse than originally anticipated deterioration of the Company's industrial results, which required the disclosure of a profit warning, and the decision by the Court of New Jersey with regard to the Parmalat-Citigroup lawsuit. During the second part of the year, the performance of Company's shares was again substantially in line with that of the market.

The Parmalat shares have been part of the DJ STOXX 600 Index since March 2006 and were added to the MSCI World Index on June 1, 2007.

Parmalat 2008 Share Price Performance



Shareholder Base

As required by Article 120 of the Uniform Financial Code, the table below lists the shareholders who held a significant interest in the Company at February 20, 2009:

	EQUITY INTERESTS COMPUTED ON DEPOSITED SHARE CAPITAL AT FEBRUARY 20, 2009			
SHAREHOLDER	**N. OF SHARES**	**PLEDGED SHARES**		**PERCENTAGE**
		N. OF SHARES	**PERCENTAGE**	
Mackenzie Cundill Investments Mng. Ltd	126,207,316			7.461%
Total for the Intesa S. Paolo Group	40,274,358			2.381%
shares held by Intesa Sanpaolo S.p.A.	*36,930,518*	*411,658*	*0.00025*	*2.183%*
shares held by other banks of the Sanpaolo Imi Group	*3,343,840*			*0.198%*
Total significant interests	**166,481,674**			**9.842%**

For the sake of full disclosure, please note that, as a result of the share allocation process and the resulting crediting of shares to the creditors of the Parmalat Group, as of the writing of this Report, the Company's subscribed capital increased by 4,073,156 euros. Consequently, the share capital, which totaled 1,687,397,257 euros at December 22, 2008, currently amounts to 1,691,470,413 euros.

More specifically, 27,302,663 shares, equal to 1.6% of the share capital, are still held on deposit by Parmalat S.p.A. A breakdown of these shares is as follows:

- 12,983,965 shares, equal to 0.8% of the share capital, are owned by commercial creditors who have been identified by name and are held by Parmalat S.p.A. as intermediary through the Monte Titoli centralized securities clearing system;
- 14,318,698 shares, equal to 0.8% of the share capital, are registered in the name of Fondazione Creditori Parmalat, broken down as follows:
  - 120,000 represent the initial capital of Parmalat S.p.A.;
  - 14,198,698 shares, equal to 0.8% of the share capital, belong to creditors who have not yet claimed them.

The maintenance of the Stock Register has been outsourced to Servizio Titoli S.p.A.

Characteristics of the Securities

Shares

The shares are common, registered shares, regular ranking for dividends as of January 1 of the year in which the capital increase through which they were issued was carried out.

The Extraordinary Shareholders' Meeting of March 1, 2005 approved a capital increase of up to 2,009,967,908 euros, reserved as follows:
a) up to 1,502,374,237 euros for unsecured creditors with verified claims;
b) up to 38,700,853 euros for Fondazione Creditori Parmalat;
c) up to 238,892,818 euros for creditors with contested or conditional claims;
d) up to 150,000,000 euros for late-filing creditors;
e) up to 80,000,000 euros for the conversion of warrants.

The Extraordinary Shareholders' Meeting of September 19, 2005 approved a resolution making "permeable" the tranches into which the capital increase approved at the Shareholders' Meeting of March 1, 2005 is divided.

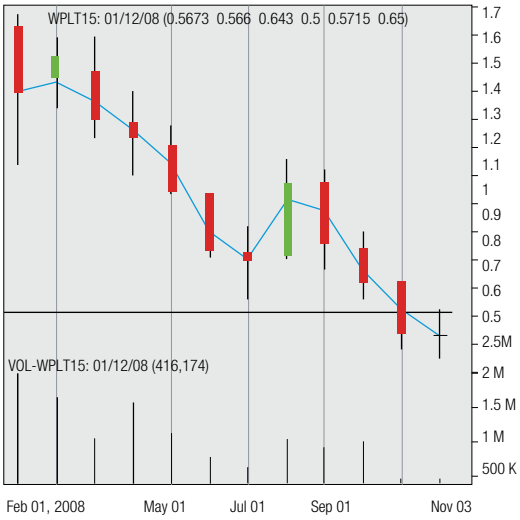
On April 28, 2007, the Shareholders' Meeting, convened in Extraordinary Session and acting pursuant to Article 5 of the Company Bylaws, approved a resolution increasing from 80 million euros to 95 million euros the share capital reserved for the conversion of warrants.
Consequently, the Company's share capital totals 2,025 million euros, an amount that includes 95 million euros reserved for the exercise of warrants.

If one of the tranches into which the abovementioned capital increase is divided (except for the first tranche – for an amount up to 1,502 million euros – and the last tranche of 80,000,000 euros – now 95,000,000 euros – reserved for warrant conversion purposes) should contain more

shares than are needed to actually convert into share capital the claims for which it has been reserved, the surplus can be used to draw the resources needed to convert the claims of a different category of creditors, whose conversion needs are greater than those that can be accommodated with the capital increase tranche reserved for them pursuant to the resolution approved by the Extraordinary Shareholders' Meeting of March 1, 2005.

Acting in accordance with the abovementioned resolutions of the Shareholders' Meeting, the Board of Directors carried out the requisite capital increases, as needed.

Parmalat 2008 warrant performance



Source: Teleborsa Spa 2009

Warrant

The warrants, which have a par value of 1 euro each, are issued in dematerialized form and have been negotiable on the Online Stock Market since the date of listing (October 28, 2005). Each warrant conveys the right to subscribe shares at par for cash on a continuous basis, effective on the tenth day of the month following the month when the application to exercise is filed in a given calendar year, from 2005 to 2015. The terms and conditions for the exercise of the warrants are set forth in the respective regulations, which were approved by the Company's Board of Directors on March 1, 2005 and are available at the Parmalat website (www.parmalat.com). The additional shares issued through the exercise of the warrants will be issued with regular ranking, i.e., with a valid coupon as of the effective exercise date of the warrants.

Global Depositary Receipts

Pursuant to the Composition with Creditors and with express exemption from any related liability, the Fondazione Creditori Parmalat and the Issuer have been authorized, each within the scope of its jurisdiction, to award to unsecured creditors who can be classified as "Qualified Institutional Buyers" or "Accredited Investors" (in accordance with the meaning that these terms have pursuant to the "General Rules and Regulations Under the U.S. Securities Act of 1933") the Issuer's shares and warrants that they are entitled to receive in the form of Global Depositary Receipts, and to take all steps necessary to establish the required Global Depositary Receipts Programs.

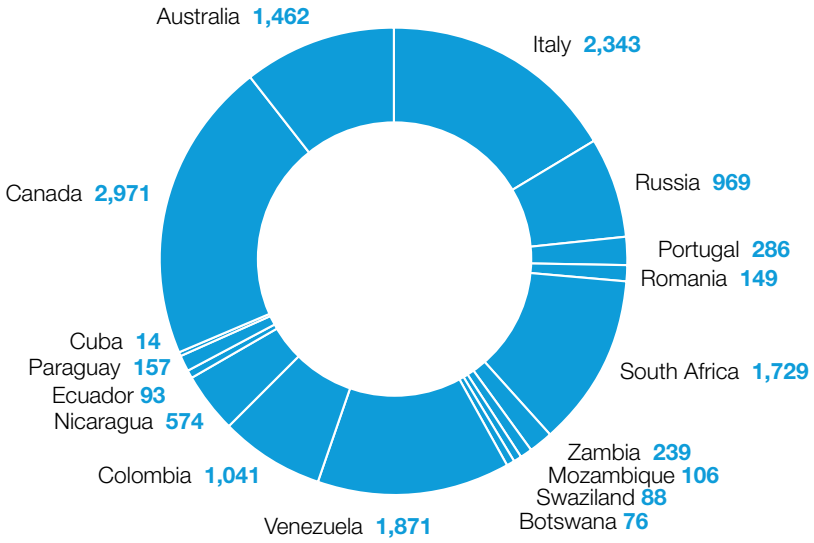
The credit institution that issues these financial instruments is the Bank of New York, which should be contacted for all related documents and transactions.

Human Resources

The Company views the empowerment of its human resources as a key driver of its future growth.

Performance assessment, identification and management of key resources and succession plans represent the implementation of the Group's Mission and Values in the Human Resource area. Coupled with carefully planned training and compensation programs, they are the main tools to attract, motivate and retain valuable resources. These tools provide a common reference framework that also respects the cultural diversities of the companies within the Group and benefits from these diversities.

The charts shows a breakdown by country of the Group's staff at December 31, 2008.



Governance Bodies

Board of Directors

Chairman	Raffaele Picella
Chief Executive Officer	Enrico Bondi
Directors	Piergiorgio Alberti[i] Massimo Confortini[i] [3] Marco De Benedetti[i] [2] Andrea Guerra[i] [2] Vittorio Mincato[i] [3] Erder Mingoli[i] Marzio Saà[i] [1] Carlo Secchi[i] [1] [2] Ferdinando Superti Furga[i] [1] [3]

(i) Independent Director
(1) Member of the Internal Control and Corporate Governance Committee
(2) Member of the Nominating and Compensation Committee
(3) Member of the Litigation Committee

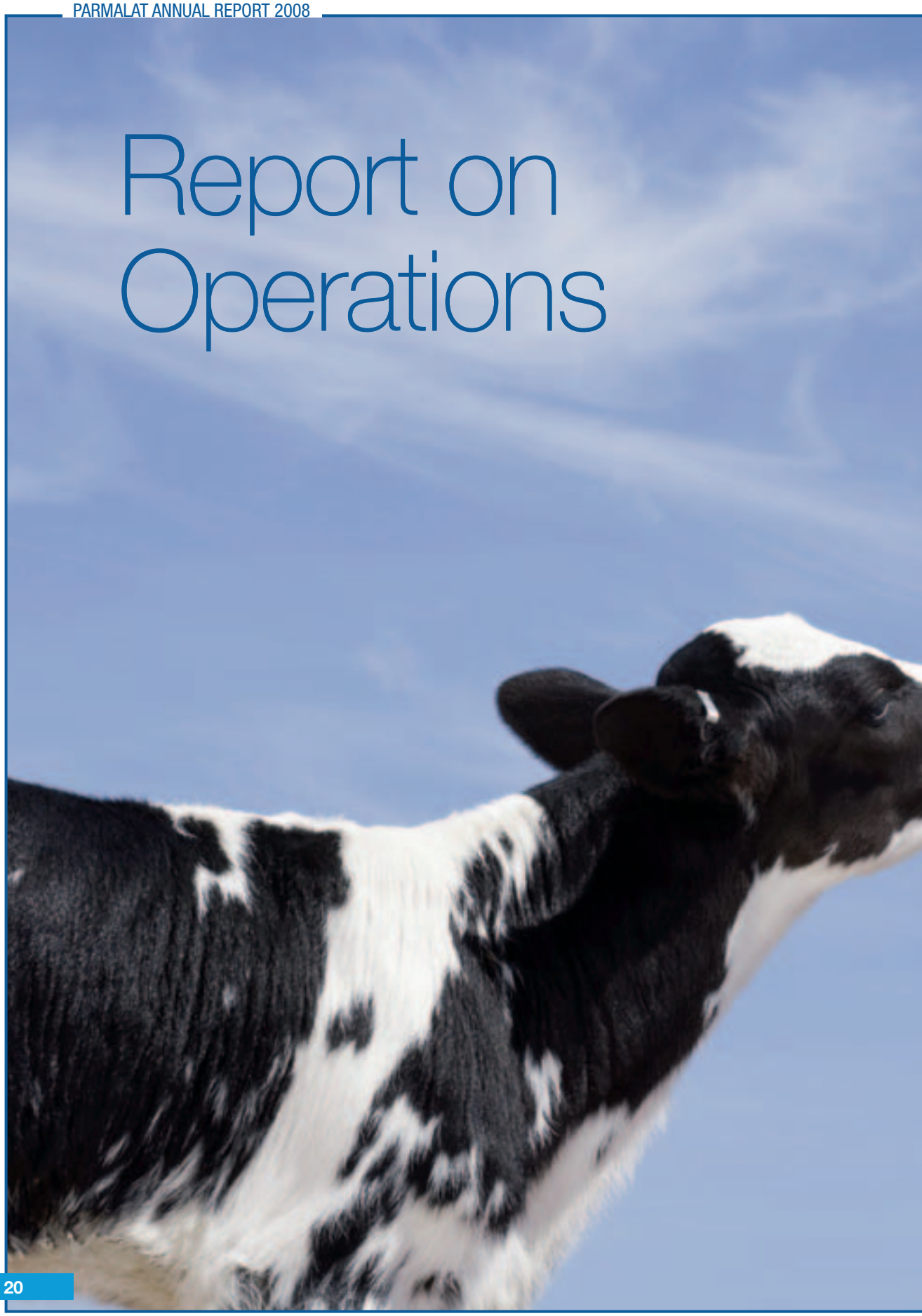
Board of Statutory Auditors

Chairman	Alessandro Dolcetti
Statutory Auditors	Enzio Bermani Mario Magenes

Independent Auditors

PricewaterhouseCoopers S.p.A.

Report on Operations



Review of Operating and Financial Performance

Parmalat Group

Restated to eliminate the impact of the appreciation of the euro versus the currencies of the main reference countries, **net revenues** totaled 4,129.7 million euros, or 266.0 million euros more (+6.9%) than the 3,863.7 million euros reported at December 31, 2007. After currency translation differences, net revenues show a gain of 1.2%. The higher list prices charged to offset a sharp rise in the cost of raw milk account for most of the increase in net revenues. In mature markets, unit sales levels were adversely affected by the growth of private labels, which heightened competitive pressure, while in the emerging markets the economic crisis constrained consumer demand. An improvement in the product mix, due mainly to the healthy performance of highly digestible milks[1], flavored milks and fruit-based beverages, helped boost net revenues. Lastly, the sale of Newlat, which was required to comply with antitrust requirements, had the effect of reducing revenues by 72.6 million euros. When they are restated to eliminate the impact of the Newlat divestment and the appreciation of the euro, revenues show an increase of 8.8% compared with 2007.

EBITDA were adversely affected by developments that caused significant external turbulence. Restated to eliminate the impact of the appreciation of the euro versus the currencies of the main reference countries, EBITDA decreased to 330.6 million euros, or 36.0 million euros less (-9.8%) than the 366.6 million euros earned in 2007.

(1) Zymil, which is sold in all of the countries in which the Parmalat Group operates.

Net of currency translation differences, EBITDA amount to 316.6 million euros, for a decrease of 50.0 million euros (-13.6%) compared with the 366.6 million euros reported the previous year.

The Group responded to the challenges it faced by using a successful pricing policy and a more effective sales mix to offset the impact of higher raw material prices and lower unit sales. In addition, in the second half of 2008, Group EBITDA benefited from a sharp turnaround in the EBITDA of the Australian operations (24 million euros), which were in line with the amount reported in the same period in 2007, and substantially higher than in the first six months of 2008 (3.6 million euros), and from a positive performance in Canada, where EBITDA were unchanged year-over-year when stated in Canadian dollars, but were penalized by the euro's increase in value versus the local currency (8 million euros in negative translation difference).
EBITDA were also affected by the following factors:

- negative results in South Africa caused by strong inflationary pressure on production costs that could not be fully transferred to sales prices. The effect of inflation was also reflected in increases in overhead, especially in South Africa and Central and South America;

- additions to the allowance for doubtful accounts and other provisions, which totaled about 10.7 million euros, or 2.1 million euros less than the previous year (12.8 million euros).

EBIT amounted to 738.8 million euros, down from 767.9 million euros in 2007. The main items that have an impact on EBIT include EBITDA (316.6 million euros), proceeds from settlements of actions to void and actions for damages (668.4 million euros, compared with 642.0 million euros in 2007) and litigation-related legal expenses (47.5 million euros, compared with 56.2 million euros in 2007). Depreciation, amortization and writedowns of non-current assets totaled 213.1 million euros (117.5 million euros in 2007), including a charge required by the impairment test amounting to 111.0 million euros, broken down as follows: Italy 68.1 million euros, South Africa 32.9 million euros, Australia 7.4 million euros and Ecuador 2.6 million euros).

Group interest in net profit totaled 673.1 million euros, in line with the 673.4 million euros earned in 2007.

Operating working capital decreased to 329.2 million euros, or 47.9 million euros less than at December 31, 2007, when it amounted to 377.1 million euros. The translation effect (42.0 million euros) caused by the appreciation of the euro accounts for most of this decrease. On the positive side, in the fourth quarter of 2008, operating working capital benefited from a significant improvement by the Canadian operations, which reported a positive cash flow of 92.1 million Canadian dollars, owing in part to a more efficient inventory management system that cut the inventory turnover rate by 7 days.

Net invested capital amounted to 1,733.3 million euros, for a decrease of 96.2 million euros compared with 1,829.5 million euros at December 31, 2007. Higher writedowns of non-current assets, which increased by 100.7 million euros compared with 2007, the translation effect (148.2 million euros) caused by the appreciation of the euro and the impact of the sale of Newlat S.p.A. (46.5 million euros), offset in part by a decrease in other liabilities and the payment of income taxes (203.4 million euros), account for this reduction.

Net financial assets totaled 1,108.8 million euros, or 253.0 million euros more than the 855.8 million euros held at December 31, 2007. The increase reflects primarily: the cash flow from operating activities (157.1 million euros); the inflow from non-recurring activities (38.1 million euros), attributable mainly to the sale of Newlat S.p.A., which resulted in the deconsolidation of borrowings amounting to about 36 million euros; the inflow from litigations (615.4 million euros, as the net result of 667.6 million euros in proceeds from settlements reached in 2007 and 52.2 million euros in costs incurred to pursue the corresponding legal actions); the outflow for income taxes (203.4 million euros, including 113.8 million euros for operating items and 89.6 million euros owed on proceeds from litigation); the payment of dividends (394.5 million euros, including 264.9 million euros attributable to the Group's Parent Company for the 2007 dividends and 128.0 million euros for the 2008 interim dividends); and the impact of the translation into euros of the net borrowings of companies that operate outside the euro zone (27.0 million euros).

Group interest in shareholders' equity grew to 2,817.2 million euros. The increase of 157.6 million euros compared with the amount at December 31, 2007 (2,659.6 million euros) is due mainly to the net profit for the period (673.1 million euros) and the exercise of warrants (6.7 million euros). These positive factors were offset in part by a dividend declaration amounting to 399.0 million euros (394.5 million euros of which have been paid out) and by the impact of the translation into euros of the financial statements of companies that operate outside the euro zone (120.9 million euros).

Parmalat Group

Reclassified Consolidated Income Statement

(€ m)

	2008	2007
REVENUES	**3,940.0**	**3,894.8**
Net revenues	3,910.4	3,863.7
Other revenues	29.6	31.1
OPERATING EXPENSES	**(3,612.7)**	**(3,515.4)**
Purchases, services and miscellaneous costs	(3,163.3)	(3,070.9)
Labor costs	(449.4)	(444.5)
Subtotal	**327.3**	**379.4**
Writedowns of receivables and other provisions	(10.7)	(12.8)
EBITDA	**316.6**	**366.6**
Depreciation, amortization and writedowns of non-current assets	(213.1)	(117.5)
Other income and expenses:		
- Litigation-related legal expenses	(47.5)	(56.2)
- Miscellaneous income and expenses	682.8	575.0
EBIT	**738.8**	**767.9**
Financial income	70.4	48.0
Financial expense	(51.7)	(43.7)
Net foreign currency translation gain/(loss)	(5.2)	4.8
Interest in the result of companies valued by the equity method	-	(0.4)
Other income from/(charges for) equity investments	5.4	3.3
PROFIT BEFORE TAXES	**757.7**	**779.9**
Income taxes	(82.0)	(145.6)
NET PROFIT FROM CONTINUING OPERATIONS	**675.7**	**634.3**
Net profit from discontinuing operations	-	40.1
NET PROFIT FOR THE YEAR	**675.7**	**674.4**
Minority interest in net (profit)/loss	(2.6)	(1.0)
Group interest in net profit	673.1	673.4
Continuing operations		
Basic earnings per share	**0.4042**	**0.4084**
Diluted earnings per share	**0.3958**	**0.3948**

Reclassified Consolidated Balance Sheet

(€ m)

	12.31.2008	12.31.2007
NON-CURRENT ASSETS	**1,698.7**	**1,968.2**
Intangibles	999.2	1,233.7
Property, plant and equipment	646.3	678.2
Non-current financial assets	8.4	9.7
Deferred-tax assets	44.8	46.6
AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	**8.1**	**4.7**
NET WORKING CAPITAL	**379.7**	**324.9**
Inventories	333.6	387.4
Trade receivables	465.5	522.4
Trade payables (-)	(469.9)	(532.7)
OPERATING WORKING CAPITAL	**329.2**	**377.1**
Other current assets	246.2	243.2
Other current liabilities (-)	(195.7)	(295.4)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**2,086.5**	**2,297.8**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(87.1)**	**(106.8)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(256.4)**	**(338.3)**
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS (-)	**(9.7)**	**(23.2)**
NET INVESTED CAPITAL	**1,733,3**	**1,829.5**
Covered by:		
SHAREHOLDERS' EQUITY(1)	**2,842,1**	**2,685.3**
Share capital	1,687,4	1,652.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	193.2	221.5
Other reserves and retained earnings	393.5	112.3
Interim dividends	(130.0)	-
Profit for the year	673.1	673.4
Minority interest in shareholders' equity	24.9	25.7
NET FINANCIAL ASSETS	**(1,108.8)**	**(855.8)**
Loans payable to banks and other lenders	492.6	582.8
Loans payable to investee companies	6.2	6.0
Other financial assets (-)	(706.4)	(591.7)
Cash and cash equivalents (-)	(901.2)	(852.9)
TOTAL COVERAGE SOURCES	**1,733.3**	**1,829.5**

(1) The schedule that reconciles the result and shareholders' equity at December 31, 2008 of Parmalat S.p.A. and the consolidated result and shareholders' equity is explained in the Notes to the Consolidated Financial Statements

Parmalat Group

Statement of changes in net financial position in 2008

(€ m)

	2008	2007
Net (financial assets)/borrowings at beginning of period	**(855.8)**	**170.0**
Changes during the period:		
- Cash flow from operating activities	(258.8)	(264.8)
- Cash flow from investing activities	146.8	141.7
- Accrued interest	48.5	41.1
- Cash flow from settlements	(525.8)	(699.5)
- Cash flow from divestments and sundry items	(13.1)	(249.2)
- Dividend payments	394.5	43.7
- Exercise of warrants	(6.7)	(7.5)
- Miscellaneous items	23.7	(11.6)
- Impact of changes in the scope of consolidation	(35.1)	(14.2)
- Translation effect	(27.0)	(5.5)
Total changes during the period	(253.0)	(1,025.8)
Net financial assets at end of period	**(1,108.8)**	**(855.8)**

Breakdown of net financial position

(€ m)

	12.31.2008	12.31.2007
Loans payable to banks and other lenders	492.6	582.8
Loans payable to investee companies[1]	6.2	6.0
Other financial assets (-)	(706.4)	(591.7)
Cash and cash equivalents (-)	(901.2)	(852.9)
Net financial assets	**(1,108.8)**	**(855.8)**

(1) Including 3.9 million euros owed to PPL Participações Ltda and 2.3 million euros owed to Wishaw Trading sa

Reconciliation of change in net financial assets to Cash Flow Statement (Cash and Cash Equivalents)

(€ m)

	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL ASSETS	GROSS INDEBTEDNESS	NET (FINANCIAL ASSETS) BORROWINGS
Beginning balance	**(852.9)**	**(591.7)**	**588.8**	**(855.8)**
Cash flow from operating activities	(258.8)	-	-	(258.8)
Cash flow from investing activities	146.8	-	-	146.8
New borrowings[1]	(84.6)	-	84.6	-
Loan repayments[1]	158.5	-	(158.5)	-
Accrued interest	-	-	48.5	48.5
Investments in current financial assets and sundry assets	121.4	(121.4)	-	-
Cash flow from settlements	(525.8)	-	-	(525.8)
Cash flow from divestments and sundry items	(13.1)	-	-	(13.1)
Dividend payments	394.5	-	-	394.5
Exercise of warrants	(6.7)	-	-	(6.7)
Miscellaneous items	-	6.5	17.2	23.7
Impact of changes in the scope of consolidation	4.3	-	(39.4)	(35.1)
Translation effect	15.2	0.2	(42.4)	(27.0)
Ending balance	**(901.2)**	**(706.4)**	**498.8**	**(1,108.8)**

(1) See Note (23) to the Consolidated Financial Statements

Parmalat S.p.A.

Net revenues totaled 896.5 million euros, for a gain of 27.1 million euros (+3.1%) compared with the 869.4 million euros reported at the end of 2007.

EBITDA amounted to 59.7 million euros, or 18.7 million euros less than the 78.4 million euros earned the previous year. This negative performance is mainly the result of the higher prices paid for raw milk, which could be transferred only in part to list prices; higher selling expenses; and an increase in labor costs.

EBIT totaled 539.3 million euros, compared with 568.2 million euros in 2007. The reported amount includes proceeds from settlements with: Unicredit Group (229.7 million euros), UBS (182.1 million euros), Credit Suisse (171.0 million euros), Banca Monte Paschi Siena S.p.A. (79.5 million euros) and sundry banks (6.1 million euros), for a total of 668.4 million euros (544.1 million euros from actions to void and 124.3 million euros from actions for damages), compared with 642.0 million euros in settlement proceeds in 2007.

EBIT also reflect the impact of losses from the impairment of goodwill and trademarks (50.3 million euros), writedowns of held-for-sale non-current assets (6.9 million euros) and additions to provisions for investee companies amounting to 61.9 million euros (38.8 million euros in 2007).

The net profit for the year grew to 615.4 million euros, or 60.7 million euros more than the 554.7 million euros earned in 2007. This improvement, which is largely the net result of the settlements and of the writedowns and impairment losses described above, was also made possible by an increase in net financial income and net income from equity investments (a gain of 58.2 million euros) and a lower tax burden.

Net invested capital amounted to 1,253.9 million euros, little changed (+13.3 million euros) compared with the balance at December 31, 2007 (1,240.6 million euro).

Net financial assets were up sharply, rising to 1,441.2 million euros. The increase of 209.9 million euros compared with the 1,231.3 million euros reported at December 31, 2007 was achieved despite dividend distributions totaling 392.9 million euros (including 128.0 million euros for the 2008 interim dividends) and tax payments of 120.5 million euros (including the balance due for 2007 and the 2008 estimated payment).

The Company's **shareholders' equity** totaled 2,695.1 million euros. The increase of 223.2 million euros compared with December 31, 2007 (2,471.9 million euros), reflects primarily the impact of the net profit for the year (615.4 million euros) and the exercise of warrants (6.7 million euros), offset in part by a dividend declaration amounting to 399.0 million euros (392.9 million euros of which have been paid out).


CREMA
Budi
Mokki
love

Parmalat S.p.A.

Reclassified Income Statement

(€ m)

	2008	2007
REVENUES	**922.5**	**894.7**
Net revenues	896.5	869.4
Other revenues	26.0	25.3
OPERATING EXPENSES	**(856.4)**	**(811.0)**
Purchases, services and miscellaneous costs	(747.5)	(711.8)
Labor costs	(108.9)	(99.2)
Subtotal	**66.1**	**83.7**
Writedowns of receivables and other provisions	(6.4)	(5.3)
EBITDA	**59.7**	**78.4**
Depreciation, amortization and writedowns of non-current assets	(92.7)	(32.5)
Other income and expenses:		
- Litigation-related legal expenses	(47.5)	(56.3)
- Additions to provision for losses of investee companies	(61.9)	(38.8)
- Miscellaneous income and expenses	681.7	617.4
EBIT	**539.3**	**568.2**
Financial income	66.4	32.7
Financial expense	(1.7)	(1.2)
Net foreign currency translation gain/(loss)	(0.5)	6.5
Other income from/(charges for) equity investments	41.1	9.1
PROFIT BEFORE TAXES	**644.6**	**615.3**
Income taxes	(29.2)	(94.4)
NET PROFIT FROM CONTINUING OPERATIONS	**615.4**	**520.9**
Net profit from discontinuing operations	0.0	33.8
NET PROFIT FOR THE YEAR	**615.4**	**554.7**

Reclassified Balance Sheet

(€ m)

	12. 31.2008	12. 31.2007
NON-CURRENT ASSETS	**1,353.7**	**1,454.8**
Intangibles	401.5	468.8
Property, plant and equipment	153.8	154.1
Non-current financial assets	773.2	810.7
Deferred-tax assets	25.2	21.2
AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	**4.1**	**0.0**
NET WORKING CAPITAL	**127.6**	**70.3**
Inventories	39.7	41.5
Trade receivables	224.0	250.7
Trade payables (-)	(205.2)	(218.8)
OPERATING WORKING CAPITAL	**58.5**	**73.4**
Other current assets	169.3	153.1
Other current liabilities (-)	(100.2)	(156.2)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**1,485.4**	**1,525.1**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(27.7)**	**(31.9)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(196.1)**	**(231.3)**
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS (-)	**(7.7)**	**(21.3)**
NET INVESTED CAPITAL	**1,253.9**	**1,240.6**
Covered by:		
SHAREHOLDERS' EQUITY	**2,695.1**	**2,471.9**
Share capital	1,687.4	1,652.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	193.3	221.5
Other reserves and retained earnings	329.0	43.3
Interim dividends	(130.0)	0.0
Profit for the year	615.4	554.7
NET FINANCIAL ASSETS	**(1,441.2)**	**(1,231.3)**
Loans payable to banks and other lenders	5.9	9.7
Loans payable to investee companies	(17.3)	(1.2)
Other financial assets (-)	(679.2)	(588.9)
Cash and cash equivalents (-)	(750.6)	(650.9)
TOTAL COVERAGE SOURCES	**1,253.9**	**1,240.6**

Parmalat S.p.A.

Statement of changes in net financial position in 2008

(€ m)

	2008	2007
Net financial assets at beginning of period	**(1,231.3)**	**(341.4)**
Changes during the period:		
- Cash flow from operating activities	(80.3)	(119.8)
- Cash flow from investing activities	71.1	78.8
- Loan repayments and interest expense	4.2	2.9
- Cash flow from settlements, net of lawsuit costs	(525.8)	(699.5)
- Cash flow from divestments and sundry items	(16.5)	(184.4)
- Dividend payments	392.9	41.2
- Dividend income	(32.5)	(7.6)
- *Exercise of warrants*	(6.7)	(7.5)
- Miscellaneous items	(16.3)	6.0
Total changes during the period	(209.9)	(889.9)
Net financial assets at end of period	**(1,441.2)**	**(1,231.3)**

Breakdown of net financial position

(€ m)

	12.31.2008	12.31.2007
(Net financial assets)		
Loans payable to banks and other lenders	5.9	9.7
Loans payable to (receivable from) investee companies, net	(17.3)	(1.2)
Other financial assets (-)	(679.2)	(588.9)
Cash and cash equivalents (-)	(750.6)	(650.9)
Total	**(1,441.2)**	**(1,231.3)**

Reconciliation of change in net financial assets to the Cash Flow Statement (Cash and cash equivalents)

(€ m)

	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL ASSETS	BORROWINGS OWED TO BANKS AND OTHER LENDERS	(NET FINANCIAL ASSETS)
Beginning balance	**(650.9)**	**(590.1)**	**9.7**	**(1,231.3)**
Cash flow from operating activities	(80.3)	-	-	(80.3)
Cash flow from investing activities	71.1	-	-	71.1
New borrowings	(1.2)	-	1.2	0.0
Loan repayments	5.0	-	(5.0)	0.0
Interest expense	4.2	-	-	4.2
Investments in current financial assets and sundry assets	90.3	(90.3)	-	0.0
Cash flow from settlements	(525.8)	-	-	(525.8)
Cash flow from divestments and sundry items	(16.5)	-	-	(16.5)
Dividend payments	392.9	-	-	392.9
Dividend income	(32.5)	-	-	(32.5)
Exercise of warrants	(6.7)	-	-	(6.7)
Miscellaneous items	(0.2)	(16.1)	-	(16.3)
Ending balance	**(750.6)**	**(696.5)**	**5.9**	**(1,441.2)**

Revenues and Profitability

Parmalat Group

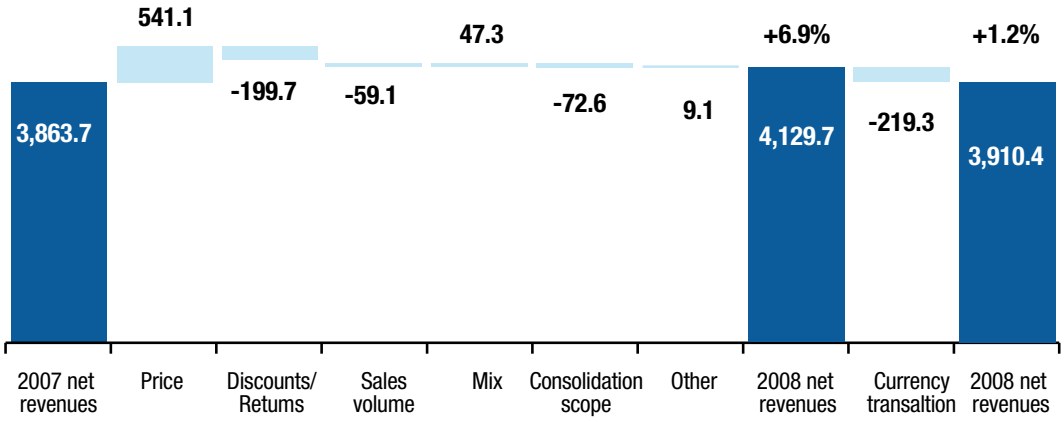
As explained earlier in this Report, the performance of the Parmalat Group in 2008 is characterized both by a substantial gain in revenues (net of the translation effect) and a concurrent decrease in EBITDA, due mainly to a significant rise in production costs and an increase in competitive pressure from private labels. The Group responded promptly to the challenge of this unfavorable environment. The charts that follow provide a breakdown of the main reasons for the change in revenues and EBITDA compared with 2007.

(€ m)

	2008	2007	VARIANCE	VARIAN.%
Revenues	**3,910.4**	**3,863.7**	**46.7**	*+1.2%*
MOL	**316.6**	**366.6**	**(50.0)**	
MOL%	*8.1*	*9.5*	*-1.4 ppt*	

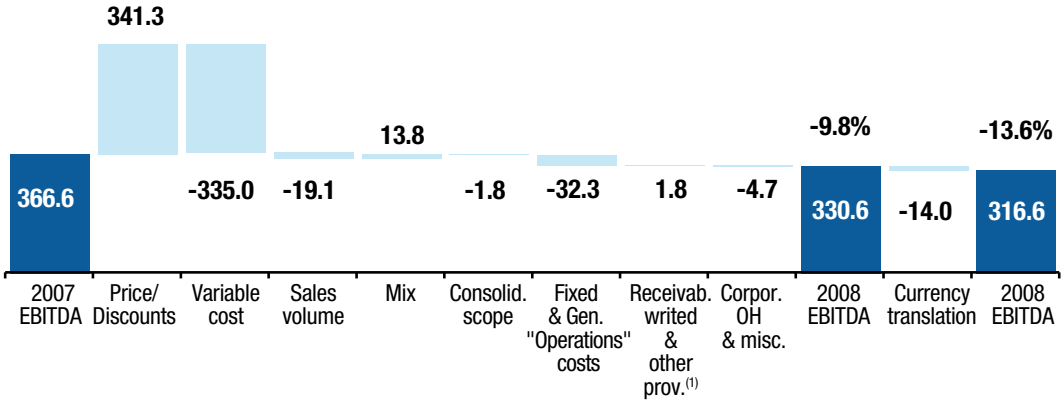
Note: The data are stated in millions of euros. As a result, the figures could reflect apparent differences caused exclusively by the rounding of figures.

Like for Like Net Revenues and EBITDA (€ m)



EBITDA December 2008 vs 2007 (€ m)

Raw Milk	-205.0
Fruits juices and other ingredients	-53.7
Other variable costs *(direct labor, packaging, energy and freight)*	-76.3
Total	-335.0



(1) This item includes writedowns of receivables and additions to other provisions amounting to € 10.7 million (€ 11.0 million excluding the translation effect), down from € 12.8 million in 2007, when the amount included € 2.3 million in writedowns of prior-period items

Data by Geographic Region

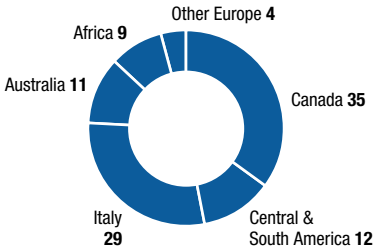
(€ m)

	2008			2007		
REGION	**REVENUES**	**EBITDA**	***EBITDA %***	**REVENUES**	**EBITDA**	***EBITDA %***
Italy	1,131.1	111.4	*9.8*	1,146.7	117.2	*10.2*
Others Europe	164.9	24.2	*14.7*	152.2	20.0	*13.1*
Russia	*86.8*	*14.4*	*16.6*	*71.4*	*9.5*	*13.3*
Portugal	*64.7*	*7.8*	*12.1*	*66.5*	*7.4*	*11.1*
Romania	*13.4*	*2.0*	*15.2*	*14.4*	*3.1*	*21.5*
Canada	1,382.4	127.8	*9.2*	1,400.6	137.0	*9.8*
Africa	337.3	10.0	*3.0*	354.1	40.4	*11.4*
South Africa	*293.6*	*5.1*	*1.7*	*317.8*	*34.3*	*10.8*
Others Africa	*43.7*	*4.9*	*11.2*	*36.3*	*6.2*	*17.1*
Australia	445.5	27.6	*6.2*	446.7	37.7	*8.4*
Central and South America	452.1	41.5	*9.2*	366.1	34.1	*9.3*
Venezuela	*290.4*	*30.3*	*10.4*	*204.7*	*21.0*	*10.3*
Colombia	*119.1*	*10.8*	*9.1*	*122.5*	*15.1*	*12.3*
Others Central and South America	*42.6*	*0.3*	*0.7*	*38.9*	*(2.0)*	*(5.2)*
Others[(1)]	(2.9)	(25.9)	*n.s.*	(2.8)	(19.8)	*n.s.*
Group	**3.910.4**	**316.6**	*8.1*	**3.863.7**	**366.6**	*9.5*

Regions represent the consolidated countries

(1) Include Holding, Other no core Companies, eliminations between Areas

Net Revenues by Geographic Region (%)



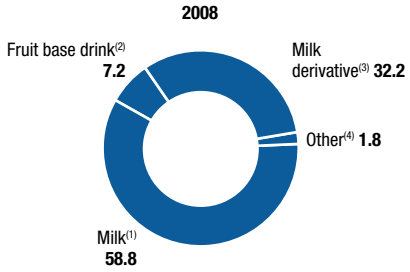
Data by Product Division

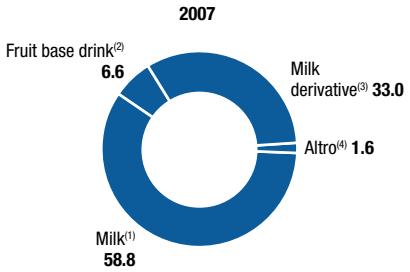
(€ m)

	2008			2007		
DIVISION	**REVENUES**	**EBITDA**	***EBITDA %***	**REVENUES**	**EBITDA**	***EBITDA %***
Milk[1]	2,300.5	170.6	*7.4*	2,270.5	187.0	*8.2*
Fruit base drink[2]	280.7	54.0	*19.2*	256.3	48.9	*19.1*
Milk derivative[3]	1,259.5	115.1	*9.1*	1,275.8	135.3	*10.6*
Other[4]	69.8	(23.1)	*(33.1)*	61.1	(4.7)	*(7.7)*
Group	**3,910.4**	**316.6**	*8.1*	**3,863.7**	**366.6**	*9.5*

(1) Include Milk, Cream and Bechamel
(2) Included fruit base drink and Tea
(3) Include Yoghurt, Dessert, Cheese
(4) Include Other Products and Holding

Net Revenues by Product Division (%)





Italy

Business Unit Results

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**1,131.1**	**1,146.7**	**(15.6)**	*-1.4%*
EBITDA	**111.4**	**117.2**	**(5.8)**	
EBITDA %	*9.8*	*10.2*	*-0.4 ppt*	

Because Newlat was sold in May 2008, in order to provide a more meaningful year-over-year comparison, the table below shows the data of the Italian Business Unit for 2007 and 2008 restated without Newlat's contribution.

Italy excluding Newlat

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**1,087.8**	**1,054.2**	**33.6**	*+3.2%*
EBITDA	**107.2**	**113.2**	**(6.6)**	
EBITDA %	*9.9*	*10.8*	*-0.9 ppt*	

A significant difference between 2008 and 2007 was a year-over-year increase of about 7% in the price of raw milk, with most of the rise occurring in the first half of the year. In 2008, the fresh milk market was characterized by strong pressure from private labels, offered mostly by supermarket chains, which used price as a key factor to influence consumers' buying decisions. In this environment, Parmalat was able to contain the reduction in unit sales that affected all premium brand products thanks to the success of its Blu Premium milk, which grew to account for about 10% of the Group's total sales of pasteurized milk.

2,343 EMPLOYEES

12 MANUFACTURING FACILITIES[1]

Italy

MARKETS AND PRODUCTS

The main event that characterized 2008 was the start of a recessionary phase that extended to the entire global economy and is expected to continue in 2009. The crisis of the financial markets and continuing tensions with regard to prices undermined confidence among households and caused a widespread reduction in consumption. In the market for grocery products, as mentioned above, consumers focused their purchases on lower priced items: private labels and discounted products. As a result, branded products lost sales, causing their share of the total market for consumer staples to decrease by more than one point in value terms (source: Nielsen), mainly to the advantage of private labels. In addition, the focus on price shifted sales away from the traditional channel to the benefit of the modern and discount channels.

However, aside for the pasteurized milk segment, which saw a massive invasion by private labels, Parmalat was able to increase its market share in other segments, even though consumers continued to focus on prices and despite the price increases that occurred in the dairy market.

In the UHT milk market, the trend was positive (+1.5% on a volume basis), due mainly to price competitiveness of these products compared with the pasteurized milk market, an increased use of sales promotions and growth in the highly digestible milk segment. Parmalat strengthened its position as the market leader with value market share of 34.3%. About 30% of the Company's revenues in this area were generated by products with a high value added, with Zymil highly digestible milk, which is continuing to perform exceptionally well, accounting for about 70% of the total. However, private labels have been making inroads in the UHT milk market as well, increasing their value market share to 14.1% in 2008.

(1) Excluding Newlat

The modern channel was the only segment of the pasteurized milk market that enjoyed a positive trend, thanks to the growth of private labels, which in the closing months of the year reached a 14% market share in this channel. On the other hand, sales of milk with local and national industrial brands were down sharply due to the significant price differential compared with private labels.

Parmalat was able to contain in part the decrease in unit sales by repositioning its microfiltered Blu Premium milk at a price level lower than that of fresh milk but higher than that of private labels. As a result of this policy, unit sales of this product were up 100% for all channels and more than 40% in the modern distribution channel, enabling the Company to achieve a 4.1% volume share of the overall pasteurized milk market.

The yogurt market experienced only marginal growth (+0.9% on a volume basis) compared with previous trends, due mainly to lower sales by the main brands and despite an increase in the intensity of promotional activities. Private labels, which were priced below the market average, increased sales. Parmalat improved its competitive position, holding the line in sales of basic products and launching new products with a high value added, such as Zymil, Fibresse and Omega 3.

In the market for fruit beverages, sales were down compared with the previous year, as the summer was not particularly hot and the demand in the fall was affected by the economic crisis.

Parmalat, with its Santàl brand, retained the leadership position with a value market share of 15.7% (+0.8 points over the previous year), owing in part to the success of Santàl 5 Colori, a recently launched line of innovative products. Private labels have also been increasing sales, reaching a value market share of 25%.

The table below shows the market share held by the Italian Business Unit in the main market segments in which it operates:

Products	UHT MILK	PASTEURIZED MILK(1)	UHT CREAM	YOGURT	FRUIT BEVERAGES
Value market share	34.3%	25.5%	35.8%	6.7%	15.7%

Source: AC Nielsen - IRI Tot Italy no Discount
(1) Source: AC Nielsen Modern Channel

RAW MATERIALS AND PACKAGING

After reaching all-time highs during the second half of 2007, prices of milk and dairy products declined steadily throughout the world in the second half of 2008. The availability of product in Oceania and the United States, where the weakness of the dollar was also a contributing factor, helped lower exports from the European Union. In this region, an abundant supply of raw milk and an across-the-board reduction in demand caused prices to fall. The situation was more complicated in Italy, where farmers resisted the price reductions that were occurring abroad, despite decreases in the cost of animal feed and energy.

MANUFACTURING ORGANIZATION

Not counting Newlat, the Italian Business Unit operates 12 manufacturing facilities. Seven of these facilities are owned by Parmalat S.p.A. and are used mainly for the production of milk, fruit juices and yogurt. One facility owned by Centrale del Latte di Roma S.p.A. specializes in the production of pasteurized milk and two facilities are owned by Latte Sole S.p.A., which uses them mainly to produce UHT milk, pasteurized milk, cheese and cream. Two additional plants operated by Carnini S.p.A. produce pasteurized milk and cheese.

CAPITAL EXPENDITURES

In 2008, the Business Unit invested 37.3 million euros in property, plant and equipment.

The main projects were designed to address manufacturing issues (increasing capacity and efficiency and revamping assets), as well as to improve Quality, Environmental and Safety systems and foster the Company's strategic development.

The main projects in the industrial area were carried out at the following production facilities:

- Collecchio: expansion of milk warehousing capacity and implementation of a project to reduce raw material waste; completion of the consolidation of yogurt production capacity and restructuring of the steam lines; and installation of a new production platform for fruit juices, thereby completing the upgrade of the Santàl packaging line.
- Rome: start of a project to upgrade and increase the productivity of the PET lines and installation of new steam generators and heating equipment.
- Albano: further progress in the implementation of the Blue Premium line, in order to increase both capacity and production efficiency.
- Genoa: renovation of a plant's roof.
- Ragusa: completion of the project for the renovation of the equipment and buildings of the cheese plant.

The main projects concerning the improvement of Quality, Environmental and Safety systems were carried out at Piana di Monteverna, Albano S.Alessandro and Rome.

Russia

Business Unit Results

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**86.8**	**71.4**	**15.5**	*+21.7%*
EBITDA	**14.4**	**9.5**	**4.9**	
EBITDA %	*16.6*	*13.3*	*3.3 ppt*	

Local currency figures

(Local currency m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**3,161.5**	**2,498.6**	**662.9**	*+26.5%*
EBITDA	**526.1**	**333.3**	**192.8**	
EBITDA %	*16.6*	*13.3*	*3.3 ppt*	

The Russian ruble lost 4.0% of its value compared with the exchange rate applied in 2007. The negative impact of this change on revenues and EBITDA was 3.5 million euros and 0.6 million euros, respectively. Total unit sales were up 1.4% compared with 2007. More specifically, shipments of UHT milk, which, if flavored milk is included, account for 36% of total unit sales, increased by 4.0% compared with 2007, while sales of pasteurized milk decreased by 2.2% year over year and those of fruit beverages grew by 2.1% compared with the previous year.

969 EMPLOYEES

2 MANUFACTURING FACILITIES

Despite the uncertainty about the impact of the financial crisis on the real economy, which effectively contributed to reducing the population's propensity to consume, the Business Unit improved its profitability, increasing the return on sales by more than 3 percentage points compared with 2007. This performance was achieved by holding unit sales steady and implementing incisive sales policies, which more than offset the impact of increases in production costs and overhead.

MARKETS AND PRODUCTS

The UHT milk market and the fruit beverage market are highly concentrated, owing in part to the policy of acquisitions pursued in recent years both by local operators and international groups.

In Russia, Parmalat produces, distributes and markets throughout the country unrefrigerated products (milk, cream and fruit beverages) and other imported products. All fresh dairy products (milk, cream, fresh cheese, yogurt and fermented milk) are marketed only in areas within a radius of 250-300 km from the production facilities, thereby reaching about 4% of the Russian population (Belgorod and Sverdlovsk regions). Dairy products are marketed under the Parmalat and Biely Gorod brands, while the Santàl and 4 Seasons brands are used for fruit beverages. Products imported from Italy, which generate high margins and strengthen Parmalat's image and differentiate it from its competitors, complete the product line.

The table below shows the value market share of the Business Unit in the main market segments in which it operates:

Products	UHT CREAM	UHT MILK	FLAVORED UHT MILK	FRUIT BEVERAGES
Value market share	4.5%	3.3%	4.9%	1.9%

Source: AC. Nielsen, Tetra Pak, Management Business Unit

RAW MATERIALS AND PACKAGING

In Russia, milk is a scarce resource and its price is strongly affected by supply levels both domestically and in the international market.

During the second half of 2008, milk prices fell sharply due both to a decrease in consumption and the disappearance of speculative pressure. During that same period, the price paid for raw milk returned to the level that existed before 2007, causing the average purchase price for all of 2008 to increase by about 15% compared with 2007.

The prices paid for fruit juice concentrates was also down significantly during the second half of 2008, while packaging costs increased in line with the rate of inflation.

MANUFACTURING ORGANIZATION

The Russian Business Unit has two production facilities in Belgorod and Ekaterinburg.

CAPITAL EXPENDITURES

The Business Unit's capital expenditures, which totaled 7.8 million euros in 2008, were used to upgrade production facilities (increasing capacity and efficiency), address Quality, Environmental and Safety issues and, more importantly, improve the distribution organization.

Portugal

Business Unit Results

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**64.7**	**66.5**	**(1.9)**	*-2.8%*
EBITDA	**7.8**	**7.4**	**0.4**	
EBITDA %	*12.1*	*11.1*	*1.0 ppt*	

In 2008, net revenues totaled 64.7 million euros, or 2.8% less than in 2007. Even though unit sales were down 10.5% in 2008, EBITDA increased slightly thanks to a more favorable product mix (flavored milk, cream and béchamel) and a careful management of pricing policies.

MARKETS AND PRODUCTS

The market was affected by conditions in the global economy and the business environment was challenging due to the limited purchasing power of consumers. The Portuguese Business Unit markets most of its products through two global brands (Parmalat and Santàl) and a local brand (UCAL). The Portuguese milk market is dominated by a strong brand leader, but private labels have achieved a significant and growing presence, with a resulting erosion of profit margins. In this market environment, Parmalat is focusing on products with a high value added, such as functional milk and flavored milk.

Sales of UCAL branded products, which account for about one-third of Parmalat Portugal's revenues and almost 60% of its total EBITDA, were down about 7% in 2008, due mainly to a decrease in sales of flavored milk in the HoReCa (Hotel, Restaurant and Catering) channel.

In the fruit beverage segment, which accounts for about 15% of the Business Unit's net revenues, the market environment was adversely affected by the steady growth of private labels. Parmalat Portugal

286
EMPLOYEES

1
MANUFACTURING FACILITY

responded to this challenge by launching in June new Santàl beverages in 250-milliliter bottles for the HoReCa channel, which have already produced positive results.

Products	FLAVORED MILK[1]	UHT MILK[2]	FRUIT BEVERAGES[2]
Value market share	25.4%	0.6%	3.0%

Source: (1) AC Nielsen restated, (2) AC Nielsen Homescan

RAW MATERIALS AND PACKAGING

During the second half of 2008, the price paid to purchase raw milk decreased compared with the first half of the year, while other raw material prices were little changed from the previous year.
Packaging costs were up, with cardboard and glass containers rising by 2.5% and 5%, respectively.

MANUFACTURING ORGANIZATION

The Business Unit has only one production facility, located in Aguas de Moura, where it manufactures all of the items that it markets, except for imported products manufactured by Italian Group companies and items produced by co-packers (about 4% of total revenues).

CAPITAL EXPENDITURES

Capital expenditures totaled 1.3 million euros in 2008.
They were used to replace equipment needed to maintain production capacity, address Quality, Environmental and Safety issues and upgrade the information systems.

Romania

Business Unit Results

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**13.4**	**14.4**	**(1.0)**	*-6.6%*
EBITDA	**2.0**	**3.1**	**(1.1)**	
EBITDA %	*15.2*	*21.5*	*-6.4 ppt*	

Local currency figures

(Local currency m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**49.4**	**47.9**	**1.5**	*+3.1%*
EBITDA	**7.5**	**10.3**	**(2.8)**	
EBITDA %	*15.2*	*21.5*	*-6.4 ppt*	

The local currency (new leu) decreased in value by 10.4% compared with the exchange rate applied in 2007, with a negative impact on revenues and EBITDA of 1.4 million euros and 0.2 million euros, respectively. Shipments of fruit beverages, which account for virtually all of the Business Unit's sales, were up 1.8% compared with 2007. The profitability of the Romanian Business Unit decreased compared with the previous year, due mainly to an increase in raw material costs caused by the devaluation of the local currency and to the higher prices paid for imported finished goods.

MARKETS AND PRODUCTS

Following Romania's entry in the European Union, competitive pressure increased even more due to the entry of new players. The market standing of Parmalat Romania is strengthened by its access to the Santàl global brand, which it uses to market fruit beverages. The Santàl brand is used for nectars, fruit juices and still drinks, positioning all of these products in the premium-price market segment.

149 EMPLOYEES

1 MANUFACTURING FACILITY

The table below shows the market share held by Parmalat Romania in the various segments in which it operates:

Products	100% FRUIT JUICES	NECTARS	STILL DRINKS	TOTAL FRUIT BEVERAGES
Value market share	19.8%	12.4%	1.9%	6.6%

Source: AC Nielsen Value Market share DJ-ON 08 Retail + Horeca

RAW MATERIALS AND PACKAGING

Raw material costs were severely affected by the devaluation of the local currency versus the euro and by an increase in sales of imported products (milk and Santàl 5 Colori). Thanks to a shift away from glass containers and an increased use of cardboard containers, packaging costs were roughly in line with those of the previous year.

MANUFACTURING ORGANIZATION

Parmalat is present in Romania with a production center in Tunari, a few miles outside Bucharest, where warehouses and offices are also located.

CAPITAL EXPENDITURES

Capital expenditures totaled 0.5 million euros in 2008.
They were used mainly in the industrial area.

Canada

Business Unit Results

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**1,382.4**	**1,400.6**	**(18.2)**	*-1.3%*
EBITDA	**127.8**	**137.0**	**(9.2)**	
EBITDA %	*9.2*	*9.8*	*-0.5 ppt*	

Local currency figures

(Local currency m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**2,155.7**	**2,055.9**	**99.8**	*+4.9%*
EBITDA	**199.2**	**201.1**	**(1.8)**	
EBITDA %	*9.2*	*9.8*	*-0.5 ppt*	

The Canadian dollar decreased in value by 6.2% compared with the exchange rate applied in 2007, with a negative impact on revenues and EBITDA of 86.2 million euros and 8.0 million euros, respectively.

Despite an environment in which consumers appear to be reducing their purchases of premium products, choosing instead less expensive items, the Canadian Business Unit reported slightly higher unit sales than in 2007 in the markets in which it operates. Its profitability was substantially in line with the previous year.

2,971 EMPLOYEES

18 MANUFACTURING FACILITIES

MARKETS AND PRODUCTS

While the Canadian economy remained relatively strong compared with the other G8 countries, there was across-the-board weakness in all regions and markets. In response to steadily increasing economic difficulties and growing consumer pessimism, consumers appear to be less inclined to purchase premium products, choosing instead less expensive items.

Such an environment helped the performance of private labels, particularly in the milk and cheese markets.

In addition, the Canadian dairy market was affected by a consolidation transaction involving one of the largest market operators and the brand of the country's main distribution chain, which further exacerbated the existing competitive pressure.

Despite these developments, Parmalat Canada, which is the second largest player in the milk market, improved its position in the premium segment, becoming the leader of the microfiltered and highly digestible milk segment (unit sales up 7% compared with 2007). However, the competitive scenario is adversely affected by the presence of private labels, the largest of which is that of the country's principal distributor.

In the yogurt market, which continues to enjoy attractive growth rates, Parmalat is ranked second overall in the English speaking areas of Canada and expanded its presence to the French speaking part of the country in 2008. The Business Unit expanded its product line, launching new drinkable functional yogurts, which it supported with heavy promotional and advertising investments. Drinkable yogurts introduced at the beginning of the year reached a value market share of 13.3% in the English-speaking regions of Canada.

The entry into the French speaking part of Canada was carried out with products with a high value added that were well received by retailers and consumers.

In the cheese market, unit sales were adversely affected by strong promotional pressure from competitors. Parmalat retained the leadership position in the "Snack" segment, but lost some market share in the "Natural" segment, where Parmalat ranks second, due to the aggressive pricing policies pursued by competitors.

In the butter category, Parmalat is the national leader and has been growing significantly faster than the overall market. As a result, its value market share increased from 22.4% in 2007 to 23.9% in 2008.

The table below shows the Business Unit's market share in the main market segments in which it operates:

Products	MILK	SPOONABLE YOGURT(1)	DRINKABLE YOGURT(1)	SNACK CHEESE	BUTTER	NATURAL CHEESE
Value market share	19.7%	21.6%	13.3%	44.8%	23.9%	15.8%

Source: Nielsen (1) English Canada

RAW MATERIALS AND PACKAGING

In the Canadian market for raw milk, the purchase price is regulated, which limited the impact of the wide price swings that occurred in the international market. However, because of this system, the purchase price of raw milk is quite high when compared to world market levels.

MANUFACTURING ORGANIZATION

Currently, the Canadian Business Unit has 18 production facilities, 2 main distribution centers and is a partner in several copacking facilities. Yogurt is manufactured at plants in Toronto, Niagara on the Lake and Lethbridge; milk is produced at facilities in Montreal, St. Hyacinthe, Brampton, Sudbury, Winnipeg, Calgary and Thunderbay; and cheese, butter, powdered milk and other milk-based powdered ingredients are manufactured at factories in Belleville, Grunthal, Laverlochere, Marieville, Mitchell, St. Claude, Victoriaville and Winchester.

CAPITAL EXPENDITURES

Capital expenditures totaled 36.6 million euros in 2008.

The main investment projects included the following:

- Winchester: restructuring of the facilities to expand cheese production capacity and increase manufacturing efficiency.
- Victoriaville: installation of a new snack cheese production line and expansion of the cheesestring manufacturing capacity.
- Marieville: installation of a new whey processing technology.
- Belleville: installation of a cheese packaging line.
- Niagara: installation of a yogurt bottling line.
- Brampton: automation of the product distribution line and installation of new fresh milk packaging lines.
- Rakely: completion of the multipack project and launch of a project to increase yogurt manufacturing capacity and flexibility.

In addition:

- In the Sales/Distribution area, modernization of vehicle pool.
- In the Information Systems area, development of a planning and resource management platform (SAP) implemented throughout the organization.

Africa

Business Unit Results

(€ m)[1]

	2008	2007	VARIANCE	VARIAN. %
Revenues	**337.3**	**354.1**	**(16.8)**	*-4.7%*
EBITDA	**10.0**	**40.4**	**(30.5)**	
EBITDA %	*3.0*	*11.4*	*-8.5 ppt*	

(1) The data in the table are in euros because they consolidate amounts stated in the currencies of South Africa, Zambia, Mozambique, Botswana and Swaziland

The reporting currency of the main African Business Unit (South African rand) decreased in value by 24.8% compared with the exchange rate applied in 2007. The negative impact of this change on revenues and EBITDA was 72.9 million euros and 1.3 million euros, respectively.

The unit sales of the African Business Unit Africa were up 3.7% compared with 2007, with shipments of UHT milk, which account for 51% of total sales, increasing by 4.1% year-over-year.

Sales of fruit beverages (13% of total sales) and cheese (9% of total sales) grew by 7.0% and 10.7%, respectively, compared with 2007. Yogurt shipments (9% of total sales) were up 9.7%, but sales of pasteurized milk (5% of total sales) were 20.7% lower than in 2007.

2,238 EMPLOYEES

11 MANUFACTURING FACILITIES

MANUFACTURING ORGANIZATION

The African Business Unit has 11 manufacturing locations, seven of which are located in South Africa:

- Bonnievale: production of cheese, butter and whey powder.
- Cape Town: production of UHT milk and fruit juices.
- East London: ice cream production.
- Kyalami: production of yogurt and pasteurized fruit juices.
- Ladysmith: production of cheese and whey powder.
- Port Elizabeth: production of UHT milk, UHT fruit juices, desserts, yogurt, sterilized milk and powdered milk.
- Stellenbosch: cheese production.

The remaining four manufacturing facilities are located in:

- Maputo (Mozambique)
- Manzini (Swaziland)
- Lusaka (Zambia)
- Gaborone (Botswana)

South Africa

Business Unit Results

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**293.6**	**317.8**	**(24.2)**	*-7.6%*
EBITDA	**5.1**	**34.3**	**(29.2)**	
EBITDA %	*1.7*	*10.8*	*-9.1 ppt*	

Local currency figures

(Local currency m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**3,540.6**	**3,070.1**	**470.6**	*+15.3%*
EBITDA	**61.1**	**330.9**	**(269.8)**	
EBITDA %	*1.7*	*10.8*	*-9.1 ppt*	

The severe crisis of the local economy that began early in 2008 forced consumers to drastically cut spending, while a surge in inflationary pressure resulted in increases in production costs that could not be fully offset by rising sales prices. In the Business Unit's target markets, these developments produced a shift in the buying patterns of consumers, who tended to favor lower priced products, with a resulting increase in competitive pressure.

Sales prices were held down by an increase of production capacity in some key manufacturing areas and by excess supply of UHT milk and cheese. This occurred because at the beginning of the year, anticipating a possible continuation of raw milk shortages, many dairy companies and retailers imported large quantities of milk with extended shelf life. These developments produced

1,729 EMPLOYEES

7 MANUFACTURING FACILITIES

a supply overhang that drove prices lower, as operators attempted to reduce inventories and raise cash.

Against this backdrop, the Business Unit's total unit sales increased by 2.8% compared with the previous year. More specifically, shipments of UHT milk, which account for 54% of total sales, were up 2.4% compared with 2007, while shipments of fruit beverages were about the same as the previous year and yogurt sales volumes were 9.1% higher than in 2007.

MARKETS AND PRODUCTS

The milk market expanded at a 9.8% rate in 2008, rebounding from a 2.5% drop that occurred in 2007 as a result of a cutback in production.
In this segment, the market share of Parmalat South Africa decreased due to the divestment of the pasteurized milk operations and an aggressive comeback by the Business Unit's main competitor, which had exited the UHT market in 2007.

Parmalat South Africa took action to reverse the downward trend in unit sales, implementing focused promotional programs during the second half of the year that enabled it to achieve a 27.3% value market share in the UHT segment.

The decrease in milk production that occurred in 2007 slowed the growth of cheese sales during the first half of 2008. However, starting in the fourth quarter of the year, producers, faced with high inventory levels, offered deep price discounts to trade customers, enabling the market to rebound.

Parmalat's market share increased compared with 2007, particularly during the second half of the year, due to the impact of promotional programs.

In the yogurt market, which enjoyed years of steady growth, demand in 2008 was in line with the previous year. Nevertheless, Parmalat's market share improved slightly thanks to the launch of a low fat product line.

The table below shows the market shares held by Parmalat's South African operations:

Products	UHT MILK(1)	YOGURT(1)	CHEESE(2)	FRUIT BEVERAGES(2)
Value market share	21.4%	19.6%	26.7%	3.2%

(1) Source: Nielsen (2) Source: BMI

RAW MATERIALS AND PACKAGING

After a 2007 characterized by a scarce supply of raw milk, production increased in 2008 enough to create a surplus of raw milk.

CAPITAL EXPENDITURES

Capital expenditures totaled 12.2 million euros in 2008. The main investment projects included the following:

- Bonnievale: upgrade of cheese production capacity and increase of the capacity of the whey powder production system.
- Stellenbosch: installation of new technologies to manufacture melted and spreadable cheese and new whey processing facility.
- Port Elizabeth: construction of a new finished goods warehouse and restructuring of the production and packaging lines for UHT products.
- Gauteng: purchase of a new distribution center.

Other Countries in Africa

The other African countries in which the Group operates (Swaziland, Mozambique, Botswana and Zambia) increased both revenues and profits compared with 2007.

The Group's operations in **Zambia** reported positive results in terms both of unit sales and revenues (27.5 million euros), which increased by 3% and 21%, respectively, compared with the previous year. All product categories performed well, with the exception of pasteurized milk and fermented milk. New projects in the areas of fruit beverages and ice cream produced positive results.

In **Botswana**, where net revenues amounted to 16.8 million euros, profitability was heavily penalized by protectionist measures (40% duties on imports of UHT milk). This issue was resolved by building a local plant that was operational at the end of 2008.

In **Mozambique**, net revenues totaled 10.2 million euros, with the local Business Unit reporting excellent results in terms both of unit sales and profitability, thanks to the introduction of a broad range of locally processed fresh products in the second quarter of 2008.

The results achieved in **Swaziland**, where revenues amounted to 5.7 million euros in 2008, were heavily penalized by an increase in production costs and heavy competitive pressure.
In this environment, unit sales of UHT and pasteurized milk decreased, but fruit beverages performed well.

Australia

Business Unit Results

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**445.5**	**446.7**	**(1.2)**	*-0.3%*
EBITDA	**27.6**	**37.7**	**(10.0)**	
EBITDA %	*6.2*	*8.4*	*-2.2 ppt*	

Local currency figures

(Local currency m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**775.9**	**730.3**	**45.6**	*+6.2%*
EBITDA	**48.1**	**61.6**	**(13.5)**	
EBITDA %	*6.2*	*8.4*	*-2.2 ppt*	

The value of the local currency (Australian dollar) decreased by 6.5% compared with the exchange rate applied in 2007. The negative impact of this change on revenues and EBITDA was 29.1 million euros and 1.8 million euros, respectively.

The generalized deterioration of the economy caused a significant loss of confidence among consumers, who curbed spending and changed their buying patterns. In the main product categories that drove the growth of Parmalat Australia in the past - yogurt and flavored milk - demand has been slowing or decreasing. Unit sales of flavored milk continued to increase, but consumers have been replacing branded products with private label items. In this environment, the distribution scenario is changing, with major retailers expanding the range of house brand products and pursuing a highly aggressive pricing policy, particularly for commoditized products, such as pasteurized milk.

1,462 EMPLOYEES

6 MANUFACTURING FACILITIES

As a result of these developments, the Business Unit reported unit sales 8.5% below the 2007 level, with shipments of pasteurized milk, which accounts for 72% of total sales, down 14%. The main reason for this decrease is that the data for 2007 included sales volumes booked under trade labels. Unit sales of yogurt and desserts were down 3.6% and 24.0%, respectively.

The Australian Business Unit responded to the negative market conditions by focusing on flavored and highly digestible milks, introducing new products, investing in advertising and launching a program of initiatives to improve overhead efficiency. These projects produced a significant turnaround in the second half of 2008, boosting EBITDA to 24 million euros, an amount roughly in line with the same period last year and substantially higher than the 3.6 million euros earned in the first six months of 2008.

MARKETS AND PRODUCTS

The Australian dairy market is very competitive with three main national producers and numerous small regional players competing in the different sales channels. The retail segment is highly concentrated, as the two largest wholesale chains control 75% of the channel's turnover and, consequently, carved a very substantial position for their private labels.

In the Modern channel, which benefited from a shift away from less organized channels, unit sales of pasteurized milk were up 3.2%. Despite a loss of market share, which affected all major brands due to the growth of private labels (+7.5%), Parmalat Australia retained the leadership in this segment with a value market share of 19.2%. In the market for flavored milk, even though demand decreased in 2008 after years of strong growth, Parmalat grew in the modern channel in the regions in which it operates.

During the second half of 2008, the yogurt market experienced a decline in sales volumes for the first time in many years. Parmalat Australia's yogurt sales were also down, despite the growth reported by the Vaalia brand.

The dessert market contracted, due mainly to the lack of innovative products, which are the key to growth in this segment. Parmalat Australia retained the leadership in this segment.

The table that follows shows the market share of the Australian Business Unit in the main segments in which it operates:

Products	PASTEURIZED "WHITE" MILK	FLAVORED MILK	YOGURT	DESSERT
Value market share	19.2%	22.0%	13.1%	18.2%

Source: Aztec Grocery Data.

RAW MATERIALS AND PACKAGING

The first half of 2008 was penalized by the impact of mandatory price adjustments (step up process) implemented by the major Australian cooperatives for the July 2007-June 2008 period. Parmalat Australia was adversely affected by an increase in the price of dairy products in the international market, which instead benefited large cooperatives that export such products as cheese, butter and powdered milk. During the second half of 2008, a reduction in the price of raw milk had a positive effect.

MANUFACTURING ORGANIZATION

Parmalat Australia operates the following six production facilities, which are located mainly in Eastern Australia:

- Brisbane: production of pasteurized milk, UHT milk, custards, desserts and yogurt.
- Darwin: production of pasteurized milk and fruit juices.
- Bendigo: production of pasteurized milk, fruit juices and fermented products.
- Rowville: production of pasteurized milk.
- Nambour: production of pasteurized milk.
- Rockhampton: production of pasteurized milk and fruit juices.

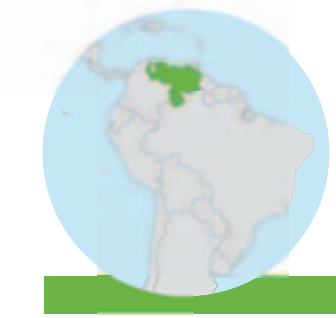
CAPITAL EXPENDITURES

Capital expenditures totaled 14.9 million euros in 2008.

The majority of the investments was earmarked for the Business Unit's industrial facilities to increase manufacturing capacity and efficiency and revamp assets.

The main projects included in the capital spending program are listed below:

- Bendigo: installation of two yogurt and dessert custard packaging lines to increase production capacity and improve quality.
- Brisbane: installation of an ingredient mixing system.
- Rowville: restructuring of the finished product shipping area and expansion of raw milk storage capacity.
- Nambour: installation of a new flavored milk bottling line.
- Darwin: installation of plastic bottle blowing machines.



Venezuela

Business Unit Results

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**290.4**	**204.7**	**85.7**	*+41.8%*
EBITDA	**30.3**	**21.0**	**9.3**	
EBITDA %	*10.4*	*10.3*	*0.2 ppt*	

Local currency figures

(Local currency m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**917.0**	**602.4**	**314.6**	*+52.2%*
EBITDA	**95.8**	**61.8**	**34.0**	
EBITDA %	*10.4*	*10.3*	*0.2 ppt*	

The local currency (bolivar) decreased in value by 7.3% compared with the exchange rate applied in 2007. The negative impact of this change on revenues and EBITDA was 21.2 million euros and 2.2 million euros, respectively.

1,871 EMPLOYEES

5 MANUFACTURING FACILITIES

Overall, unit sales were in line with the previous year. Specifically, shipments were up 3.2% for fruit beverages, which account for 48% of the Business Unit's total sales volume and are its growth engine, and 3.1% for yogurt, but cheese unit sales decreased by 12.5%, due to the arrival on the local market of large quantities of imported products from Mercosur countries, such as Uruguay and Argentina. Sales volumes of pasteurized milk were 15.6% lower than the previous year.

The main reasons for the increase in EBITDA compared with the previous year are a strong performance in the fruit beverage segment and the decisions to curtail the distribution of pasteurized milk, replacing it with imported UHT milk, and resume distribution of powdered milk, which significantly boosted the Business Unit's coverage of its overhead.

MARKETS AND PRODUCTS

Even though it operates in a challenging environment, the Venezuelan subsidiary continued to pursue growth through the development of new products. EBITDA improved significantly, despite sharply higher raw material costs and an increase in overhead caused mainly by inflation. The results achieved in 2008 confirmed the potential of the Venezuelan market, with sales volumes increasing in several segments, including fruit beverages (+2.9%), yogurt (+9.0%), milk beverages (+2.0%) and powdered milk (+20.7%).

The distribution system is still based mainly on traditional retailers, who account for most of the Business Unit's sales.

In 2008, the Business Unit strengthened its competitive position in all of the main categories in which it operates, in all cases as one of the market leaders, increasing its market share in the fruit beverages, milk beverages, milk and yogurt segments.

The table below shows the Business Unit's market share in the main segments in which it operates:

Products	FRUIT BEVERAGES	MILK BEVERAGES	POWDERED MILK	YOGURT
Value market share	23.1%	34.6%	13.4%	25.3%

Source: ACNielsen

RAW MATERIALS AND PACKAGING

The increase in the cost of raw milk compared with 2007 is chiefly the result of increased competition in the local market, mainly from cheese producers. Overall, inflationary pressure affected the prices of all packaging products and imported raw materials, owing in part to restrictions placed on purchases of foreign currency.

MANUFACTURING ORGANIZATION

Production is carried out at five plants. A sixth facility, in Barquisimeto, is currently being divested: A list of the items manufactured at each facility is provided below:

- Miranda: production of fruit juices, flavored milk and yogurt.
- Barinas: production of pasteurized and flavored milk.
- El Vigìa: production of powdered milk and butter.
- Upata: production of pasteurized and flavored milk.
- Quenaca: production of cheese and custards.

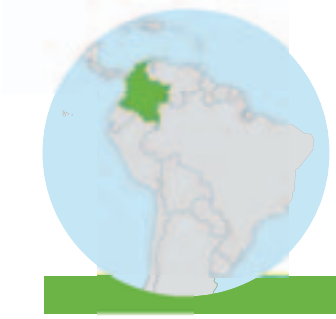
CAPITAL EXPENDITURES

Capital expenditures totaled 6.2 million euros in 2008.

The largest investments were carried out in the production area (increasing capacity and efficiency and revamping assets).

The main projects in the production area included the following:

- Miranda: expansion of the refrigerated warehouse to store finished products, implementation of the yogurt production process and installation of a new packaging line for drinkable and spoonable yogurt.
- Barinas: installation of a bagged milk packaging machine, upgrade of the milk and juice production system for diversification of manufacturing facilities.
- Quenaca: expansion of cheese production capacity.
- Upata: expansion of production capacity for diversification of manufacturing facilities.



Colombia

Business Unit Results

(€ m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**119.1**	**122.5**	**(3.4)**	*-2.8%*
EBITDA	**10.8**	**15.1**	**(4.3)**	
EBITDA %	*9.1*	*12.3*	*-3.3 ppt*	

Local currency figures

(Local currency m)

	2008	2007	VARIANCE	VARIAN. %
Revenues	**341,982.1**	**348,195.8**	**(6,213.6)**	*-1.8%*
EBITDA	**31,099.8**	**42,994.9**	**(11,895.1)**	
EBITDA %	*9.1*	*12.3*	*-3.3 ppt*	

The local currency (peso) decreased in value by 1.0% compared with the exchange rate applied in 2007. The negative impact of this change on revenues and EBITDA was 1.2 million euros and 0.1 million euros, respectively.

In the Colombian market for pasteurized milk, demand is very flexible and price is a key factor for consumers. Because barriers to accessing the pasteurized milk market are negligible, entries by competitors who are largely unaffected by strict controls on the quality of the products they sell have the effect of lowering sales prices and depressing margins.

Total unit sales were down 15.1% compared with the previous year, as a significant shortfall in shipments of pasteurized milk (-32% compared with 2007) could not be offset with gains in sales of UHT milk packaged in cartons or plastic bags (up 7.1% and 22%, respectively, compared with the previous year).

1,041 EMPLOYEES

6 MANUFACTURING FACILITIES

The decrease in sales volume and profitability in the pasteurized milk segment had a negative impact on the results of the Colombian operations. The Business Unit responded to a sharp drop in consumer demand by stepping up the use of promotional programs, so as to contain the damage caused by falling sales of milk and functional products. The increase in competition in the pasteurized milk market, which occurs regularly when the supply of raw milk expands, translated into lower sales prices and an immediate reduction of profit margins. The decrease that occurred in this key segment was offset only in part by higher sales of UHT milk packaged in bags, which, potentially, is an alternative product to pasteurized milk, and by a positive performance in such value added segments as highly digestible milk, infant formula, condensed milk and yogurt.

MARKETS AND PRODUCTS

In the milk market, pasteurized milk is gradually being replaced by UHT milk packaged in plastic bags. Parmalat has joined this trend, increasing sales of UHT milk in plastic bags and maintaining its market share in this segment, but its share of the pasteurized milk market has decreased.

A positive development was the growth in sales of highly digestible milk, which is benefiting from a highly favorable consumption trend in this important market segment.

The powdered milk market contracted by 10%. However, Parmalat improved its market share by increasing sales of infant formula.

The yogurt market expanded, owing in part to the entry of a major international competitor. Overall, Parmalat reported higher sales, even though unit sales were down during the second half of the year due to heightened competitive pressure.

The table below shows the Business Unit's market share in the main segments in which it operates:

Products	PASTEURIZED MILK[1]	UHT MILK - BAG FORMAT	UHT MILK - CARTON FORMAT	POWDERED MILK	YOGURT
Value market share	7.0%	8.0%	12.0%	14.0%	3.0%

Source: ACNielsen (1) Source: Fedegan

RAW MATERIALS AND PACKAGING

The increase in the supply of raw milk that occurred in 2008, compared with the previous year, did not cause a decrease in the price paid for milk, due mainly to a regulatory resolution issued by the Colombian government to control the purchase price. During the second half of the year, retail prices were down sharply (falling by about 10%), even though the price paid for raw milk rose by about 8%. A new resolution currently under review, which the government is expected to issue in the coming months, should restore a balance between the purchase price of raw milk and retail prices.

MANUFACTURING ORGANIZATION

Parmalat Colombia operates the following six production facilities:

- Bogotá, which produces pasteurized milk and covers the central part of Colombia.
- Medellín, which produces pasteurized milk, UHT cream, condensed milk and powdered milk.
- Chía, which produces pasteurized milk, UHT milk, UHT cream, powdered milk, yogurt and flavored milk.
- Cerete, which produces pasteurized milk and powdered milk.
- Barranquilla and Cali, which produce pasteurized milk.

CAPITAL EXPENDITURES

Capital expenditures totaled 6.9 million euros in 2008.

The largest investments were used for improvements in the production area (increasing capacity and efficiency and revamping assets) and to optimize overhead expenses.

The main projects in the production area included the following:

- Bogota: start of the renovation to transform the factory into office space.
- Chia: installation of a new yogurt packaging line and expansion of the factory to concentrate productions carried out in Bogotà.

Other Countries in Central and South America

The Group's Business Unit in **Nicaragua** reported net revenues of 25.4 million euros, or 14.9% less than the previous year. The local Group company responded to a reduction in unit sales, primarily in the pasteurized milk market, by developing activities involving exports to other countries in the region and increasing sales of pasteurized cream, a segment with higher profit margins. Nicaragua is the largest country in Central America, but also the one with the smallest population and a very high poverty rate. In this challenging market environment, Parmalat Nicaragua has a leadership position in the main dairy markets and in the fruit beverage market.

The Group's Business Unit in **Paraguay**, which was reincluded in the scope of consolidation in September 2007, booked revenues of 9.9 million euros and reported better results than in the previous year in terms both of unit sales and profitability. A better product mix, made possible by the launch of functional products, and increases in the list prices for several product categories are the main reasons for this improvement. At the same time, the appreciation of the local currency (guaraní) versus the U.S. dollar had a beneficial effect on the cost of packaging materials and other raw materials.

The Group's Business Unit in **Ecuador**, which reported net revenues of 8.4 million euros, concentrated its production on items with higher value added, such as powdered milk, condensed milk (imported from Colombia) and Zymil The Ecuadorian subsidiary operates two production facilities in Lasso and Cuenca. Even though unit sales were in line with the previous year, the Business Unit operated a loss, due mainly to its inability to transfer to its sales prices the higher costs incurred to purchase raw materials.

The Group's Business Unit in **Cuba**, which engages in the production of grapefruit juice and orange juice concentrate, fresh juices and orange and grapefruit essential oils, generated revenues of 1.7 million euros. The Business Unit sells primarily to its shareholders and its target markets are Italy (white grapefruit and orange concentrate), Europe in general (pink grapefruit concentrate) and Mexico (essential oils). In 2008, adverse weather conditions severely curtailed production capacity.

Human Resources

Group Staffing

The table below provides a breakdown by geographic region of the employees of Group companies that were consolidated line by line at December 31, 2008 and a comparison with the data at December 31, 2007.

Total payroll by geographic region

GEOGRAPHIC REGION	DECEMBER 31, 2008	DECEMBER 31, 2007
Italy	2,343[1]	2,940
Europe excluding Italy	1,404	1,383
Canada	2,971	2,974
Africa	2,238	2,237
Australia	1,462	1,432
Central and South America	3,750	3,755
Total	**14,168**	**14,721**

(1) The total includes 93 employees of a facility in Lodi that was sold on January 1, 2009

In 2008, the Group's staff decreased by 553 employees, due mainly to changes in the scope of consolidation of the Italian Business Unit: i.e., sale of Newlat S.p.A. (325 employees) and the business operations in Taranto (about 30 employees). Another contributing factor was the restructuring of Parmalat Distribuzione Alimenti, which was completed in April (about 140 employees).
Staffing levels held relatively steady in the other countries where the Group operates, with the exception of increases in Russia and Venezuela required to meet production needs, which offset decreases in Colombia and Cuba.

Union Relations

In 2008, all Group companies continued to pursue a policy based on an ongoing dialog with the unions. As part of this process, the Italian Business Unit reached an agreement for a four-year supplemental Company contract for the 2008-2011 period. This agreement, which comes on the heels of the restructuring and reorganization plan implemented during the previous three years, provides a foundation for strengthening and increasing the Company's competitiveness through the use of innovative systems of industrial relations, personnel development and training programs, variable compensation plans tied to the achievement of profitability, productivity and quality targets at all Group locations and companies in Italy. Negotiations were carried out successfully and without any work stoppages also in Canada, where seven contracts were signed, and Australia, where contracts were signed for the Bendigo and Rowville plants. In South Africa, the Group began the process of establishing a new system of industrial relations that includes quarterly negotiation meetings. The meetings concerning the renewal of the collective bargaining agreement should come to a close in April 2009.

Management and Development of Human Resources

Parmalat recognizes the central role played by its human resources and professional contributions that all employees provide to its success.
In order to improve the effectiveness of its human resource management and development system, keeping clearly in mind the international character of its organization, the Company established a Human Resource Group Management Committee. The members of this Committee, which is coordinated at the Corporate level, are Human Resource managers of Group companies. Through the involvement and support of its members, the Committee will define shared policies and guidelines that can be used to develop a Group culture that benefits from the wealth of diverse cultures and competencies that characterize its organization. The work carried out by the Committee produced the following results:

- a streamlined compensation program capable of reflecting the specific characteristics of the target market and supporting management in the definition of compensation policies;
- a proposal for a personnel recruitment policy common to all Group companies.

Employee training programs are left to the discretion of local managers, who are best able to implement programs that are consistent with the specific needs and objectives of local companies. In Italy and South America, special attention was placed on language training with the goal of improving mutual understanding and improving the quality of work activities. At the same time, training to improve technical skills and enhance occupational safety continued throughout the Group. Occupational safety training produced important results at many Group companies in Italy, Australia, Colombia and Venezuela, where the incidence of serious accidents decreased and the overall accident rate remained under control.

Communications

In 2008, in order to strengthen its relationships with the media, government entities, associations and institutional counterparties, the Group established an External Relations Department.
On the occasion of the third anniversary of its stock listing, Parmalat organized a symposium on “The Crisis of the Markets and Agribusiness Activities,” which was attended by well-known personalities from the academic, political and industrial communities in Italy and Europe and was covered by some of Italy’s most important information media.

Corporate Social Responsibility

The principles of social responsibility that are embodied in the Group’s Mission and Values were reflected in several programs implemented to address issues that were identified as priorities through interaction with the host communities in the different regions.
More specifically, an initiative that benefits deserving children of employees was launched in 2008, involving first the Italian Business Unit and then the African Business Unit. Two scholarships that finance enrollment in an annual school program were made available. The Italian student will be enrolled in a program in a foreign country and the student from Africa will travel to Italy. The names of the winners of the scholarships will be communicated in 2009.

Capital Expenditures

(€ m)

	2008		2007	
REGION	**AMOUNT**	**% OF THE TOTAL**	**AMOUNT**	**% OF THE TOTAL**
Italy	37.3	28.9%	41.4	36.3%
Europe excluding Italy	9.6	7.4%	8.0	7.0%
Canada	36.6	28.3%	24.8	21.7%
Africa	16.5	12.7%	12.8	11.2%
Australia	14.9	11.6%	18.3	16.0%
Central and South America	14.3	11.0%	8.8	7.7%
Total for the Group	**129.2**	**100.0%**	**114.1**	**100.0%**

The amounts shown below represent the total investments of the Parmalat Group in each region in 2008 (excluding land and buildings)

In 2008, the Group invested 129.2 million euros, or 13.2% more than in the previous year, confirming its strong commitment to improving quality, growing organically and increasing efficiency and safety.

The main investment projects are discussed in the sections of this Report that review the performance of the individual Business Units.

Research and Development

In 2008, the Group's research and development activities, which focused on developing new products, working in some instances with universities and research institutions, were supported by investments totaling several million euros.

In line with Corporate Mission, the main projects were:

1. the development of functional yoghurts relating to the heart area, intestinal regularity, intolerance, supported by analytical and scientific investigations aimed at functional characterization of the product, and clinical trials aimed at evaluating the effectiveness in humans;
2. the development of new technologies for the production of a low sugar and low calories milk, which was filed patent application;
3. Genetic mapping of a probiotic microorganism, selected by a screening done on 1500 different microorganisms, which was filed patent application;
4. Genetic mapping of another probiotic microorganism, already owned by Parmalat, which was filed patent application;
5. assessments of both industrial and scientific feasibility of several innovative products in the activation of metabolism area;
6. scientific assessments and regulatory (health claims) for food with prebiotic fibers active in immune area;
7. the development of drinks with regenerating-stimulating factors;
8. the development of products made from 100% fruit (smoothies), no added sugar, characterized by a typical palatability of fresh fruit.

Finally, the activities of the Central Laboratory continued also to increase the development of new methods for safety and quality of products (melamine, new markers of heat treatment, determination of micro-nutrients, etc....) and in order to gain the Accreditation by the SINAL (National System for Accreditation of Laboratories).

Financial Performance

Structure of the Financial Position of the Group and Its Main Companies

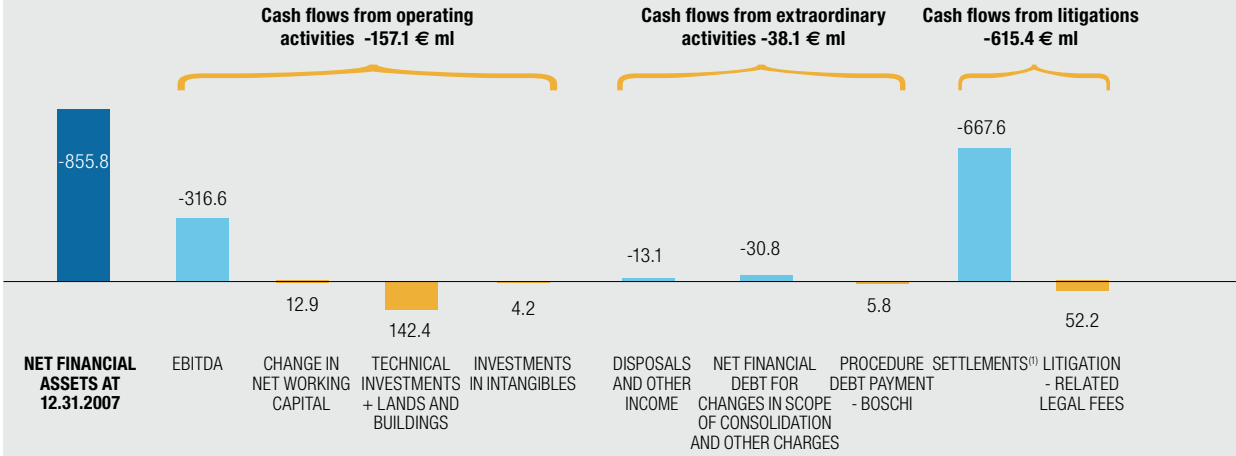
The Group's net financial position continued to improve in 2008, with net financial assets increasing from 855.8 million euros to 1,108.8 million euros. The Group's Parent Company continued to hold most of the liquidity, with some of the subsidiaries still holding some debt positions.

Consistent with the strategy pursued the previous year, the liquidity held by the Parent Company provides the Group with the financial flexibility needed to meet its operating and expansion needs.
The conditions under which the Group is being provided financing are consistent with market terms, in terms both of interest paid and interest earned. Specifically, the structure of the Group's financial position is such that the deterioration of international conditions with regard to access to credit (the "credit crunch") that occurred in 2008 did not have a significant impact on the availability of its credit lines.

The Group's liquid assets totaled 1,607.6 million euros (1,429.8 million euros held by Parmalat S.p.A.). As the Group's Parent Company holds no lines of credit, this high level of liquidity serves the purpose of protecting the Group's financial health. This liquidity has been invested in short-term bank deposits and Italian treasury securities. The liquid assets not held by Parmalat S.p.A. are held by individual Group companies, which invest them in the same instruments as the Parent Company. At the consolidated level, income from securities and bank interest totaled 67.9 million euros, 61.5 million euros of which were attributable to Parmalat S.p.A. The gain in financial income, compared with 2007, is attributable primarily to a volume effect, i.e., an increase in liquid assets.

Indebtedness owed to banks and other lenders decreased from 588.8 million euros

Consolidated Cash Flow Jan 1 - Dec 31, 2008



(1) Settlements: Gruppo UniCredit for 229,7 mln, UBS for 182,1 mln, Crédit Suisse for 171,0 mln, Banca Monte dei Paschi di Siena S.p.A. for 79,5 mln, Fortis Bank for 2,8 mln, Banca Italease S.p.A. for 2,5 mln

at December 31, 2007 to 498.8 million euros at December 31, 2008, owing in part to the deconsolidation of the Newlat S.p.A. subsidiary.

Thanks to its high liquidity, the Group is not experiencing any financial difficulties.

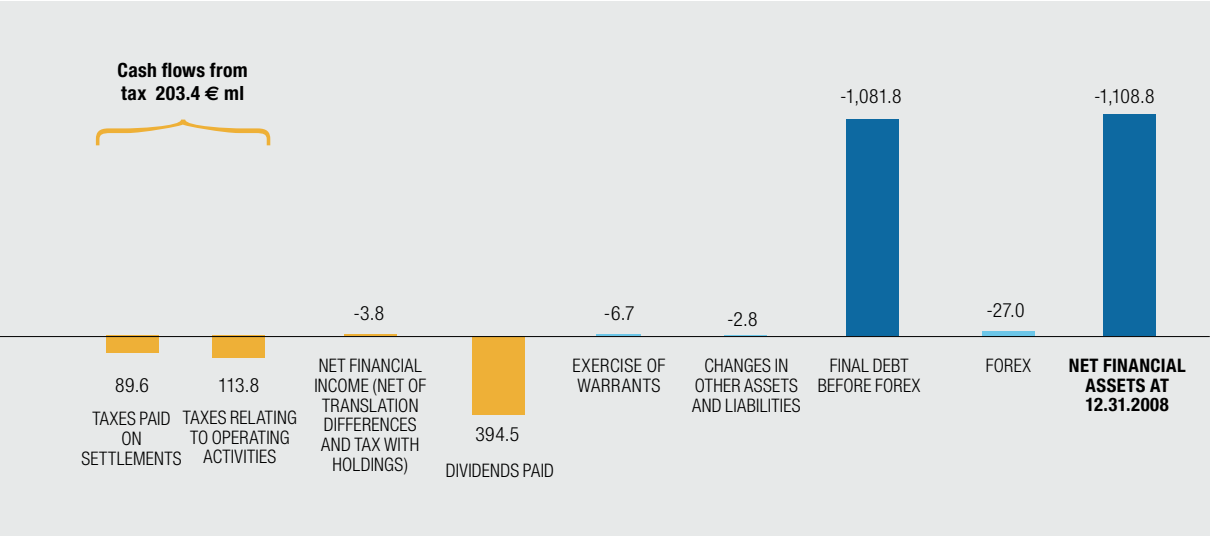
Change in Net Financial Position

At December 31, 2008, the Group's net financial position showed an improvement of 253.0 million euros, with net financial assets increasing to 1,108.8 million euros, up from 855.8 million euros at December 31, 2007, including a positive foreign exchange effect of 27.0 million euros. The net financial position balance includes the net indebtedness of the Venezuelan subsidiaries, which totaled 141.6 million euros at December 31, 2007 and 149.8 million euros at December 31, 2008.

The cash flow from operating activities amounted to 157.1 million euros.

Net cash flow from non-recurring transactions totaled 38.1 million euros. This amount refers primarily to the deconsolidation of Newlat S.p.A.

Cash flows from litigation settlements totaled 615.4 million euros, which is the net result of legal costs amounting to 52.2 million euros and proceeds of 667.6 million euros generated by settlements reached in 2008 with Banca Monte dei Paschi di Siena S.p.A. (79.5 million euros), Fortis Bank (2.8 million euros), Banca Italease S.p.A. (2.5 million euros), Credit Suisse (171.0 million euros), UBS (182.1 million euros) and Unicredit Group (229.7 million euros).
The cash flow required for income tax payments totaled 203.4 million euros, including 113.8 million euros attributable to operating activities and 89.6 million euros attributable to litigation results.
In addition to the positive foreign exchange effect of 27.0 million euros mentioned above, other items included financial income net of translation differences and tax withholdings of 3.8 million euros, dividend payments totaling 394.5 million euros, proceeds of 6.7 million euros from the exercise of warrants and a net negative change of 2.8 million euros in other assets and liabilities.



Managing Business Risks

In the normal course of its business operations, the Group is exposed to the operating risks that arise from the possible occurrence of accidents, malfunctions and breakdowns causing damages to persons, product quality or the environment, which could have an impact on the income statement and the balance sheet.

The Group is also exposed to the following financial risks:

- Risk from exposure to changes in interest rates and foreign exchange rates, country risk and risk related to commodity prices;
- Credit risk, which is the risk that a counterparty may become insolvent;
- Liquidity risk, which is the risk that it may not be able to perform obligations associated with financial liabilities;

and risks of a general nature.

Lastly, the Company and the Group are defendants in a series of civil and administrative lawsuits and the Company has filed a series of actions for damages, liability actions (both in civil and criminal venues) and actions to void in bankruptcy. An analysis of the main proceedings to which the Group is a party and of the related contingent liabilities is provided in the section of the Notes to the Financial Statements of the Parmalat Group entitled "Legal Disputes and Contingent Liabilities at December 31, 2008."

Operating Risks

The quality of its products, the protection of the health of its customers and their full satisfaction are the Group's primary objectives. To guarantee the quality of its products, in each of the countries where it operates, the Group adopted procedures and controls that are applied throughout the production process, from the procurement of raw materials to the distribution of finished products.

However, as is the case for all processes in the food industry, the Group's manufacturing processes are exposed to the risk of contamination both for products and packaging materials. This risk could result in the Group having to carry out a costly product recall.

The Product Recall procedures adopted by the Group, which are based on its Consumer Safety and Health Protection guidelines, require that all activities be carried out in compliance with the applicable statutory requirements and in accordance with principles, standards and solutions that are consistent with best industry practices.

Consistent with a policy of monitoring, reducing and transferring the operating risks that are inherent in its industrial and commercial activities, the Group has established an insurance system based on master policies that are negotiated and executed at the headquarters level and on primary risk local policies. The latter provide immediate coverage, which is supplemented with master policies when the magnitude of the damage exceeds the local coverage.

Preventive procedures and controls at the manufacturing level and insurance coverage are constantly updated, based also on reviews by independent consultants.

Financial Risks

The Group's financial risk management policy is coordinated through guidelines defined by the Parent Company and adjusted by each company to address specific issues that exist in the different markets. The guidelines establish benchmarks within which each company is required to operate and require compliance with some parameters. Specifically, the use of derivatives is allowed only to manage the exposure of cash flows, balance sheet items and income statement components to fluctuations in interest rates and foreign exchange rates. Speculative transactions are not allowed.

Foreign Exchange Risk and Country Risk

Because of the nature of its business, according to which most purchases and sales are denominated in local currencies, the Group has a limited exposure to foreign exchange risk. This limited exposure to transactional foreign exchange risk is hedged with simple hedging instruments, such as forward contracts.

From a more purely financial standpoint, the Group's policy requires that any bank credit lines and investments of liquid assets be denominated in the local currency, except for special needs, which require the approval of the Parent Company. The risk of foreign exchange fluctuations with an impact on the income statement, which is related to the translation into the local currency (and then into euros) of indebtedness denominated in U.S. dollars, affects primarily the Venezuelan companies. In any case, it would be impossible to hedge this risk at this point, since the indebtedness of the Venezuelan companies has still not been restructured. Parmalat believed that the maximum "sustainable debt" of the Venezuelan companies is US$30 million (see page 252 of the Prospectus).

Lastly, the companies that operate in countries with economies that are highly dependent on the oil industry are exposed to an economic risk. Specifically, the pressure that could develop on the currencies of such countries could translate into higher costs caused internally by the devaluation of the local currencies and companies may not be able to fully reflect such increases in the prices of the products they sell.

Interest Rate Risk

The Parmalat Group manages the interest rate risk with simple financial hedging instruments. To cover their exposure to variable-rate indebtedness, the Australian and Canadian subsidiaries hedge their positions with interest rate swaps, which they executed when they refinanced their indebtedness, as required by the agreements executed with the lender banks. The Canadian subsidiary also uses a hedge called a cross-currency interest rate swap, which provides a currency hedge for the portion of the debt denominated in U.S. dollars.

Price Risk

The Group is not exposed to the risk related to changes in share prices because its investment policy forbids investments in such instruments.

Credit Risk

The Group is not exposed to significant credit risk with regard to its cash and cash equivalents, since all of its liquidity is deposited with banks that are rated "investment grade," in the countries where this is possible, or invested in short-term treasury securities.

All of the liquidity of Parmalat S.p.A. is permanently held in Italy. At December 31, 2008, more than 50% of the total amount was invested in Italian treasury securities. The balance is held in time deposits or readily available accounts with banks virtually all of which are rated "superior investment grade." The only counterparty that does not have such a rating is a bank that operates locally, but more than half of the liquid assets on deposit with this bank are assisted by a counterguarantee in the form a surety provided by an Italian bank rated "superior investment grade."

Commercial credit risk is monitored at the country level with the goal of achieving an acceptable quality level for the customer portfolio. Given the limited availability of independent ratings for their customer bases, each company implements internal procedures to minimize the risk related to trade receivable exposure.
In any case, because the Group's customer portfolio is diversified over different countries and within each country, the Group's exposure to commercial credit risk is limited.

Liquidity Risk

The Group's liquidity risk is managed mainly at the individual company level, with each company operating in accordance with guidelines defined by the Parent Company.

The Group's Parent Company is kept constantly informed about changes in outlook concerning the financial position of its subsidiaries, so that it may help them identify timely solutions to prevent the occurrence of financing problems.
The sharp reduction in profitability experienced by the Group's South African subsidiary, in addition to causing the deterioration in profitability discussed earlier in this Report, weakened its financial position placing it in default with regard to two financial covenants of a loan agreement governing a financing facility that amounted to 109.2 million rand (8.4 million euros) at December 31, 2008.
The Parent Company took prompt action, underwriting a capital increase of 11 million euros and providing the subsidiary with an intra-Group loan of 10 million euros. Following these transactions, the lender bank forgave the covenant violation.

Risks of a General Nature

The Group operates in the food industry, which, by its very nature, is less exposed than other activities to the negative effects of changes in business conditions. Nevertheless, at this juncture it is difficult to forecast the depth of the economic crisis in the countries where we operate and the magnitude of the resulting effects, which are already perceptible, on our business activities.
Moreover, we wish to point out that the Group's portfolio of equity investments includes companies that operate in countries that are among the most exposed to the effects of the global crisis.
Consequently, should the current crisis become significantly more severe, it could have an impact on the Group's results.

***

Neither the Parent Company nor its subsidiaries own any Parmalat S.p.A. shares.

***

Transactions among Group companies or with related parties were neither atypical nor unusual and were conducted in the normal course of business. These transactions were carried out on market terms, i.e., on the same terms as those that would be applied by unrelated parties. Details about individual positions are provided in the Notes to the Financial Statements.

Tax Issues

Some Italian companies of the Parmalat Group elected to file a National Consolidated Tax Return, which is governed by Articles 117 to 129 of the Uniform Financial Code.
In 2008, these companies filed a National Consolidated Tax Return for the second year in a row.
The benefit generated in 2008 by filing a National Consolidated Tax Return (in which Parmalat S.p.A. is the consolidating company) was a reduction of about 5.3 million euros in current taxes, up from 3.3 million euros in 2007.
Excluding proceeds from settlements, in 2008 the effective tax rate of Parmalat S.p.A. was about 29%.
The 2008 Budget Law introduced significant amendments to the provisions that govern the National Consolidated Tax Return. As a result, the consolidation agreements were amended as of January 1, 2008.
Specifically, some beneficial provisions, such as the full exemption of dividends and the right to suspend the taxation of asset transfers (between companies included in the consolidated return) that do not constitute revenues, were eliminated.
Effective January 1, 2008, interest expense can be deducted up to an amount equal to 30% of a company's gross operating income.
The interest expense amount used to compute the 30% ceiling must be determined net of interest income.
Companies that are included in a National Consolidated Tax Return can transfer to each other any deductible interest expense amount computed on their gross operating income.
The consolidation rules have been revised to take into account this new provision.

Report on Corporate Governance

Issuer's Governance Structure and Profile

Governance Structure

The Company's system of corporate governance consists of a series of rules and activities that it has adopted to ensure that its governance bodies and control systems function efficiently and transparently. This Report was prepared in accordance with the provisions of the Corporate Governance Code published by Borsa Italiana and is consistent with best international practices. It describes the practice of corporate governance at Parmalat S.p.A. in 2008.

Parmalat adopted the Corporate Governance Code published by Borsa Italiana S.p.A. (hereinafter referred to as the "Code"). Parmalat's Board of Directors approved a separate code of conduct, which in this Report is cited as the "Parmalat Code of Conduct" and is discussed in greater detail in the related section below.

Parmalat's corporate organization is based on the so-called "conventional" model, which consists of the following corporate governance bodies: the Shareholders' Meeting, the Board of Directors (supported by Consulting Committees), the Board of Statutory Auditors and, separately, the Independent Auditors (external governance body).

The corporate governance model also includes a series of powers, delegations of power, and internal control procedures, as well as the Parmalat Code of Conduct, a Code of Ethics, the Internal Dealing Handling Code and the Organization, Management and Control Model required by Legislative Decree No. 231/01, with which all members of the Company — Directors, Statutory Auditors and employees — are required to comply.

This Report is also available on the Company website (www.parmalat.com/Corporate Governance page).

Group's Mission

The Group's mission is set forth in the Code of Ethics, which is available on the Company website: www.parmalat.com/Corporate Governance page.
The Code of Ethics encompasses all of those principles that, having been enunciated in general form, must then be embodied in the rules, standards and procedures that govern Parmalat's individual operations. Thus, the Code of Ethics provides a standard of behavior that all associates (including Directors, employees and all those who, irrespective of the legal nature of their relationship with the Group, operate under its management or oversight) are required to comply with and cause others to abide by. The values and rules of conduct set forth in the Code of Ethics provide the foundation for the Group's corporate culture, which emphasizes attention to qualitative excellence pursued through continuous technological innovation, with the goal of providing consumers with maximum guarantees and protection. The provisions of the Code constitute a tool that can be used to safeguard the Group's reliability, assets and reputation and ensure that all counterparts are treated with respect. Therefore, the Parmalat Code of Ethics should be applied by all Group companies in Italy and abroad, taking into account cultural, political, social, economic and commercial differences. The Code of Ethics is divided into three sections. The Group's Mission is set forth in the first section.

The strategy pursued by the Group is based on the identification of a clear mission in the global market. Parmalat intends to consolidated its position as a primary player both domestically and internationally. The mission of the Parmalat Group is as follows:
"The Parmalat Group is an Italian food-industry group with a multinational strategy that seeks to increase the well-being of consumers throughout the world. The ultimate purpose of the Group is to create value for its shareholders while adhering to ethical principles of business conduct, to perform a useful social function by fostering the professional development of its employees and associates, and to serve the communities in which it operates by contributing to their economic and social progress.
We intend to establish Parmalat as one of the top players in the global market for functional foods with high value added, which deliver improved nutrition and wellness to consumers, and attain clear leadership in selected product categories and countries with high growth potential for the Group.
Milk and dairy products and fruit beverages, foods that play an essential role in everyone's daily diet, are key categories for the Group".

Share Capital and Shareholders

Share Capital

On October 1, 2005, upon the Court approving the Proposal of Composition with Creditors of the Parmalat Group Under Extraordinary Administration, all of the assets (with a few specific exceptions) of the companies that were parties to the Proposal of Composition with Creditors (Parmalat SpA, Parmalat Finanziaria SpA, Eurolat SpA, Lactis SpA, Parmalat Netherlands BV, Parmalat Finance Corporation BV, Parmalat Capital Netherlands BV, Dairies Holding International BV, Parmalat Soparfi SA, Olex SA, Geslat Srl, Parmengineering Srl, Contal Srl, Panna Elena CPC Srl, Centro Latte Centallo Srl and Newco Srl) and all of their rights to personal and real property, tangible and intangible assets, business operations, outstanding contracts and all other rights and actions formerly belonging to the abovementioned companies were transferred to Parmalat S.p.A.

In exchange for acquiring the assets listed above, Parmalat S.p.A. assumed, among other undertakings, the obligation toward the creditors of the Parmalat Group Under Extraordinary Administration to proceed (through Fondazione Creditori Parmalat) with the process of issuing the shares allocated to eligible unsecured creditors and distribute shares and warrants to the abovementioned creditors in accordance with the provisions of the Proposal of Composition with Creditors.

As of the writing of this Report, following the distribution of shares in the manner described above, the Company's approved share capital amounted to 2,025,087,908 euros, of which 1,691,470,413 euros had been subscribed, allocated as follows:

- Number 27,302,663 shares representing approximately 1,6% of the share capital are still in a deposit account c/o Parmalat S.p.A., of which:
  - 12,983,965 or 0.8% of the share capital, registered in the name of individually identified commercial creditors, are still deposited in the intermediary account of Parmalat S.p.A. centrally managed by Monte Titoli;
  - 14,318,698 or 0.8% of the share capital registered in the name of the Foundation, called Fondazione Creditori Parmalat, of which:
    - 120,000 shares representing the initial share capital of Parmalat S.p.A.;
    - 14,198,698 or 0,8% of the share capital that pertain to currently undisclosed creditors.

As of the same date, a total of 87,366,185 warrants had been issued, 16,442,354 of which had been exercised.

Because the process of distributing shares and warrants is still ongoing, the Company's share capital could vary on a monthly basis until it reaches an amount that could reach 2,025,087,908.00 euros, which was approved by the Shareholders' Meeting on April 28, 2007, or until the expiration of the warrant conversion deadline, i.e., December 31, 2015.

Shareholder Base

Based on the data contained in the Stock Register, the communications received pursuant to law and other information available as of the writing of this Report, the shareholders listed on the table that follows are believed to own, either directly or through representatives, nominees or subsidiaries, an interest in the Company that is greater than 2% of the voting shares. The ownership percentages shown have been computed based on a share capital of 1,691,470,413 euros, which is the amount deposited as of February 20, 2009.

	SIGNIFICANT EQUITY INVESTMENTS			
		PLEDGED SHARES		
SHAREHOLDER	NO. OF SHARES	NO. OF SHARES	PERCENTAGE	PERCENTAGE
Mackenzie Cundill Investments Management Ltd	126,207,316			7.461%
Total for the Intesa S. Paolo Group	40,274,358			2.381%
breakdown: Intesa San Paolo SpA	36,930,518	411,658	0.00025	2.183%
other banks of the San Paolo IMI Group	3,343,840			0.198%
TOTAL SHAREHOLDERS WITH SIGNIFICANT EQUITY INTERESTS	**166,481,674**			**9.842%**

INFORMATION ABOUT OWNERSHIP ISSUES (AS PER ARTICLE 123-BIS OF THE UNIFORM FINANCIAL CODE)

As of the date of approval of this Report:

a) Share Capital Structure

As of the writing of this Report, the Company's share capital amounted to 1,691,470,413 euros. The share capital consists of common shares, all of which convey all of the rights and obligations required pursuant to law. Pursuant to the relevant provisions of the law and the Bylaws, the common shares, which are registered shares, entitle their holders to attend ordinary and extraordinary meetings of the Company's shareholders and convey all of the administrative and property rights that the law provides to owners of voting shares.

b) Restrictions on the Transfer of Shares

There are no restrictions on the transfer of shares, such as limitations on stock ownership or the requirement that the transfer be approved by the Issuer or other owners of the securities.

c) Shareholder Base and Shareholders with Significant Equity Interests

Information about this issue is provided in section "Shareholder Base" above.

d) Securities that Convey Special Rights

No securities that convey special control rights have been issued.

e) Employee Stock Ownership: Method of Exercising Voting Rights

There is no employee stock ownership plan.

f) Restrictions of the Right to Vote

There are no restrictions of the right to vote.

g) Shareholders' Agreements

As of the date of approval of this Report, Parmalat is not aware of any shareholders' agreements, as defined in Article 122 of the Uniform Financial Code. However, on the occasion of the Shareholders' Meeting of April 9, 2008, a shareholders' agreement was filed with the Company, at its registered office, and the Consob. The abovementioned agreement was executed by the following shareholders: *Lehman Brothers International (Europe)*, *Angelo, Gordon & Co LP, Stark Master Fund Ltd, Stark Global Opportunities Master Fund Ltd, Stark Criterior Master Fund Ltd, MKM Longboat Multistrategy Master Fund Ltd, and Zenit Fund.*

This shareholders' agreement concerned exclusively filing of slates of candidates and voting at the Shareholders' Meeting convened to elect the Company's governance bodies.

The abovementioned agreement was also published in the March 22, 2008 of *Il Sole 24 Ore*.

The shareholders' agreement expired at the end of the Shareholders' Meeting, following the election of the Company's governance bodies.

h) Election and Replacement of Directors

Information about this issue is provided in section "Composition and Election" below.

i) Authorizations to Increase Share Capital and Authorizations to Buy Treasury Shares

The Board of Directors has not been authorized to increase the Issuer's share capital, as required by Article 2443 of the Italian Civil Code.

The Company has not considered the option of submitting motions asking that the Shareholders' Meeting authorize the purchase of treasury shares, as required by Articles 2357 and following of the Italian Civil Code

l) Significant Agreements

For some of the Group's companies, the signing of agreements that contain change of control clauses is part of the normal process of negotiating major contracts. A review pertaining to this issue was carried out with regard to Parmalat S.p.A. and its subsidiaries. Only Parmalat Canada indicated that it was a party to an agreement with a "change of control clause", pursuant to which lenders would be paid an amount equal to 10% of Parmalat Canada's equity value in the event of a change of control.

m) Indemnities Payable to Directors in the Event of Resignation or Dismissal Without Just Cause or if the Relationship Is Terminated Due to a Tender Offer

Parmalat is not a party to any agreements with Directors calling for the payment of indemnities in the event of resignation or dismissal without just cause or if the relationship is terminated due to a tender offer.

Board of Directors

Composition and Election

The Company is governed by a Board of Directors comprising 11 (eleven) Directors, who are elected from slates of candidates. Only shareholders who, alone or together with other shareholders, hold a number of shares equal in the aggregate to at least 1% of the Company's shares that convey the right to vote at Regular Shareholders' Meetings are entitled to file slates of candidates.

As required by Article 11 of the Bylaws, as amended by the Board of Directors on February 7, 2008, in addition to a slate of candidates, the shareholders must file, no later than 10 days prior to the Shareholders' Meeting, affidavits by which each candidate accepts to stand for election and attests, on his responsibility, that there is nothing that would bar the candidate's election or make the candidate unsuitable to hold office and that he has met the requirements for election to the respective office. Each candidate must file a curriculum vitae together with his affidavit, listing his personal and professional data and, if applicable, showing his suitability for being classified as an independent Director.

When calling the Shareholders' Meetings convened on April 9, 2008 to elect new corporate governance bodies, the Board of Directors urged shareholders to file slates of candidates to the Board of Directors within the 15 (fifteen) days deadline recommended by Borsa Italiana Spa in the Corporate Governance Code approved on March 2006, even though the deadline set forth in the Bylaws will remain at 10 (ten) days.

The election of the Board of Directors will be carried out in the following manner:

a) A number of Directors in proportion to the number of votes received plus two, but not more than 9 (nine), will be taken from the slate that received the majority of votes. Fractions greater than 0.5 (zero point five) will be rounded to the next higher whole number, and fractions smaller than 0.5 (zero point five) will be eliminated;

b) The remaining Directors will be elected from the remaining slates. To that end, the votes cast for these lists will be divided in sequence by one, two, three or four, depending on the number of Directors that need to be elected. The quotients thus obtained will be attributed progressively to the candidates in each of the slates, in the order in which the candidates are listed on the slates. The quotients thus attributed to the candidates on the various slates will be arranged in decreasing order. The candidates with the highest quotients will be elected. If more than one candidate receives the same quotient, the candidate belonging to the slate that contains no elected Directors or the smallest number of elected Directors will be elected.

If none of these slates contains an elected Director or all contain the same number of elected Directors, the candidate who received the highest number of votes will be elected. If candidates receive the same number of slate votes and the quotient is the same, the Shareholders' Meeting will be asked to vote again, and the candidate who receives a plurality of the votes will be elected.

If the group of candidates elected from the slate that received the majority of the votes cast does not include a sufficient number of independent Directors, the non-independent candidate elected with the smallest quotient from the slate that received the highest number of votes after the first slate will be replaced by the unelected independent candidate from the same slate with the highest quotient, and so forth, slate by slate, until the required number of independent Directors is reached.

If only one slate is filed or no slates are filed or the election concerns only a portion of the Board of Directors, the Shareholders' Meeting will vote with the applicable statutory majorities and in accordance with the provisions Article 11, Paragraph 2, of the Bylaws.
If one or more Directors should leave office in the course of the fiscal year, irrespective of the reason, the Board of Directors will proceed in accordance with provisions of Article 2386 of the Italian Civil Code. If one or more the departing Directors had been elected from a slate containing names of candidates who had not been elected, the Board of Directors will replace the departing Directors by appointing candidates taken in sequence from the slate of the departing Director, provided these candidates are still electable and are willing to serve. If an independent Director should leave office, he must be replaced, to the extent that it is feasible, with the first of the unelected independent Directors in the slate from which the departing Director was drawn.
Whenever the majority of the members of the Board of Directors elected by the Shareholders' Meeting leave office for any cause or reason whatsoever, the remaining Directors who have been elected by the Shareholders' Meeting will be deemed to have resigned and their resignation will become effective the moment a Shareholders' Meeting convened on an urgent basis by the Directors still in office elects a new Board of Directors.
The Shareholders' Meeting that elects the Directors determines the length of their term of office, which, however, may not be longer than three fiscal years. The term of office of the Directors thus appointed expires on the date of the Shareholders' Meeting convened to approve the financial statements for the last year of their term of office. Directors may be reelected.
In the course of an election, at least 6 (six) of the Directors elected by the Shareholders' Meeting must be independent Directors possessing the requirements set forth in Article 12 of the Bylaws.

Directors must meet the requirements of the applicable statutes or regulations (and of the Corporate Governance Code published by the company that operates the regulated market in Italy on which the Company's shares are traded). The following individuals may not be elected to the Board of Directors and, should such an individual currently be serving in such capacity, he shall be removed from office automatically: (i) individuals against whom the Company or its predecessors in title have filed legal actions at least 180 (one hundred eighty) days prior to the date of the Shareholders' Meeting convened to elect the Board of Directors; (ii) individuals who, prior to June 30, 2003, served as Directors, Statutory Auditors, General Managers or Chief Financial Officers of companies that at that time were part of the Parmalat Group; (iii) individuals who are defendants in criminal proceedings related to the insolvency of the Parmalat Group or who have been found guilty in such proceedings and ordered to pay damages, even if the sentence is not final.

With regard to corporate governance posts, the Bylaws state that the same person may not serve both as Chairman of the Board of Directors and Chief Executive Officer.

The table that follows lists the Directors who were in office as of the writing of this Report and the posts they held at publicly traded companies; financial, banking and insurance institutions; and large businesses. The current Board of Directors was elected by the Shareholders' Meeting convened on April 9, 2008, on the second calling, and will remain in office up to the date of the Shareholders' Meeting convened to approve the annual financial statements at December 31, 2010.

The Directors currently in office were elected based on a slate of candidates filed by the following investors: *Lehman Brothers International (Europe), Angelo, Gordon & Co. LP, Stark Master Fund Ltd, Stark Global Opportunities Master Fund Ltd, Stark Criterion Master Fund Lt, MKM LongBoat Multi-strategy Master Fund Ltd and Zenit Fund. The abovementioned slate was published in the following newspapers on March 27, 2008: Il Sole 24 Ore, Corriere della Sera and Financial Times.*

There was no change in the composition of the Board of Directors between the end of the year and the date when this Report is being submitted for approval.

NAME OF DIRECTOR	POST HELD AT PARMALAT S.P.A.	POSTS HELD AT OTHER COMPANIES (AS DEFINED BY GUIDELINE 1.C.2 OF THE CODE) THAT ARE NOT PART OF THE PARMALAT GROUP
Raffaele Picella	Chairman	■ Chairman of Banca Campania S.p.A. ■ Statutory Auditor of Ansaldo Breda S.p.A.
Enrico Bondi	Chief Executive Officer [1]	
Piergiorgio Alberti	Independent Director	■ Independent Director of Finmeccanica SpA
Massimo Confortini	Independent Director	■ Independent Director of Caltagirone Editore SpA ■ Director of Cementir Holding SpA
Marco De Benedetti	Independent Director	■ Director of Cofide SpA
Andrea Guerra	Independent Director	■ Chief Executive Officer of Luxottica SpA ■ Director of BNL ■ Director of DEA Capital
Vittorio Mincato	Independent Director	■ Independent Director of FIAT SpA ■ Chairman Neri Pozzi SpA
Erder Mingoli	Independent Director	■ Vice Chairman BoD of Lucchini RS SpA ■ Managing Director BoD of Lucchini RS SpA ■ Chairman BoD of Lucchini UK Ltd ■ Chairman BoD of Lucchini Sweden AB ■ Chairman BoD of Lucchini Poland Sp. Z.O.O.
Marzio Saà	Independent Director	■ Director of Eridano Finanziaria Spa ■ Independent Director of Juventus Club SpA ■ Director of Same Deutz-Fahr Group SpA ■ Director of Società Italiana Tecnodinamica LA PRECISA SpA ■ Director Cofiber SpA
Carlo Secchi	Independent Director	■ Independent Director of Pirelli & C. SpA ■ Independent Director of Tangenziali Esterne di Milano (TEM) SpA ■ Independent Director of Allianz SpA ■ Independent Director of Mediaset SpA ■ Director of Italcementi SpA
Ferdinando Superti Furga	Independent Director	■ Chairman Board of Stat. Aditors of Fininvest SpA ■ Chairman Board of Stat. Aditors of Arnoldo Mondadori Editore SpA ■ Chairman Board of Stat. Auditors Publitalia'80 SpA ■ Vice President of the Société Europèenne de Banque SA ■ Independent Director of MolMed SpA ■ Indipendent Director of Giuseppe Critterio Srl ■ Indipendent Director of Luisa Spagnoli SpA ■ Statutory Auditor of Telecom Italia SpA

(1) Also serves as Chairman of Fondazione Creditori Parmalat

Information about the personal and professional backgrounds of the Directors referred to in Article 144-*octies*, Letter b.1), of the Issuers' Regulations, as cited in Article 144-*decies*, of the Issuers' Regulations, is available on the Company website: www.parmalat.com > Corporate Governance/ Board of Directors page.

Independence

The requirement of independence is governed by Article 12 of the Bylaws. This article is one of the so-called "locked" articles of the Bylaws, which are articles the provisions of which cannot be amended until the financial statements for the year ended December 31, 2009 have been approved, unless an amendment is approved by a vote cast on the first calling or on a subsequent calling by shareholders representing at least 95% of the share capital. This requirement made it impossible to officially adopt the Code's requirements. The other articles of the Bylaws the amendment of which requires the same voting quorum are listed in the final paragraph of Article 10 of the Bylaws.

Each independent Director certified that he qualified as independent pursuant to the Bylaws at the time of election. These qualifications were checked by the Board of Directors at the first Board meeting after the election, which was held on April 9, 2008, after the Shareholders' Meeting had been adjourned. At that meeting, which was attended by the entire Board of Statutory Auditors, the Directors performed the independence verification process in a manner consistent with the recommendation set forth in Section 3.C.1 of the Corporate Governance Code published by Borsa Italiana, which requires that substance rather than form be the guiding principle when assessing the independence of non-executive Directors, taking also into account the criteria set forth in Section 3.C.1 of the Code and the provisions established in paragraph 3, of Article 148 of TUF . The outcome of this review was communicated to the market on April 9, 2008.

The current Board of Directors includes nine independent Directors, which is more than the minimum number of independent directors required pursuant to Article 11 of the Bylaws.

In 2008, the independent Directors met separately from the other Directors on one occasion (on November 14, 2008).

Self Assessment

In addition to checking whether non-executive Directors qualified as independent, the Board of Directors performed a process of self assessment with regard to the size, composition and operating procedures of the Board itself and its Committees. The assessment process was carried out by requesting that all members of the Board of Directors fill out a questionnaire by which they assessed the Board's performance in terms of the parameters referred to above and provided suggestions about the inclusion of members with professional qualifications that could prove useful to the Board. The self-assessment questionnaire was submitted for review to the Internal Control and Corporate Governance Committee, which handled the preparatory phase of the self assessment process. The Committee also reviewed the findings provided by the questionnaires prior to the adoption of the relevant resolution and discussed them in a brief report that was submitted to the Board of Directors.

Guidelines About the Maximum Number of Governance Positions

At its meeting of December 11, 2007, the Board of Directors already expressed its views with regard to the maximum number of posts that may be held on Boards of Directors of publicly traded companies; financial, banking and insurance institutions; and large businesses compatibly with the obligation to serve effectively as a Director of Parmalat.

More specifically, the Board of Directors - taking into account: i) the composition and rules of operation of the current Board of Directors; ii) the high level of attendance by the Directors at the meetings held by the Board of Directors and its Committees; iii) the obligations of Directors, as set forth in Article 13 of the Bylaws and Article 4 of the Parmalat Code of Conduct (which must be used subjectively as a source of guidance by Directors when accepting to serve on the Board) - provided an indication as to the maximum number of governance positions that may be held compatibly with the obligation to serve effectively as a Director of Parmalat SpA, in accordance with the Section 1.C.3 of the Code, stating that Directors may not serve on more than five (5) Boards of Directors or Boards of Statutory Auditors (including the Board of Directors of Parmalat SpA) of companies whose securities are traded on a regulated market in Italy or abroad. The Board of Directors also stated that, in exceptional cases, this limit may have been changed (both downward or upward) by means of a resolution approved by the Board of Directors. This resolution, which shall be disclosed in the Annual Report on Corporate Governance, must explain the reason for the change, based on considerations that take into account the size, organization and ownership relationships that exist among the companies in question. The guidelines chosen by the Board of Directors will remain in effect until the Board decides otherwise. Such a decision will be, if the case, disclosed in next year's Annual Report on Corporate Governance.

Lead Independent Director

The Company did not appoint a Lead Independent Director because it does not meet the requirements for the establishment of such a position, as set forth in Section 2.C.3 of the Code of Conduct.

Non-compete Obligation

As a rule, the prior approval of the Shareholders' Meeting is not required to waive the non-compete obligation set forth in Article 2390 of the Italian Civil Code.

Chairman and Chief Executive Officer

At a meeting held on April 9, 2008, after the Shareholders' Meeting has been adjourned, the Board of Directors appointed Raffaele Picella Chairman of the Board of Directors and Enrico Bondi Chief Executive Officer. Pursuant to the Bylaws, both are empowered to represent the Company vis-à-vis third parties and in court proceedings.

As of the writing of this Report, no management powers have been delegated to the Chairman of the Board of Directors and he does not perform a specific function in the development of Company strategies. The role of the Chairman of the Board of Directors is governed by Article 14 of the Bylaws and Article 5 of the Parmalat Code of Conduct, which is available on the Company website: www.parmalat.com > Corporate Governance page.

The specific duties of the Chairman of the Board of Directors include:

- convening meetings of the Board of Directors, determining the meeting's Agenda and, in preparation for the meetings, transmitting to the Directors, as expeditiously as appropriate based on the circumstances, the materials required to participate in the meeting with adequate knowledge of the issues at hand
- supervising the meeting and the voting process
- handling the preparation of Minutes of the meeting
- ensuring that there is an adequate flow of information between the Company's management and the Board of Directors and, more specifically, ensuring the completeness of the information that the Board uses as a basis for making its decisions and exercising its power to manage, guide and control the activities of the Company and the entire Group
- ensuring that the Board of Directors and the Board of Statutory Auditors are provided with adequate information ahead of meetings of the Board of Directors
- in general, ensuring that the Company is in compliance with the provisions of all laws and regulations, and with the Bylaws and the corporate governance rules of the Company and its subsidiaries; is responsive to the regulations and conduct guidelines issued by the entity governing the regulated market where the Company's shares are traded, and adheres to best industry practices.

The Chairman of the Board of Directors is not the person who is chiefly responsible for managing the Issuer and is not the Issuer's controlling shareholder.

Pursuant to a resolution adopted by the Board of Directors on April 9, 2009, the Chief Executive Officer has been given the most ample powers to manage the Company's business. He may take all actions that are consistent with the Company's purpose, within the limits imposed by the applicable laws and excluding those transactions that fall under the sole jurisdiction of the Board of Directors, which are specifically listed in section "Function of the Board of Directors" below. In this area, the Board of Directors reserved sole jurisdiction over the review and approval of transactions that have a material impact on the Company's operations, particularly when they involve a related party. The criteria to identify such transactions are listed in the abovementioned Parmalat Code of Conduct approved by the Board of Directors, as better explained at the following chapter "Guidelines for Transactions with Related Parties".

At each meeting of the Board of Directors, as required by Article 2381 of the Italian Civil Code and Article 150 of Legislative Decree No. 58/98, the Chief Executive Officer reports to the Board of Directors and the Board of Statutory Auditors on the work he has performed, the use of the powers of attorney he has been granted and the material transactions not requiring the prior approval of the Board of Directors that were executed by the Company and its subsidiaries.

In the performance of their duties, the Directors reviewed the information provided by the Chief Executive Officer, specifically asking the CEO to provide clarifications, in-depth analyses and additional information as may have been necessary and appropriate for a complete and accurate assessment of the facts brought to the attention of the Board of Directors.

In order to help the Directors gain greater insight into the Company's organization and its businesses, the respective Chairmen invited Company executives, mainly from Operations, Planning, Control and Group Reporting, the Corporate Accounting Documents Officer *(Dirigente Preposto alla*

redazione dei documenti contabili societari) and Human Resources, to attend meetings of the Board Committees (Nominations and Compensation Committee and Internal Control and Corporate Governance Committee) for the purpose of discussing and analyzing in greater detail specific Company issues. The subjects that were reviewed and discussed, on occasion with the assistance of an outside expert, included the Company's market positions and its potential and strategies. The Board Committees report to the Board of Directors to which take part, on a regular basis, the Chief Financial Officer and the General Manager in charge for Operations.

Functions of the Board of Directors

Functions of the Board of Directors

In the corporate governance system adopted by Parmalat SpA, the Board of Directors plays a central function, enjoying the most ample ordinary and extraordinary powers needed to govern the Company, with the sole exception of the powers reserved for the Shareholders' Meeting.
The Board of Directors has sole jurisdiction over the most important issues. Specifically, it is responsible for:

- reviewing and approving transactions (including investments and divestitures) that, because of their nature, strategic significance, amount or implied commitment, could have a material effect on the Company's operations, particularly when these transactions are carried out with related parties;
- drafting and adopting the rules that govern the Company and its Code of Ethics, and defining the applicable Group guidelines, while acting in a manner that is consistent with the principles of the Bylaws;
- granting and revoking powers to Directors and the Executive Committee, if one has been established, defining the manner in which they may be exercised, and determining at which intervals these parties are required to report to the Board of Directors on the exercise of the powers granted them;
- determining whether Directors meet and continue to satisfy requirements of independence;
- adopting resolutions concerning the settlement of disputes that arise from the insolvency of companies that are parties to the Composition with Creditors. These resolutions may be validly adopted with the favorable vote of 8/11 of the Directors who are in office.

The Board of Directors, during the meeting held on April 9, 2008, agreed to confirm in its entirety the resolution approved on July 25, 2007, which specified the issues that are exclusively under the jurisdiction of the Board of Directors and, consequently, clarified more effectively how the new guidelines of Borsa Italiana S.p.A. are being implemented.
Essentially, the Board of Directors, in discharging its obligations:

- reviews and approves the strategic, industrial and financial plans of the Company and the Group, as well as the Company's corporate governance system and the Group's structure;
- assesses the effectiveness not only of the organizational and administrative structure, but also the general accounting system of the Company and its strategically significant subsidiaries, as developed by the Chief Executive Officer, particularly with reference to the internal control system and the handling of conflicts of interest;
- monitors and assesses the overall performance of the Group's operations, based primarily on the information provided by the Chief Executive Officer, and compares on a regular basis reported results against planned results;
- reviews and approves in advance transactions executed by the Company and its subsidiaries

when these transactions have a material impact on the Company's strategy, income statement, balance sheet or financial position, paying special attention to situations in which one or more Directors may have an interest directly or on behalf of third parties and, more specifically, to transactions with related parties. In this area, the Board of Directors has already provided in the Directors' Code of Conduct general guidelines to identify material transactions.

More specifically, non-executive Directors provided major contributions to the proceedings, drawing on general strategic knowledge and specific technical skills they acquired outside the Company. This body of knowledge made it possible to analyze issues from different perspectives and contributed to the development of a lively discussion, which is the hallmark of a collegial, reasonable and informed decision making process.

The Parmalat Code of Conduct

The Code of Conduct approved by the Board of Directors of Parmalat S.p.A. on March 1, 2005, reserves for the exclusive jurisdiction of the Board of Directors all transactions (including investments and divestitures) that, because of their nature, strategic significance, amount or implied commitment, could have a material effect on the Company's operations, particularly when these transactions are carried out with related parties and identifies for this purpose the following transactions that may be executed by Parmalat S.p.A. or its subsidiaries:

- Placements of issues of financial instruments with a total value of more than 100 million euros;
- Granting of loans and guarantees, investments in and disposals of assets (including real estate) and acquisitions and divestitures of equity investments, companies, businesses, assets and other property valued at more than 100 million euros;
- Mergers and demergers, when at least one of the parameters listed below, when applicable, is equal to or greater than 15%:
  a) Total assets of the absorbed (merged) company or assets that are being demerged/total assets of the Company (taken from the consolidated financial statements, if available);
  b) Profit before taxes and extraordinary items of the absorbed (merged) company or assets earmarked for demerger/income before taxes and extraordinary items of the Company (taken from the consolidated financial statements, if available);
  c) Total shareholders' equity of the absorbed (merged) company or business earmarked for demerger/total shareholders' equity of the Company (taken from the consolidated financial statements, if available).

  Mergers of publicly traded companies and mergers between a publicly traded company and a privately held company are always deemed to be material operating, financial and asset transactions.

Information must also be provided about transactions that, while on their own involve amounts lower than the threshold listed above or that trigger the exclusive jurisdiction of the Board of Directors, are linked together in a strategic or executive project and taken together exceed the materiality threshold. Consequently, transactions such as those listed above are not covered by the powers that the Board of Directors granted to the Chief Executive Officer on April 9, 2008.

The Parmalat Code of Conduct is available on the Company website: www.parmalat.com > Corporate Governance page.

In order to provide a clear disclosure of the progress made in implementing the guidelines of Borsa Italiana's Corporate Governance Code, the table that follows provides an overview of the guidelines adopted by Parmalat.

Additional Requirements of the Code

	YES	NO	BRIEF EXPLANATION OF THE REASON FOR NOT FOLLOWING THE CODE'S RECOMMENDATIONS
System for the Delegation of Powers and Transactions with Related Parties			
Did the BoD delegate powers defining:			
a) the scope of the powers	☑		
b) the manner in which they may be exercised	☑		
c) the reporting intervals	☑		
Has the BoD reserved jurisdiction over reviewing and approving transactions that could have a material effect on the Company's operating performance, balance sheet or financial position (including transactions with related parties)?	☑		
Has the BoD defined guidelines and criteria to identify "material transactions"?	☑		
Are these guidelines and criteria described in this Report?	☑		
Has the BoD established specific procedures for the review and approval of transactions with related parties?	☑		
Are the procedures for the approval of transactions with related parties described in this Report?	☑		
Latest procedures for the election of Directors and Statutory Auditors			
Were the slates of candidates to the post of Director filed at least 15 days before the Shareholders' Meeting?		☑	On February 7, 2008, the Bylaws were amended to make them consistent with the provisions of Article 144-*octies* of the Issuers' Regulations. When the election of the Board of Directors has taken place on April 9, 2008, the Board of Directors has recommend that the slates of candidates and the candidates' affidavits agreeing to stand for election be filed at least 15 days before the date of the Shareholders' Meeting, and that the slated be published in at least two national newspapers and the *Financial Times* at least 10 days before the abovementioned date. Article 11 of the Bylaws.
Were the slates of candidates to the post of Director filed together with adequate information?	☑		
Were the slates of candidates to the post of Director filed together with affidavits by the candidates attesting that they qualified as independent Directors?	☑		

	YES	NO	BRIEF EXPLANATION OF THE REASON FOR NOT FOLLOWING THE CODE'S RECOMMENDATIONS
Were the slates of candidates to the post of Statutory Auditor filed at least 15 days before the Shareholders' Meeting?		☑	On February 7, 2008, the Bylaws were amended to make them consistent with the provisions of Article 144-*sexies* of the Issuers' Regulations. When the election of the Board of Statutory Auditors has taken place on April 9, 2008, the Board of Directors has recommend that the slates of candidates and the candidates' affidavits agreeing to stand for election be filed at least 15 days before the date of the Shareholders' Meeting and that the slated be published in at least two national newspapers and the *Financial Times* at least 10 days before the abovementioned date.
Were the slates of candidates to the post of Statutory Auditor filed together with adequate information?	☑		
Shareholders' Meetings			
Did the Company approve Shareholders' Meeting regulations?		☑	For the time being, the Company has not proposed the adoption of specific Shareholders' Meeting regulations because it believes that the power attributed by the Bylaws to the Chairman of the Meeting are sufficient to maintain an orderly performance of Shareholders' Meetings, thereby avoiding the risks and inconveniences that could result, should a Shareholders' Meeting fail to comply with Meeting regulations. Pursuant to article 10 of the Bylaws, the Chairman of the Meeting is responsible for ascertaining whether the Meeting has been properly convened, managing the progress of the Meeting and discussion of the items on the Agenda and verifying voting results.
Are these Regulations annexed to this Report?		☑	
Internal Control			
Did the Company appoint Internal Control Officers?	☑		
Are these Officers hierarchically independent of operational managers?	☑		
Is there an organizational unit responsible for the internal control system (as per Article 9.3 of the Code)?	☑		
Investor Relations			Contact information
Did the Company appoint and Investor Relations Officer?	☑		Cristina Girelli - Tel: +39 0521 808550 E-mail: c.girelli@parmalat.net

Meetings of the Board of Directors

To the extent that it is feasible, Directors and Statutory Auditors must receive, together with the notice of a meeting, documents explaining the items on the Agenda, except in urgent cases or when special confidentiality must be maintained. In these cases, a comprehensive discussion of the issues must take place. When necessary, the Chief Executive Officer may ask Company executives to attend Board meetings to provide useful information about the items on the Agenda.

In 2008, the Board of Directors met 13 (thirteen) times, including four times before the Shareholders' Meeting of April 9, 2008, the Agenda of which included the election of the Company's governance bodies, and nine times after the abovementioned Shareholders' Meeting. The attendance percentage of each Director at the abovementioned Board meetings is listed below:

	ATTENDANCE PERCENTAGE AT THE FOUR BOARD MEETINGS HELD BEFORE THE SHAREHOLDERS' MEETING	ATTENDANCE PERCENTAGE AT THE NINE BOARD MEETINGS HELD AFTER THE SHAREHOLDERS' MEETING
Raffaele Picella	100.0%	88.88%
Enrico Bondi	100.0%	100.0%
Piergiorgio Alberti	100.0%	88.88%
Massimo Confortini	100.0%	100.0%
Marco De Benedetti	100.0%	100.0%
Andrea Guerra	50.0%	77.77%
Vittorio Mincato	75.0%	88.88%
Erder Mingoli	100.0%	100.0%
Marzio Saà	100.0%	100.0%
Carlo Secchi	100.0%	100.0%
Ferdinando Superti Furga	75.0%	100.0%

Four meetings of the Board of Directors have been planned for 2009. As of the date of approval of this Report, the Board had already met once.

A calendar of Board meetings planned for 2009 to review annual and interim results was communicated to the market and Borsa Italiana on January 30, 2009 in a press release that was also published on the Company website: www.parmalat.com > Investor Relations > Press Releases page. On that occasion, the Company indicated that it would disclose promptly any changes to the dates announced in the abovementioned press release.

As previously announced, the Company scheduled for earlier dates than in previous years the Board meetings convened to approve the Annual Report and the 2009 Interim Report on Operations.

Handling of Corporate Information

Transparency in market communications and accuracy, clarity and completeness of disclosures are values that are binding on all members of the Company's governance bodies and all Group managers, employees and associates.

Directors, Statutory Auditors and all Company employees are required to treat as confidential the documents and information to which they may become privy in the performance of their functions and must comply with the procedure specifically established for the internal handling and public disclosure of said documents and information.

This procedure, which was adopted in 2005, is used both to manage insider documents and information internally and to communicate them outside.

Among other issues, the abovementioned procedure defines the functions, operating procedures and responsibilities that relate to the communication and dissemination of information concerning the Company and the Group. In all cases, the dissemination of such information requires the prior approval of the Company's Chief Executive Officer. The purpose of this procedure is to ensure that corporate information is not disclosed selectively, at an inappropriate time or in incomplete or inadequate form.

In 2005, as part of this procedure, the Company established the Register of Parties that Have Access to Insider Information required pursuant to Article 115-bis of the Uniform Financial Code. In accordance with this procedure, which complies with the requirements of Issuers' regulations published by the Consob, the Company is required to maintain such a Register, which is operated with a special software. The Register was prepared in accordance with Consob guidelines in order to provide an accurate flow of corporate information. Accordingly, it contains the following data: identity of each individual who has access to insider information on a regular or occasional basis; the reason why each person is entered in the Register; and the date when information about each person was last updated.

Lastly, the Company adopted an Internal Dealings Handling Code, which governs the disclosure requirements and conduct obligations associated with transactions involving financial instruments issued by the Company in an amount greater than 5,000.00 euros, as required by Consob Regulation No. 11971/99, by so-called Significant Persons who may have access to insider information about the Company and the Group. Significant Persons are required to sign a special affidavit stating that they are thoroughly familiar with and accept the Internal Dealing Handling Code.
As shown in Annex "B," no Director or Statutory Auditors of Parmalat S.p.A. holds or has held an equity interest in the Company.

Establishment and Rules of Operation of the Internal Committees of the Board of Directors

At a meeting held subsequent to the adjournment of the Shareholder's Meeting of April 9, 2008, the Board of Directors agreed to keep in place its existing internal Committees. At the same meeting, the Board of Directors also approved the various Committee regulations.

The establishments of the Internal Committees of the Board of Directors is governed by Article 18 of the Bylaws. The rules governing the operation of the Committees have been approved by the Board of Directors.

The Board of Directors has established several internal committees that provide consulting support and submit proposals to the Board of Directors. The Board of Directors is informed about the activities of these Committees whenever a Board meeting is held.
These Committees are:

- Litigation Committee;
- Nominations and Compensation Committee;
- Internal Control and Corporate Governance Committee.

Individuals who are not Committee members may be invited to attend Committee meetings to provide their input with regard to specific items on the Agenda.

Each Committee reports on a regular basis to the Board of Directors about the work it has performed.

Minutes are kept of each Committee meeting and the minutes are recorded in a special Minutes Book.

The composition, activities and rules of operation of these Committees are explained in detail below.

Litigation Committee

This Committee, which comprises three independent Directors without executive authority (Massimo Confortini, Chairman; Ferdinando Superti Furga; and Vittorio Mincato), provides consulting support to the Chief Executive Officer on litigation related to the insolvency of the companies included in the Composition with Creditors. The Corporate Counsel of Parmalat SpA attends the meetings of this Committee.

The opinions rendered by the Committee with regard to individual issues in litigation are also forwarded to the Board of Directors ahead of the meeting that has the issues in question on its Agenda.

In 2008, the Litigation Committee met 10 (ten) times. Each meeting was attended by all Committee members, who reviewed all settlement proposals prior to their approval by the Board of Directors

A breakdown of Committee meetings is provided below:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED IN 2008	ATTENDANCE PERCENTAGE
Massimo Confortini	10	100
Ferdinando Superti Furga	10	100
Vittorio Mincato	10	100

Nominations and Compensation Committee

This Committee, which has three members (Carlo Secchi, Chairman; Andrea Guerra; and Marco De Benedetti), performs a proposal-making function.

The specific functions of this Committee include the following:

- It submits proposals to the Board of Directors regarding the appointment of a Chief Executive Officer and the names of Directors who will be coopted by the Board when necessary, as well as proposals regarding the compensation of Directors who perform special functions. A portion of the overall compensation paid to the abovementioned individuals may be tied to the operating performance of the Company and the Group and may be based on the achievement of specific predetermined targets.
- At the request of the Chief Executive Officer, it evaluates proposals for the appointment and compensation of Chief Executive Officers and Board Chairmen of the main subsidiaries. A portion of the overall compensation paid to the abovementioned individuals may be tied to the operating performance of the Company and the Group and may be based on the achievement of specific predetermined targets. In performing this task, the Committee may request the input of the Manager of the Group Human Resources Department.
- At the request of the Chief Executive Officer, it defines the parameters used to determine the compensation criteria applicable to the Company's senior management and the adoption of stock option and share award plans or other financial instruments that may be used to provide an incentive to and increase the loyalty of senior management. In performing this task, the Committee may request the input of the Manager of the Group Human Resources Department.

In 2008, the Nominations and Compensation Committee met 3 (three) times. Almost all of the Members attended the meetings. At those meetings, the Committee reviewed the program for the management and development of the corporate staff.

A breakdown of Committee meetings is provided below:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED IN 2008	ATTENDANCE PERCENTAGE
Carlo Secchi	3	100
Andrea Guerra	3	100
Marco De Benedetti	2	80

Compensation of Directors

On April 9, 2008, the Shareholders' Meeting approved a resolution awarding Directors who serve as committee members an additional variable compensation amount based on the actual number of committee meetings. This additional compensation is listed in the section of this Report entitled "Compensation of Directors and Statutory Auditors."

The total compensation allotted to the Directors currently in office was set at the Shareholders' Meeting held on April 9, 2008, concurrently with the election of the Board of Directors. Information about the compensation of Directors is provided in a schedule entitled "Compensation of Directors and Statutory Auditors," which is appended to this Report as Annex "A."

Internal Control and Corporate Governance Committee

This Committee, which comprises three independent Directors without executive authority (Marzio Saà, Chairman; Carlo Secchi; and Ferdinando Superti Furga), performs a consulting and proposal-making function. Sessions of the Committee are attended by the Chairman of the Board of Statutory Auditors. The specific functions of this Committee include the following:

- It verifies that the internal control system is working effectively and supports the Board of Directors in defining guidelines for the internal control system. It also supports the Chief Executive Officer in defining the tools and methods needed to implement the internal control system.
- It assists the Board of Directors in performing the tasks described in Article 17, Letters d) and k),[1] of the Bylaws.
- It evaluates the work plans prepared by the Internal Control Officers and reviews the reports these Officers are required to submit on a regular basis.
- It evaluates, together with the Company's accounting officials and the independent auditors, the effectiveness of the accounting principles and their consistent use in the preparation of the consolidated financial statements.
- It evaluates proposals put forth by independent auditors who are seeking the award of the audit assignment, their audit work plans and the findings contained in the audit report and the suggestion letter.
- It approves the annual audit plan.
- It reports to the Board of Directors at least semiannually (in conjunction with the approval of the annual and semiannual reports) on the work done and the adequacy of the internal control system.
- It performs any additional assignments it receives form the Board of Directors, particularly with regard to the relationship with the independent auditors.
- It supports the Board of Directors in the task of establishing the Oversight Board required by Legislative Decree No. 231/2001 and reviews the work performed by the Oversight Board.
- It ensures that the rules of corporate governance are complied with and updates these rules. It performs any other activity that it may deem useful or consistent with the performance of its functions.

In 2008, the Internal Control and Corporate Governance Committee met 8 (eight) times. Each meeting was attended by all Committee members and by the Chairman of the Board of Statutory Auditors and/or other Statutory Auditors. The Committee reviewed the valuation criteria and accounting principles applied to prepare the income statement and balance sheet prior to their submission to the Board of Directors, the Group's independent audit plan, the annual internal audit plan, the projects carried out to implement the Company's governance rules (including the appointment of the Internal Control Officer, as required by Law No. 262/05), the programs launched in connection with Legislative Decree No. 231/2001 and those concerning market abuse. Other issues discussed at Committee meetings included a project to streamline the corporate chain of control and a project to analyze/manage operational risks. The programs related to Legislative Decree No. 231/2001 are discussed in greater detail in Section 10 below on the Internal Control System.

The Committee also provided the Board of Directors with a report reviewing the effectiveness of the internal control system.

(1) These are rules concerning corporate governance and the obligation to oversee and assess the overall performance of the Company's operations

A breakdown of Committee meetings is provided below:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED IN 2008	ATTENDANCE PERCENTAGE
Marzio Saà	8	100
Carlo Secchi	8	100
Ferdinando Superti Furga	8	100

Internal Control System

The Company's internal control system is designed to ensure the efficient management of its corporate and business affairs; to make management decisions that are transparent and verifiable; to provide reliable accounting and operating information; to ensure compliance with the applicable statutes; to protect the Company's integrity; and to prevent fraud against the Company and the financial markets in general.

The Board of Directors defines the guidelines of the internal control system and verifies its effectiveness in managing business risks.

The Chief Executive Officer defines the tools and procedures needed to implement the internal control system in a manner that is consistent with the guidelines established by the Board of Directors and ensures that the overall system is adequate, functions correctly and is updated in response to changes in the operating environment and in the statutory and regulatory framework.

The internal control system defined by the Board of Directors must have the following general characteristics:

- at the operating level, authority must be delegated in light of the nature, typical size and risks involved for each class of transactions, and the scope of authority must be consistent with the assigned task;
- the organization must be structured to avoid function overlaps and concentration under one person, without a proper authorization process, of multiple activities that have a high degree of danger or risk;
- each process must conform with an appropriate set of parameters and generate a regular flow of information that measures its efficiency and effectiveness;
- the professional skills and competencies available within the organization and their congruity with the assigned tasks must be checked periodically;
- operating processes must be geared to produce adequate supporting documents, so that their congruity, consistency and transparency may be verified at all times;
- safety mechanisms must provide adequate protection of the Company's assets and ensure access to data when necessary to perform required assignments;
- risks entailed by the pursuit of stated objectives must be identified and adequately monitored and updated on a regular basis, and negative elements that can threaten the organization's operational continuity must be assessed carefully and protections adjusted accordingly;
- the internal control system must be supervised on an ongoing basis and reviewed and updated periodically.

Specifically, the Group's internal control system performs two distinct functions at the operational level:

- Line control, which includes all of the control activities that the Group's individual operating units and companies apply to their processes. These control activities are a primary responsibility of operational managers and are deemed to be an integral part of all Company processes.
- Internal auditing, which is performed by a separate Company organization. The purpose of the internal auditing function is to help the Risk Management office identify and minimize the different types of risks to which the Company is exposed. It accomplishes this goal by monitoring line controls in terms of their effectiveness and the results they produced.

The Board of Directors uses the support of the Internal Control and Corporate Governance Committee to ensure that the guidelines provided above are complied with.
The Board of Directors asked Francesco Albieri, Manager of the Group Internal Audit Office to also serve as Internal Control Officer. The Internal Control Officer is hierarchically independent of executives that oversee operational departments and reports directly to the Chief Executive Officer. The Internal Control Officer provides information on a regular basis to the Internal Control and Corporate Governance Committee and the Board of Statutory Auditors.
Essentially, the Chief Executive Officer is the executive Director who is responsible for ensuring that the internal control system referred to in Guideline 8.3.5 of the Code is functioning effectively.
Consistent with the requirements of Article 2428, Section 1, of the Italian Civil Code and the Corporate Governance Code published by Borsa Italiana (Implementation Guideline 8.C.1, Letter a), the Company completed a risk assessment program that will lead to a better and more specific identification of the main operating processes with the goal of identifying and managing risks, both individually by each department and, at the Group level, by the Board of Directors. The Board is currently considering how to best extend the risk assessment process to the main Group subsidiaries. Specifically, the Board's intention is to broaden the scope of the abovementioned assessments to include the more important subsidiaries, in order to monitor their performance and how mapped risks are managed.

The Organization and Management Model required by Legislative Decree No. 231/2001 is an integral part of the internal control system and the Oversight Board required by the abovementioned Decree is responsible for overseeing the implementation of the Model. The members of the Oversight Board are an independent Director (Marzio Saà), a Statutory Auditor (Mario Magenes) and the Group Internal Audit Manager (Francesco Albieri). The Oversight Board adopted internal regulations that were approved by the Board of Directors. The Board of Directors, after hearing the input of the Board of Statutory Auditors, appoints the members of the Oversight Board based on requirements that include professional background, competence, integrity, autonomy and independence. The reasons that would make a candidate unelectable to the Oversight Board include: (i) having been barred or disqualified from holding public office, filed for bankruptcy or received a sentence that includes being barred (even if temporarily) from holding public office or disqualifies the defendant from holding a management position; (ii) having been convicted of one of the crimes referred to in the abovementioned Decree.
A member of the Oversight Board may be removed from office only if there is sufficient cause to justify such cause and the removal decision must be set forth in a resolution approved by the Board of Directors, based on the input provided by the Board of Statutory Auditors.
In 2008, the Oversight Board met three times. It analyzed issues related to the effectiveness and efficiency of the Model, reviewed the findings of audits that it performed on processes that are relevant to the implementation of the Model, the structure of outgoing and incoming information flows and the coordination of the various Oversight Boards established within the Parmalat Group. On December 11, 2007, the Board of Directors agreed to establish a separate budget earmarked for use by the Oversight Board for the year 2008.

Following the completion of their Organization, Management and Control Models, the main Italian subsidiaries were able to begin the regular implementation of the Models and verify the protocols adopted for that purpose. Guidelines for foreign Group companies, as approved by the Parent Company's Board of Directors and subsequently communicated to the Boards of the abovementioned subsidiaries, will take into account the issues entailed by the different corporate organizations and the requirements of local laws. These guidelines set forth principles of business conduct and organizational rules that are consistent with the Group's Code of Ethics and should be applied to corporate processes that are relevant for the purposes of Legislative Decree No. 231/2001. Each company is required to adopt these principles and rules, compatibly with the relevant provisions of local laws.

In addition, the organizational model used by Parmalat and its Italian subsidiaries has been upgraded to address an expansion of the range of prosecutable offenses, particularly with regard to the provisions of Law No. 123/07, which holds companies liable for crimes committed in violation of occupational safety laws (Uniform Occupational Safety Code)

Lastly, the Company, having completed a project to map the main risks entailed by the preparation of financial reports, as required to comply with the provisions of Law No. 262/05, as amended by Legislative Decree No. 303/06, particularly with regard to the provisions concerning the function of the Corporate Accounting Documents Officer, is now implementing the required administrative procedures, when lacking. This process is focused in particular on the main foreign subsidiaries.
Also in this area, the auditing activities that must be performed on a regular basis, as required by Article 154-bis of the Uniform Financial Code, have been put in place and are now fully operational.
With regard to the issue of managing operational risks and the provisions of Article 2428 of the Civil Code, as amended, the Company is developing the procedures needed to support within the Group's Parent Company a structured flow of information from and to the main subsidiaries, with the goal of monitoring and then managing the risks and uncertainties inherent in the industry.

The Board of Directors, having heard the recommendations of the Internal Control and Corporate Governance Committee, finds that the Company's internal control system is adequate and operates effectively.

Independent Auditors

The law requires that each year a firm of independent auditors ascertain that the Company's accounting records are properly maintained and faithfully present the results of operations, and that the statutory and consolidated financial statements fairly reflect the data in the accounting records, are consistent with the findings of the audits performed and comply with the applicable statutes.
The firm of independent auditors is *PricewaterhouseCoopers* SpA.

Corporate Accounting Documents Officer

The Corporate Accounting Documents Officer must meet the following requirements: (i) he must have served as a corporate executive for at least 5 year; (ii) he must have worked in the accounting or control areas or served in another management function at a corporation with a share capital of at least 2 million euros; and (iii) he must meet the law's standards of integrity and professionalism. These requirements are set forth in Article 20-bis of the Bylaws.

As part of the process of appointing a Corporate Accounting Documents Officer (hereinafter the Documents Officer), as required by Article 154-*bis* of the Uniform Financial Code (Legislative

Decree No. 58/98), the Company found that its Chief Financial Officer was the person best qualified to meet the requirements of the Uniform Financial Code, as amended. The appointment of the Documents Officer, which falls under the jurisdiction of the Board of Directors, was carried out by a resolution that the Board of Directors, acting with the support of the Board of Statutory Auditors and of the Internal Control and Corporate Governance Committee, approved on July 25, 2007. At the same meeting, the Board of Directors approved guidelines to govern the tasks assigned to the Documents Officer; the manner in which the Documents Officer is appointed, is terminated or dismissed; the powers and resources awarded to the Documents Officer; and the relationships between the Documents Officer and other corporate governance bodies and departments.
As of the date of approval of this Report, the Board of Directors had authorized, on November 14, 2008, the 2009 expense budget for the Documents Officer, who is required to report to the Board of Directors at least semiannually about the use of his budget. At the same meeting, the Documents Officer reported to the Board of Directors about the use of the allocated budget.
Consistent with the scope of the powers and functions allocated to him, the Documents Officer may exceed the limits of the approved budget to address specific and demonstrable needs, provided he is expressly authorized by the Board of Directors. In cases of clearly urgent needs, the Documents Officer may be awarded spending authority beyond his assigned budget without requiring the prior approval of the Board of Directors, if the unnecessary passing of time would be prejudicial to the attestations required pursuant to Article 154, Section 2 and 5, of the Uniform Financial Code.
The Documents Officer is part of the senior management team and is a member of the Chief Executive Officer's staff. The Documents Officer is empowered to organize his activity with maximum autonomy.
The Chief Executive Officer must ensure that all accounting and financial data forwarded by the subsidiaries to the Documents Office that may have an impact on the Company's semiannual financial statements, statutory financial statements and consolidated financial statements or which may otherwise be certified by the Documents Officer pursuant to Article 154-*bis*, Section 2, be accompanied by an affidavit signed by the Chief Executive Officer, Country Manager or Accounting Manager of each subsidiary certifying that: i) adequate accounting and administrative procedures that are consistent with the guidelines provided by the Documents Officer have been adopted; ii) these procedures were actively used during the period covered by the accounting data; iii) the accounting data are consistent with the entries in the accounting and other business records; iv) the accounting data provide a truthful and fair representation of the balance sheet, income statement and financial position of the company that they represent; (v) in relation to the financial statements and the consolidated financial statements, the Report on Operations includes the contents listed in letter e) of the paragraph 5 of article 154-bis TUF and (vi) in relation to the Condensed Semi-Annual Financial Statement, the Interim Report on Operations includes the contents listed in letter f), of the paragraph 5 of article 154 bis TUF.

The Documents Officer was appointed for an undetermined term of office. In other words, he will serve until his appointment is revoked or he resigns.
Consequently, the Documents Officer can be automatically removed from his office only in the following cases: i) he is terminated as an employee of the Company or of a company in the Parmalat Group by which he was employed; or ii) he no longer meets the integrity requirements he possessed when he was appointed. If the Documents Officer is a Company Director, he will be automatically removed from his office upon ceasing to be a Company Director, unless he is also an employee of the Company or of another Parmalat Group company.
The Documents Officer can also be dismissed by the Board of Directors. In such cases, the dismissal must be justified and the requirements of Article 2383 of the Italian Civil Code that apply to the dismissal of Directors must be met.
If the Documents Officer is removed or dismissed, the Board of Directors shall take action promptly and urgently to appoint a replacement.

Guidelines for Transactions with Related Parties

Consistent with the provisions of the Code, the Board of Directors has established a special process to review and approve transactions with related parties.
More specifically, the Board of Directors is responsible for verifying that transactions in which a Director has a personal interest, either directly or for the benefit of a third party, are executed transparently and in a manner that is fair both substantively and procedurally.

Transactions with related parties, including intra-Group transactions, must be approved in advance by the Board of Directors, except for typical or regular transactions (i.e., transactions that in view of their purpose, type, characteristics or conditions are part of the Company's normal course of business and do not entail particular problems because of their characteristics or the risks presented by the counterpart or the timing of their execution) or transactions executed on standard terms.

Transactions that require the approval of the Board of Directors are transactions that, because of their purpose, amount involved or implementation timing could have an impact on the safety of the Company's assets or on the fairness or completeness of accounting and other information. Special attention is paid to transactions that involve an amount greater than 50 million euros and to transactions of a lesser amount that are executed on non-standard terms.

When justified by the type or characteristics of a transaction, in order to avoid executing it on unfair terms, the Board of Directors may request that the transaction be executed with the support of one or more experts, who will be asked to render an opinion about the financial terms and/or conditions and/or fairness of the transaction.
In choosing the abovementioned experts, the Board of Directors must approach individuals of proven professional skill and competence in the applicable subject area, and their independence and lack of conflict of interest must be checked carefully. In the most significant cases, in keeping with the principles of independence, the Board of Directors must use different experts for each related party.

Because Articles 9.4 and 14 of the Parmalat Code of Conduct already set forth detailed guidelines to identify such transactions and the actions that must be taken, the Board of Directors did not approve a special procedure in this area. However, the Company specifically intends to approve a special procedure to address this issue once the Consob publishes the applicable regulatory guidelines.

Election of Statutory Auditors

The Board of Statutory Auditors is the governance body charged with ensuring that the Company is operating in compliance with the law and the Bylaws and performs a management oversight function. By law, it is not responsible for auditing the financial statements, as this function is performed by independent auditors selected by the Shareholders' Meeting.

Pursuant to Article 21 of the Bylaws, the Board of Statutory Auditors comprises three Statutory Auditors and two Alternates, all of whom are elected on the basis of slates of candidates to ensure that a Statutory Auditor and an Alternate are elected by minority shareholders. Only shareholders

who, alone or together with other shareholders, hold a number of shares equal in the aggregate to at least 1% of the Company's shares that convey the right to vote at Regular Shareholders' Meetings are entitled to file slates of candidates.
In accordance with Article 21 of the Bylaws, the slates of candidates filed by shareholders must be deposited at the Company's registered office at least 15 days before the date of the Shareholders' Meeting, convened on the first calling. The additional procedures required to file slates of candidates and the eligibility to file such slates are governed by Article 11 of the Bylaws, insofar as they are not in conflict with the provisions of Article 144-*sexies*, Section 5, of the Issuers' Regulations.

Together with each slate of candidates, shareholders must file and publish affidavits by which each candidate accepts to stand for election and attests, on his responsibility, that there is nothing that would bar the candidate's election or make the candidate unsuitable to hold office and that he has met the requirements for election to the respective office. Each candidate must file a curriculum vitae together with his affidavit, listing his personal and professional data.

Lastly, if no slate of candidates is filed 15 days before the Shareholders' Meeting or if only slates filed by shareholders who are linked with each other pursuant to Article 144-*quinquies* of the Issuer's Regulations are deposited during that period, slates of candidates may be filed up to five days after the expiration of the 15-day deadline, as allowed by Article 144-*sexies* of the Issuer's Regulations. A specific disclosure was provided by the Company by means of a notice published in the March 22, 2008 issue of *Il Sole 24 Ore*.

Statutory Auditors can also be selected among candidates who qualify as independent based on the criteria provided in the Code for Directors. The Board of Statutory Auditors will verify compliance with these criteria after the election and, subsequently, once a year. The results of this review process shall be disclosed in the Annual Report on Corporate Governance.

Individuals who, pursuant to laws or regulations, are not electable, are no longer allowed to remain in office or lack the required qualifications may not be elected Statutory Auditors and, if elected, must forfeit their office. The requirements of Article 1, Section 2, Letters b) and c), and Section 3 of Ministerial Decree No. 162 of March 30, 2000 apply when a candidate's professional qualifications refer, respectively, to the Company's area of business and to the fields of law, economics, finance and technology/science.

In addition to the other cases listed in the applicable law, individuals who serve as Statutory Auditors in more than 5 (five) companies whose shares are traded in regulated markets in Italy or who are in one of the situations described in the last paragraph of Article 11 of the Bylaws may not be elected Statutory Auditors and, if elected, must forfeit their office and, in particular it is not admitted to elect those individuals: (i) individuals against whom the Company or its predecessors in title have filed legal actions at least 180 (one hundred eighty) days prior to the date of the Shareholders' Meeting convened to elect the Board of Directors; (ii) individuals who, prior to June 30, 2003, served as Directors, Statutory Auditors, General Managers or Chief Financial Officers of companies that at time were part of the Parmalat Group; (iii) individuals who are defendants in criminal proceedings related to the insolvency of the Parmalat Group or who have been found guilty in such proceedings and ordered to pay damages, even if the sentence is not final.

Statutory Auditors

The current Board of Statutory Auditors was elected at the Shareholders' Meeting of April 9, 2008. It will remain in office until the Shareholders' Meeting convened to approve the financial statements at December 31, 2010. No members of the current Board of Statutory Auditors has been elected by minority shareholders because only one slate was filed when elections were held in 2008.

The current Board of Statutory Auditors includes the following three Statutory Auditors:

Alessandro Dolcetti *Chairman*
Enzio Bermani *Statutory Auditor*
Mario Magenes *Statutory Auditor*

and the following two Alternates:

Massimo Colavolpe *Alternate*
Marco Benvenuto Lovati *Alternate*

The table that follows lists the posts held by Statutory Auditors at publicly traded companies; financial, banking and insurance institutions; and large businesses.

NAME OF STATUTORY AUDITORS	POST HELD AT PARMALAT SPA	POSTS HELD AT OTHER COMPANIES
Alessandro Dolcetti	Chairman	■ Chairman Board of Stat. Auditors Enìa SpA ■ Director of Kedrion SpA
Enzio Bermani	Statutory auditor	■ Statutory Auditor of Sistemi di Energia SpA ■ Statutory Auditor Cimberio SpA ■ Chief Exeutive Officer RCS Investimenti SpA
Mario Magenes	Statutory auditor	■ Chairman Board of Stat. Auditors of Fibe SpA ■ Chairman of the Board of Statutory Auditors of Fibe Campania SpA ■ Chairman of the Board of Statutory Auditors of Bocoge Costruzioni SpA ■ Chairman of the Board of Statutory Auditors of Gestione Napoli SpA ■ Statutory Auditor Aedes SpA ■ Statutory Auditor Aedes Servizi SpA ■ Statutory Auditor Eurofly Service SpA ■ Statutory Auditor Investimenti e Sviluppo Holding Srl ■ Statutory Auditor City Italia SpA ■ Statutory Auditor Ideaprogetto SpA ■ Statutory Auditor Sistemi Ambientali SpA ■ Sole Director of Unico Verim Srl

The Statutory Auditors currently in office were elected based on a slate of candidates filed by the following investors: *Lehman Brothers International (Europe), Angelo, Gordon & Co. LP, Stark Master Fund Ltd, Stark Global Opportunities Master Fund Ltd, Stark Criterion Master Fund Lt, MKM LongBoat Multi-strategy Master Fund Ltd e Zenit Fund.* The abovementioned slate was published in the following newspapers on March 27, 2008: *Il Sole 24 Ore*, *Corriere della Sera* and *Financial Times.*

The Statutory Auditors currently in office, in addition to meeting the requirements of independence set forth in the Code, also meet the statutory requirements of integrity and professionalism.

At a meeting held on April 9, 2008, the Board of Statutory Auditors verified that its members were in compliance with the independence requirements set forth in Guideline 10.C.2 of the Code.

Information about the personal and professional backgrounds of the Statutory Auditors referred to in Article 144-octies, Letter b.1), of the Issuers' Regulations, as cited in Article 144-decies of the Issuers' Regulations, is provided in Annex "C" to this Report.

In 2008, the Board of Statutory Auditors worked in close cooperation with the Internal Control and Corporate Governance Committee. The Chairman of the Board of Statutory Auditors, or other member of the Board, attended most Committee meetings. In addition, a Statutory Auditor (M. Magenes) is a member of the Oversight Board established pursuant to Legislative Decree No. 231/01 and attended all Oversight Board meetings.

In the performance of its duties, the Board of Statutory Auditors makes it a practice to coordinate its activities with the Internal Audit Department.

Lastly, as part of the tasks that it is required to perform pursuant to law, the Board of Statutory Auditors checked that the verification criteria and procedures adopted by the Board of Directors to assess the independence of its members were being properly applied.

The Board of Statutory Auditors met 13 (thirteen) times in 2008. Almost all of the Members attended the meetings.. A breakdown of the meetings of the Board of Statutory Auditors is provided below:

COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED IN 2008	ATTENDANCE PERCENTAGE
Alessandro Dolcetti	13	100.00
Enzio Bermani	12	92.30
Mario Magenes	13	100.00

The compensation payable to the Board of Statutory Auditors, which was approved by the Shareholders' Meeting on April 9, 2008, is outlined in a schedule entitled "Compensation of Directors and Statutory Auditors," which is appended to this Report as Annex "A".

Relationship with Shareholders

Parmalat's communication policy is based on maintaining an ongoing dialog with institutional investors, shareholders and the market in general. The objective pursued by this approach to communications is to ensure the dissemination of complete, accurate and timely information in a manner that prevents the occurrence of "timing differences" in the disclosure of information and ensures that the same information is made available at the same time to all shareholders.

The ongoing disclosure of information to investors, the market and the media is achieved by means of press releases; regular meetings with institutional investors, the financial community and the media; and documents that are posted on the Company website: www.parmalat.com.

The Company supports any initiative that encourages the largest possible number of shareholders to attend Shareholders' Meetings and helps them exercise their rights. Accordingly, it publishes all Notices of Shareholders' Meetings in the *Official Gazette of the Italian Republic*, two Italian newspapers with national circulation and the *Financial Times*, and makes material with relevant information available on its website at least 15 days before the date of each Shareholder's Meeting.

In addition to the opportunities provided by the Shareholders' Meetings, the Company's dialog with its shareholders and institutional investors continues on the occasion of regular meetings with the financial community organized by the Investor Relations Office, headed by C. Girelli, and with the support of the Corporate Affairs Office.

Shareholders' Meeting

Shareholders' Meetings are convened in Ordinary or Extraordinary Session pursuant to law, unless one is called to vote on resolutions concerning amendments to Article 10 (Convening, Chairing and Handling Shareholders' Meeting), Article 11 (Board of Directors), Article 12 (Requirements of Independent Directors), Article 15 (Meetings of the Board of Directors), Article 16 (Resolutions of the Board of Directors), Article 17 (Powers of the Board of Directors — Delegation of Powers) or Article 18 (Committees) of the Bylaws, which, until the approval of the financial statements for the 2009 fiscal year, will require the favorable vote of shareholders representing at least 95% of the share capital.

Pursuant to the Bylaws (Articles 8, 9 and 10), Shareholders' Meetings are convened by means of a notice published in the Official Gazette of the Italian Republic and in two of the following newspapers: *Corriere della Sera, La Repubblica* or *Il Sole 24 Ore*, as well as in the *Financial Times*. The notice, which is posted at the same time on the Company's website, specifies the conditions for attending the Shareholders' Meeting, as set forth in the Bylaws.

In addition, the Company provides the public with information about the items on the Meeting's Agenda by making relevant material available at its headquarter, communicating it to Borsa Italiana through the NIS system and posting it on its website (www.parmalat.com).

Only shareholders who have deposited their shares, or the corresponding certifications, at the Company's registered office or at the banks listed in the Notice of Shareholders' Meeting at least two days in advance may attend the Meeting.

Shareholders' Meetings may be attended by shareholders who received from the Company the communication required by Article 2370, Section Two, of the Italian Civil Code at least two days prior to the date of a single Shareholders' Meeting, and who, on the date of the Meeting, can produce the requisite certification, unless the Notice of Meeting allows attendance by shareholders who are entitled to vote and can prove their right to do so in the manner required by the statutes currently in force, without the need to make deposits or communications ahead of time.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors. If the Chairman is absent, Meetings are chaired by the Deputy Chairman who has not as yet been appointed.

Insofar as the handling of Shareholders' Meetings is concerned, thus far, the Company has chosen not to propose the adoption of specific Meeting Regulations, since the powers attributed to the Chairman of the Meeting pursuant to the Bylaws should be sufficient to enable the Chairman to conduct orderly Shareholders' Meetings. This approach avoids the risks and inconveniences that could result if the Shareholders' Meeting should fail to comply with all of the provisions of such Regulations.
Pursuant to Article 10 of the Bylaws, the Chairman is responsible for determining that a Shareholders' Meeting has been properly convened, overseeing the Meeting's activities and discussions and verifying the outcomes of votes.

On the occasion of the Shareholders' Meeting, the Board of Directors reported on its past and planned activities and answered specific questions asked by shareholders. The Board has strived to provide shareholders with ample disclosures about issues that are relevant to the process of making informed decisions about matters over which the Shareholders' Meeting has jurisdiction.

In 2008, a Shareholders' Meeting was held on April 9, 2008 for the purpose of approving the 2007 Annual Report, electing the Board of Directors and determining the term of office and compensation of the Directors, and electing the Board of Statutory Auditors and determining the compensation of the Statutory Auditors.

Changes Occurring Since the End of the Reporting Year

The Company's system of corporate governance has not changed during the period between the end of the reporting year and the date when this Report was submitted for approval.

Information About Compliance with the Code

This Report also serves the purpose of providing a detailed disclosure of the Company's compliance with the recommendations of the Code and lists any deviations from said recommendation, providing reasons for these deviations that are consistent with Section IA.2.6 of the Instructions for the Regulations of the Markets Operated by Borsa Italiana.

Annex "A"

Compensation of Directors and Statutory Auditors

On April 9, 2008, the Shareholders' Meeting approved a resolution granting to the Board of Directors a total annual compensation of 1,300,000.00 euros. On April 9, 2008, the Board of Directors allocated this amount as follows:

- to each Director a fixed fee of €30,000.00 and a variable fee of up to €20,000.00, based on the percentage of attendance at Board meetings, as follows:
  - for less than 50% attendance €0;
  - for an attendance between 50% and 70% €10,000.00;
  - for an attendance greater than 70% €20.000.00;
- for the Chairman an additional fee of €250,000.00;
- for the Chief Executive Officer and additional fee of €500,000.00.

In addition, Directors who serve on Board Committee receive an attendance fee for each meeting amounting to 6,500 euros for the Committee Chairman and 3,900 euros for the other Committee members.

Compensation for 2008 (Amounts in thousands of euros)

	FIXED ANNUAL FEE	VARIABLE FEE	COMMITTEE ATTENDANCE FEE	OVERSIGHT BOARD FEE	TOTAL COMPENSATION FOR POSTS HELD AT THE COMPANY PREPARING ANNUAL FINANCIAL STATEMENTS FROM JANUARY 1, 2008 TO DECEMBER 31, 2008	NON-CASH BENEFITS	BONUS AND OTHER INCENTIVES	OTHER COMPENSATION
Directors								
Raffaele Picella	280	20			300	-	-	-
Enrico Bondi	490	20			510	-	-	-
Piergiorgio Alberti	27.5	20			47.5	-	-	-
Massimo Confortini	27.5	20	60.5		108	-	-	-
Marco De Benedetti	27.5	20	7.8		55.3	-	-	-
Andrea Guerra	27.5	20	10.8		58.3	-	-	-
Vittorio Mincato	27.5	20	36.3		83.8	-	-	-
Erder Mingoli	27.5	20			47.5	-	-	-
Marzio Saà	27.5	20	49	13	109.5	-	-	-
Carlo Secchi	27.5	20	47.4		94.9	-	-	-
Ferdinando Superti Furga	27.5	20	65.7		113.2	-	-	-
	1,017.5	**220**	**277.5**	**13**	**1,528**	**0.00**	**0.00**	**0.00**
Statutory Auditors						-	-	-
Alessandro Dolcetti	65				65	-	-	-
Enzio Bermani	45				45	-	-	-
Mario Magenes	45			13	58	-	-	-
	155	**0.00**	**0.00**	**13**	**168**	**0.00**	**0.00**	**0.00**

Annex "B"

Equity investments held by members of the Corporate Governance bodies

FIRST AND LAST NAME	INVESTEE COMPANY	NUMBER OF SHARES HELD AT JANUARY 1, 2008	NUMBER OF SHARES BOUGHT IN 2008	NUMBER OF SHARES SOLD IN 2008	NUMBER OF SHARES HELD AT DECEMBER 31, 2008
Directors					
Raffaele Picella	-	-	-	-	-
Enrico Bondi	-	-	-	-	-
Piergiorgio Alberti	-	-	-	-	-
Massimo Confortini	-	-	-	-	-
Marco De Benedetti	-	-	-	-	-
Andrea Guerra	-	-	-	-	-
Vittorio Mincato	-	-	-	-	-
Erder Mingoli	-	-	-	-	-
Marzio Saà	-	-	-	-	-
Carlo Secchi	-	-	-	-	-
Ferdinando Superti Furga	-	-	-	-	-
Statutory Auditors					
Alessandro Dolcetti	-	-	-	-	-
Enzio Bermani	-	-	-	-	-
Mario Magenes	-	-	-	-	-

Annex "C"

Personal and professional data of the members of the Board of Statutory Auditors

ALESSANDRO DOLCETTI – Chairman of the Board of Statutory Auditors

Alessandro Dolcetti was born in Cortina d'Ampezzo (BL) on August 18, 1962. In 1986, he graduated cum laude from the University of Venue with a Degree in Business Economics. He is listed in the Register of Certified Public Accountants and in the Register of Independent Auditors. He provides professional services to industrial and financial companies, with special emphasis on industrial reorganization transactions, acquisitions and corporate governance issues. He has an office at 72 Via di San Basilio, in Rome, within the facilities occupied by the Simmons & Simmons law firm, to which he is of counsel. In 1986, he joined the Pirelli Group, Tires Division, working in the areas of financial controlling and key account management at the Milan and Frankfurt offices. From 1994 to 2004 he worked as a consultant on corporate and tax issues at Fantozzi & Associati, a law firm specialized in taxation.

ENZIO BERMANI – Statutory Auditor

Enzio Bermani was born in Casalbeltrame (NO) on July 17, 1931. He holds a Degree in Economics and Business Administration from the Bocconi University in Milan and is listed in the Register of Independent Auditors. After 2000, he served as Chief Executive Officer of RCS Investimenti S.p.A. and Statutory Auditor at several companies. From 1983 to 1999, he worked at the Fila Group as manager of the Accounting, Finance, Control and Systems Department. In 1993, when the Fila Group was listed on the New York Stock Exchange (NYSE), he was appointed Chief Financial Officer. He was Chief Executive Officer of Fila Sport S.p.A. from 1995 to 1999 and served on the Boards of Directors of several companies in the Fila Group. Until 1983, he developed his career at the B.P.D. Group, where he rose to become Deputy General Manager, in charge of accounting, finance, control, systems and human resources of S. Andrea Novara S.p.A..

MARIO MAGENES – Statutory Auditor

Mario Magenes was born in Milan on April 7, 1945. He holds a Law Degree from the University of Milan and is listed in the Register of Independent Auditors. He is a founding partner of IAM International Advising & Managing S.r.l., a company established at the end of 2004 by a team of managers with considerable experience working at major industrial groups, who decided to join forces to provide corporate clients with solutions for their management and development needs in multiple areas of the corporate organization (*Corporate Finance, Corporate Governance, Accounting and Control, Organization and Human Resources, and Temporary Management)*. From 1999 to 2004, he was in charge of the Accounting, Taxation and Consolidated Financial Reporting Department of RCS Mediagroup S.p.A. For the previous 25 years, he worked at Fiat S.p.A., serving in various capacities in the accounting area, eventually rising to head the Accounting, Financial Reporting and Tax Planning Department of Fiatimpresit S.p.A..

Key Events of 2008

Settlements

In 2008, Parmalat and some credit institutions reached the settlements listed below:

- On February 7, 2008, Fortis Bank agreed to a settlement for a total amount of 2.8 million euros;
- On February 21, 2008, Banca Monte dei Paschi di Siena S.p.A. agreed to a settlement for a total amount of 79.5 million euros;
- On April 22, 2008, Factorit S.p.A and Banca Italease S.p.A agreed to a settlement for a total amount of 2.5 million euros and turned over to Parmalat any uncollected receivables;
- On June 13, 2008, UBS agreed to a settlement for a total amount of 182.1 million euros;
- On June 13, 2008, Credit Suisse agreed to a settlement for a total amount of 171.0 million euros;
- On August 1, 2008, the Unicredit Group agreed to a settlement for a total amount of 229.7 million euros.

Administrative Proceedings Against the Italian Ministry of Agricultural, Nutritional and Forestry Policies Regarding Financing Provided Pursuant to Legislative Decree No. 173/1998

- In February 2008, Parmalat S.p.A. challenged before the Regional Administrative Court of Emilia Romagna, Parma Section, Decree File No. 351/2007 by which the Italian Ministry of Agricultural, Nutritional and Forestry Policies reduced the contribution granted earlier to Parmalat S.p.A. as part of the support system established pursuant to Article 13, Section 1, of Legislative Decree No. 173/1998, lowering the abovementioned contribution from 50.34% to 40% of the allowed expenditures (thereby cutting the contribution by 4,750,254.73 euros). In its complaint, Parmalat S.p.A. asked that the abovementioned Decree be stayed and the Decree be voided in part because it is unlawful and contradictory, lacks motivation and an adequate investigative process, and constitutes an abuse of power.
- On February 5, 2008, the Regional Administrative Court heard oral arguments with regard to the motion to stay the Decree. At that hearing, Parmalat S.p.A. also asked for a merit hearing on its motion to stay the Decree and was allowed to file a motivated motion to receive the funds in question. A merit hearing has been scheduled for May 26, 2009.

Bankruptcy of PPL Participações Ltda (formerly Parmalat Participações do Brasil Ltda.)

By a Decree issued on March 13, 2008, the Bankruptcy Court of São Paulo (Brazil), having learned that the Creditors' Committee failed to approve the recovery plan ("recuperacao judicial") put forth by PPL Participações Ltda in receivership, declared PPL Participações Ltda bankrupt.

Challenge to the Decision Handed Down by the Bologna Court of Appeals

By a ruling handed down on January 16, 2008, the Bologna Court of Appeals rejected the appeal filed by a group of bondholders against the lower court's decision approving Parmalat's composition with creditors. On March 21, 2008, the Company was served with a notice that the party whose motion had been denied by the Bologna Court of Appeals was now appealing before the Italian Supreme Court (Corte di Cassazione). The decision by the Court of Parma approving Parmalat's composition with creditors is provisionally enforceable and is effective vis-à-vis all creditors who may have a claim based on a title, fact or cause that predates the beginning of the extraordinary administration proceedings.

Sale of Production Facilities in Taranto

On April 29, 2008, Parmalat S.p.A. sold to Jonicalatte S.p.A. the business operations comprised of the Taranto milk bottling center for a total price of 1.1 million euros. Concurrently with the abovementioned sale, Parmalat S.p.A. acquired through subscription an 18% interest in the share capital of Jonicalatte, a Group franchisee.

Settlement of the Class Action Lawsuit in the United States

On May 2, 2008 a settlement has been reached in the U.S. class action pending before the New York Federal Court.

On July 22, 2008, the New York Court of Appeals for the Second Circuit:

- having been informed of the settlement between the class plaintiffs and Parmalat, denied the appeal filed by Parmalat, concluding that, absent the abovementioned settlement, Parmalat would have continued to be a party to the proceedings;
- ruled that any decision handed down in the United States against Parmalat in connection with its bankruptcy will still have to be submitted to the Italian Bankruptcy Court for final disposition.

On March 2nd, 2009 the New York Federal Court has approved the settlement reached by Parmalat S.p.A. with class plaintiffs, and has certified the class, inclusive of all its members world-wide and for all

claims, vis-à-vis Parmalat S.p.A. (and Parmalat S.p.A. in Extraordinary Administration). Parmalat will deliver 10.5 million Parmalat shares as total and final consideration for the settlement, to be issued and delivered within thirty days from when the order becomes final.

Antitrust Proceedings Concerning Newlat S.p.A.

By Resolution No. 16282 of December 21, 2006, the Italian Antitrust Authority ordered Parmalat S.p.A. to sell its controlling interest in Newlat S.p.A. by October 30, 2007. On May 21, 2008, at the conclusion of proceedings that began on November 15, 2007 in response to Parmalat's alleged failure to comply with the abovementioned Resolution No. 16282, the Italian Antitrust Authority ordered Parmalat S.p.A. to pay an administrative fine of 2,226,000 euros.
Parmalat, having complied fully with the Italian Antitrust Authority's Resolution No. 16282 on April 18, 2008 (date when the contract to sell the shares of Newlat S.p.A. to TMT Finance SA was executed) and believing that the reasons that prevented it from complying with the October 30, 2007 deadline were entirely beyond its control, challenged the Italian Antitrust Authority's decision of May 21, 2008 before the Regional Administrative Court of Latium, asking that it be set aside. On February 42, 2009, the Regional Administrative Court of Latium handed down a decision denying Parmalat's challenge and upheld the Italian Antitrust Authority's Resolution.

Sale of 100% of Newlat S.p.A.

On May 28, 2008, subsequent to signing a sales agreement and obtaining the transaction's approval by the Italian Antitrust Authority, Parmalat S.p.A. closed the sale of 100% of Newlat S.p.A. to TMT Finance SA.
Newlat was sold for the nominal price of 1 euro and Parmalat transferred to the buyer, also for the nominal price of 1 euro, claims against Newlat of up to 8 million euros.
Intra-Group positions totaling about 4.6 million euros were settled, generating a positive cash flow for the Parmalat Group of the same amount.
As a result of this transaction, the Group deconsolidated indebtedness and leasing obligations totaling 35.1 million euros.

Citigroup - Decision by the Superior Court of Bergen County and Subsequent Appeal

On October 20, 2008, the Bergen County Court, in New Jersey, denied the damage claim that Parmalat filed against Citigroup alleging that Citigroup was jointly liable for a violation of its fiduciary duty in connection with the misappropriations that affected Parmalat prior to December 2003.
The court, upholding Citibank's counterclaim, awarded Citibank damages in the amount of about $364 million. Pursuant to the decision of the New York Bankruptcy Court, Citigroup, at the appropriate time, will have to petition the Italian court of competent jurisdiction seeking recognition of the U.S. court decision. Should the Italian court rule in favor of Citibank, the number of Parmalat

shares that it will be entitled to receive will be determined based on the recovery ratios used in the composition with creditors.
On December 19, 2008, the Civil Court of Bergen County denied Parmalat's motion to reinstate the proceedings with respect to Parmalat's direct claims against Citigroup and deny Citibank's counterclaims.
The lawsuit is proceeding at the appellate level and Parmalat will continue to pursue in that venue relief for the damages it suffered because of Citigroup's conduct.

Centrale del Latte di Roma S.p.A. - Decision by the Council of State

On November 13, 2008, the Council of State upheld Parmalat's complaint, setting aside a decision by which the Regional Administrative Court of Latium ruled that the sale of Centrale del Latte di Roma S.p.A. to Cirio and its subsequent resale to Eurolat/Parmalat was null and void. Consequently, Centrale del Latte di Roma will continue to be part of the Parmalat Group.
Società Ariete Fattoria Latte Sano has filed a new complaint with the Council of State, challenging its decision of November 13, 2008 on the basis of irregularities in the composition of the judging panel (even though it had submitted arguments in its defense at a hearing before the same panel without objection).

Sale of Dairy Manufacturing Business Operations Located in Lodi

On December 23, 2008, the Group sold to Newlat S.p.A. its dairy manufacturing business operations in Lodi.
These business operations manufacture and distribute dairy products under the Ala, Polenghi and *Optimus* brands. In 2007, these operations had revenues of about 36 million euros and currently have a staff of 93 employees. In addition to the business operations, the transaction included the sale of real estate assets consisting of land and two buildings used for production purposes. In addition, Parmalat and Newlat S.p.A. entered into commercial supply and distribution agreements that will provide the existing dairy manufacturing operations with the necessary territorial coverage through the Parmalat distribution network.
Consistent with the objective of promoting the future growth of these business operations, the buyer has agreed to fully protect the jobs of the current employees. These business operations were sold at a price of 150,000.00 euros, which is equal to the value of the conveyed assets, net of liabilities. The assets transferred to the buyer include cash reserves totaling 3,150,000.00 euros. This entire amount is offset by the positive flow that results by netting out trade receivables and payables that are not included in the sale of the business operations.
The transaction closed on January 1, 2009, when title to the abovementioned business operations was transferred to the buyer.

Events Occurring After December 31, 2008

Agreement Between Parmalat and the Deutsche Bank Group

On February 6, 2009, Parmalat reached an agreement with the Deutsche Bank Group settling all pending disputes related to the period prior to the date when the Parmalat Group was declared insolvent. Pursuant to this agreement, the Deutsche Bank Group paid Parmalat a total of 64 million euros in exchange for Parmalat abandoning all actions to void and a further sum of 10 million euros, plus the provision by Deutsche Bank of investment banking services valued at 2.5 million euros, in exchange for Parmalat abandoning any and all actions for damages that it has filed or could possibly file in the future.
The Deutsche Bank Group waived the right to demand the inclusion among the liabilities of the companies under extraordinary administration that are parties to the proposal of composition with creditors of the claim arising from the payments made as a result of the settlement agreement and of any other claims that may still exist as a result of transactions that occurred prior to the date when the Parmalat Group was declared insolvent.

Agreement Between Parmalat and the UBI Group (Unione di Banche Italiane S.c.p.a.)

On February 6, 2009, Parmalat reached an agreement with the UBI Group (Banca Popolare di Bergamo S.p.A., C.B.I. Factor S.p.A. and Banco di Brescia S.p.A.) settling pending disputes related to the period prior to the date when the Parmalat Group was declared insolvent.
Pursuant to this agreement, the UBI Group paid Parmalat a total of 11 million euros, in exchange for Parmalat abandoning all actions to void that it has filed or could possibly file in the future.
The UBI Group waived the right to demand the inclusion among the liabilities of the companies under extraordinary administration that are parties to the proposal of composition with creditors of the claim arising from the payments made as a result of the settlement agreement and of any other claims that may still exist as a result of past transactions, except for verified claims.

Agreement Between Parmalat and the Banca Popolare di Vicenza Group

On February 6, 2009, Parmalat reached an agreement with the Banca Popolare di Vicenza Group (Banca Popolare di Vicenza Soc. Coop. a r. l. and Cassa di Risparmio di Prato S.p.A.) settling pending disputes related to the period prior to the date when the Parmalat Group was declared insolvent. Pursuant to this agreement, the Banca Popolare di Vicenza Group paid Parmalat a total of 5.1 million euros, in exchange for Parmalat abandoning all actions to void that it has filed or could possibly file in the future.
The Banca Popolare di Vicenza Group waived the right to demand the inclusion among the liabilities of the companies under extraordinary

administration that are parties to the proposal of composition with creditors of the claim arising from the payments made as a result of actions to void.

Agreement Between Parmalat and the Banca Popolare dell'Emilia Romagna Group

On February 6, 2009, Parmalat reached an agreement with the group of banks and companies controlled by Banca Popolare dell'Emilia Romagna (BPER Group) settling all pending disputes that existed between the parties in connection with transactions executed during the period prior to the date when the Parmalat Group was declared insolvent.
Pursuant to this agreement, the BPER Group paid Parmalat a total of 12.5 million euros. The companies of the BPER Group waived the right to demand the inclusion among the liabilities of the companies under extraordinary administration that are parties to the proposal of composition with creditors of the claim arising from the payments made as a result of actions to void.

Agreement Between Parmalat and Credito Emiliano S.p.A.

On February 11, 2009, Parmalat reached an agreement with Credito Emiliano S.p.A. settling pending disputes related to the period prior to the date when the Parmalat Group was declared insolvent. Pursuant to this agreement, Credito Emiliano S.p.A. paid Parmalat a total of 10 million euros, in exchange for Parmalat abandoning the action to void that it has filed or any actions that it could possibly file in the future.
Credito Emiliano S.p.A. waived the right to demand the inclusion among the liabilities of the companies under extraordinary administration that are parties to the proposal of composition with creditors of the claim arising from the payments made as a result of actions to void.

Agreement Between Parmalat and Banco Popolare Group

On February 18, 2009, Parmalat reached an agreement with Banco Popolare Group settling pending disputes related to the period prior to the date when the Parmalat Group was declared insolvent. Pursuant to this agreement, the Group's banks (Banca Popolare di Verona SGSP and Credito Bergamasco) paid Parmalat a total of 24.2 million euros, in exchange for Parmalat abandoning the action to void that it has filed or any actions that it could possibly file in the future.
The banks of the Banco Popolare Group waived the right to demand the inclusion among the liabilities of the companies under extraordinary administration that are parties to the proposal of composition with creditors of the claim arising from the payments made as a result of actions to void.

Class action settlement approval

On March 2nd, 2009 the New York Federal Court has approved the settlement reached by Parmalat S.p.A. with class plaintiffs, and has certified the class, inclusive of all its members world-wide and for all claims, vis-à-vis Parmalat S.p.A. (and Parmalat S.p.A. in Extraordinary Administration). Parmalat will deliver 10.5 million Parmalat shares as total and final consideration for the settlement, to be issued and delivered within thirty days from when the order becomes final.

Business Outlook

The crisis that is affecting the real economy on the heels of the financial crisis affected to different degrees all of the countries where the Group operates. How this crisis will play out is still uncertain, but projections for 2009 call for an economic contraction at the global level that is likely to affect both mature and emerging countries.

In the mature countries, such a scenario will translate into an across-the-board reduction in disposable income and, consequently, a drop in demand and heightened competitive pressure on retail prices. In the emerging countries, these developments could be magnified by the greater vulnerability that characterizes each of these countries.

In the meantime, we are already witnessing a global decline in commodity prices, starting with oil and encompassing all agricultural "soft commodities." Insofar as the Group is concerned, this trend could produce lower prices in some markets, particularly in the case of raw milk, at least during the first half of 2009.

Moreover, Group companies will find that, in most cases, increasing list prices will be difficult, while maintaining sales volumes will require the widespread use of promotional and advertising programs tailored to take into account the levels of competitive pressure that exist locally.

The challenging situation that exists on the demand side and the changes that have occurred in the competitive structure of categories in which we operate, particularly in those at the more basic levels, will require that we focus our efforts, as we have already started to do, on projects to increase manufacturing and commercial efficiency with the goal of improving our cost structure. In addition, programs are being implemented in all of our business activities to reduce general and administrative expenses.

Based on the anticipated market conditions and the activities that are being implemented, the Group's projections, assuming constant exchange rates, call for revenue growth of 2% to 4% and EBITDA ranging between 310 and 320 million euros, substantially in line with the result reported in 2008.

This Report contains forward looking statements, particularly in the section entitled "Business Outlook." Projections for 2009 extrapolate the performance of the fourth quarter of 2008, confirmed by the trend in the early months of 2009.
It is important to keep in mind that the Group's portfolio of equity investments includes companies that operate in countries that are more susceptible to the effects of the global crisis.
Consequently, should the current crisis significantly deepen in the future, it could have a negative impact on the Group's performance.

Motion Submitted by the Board of Directors to the Shareholders' Meeting

Dear Shareholders:

We recommend that you:

(i) Approve the statutory financial statements as at December 31, 2008, which show a net profit of 615,392,163 euros, and the Report on Operations for the same year;
(ii) Add to the statutory reserve 5% of the net profit which amounts to 30,769,608 euros;
(iii) Appropriate:
  a) to the distribution of dividends the 50% of the net residual profit, which rounded up to 0.173 euro for each share and considering the partial statutory dividend for 2008 of euro 0.077 distributed in September 2008, implies a balance of 0.096 euros for each of the 1,691,470,413 common shares issued on February 20, 2009, with an amount to liquidate of 162,381,160 euros and a total payout (partial statutory dividend plus balance) equal to 292,611,486 euros;
  b) to add 4,953,790 euros to the reserve for creditors who are challenging the rejection of their claims or hold conditional claims and who may be found subsequently to be entitled to receive shares, pursuant to the terms of the Composition with Creditors;
  c) to set aside the remaining 287,057,279 euros to "retained earnings".

The dividend of 0.096 euros per share, which corresponds to Coupon No. 4, will be payable on April 23, 2009, Stock Exchange coupon presentation date of April 20, 2009.

Collecchio, March 4th, 2009

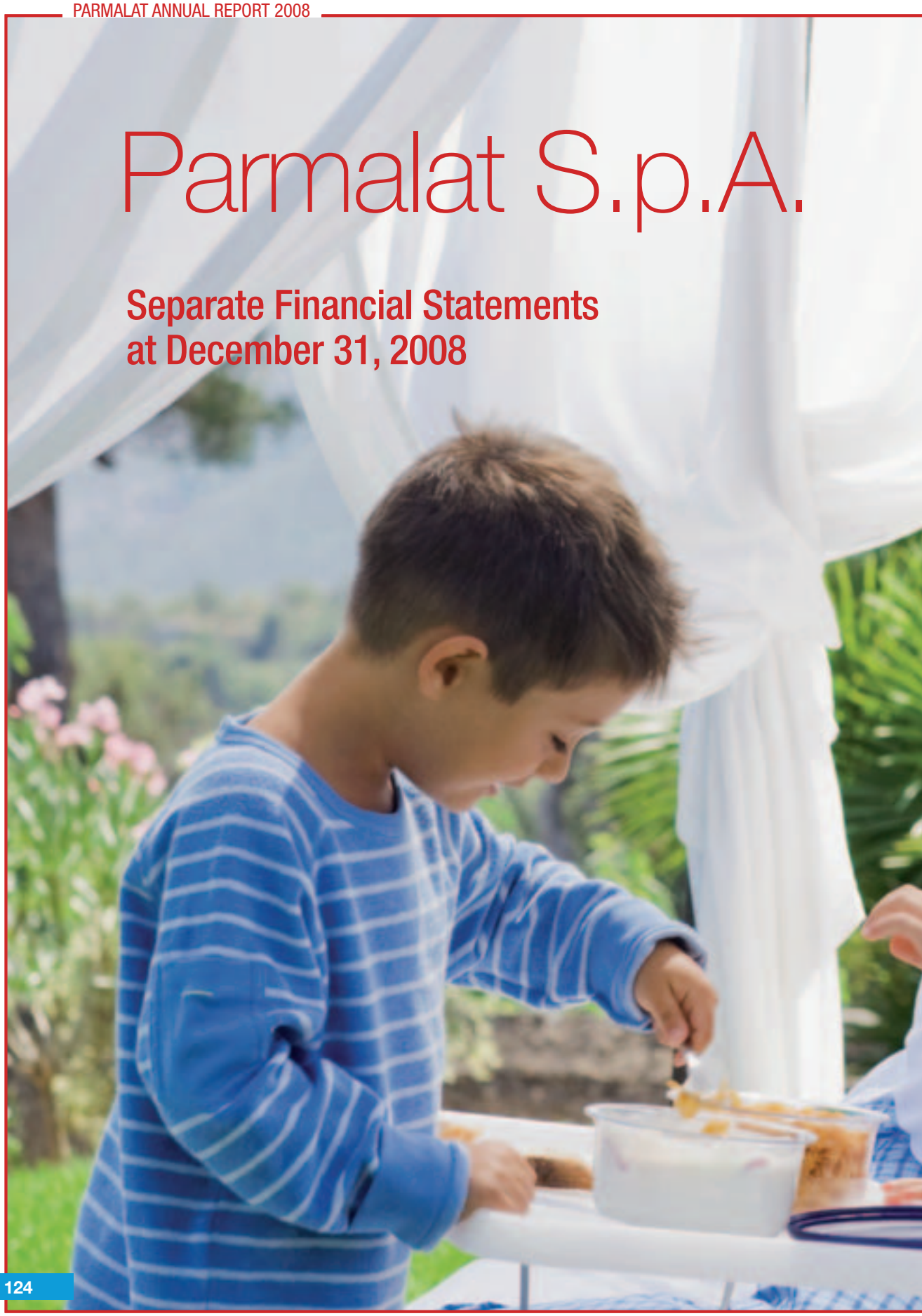
For the Board of Directors

The Chairman
Raffaele Picella

The Chief Executive Officer
Enrico Bondi

Parmalat S.p.A.

Separate Financial Statements at December 31, 2008



Balance Sheet

ASSETS

NOTE	(€)	12.31.2008	12.31.2007
	NON-CURRENT ASSETS	**1,353,664,922**	**1,454,808,996**
(1)	Goodwill	183,994,144	233,794,145
(2)	Trademarks with an indefinite useful life	180,100,000	180,600,000
(3)	Other intangibles	37,400,389	54,481,786
(4)	Property, plant and equipment	153,768,000	154,084,461
(5)	Investments in subsidiaries, joint ventures and affiliated companies	633,037,337	618,670,543
(6)	Other non-current financial assets	140,176,247	192,007,272
	amount of intra-Group loans receivables	*138,904,774*	*190,680,335*
(7)	Deferred-tax assets	25,188,805	21,170,789
	CURRENT ASSETS	**1,882,289,699**	**1,688,646,178**
(8)	Inventories	39,728,047	41,462,067
(9)	Trade receivables	223,969,769	250,700,781
	amount of intra-Group trade receivables	*19,431,789*	*32,901,990*
(10)	Other current assets	188,845,783	156,602,642
	amount of intra-Group receivables	*20,024,731*	*3,543,156*
(11)	Readily available financial assets	679,215,131	588,933,529
(12)	Cash and cash equivalents	750,530,969	650,947,159
(13)	**Available-for-sale assets**	**13,722,287**	**0**
TOTAL ASSETS		**3,249,676,908**	**3,143,455,174**

LIABILITIES

NOTE	(€)	12.31.2008	12.31.2007
	SHAREHOLDERS' EQUITY	**2,695,004,825**	**2,471,956,421**
(14)	Share capital	1,687,397,257	1,652,419,845
(15)	Reserve for creditor challenges and claims of late-filing creditors convertible exclusively into share capital	193,258,648	221,534,553
(17)	Statutory reserve	31,960,686	4,227,367
(16)	Shares subscribed through the exercise of warrants	7,903	23,251
(17)	Other reserves and retained earnings	297,015,712	39,085,025
(18)	Interim dividends	(130,027,544)	0
(19)	Profit (Loss) for the year	615,392,163	554,666,380
	NON-CURRENT LIABILITIES	**234,593,826**	**290,379,454**
(20)	Long-term borrowings	3,136,885	5,910,203
(21)	Deferred-tax liabilities	16,296,072	25,838,629
(22)	Post-employment employee benefits	27,696,929	31,918,377
(23)	Provisions for risks and charges	179,803,833	205,453,313
(24)	Provision for contested preferential and prededuction claims	7,660,107	21,258,932
	CURRENT LIABILITIES	**310,441,182**	**381,119,299**
(25)	Short-term borrowings	5,035,780	6,085,755
	amount of intra-Group loans payable	*2,279,873*	*2,306,413*
(26)	Trade payables	205,191,804	218,825,870
	amount of intra-Group trade payables	*17,042,049*	*23,174,603*
(27)	Other current liabilities	47,609,239	62,956,156
	amount of intra-Group liabilities	*399,011*	*0*
(28)	Income taxes payable	52,604,359	93,251,518
(29)	**Liabilities directly attributable to available-for-sale assets**	**9,637,075**	**0**
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,249,676,908**	**3,143,455,174**

Income Statement

NOTE	(€)	2008	2007
	REVENUES	**922,457,441**	**894,677,076**
(30)	Net revenues	896,460,236	869,355,320
	amount from transactions with related parties	*41,041,035*	*59,318,471*
(31)	Other revenues	25,997,205	25,321,756
	amount from transactions with related parties	*7,410,035*	*8,412,147*
(32)	Cost of sales	(679,711,412)	(594,101,933)
	amount from transactions with related parties	*(59,652,049)*	*(83,511,506)*
(33)	Distribution costs	(202,471,658)	(180,104,076)
	amount from transactions with related parties	*(13,927,387)*	*(15,164,206)*
(34)	Administrative expenses	(73,339,534)	(74,610,392)
	amount from transactions with related parties	*(203,216)*	*(435,856)*
(35)	Other income and expenses	681,812,492	617,407,607
(36)	Litigation-related legal expenses	(47,508,146)	(56,247,636)
(37)	Allowance for losses of subsidiaries, joint ventures and affiliated companies	(61,935,405)	(38,799,336)
	EBIT	**539,303,778**	**568,221,310**
(38)	Financial income	68,420,686	40,962,750
	amount from transactions with related parties	*2,056,408*	*2,811,344*
(38)	Financial expense	(4,216,105)	(2,947,582)
(39)	Other income from (Expense for) equity investments	41,107,954	9,068,555
	amount from transactions with related parties	*37,930,254*	*7,516,890*
	PROFIT BEFORE TAXES	**644,616,313**	**615,305,033**
(40)	Income taxes	(29,224,150)	(94,434,784)
	PROFIT FROM CONTINUING OPERATIONS	**615,392,163**	**520,870,249**
(41)	Profit (Loss) from discontinuing operations	0	33,796,131
	PROFIT FOR THE YEAR	**615,392,163**	**554,666,380**

Cash Flow Statement

(€ k)	2008	2007
OPERATING ACTIVITIES		
Profit (Loss) from operating activities	615,392	520,870
Depreciation, amortization and writedowns of non-current assets	92,710	32,548
Additions to provisions	100,327	183,256
Interest and other financial expense	4,216	2,948
Non-cash (income) expense items	(27,940)	(16,398)
(Gains) Losses on divestments	0	(355)
Dividend received	(32,529)	(7,599)
Proceeds from actions to void and actions for damages	(668,442)	(641,970)
Litigation-related legal expenses	47,508	56,248
Cash flow from operating activities before change in working capital	**131,242**	**129,548**
Changes in net working capital and provisions:		
Operating working capital	13,267	1,643
Payments of income taxes on operating results	(30,946)	(7,786)
Other assets/Other liabilities and provisions	(33,281)	(3,611)
Total change in net working capital and provisions	**(50,960)**	**(9,754)**
CASH FLOWS FROM OPERATING ACTIVITIES	**80,282**	**119,794**
INVESTING ACTIVITIES		
Investments:		
- Intangibles	*(3,688)*	*(3,778)*
- Property, plant and equipment	*(28,175)*	*(30,416)*
- Non-current financial assets	*(39,202)*	*(44,556)*
CASH FLOWS FROM INVESTING ACTIVITIES	**(71,065)**	**(78,750)**
PROCEEDS FROM SETTLEMENTS	**667,640**	**754,524**
INCOME TAXES PAID ON SETTLEMENTS	**(89,600)**	**0**
LITIGATION-RELATED LEGAL EXPENSES	**(52,179)**	**(54,968)**
PROCEEDS FROM DIVESTMENTS AND SUNDRY ITEMS	**16,500**	**184,402**
DIVIDENDS RECEIVED	**32,529**	**7,599**
FINANCING ACTIVITIES		
New loans (finance leases and other transactions)	1,167	2,634
Repayment of principal and interest of borrowings (including finance leases)	(9,206)	(8,467)
Investments in other current assets that mature later than three months after the date of purchase	(90,282)	(382,885)
Dividends paid	(392,889)	(41,235)
Exercise of warrants	6,702	7,547
Other changes in shareholders' equity	(15)	(65)
CASH FLOWS FROM FINANCING ACTIVITIES	**(484,523)**	**(422,471)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM JANUARY 1 TO DECEMBER 31	**99,584**	**510,130**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**650,947**	**140,817**
Increase (decrease) in cash and cash equivalents from January 1 to December 31	**99,584**	**510,130**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**750,531**	**650,947**

Interest income earned during the year: 44,434,759 euros

Changes in Shareholders' Equity

The table below shows the changes that affected the Company's shareholders' equity in 2007 and 2008.

			OTHER RESERVES	
	SHARE CAPITAL	RESERVE CONVERTIBLE INTO SHARE CAPITAL[1]	STATUTORY RESERVE	RES. FOR DIVIDENDS TO CHALLENGES AND CONDIT. CLAIMS
Balance at January 1, 2007	**1,641,527**	**224,879**		
Appropriation of the 2006 result			4,227	3,944
Dividends distribution				
Share capital incr. from convertible reserves	3,345	(3,345)		
Allocation of shares to subscribers of warrants in 2006	88			
Exercise of warrants	7,459			
Profit for 2007				
Balance at December 31, 2007	**1,652,419**	**221,534**	**4,227**	**3,944**
Appropriation of the 2007 result			27,733	21,668
Dividend distribution				(3,870)
2008 interim dividend				
Share capital incr. from convertible reserves	28,276	(28,276)		
Allocation of shares to subscribers of warrants in 2007	23			
Exercise of warrants	6,678			
Profit for 2008				
Balance at December 31, 2008	**1,687,396**	**193,258**	**31,960**	**21,742**
Note ref.	*(14)*	*(15)*	*(17)*	*(17)*

(1) For creditors challenging exclusions and late-filing creditors

(2) Limited to 65,723 thousand euros (35,141 thousand euros as per Shareholders' Meeting resolution of April 29, 2007 and 30,582 thousand euros as per Shareholders' Meeting resolution of April 9, 2008), this reserve can be used to satisfy claims of late filing creditors and contested claims, when such claims are verified

(€ k)

AND PRIOR-PERIOD RESULTS					
SHARES SUBSCRIBED THROUGH EXERCISE OF WARRANTS	SUNDRY RESERVES[2]	LOSS CARRY-FORWARD	INTERIM DIVIDENT	PROFIT (LOSS) FOR THE YEAR	SHAREHOLD. EQUITY
88	**(11,726)**	**(29,338)**		**125,611**	**1,951,041**
	46,867	29,338		(84,376)	0
				(41,235)	(41,235)
					0
(88)					0
23					7,482
				554,666	554,666
23	**35,141**	**0**		**554,666**	**2,471,954**
	240,133			(289,534)	0
				(265,132)	(269,002)
			(130,028)		(130,028)
					0
(23)					0
8					6,686
				615,392	615,392
8	**275,274**		**(130,028)**	**615,392**	**2,695,002**
(16)	*(17)*	*(17)*	*(18)*	*(19)*	

Notes to the Separate Financial Statements

FOREWORD

The registered office of Parmalat S.p.A. is located in Italy, at 4 Via delle Nazioni Unite, in Collecchio (province of Parma). Its shares are traded on the Online Stock Market operated by Borsa Italiana. Parmalat S.p.A. and its subsidiaries are organized into a food industry group that pursues a multinational strategy. The Group operates in 17 countries worldwide divided into five geographic regions: Europe, North America, Central and South America, South Africa and Australia. The Group has an extensive and well structured product portfolio organized into three segments: *Milk* (UHT, pasteurized, condensed, powdered and flavored milk; cream and béchamel), *Dairy Products* (yogurt, fermented milk, desserts, cheese and butter) and *Fruit Beverages* (fruit juices, nectars and tea).
The Group is a world leader in the UHT milk and pasteurized milk market segments and has attained a highly competitive position in the rapidly growing market for fruit beverages. The Group benefits from strong brand awareness. The products in its portfolio are sold under global brands (Parmalat and Santàl), international brands *(Zymil, Fibresse, PhisiCAL, Omega3 and Vaalia)* and a number of strong local brands.
Parmalat is a company with a strong innovative tradition: the Group has been able to develop leading-edge technologies in the leading segments of the food market, including UHT milk, ESL (extended shelf life) milk, conventional types of milk, functional fruit juices (fortified with wellness supplements) and cream-based white sauces.

The Separate Financial Statements for the year ended December 31, 2008 are denominated in euros, which is the Company's reporting currency. They consist of a balance sheet, an Income Statement, a Cash Flow Statement, a statement of changes in shareholders' equity and the accompanying notes. All of the amounts listed in these notes are in millions of euros, except as noted.

PricewaterhouseCoopers S.p.A. audits the Separate Financial Statements in accordance with an assignment it received by a resolution of the Shareholders' Meeting of March 15, 2005 and extended to the 2008-2013 period by a resolution of the Shareholders' Meeting of April 28, 2007.

The Board of Directors authorized the publication of these Separate Financial Statements on March 4, 2009.

PRESENTATION FORMATS OF THE FINANCIAL STATEMENTS

In the balance sheet, assets and liabilities are classified in accordance with the "current/non-current" approach, and "Available-for-sale assets" and "Liabilities directly attributable to available-for-sale assets" are shown as two separate line items, as required by IFRS 5.

The Income Statement is presented in a format with items classified "by destination," which is deemed to be more representative than the presentation by type of expense and is consistent with international practice in the food industry. Moreover, as required by IFRS 5, the profit (loss) from continuing operations is shown separately from the profit (loss) from discontinuing operations.

In the Income Statement presented in the abovementioned format "by destination," the EBIT breakdown includes separate listings for operating items and for income and expense items that are the result of transactions that occur infrequently in the normal course of business, such as income from actions to void in bankruptcy and actions for damages, legal costs incurred to pursue these actions, restructuring costs and any other nonrecurring income and expense items. This approach is best suited for assessing the actual performance of the Group's operations.

The Cash Flow Statement was prepared in accordance with the indirect method.

Lastly, on the balance sheet, Income Statement and Cash Flow Statement, the amounts attributable to positions or transactions with related parties are shown separately from the totals for the corresponding line items, as required by Consob Resolution No. 15519 of July 27, 2006.

PRINCIPLES FOR THE PREPARATIONS OF SEPARATE FINANCIAL STATEMENTS

The Separate Financial Statements are prepared in accordance with the International Financial Reporting Standards ("IFRSs") published by the International Accounting Standards Board ("IASB") and adopted by the European Commission as they apply to the preparation the Consolidated and Separate Financial Statements of companies whose equity and/or debt securities are traded on a regulated market within the European Union.

The abbreviation IFRSs means all of the International Financial Reporting Standards; all of the International Accounting Standards ("IAS"); and all of the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC"), as approved by the European Commission through the date of the meeting of the Board of Directors convened to approve the Financial Statements and incorporated in Regulations issued up to that date.

As a general rule, the Separate Financial Statements are prepared in accordance with the historical cost principle, except in the case of those items for which, as explained in the valuation criteria, a measurement at fair value is required.

The adoption of recently published accounting principles and interpretations that went into effect on January 1, 2007 (*IFRIC 11 "Group and Treasury Share Transactions," and IFRIC 14 – IAS 19 – Defined Benefit Assets and Minimum Funding Requirements*) and July 1, 2008 (Amendment to IAS 39 – *Financial Instruments: Recognition and Measurtment* and IFRS 7 – *Financial Instruments: Disclosures*), respectively, had no impact on the Separate Financial Statements at December 31, 2008. The Company chose not to apply ahead of schedule certain accounting principles that have already been adopted by the European Union but which will not go into effect until after December 31, 2008.

Valuation Criteria

The main valuation criteria adopted in the preparation of the Financial Statements at December 31, 2008 are reviewed below.

CURRENT ASSETS

Inventories

Inventories are carried at the lower of purchase/production cost or net realizable value, which is the amount that an enterprise expects to receive by selling these items in the normal course of business. The cost of inventories is determined by the weighted average cost method.

The value assigned to inventories includes direct costs for material and labor and (fixed and variable) indirect production costs. When appropriate, provisions are recognized to account for obsolete or slow-moving inventory. If the circumstances that justified the recognition of the abovementioned provisions cease to apply or if there are clear indications that the net realizable value of the items in question has increased, the provisions are reversed for the full amount or for a portion thereof, so that the new carrying value is equal to the purchase or production cost of the items in question or their realizable value on the date of the Financial Statements, whichever is lower.

Financial expense incurred in connection with the purchase or production of an asset that, because of its nature, requires a significant length of time before it can be readied for sale are not capitalized. Instead, they are charged in full to income.

Cash and Cash Equivalents

Cash and cash equivalents consist mainly of cash on hand, sight deposits with banks, other highly liquid short-term investments (that can be turned into cash within 90 days from the date of purchase) and overdraft facilities. Overdraft facilities are listed as current liabilities. The components of net cash are valued at fair value and any gains or losses are recognized in earnings.

NON-CURRENT ASSETS

Property, Plant and Equipment

Property, plant and equipment is recognized in accordance with the cost method and carried at purchase or production cost, including directly attributable incidental expenses that are necessary to make the assets available for use. Asset purchase or production costs are shown before deducting attributable capital grants, which are recognized when the conditions for their distribution have been met.

Assets acquired under finance leases, pursuant to which substantially all of the risks and benefits inherent in ownership are transferred to the Company, are recognized as components of property, plant and equipment at their fair value or at the present value of the minimum payments due pursuant to the lease, whichever is lower. The corresponding liability toward the lessor, which is equal to the aggregate principal included in the lease payments that are outstanding, is recognized as a financial liability. When there is no reasonable certainty that the Company will exercise its buyout option, the asset is depreciated over the life of the lease, if it is shorter than the asset's useful life.
Leases that require the lessor to retain substantially all of the risks and benefits inherent in ownership are classified as operating leases. The costs incurred for operating leases are recognized in earnings on a straight line over the life of the lease.

Property, plant and equipment is depreciated on a straight line over the useful life of the assets.

The estimated useful life is the length of time during which the Company expects to use an asset. When an asset classified as property, plant and equipment consists of several components, each with a different useful life, each component should be depreciated separately. The amount to be depreciated is the asset's carrying value, less the asset's net realizable value at the end of its useful life, if such value is material and can be reasonably determined.

Land, including land purchased together with a building, is never depreciated.

Costs incurred for improvements and for modernization and transformation projects that increase the useful lives of assets are added to the assets' value and depreciated over their remaining useful lives.

The costs incurred to replace identifiable components of complex assets are recognized as assets and depreciated over their useful lives. The residual carrying value of the component that is being replaced is charged to income. The cost of regular maintenance and repairs is charged to income in the year it is incurred.

When an item of property, plant and equipment is affected by events that are presumed to have impaired its value, the recoverability of the affected asset should be tested by comparing its carrying value with its recoverable value, which is the larger of the asset's fair value, net of disposal costs, and its value in use.

Absent a binding sales agreement, fair value is determined based on the valuations available from recent transactions in an active market or based on the best available information that can be used to determine the amount that the Company could obtain by selling a given asset.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset, if significant and reasonably measurable, and from its disposal at the end of its useful life. Cash flows should be determined based on reasonable and documentable assumptions that represent a best estimate of future economic conditions over the remaining useful life of an asset. The present value is determined by applying a rate that takes into account the risks inherent in the Company's business.

When the reason for a writedown ceases to apply, the affected asset is revalued and the adjustment is recognized in the Income Statement as a revaluation (reversal of writedown) in an amount equal to the writedown made or the lower of the asset's recoverable value or its carrying value before previous writedowns, but reduced by the depreciation that would have been taken had the asset not been written down.

Depreciation begins when an asset is available for use, i.e., the moment when this condition actually occurs.

The estimated useful lives of the various types of assets are as follows:

	USEFUL LIFE
Buildings	10 - 25 years
Plant and machinery	5 - 10 years
Office furniture and equipment	4 - 5 years
Other assets	4 - 8 years
Leasehold improvements	Length of lease

Financial expense incurred in connection with the purchase or production of an asset that, because of its nature, requires a significant length of time before it can be readied for sale are not capitalized. Instead, they are charged in full to income.

INTANGIBLES

Intangible assets are identifiable, non-monetary assets without physical substance that are controllable and capable of generating future benefits.

Intangibles are recorded at cost, which is determined by using the same criteria as those used for property, plant and equipment.

Intangibles with a finite useful life are amortized on a straight line according to an estimate of the length of time the Company will use them. The recoverability of their carrying value is tested using the criteria provided above for property, plant and equipment.

(i) Goodwill

Goodwill represents the portion of the purchase price paid in excess of the fair value on the date of acquisition of the assets and liabilities that comprise a company or business. Goodwill is not amortized on a straight line. However, its carrying amount should be tested at least once a year for impairment losses. Such tests are carried out based on the individual cash generation units to which goodwill has been allocated. Goodwill is written down when its recoverable value is lower than its carrying amount. Recoverable value is the greater of the fair value of a cash generating unit, net of the cost to sell it, and its value in use, which is equal to the present value of future cash flows generated by the cash generating unit during its years of operation and by its disposal at the end of its useful life. Writedowns of goodwill may not be reversed subsequently.

If a writedown required by the results of an impairment test is greater than the value of the goodwill allocated to a given cash generating unit, the balance is allocated among the assets included in the cash generating unit, proportionately to their carrying amounts. The minimum limit of such an allocation is the greater of the following two amounts:

- the fair value of an asset, net of the cost to sell it;
- an asset's value in use, as defined above.

(ii) Industrial Patents and Intellectual Property Rights, Licenses and Similar Rights

The costs incurred to acquire industrial patents and intellectual property rights, licenses and similar rights are capitalized in the amounts actually paid.

Amortization is computed on a straight line so as to allocate the costs incurred to acquire the abovementioned rights over the expected period of utilization of the rights or the lengths of the underlying contracts, counting from the moment the purchase right is exercisable, whichever is shorter.

(iii) Trademarks

At this point, it is impossible to set a time limit to the cash flow generating ability of trademarks recognized on the balance sheet that are strategically important and for which a registration application has been on file for at least 10 years. These trademarks are deemed to have an indefinite useful life. Consequently, they are not amortized but are tested for impairment once a year.
Other trademarks that are not deemed to perform an unlimited strategic function for the Group are valued at cost and amortized over five years.

(iv) Software Costs

The costs incurred to develop and maintain software are charged to income in the year they are incurred. Costs that can be attributed directly to the development of unique software capable of generating future benefits over a period of more than one year are capitalized as an intangible asset. Direct costs, which must be identifiable and measurable, include labor costs for employees who worked on developing the software in question and an appropriate pro rata share of overhead, if applicable. Amortization is computed over the software's estimated useful life, which is deemed to be five years.

INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES

Investments in subsidiaries, joint ventures and affiliated companies are valued at cost, adjusted for impairment losses.

Other investments in subsidiaries, joint ventures and affiliated companies are valued at their fair value. When their fair value cannot be determined reliably, investments are valued at cost, adjusted for impairment losses. This item consists primarily of the investment held in Bonatti S.p.A., which is carried at 3.1 million euros.

The risk that arises from losses in excess of an investment's carrying value is recognized in a special reserve in an amount commensurate to the Company's commitment to honor the legal or implied obligations of the investee company or to cover its losses.

FINANCIAL ASSETS

When initially entered in the accounting records, financial assets other than equity investments are recognized based on their maturity classified under one of the following categories:

- **Financial Assets Valued at Fair Value, with Changes in Value Recognized in Earnings:** this category includes:
  - financial assets that are purchased mainly to resell them over the short term;
  - financial assets that are earmarked for inclusion in this category upon initial recognition, provided they meet the applicable requirements;
  - derivatives, except for derivatives that are designated as cash flow hedges and limited to their effective portion.

Financial assets that are included in this category are measured at fair value and any changes in fair value that occur while the Company owns them are recognized in earnings. Financial instruments included in this category are classified as short term if they are "held for trading" or the Company expects to sell them within one year from the balance sheet date. Derivatives are treated as assets, if their fair value is positive, or as liabilities, if their fair value is negative. The positive and negative fair values generated by outstanding transactions executed with the same counterparty are offset, when contractually permissible.

- **Loans and receivables:** this category includes financial instruments that are primarily related to trade receivables (which are neither derivatives nor instruments traded on an active market) that are expected to produce fixed and determinable payments. They are listed as current assets, unless they are due after one year from the balance sheet date, in which case they are listed as non-current assets. These assets are valued at their amortized cost, which is determined by the effective interest-rate method. When there is objective evidence of the occurrence of impairment, the affected asset is written down by the amount necessary to make

its carrying amount equal to the discounted value of future cash flows. Objective evidence that the value of the asset is impaired is deemed to exist when a debtor has significant financial difficulties, there is a possibility that the debtor will be declared bankrupt or become party to composition with creditors proceedings or there are unfavorable changes in payment history, such as an increasing number of payments in arrears. Impairment losses are recognized in earnings. When the reason for a writedown ceases to apply, the affected asset is revalued up to the value at which the asset would have been carried under the amortized cost method, had it not been written down.

- **Held-to-maturity investments:** These are financial instruments other than derivatives that have fixed payments and a fixed maturity and that the Company has the intention and the ability to hold to maturity. When initially recognized, they are valued at their purchase cost, plus incidental transaction costs. Subsequently, held-to-maturity investments are valued by the amortized cost method, using the low effective interest criterion, adjusted for any decrease in value. The same principles described in the Loans and receivables paragraph apply in the event of impairment losses.

- **Held-for-sale investments:** These are financial instruments other than derivatives that are explicitly designated as held for sale or which cannot be classified in any of the other categories. These financial instruments are valued at fair value and any resulting gains or losses are posted to an equity reserve. Their impact is reflected on the Income Statement only when a financial asset is actually sold or, in the case of cumulative losses, when it becomes evident that the impairment loss recognized in equity cannot be recovered. If their fair value cannot be determined, these instruments are valued at cost, less any impairment losses. Writedowns for impairment losses cannot be reversed if the assets in question are instruments representative of equity capital. The classification of these assets as current or non-current depends on the strategic choices made with regard to their holding period and the actual ability to sell them. They are classified as current assets if they can be sold within one year from the balance sheet date. When there is evidence that a loss that cannot be recovered has occurred (e.g., an extended decline in market value) the corresponding equity reserve is reversed and the loss recognized in earnings.

Financial assets are removed from the balance sheet when the right to receive cash flow from a financial instrument has been extinguished and the Company has transferred substantially all of the risks and benefits inherent in the financial instrument as well as its control over the financial instrument.

FINANCIAL LIABILITIES

Financial liabilities consist of loans payable, including obligations arising from the assignment of receivables, and other financial liabilities, including derivatives and obligations related to assets acquired under finance leases. Initially, financial liabilities other than derivatives are recognized at their fair value, net of transaction costs. Subsequently, financial liabilities that are held to maturity are valued at their amortized cost in accordance with the effective interest rate method. Transaction costs that are incurred directly in connection with the process of incurring the liability are amortized over the useful life of the respective financing facility.
Financial liabilities are removed from the Financial Statements when the underlying obligations have been satisfied and all of the risks and charges inherent in the instrument in question have been transferred.

DERIVATIVES

Derivatives are classified as hedges when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, monitored periodically, is high. When derivatives are used to hedge the risk of changes in the fair value of the hedged instruments (fair value hedge, such as a hedge against changes in the fair value of assets/liabilities with fixed interest rates), the derivatives are measured at fair value and any resulting gains or losses are recognized in earnings. At the same time, the value of the hedged instruments is adjusted to reflect changes in fair value associated with the hedged risk. When derivatives are used to hedge the risk of changes in the cash flow associated with the hedged instruments (cash flow hedges, such as a hedge against changes in asset/liability cash flows caused by fluctuations in exchange rates), the changes in the fair value of the effective derivatives are first recognized in equity and subsequently reflected in the Income Statements, consistent with the economic effect of the hedged transaction. Changes in the fair value of derivatives that do not qualify as hedges are recognized in earnings. The Company has no outstanding derivative as of December 31, 2008.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are established to fund quantifiable charges, the existence of which is certain or probable, but the amount or date of occurrence of which could not be determined as of the close of the reporting period. Additions are made to these provisions when: (i) it is probable that the Company will incur a statutory or implied obligation as a result of a past event; (ii) it is probable that meeting this obligation will be onerous; and (iii) the amount of the obligation can be estimated reliably. Additions are recognized at an amount that represents the best estimate of the sum that the Company will be reasonably expected to pay to satisfy an obligation or transfer it to a third party at the end of the reporting period. When the financial effect of the passing of time is material and the date when an obligation will become due can be reliably estimated, the addition to the provisions should be recognized at its present value.

The costs that the Company expects to incur in connection with restructuring programs should be recognized in the year in which the program is officially approved and there is a settled expectation among the affected parties that the restructuring program will be implemented.

These provisions are updated on a regular basis to reflect changes in estimates of costs, redemption timing and discount rates. Changes in the estimates of provisions are posted to the same Income Statement item under which the addition was originally recognized. Liabilities attributable to property, plant and equipment are recognized as offsets to the corresponding assets.

The notes to the Financial Statements contain a disclosure listing the Group's contingent liabilities, which include: (i) possible but not probable obligations that arise from past events, the existence of which will be confirmed only if one or more uncertain total events that are not totally under the Group's control occur or fail to occur; and (ii) existing obligations that arise from past events the amount of which cannot be determined reliably or the performance of which will probably not be onerous.

POST-EMPLOYMENT BENEFITS

(i) Benefits Provided After the End of Employment

Defined-benefit pension plans are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. Specifically, the liability for severance benefits is recognized in the Financial Statements at its actuarial value because it can be

classified as an employee benefit payable on the basis of a defined-benefit plan. The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Company's obligation. The determination of the present value of the Company's obligation is made by an independent actuary, using the projected unit credit method. This method, which is part of a broad category of techniques applicable to vested benefits, treats each period of service provided by an employee to a company as an additional accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Actuarial gains and losses (defined as the difference between the carrying amount of the Company's liability and the present value of its obligation at the end of the year) that result from changes from the actuarial parameters used in the past are recognized in accordance with the "corridor" method, i.e., only when they exceed 10% of the present value of the Company's obligation at the end of the previous period. In such cases, the amount in excess of 10% is charged to income, based on the average remaining working lives of the employees, counting from the following year.

As a result of the reform of the regulations that govern supplemental retirement benefits and, specifically, its impact on companies with 50 or more employees, the severance benefits vesting after January 1, 2007, depending on the choices made by employee, were either invested in supplemental retirement benefit funds or in the "Treasury Fund" managed by the Italian social security administration (INPS). As a result, in accordance with IAS 19, the liability towards the INPS and the contributions to supplemental retirement benefit funds are treated as part of defined-contribution plans.
On the other hand, severance benefits that vested prior to January 1, 2007 and have not yet been disbursed will continue to be treated as part of a defined-benefit plan.

(ii) Benefits Payable to Employees Upon Termination of Employment and Incentives to Resign

Benefits owed to employees upon termination of employment are recognized as a liability and as a labor cost when a company is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement age or to provide incentives to the termination of employment in connection with a proposal to address redundancies with incentives to resign voluntarily. Benefits owed to employees due to termination of employment do not provide the Company with future economic benefits and, consequently, they are charged to income when incurred.

INCOME TAXES

Current income taxes are computed on the basis of the taxable income for the year and the applicable tax laws by applying the tax rates in force on the date of the Financial Statements.

Levies other than income taxes, such as taxes on real estate and net worth, are treated as operating expenses.

Deferred taxes are computed on all temporary differences between the values attributed to assets and liabilities for tax purposes and for financial reporting, with the exception of goodwill and temporary differences that arise from investments in subsidiaries when the Company has

control over the timing for the reversal of the difference and it is likely that they will not be reversed over a reasonably foreseeable length of time. The portion of deferred-tax assets, including those stemming from a tax loss carryforward, that is not offset by deferred-tax liabilities is recognized to the extent that it is likely that the Company will generate future earnings against which they may be recovered. Deferred-tax liabilities are computed using the tax rates that are expected to be in force in the years when the temporary difference will be realized or cancelled.

Current and deferred taxes are reflected on the Income Statement, except for those attributable to items that are debited or credited directly to shareholders' equity.

Tax assets and liabilities, including deferred-tax assets and liabilities that arise from income taxes, can be offset when they are levied by the same tax administration on the same taxpayer, provided the taxpayer has a legally exercisable right to offset the corresponding amounts and plans to exercise that right. Moreover, with regard to current taxes, the offset is permissible when several taxpayers have a legally exercisable right to settle tax assets and liabilities on a net basis and intend to exercise that right.

The Company's tax position and its recognition in the accounting records takes into account the impact of the inclusion of Parmalat Group companies domiciled in Italy into a national consolidated tax return.

The issues related to the filing of such a return are governed by Group Regulations that are based on the principles of neutrality and equal treatment and are designed to ensure that companies that agree to file a consolidated tax return are not penalized in way by such filing. At the consolidated level, the liability toward the tax administration is determined based on the tax liability or tax loss of each company included in the consolidated return and takes into account any taxes withheld from their income and any estimated tax payments they may have made.

AVAILABLE-FOR-SALE NON-CURRENT ASSETS

These assets include non-current assets or groups of assets attributable to discontinuing operations the carrying amount of which will be recovered mainly through a sale, rather than through their continuing use. Available-for-sale assets are valued at their net carrying amount or their fair value, net of costs to sell the assets, whichever is lower. When a depreciable or amortizable asset is reclassified under this category, the depreciation or amortization process stops upon reclassification.
The profit or loss attributable to available-for-sale non-current assets is shown separately in the Income Statement net of the applicable tax effect when the assets in questions are part of discontinued operations. In such cases, the prior year's amounts are reclassified and shown separately in the Income Statement net of the applicable tax effect.

RECOGNITION OF REVENUES AND EXPENSES

Initially, revenues are always recognized at the fair value of the consideration received, net of allowances, discounts and trade promotions.
Revenues from the sale of goods are recognized when the Company has transferred to the buyer substantially all of the risks and benefits inherent in the ownership of the goods, which generally coincides with the delivery of the goods.
Proceeds from actions to void and actions for damages are recognized in the Income Statement when the settlements with the counterparts are finalized.
Expenses are recognized in the Income Statement when they apply to goods and services that

were sold or used during the year or allocated over a straight line when their future usefulness cannot be determined.
Expenses incurred to study alternative products and services or incurred in connection with research and development activities that do not meet the requirements for capitalization are deemed to be current expenses and are charged to income in the year they are incurred.

FOREIGN EXCHANGE DIFFERENCES

Revenues and expenses arising from transactions in foreign currencies are recognized at the exchange rate in force on the day the underlying transaction is executed. Assets and liabilities denominated in foreign currencies are translated into euros at the exchange rate in force at the end of the reporting period and any resulting gains or losses are recognized in earnings. Non-cash assets and liabilities denominated in foreign currencies are recognized at the historical exchange rate and valued at cost.

RECOGNITION OF GOVERNMENT GRANTS

Grants that are the subject of a formal distribution resolution are recognized on an accrual basis, in direct correlation to the costs incurred. Operating grants are reflected on the Income Statement as Other revenues.
Capital grants that are attributable to property, plant and equipment are recognized as deferred income and posted to the Miscellaneous income and expense account. Such deferred income is recognized in the Income Statement in equal installments computed on the basis of the useful life of the assets for which the grant was received.

FINANCIAL INCOME AND EXPENSE

Interest is recognized on an accrual basis in accordance with the effective interest method, i.e., using an interest rate that equalizes all incoming and outgoing flows that are part of a given transaction.

DIVIDENDS

Dividends are recognized when shareholders become entitled to receive them. As a rule, this happens when the Shareholders' Meeting approves a resolution to distribute a dividend. The dividend distribution amount is then recognized as a liability on the balance sheet for the period during which the distribution was approved by the Shareholders' Meeting.

USE OF ESTIMATES

When preparing the Statutory Financial Statements, Directors apply accounting principles and methods that, in some cases, are based on difficult and subjective valuations and estimates that are based on historical data and assumptions that, in each individual case, are deemed to be reasonable and realistic in light of the relevant circumstances. The use of these estimates and assumptions has an impact on the amounts reported in the financial statement schedules, which include a balance sheet, an Income Statement and a Cash Flow Statement, and in additional disclosures. The ultimate amounts of those components of the Financial Statements for which the abovementioned estimates and assumptions were used could differ from those shown on the Financial Statements, due to the uncertainty that characterizes all assumptions and the conditions upon which the estimates were based. Estimates and assumptions are revised on a regular basis and the impact of any resulting change is recognized in the period when a revision of estimates occurred, if the revision affects only the current period, and is also applied to future periods, when the revision has an impact both on the current period and on future periods.

The financial statement items that require the most use of subjective judgment by Directors in developing estimates and with respect to which a change in the underlying assumptions used could have a material impact on the Financial Statements are those concerning goodwill; writedowns of property, plant and equipment; depreciation and amortization of non-current assets; deferred taxes; provisions for risks; the allowance for doubtful accounts; pension plans and post-employment benefits; and the reserves for creditor challenges and claims of late-filing creditors.

NEW ACCOUNTING PRINCIPLES AND INTERPRETATIONS ADOPTED BY THE EU THAT ARE NOT YET IN EFFECT

In 2007 and 2008, the European Commission adopted and published the following new accounting principles and revisions and interpretations of existing accounting principles published by the International Accounting Standards Board ("IASB") and by the International Financial Reporting Interpretations Committee ("IFRIC").

IFRS 8 – Operating Segments. This principle will be applicable as of January 1, 2009 in lieu of IAS 14. Under the new accounting principle, companies are required to base the segment information that they disclose on the same data that management uses to make operating decisions. Consequently, operating segments must be identified based on a company's internal reporting system, which is regularly reviewed by management to allocate resources to the various segments and assess performance. The adoption of this principle will have no impact on the valuation of the items listed in the Financial Statements.

IAS 1 – Presentation of Financial Statements. This new version of the principle requires companies to disclose in a statement of changes in shareholders' equity all of the changes generated by transactions with shareholders. All transactions generated with third parties (comprehensive income) must be disclosed either in a single comprehensive Income Statement or in two statements (Income Statement and comprehensive Income Statement). This principle will be applicable as of January 1, 2009.
The adoption of this principle will have no impact on the valuation of the items listed in the Financial Statements.

IAS 23 – Borrowing costs. The new version of this principle no longer provides the option of recognizing immediately in the Income Statement borrowing costs incurred in connection with assets that normally become ready for use or for sale only after a specific period of time. This principle will be applicable prospectively to borrowing costs related to capitalized assets as of January 1, 2009. The Company is currently assessing the impact that may result from the adoption of the new version of the principle.

IFRIC 13 – Customer Loyalty Programs. This interpretation, which deals with the accounting treatment of the liability for rights to receive prizes awarded to customers in connection with customer loyalty programs, is applicable to the Company as of January 1, 2009. The Company is currently assessing the impact that may result from the adoption of the new version of the principle.

In addition, the following principles and interpretations applicable to situations and issues that do not occur within the Company were approved and published in 2008:

IFRS 2 – Changes to IFRS 2 Share-based Payment (applicable as of January 1, 2009).

Transactions Between Group Companies and with Related Parties

Transactions between Parmalat S.p.A. and other Group companies and between Parmalat S.p.A. and related parties were neither atypical nor unusual and were carried out by the Company in the normal course of business. At December 31, 2008, the Company had positions outstanding with the companies listed below. Receivables are shown net of the corresponding allowances for doubtful accounts.

(€ m)

		12.31.2008					
COMPANY	**COUNTRY**	**TRADE RECEIVABLES[1]**	**LONG-TERM LOANS RECEIVABLE[1]**	**SHORT-TERM LOANS RECEIVABLE[1]**	**TRADE PAYABLES**	**LOANS PAYABLE**	**OTHER LIABILITIES**
Parmalat Austria GmbH	Austria		111.5				
SATA S.r.l.	Italy		15.8				
Dalmata S.r.l.	Italy		0.7				
Latte Sole S.p.A.	Italy	1.0			(0.1)		
Parmalat Portugal Prod. Alim. Ltda	Portugal	2.4	4.6		(0.4)		
Curcastle Corporation NV	N. Antilles		2.2	3.3			
Boschi Luigi & Figli S.p.A.	Italy	0.2					(0.2)
Parmalat Canada Inc.	Canada	4.6	1.3				
Centrale del latte Roma S.p.A.	Italy	5.0		0.5	(13.6)		
Parmalat Distribuzione Alim. S.r.l.	Italy	1.5		2.3	(2.7)		
OOO Parmalat MK	Russia	1.2	2.3	0.8			
Parmalat Romania SA	Romania	1.1					
Parmalat South Africa (PTY) Ltd	South Africa	0.6		10.1			
Carnini S.p.A.	Italy	0.8			(0.1)		(0.2)
Parmalat Botswana (PTY) Ltd	Botswana			3.0			
Other companies		1.0	0.5		(0.1)	(2.3)	
Total		**19.4**	**138.9**	**20.0**	**(17.0)**	**(2.3)**	**(0.4)**

(1) Net of the allowance for doubtful accounts

At the end of 2007, the Company had the following positions, also net of the corresponding allowances for doubtful accounts, outstanding with other Group companies or related parties:

(€ m)

COMPANY	COUNTRY	12.31.2007				
		TRADE RECEIVABLES[1]	LONG-TERM LOANS RECEIVABLE[1]	SHORT-TERM LOANS RECEIVABLE[1]	TRADE PAYABLES	LOANS PAYABLE
Parmalat Austria GmbH	Austria		143.9			
SATA S.r.l. (form. SATA S.r.l. in bankruptcy)	Italy		32.8			
Latte Sole S.p.A.	Italy	3.1	3.1		(1.7)	
Parmalat Portugal Prod. Alim. Ltda	Portugal	3.0	4.5		(0.4)	
Curcastle Corporation NV	N. Antilles		2.2	3.3		
Boschi Luigi & Figli S.p.A.	Italy	0.2	0.7			
Parmalat Dairy & Bakery Inc.[2]	Canada	3.1	1.3			
Newlat S.p.A.	Italy	6.9			(4.8)	
Centrale del latte Roma S.p.A.	Italy	7.9			(12.8)	
Parmalat Distribuzione Alim. S.r.l.	Italy	2.5		0.2	(2.8)	
OOO Parmalat MK	Russia	1.3	2.0			
Parmalat Romania SA	Romania	1.2				
Parmalat South Africa (PTY) Ltd	South Africa	1.4				
Carnini S.p.A.	Italy	0.9			(0.1)	
Other companies		1.4	0.2		(0.6)	(2.3)
Total		**32.9**	**190.7**	**3.5**	**(23.2)**	**(2.3)**

(1) Net of the allowance for doubtful accounts
(2) Now Parmalat Canada Inc

The table below provides a breakdown of expenses and revenues, classified by type:

(€ m)

COMPANY	COUNTRY	2008 SALES REVENUES AND OTHER REVENUES	2008 FINANCIAL INCOME AND INCOME FROM EQUITY INVESTMENTS	2008 COST OF MATERIALS AND SERVICES
Boschi Luigi & Figli S.p.A.	Italy		4.0	
Centrale del Latte di Roma S.p.A.	Italy	13.0	4.4	46.2
Latte Sole S.p.A.	Italy	1.6	0.1	0.7
Newlat S.p.A.	Italy	9.6		11.2
Parmalat Distribuzione Alimenti S.r.l.	Italy	15.2	0.2	13.7
Dalmata S.r.l.	Italy		0.6	
SATA S.r.l.	Italy		0.8	
Parmalat Romania	Romania	0.9	1.3	
OOO Parmalat MK	Russia	1.3	0.9	0.2
Parmalat Canada Inc.	Canada	1.5	15.3	
Parmalat Australia Limited	Australia	1.5		
Carnini S.p.A.	Italy	2.9	0.3	0.2
Parmalat Colombia	Colombia	0.1	3.5	
Procesadora de Leches	Colombia		3.3	
Parmalat Portugal Produtos Alimentares Ltda	Portugal	0.3	0.6	
Citrus International Corporation SA	Cuba	0.1		1.4
Dalmata due S.r.l.	Italy		3.2	
Other companies		0.4	1.5	0.2
Total		**48.4**	**40.0**	**73.8**

These transactions were executed on market terms, i.e., on the terms that would have been applied by independent parties, and were carried out in the interest of Parmalat S.p.A.

A breakdown of intra-Group expenses and revenues for 2007 is provided below:

(€ m)

		2007		
COMPANY	**COUNTRY**	**SALES REVENUES AND OTHER REVENUES**	**FINANCIAL INCOME AND INCOME FROM EQUITY INVESTMENTS**	**COST OF MATERIALS AND SERVICES**
Boschi Luigi & Figli S.p.A.	Italy	4.3		14.0
Centrale del Latte di Roma S.p.A.	Italy	14.7	6.0	38.1
Latte Sole S.p.A.	Italy	1.7	0.1	1.4
Newlat S.p.A.	Italy	22.2	0.1	27.3
Parmalat Distribuzione Alimenti S.r.l.	Italy	16.4	0.2	15.7
OOO Parmalat MK	Russia	1.4		
Parmalat Dairy & Bakery Inc.(1)	Canada	1.6		
Parmalat Holdings Limited(1)	Canada		1.5	
Parmalat Australia Limited	Australia	1.4		
Carnini S.p.A.	Italy	2.4		0.3
Procesadora de Leches	Colombia		1.5	
Dalmata S.r.l.	Italy		0.5	
Parmalat Portugal Produtos Alimentares Ltda	Portugal	0.2	0.2	
Citrus International Corporation SA	Cuba	0.1	0.1	2.0
Other companies		1.4	0.2	0.3
Total		**67.8**	**10.4**	**99.1**

(1) Now Parmalat Canada Inc.

Percentage of Financial Statement Amounts Represented by Transactions with Related Parties

(€ m)

	ASSETS	LIABILITIES	LIQUID ASSETS	REVENUES	COST OF SALES	DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	NET FINANCIAL INCOME
Total	3,249.7	554.7	1,441.2	922.5	679.7	202.5	73.3	105.3
Amount with related parties	178.4	17.4	(2.3)	48.4	59.7	13.9	0.2	40.0
Percentage of the total	*5.5%*	*3.1%*	*n.s.*	*5.2%*	*8.8%*	*6.9%*	*0.3%*	*38.0%*

Notes to the Balance Sheet - Assets

(1) Goodwill

Goodwill amounted to 184.0 million euros, or 49.8 million euros less than at December 31, 2007.

Pursuant to IAS 36, goodwill is not amortized. However, it is tested for impairment at least once a year or more frequently in response to specific events or circumstances that could indicate that its value has been impaired.

Already in the first half of 2008, changing conditions in the markets in which the Company operates created difficult conditions. Consequently, working as usual with the support of an independent advisor, the Company estimated the impact of the changes in operating conditions on expected operating cash flows and on the implied projections. These computations showed that goodwill needed to be written down by 48 million euros.

Concurrently with the preparation of the annual Financial Statements at December 31, 2008 and taking into account the Company's updated three-year plan, goodwill was again tested for impairment to determine if its carrying amount was lower than the corresponding recoverable value. The results of this test required a further writedown of 1.8 million euros.

As was the case earlier in the year, the abovementioned test was performed by an independent advisor.

The recoverable value of goodwill was tested against its value in use, which is the present value of the expected cash flows from operations, before financial components (unlevered discounted cash flow), estimated based on the Company's plan for the next three years. For the years not covered by the plan, the process involved estimating a terminal value, which was computed as the cash flow from operations appropriately standardized to maintain standard operating business conditions, assuming a growth rate ranging between 0.5% and 1%.

Cash flow projections were based on normal conditions of business activity and, consequently, do not include cash flows attributable to extraordinary transactions.

The discount rates used were consistent with current market valuations of the cost of money and took into account the specific risks attributable to each cash generating unit. The rate used, net of taxes, was 10.7%.
The process of obtaining information about the potential net realizable value of the assets allocated to each cash generating unit also involved the use of stock market multiples to determine the values of publicly traded companies in the same industry, which were used as reference with regard to value in use.

(2) Trademarks with an Indefinite Useful Life

The carrying amounts of these trademarks totaled 180.1 million euros, or 0.5 million euros less than at the end of 2007.

The table below provides a breakdown of trademarks with an indefinite useful life:

(€ m)

	12.31.2008	12.31.2007
Parmalat	121.9	121.9
Santàl	32.6	32.6
Chef	16.2	16.2
Kyr	2.1	2.6
Elena	7.3	7.3
Total	**180.1**	**180.6**

The Company tests the recoverability of trademarks with an indefinite useful life at least once a year or more frequently, when there are indications that their value has been impaired.

As was the case in the past, the impairment test was performed by an independent advisor.

The recoverable value of trademarks with an indefinite useful life was tested against their value in use by means of the relief from royalty method.

The relief from royalty method was chosen as a valuation method because it is consistent with the widely accepted belief that the value of trademarks is closely related to the contribution that they provide to a company's operating results. Moreover, recent studies by major market research companies have shown that a product's brand is one of the main factors that motivate purchases of groceries.

The relief from royalty method consists of discounting to present value the royalty payments that the owner of a trademark avoids because of the ownership of the right to use that trademark. As a rule, royalties are computed as a percentage of net revenues before the impact of taxes.

The process followed to determine the net royalty flows involved using, for each trademark, the net revenue projections estimated in the Company's strategic plan for the next three years. For the years not covered by the strategic plan, the process involved estimating a terminal value, which was computed as the royalty flow appropriately standardized to maintain standard operating business conditions, assuming a growth rate ranging between 1% and 2%.

The royalty rate that was applied to net revenues was determined based on studies and surveys carried out in this field by research institutions and professionals, as well as on internal analyses of licensing agreements executed in the food industry.

Moreover, since each individual trademark has its own distinctive characteristics relative to the product/market combination, the qualitative (competitive position, name recognition, customer loyalty and quality) and quantitative (profitability percentage) characteristics of the trademarks were also taken into account.

Based on these elements, each trademark was assigned a royalty rate ranging between 2.5% and 3%.

The discount rate used was consistent with current market valuations of the cost of money and took into account the specific risks attributable to the cash generating unit. The rate used, net of taxes, was 10.7%.

An analysis of the value in use of the trademarks, performed by means of the impairment test describe above, showed that the carrying amount of the Kyr trademark needed to be written down by 0.5 million euros.

(3) Other Intangibles

Other intangibles of 37.4 million euros include the following:

(€ m)

	12.31.2008	12.31.2007
Other trademarks and sundry intangibles	30.1	48.4
Licenses and software	7.3	6.1
Total	**37.4**	**54.5**

This item includes licenses for corporate software and trademarks with a finite useful life (which can be amortized) that are being used in Parmalat's restructured commercial operations. These trademarks are recognized at their fair value on the date of acquisition (October 1, 2005) and are amortized over five years.

Other Trademarks and Sundry Intangibles

(€ m)

	12.31.2008	12.31.2007
Berna	15.1	22.6
Lactis	4.9	7.4
Monza	2.5	3.8
Solac	2.1	3.2
Optimus	0.0	3.1
Stella	1.2	1.8
Torvis	0.9	1.3
Pascolat	0.7	1.1
Dolomiti	0.5	0.7
Other trademarks and sundry intangibles	2.2	3.4
Total	**30.1**	**48.4**

Changes in Other Intangibles

(€ m)

	TRADEMARKS WITH A FINITE LIFE	CONCESSIONS, LICENSES AND SIMILAR RIGHTS	TOTAL
Balance at 12.31.06	**65.0**	**4.1**	**69.1**
- Additions	0.1	3.8	3.9
- Amortization (-)	(16.7)	(1.8)	(18.5)
Balance at 12.31.07	**48.4**	**6.1**	**54.5**
- Additions		3.7	3.7
- Amortization (-)	(16.2)	(2.5)	(18.7)
- Writedowns (-)	(2.1)		(2.1)
Balance at 12.31.08	**30.1**	**7.3**	**37.4**

Writedowns of 2.1 million euros reflect the impairment loss of the *Optimus* brand, which was sold as part of the divestments of the Lodi business operations, effective January 1, 2009.

(4) Property, Plant and Equipment

Property, plant and equipment totaled 153.8 million euros, broken down as follows:

(€ m)

	12.31.2008	12.31.2007
Land	22.2	23.8
Buildings	68.9	66.3
Plant and machinery	55.1	45.6
Industrial equipment	1.5	1.6
Other assets	5.0	6.0
Construction in progress	1.1	10.8
Total	**153.8**	**154.1**

Some of the properties (Land and Buildings) are encumbered by a voluntary mortgage of up to 33.6 million euros granted to a financial institution to secure a medium-term financing facility of 11.1 million euros it provided to the Company, which matures on December 31, 2010. As of December 31, 2008, 4.4 million euros were owed on this facility.

Property, plant and equipment held under finance leases, which totaled 2.3 million euros, consisted exclusively of items classified as other assets.

Changes in Property, Plant and Equipment

(€ m)

	LAND	BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL EQUIPMENT	OTHER ASSETS	CONSTRUC-TION IN PROGRESS	TOTAL
Balance at 12.31.06	**24.5**	**68.5**	**38.8**	**1.2**	**4.9**	**0.0**	**137.9**
Additions		2.1	15.2	0.8	3.8	10.8	32.7
Divestment of business operations (-)							
Disposals (-)	(0.7)	(1.4)			(0.3)		(2.4)
Writedowns (-)							
Depreciation (-)		(2.9)	(8.4)	(0.4)	(2.4)		(14.1)
Balance at 12.31.07	**23.8**	**66.3**	**45.6**	**1.6**	**6.0**	**10.8**	**154.1**
Additions		3.7	21.4	0.6	1.5	0.9	28.1
Divestment of business operations (-)	(0.5)	(1.3)	(0.2)				(2.0)
Disposals (-)			(0.1)	(0.1)	(0.4)		(0.6)
Writedowns (-)	(1.3)	(0.8)	(2.6)		(0.1)		(4.8)
Depreciation (-)		(3.2)	(10.3)	(0.5)	(2.8)		(16.8)
Other changes	1.5	6.7	1.4		0.7	(10.5)	(0.2)
Reclassifications to available-for-sale assets	(1.2)	(2.6)	(0.2)				(4.0)
Balance at 12.31.08	**22.3**	**68.8**	**55.0**	**1.6**	**4.9**	**1.2**	**153.8**

Additions included the following:

- 1.3 million euros for buildings, used mainly to renovate existing buildings and bring them into compliance with regulatory requirements, construction of new production facilities and completion of the new Via Nazioni Unite headquarters, in Collecchio;
- 21.4 million euros for plant and machinery, used to install new production lines and upgrade existing lines.
- 3.0 million euros for industrial equipment, other assets and construction in progress.

Divestment of business operations reflects the value of property, plant and equipment included in the business operations consisting of Centrale del latte di Taranto, which were sold in 2008.

Reclassification to available-for-sale assets and writedowns refers to the value of property, plant and equipment included in the Lodi business operations, which were sold with a contract effective January 1, 2009.
The depreciation of property, plant and equipment was computed in accordance with regular annual rates based on their useful lives, which are the same as the rates used the previous year.

(5) Investments in Subsidiaries, Joint Ventures and Affiliated Companies

A breakdown of this item, which amounted to 633.0 million euros, is as follows:

(€ m)

	12.31.2008	12.31.2007
Subsidiaries	629.5	615.5
Affiliated companies	0.0	0.0
Other companies	3.5	3.2
Total	**633.0**	**618.7**

Changes in Investments in Subsidiaries, Joint Ventures and Affiliated Companies

(€ m)

	SUBSIDIARIES	AFFILIATED COMPANIES	OTHER COMPANIES	TOTAL
Balance at 12.31.06	**683.8**	**0.0**	**3.2**	**687.0**
Additions/Purchases	120.5			120.5
Reductions/Divestments	(150)			(150.0)
Writedowns	(38.8)			(38.8)
Balance at 12.31.07	**615.5**	**0.0**	**3.2**	**618.7**
Additions/Purchases	43.8		0.3	44.1
Reductions/Divestments	(0.3)			(0.3)
Writedowns	(29.5)			(29.5)
Balance at 12.31.08	**629.5**	**0.0**	**3.5**	**633.0**

The main components of additions/purchases of 44.1 million euros are reviewed below:

- Capital increase by the Parmalat South Africa PTY subsidiary in the amount of 11 million euros, which was fully subscribed and paid-in by Parmalat S.p.A. (the controlling interest became 10.8%).
- Capital increase by the Latte Sole subsidiary in the amount of 10 million euros, which was fully subscribed and paid-in by Parmalat S.p.A.
- Financing in the amount of 1.6 million euros provided to Arilca, a Spanish subsidiary, as an advance on future capital contributions.
- Purchase of 1.8% of the share capital of the Boschi Luigi & Figli S.p.A. subsidiary at a cost of 0.3 million euros. With this purchase, the Company increased its controlling interest in this subsidiary from 98.2% to 100%).
- Capitalization of Sata S.r.l. (17.8 million euros) and Parmalat Distribuzione Alimenti S.r.l. (2.5 million euros) carried out by forgiving receivables of equal amounts owed by these subsidiaries.
- Purchase of 18.52% of the share capital of Jonicalatte at a cost of 0.3 million euros, which is listed above under Other companies.

The decrease of 0.3 million euros in investments in subsidiaries reflects the liquidation of Arilca SA, a Spanish subsidiary, which resulted in a capital distribution of an amount equal to the investment's carrying value.

Writedowns of 29.5 million euros were booked as a result of the annual impairment test of investments in subsidiaries and reflects the losses suffered by the investments in Latte Sole (12.2 million euros), Parmalat Distribuzione Alimenti (5.8 million euros), Sata S.r.l. (3.9 million euros), subsidiaries in Ecuador (2.2 million euros), Parmalat Africa (1.5 million euros), Dalmata S.r.l. (0.9 million euros), Citrus in Cuba (0.8 million euros), Pisorno Agricola (0.2 million euros) and the recognition in the Income Statement of financing provided to Arilca SA as an advance on future capital contributions (1.4 million euros).

A breakdown of the investee companies included under "Investments in subsidiaries, joint ventures and affiliated companies" at December 31, 2008 is as follows:

(€ m)

INVESTMENTS IN SUBSIDIARIES	COUNTRY	% INTEREST HELD	TOTAL VALUE
Parmalat Canada Inc. (formerly Parmalat Holding Ltd)	Canada	100.0	203.9
Parmalat Australia Ltd (formerly Parmalat Pacific Holding Pty Ltd)	Australia	90.0	119.0
Centrale del Latte di Roma S.p.A.	Italy	75.0	104.1
Parmalat Portugal Produtos Alimentares Ltda	Portugal	100.0	41.6
Procesadora de Leches SA	Colombia	94.8	27.9
OAO Belgorodskij	Russia	99.7	20.1
Latte Sole S.p.A.	Italy	100.0	18.6
Sata S.r.l.	Italy	100.0	17.6
Parmalat Colombia Ltda	Colombia	91.0	15.8
Parmalat South Africa Ltd	South Africa	10.8	11.0
Boschi Luigi & Figli S.p.A.	Italy	100.0	10.3
Carnini S.p.A.	Italy	100.0	10.0
OOO Parmalat Mk	Russia	100.0	6.6
Parmalat Romania SA	Romania	100.0	6.3
Dalmata S.r.l.	Italy	100.0	5.0
OOO Urallat	Russia	100.0	4.9
Parmalat Africa Ltd	Mauritius	4.3	4.8
Citrus International Corp.	Cuba	55.0	1.8
Parmalat International SA in liquidation	Switzerland	100.0	0.2
Parmalat Austria GmbH and 19 other companies			0.0
Total subsidiaries			**629.5**

INVESTMENTS IN OTHER COMPANIES	COUNTRY	% INTEREST HELD	TOTAL VALUE
Bonatti S.p.A.	Italy	10.3	3.1
Jonicalatte S.r.l.	Italy	18.5	0.3
Sundry companies			0.1
Total other companies			**3.5**
GRAND TOTAL			**633.0**

A complete list of the equity investments held by the Company is annexed to this Report.

The Company prepares Consolidated Financial Statements, which are being provided together with these Statutory Financial Statements and provide information about the performance of the Group as a whole.

(6) Other Non-current Financial Assets

Other non-current financial assets totaled 140.2 million euros. A breakdown is as follows:

(€ m)

	12.31.2008	12.31.2007
Loans receivable from subsidiaries	138.9	190.7
Loans receivable from others	1.3	1.3
Total	**140.2**	**192.0**

The table below and the comments that follow provide an overview of the changes that occurred in 2008.

Changes in Other Non-current Financial Assets

	LOANS RECEIVABLE FROM SUBSIDIARIES	LOANS RECEIVABLE FROM OTHERS	TOTAL
Net carrying amount at 12.31.07	**190.7**	**1.3**	**192.0**
New loans/Adjustments	5.5		5.5
Repayments	(8.0)		(8.0)
Waivers/Conversions	(17.8)		(17.8)
Addition to the provision for writedowns	(32.4)		(32.4)
Reversal of the provision for writedowns	0.9		0.9
Net carrying amount at 12.31.08	**138.9**	**1.3**	**140.2**

The main components of New loans/Adjustments of 5.5 million euros are new loans totaling 5.2 million euros (3.5 million euros to Latte Sole, 0.7 million euros to Dalmata and 1 million euros to Parmalat MK) and the capitalization of accrued interest owed by subsidiaries.

Repayments, which totaled 8 million euros, include the following loans:

- 6.6 million euros owed by the Latte Sole subsidiary (repaid in connection with the capital increase discussed above);
- 0.7 million euros owed by Arilca SA, a Spanish subsidiary, which was repaid upon the company's liquidation;
- 0.7 million euros representing the repayment of the last installment of an unsecured receivable owed by Boschi Luigi & Figli S.p.A. under Extraordinary Administration.

The amount shown for Waivers/Conversions refers to the recapitalizations of Sata S.r.l. (17.8 million euros) carried out by waiving the repayment of a loan of equal amount.

The Addition to the provision for writedowns (32.4 million euros) reflects writedowns of receivables owed by Parmalat Austria (direct parent of the African companies) recognized as a result of the impairment loss suffered by the African operations.

The Reversal of the provision for writedowns (0.9 million euros) reflects primarily the reversal in earnings of the amounts attributable to Arilca (0.7 million euros) following the collection of receivables that earlier had been written down.

(7) Deferred-tax Assets

Deferred-tax assets amounted to 25.2 million euros, compared with 21.2 million euros at the end of 2007. A breakdown is provided below:

(€ m)

DEFERRED-TAX ASSETS	TAX RATE	TEMPORARY DIFFERENCES AT 12.31.08	BALANCE AT 12.31.07	TAX AMOUNT SET ASIDE	UTILIZATIONS	BALANCE AT 12.31.08
Provision for restructuring	27.50%	10.8	1.5	0.0	(0.7)	0.8
Provision for prize contests	31.40%	1.0	0.4	0.3	(0.4)	0.3
Maintenance expenses	31.40%	18.6	4.0	1.2	(1.0)	4.2
Prov. for invent. writedowns	31.40%	6.4	2.1	0.0	0.0	2.1
Tax-deductible amortization of trademarks	31.40%	30.5	5.9	3.6	0.0	9.5
Other IRES-related items	27.50%	23.3	5.7	2.1	(1.4)	6.4
Other IRES and IRAP-related items	31.40%	6.4	1.6	0.8	(0.5)	1.9
Total		**97.0**	**21.2**	**8.0**	**(4.0)**	**25.2**

Most of the increases refer to costs incurred in 2008, the recoverability of which for tax purposes will take place when the financial impact of the underlying transaction actually occurs or, as is the case for Maintenance expenses, within the timeframe allowed under the applicable law.

At this point, the Company believes that it will generate sufficient taxable income in the future to recover the deferred-tax assets it carries on its balance sheet.

(8) Inventories

A breakdown of Inventories, which totaled 39.7 million euros, is as follows:

(€ m)

	12.31.2008	12.31.2007
Raw materials, auxiliaries and supplies	22.9	23.3
Semifinished goods	0.0	0.0
Finished goods	18.2	19.4
Provision for inventory writedowns	(1.4)	(1.3)
Total	**39.7**	**41.4**

Changes in Inventories

	RAW MATERIALS, AUXILIARIES AND SUPPLIES	SEMIFINISHED GOODS	FINISHED GOODS AND MERCHANDISE	TOTAL
Carrying amount at 12.31.07	**23.3**	**0.0**	**19.4**	**42.7**
Increases/(Decreases)	0.4		(0.8)	(0.4)
- Reclassifications to available-for-sale assets	(0.8)		(0.4)	(1.2)
Carrying amount at 12.31.08	**22.9**	**0.0**	**18.2**	**41.1**
Carrying amount of provision for inventory writedowns at 12.31.07	**(1.0)**	**0.0**	**(0.3)**	**(1.3)**
(Additions to)/Utilizations of provision	0.2		0.2	0.4
Other changes	(0.6)		0.1	(0.5)
Carrying amount of provision for inventory writedowns at 12.31.08	**(1.4)**	**0.0**	**0.0**	**(1.4)**
Carrying amount at 12.31.08	**21.5**	**0.0**	**18.2**	**39.7**

Reclassifications to available-for-sale assets of 1.2 million euros reflects the value of the inventory included in the Lodi business operations, which were sold effective January 1, 2009.
Other changes of 0.6 million euros refers to the reclassification of a provision for risks for the loss in value of warehouse pallets.

(9) Trade Receivables

Trade receivables amounted to 224.0 million euros. A breakdown is provided below:

(€ m)

	12.31.2008	INCREASES/ (DECREASES) OF RECEIVABLES	OTHER CHANGES	(INCREASES)/ DECREASES OF ALLOWANCE	12.31.2007
Gross trade receivables - Customers	349.8	2.9	(7.5)		354.4
Gross trade receivables - Subsidiaries	19.7	(13.4)			33.1
Allowance for doubtful accounts - Customers	(145.3)		(5.8)	(2.9)	(136.6)
Allowance for doubtful accounts - Subsidiaries	(0.2)				(0.2)
Total	**224.0**	**(10.5)**	**(13.3)**	**(2.9)**	**250.7**

Excluding the reclassification of 7.5 million euros in trade payables for invoices received from customers in the mass retailing channel, trade receivables benefited from a positive trend, increasing at a slower rate than revenues, with a resulting reduction in the number of days to collection.

The net increase of 2.9 million euros in the allowance for doubtful customer accounts is the net result of an addition of 6.4 million euros recognized in the 2008 Income Statement and utilizations of the allowance amounting to 3.5 million euros.

Other changes to the allowance for doubtful customer accounts (5.8 million euros) reflects a reclassification of 4.2 million euros from a provision for risk of impairment of the value of receivables owed by franchisees and a reclassification of 1.6 million euros from a provision for risk of impairment of the value of trade receivables due to pricing discrepancies in invoices from previous years.

(10) Other Current Assets

Other current assets amounted to 188.8 million euros. A breakdown is as follows:

(€ m)

	12.31.2008	12.31.2007
Loans receivable from subsidiaries	19.5	3.6
Miscellaneous receivables	168.2	152.1
Accrued income and prepaid expenses	1.1	0.9
Total	**188.8**	**156.6**

Loans receivable from subsidiaries increased by 15.9 million euros, due mainly to short-term financing provided to Group companies. The largest of these loans were provided to Parmalat South Africa (10 million euros) and Parmalat Botswana (3 million euros).

A breakdown of Miscellaneous receivables is as follows:

(€ m)

	12.31.2008	12.31.2007
Amount receivable for settlements of lawsuits	2.2	1.4
Amount receivable from the tax authorities for VAT	36.2	58.5
Accrued interest on VAT refunds receivable	1.1	1.1
Estimated tax payments and income taxes withheld	118.0	71.5
Amount receivable from the Ministry of Farm Policies	4.4	8.9
Advances to suppliers and sales agents	0.9	1.4
Sundry receivables	4.9	9.3
Amount receivable from subsidiaries included in the national consolidated tax returns	0.5	0.0
Total	**168.2**	**152.1**

The amount receivable for settlements of actions to void in bankruptcy and actions for damages refers to the settlement reached with Deloitte & Touche (US$2.0 still to be collected) in 2007, which increased by 0.8 million euros in 2008 due to consulting services provided by Deloitte that must be reimbursed, in accordance wit the terms of the settlement agreement executed on February 21, 2007.

A portion of the amount receivable from the tax authorities for VAT (5.6 million euros), which at the end of 2006 had been earmarked to offset an equal liability toward the Italian social security administration (INPS), was utilized in 2008 to reduce the liability toward the INPS.

In 2008, the amount receivable from the tax authorities for estimated tax payments and income taxes withheld increased by 46.5 million euros, due mainly to estimated tax payments (36.4 million euros) and the amounts withheld on bank interest income.

The reduction in the amount receivable from the Ministry of Farm Policies reflects the determination of the maximum amount that can be claimed, based on the investments made within the framework of the authorized plan.

The balance shown for Miscellaneous receivables is net of an allowance for doubtful accounts amounting to 7.8 million euros, which has been set aside to cover potential collection risks. The net balance shown above is deemed to be fully collectible.

(11) Readily Available Financial Assets

The balance of 679.2 million euros includes the following:

(€ m)

	12.31.2008	12.31.2007
Treasury bills	315.8	63.8
Treasury bonds	114.0	0.0
Bank time deposits	245.0	524.1
Total short-term investments of liquid assets	**674.8**	**587.9**
Accrued interest	4.4	1.0
Total	**679.2**	**588.9**

The items listed above represent short-term investments of liquid assets that do not qualify as cash equivalents, as defined in the IAS 7, because the overall term of the securities involved was longer than three months at the time of purchase. The change compared with December 31, 2007 (+90.3 million euros) reflects the additional liquidity generated in 2008 by the collection of proceeds from settlements with banks and other credit institutions.

To further minimize its investment risk, the Company invested a significant portion of its liquid assets in treasury securities.

The table below provides a breakdown by type of the Company's short-term investments of liquid assets and shows the duration and rate of return of these investments.

	AMOUNT		DATE OF PURCHASE	MATURITY	ANNUAL RATE
Treasury bills	**315.8**	119.2	Oct-Nov 2008	1.30.09	2.53%
		57.5	Nov 2008	2.27.09	2.70%
		59.6	Dec 2008	3.16.09	2.22%
		79.5	Dec 2008	3.31.09	2.16%
Treasury bonds	**114.0**	114.0	Nov 2008	2.1.09	2.86%
Bank time deposits	**245.0**	50.0	Oct 2008	1.19.009	4.95%
		195.0	Sept-Oct 2008	3.23.09	5.30%

(12) Cash and Cash Equivalents

Cash and cash equivalents totaled 750.6 million euros, compared with 650.9 million euros at December 31, 2007. A breakdown is provided below:

(€ m)

	12.31.2008	12.31.2007
Cash in banks	439.3	650.5
Treasury bills	309.8	0.0
Cash and securities on hand	0.7	0.4
Accrued interest	0.8	0.0
Total	**750.6**	**650.9**

This item includes amounts deposited by the Company in bank accounts, cash on hand and financial assets with an original maturity of three months or less at the time of purchase. The balance reflects the daily flow of collections and payments and the investment flows. The balance of cash in banks is net of the reclassification of 4.4 million euros to held-for-sale assets attributable to the Lodi business operations, which were sold effective January 1, 2009.
Information about the investments in treasury securities is provided in the preceding note.

The Company has no operational short-term credit lines.

The table below provides a breakdown by type of the Company's short-term investments of liquid assets and shows the duration and rate of return of these investments.

	AMOUNT		DATE OF PURCHASE	MATURITY	ANNUAL RATE
Treasury bills	**309.8**	140.4	Nov 2008	1.15.09	2.93%
		169.4	Dec 2008	3.16.09	2.40%

The change in financial position is shown in the Cash Flow Statement, which should be consulted for additional information.

(13) Available-for-sale Assets

Available-for-sale assets totaled 13.7 million euros. This account had a zero balance at December 31, 2007.

(€ m)

	12.31.2008	12.31.2007
Lodi business operations		
Land	1.2	0.0
Buildings, plant and equipment	2.8	0.0
Inventory	1.2	0.0
Liquid assets	4.4	0.0
Deferred-tax assets	4.1	0.0
Total	**13.7**	**0.0**

Available-for-sale assets include the assets of the Lodi business operations, which were divested pursuant to a sales contract effective as of January 1, 2009.

Notes to the Balance Sheet - Shareholders' Equity

SUMMARY OF THE SHAREHOLDERS' EQUITY ACCOUNTS

(€ m)

	12.31.2008	12.31.2007
- Share capital	1,687.4	1.652.4
- Reserve for conversion exclusively into share capital of creditor challenges and claims of late-filing creditors	193.2	221.5
- Shares subscribed through the exercise of warrants	0.0	0.0
- Statutory reserve	32.0	4.2
- Other reserves and retained earnings	297.0	39.1
- Interim dividends	(130.0)	0.0
- Profit for the year	615.4	554.7
Total	**2,695.0**	**2,471.9**

The Financial Statements include a Statement of Changes in Shareholders' Equity.

(14) Share Capital

The table below shows a breakdown of the change in the number of shares outstanding (par value 1 euro each) that occurred in 2008:

NUMBER OF SHARES	
Shares outstanding at 1.1.08	**1,652,419,845**
Shares issued for claims of late-filing creditors and/or upon the settlement of challenges (using reserves established for this purpose)	28,275,905
Shares issued upon the conversion of warrants	6,701,507
Shares outstanding at 12.31.08	**1,687,397,257**

Maximum Share Capital Amount

In accordance with the resolutions approved on March 1, 2005, September 19, 2005 and April 28, 2007, the Company's share capital may reach a maximum of 2,025 million euros as a result of the following increases:

- Increase reserved for creditors with unsecured claims included in the lists of verified claims	1,541.1
- Increase reserved for unsecured creditors with conditional claims and/or who are challenging their exclusion from the lists of verified claims	238.9
- Increase reserved for late-filing creditors	150.0
Total increases reserved for creditors	**1,930.0**
- Shares available for the conversion of warrants	95.0
Total capital increase	**2,025.0**

As explained above, the Company's share capital amounted to 1,687.4 million euros at December 31, 2008. As of the writing of these Notes, it had been increased by 4.1 million euros to a total of 1,691.5 million euros. The Company, having carried out a detailed analysis of the challenges filed by creditors excluded from the sum of liabilities and of the claims of late-filing creditors, believes

that the equity reserves it has established in connection with these claims are adequate. Any additional claims of late-filing creditors that may arise in the future and are verified by a final court decision can be satisfied using the retained earnings.

(15) Reserve for Creditor Challenges and Claims of Late-filing Creditors Convertible into Share Capital

At December 31, 2008, this reserve convertible into share capital amounted to 193.2 million euros. Utilizations for the year totaled 28.3 million euros, causing the share capital to increase by the same amount.

The utilization of this reserve will cause the share capital of Parmalat S.p.A. to increase by an amount equal to the additional verified claims. The remainder of the reserve, equal to the amount of the rejected claims, will become a freely available reserve. As explained before, Parmalat S.p.A. has already approved a capital increase in an amount equal to the balance in this reserve.

With regard to the Citigroup litigation and, more specifically, the decision handed down by the Court of New Jersey this past October, should this decision become final after review at the appellate level, it will have to be submitted to the Court of Parma, this being the condition on the basis of which Citibank was allowed to file its counterclaim in the United States. It is important to keep in mind that, in its action in the United States, Citibank is seeking to recover the difference between the amount it has collected by virtue of its unsecured claim being verified within the framework of the composition with creditors and 100% of the amount of its claim. Such demand will never be admissible under Italian law, pursuant to which the provisions that make an approved composition with creditors binding on all creditors with claims that predate the debt expunging effect of the composition with creditors are deemed to have the strength of imperative law.

(16) Shares Subscribed Through the Exercise of Warrants

These reserves refers to the warrants exercised in December 2008 (the corresponding 7,903 shares were issued in January 2009).

At December 31, 2008, there were 70,845,366 warrants outstanding, which are exercisable until December 31, 2015.

(17) Other Reserves and Retained Earnings

This reserves amounted to 297.0 million euros, up from 39.1 million euros at the end of 2007. The statutory reserve also increased, rising to 31.9 million euros (4.2 million euros at December 31, 2007).

The main reason for the increase compared with 2007 is the impact of the Ordinary Shareholders' Meeting of April 9, 2008, which approved motions: (i) to set aside in a statutory reserve 5% of the balance of the net profit earned in 2007, equal to 27,733,319 euros; (ii) to appropriate the balance of the net profit earned in 2007 that remained after the allocation to the statutory reserve referred to in Item (i), which amounts to 526,933,061 euros, as follows: (a) as a dividend of 0.159 euros on each of the 1,667,496,728 common shares outstanding at March 28, 2008, for a total of 265,131,980 euros; (b) to a reserve for claims of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims (as required under the terms of the Composition with Creditors) who may be entitled to receive Company shares, for a total of 21,668,493 euros; (c) the balance of 240,132,588 euros to a reserve that will also be used to satisfy any additional claims of late-filing creditors or creditors with contested claims that are verified by a final court decision. In any case, the utilization of this reserve shall never cause the share capital to rise by more than the approved capital increases (totaling 1,930 million euros) and, therefore, may not be more than 30.6 million euros. In 2008, a total of 3.9 million euros was drawn from the reserve established in accordance with item (b) above.

The following disclosure, which is being provided in accordance with the requirements of Article 2427 of the Italian Civil Code, as amended by Legislative Decree No. 6/2003, is being supplied to provide more comprehensive information about the Company's shareholders' equity:

(€ k)

SHAREHOLDERS' EQUITY COMPONENTS	AMOUNT	UTILIZATION OPTIONS	AVAILABLE AMOUNT	SUMMARY OF UTILIZATIONS IN THE PAST THREE YEARS	
				To cover losses	Other
Share capital	**1,687,397**	**-**			
Capital reserves					
Reserve convertible into share capital	*193,259*	*A*	*-*		*40,085*
Shares acquired through warrant conversion	*8*	*A*			*309*
Earnings reserves					
Statutory reserve	*31,960*	*B*	*-*		
Reserve for dividends for challenged and conditional claims (1)	*21,742*	*C*	*-*		*3,870*
Other reserves (2)	*275,274*	*A, B, C*	*209,551*		
2008 interim dividends		*C*	*(130,028)*		
Total	**2,209,640**		**79,523**		**44,264**
Amount restricted pursuant to Article 109, Section 4, Letter B, of the Uniform Tax Code (3)			*(56,475)*		
REMAINING DISTRIBUTABLE AMOUNT			**23,048**		

A: for capital increase
B: to cover losses
C: for distribution to shareholders

(1) Art. 7.7 of the Proposal of Composition with Creditors: "If dividends and/or reserves are distributed, the Assumptor, drawing from the earnings amount that exceeds the percentage set forth in Section 5.2 above, shall set aside an amount proportionate to the number of shares that could be issued as part of the share capital increase referred to in Section 7.3a above). The amounts thus reserved, shall be used to satisfy the claim who challenged the exclusion of their claims or hold conditional claims, once their claims are verified"
(2) Limited to the amounts of 35,141,000 euros (Shareholders' Meeting resolution of April 29, 2007) and 30,582,000 euros (Shareholders' Meeting resolution of April 9, 2008), this reserve can be used to satisfy claims of late filing creditors and contested claims, when such claims are verified, by means of a capital increase
(3) Amount that, in the event of distribution, is included in taxable income, unless other shareholders' equity reserves or retained earnings in an amount equal to or greater than the distributed amount are available. This amount corresponds to the value of the amortization of deducted value adjustments and provisions compared with those recognized in earnings as of December 31, 2007, net of deferred taxes (Article 109, Section 4, Letter B, of Presidential Decree No. 917/86)

(18) Interim Dividends

This account, which did not exist in 2007 and had a balance of 130.0 million euros at December 31, 2008, reflects the 2008 interim dividends of 0.077 euros per share declared on September 5, 2008 by the Board of Directors pursuant to Article 2433-bis, Section 5, of the Italian Civil Code, for a total of about 128.4 million euros. This amount was raised by 1.6 million euros for the benefit of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims who may be entitled to receive Company shares, pursuant to the terms of the composition with creditors.

(19) Profit for the Year

In 2008, the Company earned a profit of 615.4 million euros.

Notes to the Balance Sheet - Liabilities

(20) Long-term Borrowings

A breakdown of Long-term borrowings, which amounted to 3.1 million euros, is as follows:

(€ m)

	12.31.2008	12.31.2007
IRFIS – Mediocredito Regionale della Sicilia – amount due after one year	2.2	4.4
Obligations under finance leases	0.9	1.5
Total	**3.1**	**5.9**

The indebtedness owed to IRFIS - Mediocredito Regionale della Sicilia is secured by a voluntary mortgage on Company buildings in Collecchio. The loan is to be repaid in equal semiannual installments of 1.1 million euros due at the end of June and the end of December.

Obligations under finance leases, recognized in accordance with IAS accounting principles, represent the remaining indebtedness due after one year owed under outstanding finance leases. The decrease reflects the lease payments made in 2008.

(21) Deferred-tax Liabilities

Deferred-tax liabilities amounted to 16.3 million euros, down from 25.8 million euros at the end of 2007. The table below provides a breakdown of this item and shows the changes that occurred in 2008:

(€ m)

DEFERRED-TAX LIABILITIES	TAX RATE	TEMPORARY DIFFERENCES AT 12.31.2008	BALANCE 12.31.2007	ADDITIONAL LIABILITIES RECOGNIZED	UTILIZA-TIONS	BALANCE AT 12.31.2008
Amortization of goodwill for tax purposes	31.40%	2.2	12.2	4.1	(15.6)	0.7
Amortization of trademarks for tax purposes	31.40%	47.7	12.0	2.6	(0.1)	14.5
Capitalization of leases	31.40%	0.0	0.3	0.0	(0.3)	0.0
Measurement of employee severance benefits in accordance with IAS 19	27.50%	4.2	1.3	0.0	(0.2)	1.1
Total		**54.1**	**25.8**	**6.7**	**(16.2)**	**16.3**

Deferred taxes recognized in 2008 were computed on the portion of amortization booked exclusively for tax purposes, since it applies to assets with an indefinite useful life that, as such, cannot be amortized for reporting purposes.

Utilizations were recognized to reflect the impairment losses suffered by goodwill and trademarks, which required a recomputation of the corresponding provisions, as well as a realignment of the carrying values of some assets held under leases and the effect of the divestment of business operations in terms of the staff transferred with the sale.

(22) Post-employment Benefits

As a result of the reform of the regulations that govern supplemental retirement benefits introduced in 2007, the Company continued to recognize its liability for the severance benefits that vested up to December 31, 2006 in accordance with the rules for defined-benefit plans. For the severance benefits that vest after January 1, 2007 and are transferable to supplemental retirement benefit funds or the INPS Treasury Fund, it has recognized its liability on the basis of the amounts owed for the period.

The table below provides a breakdown of the Provision for employee severance benefits and shows the changes that occurred during the period.

The addition to the Provision for employee severance benefits includes 1.7 million euros classified as borrowing costs in accordance with IAS 19.

Reconciliation of Plan Assets and Liabilities to the Amounts Recognized on the Balance Sheet

Defined-benefit plans (at 12.31.07)	**31.9**
Financial expense	1.7
Sale of business operations	(0.3)
Reclassification to liabilities directly attributable to available-for-sale assets	(2.5)
Benefits paid and/or transferred	(3.1)
Defined-benefit plans (at 12.31.08)	**27.7**

The amount related to the sale of business operations refers to the portion of the Provision for employee severance benefits attributable to the employees transferred to Jonicalatte in connection with the divestment of Centrale del Latte di Taranto.
The amount reclassified to liabilities directly attributable to available-for-sale assets refers to the portion of the Provision for employee severance benefits attributable to the employees of the Lodi plant, who were transferred to Newlat S.p.A. as of January 1, 2009.

(23) Provisions for Risks and Charges

Provisions for risks and charges totaled 179.8 million euros, compared with 205.4 million euros at the end of 2007. They include the items listed below:

(€ m)

	12.31.2008	UTILIZATIONS/ PAYMENTS AND OTHER CHANGES	RECLASSIFICATION TO AVAILABLE-FOR-SALE LIABILITIES	REVERSALS IN EARNINGS	ADDITIONS	12.31.2007
Provisions for taxes	22.6			(5.7)	0.6	27.7
Allowance for risks on investee companies	7.0	(8.0)			0.2	14.8
Provision for adjust. to equity invest. in Venezuela	134.4					134.4
Allowance for staff downsizing	8.3	(3.7)			1.0	11.0
Allowance for INPS installment plan	0.0	(0.4)				0.4
Provision for disputes with former Group companies	0.2			(0.3)		0.5
Provisions for supplemental sales agents benefits	4.9				1.0	3.9
Miscellaneous provisions	2.4	(6.5)	(7.0)	(0.5)	3.7	12.7
Total	**179.8**	**(18.6)**	**(7.0)**	**(6.5)**	**6.5**	**205.4**

Net of additions, these provisions decreased by 25.6 million euros in 2008.

The largest additions included the following: 1.1 million euros to cover the risk for guarantees provided in connection with asset sales; 1.0 million euros for additional costs projected for staff downsizing programs; 1.6 million euros for pricing discrepancies in invoices from previous years; 1.0 million euros for the risk of additional notification costs in connection with the class action lawsuit filed against Parmalat S.p.A. in the United States; and, lastly, 1.0 million euros for the contribution required to cover the supplemental sales agent benefits that vested during the period.

The largest decreases included the payment to TMT Finance in connection with the divestment of Newlat (8 million euros); the reclassification to the allowance for doubtful accounts of provisions established for the reorganization of the distribution operations (4.2 million euros) and for pricing discrepancies in invoices (1.6 million euros) and, lastly, the utilization of the provision for staff downsizing (3.7 million euros).

The reclassification to available-for-sale liabilities (7 million euros) refers to a provision established for the restructuring of the production facility sold as part of the divestment of the Lodi business operations, effective January 1, 2009.

The provision for taxes refers mainly to risks attributable to companies formerly under extraordinary administration that were parties to the Composition with Creditors and concerns periods that predate the time when they became eligible for extraordinary administration.

As a result of the estimate update, as of December 31, 2008 the provision decreased of 5.1 million euros, net of increases.

With regard to the provision for adjustments to equity investments in Venezuela, the Venezuelan companies have indebtedness that totals US $170 million in principal amount. As a result of these liabilities, they have a negative equity, which is reflected in this provision. These liabilities, which were incurred prior to the crisis of the Parmalat Finanziaria Group, are being contested before the applicable U.S. courts of venue.
Parmalat believed that the maximum "sustainable debt" of Parmalat de Venezuela and its subsidiaries is US $30 million (see page 252 of the Prospectus).

(24) Provision for Preferential and Prededuction Claims

(€ m)

	12.31.2008	DECREASES	12.31.2007
Provision for preferential and prededuction claims	7.7	(13.6)	21.3

The decrease of 13.6 million euros reflects a reversal in earnings of the portion of the provision attributable to creditors with whom a settlement was reached in 2008 or whose lawsuits ended with a final decision favorable to the Company.

CURRENT LIABILITIES

(25) Short-term Borrowings

Short-term borrowings totaled 5.0 million euros. A breakdown is as follows:

(€ m)

	12.31.2008	12.31.2007
IRFIS – Mediocredito Regionale della Sicilia – amount due within one year	2.2	2.2
Obligations under leases – amount due within one year	0.5	1.6
Indebtedness owed to subsidiaries	2.3	2.3
Total	**5.0**	**6.1**

The terms and guarantees of the indebtedness owed to IRFIS (portion due within one year) have been described in the Note to Long-term borrowings. Obligations under leases represent the portion due within one year from the balance sheet date under finance leases at the end of 2008. The corresponding amounts were determined in accordance with international accounting principles, as explained in the note to Non-current Financial Liabilities.

(26) Trade Payables

A breakdown of trade payables, which totaled 205.2 million euros, is as follows:

(€ m)

	12.31.2008	INCREASES	DECREASES	OTHER CHANGES	12.31.2007
Advances	0.1	0.1			0.0
Trade payables – Suppliers	187.1		0.3	(7.5)	194.3
Liability for prize contests	1.0	1.0	(1.3)		1.3
Trade payables – Subsidiaries	17.0		(6.2)		23.2
Total	**205.2**	**1.1**	**(7.2)**	**(7.5)**	**218.8**

Net of a reclassification of 7.5 million euros to trade receivables required for the sake of a more appropriate presentation, trade payables show a decrease of 2.9%. While this represents a slight improvement over 2007, the balance for 2008 reflects the impact of payments made ahead of schedule to benefit from sales discounts and investments paid before the end of the year in exchange for more favorable terms.

(27) Other Current Liabilities

Other current liabilities of 47.6 million euros include the following:

(€ m)

	12.31.2008	12.31.2007
Amounts owed to the tax authorities	9.0	19.6
Contributions to pension and social security institutions	2.8	8.1
Amounts payable to employees	23.5	24.9
Amounts payable to shareholders for uncollected dividends	6.9	0.8
Amounts payable to subsidiaries for the national consolidated tax return	0.4	0.0
Accrued expenses and deferred income	2.9	7.8
Accounts payable to others	2.1	1.8
Total	**47.6**	**63.0**

The main components of the amounts owed to the tax authorities are income taxes withheld from employees, professionals, agents and other associates. The significant reduction reflects the absence of liablilities relating to indirect taxes.

At the end of 2005, the Company reached an agreement with the INPS, authorizing the INPS to collect amounts owed to Parmalat S.p.A. by the tax authorities for VAT as payment for a portion of the Company's liability for contributions to the Italian social security administration.
At the end of 2008, the INPS collected the remaining 5.6 million euros.

Accrued expenses and deferred income refer mainly to deferred income that arises from grants approved pursuant to Legislative Decree No. 173/1998, the amount of which decreased for the reasons explained in Note (10) Other current assets.

The value of the individual grants attributable to the various assets will be reflected in the Income Statement, as part of Other revenues and income, in equal installments over the useful lives of the underlying assets.

(28) Income Taxes Payable

Income taxes payable of 52.6 million euros (93.2 million euros at December 31, 2007) reflect the Company's liability for local taxes (IRAP) and corporate income taxes (IRES), which totaled 2.5 million euros and 50.1 million euros, respectively. Starting with 2007, the Company is availing itself of the option of filing a Group income tax return (so-called National Consolidated Tax Return) for itself and its principal Italian subsidiaries. Based on this type of return and in accordance with the Intra-Group Regulations for Inclusion in the National Consolidated Tax Return, this item includes a benefit of 5.3 million euros.

(29) Liabilities Directly Attributable to Available-for-sale Assets

This item totaled 9.6 million euros at December 31, 2008, as against a zero balance at the end of 2007.

(€ m)

	12.31.2008	12.31.2007
Lodi business operations		
Amounts owed to transferred employees	2.6	0.0
Provision for restructuring	7.0	0.0
Total	**9.6**	**0.0**

This account reflects the liabilities attributable to the business operations located in Lodi, which were divested with a sales contract effective January 1, 2009.

Guarantees and Commitments

(€ m)

	12.31.2008			12.31.2007		
	SURETIES	COLLATERAL	TOTAL	SURETIES	COLLATERAL	TOTAL
Guarantees provided by third parties on behalf of the Company	364.5	4.4	368.9	317.4	6.7	324.1
Total guarantees	**364.5**	**4.4**	**368.9**	**317.4**	**6.7**	**324.1**

The Guarantees provided by third parties on behalf of the Company (364.5 million euros) refer mainly to guarantees provided by banks and/or insurance companies to government agencies in connection with VAT refunds and with prize contests.

The collateral was provided to secure the outstanding balance of a loan from IRFIS – Mediocredito della Sicilia, which is due on December 31, 2010.

Legal Disputes and Contingent Liabilities at December 31, 2008

The Company and the Group are defendants in civil and administrative proceedings that, based on the information currently available and in view of the provisions that have already been set aside, are not expected to have a material negative impact on the Financial Statements.
The Company is also a plaintiff in a number of actions for damages, liability actions (both civil and criminal) and actions to void in bankruptcy that could have a positive financial impact of significant magnitude on its Income Statement and balance sheet.

Challenge to the Composition with Creditors

By a decision dated January 16, 2008, the Bologna Court of Appeals rejected the appeal filed against the decision approving the proposal of composition with creditors. The party whose appeal motion was denied has petitioned the Italian Supreme Court (Corte di Cassazione), which has not yet scheduled a hearing. The decision by the Court of Parma approving Parmalat's composition with creditors is provisionally enforceable and is effective vis-à-vis all creditors who may have a claim based on a title, fact or cause that predates the beginning of the extraordinary administration proceedings.

* * *

Information about main proceedings involving the Parmalat Group, updated as of December 31, 2008, is provided below.

CRIMINAL PROCEEDINGS

Criminal Court of Milan

In the proceedings in which numerous individuals, the Independent auditors and Bank of America (the latter in the dual capacity as plaintiff seeking damages and civil defendant) were charged with stock manipulation, oral arguments ended in December. The trial ended with a guilty verdict for Calisto Tanzi. All other defendants, including the employees of Bank of America, were found not guilty (partly on the merit and partly because the statute of limitations ran out on the charges). Parmalat had joined the proceedings as a plaintiff seeking damages, but its claims were denied due to the abovementioned not-guilty verdicts. The Court has not yet released the details of its decision.
In another segment of the stock manipulation proceedings, which is pending before a different section of the Criminal Court of Milan, oral arguments began in 2008. Parmalat did not join these proceedings as a plaintiff seeking damages.

Criminal Court of Parma

Three trials for fraudulent bankruptcy are pending before the Criminal Court of Parma.
In the first one, the defendants are executives and employees of the former Banca di Roma. In these proceedings, Parmalat has withdrawn the claims it put forth when it joined the proceedings as a plaintiff seeking damages, having reached an out-of-court settlement.
In the second one, the defendants are Directors, Statutory Auditors and former employees of Parmalat. Parmalat had joined the proceedings as a plaintiff seeking damages.
In the third one, the defendants are Directors, Statutory Auditors and former employees of the tourism operations of Parmalat, and some bank officers. These banks have been summoned

as civilly liable defendants, but are no longer being sued by Parmalat, which has withdrawn the claims it put forth when it joined the proceedings as a plaintiff seeking damages, having reached out-of-court settlements, but is continuing to pursue them against the individuals charged in these proceedings.

In addition, two separate proceedings involving employees of various banks are pending before Preliminary Hearings Judges.
In the first trial, officers and employees of Citigroup/Citibank are being charged with fraudulent bankruptcy. Parmalat joined the proceedings as a plaintiff seeking damages, summoning as civilly liable defendants the Milan, London and New York branches of Citibank, which have not yet responded. These proceedings are still ongoing.
In the second trial, officers and employees of Deutsche Bank are being charged with fraudulent bankruptcy and usury (Deutsche Bank is held civilly liable). Parmalat has withdrawn the claims it put forth when it joined the proceedings as a plaintiff seeking damages, having reached an out-of-court settlement with Deutsche Bank.

CIVIL LAWSUITS IN THE UNITED STATES OF AMERICA

Parmalat filed the following lawsuits in the United States against certain banks and independent auditors.

Parmalat vs Bank of America et al. – Parmalat vs Grant Thornton Int'l et al.

In the spring of 2008, during the discovery phase of these two proceedings that are pending before a Federal Court in New York, the judge issued an order ruling that the following two preliminary issues had to be resolved before proceeding any further: (i) the issue raised by a recent U.S. Supreme Court decision ("Stoneridge") and (ii) the issue of the "vicarious" liability of Grant Thornton USA and of the Swiss parent company of local affiliates (the bankrupt Italian affiliate in particular). The first issue has been resolved, but not the second one. However, in a summary judgment ruling concerning Deloitte & Touche, the other independent auditors who are defendants in these proceedings, the judge found that a "vicarious" liability could not be excluded for the purpose of proceeding with the discovery phase. When a decision is made about the same issue concerning Grant Thornton, it will probably be consistent with the Deloitte & Touche order.

Parmalat vs Citigroup, Inc. Et al.

In October 2008, a jury reached a decision unfavorable for Parmalat, denying the damage claim that Parmalat filed against Citigroup and granting Citibank's counterclaim. Parmalat filed a motion challenging the jury decision but, as usually happens in these cases, the judge let the verdict stand, leaving any decision about amendments to the Court of Appeals. Parmalat has appealed the verdict and, in this new venue, will continue its efforts to recover the damages caused by Citigroup's conduct. Oral arguments will probably begin before the end of 2009. Should the abovementioned decision become final after review at the appellate level, it will have to be submitted to the Court of Parma, this being the condition on the basis of which Citibank was allowed to file its counterclaim in the United States. It is important to keep in mind that, in its action in the United States, Citibank is seeking to recover the difference between the amount it has collected by virtue of its unsecured claim being verified within the framework of the composition with creditors and 100% of the amount of its claim. Such demand will never be admissible under Italian law, pursuant to which the provisions that make an approved composition with creditors binding on all creditors with claims

that predate the debt expunging effect of the composition with creditors are deemed to have the strength of imperative law.

Protection Under Section 304 of the U.S. Bankruptcy Code

The permanent injunction granted by the court to Parmalat pursuant to Section 304 (unamended version) was challenged by a bank (ABN-AMRO), but the court denied the motion, making the injunction final for all purposes.

Parmalat Securities Litigation

On March 2nd, 2009 the New York Federal Court has approved the settlement reached by Parmalat S.p.A. with class plaintiffs, and has certified the class, inclusive of all its members world-wide and for all claims, vis-à-vis Parmalat S.p.A. (and Parmalat S.p.A. in Extraordinary Administration). Parmalat will deliver 10.5 million Parmalat shares as total and final consideration for the settlement, to be issued and delivered within thirty days from when the order becomes final.

CIVIL PROCEEDINGS FILED AGAINST THE GROUP

Insurance Companies vs. Parmalat Finanziaria S.p.A. in A.S.

By decisions filed on September 25, 2007, the Court of Milan denied motions filed by some insurance companies asking that insurance policies taken out by the previous management of the Parmalat Group that provided protection from the risks inherent in the exercise of the offices of Director, Statutory Auditor and General Manager be declared null and void. An appeal filed by the insurance companies is currently pending before the Milan Court of Appeals.

Eurofood IFSC Limited

The hearings concerning the appeal against a decision by the Council of State, which, upholding a decision by the European Court of Justice, ruled that the Italian courts lacked jurisdiction to initiate additional insolvency proceedings, are currently pending before the Court of Cassation.
The action filed by Bank of America currently pending before the Court of Parma is currently on hold, waiting for a decision in the action pending before the Court of Cassation.

Giovanni Bonici vs. Industria Lactea Venezolana

In February 2005, Giovanni Bonici, the former President of Industria Lactea Venezolana C.A., served a summons on the abovementioned company challenging his dismissal, of which he was informed in 2004. The plaintiff is asking that his dismissal be declared invalid and that Industria Lactea Venezolana C.A. be ordered to pay damages for various reasons totaling US$20 million (equal to about 14.7 million euros).

Wishaw Trading SA

Five civil actions have been filed against Wishaw Trading SA, an offshore company based in Montevideo, Uruguay. All actions are related to the defendant's failure to repay its promissory notes which were guaranteed by Parmalat S.p.A. Four cases are pending before a New York court and a fifth case is pending before the Motevideo Court of Appeals.
With regard to the company's tax status, the Uruguayan tax authorities were granted a preventive attachment of the assets of Wishaw Trading S.A. and of the personal assets of its Directors for unpaid taxes owed by the company for 2002 and 2003 and penalties. In addition, there is a tax risk that Wishaw Trading S.A. may lose its status as an offshore holding company and, consequently, cease to enjoy an advantageous tax status available to companies of this type. Alternatively, there is a concrete risk that the tax authorities could challenge the criteria used to determine the taxable assets of Wishaw

Trading S.A. for the years from 1999 to 2003. The resulting risk is estimated at about 20 million euros. Lastly, Wishaw Trading S.A. is no longer under the Group's control.

Bankruptcy of PPL Participações Ltda (formerly Parmalat Participações do Brasil Ltda.)

By a Decree issued on March 13, 2008, the Bankruptcy Court of São Paulo (Brazil), having learned that the Creditors' Committee failed to approve the recovery plan put forth by PPL Participações Ltda in receivership ("recuperaçao judicial"), declared PPL Participações Ltda bankrupt.

CIVIL PROCEEDINGS FILED BY THE GROUP AND SETTLEMENTS

Liability Actions

Acting within the statutory deadlines, Parmalat S.p.A. reinstated its civil liability lawsuits against those defendants in the criminal proceedings that agreed to a plea bargaining arrangement. At a hearing held on June 4, 2008, the Court confirmed a decision dismissing the civil liability lawsuits filed by Parmalat Finanziaria S.p.A. in A.S. and Parmalat S.p.A. in A.S. but, insofar as the Assumptor is concerned, ordered the resumption of the lawsuits against the parties included in the reinstatement decision. In the reinstated proceedings, the Court, after framing the issues requiring the input of an expert appraiser, ordered the production of a technical report and adjourned the proceedings to October 7, 2009.
In the other liability action, after the parties exchanged defense briefs, oral arguments followed on June 4, 2008. Subsequently, the Court, after framing the issues requiring the input of an expert appraiser, ordered the production of a technical report and adjourned the proceedings to June 5, 2009.

Actions for Damages

The initiatives taken to identify the possible liability of other parties, in addition to the individuals and companies sued in the actions described on earlier occasions, included the filing of additional civil actions with Italian courts. These actions are described in the table provided on the following page. The purpose of these actions is to determine the existence of liability (based on contractual obligations or, when applicable, other obligations) of the defendants who are presumed to have contributed to or aggravated the financial collapse of the plaintiff companies. The purpose of the actions listed in the abovementioned table is to have the courts order the defendants to pay for the damages they caused to the plaintiff companies. The yardstick used to quantify those damages is the magnitude of impairment loss suffered by the plaintiff companies, as well as the part that the plaintiffs played in causing and/or aggravating the impairment loss.

The following additional clarifications also appear to be in order:

As a rule, the defendants have been deemed to be jointly liable, in different manners and with different conditions in the various instances.

It is also important to note that, while the purpose of actions for damages is to effectively restore a plaintiff's assets through the payment of monetary compensation, the payments received as a result of actions for damages reduce the amount of the overall damage suffered by the companies under extraordinary administration based on the principles of joint liability.

Lastly, it is important to keep in mind that by virtue of the court approval of the composition with creditors, the actions for damages filed by the companies under extraordinary administration that were included in the composition with creditors and the right to pursue additional actions have been transferred to Parmalat S.p.A.

ACTIONS FOR DAMAGES FILED BY THE COMPANY THAT ARE CURRENTLY PENDING

(€ m)

PLAINTIFFS	DEFENDANTS	COURT WHERE FILED	PRINCIPAL CLAIM
Parmalat S.p.A. in A.S.; Parmalat Finanziaria S.p.A. in A.S.; Parmalat Finance Corporation BV in A.S.; Parmalat Capital Netherlands BV in A.S.; Parmalat Netherland BV in A.S.; Parmalat Soparfi SA in A.S.	JP Morgan Chase Bank NA.	Parma	The amount determined in the course of the proceedings, but not less than 2,199
Parmalat S.p.A. in A.S.; Parmalat Finanziaria S.p.A. in A.S.; Parmalat Finance Corporation BV in A.S.; Parmalat Soparfi SA in A.S.; Parmalat Netherlands BV in A.S.; Parmalat Capital Netherlands BV in A.S.	JPMorgan Europe Limited; JPMorgan Securities Ltd;	Parma	4,400 plus financial expenses for the bond issues in question (to be quantified in the course of the proceedings) or any other amount awarded by the court.
Parmalat S.p.A. in A.S.	The McGraw-Hill Companies (Standard & Poor's Market Services S.r.l.); The McGraw-Hill Companies (Standard & Poor's Rating Services) SA	Milan	4,074 plus an amount corresponding to the liability for contributing to the financial collapse, which will be determined in the course of the proceeding.
Parmalat S.p.A. in A.S.	J.P. Morgan Chase Bank NA	Parma	2,006.3 or any other amount determined in the course of the proceedings (this amount has been reduced as a result of out-of-court settlements with some defendants).

Actions to Void in Bankruptcy

A total of 22 actions to void in bankruptcy are still pending in the discovery phase.

Boschi Luigi & Figli S.p.A. Liability Action

In 2004, Parmalat S.p.A. in A.S., who at that time owned an interest of 89.44% in Boschi Luigi & Figli S.p.A., sued asking the court to find that the former Directors and Statutory Auditors of Boschi Luigi & Figli S.p.A. were liable for the company's collapse.

Due the death of one of the defendants, the lawsuit was interrupted in 2006, but later resumed. At a hearing held on September 17, 2008, the Court dismissed the lawsuit against another defendant, the parties involved having reached a settlement.

Following the filing of a technical report requested by the court, the lawsuit is continuing against the other defendants.

OTHER ACTIONS

PLAINTIFFS	DEFENDANTS	COURT WHERE FILED	PRINCIPAL CLAIM
Parmalat S.p.A	Parmalat Capital Finance Limited	Parma	An order of protective attachment of the Parmalat shares for up to 22,000,000 euros to secure a receivable of US$25,905,425.00 formerly owed to Parmalat Soparfi SA by Parmalat Capital Finance Limited (an order of attachment was issued with the defendant being absent on 3/30/06 and confirmed with an order dated 7/5/06; a merit action has been filed and a summons has been served).

SETTLEMENTS

The main settlements achieved in 2008 are reviewed below:

SETTLEMENT	DATE	TOTAL AMOUNT	REMARKS
Fortis Bank	February 7, 2008	2.8 million euros	Waived the right to file a certified claim for the settlement amount
Banca Monte dei Paschi di Siena S.p.A.	February 21, 2008	79.5 million euros	Waived the right to file a certified claim for the settlement amount
Banca Italease S.p.A.	April 22, 2008	2.5 million euros	Turned over to Parmalat any uncollected receivables and waived the right to file certified claims
UBS	June 13, 2008	182.1 million euros	Waived the right to file a certified claim for the settlement amount
Crédit Suisse	June 13, 2008	171.0 million euros	Waived the right to file a certified claim for the settlement amount
Gruppo UniCredit	August 1 2008	229.7 million euros	Waived the right to file a certified claim for the settlement amount
Gruppo Deutsche Bank	February 6, 2009	76.5 million euros	Waived the right to file a certified claim for the settlement amount
Gruppo UBI	February 6, 2009	11 million euros	Waived the right to file a certified claim for the settlement amount
Gruppo Banca Popolare di Vicenza	February 6, 2009	5.1 million euros	Waived the right to file a certified claim for the settlement amount
Gruppo Banca Popolare dell'Emilia Romagna	February 6, 2009	12.5 million euros	Waived the right to file a certified claim for the settlement amount
Credito Emiliano S.p.A.	February 11, 2009	10 million euros	Waived the right to file a certified claim for the settlement amount
Gruppo Banco Popolare	February 18, 2009	24.2 million euros	Waived the right to file a certified claim for the settlement amount

ADMINISTRATIVE PROCEEDINGS FILED AGAINST THE GROUP

Centrale del Latte di Roma S.p.A.

On November 13, 2008, the Council of State upheld Parmalat's complaint, setting aside a decision by which the Regional Administrative Court of Latium ruled that the sale of Centrale del Latte di Roma S.p.A. to Cirio and its subsequent resale to Eurolat/Parmalat was null and void. Consequently, Centrale del Latte di Roma will continue to be part of the Parmalat Group.
Società Ariete Fattoria Latte Sano has filed a new complaint with the Council of State, challenging its decision of November 13, 2008 (even though it had submitted arguments in its defense at a hearing before the same panel without objection).

DECISIONS AND INVESTIGATIVE PROCEEDINGS BY THE ITALIAN ANTITRUST AUTHORITIES

Antitrust Proceedings Involving Newlat S.p.A.

On May 21, 2008, the Italian Antitrust Authority ordered Parmalat S.p.A. to pay an administrative fine of 2,226,000 euros.
Parmalat, having complied fully with the Italian Antitrust Authority's Resolution No. 16282 on April 18, 2008 (date when the contract to sell the shares of Newlat S.p.A. to TMT Finance SA was executed) and believing that the reasons that prevented it from complying with the October 30, 2007 deadline originally set by Italian Antitrust Authority were beyond its control, challenged the Italian Antitrust Authority's decision of May 21, 2008 before the Regional Administrative Court of Latium, asking that it be set aside.
On February 4, 2009, the Regional Administrative Court of Latium handed down a decisions denying Parmalat's challenge and upholding the Italian Antitrust Authority's decision.

DISPUTES INVOLVING CHALLENGES TO THE COMPOSITION OF THE LISTS OF LIABILITIES

Challenges and Oppositions

At December 31, 2008, disputes stemming from challenges to the composition of the lists of liabilities of the companies included in the Composition with Creditors and late filings of claims involved 199 lawsuits filed before the Court of Parma and 60 lawsuits filed before the Bologna Court of Appeals. A significant portion of these disputes (over 100 lawsuits pending before the lower courts or at the appellate level) involves issues related to Article 2362 of the Italian Civil Code for the period during which Parmalat Finanziaria S.p.A. was the sole shareholder of Parmalat S.p.A.
As of December 31, 2008, a total of 529 lawsuits have been adjudicated (the deadline for filing an appeal has not yet expired for 103 of these lawsuits).

Notes to the Income Statement

(30) Net revenues

Net revenues totaled 896.5 million euros in 2008, a gain of 3.1% compared with the 869.4 million euros booked in 2007.

A breakdown of net revenues is as follows:

(€ m)

	2008	2007
Gross and service revenues	1,733.9	1,595.2
Returns, discounts and trade promotions	(878.4)	(774.4)
Net sales to Group companies	41.0	48.6
Total	**896.5**	**869.4**

A breakdown of revenues by type of product is as follows:

(€ m)

	2008	2007
Milk	660.0	643.0
Fruit beverages	97.6	97.3
Dairy products	109.0	103.9
Other products	29.9	25.2
Total	**896.5**	**869.4**

A breakdown of revenues by geographic region is as follows:

(€ m)

	2008	2007
Italy	877.2	844.7
Other EU countries	9.6	13.7
Other countries	9.7	11.0
Total	**896.5**	**869.4**

(31) Other revenues

A breakdown of other revenues, which amounted to 26.0 million euros (25.3 million euros in 2007) is provided below:

(€ m)

	2008	2007
Rebilling of advertising expenses	7.0	6.0
Rebilling and recovery of costs	9.7	7.8
Royalties	3.8	3.8
Rent	0.4	0.4
Gains on asset disposals	0.4	0.6
Miscellaneous revenues	4.7	6.7
Total	**26.0**	**25.3**

EXPENSES

(32) Cost of Sales

Cost of sales of 679.7 million euros includes the following:

(€ m)

	2008	2007
Raw materials and finished goods used	509.2	486.1
Services and maintenance	23.6	25.2
Personnel	54.4	49.5
Depreciation, amortization and writedowns	68.0	11.4
Energy, natural gas and water	22.0	18.8
Miscellaneous	2.5	3.1
Total	**679.7**	**594.1**

The cost of raw materials and finished goods reflects the impact of changes in the price of raw milk during the first half of 2008.

Depreciation, amortization and writedowns includes a charge of 49.8 million euros for the impairment of goodwill and a writedown of 4.8 million euros for assets included in the Lodi business operations, which were divested pursuant to a sales contract, effective January 1, 2009.

(33) Distribution Costs

Distribution costs amounted to 202.5 million euros, broken down as follows:

(€ m)

	2008	2007
Advertising and trade promotions	32.8	32.1
Sales commissions and royalties paid	57.2	52.0
Distribution freight	31.5	30.6
Fees to franchisees	22.2	24.2
Personnel	21.9	20.7
Depreciation, amortization and writedowns	27.5	12.2
Commercial services	6.1	5.4
Other costs	3.3	2.9
Total	**202.5**	**180.1**

Depreciation, amortization and writedowns includes a charge of 2.1 million euros for the impairment of the *Optimus* brand, which was included in the Lodi business operations, divested pursuant to a sales contract, effective January 1, 2009.

Consistent with the objective of providing a more coherent classification of costs, this item now also includes the amortization expense attributable to trademarks with a finite useful life, which at December 31, 2007 was part of the charge for amortization included in administrative expenses.

(34) Administrative Expenses

A breakdown of Administrative expenses, which totaled 73.3 million euros, is provided below:

(€ m)

	2008	2007
Personnel	32.7	29.0
Auditing and certification fees	1.4	1.3
Depreciation and amortization	3.6	13.4
Purchases of materials	19.0	18.0
Outside services	10.0	8.9
Fees paid to Directors	1.5	1.2
Fees paid to the Board of Statutory Auditors	0.1	0.1
Other expenses	5.0	2.7
Total	**73.3**	**74.6**

Depreciation and amortization no longer includes the amortization expense attributable to trademarks with a finite useful life, which totaled 10 million euros at December 31, 2007, as this charge is now recognized as part of the distribution costs.
Higher costs for personnel and outside services account for most of the increase in administrative expenses.

(35) Other income and expenses

Net other income amounted to 681.8 million euros, broken down as follows:

(€ m)

	2008	2007
Proceeds from settlements and actions to void	668.4	642.0
Reversal in earnings of provision for preferential/prededuction claims	13.6	0.0
Miscellaneous income/(expense)	(0.2)	(24.6)
Total	**681.8**	**617.4**

Proceeds from settlements and actions to void

The proceeds from settlements and actions to void, which are described in the section of this report that reviews the status of legal actions, include settlements with the following banks (amounts in millions of euros):

■ Gruppo UniCredit	229.7
■ UBS	182.1
■ Crédit Suisse	171.0
■ Banca Monte dei Paschi di Siena S.p.A.	79.5
■ Fortis Bank	2.8
■ Banca Italease S.p.A.	2.5
■ Deloitte (for reimbursable services provided)	0.8

Miscellaneous income/(expense)

The largest expense items include the following: income taxes withheld on dividends distributed by foreign Group companies (2.3 million euros), which are not deductible; fees paid for consulting services in connection with potential acquisitions (1.5 million euros); additional costs incurred for staff downsizing programs (3.0 million euros); the amount set aside to cover risks for guarantees provided (1.1 million euros); the amount set aside to cover risks for notification costs related to the class action lawsuit filed against Parmalat S.p.A. in the United States (1.0 million euros); and, lastly, the cost incurred for guarantees provided to buyers of Group companies or business operations (2 million euros) to cover "prior-period charges for taxes, employee benefit obligations and labor law issues."

The largest income items include the following: the absence of liablilities relating to indirect taxes (11.0 million euros) and the reversal in earnings of provisions for tax risks further to an estimate update (5.6 million euros).

(36) Litigation-related Legal Expenses

The balance in this account reflects the fees paid to law firms (47.5 million euros, compared with 56.2 million euros in 2007) retained as counsel in connection with the actions for damages and actions to void filed by the companies under extraordinary administration prior to the implementation of the Composition with Creditors, which the Company is continuing to pursue.
Even though there is no direct timing relationship, the fees paid should be viewed as related to the amounts collected as a result of the actions to void and the actions for damages filed by the Company.

(37) Charge for Losses of Subsidiaries, Joint Ventures and Affiliated Companies

The charge for losses of subsidiaries, joint ventures and affiliated companies (61.9 million euros) refers mainly to the amount set aside to recognize the effects of the annual impairment test of the investments in subsidiaries, joint ventures and affiliated companies, which included the following amounts: 34.5 million euros for subsidiaries in Africa, 12.2 million euros for Latte Sole, 5.8 million euros for Parmalat Distribuzione Alimenti, 3.9 million euros for Sata S.r.l., 2.2 million euros for subsidiaries in Ecuador, 0.8 million euros for Citrus (Cuba), 0.9 million euros for Dalmata S.r.l., 0.2 million euros for Pisorno Agricola, and 1.4 million euros for the recognition in the Income Statement of financing provided to Arilca SA as an advance on future capital contributions.

(38) Financial Income and Financial Expense

The tables below provide breakdowns of the financial income and expense amounts attributable to 2008.

(€ m)

	2008	2007
Income from readily available financial assets	2.6	5.8
Interest and other income from subsidiaries	1.7	2.8
Interest earned on bank accounts	59.0	21.7
Gain on translation of receivables/payables in foreign currencies	2.0	6.1
Interest received from the tax authorities	2.1	3.7
Other financial income	1.0	0.9
Total financial income	**68.4**	**41.0**

(€ m)

	2008	2007
Bank interest and fees paid	0.8	0.7
Interest paid on finance leases	0.8	0.3
Loss on translation of receivables/payable in foreign currencies	2.5	1.8
Other financial expense	0.1	0.1
Total financial expense	**4.2**	**2.9**

(39) Other Income from (Expenses for) Equity Investments

The table below provides a breakdown of income from and expense for equity investments:

(€ m)

	2008	2007
Dividends from subsidiaries	34.8	7.6
Dividends from other companies	0.0	0.0
Gains on the sale of equity investments	6.3	1.6
Losses on the sale of equity investments	0.0	(0.1)
Total	**41.1**	**9.1**

Dividends received from subsidiaries include the amounts paid by Parmalat Canada (15.3 million euros), Parmalat Colombia Ltda and Procesadora de Leches sa (6.8 million euros), Boschi Luigi & Figli S.p.A. (4.0 million euros), Centrale Latte Roma S.p.A. (4.3 million euros), Parmalat Romania sa (1.3 million euros), OAO Belgorodskij Moloknij Kombinat (0.8 million euros), OOO Parmalat MK (0.7 million euros), Dalmata S.r.l. (0.6 million euros), Parmalat Portugal Lda (0.5 million euros), Carnini S.p.A. (0.3 million euros) and sundry companies (0.2 million euros).

Gains on the sale of equity investments of 6.3 million euros include 3.1 million euros earned on the divestment of Parmafactor and 3.1 million euros generated by the disposal of the investment in Giglio.

(40) Income Taxes

Reconciliation of the Theoretical Tax Liability to the Actual Tax Liability Shown in the Income Statement

(€ k)

	IRES	IRAP	TOTAL
Profit before taxes	644,616	644,616	
Difference in taxable income for IRES and IRAP purposes	-	66,576	
Proceeds from settlements of actions for damages (not taxable for IRAP purposes)		(124,302)	
	644,616	**586,890**	
Applicable tax rate (%)	27.50%	3.90%	31.40%
Theoretical tax liability	177,269	22,889	200,158
Taxes on proceeds from settlements of actions to void	(149,639)	(21,221)	(170,860)
Lower tax rate on dividends and capital gains (taxed at 5%)	(10,739)	-	(10,739)
Effect of filing a consolidated tax return	(5,314)	-	(5,314)
Additional taxes for non-deductible writedowns	17,472	-	17,472
IRAP reduction for payroll tax relief	-	(913)	(913)
Lower taxes for deductions not recognized for accounting purposes and other permanent differences	(108)	(472)	(580)
Actual income tax liability shown on the income statement at December 31, 2008	**28,941**	**283**	**29,224**
Actual tax rate (%)	*4.49%*	*0.05%*	*4.54%*

As the schedule above shows, the Company's actual tax rate was significantly reduced by the effect of proceeds generated by settlements of actions to void.

(41) Profit (Loss) from Discontinuing Operations

(€ m)

	2008	2007
Pomì Line		
- Net revenues	0.0	9.8
- Cost of sales	0.0	(10.7)
- Income tax effect	0.0	0.3
Loss from the Pomì Line	**0.0**	**(0.6)**
- Proceeds from asset disposals	0.0	34.4
Total	**0.0**	**(0.3)**

This account had a zero balance in 2008.

Other Information

MATERIAL NONRECURRING TRANSACTIONS

The Company has not executed any material nonrecurring transactions or atypical or unusual transactions.

NET FINANCIAL POSITION

In accordance with the requirements of the Consob Communication of July 28, 2006 and consistent with the CESR's Recommendation of February 10, 2005 *"Recommendations for a Uniform Implementation of the European Commission's Prospectus Regulation,"* a schedule showing the Company's net financial position at December 31, 2008 is provided below:

(€ m)

	12.31.2008	12.31.2007
A) Cash on hand	0.7	0.4
B) Cash equivalents and readily available financial assets:		
- Bank and postal accounts	439.3	650.5
- Treasury securities	739.6	63.8
- Accrued interest receivable	5.2	1.0
- Time deposits	245.0	524.1
C) Negotiable securities	0.0	0.0
D) Liquid assets (A+B+C)	**1,429.8**	**1,239.8**
E) Current loans receivable	19.5	3.5
F) Current bank debt	0.0	0.0
G) Current portion of non-current indebtedness	(2.7)	(3.8)
H) Other current borrowings	(2.3)	(2.3)
I) Current indebtedness (F+G+H)	**(5.0)**	**(6.1)**
J) Current net financial position (I-E-D)	**1,444.3**	**1,237.2**
K) Non-current bank debt	(2.2)	(4.4)
L) Debt securities outstanding	0.0	0.0
M) Other non-current borrowings (finance leases)	(0.9)	(1.5)
N) Non-current indebtedness (K+L+M)	**(3.1)**	**(5.9)**
O) Net financial position (J+N)	**1,441.2**	**1,231.3**

Breakdown of Labor Costs by Type

A breakdown is as follows:

(€ m)

	2008	2007
Cost of sales	54.3	49.5
Distribution costs	21.9	20.7
Administrative expenses	32.7	29.0
Total	**108.9**	**99.2**

Number of Employees

The table below provides a breakdown by category of the Company's staff at December 31, 2008:

	AT 12.31.2008	AVERAGE FOR 2008	AT 12.31.2007
Executives	63	61.7	62
Middle managers and office staff	879	881.0	921
Production staff	852	872.8	934
Total	**1,794**	**1,815.5**	**1,917**

The total shown above includes 93 employees of the Lodi operations, which were divested as of January 1, 2009 pursuant to a sales contract that included staff transfer provisions.

Depreciation and Amortization

A breakdown is as follows:

	2008		
DESTINATION	**AMORTIZATION OF INTANGIBLES**	**DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT**	**TOTAL**
Cost of sales	0.1	13.3	13.4
Distribution costs	16.1	2.4	18.5
Administrative expenses	2.5	1.1	3.6
Total	**18.7**	**16.8**	**35.5**

Fees Paid to the Independent Auditors

As required by Article 149 – *duodecies* of Consob Resolution No. 15915 of May 3, 2007, published on May 15, 2007 in Issue No. 111 of the *Official Gazette of the Italian Republic* (S.O. No. 115), the table below lists the fees attributable to 2007 that were paid for services provided to the Group by its independent auditors and by entities included in the network headed by these independent auditors.

TYPE OF SERVICES	**2008**	**2007**
A) Audits	1.2	1.3
B) Assignments involving the issuance of a certification		
C) Other services		
- Tax services		
- Due Diligence		
- Other services to support lawsuit settlements	*1.0*	*0.9*
Total	**2.2**	**2.2**

The amounts listed above represent payments for contractual fees. Additional charges include 0.2 million euros for out-of-pocket costs and 0.1 million euros for sundry services.

DISCLOSURES REQUIRED BY IFRS 7

The disclosures about financial instruments provided below are in addition to the information provided in the notes to the Financial Statements.

Classification of Financial Instruments by Type (Excluding Intra-Group Positions)

(€ m)

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	HELD TO MATURITY	AVAILABLE FOR SALE	TOTAL
12.31.2008						
Other financial assets	1.3	-	-	-	-	1.3
Trade receivables	204.5	-	-	-	-	204.5
Other current assets	168.8	-	-	-	-	168.8
Cash and cash equivalents	69.9	-	-	680.6	-	750.5
Current financial assets	-	-	-	679.2	-	679.2
Total financial assets	**444.5**	**0.0**	**0.0**	**1,359.8**	**0.0**	**1,804.3**

(€ m)

	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
12.31.2008				
Financial liabilities	5.9	-	-	5.9
Financial liabilities for derivatives	0.0	-	-	0.0
Trade payables	188.1	-	-	188.1
Total financial liabilities	**194.0**	**0.0**	**0.0**	**194.0**

(€ m)

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	HELD TO MATURITY	AVAILABLE FOR SALE	TOTAL
12.31.2007						
Other financial assets	1.3	-	-	-	-	1.3
Trade receivables	217.8	-	-	-	-	217.8
Other current assets	153.1	-	-	-	-	153.1
Cash and cash equivalents	650.9	-	-	-	-	650.9
Current financial assets	-	-	-	588.9	-	588.9
Total financial assets	**1,023.1**	**0.0**	**0.0**	**588.9**	**0.0**	**1,612.0**

(€ m)

	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
12.31.2007				
Financial liabilities	9.7	-	-	9.7
Financial liabilities for derivatives	-	-	-	-
Trade payables	195.6	-	-	195.6
Total financial liabilities	**205.3**	**0.0**	**0.0**	**205.3**

The carrying value of financial assets and liabilities is substantially the same as their fair value.

Financial assets denominated in currencies other than the euro do not represent a material amount.

Credit Quality of Financial Assets (Liquid Assets and Current Financial Assets)

The table below shows the credit quality of outstanding financial assets the value of which has not been permanently impaired:

(€ m)

	RATING	12.31.2008	12.31.2007
Cash and cash equivalents	A and higher	709.9	488.3
	Not rated	40.7	162.6
Current financial assets	A and higher	679.2	587.9
	Not rated	-	1.0
Total		**1,429.8**	**1,239.8**

Cash and cash equivalents invested with a counterparty that is not rated essentially reflect a deposit with an Italian credit institution that operates locally, but more than half of the liquid assets on deposit with this bank are assisted by a counterguarantee in the form of a surety provided by an Italian bank rated "superior investment grade."

Breakdown by Maturity of Trade Receivables Owed by Third Parties

A breakdown by maturity of trade receivables owed by third parties the value of which has been permanently impaired is provided below:

(€ m)

	12.31.2008	12.31.2007
Not yet past due	133.1	124.8
up to 30 days past due	26.2	26.9
31 days to 60 days past due	21.0	20.5
61 days to 120 days past due	12.3	14.2
over 120 days past due	11.9	31.4
Total	**204.5**	**217.8**

Concentration of Trade Receivables Owed by Third Parties by Sales Channel

A breakdown by sales channel of the credit risk exposure related to trade receivables outstanding at the end of the year is as follows:

(€ m)

	12.31.2008	12.31.2007
Modern trade	124.3	136.4
Normal trade	27.7	29.5
Dealers	17.7	20.9
HO.RE.CA.	13.2	12.9
Contract production	9.1	5.1
Other	12.5	13.0
Total	**204.5**	**217.8**

Modern trade: sales to mass retailers.
Normal trade: sales to traditional retailers (e.g.: cash & carry).
HO.RE.CA.: sales to hotels, restaurants, cafeterias and catering businesses.
Dealers: sales through franchises.

The modern trade channel represents 60.8% of the Group's total credit exposure (62.6% at the end of 2007). However, because the counterparties are mass retailers, the collectibility of these receivables is not deemed to be at risk.

Contractual Due Dates of Financial Liabilities (Excluding Intra-Group Positions)

The tables that follow show the contractual due dates of financial liabilities:

(€ m)

	CARRYING VALUE	FUTURE CASH FLOWS	WITHIN 60 DAYS	FROM 60 DAYS TO 120 DAYS	FROM 120 DAYS TO 360 DAYS	FROM 1 YEAR TO 2 YEARS	FROM 2 YEARS TO 5 YEARS	MORE THAN 5 YEARS
Financial liabilities	5.9	5.9	-	0.3	2.5	3.1	-	-
Trade payables	188.1	188.1	162.1	18.6	7.4	-	-	-
Balance at 12.31.08	**194.0**	**194.0**	**162.1**	**18.9**	**9.9**	**3.1**	**-**	**-**

(€ m)

	CARRYING VALUE	FUTURE CASH FLOWS	WITHIN 60 DAYS	FROM 60 DAYS TO 120 DAYS	FROM 120 DAYS TO 360 DAYS	FROM 1 YEAR TO 2 YEARS	FROM 2 YEARS TO 5 YEARS	MORE THAN 5 YEARS
Financial liabilities	9.7	9.7	0.3	0.3	3.2	3.1	2.8	-
Trade payables	195.6	195.6	171.3	15.8	8.7	-	-	-
Balance at 12.31.07	**205.3**	**205.3**	**171.6**	**16.1**	**11.9**	**3.1**	**2.8**	**-**

Data Security Planning Document

The Company completed within the deadline set forth in the applicable statute (Legislative Decree No. 196/2003) a planning document for the security of the data it processes. This document defines the tasks and responsibilities applicable to security issues and describes the criteria that were applied to assess risk, with the objective of ensuring the protection of:
a) sites and premises;
b) data integrity;
c) data transmission.

The process of updating the Planning Document has been completed and included the following activities:

- Review of the list and of the personal data collection forms together with Data Processing Officers designated by the Company;
- Review of the technical forms that identify the assets associated with each data processing event by the Information Systems Department;
- Review of the privacy protection organization implemented by Parmalat S.p.A.;
- Review of the Risk Analysis activities;
- Update of the safety measures adopted to protect the processed data based on the actions taken in 2007.

In addition, the documentation that governs the management of privacy issues at Parmalat S.p.A. is currently being revised.

EQUITY INVESTMENTS HELD BY PARMALAT AT DECEMBER 31, 2008

COMPANY	TYPE	SHARE CAPITAL		EQUITY INVESTMENT			COMPANY'S SHARE-HOLDERS' EQUITY	GROUP INTEREST IN SHAREHOLD. EQUITY
NAME HEAD OFFICE		CURR.	AMOUNT	SHARES/ INTERESTS HELD	NO. OF SHARES/ INTERESTS HELD	% OF TOT. O. OF SHARES/ INTERESTS		
EUROPE								
ITALIAN SUBSIDIARIES								
BOSCHI LUIGI & FIGLI SPA Collecchio	C	EUR	10,140,000	10,140,000	10,140,000	100.000	15,242,221	15,242,221
CARNINI SPA Villa Guardia (CO)	C	EUR	3,300,000	600	600	100.000	7,773,151	7,773,151
CENTRALE DEL LATTE DI ROMA SPA Roma	C	EUR	37,736,000	5,661,400	5,661,400	75.013	58,697,816	44,029,232
DALMATA SRL Collecchio	LLC	EUR	120,000	1	1	100.000	4,236,786	4,236,786
LATTE SOLE SPA Collecchio	C	EUR	13,230,073	13,230,073	13,230,073	100.000	12,743,292	12,743,292
PARMALAT DISTRIBUZIONE ALIMENTI SRL Collecchio	LLC	EUR	1,000,000	1	1	100.000	3,874,105	3,874,105
PISORNO AGRICOLA SRL Collecchio	LLC	EUR	516,400	5,164	5,164	1.000	30,688,074	306,881
SATA SRL Collecchio	LLC	EUR	500,000	500,000	500,000	100.000	16,521,165	16,521,165
OTHER ITALIAN COMPANIES								
BONATTI SPA Parma	C	EUR	28,813,404	572,674	572,674	10.256	N.A.	
JONICALATTE SPA Taranto	C	EUR	1,350,000	250,000	250,000	18.52	N.A.	
CE.PI.M SPA Parma	C	EUR	6,642,928	464,193	464,193	0.84	N.A.	
SO.GE.AP S.p.A. Parma	C	EUR	3,631,561,64	1,975	1,975	0.725	N.A.	
TECNOALIMENTI SCPA Milan	C	EUR	780,000			4.33	N.A.	
COMPAGNIA FINANZIARIA REGGIANA SRL Reggio Emilia	LLC	EUR	600,000	10,329	10,329	1.722	N.A.	
AUSTRIA								
PARMALAT AUSTRIA GMBH Vienna	F	EUR	36,337	1	1	100.000	-43,938,833	-43,938,833

CONTINUED

COMPANY	TYPE	SHARE CAPITAL		EQUITY INVESTMENT			COMPANY'S SHARE-HOLDERS' EQUITY	GROUP INTEREST IN SHAREHOLD. EQUITY
NAME HEAD OFFICE		CURR.	AMOUNT	SHARES/ INTERESTS HELD	NO. OF SHARES/ INTERESTS HELD	% OF TOT. O. OF SHARES/ INTERESTS		
BELGIUM								
PARMALAT BELGIUM SA Bruxelles	F	EUR	1,000,000	40,000	40,000	100.000	11,460,436	11,460,436
PORTUGAL								
PARMALAT PORTUGAL PROD. ALIMENT. LDA Sintra	F	EUR	11,651,450.04	11,646,450	11,646,450	99.957	872,510	872,135
ROMANIA								
LA SANTAMARA SRL Baia Mare	F	RON	6,667.50	535	535	84.252	33,029	27,827
PARMALAT ROMANIA SA Comuna Tunari	F	RON	26,089,760	2,608,975	2,608,975	99.999	11,115,441	11,115,330
RUSSIA								
OAO BELGORODSKIJ MOLOCNIJ KOMBINAT Belgorod	F	RUB	67,123,000	66,958,000	66,958,000	99.754	21,133,320	21,081,370
OOO DEKALAT Saint Petersburg	F	RUB	100,000	1	1	100.000	-566,094	-566,094
OOO PARMALAT EAST Moscow	F	RUB	42,147,000	2	2	100.000	-25,407,671	-25,407,671
OOO PARMALAT MK Moscow	F	RUB	81,015,950	1	1	100.000	5,111,445	5,111,445
OOO PARMALAT SNG Moscow	F	RUB	152,750	2	2	100.000	-6,138,852	-6,138,852
OOO URALLAT Berezovsky	F	RUB	129,618,210	1	1	100.000	1,884,493	1,884,493
SWITZERLAND								
PARMALAT INTERNATIONAL SA in liquidation Lugano	F	CHF	150.000	145	150	100.000	N.A.	
NORTH AMERICA								
CANADA								
PARMALAT CANADA INC.		CAD	982,479,551	848,019 Class A	744.019	84.700	316,988,677	316,988,677
Toronto	F			134,460 Class B	134.460	15.300		
MEXICO								
PARMALAT DE MEXICO S.A. de C.V. Jalisco	F	MXN	390,261,812	390,261,812	390.261.812	100.000	-21,914,843	-21,914,843

COMPANY	TYPE	SHARE CAPITAL		EQUITY INVESTMENT			COMPANY'S SHARE-HOLDERS' EQUITY	GROUP INTEREST IN SHAREHOLD. EQUITY
NAME HEAD OFFICE		CURR.	AMOUNT	SHARES/ INTERESTS HELD	NO. OF SHARES/ INTERESTS HELD	% OF TOT. O. OF SHARES/ INTERESTS		
CENTRAL AMERICA								
BRITISH VIRGIN ISLANDS								
ECUADORIAN FOODS COMPANY INC Tortola	F	USD	50,000	25,500	25,500	51.000	1,151,628	587,330
CUBA								
CITRUS INTERNATIONAL CORPORATION SA Pianr del Rio	F	USD	11,400,000	627	627	55.000	7,564,420	4,160,431
NICARAGUA								
PARMALAT NICARAGUA SA Managua	F	NIO	2,000,000	57	57	2.850	-446,628	-12,729
SOUTH AMERICA								
BRAZIL								
PRM ADMIN E PART DO BRASIL LTDA in liq. São Paulo	F	BRL	1,000,000	810,348	810,348	81.035	N.A.	
CHILE								
PARMALAT CHILE SA Santiago	F	CLP	13,267,315,372	2,096,083	2,096,083	99.999	N.A.	
COLOMBIA								
PARMALAT COLOMBIA LTDA Santafè de Bogotá	F	COP	20,466,360,000	18,621,581	18,621,581	90.986	18,872,541	17,172,125
PROCESADORA DE LECHES SA (Proleche sa) Medellin		COP	173,062,136	131,212,931	131,212,931	94.773	27,785,379	26,333,038
ECUADOR								
LACTEOSMILK SA (formerly Parmalat del Ecuador) Quito	F	USD	345,344	8,633,599	8,633,599	100.000	-2,256,306	-2,256,306
PARAGUAY								
PARMALAT PARAGUAY SA Asuncion	F	PYG	9,730,000,000	9,63	9,632	98.993	-530,006	-524,653
URUGUAY								
AIRETCAL SA Montevideo	F	UYU	9,198,000	9,198,000	9,198,000	100.000	N.A.	
WISHAW TRADING SA Montevideo	F	USD	30,000	50	50	16.667	N.A.	

COMPANY	TYPE	SHARE CAPITAL		EQUITY INVESTMENT			COMPANY'S SHARE-HOLDERS' EQUITY	GROUP INTEREST IN SHAREHOLD. EQUITY
NAME HEAD OFFICE		CURR.	AMOUNT	SHARES/ INTERESTS HELD	NO. OF SHARES/ INTERESTS HELD	% OF TOT. O. OF SHARES/ INTERESTS		
VENEZUELA								
PARMALAT DE VENEZUELA CA Caracas	F	VEF	2,324,134,000	2,324,134	2,324,134	100.000	-64,662,069	-64,662,069
AFRICA								
MAURITIUS								
PARMALAT AFRICA LIMITED Port Louis	F	USD	55,982,304	2,421,931	2,421,931	4.326	65,626,127	2,841,611
SOUTH AFRICA								
PARMALAT SOUTH AFRICA PTY Stellenbosch	F	ZAR	1,368,288,73	14,828,873	14,828,873	10.83	88,432,497	9,577,416
ASIA								
CINA								
PARMALAT (ZHAODONG) DAIRY CORP. LTD Zhaodong	F	CNY	56,517,260	53,301,760	53,301,760	94.311	N.A.	
INDIA								
SWOJAS ENERGY FOODS LIMITED in liquidation Shivajinagar	F	INR	309,626,500	21,624,311	21,624,311	69.840	N.A.	
OCEANIA								
AUSTRALIA								
PARMALAT AUSTRALIA LTD (ex Pacific Holding) South Brisbane	F	AUD	222,627,759	200,313,371 pr.	200,313,371	0	168,042,154	118,972,294

Certification of the Statutory Financial Statements pursuant to Article 81-ter of CONSOB Regulation n. 11971 (which cites Articles 154-bis, paragraph 5 TUF), of May 14, 1999, as amended

The undersigned Enrico Bondi, in his capacity as Chief Executive Officer and Pier Luigi De Angelis in his capacity as Dirigente Preposto alla redazione dei documenti contabili (Executive Officer responsible for drawing up the financial reports) of Parmalat SpA, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

ATTEST

1. the adequacy in relation to the company's characteristics (also taking into account any changes during the financial period) and the effective application of the accounting and administrative procedures used for the formation of the Statutory Accounts during the period 2008. The valuation of the accuracy of the accounting and administrative procedures for the formation of the Statutory Accounts as at 31 December 2008 has been performed coherently to the model *Internal Control - Integrated Framework* issued by the Committee of *Sponsoring Organizations of the Treadway Commission* which represents the reference scheme at international level that is generally accepted;

2. in addition, it is certified that:
   a) the Statutory Financial Statements correspond to the books and accounting records;
   b) the Statutory Financial Statements are drawn up in accordance with the *International Financial Reporting Standards* adopted by the European Union and with the provisions of Legislative Decree no. 38/2005 and provide a true and fair representation of the assets and liabilities and financial situation of the issuer and of the group of companies included in the consolidation;
   c) the report on operations includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

March 4th, 2009

Signature
of the CEO

Signature of
Dirigente Preposto
(Executive Officer responsible
for drawing up the financial reports)

Report of the Independent Auditors

Parmalat S.p.A.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 156 OF LEGISLATIVE DECREE 24.2.1998, N° 58

To the Shareholders of
Parmalat SpA

1 We have audited the financial statements of Parmalat SpA, consisting of balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and explanatory notes, as at 31 December 2008. Parmalat SpA's Directors are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by European Union, as well as with the regulations issued to implement article 9 of the Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standard and criteria recommended by CONSOB. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement and, taken as a whole, are fairly presented. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 18 March 2008.

3 In our opinion, the financial statements of Parmalat SpA as of 31 December 2008 have been prepared in accordance with International Financial Reporting Standards adopted by European Union as well as with the regulations issued to implement article 9 of the Legislative Decree n° 38/2005; accordingly, they give a true and fair view of the financial position, of the changes in shareholders' equity and of the results of operations and cash flows for the year then ended of Parmalat SpA.

PRICEWATERHOUSECOOPERS

4 The directors of Parmalat SpA are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by art.156, paragraph 4-bis, letter d), of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the financial statements of Parmalat SpA as of 31 December 2008.

Milan, 12 March 2009

PricewaterhouseCoopers SpA

Signed by
Elena Cogliati
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

Parmalat Group

Consolidated Financial Statements at December 31, 2008

Consolidated Balance Sheet

ASSETS

NOTE	(€ m)	12.31.2008	12.31.2007
	NON-CURRENT ASSETS	**1,698.7**	**1,968.2**
(1)	Goodwill	425.1	539.9
(2)	Trademarks with an indefinite useful life	518.2	612.1
(3)	Other intangibles	55.9	81.7
(4)	Property, plant and equipment	646.3	678.2
(5)	Investments in other companies	3.9	3.6
(6)	Other non-current financial assets	4.5	6.1
	amount from transactions with related parties		
(7)	Deferred-tax assets	44.8	46.6
	CURRENT ASSETS	**2,652.9**	**2,597.6**
(8)	Inventories	333.6	387.4
(9)	Trade receivables	465.5	522.4
	amount from transactions with related parties		*0.1*
(10)	Other current assets	246.2	243.2
(11)	Cash and cash equivalents	901.2	852.9
(12)	Current financial assets	706.4	591.7
(13)	**AVAILABLE-FOR-SALE ASSETS**	**18.2**	**5.1**
TOTAL ASSETS		**4,369.8**	**4,570.9**

LIABILITIES

NOTE	(€ m)	12.31.2008	12.31.2007
	SHAREHOLDERS' EQUITY	**2,842.1**	**2,685.3**
(14)	Share capital	1,687.4	1,652.4
(15)	Reserve for creditor challenges and claims of late-filing creditors convertible exclusively into share capital	193.2	221.5
	Other reserves and retained earnings:		
(16)	*- Reserve for currency translation differences*	*(148.1)*	*(27.2)*
(17)	*- Shares subscribed upon exercise of warrants*	*0.0*	*0.0*
(18)	*- Cash-flow hedge reserve*	*(2.2)*	*0.2*
(19)	*- Miscellaneous reserves*	*543.8*	*139.3*
(20)	Interim dividends	(130.0)	
(21)	Profit for the period	673.1	673.4
	Group interest in Shareholders' Equity	**2,817.2**	**2,659.6**
(22)	**Minority interest in Shareholders' Equity**	**24.9**	**25.7**
	NON-CURRENT LIABILITIES	**615.1**	**805.6**
(23)	Long-term borrowings	261.9	337.3
	amount from transactions with related parties	*1.2*	*1.1*
(24)	Deferred-tax liabilities	150.3	189.1
(25)	Provisions for employee benefits	87.1	106.8
(26)	Provisions for risks and charges	106.1	149.2
(27)	Provision for contested preferential and prededuction claims	9.7	23.2
	CURRENT LIABILITIES	**902.5**	**1,079.6**
(23)	Short-term borrowings	236.9	251.5
	amount from transactions with related parties	*5.0*	*4.9*
(28)	Trade payables	469.9	532.7
	amount from transactions with related parties		
(29)	Other current liabilities	125.1	154.6
	amount from transactions with related parties	*0.3*	
(30)	Income taxes payable	70.6	140.8
(13)	**LIABILITIES DIRECTLY ATTRIBUTABLE TO AVAILABLE-FOR-SALE ASSETS**	**10.1**	**0.4**
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,369.8**	**4,570.9**

Consolidated Income Statement

NOTE	(€ m)	2008	2007
(31)	**REVENUES**	**3,940.0**	**3,894.8**
	Net revenues	3,910.4	3,863.7
	amount from transactions with related parties		
	Other revenues	29.6	31.1
	amount from transactions with related parties		
(32)	Cost of sales	(3,203.6)	(2,993.9)
	amount from transactions with related parties		
(32)	Distribution costs	(414.7)	(411.0)
	amount from transactions with related parties		*(0.1)*
(32)	Administrative expenses	(218.2)	(240.8)
	Other income and expenses:		
(33)	- Litigation-related legal expenses	(47.5)	(56.2)
(34)	- Miscellaneous income and expense	682.8	575.0
EBIT		**738.8**	**767.9**
(35)	Financial income	84.7	65.5
	amount from transactions with related parties		
(35)	Financial expense	(71.2)	(56.4)
	amount from transactions with related parties	*(0.1)*	
	Interest in the profit/(loss) of companies valued by the equity method	-	(0.4)
(36)	Other income from (Expense for) equity investments	5.4	3.3
PROFIT BEFORE TAXES		**757.7**	**779.9**
(37)	Income taxes	(82.0)	(145.6)
PROFIT FROM CONTINUING OPERATIONS		**675.7**	**634.3**
	Profit/(Loss) from discontinuing operations	-	40.1
PROFIT FOR THE YEAR		**675.7**	**674.4**
	Minority interest in (profit)/loss	(2.6)	(1.0)
	Group interest in profit/(loss)	673.1	673.4
Continuing Operations:			
Basic earnings per share		**0.4042**	**0.4084**
Diluted earnings per share		**0.3958**	**0.3948**

Consolidated Cash Flow Statement

(€ m)	2008	2007
OPERATING ACTIVITIES		
Profit from operating activities	675.7	634.3
Depreciation, amortization and writedowns of non-current assets	213.1	117.5
Additions to provisions	137.0	239.5
Interest and other financial expense	59.6	42.2
Non-cash/(income) expense items	(29.3)	(22.7)
(Gains)/Losses on divestments	(7.4)	(4.2)
Dividends received	-	(0.3)
Proceeds from actions to void and actions for damages	(668.4)	(642.0)
Litigation-related legal expenses	47.5	56.2
Cash flow from operating activities before change in working capital	**427.8**	**420.5**
Changes in net working capital and provisions:		
Operating working capital	(12.9)	(38.9)
Payment of claims owed by companies under extraordinary administration[1]	(5.8)	(11.6)
Payments of income taxes on operating results	(113.8)	(51.0)
Other assets/Other liabilities and provisions	(36.5)	(54.2)
Total change in net working capital and provisions	**(169.0)**	**(155.7)**
CASH FLOWS FROM OPERATING ACTIVITIES	**258.8**	**264.8**
INVESTING ACTIVITIES		
Investments:		
- Intangibles	*(4.2)*	*(4.9)*
- Property, plant and equipment	*(142.4)*	*(119.5)*
- Non-current financial assets	*(0.8)*	*(0.5)*
- Investments in other companies	*(0.2)*	*(1.0)*
Purchase of minority interest	(0.3)	(15.8)
Divestment of business operations	1.1	-
CASH FLOWS FROM INVESTING ACTIVITIES	**(146.8)**	**(141.7)**
PROCEEDS FROM SETTLEMENTS	**667.6**	**754.5**
LITIGATION-RELATED LEGAL EXPENSES	**(52.2)**	**(55.0)**
INCOME TAXES PAID ON SETTLEMENTS	**(89.6)**	
PROCEEDS FROM DIVESTMENTS AND SUNDRY ITEMS	**13.1**	**249.2**
DIVIDENDS RECEIVED	**-**	**0.3**
FINANCING ACTIVITIES		
New loans and finance leases	84.6	22.3
Repayment of principal and accrued interest of loans and finance leases	(158.5)	(148.3)
Investments in other current assets that mature later than three months after the date of purchase	(121.4)	(382.1)
Dividends paid	(394.5)	(43.7)
Exercise of warrants	6.7	7.5
CASH FLOWS FROM FINANCING ACTIVITIES	**(583.1)**	**(544.3)**
Impact of changes in the scope of consolidation	**(4.3)**	**3.4**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM JANUARY 1 TO DECEMBER 31	**63.5**	**531.2**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**852.9**	**321.8**
Increase (decrease) in cash and cash equivalents from January 1 to December 31	63.5	531.2
Net impact of the translation of cash and cash equivalents denominated in foreign currencies	(15.2)	(0.1)
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**901.2**	**852.9**

"Net interest income" amounted to 28.3 million euros.
(1) The figure for 2008 refers to Boschi Luigi & Figli S.p.A., while the amount for 2007 included Newlat S.p.A.

The Cash Flow Statement for 2008 is being presented with the same format used for 2007.

Changes in Shareholders' Equity

	SHARE CAPITAL	RESERVE CONVERTIBLE INTO SHARE CAPITAL[1]	OTHER RESERVES		
			STATUTORY RESERVE	RES. FOR DIVIDENDS TO CHALLENGES AND CONDIT. CLAIMS	RESERVE FOR TRANSLATION DIFFERENCES
Balance at January 1, 2007	**1,641.5**	**224.9**	**-**	**-**	**(33.2)**
Share capital incr. from convertible reserves	3.4	(3.4)			
Allocation of shares to subscribers of warrants in 2006	0.1				
Exercise of warrants	7.4				
Appropriation of the 2006 result			4.2	3.9	
Difference from the translation of financial statements in foreign currencies					6.0
Change in fair value of derivatives					
Dividends					
Purchase of minority interest					
Companies removed from the scope of consolidation					
Profit for the year					
Balance at December 31, 2007	**1,652.4**	**221.5**	**4.2**	**3.9**	**(27.2)**
Share capital incr. from convertible reserves	28.3	(28.3)			
Exercise of warrants	6.7				
Appropriation of the 2007 result			27.7	21.7	
Difference from the translation of financial statements in foreign currencies					(120.9)
Change in fair value of derivatives					
Change in fair value of available-for-sale securities					
Dividends				(3.9)	
2008 interim dividends					
Purchase of minority interest					
Profit for the year					
Balance at December 31, 2008	**1,687.4**	**193.2**	**31.9**	**21.7**	**(148.1)**

(1) For creditors challenging exclusions and late-filing creditors

(2) Limited to 65,723 thousand euros (35,141 thousand euros as per Shareholders' Meeting resolution of April 29, 2007 and 30,582 thousand euros as per Shareholders' Meeting resolution of April 9, 2008), this reserve can be used to satisfy claims of late filing creditors and contested claims, when such claims are verified

(€ m)

AND RETAINED EARNINGS			INTERIM DIVIDENDS	PROFIT/ (LOSS) FOR THE YEAR	GROUP INTEREST IN SHAREHOLD. EQUITY	MINORITY INTEREST IN SHAREHOLD. EQUITY	TOTAL SHAREHOLD. EQUITY
SHARES SUBSCRIBED THROUGH EXERCISE OF WARRANTS	CASH-FLOW HEDGE RESERVE	SUNDRY RESERVES[2]					
0.1	**0.3**	**(12.0)**	**-**	**192.5**	**2,014.1**	**37.6**	**2,051.7**
					-	-	-
(0.1)					-	-	-
					7.4	-	7.4
		143.2		(151.3)	-	-	-
					6.0	(1.2)	4.8
	(0.1)				(0.1)	-	(0.1)
				(41.2)	(41.2)	(2.5)	(43.7)
					-	(9.5)	(9.5)
					-	0.3	0.3
				673.4	673.4	1.0	674.4
-	**0.2**	**131.2**	**-**	**673.4**	**2,659.6**	**25.7**	**2,685.3**
					-	-	-
					6.7	-	6.7
		358.9		(408.3)	-	-	-
					(120.9)	(0.2)	(121.1)
	(2.4)				(2.4)	-	(2.4)
		0.1			0.1	-	0.1
				(265.1)	(269.0)	(1.9)	(270.9)
			(130.0)		(130.0)	-	(130.0)
					-	(1.3)	(1.3)
				673.1	673.1	2.6	675.7
-	**(2.2)**	**490.2**	**(130.0)**	**673.1**	**2,817.2**	**24.9**	**2,842.1**

Notes to the Consolidated Financial Statements

FOREWORD

The registered office of Parmalat S.p.A. is located in Italy, at 4 Via delle Nazioni Unite, in Collecchio (province of Parma). Its shares are traded on the Online Stock Market operated by Borsa Italiana. Parmalat S.p.A. and its subsidiaries are organized into a food industry group that pursues a multinational strategy. The Group operates in 17 countries worldwide divided into five geographic regions: Europe, North America, Central and South America, South Africa and Australia. The Group has an extensive and well structured product portfolio organized into three segments: *Milk* (UHT, pasteurized, condensed, powdered and flavored milk; cream and béchamel), *Dairy Products* (yogurt, fermented milk, desserts, cheese and butter) and *Fruit Beverages* (fruit juices, nectars and tea).
The Group is a world leader in the UHT milk and pasteurized milk market segments and has attained a highly competitive position in the rapidly growing market for fruit beverages. The Group benefits from strong brand awareness. The products in its portfolio are sold under global brands (*Parmalat* and *Santàl*), international brands (*Zymil, Fibresse, PhisiCAL, Omega3* and *Vaalia*) and a number of strong local brands.
Parmalat is a company with a strong innovative tradition: the Group has been able to develop leading-edge technologies in the leading segments of the food market, including UHT milk, ESL (extended shelf life) milk, conventional types of milk, functional fruit juices (fortified with wellness supplements) and cream-based white sauces.

The Consolidated Financial Statements for the year ended December 31, 2008 are denominated in euros, which is the reporting currency of Parmalat S.p.A., the Group's Parent Company. They consist of a Balance Sheet, an Income Statement, a Cash Flow statement, a statement of changes in Shareholders' Equity and the accompanying notes. All of the amounts listed in these notes are in millions of euros, except as noted.

PricewaterhouseCoopers S.p.A. audits the Consolidated Financial Statements in accordance with an assignment it received by a resolution of the Shareholders' Meeting of March 15, 2005 and extended to the 2008-2013 period by a resolution of the Shareholders' Meeting of April 28, 2007.

The Board of Directors authorized the publication of these Consolidated Financial Statements on March 4, 2009.

PRESENTATION FORMATS OF THE FINANCIAL STATEMENTS

In the Consolidated Balance Sheet, assets and liabilities are classified in accordance with the "current/non-current" approach, and "Available-for-sale assets" and "Liabilities directly attributable to available-for-sale assets" are shown as two separate line items, as required by IFRS 5.

The Consolidated Income Statement is presented in a format with items classified "by destination," which is deemed to be more representative than the presentation by type of expense and is consistent with international practice in the food industry. Moreover, as required by IFRS 5, the profit/(loss) from continuing operations is shown separately from the profit/(loss) from discontinuing operations.
In the income statement presented in the abovementioned format "by destination," the EBIT breakdown includes separate listings for operating items and for income and expense items that are the result of transactions that occur infrequently in the normal course of business, such as income from actions to void in bankruptcy and actions for damages, litigastion-related legal expenses, restructuring costs and any other nonrecurring income and expense items. This approach is best suited for assessing the actual performance of the Group's operations.

The Consolidated Cash Flow Statement was prepared in accordance with the indirect method.

Lastly, on the Balance Sheet, Income Statement and Cash Flow Statement, the amounts attributable to positions or transactions with related parties are shown separately from the totals for the corresponding line items, as required by Consob Resolution No. 15519 of July 27, 2006.

PRINCIPLES FOR THE PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards ("IFRSs") published by the International Accounting Standards Board ("IASB") and adopted by the European Commission as they apply to the preparation the Consolidated Financial Statements of companies whose equity and/or debt securities are traded on a regulated market within the European Union.

The abbreviation IFRSs means all of the International Financial Reporting Standards; all of the International Accounting Standards ("IAS"); and all of the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC"), as approved by the European Commission through the date of the meeting of the Board of Directors convened to approve the Financial Statements and incorporated in Regulations issued up to that date.

As a general rule, the Consolidated Financial Statements are prepared in accordance with the historical cost principle, except in the case of those items for which, as explained in the valuation criteria, the IFRSs require a measurement at fair value.

The adoption of recently published accounting principles and interpretations that went into effect on January 1, 2007 *(IFRIC 11 "Group and Treasury Share Transactions," and IFRIC 14 - IAS 19 - Defined Benefit Assets and Minimum Funding Requirements)* and July 1, 2008 (Amendment to IAS 39 - *Financial Instruments: Recognition and Measurtment* and IFRS 7 - *Financial Instruments: Disclosures),* respectively, had no impact on the Consolidated Financial Statements at December 31, 2008. The Group chose not to apply ahead of schedule certain accounting principles that have already been adopted by the European Union but which will not go into effect until after December 31, 2008.

Principles of Consolidation

The Consolidated Financial Statements include the Financial Statements of all subsidiaries from the moment control is established until it ceases.

Control is exercised when the Group has the power to determine the financial and operating policies of the investee company, directly or indirectly, and receives the resulting benefits.

The Financial Statements used for consolidation purposes are the Statutory Financial Statements of the individual companies or the Consolidated Financial Statements of business sectors, as approved by the corporate governance bodies of the various companies, restated when necessary to make them consistent with the accounting principles adopted by the Group.

The Financial Statements of subsidiaries are consolidated line by line. According to this method, the Consolidated Financial Statements include line by line the assets and liabilities and the revenues

and expenses of the consolidated companies, allocating to minority Shareholders the interest they hold in Consolidated Shareholders' Equity and profit, when applicable. These items are shown separately on the balance sheet and on the income statement.

The carrying value of equity investments is offset against the corresponding pro rata interests in the shareholders' equities of the investee companies. On the date when control was acquired, the value of shareholders' equities of investee companies was determined by measuring individual assets and liabilities at their current value. Any difference between acquisition cost and current value is recognized as goodwill, if positive, or recognized in earnings, if negative.

Balances resulting from transactions between consolidated companies and unrealized gains or losses generated by transactions with third parties are eliminated. Unrealized losses are not eliminated when they are indicative of an impairment loss.

The Financial Statements of companies included in the scope of consolidation that operate outside the euro zone were translated into euros by applying end-of-period exchange rates to assets and liabilities, historical exchange rates to the components of Shareholders' Equity and average exchange rate for the year to income statement items. As for the currency translation differences that result from the use of different exchange rates for assets and liabilities, Shareholders' Equity and the income statement, the portion attributable to the Group is posted to the Shareholders' Equity account entitled "Other reserves," while the portion attributable to minority shareholders is posted to the "Minority interest in Shareholders' Equity" account. The reserve for currency translation differences is reversed in earnings when an equity investment is sold or the invested capital is reimbursed. In the preparation of the Cash Flow Statement, average exchange rates were used to convert the cash flows of foreign subsidiaries included in the scope of consolidation.

Goodwill and fair value adjustments generated by the acquisition of a foreign company are recognized in the corresponding currency and translated at year-end exchange rates.

If the minority interest in a loss incurred by a consolidated subsidiary is greater than the minority interest in the subsidiary's Shareholders' Equity, such excess and any other loss attributable to minority shareholders are attributed to the shareholders of the Group's Parent Company, except for any portion of the loss for which there may exist an obligation requiring minority shareholders to cover the loss with an additional investment, provided they are able to make such an investment. If, subsequently, the subsidiary generates earnings, the earnings will be attributable to the Shareholders of the Group's Parent Company up to an amount equal to the losses attributable to the minority shareholders that they originally covered.

The existing literature on Consolidated Financial Statements offers two theories concerning the treatment of the purchase of additional interests in existing subsidiaries:

- economic entity, which views a group as a whole and exchanges between Shareholders as equity transactions and, consequently, requires that any difference between the purchase price and the book value of the acquired minority interests be recognized in consolidated equity;
- parent company, which views minority Shareholders as third parties and, consequently, requires that any difference between the purchase price and the book value of the acquired minority interests be recognized as goodwill.

Taking into account the guidelines provided by IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors,* the Group chose to apply the parent company theory.

Scope of Consolidation

The equity investments of the Parmalat Group are listed in the schedules provided in the Annex. The guidelines followed in consolidating these equity investments are reviewed below. The scope of consolidation at December 31, 2008 includes the Financial Statements of the Group's Parent Company and those of the Italian and foreign companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares. Control also exists when the Group's Parent Company holds 50% or less of the votes that may be exercised at a Shareholders' Meeting if:

- It controls more than 50% of the voting rights by virtue of an agreement with other investors;
- It has the power to determine the financial and operating policies of the investee company pursuant to a clause in the Bylaws of the investee company or a contract;
- It has the power to appoint or remove a majority of the members of the Board of Directors or equivalent corporate governance body and said Board or body controls the investee company;
- It has the power to exercise a majority of the votes at meetings of the Board of Directors or equivalent corporate governance body.

Because the Group's Parent Company no longer has the power to determine their financial and operating policies nor benefits from their operations, the following companies are no longer consolidated line by line:

- Companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares but are now parties to separate bankruptcy proceedings under local laws and their subsidiaries. Companies that have become eligible for extraordinary administration proceedings include: Parmalat Mölkerei GmbH in A.S. (Germany), Deutsche Parmalat GmbH in A.S. (Germany), Dairies Holding International BV in A.S. (Netherlands) and Olex sa in A.S. (Luxembourg). The extraordinary administration proceedings applicable to these companies are nearing completion, pursuant to law.

These companies have been included in the list of the Group's equity investments because the Group owns their capital stock. However, at present, there is no expectation of a full or partial recovery of the investments in these companies upon completion of the individual bankruptcy proceedings. There is also no expectation that Parmalat S.p.A. will incur any liability in connection with these investments and there is no commitment or desire on the Company's part to cover the negative equity of these companies.

On March 13, 2008, the Court of São Paulo declared PPL Participações do Brasil Ltda bankrupt and appointed Capital Consultoria Assessoria Ltda as receiver. Upon being declared bankrupt, PPL Participações do Brasil Ltda was automatically dissolved and its rights and obligations constitute a separate bankrupt estate. The rights of Parmalat S.p.A. as a Shareholder have been suspended and will not be exercisable even after the bankruptcy is closed, unless all of the creditors are paid in full. All powers of ordinary and extraordinary administration (including the power to sell assets) have been transferred to the receiver.

- Companies earmarked for liquidation in the best available manner. The only company in this category is Wishaw Trading Sa (Uruguay). It is unlikely that the Group will incur any liability in connection with these investments and there is no commitment or desire on the Group's part to cover the negative equity of these companies. At January 1, 2004, Wishaw Trading SA had liabilities that amounted to 338.3 million euros. Unsecured claims amounting to 47.4 million euros have been verified and claims totaling 253.6 million euros have been excluded,

but creditors have challenged these exclusions. Parmalat S.p.A. believes that it is probable that some of these challenges will be upheld. Net of the claim reduction, these claims could total 17.6 million euros and the Company has added this amount to its "Reserve for creditor challenges and claims of late-filing creditors convertible exclusively into share capital." Based on information provided by counsel, Parmalat S.p.A. has learned that, in accordance with current Uruguayan law, the shareholders of a local limited liability company may be held personally responsible under certain conditions. More specifically, the principle of limited liability can be overridden when a company has been used (i) fraudulently to circumvent a law, (ii) to violate public order, (iii) fraudulently to injure the rights of shareholders or third parties. While it is possible that the conduct of the previous management could result in an extension of liability to other companies of the Parmalat Group, Parmalat S.p.A. - in view of the provisions of Article 4-*bis*, Section 10 of the Marzano Law, which reaffirms the general principle set forth in Article 135 of the Bankruptcy Law that an approved composition with creditors is binding on all creditors with claims that predate the start of the composition with creditors proceedings and is also binding on all creditors who did not file for claim verification - believes that even if the existence and amount of any claims against it that are related to Wishaw Trading SA should ever be verified, the creditors would be unsecured creditors with claims the title and/or cause of which predates the start of the extraordinary administration proceedings for the companies that are parties to the Proposal of Composition with Creditors and, consequently, would only be entitled to receive shares and warrants of Parmalat S.p.A. based on an amount decreased by the claim reduction, in accordance with Section 7.8 of the Proposal of Composition with Creditors.

- Companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares that are in voluntary liquidation and their subsidiaries. These companies, which are not large in size and operate in several countries, are:
  - Parmalat International SA (Switzerland);
  - PRM Administraçao e Participaçao do Brasil (Brazil);
  - Swojas Energy Foods Limited (India).

- Companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares but no longer has the power to determine their financial and operating policies and benefit from their operations and their subsidiaries. These companies, which are not large in size and operate in several countries, are:
  - Airetcal SA (Uruguay);
  - Lacteos Americanos Lactam SA (Costa Rica);
  - Parmalat Chile SA (Chile);
  - Parmalat (Zhaodong) Dairy Corp. Ltd (China);
  - Dalmata Due S.r.l. (Italy).

The following entries were made in connection with the companies that are no longer consolidated line by line:

- The carrying value of the investments was written off, except for 0.4 million euros (0.2 million euros for Parmalat International SA and 0.2 million euros for Dalmata Due S.r.l.);
- The receivables owed by these companies to other Group companies were written off;
- A provision for risks in connection with indebtedness guaranteed by Group companies was recognized;
- The receivables owed to the companies listed above by Group companies continued to be included in the indebtedness of Group companies.

Valuation Criteria

The main valuation criteria adopted in the preparation of the Consolidated Financial Statements at December 31, 2008 are reviewed below.

CURRENT ASSETS

Inventories

Inventories are carried at the lower of purchase/production cost or net realizable value, which is the amount that an enterprise expects to receive by selling these items in the normal course of business. The cost of inventories is determined by the weighted average cost method.

The value assigned to inventories includes direct costs for material and labor and (fixed and variable) indirect production costs. When appropriate, provisions are recognized to account for obsolete or slow-moving inventory. If the circumstances that justified the recognition of the abovementioned provisions cease to apply or if there are clear indications that the net realizable value of the items in question has increased, the provisions are reversed for the full amount or for a portion thereof, so that the new carrying value is equal to the purchase or production cost of the items in question or their realizable value on the date of the Financial Statements, whichever is lower.

Financial expense incurred in connection with the purchase or production of an asset that, because of its nature, requires a significant length of time before it can be readied for sale are not capitalized. Instead, they are charged in full to income.

Cash and Cash Equivalents

Cash and cash equivalents consist mainly of cash on hand, sight deposits with banks, other highly liquid short-term investments (that can be turned into cash within 90 days from the date of purchase) and overdraft facilities. Overdraft facilities are listed as current liabilities. The components of net cash are valued at fair value and any gains or losses are recognized in earnings.

NON-CURRENT ASSETS

Property, Plant and Equipment

Property, plant and equipment is recognized in accordance with the cost method and carried at purchase or production cost, including directly attributable incidental expenses that are necessary to make the assets available for use. Asset purchase or production costs are shown before deducting attributable capital grants, which are recognized when the conditions for their distribution have been met.

Assets acquired under finance leases, pursuant to which substantially all of the risks and benefits inherent in ownership are transferred to the Group, are recognized as components of property, plant and equipment at their fair value or at the present value of the minimum payments due pursuant to the lease, whichever is lower. The corresponding liability toward the lessor, which is equal to the aggregate principal included in the lease payments that are outstanding, is recognized as a financial liability. When there is no reasonable certainty that the Company will exercise its buyout option, the asset is depreciated over the life of the lease, if it is shorter than the asset's useful life.
Leases that require the lessor to retain substantially all of the risks and benefits inherent in ownership are classified as operating leases. The costs incurred for operating leases are recognized in earnings on a straight line over the life of the lease.

Property, plant and equipment is depreciated on a straight line over the useful life of the assets. The estimated useful life is the length of time during which the Company expects to use an asset. When an

asset classified as property, plant and equipment consists of several components, each with a different useful life, each component should be depreciated separately. The amount to be depreciated is the asset's carrying value, less the asset's net realizable value at the end of its useful life, if such value is material and can be reasonably determined.

Land, including land purchased together with a building, is never depreciated.

Costs incurred for improvements and for modernization and transformation projects that increase the useful lives of assets are added to the assets' value and depreciated over their remaining useful lives.

The costs incurred to replace identifiable components of complex assets are recognized as assets and depreciated over their useful lives. The residual carrying value of the component that is being replaced is charged to income. The cost of regular maintenance and repairs is charged to income in the year it is incurred.

When an item of property, plant and equipment is affected by events that are presumed to have impaired its value, the recoverability of the affected asset should be tested by comparing its carrying value with its recoverable value, which is the larger of the asset's fair value, net of disposal costs, and its value in use.

Absent a binding sales agreement, fair value is determined based on the valuations available from recent transactions in an active market or based on the best available information that can be used to determine the amount that the Company could obtain by selling a given asset.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset, if significant and reasonably measurable, and from its disposal at the end of its useful life. Cash flows should be determined based on reasonable and documentable assumptions that represent a best estimate of future economic conditions over the remaining useful life of an asset. The present value is determined by applying a rate that takes into account the risks inherent in the Company's business.

When the reason for a writedown ceases to apply, the affected asset is revalued and the adjustment is recognized in the income statement as a revaluation (reversal of writedown) in an amount equal to the writedown made or the lower of the asset's recoverable value or its carrying value before previous writedowns, but reduced by the depreciation that would have been taken had the asset not been written down.

Depreciation begins when an asset is available for use, i.e., the moment when this condition actually occurs.

The estimated useful lives of the various types of assets are as follows:

	USEFUL LIFE
Buildings	10 - 25 years
Plant and machinery	5 -10 years
Office furniture and equipment	4 - 5 years
Other assets	4 - 8 years
Leasehold improvements	Length of lease

Financial expense incurred in connection with the purchase or production of an asset that, because of its nature, requires a significant length of time before it can be readied for sale are not capitalized. Instead, they are charged in full to income.

Intangibles

Intangible assets are identifiable, non-monetary assets without physical substance that are controllable and capable of generating future benefits.

Intangibles are recorded at cost, which is determined by using the same criteria as those used for property, plant and equipment.

Intangibles with a finite useful life are amortized on a straight line according to an estimate of the length of time the Company will use them. The recoverability of their carrying value is tested using the criteria provided above for property, plant and equipment.

(i) Goodwill

Goodwill represents the portion of the purchase price paid in excess of the fair value on the date of acquisition of the assets and liabilities that comprise a company or business. Goodwill is not amortized on a straight line. However, its carrying amount should be tested at least once a year for impairment losses. Such tests are carried out based on the individual cash generation units to which goodwill has been allocated. Goodwill is written down when its recoverable value is lower than its carrying amount. Recoverable value is the greater of the fair value of a cash generating unit, net of the cost to sell it, and its value in use, which is equal to the present value of future cash flows generated by the cash generating unit during its years of operation and by its disposal at the end of its useful life. Writedowns of goodwill may not be reversed subsequently.

If a writedown required by the results of an impairment test is greater than the value of the goodwill allocated to a given cash generating unit, the balance is allocated among the assets included in the cash generating unit, proportionately to their carrying amounts. The minimum limit of such an allocation is the greater of the following two amounts:

- the fair value of an asset, net of the cost to sell it;
- an asset's value in use, as defined above.

(ii) Industrial Patents and Intellectual Property Rights, Licenses and Similar Rights

The costs incurred to acquire industrial patents and intellectual property rights, licenses and similar rights are capitalized in the amounts actually paid.

Amortization is computed on a straight line so as to allocate the costs incurred to acquire the abovementioned rights over the expected period of utilization of the rights or the lengths of the underlying contracts, counting from the moment the purchase right is exercisable, whichever is shorter.

(iii) Trademarks

At this point, it is impossible to set a time limit to the cash flow generating ability of trademarks recognized on the consolidated balance sheet that are strategically important and for which a registration application has been on file for at least 10 years. These trademarks include "global" trademarks that are registered and used in all of the Group's core countries (*Parmalat* and *Santàl*), international trademarks (*Chef, Kyr* and *PhisiCAL*) and a local trademark (*Beatrice*, *Lactantia*, *Black Diamond, Astro*, *Pauls*, *Bonnita*, *Centrale Latte Roma* and other less well-known trademarks).

These trademarks are deemed to have an indefinite useful life. Consequently, they are not amortized but are tested for impairment once a year.

Other trademarks that are not deemed to perform an unlimited strategic function for the Group are valued at cost and amortized over five years.

(iv) Software Costs
The costs incurred to develop and maintain software are charged to income in the year they are incurred. Costs that can be attributed directly to the development of unique software capable of generating future benefits over a period of more than one year are capitalized as an intangible asset. Direct costs, which must be identifiable and measurable, include labor costs for employees who worked on developing the software in question and an appropriate pro rata share of overhead, if applicable. Amortization is computed over the software's estimated useful life, which is deemed to be five years.

FINANCIAL ASSETS

When initially entered in the accounting records, financial assets are recognized based on their maturity classified under one of the following categories:

- **Financial Assets Valued at Fair Value, with Changes in Value Recognized in Earnings:** This category includes:
  - financial assets that are purchased mainly to resell them over the short term;
  - financial assets that are earmarked for inclusion in this category upon initial recognition, provided they meet the applicable requirements;
  - derivatives, except for derivatives that are designated as cash flow hedges and limited to their effective portion.

Financial assets that are included in this category are measured at fair value and any changes in fair value that occur while the Company owns them are recognized in earnings. Financial instruments included in this category are classified as short term if they are "held for trading" or the Company expects to sell them within one year from the balance sheet date. Derivatives are treated as assets, if their fair value is positive, or as liabilities, if their fair value is negative. The positive and negative fair values generated by outstanding transactions executed with the same counterparty are offset, when contractually permissible.

- **Loans and receivables:** This category includes financial instruments that are primarily related to trade receivables (which are neither derivatives nor instruments traded on an active market) that are expected to produce fixed and determinable payments. They are listed as current assets, unless they are due after one year from the Balance Sheet date, in which case they are listed as non-current assets. These assets are valued at their amortized cost, which is determined by the effective interest-rate method. When there is objective evidence of the occurrence of impairment, the affected asset is written down by the amount necessary to make its carrying amount equal to the discounted value of future cash flows. Objective evidence that the value of the asset is impaired is deemed to exist when a debtor has significant financial difficulties, there is a possibility that the debtor will be declared bankrupt or become party to composition with creditors proceedings or there are unfavorable changes in payment history, such as an increasing number of payments in arrears. Impairment losses are recognized in earnings. When the reason for a writedown ceases to apply, the affected asset is revalued up to the value at which the asset would have been carried under the amortized cost method, had it not been written down.

- **Held-to-maturity investments:** These are financial instruments other than derivatives that have fixed payments and a fixed maturity and that the Group has the intention and the ability to

hold to maturity. When initially recognized, they are valued at their purchase cost, plus incidental transaction costs. Subsequently, held-to-maturity investments are valued by the amortized cost method, using the low effective interest criterion, adjusted for any decrease in value. The same principles described in the Loans and receivables paragraph apply in the event of impairment losses.

- **Held-for-sale investments:** These are financial instruments other than derivatives that are explicitly designated as held for sale or which cannot be classified in any of the other categories. These financial instruments are valued at fair value and any resulting gains or losses are posted to an equity reserve. Their impact is reflected on the income statement only when a financial asset is actually sold or, in the case of cumulative losses, when it becomes evident that the impairment loss recognized in equity cannot be recovered. If their fair value cannot be determined, these instruments are valued at cost, less any impairment losses. Writedowns for impairment losses cannot be reversed if the assets in question are instruments representative of equity capital. The classification of these assets as current or non-current depends on the strategic choices made with regard to their holding period and the actual ability to sell them. They are classified as current assets if they can be sold within one year from the balance sheet date. When there is evidence that a loss that cannot be recovered has occurred (e.g., an extended decline in market value) the corresponding equity reserve is reversed and the loss recognized in earnings.

Financial assets are removed from the balance sheet when the right to receive cash flow from a financial instrument has been extinguished and the Group has transferred substantially all of the risks and benefits inherent in the financial instrument as well as its control over the financial instrument.

FINANCIAL LIABILITIES

Financial liabilities consist of loans payable, including obligations arising from the assignment of receivables, and other financial liabilities, including derivatives and obligations related to assets acquired under finance leases. Initially, financial liabilities other than derivatives are recognized at their fair value, net of transaction costs. Subsequently, financial liabilities that are held to maturity are valued at their amortized cost in accordance with the effective interest rate method. Transaction costs that are incurred directly in connection with the process of incurring the liability are amortized over the useful life of the respective financing facility.
Financial liabilities are removed from the Financial Statements when the underlying obligations have been satisfied and all of the risks and charges inherent in the instrument in question have been transferred.

DERIVATIVES

The Group uses derivatives exclusively to hedge interest rate and currency risks.
Derivatives are assets and liabilities that are measured at fair value.
Derivatives are classified as hedges when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, monitored periodically, is high. When derivatives are used to hedge the risk of changes in the fair value of the hedged instruments (fair value hedge, such as a hedge against changes in the fair value of assets/liabilities with fixed interest rates), the derivatives are measured at fair value and any resulting gains or losses are recognized in earnings. At the same time, the value of the hedged instruments is adjusted to reflect changes in fair value associated with the hedged risk. When derivatives are used to hedge the risk of changes in the cash flow associated with the hedged instruments (cash flow hedges, such as a hedge against changes in asset/liability cash flows caused by fluctuations in exchange rates or interest rates), the changes in the fair value of the effective derivatives are first recognized in equity and subsequently reflected in the Income Statements, consistent with the economic effect of the hedged transaction. Changes in the fair value of derivatives that do not qualify as hedges are recognized in earnings.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are established to fund quantifiable charges, the existence of which is certain or probable, but the amount or date of occurrence of which could not be determined as of the close of the reporting period. Additions are made to these provisions when: (i) it is probable that the Company will incur a statutory or implied obligation as a result of a past event; (ii) it is probable that meeting this obligation will be onerous; and (iii) the amount of the obligation can be estimated reliably. Additions are recognized at an amount that represents the best estimate of the sum that the Company will be reasonably expected to pay to satisfy an obligation or transfer it to a third party at the end of the reporting period. When the financial effect of the passing of time is material and the date when an obligation will become due can be reliably estimated, the addition to the provisions should be recognized at its present value.

The costs that the Group expects to incur in connection with restructuring programs should be recognized in the year in which the program is officially approved and there is a settled expectation among the affected parties that the restructuring program will be implemented.

These provisions are updated on a regular basis to reflect changes in estimates of costs, redemption timing and discount rates. Changes in the estimates of provisions are posted to the same income statement item under which the addition was originally recognized. Liabilities attributable to property, plant and equipment are recognized as offsets to the corresponding assets.

The notes to the Financial Statements contain a disclosure listing the Group's contingent liabilities, which include: (i) possible but not probable obligations that arise from past events, the existence of which will be confirmed only if one or more uncertain total events that are not totally under the Group's control occur or fail to occur; and (ii) existing obligations that arise from past events the amount of which cannot be determined reliably or the performance of which will probably not be onerous.

POST-EMPLOYMENT BENEFITS

(i) Benefits Provided After the End of Employment

The Group recognizes different types of defined-benefit and defined-contribution pension plans, in accordance with the terms and practices normally applied in Italy and the other countries where such pension plans are available. Each year, the Group recognizes in earnings the portion of the premiums paid in connection with defined-contribution plans that accrued that year.

Defined-benefit pension plans are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Group's obligation. The determination of the present value of the Group's obligation is made by an independent actuary, using the projected unit credit method. This method, which is part of a broad category of techniques applicable to vested benefits, treats each period of service provided by an employee to a company as an additional accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment

relationship (except for the provision for severance indemnities). If these plans are financed or the Group pays the plan contributions to an outside entity, the plan assets are valued based on their expected rate of return.

The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Company's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Group's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability.

Actuarial gains and losses (defined as the difference between the carrying amount of the Group's liability and the present value of its obligation at the end of the year) that result from changes from the actuarial parameters used in the past are recognized in accordance with the "corridor" method, i.e., only when they exceed 10% of the present value of the Company's obligation at the end of the previous period. In such cases, the amount in excess of 10% is charged to income, based on the average remaining working lives of the employees, counting from the following year.

Until Budget Law No. 296 of December 27, 2006 and the relevant Implementation Decrees became effective, given the uncertainties that existed concerning the time of disbursement, the provision for employee severance benefits was treated as a defined-benefit plan.
As a result of the reform of the regulations that govern supplemental retirement benefits and, specifically, its impact on companies with 50 or more employees, the severance benefits vesting after January 1, 2007, depending on the choices made by the employee, were either invested in supplemental retirement benefit funds or in the "Treasury Fund" managed by the Italian social security administration (INPS). As a result, in accordance with IAS 19, the liability towards the INPS and the contributions to supplemental retirement benefit funds are treated as part of defined-contribution plans.
On the other hand, severance benefits that vested prior to January 1, 2007 and have not yet been disbursed will continue to be treated as part of a defined-benefit plan.

(ii) Benefits Payable to Employees Upon Termination of Employment and Incentives to Resign
Benefits owed to employees upon termination of employment are recognized as a liability and as a labor cost when a company is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement age or to provide incentives to the termination of employment in connection with a proposal to address redundancies with incentives to resign voluntarily. Benefits owed to employees due to termination of employment do not provide the Company with future economic benefits and, consequently, they are charged to income when incurred.

INCOME TAXES

Current income taxes are computed on the basis of the taxable income for the year and the applicable tax laws by applying the tax rates in force on the date of the Financial Statements.

Levies other than income taxes, such as taxes on real estate and net worth, are treated as operating expenses.
Deferred taxes are computed on all temporary differences between the values attributed to

assets and liabilities for tax purposes and for financial reporting, with the exception of goodwill and temporary differences that arise from investments in subsidiaries when the Group has control over the timing for the reversal of the difference and it is likely that they will not be reversed over a reasonably foreseeable length of time. The portion of deferred-tax assets, including those stemming from a tax loss carryforward, that is not offset by deferred-tax liabilities is recognized to the extent that it is likely that the Company will generate future earnings against which they may be recovered. The balance of any offset is shown under Deferred-tax assets, if positive, or under Deferred tax liabilities, if negative, and is posted to the account of the same name. Deferred-tax liabilities are computed using the tax rates that are expected to be in force in the years when the temporary difference will be realized or cancelled.

Current and deferred taxes are reflected on the income statement, except for those attributable to items that are debited or credited directly to Shareholders' Equity.

Tax assets and liabilities, including deferred-tax assets and liabilities that arise from income taxes, can be offset when they are levied by the same tax administration on the same taxpayer, provided the taxpayer has a legally exercisable right to offset the corresponding amounts and plans to exercise that right. Moreover, with regard to current taxes, the offset is permissible when several taxpayers have a legally exercisable right to settle tax assets and liabilities on a net basis and intend to exercise that right.

AVAILABLE-FOR-SALE NON-CURRENT ASSETS

These assets include non-current assets or groups of assets attributable to discontinuing operations the carrying amount of which will be recovered mainly through a sale, rather than through their continuing use. Available-for-sale assets are valued at their net carrying amount or their fair value, net of costs to sell the assets, whichever is lower. When a depreciable or amortizable asset is reclassified under this category, the depreciation or amortization process stops upon reclassification.
The profit or loss attributable to available-for-sale non-current assets is shown separately in the income statement net of the applicable tax effect when the assets in questions are part of discontinued operations. For comparative purposes, the prior year's corresponding amounts are reclassified and shown separately in the income statement net of the applicable tax effect.

RECOGNITION OF REVENUES AND EXPENSES

Initially, revenues are always recognized at the fair value of the consideration received, net of allowances, discounts and trade promotions.
Revenues from the sale of goods are recognized when the Company has transferred to the buyer substantially all of the risks and benefits inherent in the ownership of the goods, which generally coincides with the delivery of the goods.
Proceeds from actions to void and actions for damages are recognized in the income statement when the settlements with the counterparts are finalized.
Expenses are recognized in the income statement when they apply to goods and services that were sold or used during the year or allocated over a straight line when their future usefulness cannot be determined.
Expenses incurred to study alternative products and services or incurred in connection with research and development activities that do not meet the requirements for capitalization are deemed to be current expenses and are charged to income in the year they are incurred.

FOREIGN EXCHANGE DIFFERENCES

Revenues and expenses arising from transactions in foreign currencies are recognized at the exchange rate in force on the day the underlying transaction is executed. Assets and liabilities denominated in foreign currencies are translated into euros at the exchange rate in force at the end of the reporting period and any resulting gains or losses are recognized in earnings. Non-cash assets and liabilities denominated in foreign currencies are recognized at the historical exchange rate and valued at cost.

RECOGNITION OF GOVERNMENT GRANTS

Grants that are the subject of a formal distribution resolution are recognized on an accrual basis, in direct correlation to the costs incurred. Operating grants are reflected on the income statement as Other revenues.

Capital grants that are attributable to property, plant and equipment are recognized as deferred income and posted to the Miscellaneous income and expense account. Such deferred income is recognized in the income statement in equal installments computed on the basis of the useful life of the assets for which the grant was received.

FINANCIAL INCOME AND EXPENSE

Interest is recognized on an accrual basis in accordance with the effective interest method, i.e., using an interest rate that equalizes all incoming and outgoing flows that are part of a given transaction.

DIVIDENDS

Dividends are recognized when shareholders become entitled to receive them. As a rule, this happens when the Shareholders' Meeting approves a resolution to distribute a dividend. The dividend distribution amount is then recognized as a liability on the balance sheet for the period during which the distribution was approved by the Shareholders' Meeting.

EARNINGS PER SHARE

Basic earnings per share are computed by dividing the group's interest in net profit or loss for the year by the weighted average of the number of shares outstanding during the year. When computing diluted earnings per share, the weighted average of the number of shares outstanding is adjusted to reflect the conversion of all potential shares that could have a dilutive effect.

USE OF ESTIMATES

When preparing the statutory Financial Statements (and the Consolidated Financial Statements), Directors apply accounting principles and methods that, in some cases, are based on difficult and subjective valuations and estimates that are based on historical data and assumptions that, in each individual case, are deemed to be reasonable and realistic in light of the relevant circumstances. The use of these estimates and assumptions has an impact on the amounts reported in the financial statement schedules, which include a balance sheet, an income statement and a Cash Flow Statement, and in additional disclosures. The ultimate amounts of those components of the Financial Statements for which the abovementioned estimates and assumptions were used could differ from those shown on the Financial Statements, due to the uncertainty that characterizes all assumptions and the conditions upon which the estimates were based. Estimates and assumptions are revised on a regular basis and the impact of any resulting change is recognized in the period when a revision of estimates occurred, if the revision affects only the current period, and is also applied to future periods, when the revision has an impact both on the current period and on future periods.

The Financial Statements items that require the most use of subjective judgment by Directors in developing estimates and with respect to which a change in the underlying assumptions

used could have a material impact on the Financial Statements are those concerning goodwill; writedowns of property, plant and equipment; depreciation and amortization of non-current assets; deferred taxes; provisions for risks; the allowance for doubtful accounts; pension plans and post-employment benefits; and the reserves for creditor challenges and claims of late-filing creditors.

NEW ACCOUNTING PRINCIPLES AND INTERPRETATIONS ADOPTED BY THE EU THAT ARE NOT YET IN EFFECT

In 2007 and 2008, the European Commission adopted and published the following new accounting principles and revisions and interpretations of existing accounting principles published by the International Accounting Standards Board ("IASB") and by the International Financial Reporting Interpretations Committee ("IFRIC").

IFRS 8 – Operating Segments. This principle will be applicable as of January 1, 2009 in lieu of IAS 14. Under the new accounting principle, companies are required to base the segment information that they disclose on the same data that management uses to make operating decisions. Consequently, operating segments must be identified based on a company's internal reporting system, which is regularly reviewed by management to allocate resources to the various segments and assess performance. The adoption of this principle will have no impact on the valuation of the items listed in the Financial Statements.

IAS 1 – Presentation of Financial Statements. This new version of the principle requires companies to disclose in a statement of changes in Shareholders' Equity all of the changes generated by transactions with shareholders. All transactions generated with third parties (comprehensive income) must be disclosed either in a single comprehensive income statement or in two statements (income statement and comprehensive income statement). This principle will be applicable as of January 1, 2009.
The adoption of this principle will have no impact on the valuation of the items listed in the Financial Statements.

IAS 23 – Borrowing costs. The new version of this principle no longer provides the option of recognizing immediately in the income statement borrowing costs incurred in connection with assets that normally become ready for use or for sale only after a specific period of time. This principle will be applicable prospectively to borrowing costs related to capitalized assets as of January 1, 2009. The Group is currently assessing the impact that may result from the adoption of the new version of the principle.

IFRIC 13 – Customer Loyalty Programs. This interpretation, which deals with the accounting treatment of the liability for rights to receive prizes awarded to customers in connection with customer loyalty programs, is applicable to the Group as of January 1, 2009. The Group is currently assessing the impact that may result from the adoption of the new version of the principle.

In addition, the following principles and interpretations applicable to situations and issues that do not occur within the Group were approved and published in 2008:

IFRS 2 – Changes to IFRS 2 Share-based Payment (applicable as of January 1, 2009).

Transactions Between Group Companies and with Related Parties

Transactions between Group companies and with related parties were neither atypical nor unusual and were carried by the Company in the normal course of business. Currently, the Group executes transactions with the following related parties:

- Companies in which the Group has a majority equity stake but over which it no longer has control and, consequently, have been excluded from the scope of consolidation as explained in the Scope of Consolidation section of this Report.

A breakdown of receivables and payables by type is provided below:

(€ m)

COMPANY	12.31.2008						
	COUNTRY	TRADE RECEIVABLES(1)	FINANCIAL RECEIVABLES(1)	OTHER RECEIVABLES(1)	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
PPL Participações Ltda	Brazil					3.9	0.3
Wishaw Trading sa	Uruguay					2.3	
Other minor entities (less than €1 million)							
Total		**-**	**-**	**-**	**-**	**6.2**	**0.3**

(1) After allowance for doubtful accounts

(€ m)

COMPANY	12.31.2007						
	COUNTRY	TRADE RECEIVABLES(1)	FINANCIAL RECEIVABLES(1)	OTHER RECEIVABLES(1)	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
PPL Participações Ltda	Brazil					3.7	
Wishaw Trading sa	Uruguay					2.3	
Other minor entities (less than €1 million)		0.1					
Total		**0.1**	**-**	**-**	**-**	**6.0**	**-**

(1) After allowance for doubtful accounts

The table below provides a breakdown of revenues and expenses by type and shows the writedowns of receivables booked during the period:

(€ m)

COMPANY	2008					
	COUNTRY	NET SALES REVENUES AND OTHER REVENUES	PROFIT (LOSS) FROM DISCONTINUING OPERATIONS	FINANCIAL INCOME	COST OF MATERIALS AND SERVICES USED	WRITEDOWNS OF RECEIVABLES
Dalmata Due S.r.l.	Italy					0.1
Other minor entities						
Total		**-**	**-**	**-**	**-**	**0.1**

(€ m)

COMPANY	COUNTRY	2007 NET SALES REVENUES AND OTHER REVENUES	PROFIT (LOSS) FROM DISCONTINUING OPERATIONS	FINANCIAL INCOME	COST OF MATERIALS AND SERVICES USED	WRITEDOWNS OF RECEIVABLES
Lacteos Americanos Lactam SA	Costa Rica					0.1
Other minor entities						
Total		**-**	**-**	**-**	**-**	**0.1**

- Companies that are currently included in the investment portfolios of Parmalat Finanziaria S.p.A. in A.S. and Parmalat S.p.A. in A.S.

A breakdown of receivables and payables by type is provided below:

(€ m)

COMPANY	COUNTRY	12.31.2008 TRADE RECEIVABLES(1)	FINANCIAL RECEIVABLES(1)	OTHER RECEIVABLES(1)	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
Eliair S.r.l. in A.S.	Italy		4.6	0.3			
Parma A.C. S.p.A. in A.S.	Italy		60.4	0.2			
Parmalat Capital Finance Ltd	Cayman		3,432.0(2)			1.8	
Bonlat Financing Corporation	Cayman		788.0(2)			1.8	
Parmalat S.p.A. in A.S.	Italy			3.0			
Other minor entities (less than €1 million)							
Total		**-**	**4,285.0**	**3.5**	**-**	**3.6**	**-**

(1) Before allowance for doubtful accounts (2) Amounts written off

(€ m)

COMPANY	COUNTRY	12.31.2007 TRADE RECEIVABLES[1]	FINANCIAL RECEIVA-BLES[1]	OTHER RECEIVA-BLES[1]	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYA-BLES
Eliair Srl in A.S.	Italy		4.6	0.3			
Parma A.C. S.p.A. in A.S.	Italy		60.4				
Parmalat Capital Finance Ltd	Cayman		3,466.6[2]			1.7	
Bonlat Financing Corporation	Cayman		1,131.9[2]			1.7	
Parmalat S.p.A. in A.S.	Italy			1.1			
Other minor entities (less than €1 million)							
Total		**-**	**4,663.5**	**1.4**	**-**	**3.4**	**-**

(1) Before allowance for doubtful accounts (2) Amounts written off

While not required to do so pursuant to law, the Group discloses that, considering who will be the shareholders of Parmalat S.p.A. following the approval of the Composition with Creditors, the Group engages in commercial and financial transactions with numerous former creditors of its member companies.
The transactions executed with these counterparties are neither atypical or unusual and are carried out by the Company in the normal course of business.

These transactions are executed on market terms, i.e., on terms that would have been agreed to by independent parties, and were carried out in the interest of the Group headed by Parmalat S.p.A.
Lastly, the Group has filed a series of legal actions against former creditors of companies under extraordinary administration. These lawsuits are discussed in detail in the section of the Report on Operations entitled Legal Disputes and Contingent Liabilities at December 31, 2008.

Percentage of Total Amounts Attributable to Transactions with Related Parties

(€ m)

	CONSOLIDATED ASSETS	CONSOLIDATED LIABILITIES	NET FINANCIAL ASSETS	FINANCIAL EXPENSE
Total consolidated amount	**4,369.8**	**1,527.7**	**1,108.8**	**71.2**
Amount with related parties	-	6.5	(6.2)	0.1
Percentage of the total	*n.s.*	*0.4*	*n.s.*	*n.s.*

Notes to the Balance Sheet - Assets

(1) GOODWILL

Goodwill amounted to 425.1 million euros. The changes that occurred in 2008 and 2007 are listed below:

(€ m)

	GOODWILL
Balance at 12.31.06	**543.8**
- Companies added to the scope of consolidation	1.7
- Companies removed from the scope of consolidation (-)	(1.7)
- Acquisitions	2.4
- Writedowns (-)	(9.6)
- Currency translation differences	3.3
Balance at 12.31.07	**539.9**
- Writedowns (-)	(82.8)
- Currency translation differences	(32.0)
Balance at 12.31.08	**425.1**

Goodwill was allocated to the cash generating units which, consistent with the structure of the Group's organization and the manner in which control is exercised over the operating units, are the same as the Group's geographic regions, while complying with the limitation on the scope of data aggregation, which may not exceed a business segment, as identified in accordance with IAS 14.

Goodwill was allocated to the following cash generating units:

(€ m)

	12.31.2008	12.31.2007
Parmalat S.p.A.	184.0	233.8
Parmalat Canada inc.	106.4	125.2
Parmalat Australia ltd	48.9	66.7
Centrale del Latte di Roma S.p.A.	41.7	41.7
Parmalat South Africa pty ltd	-	21.1
Parmalat Portugal Produtos Alimentares Ltda	34.2	34.2
Latte Sole S.p.A.	-	4.0
Other smaller companies	9.9	13.2
Total	**425.1**	**539.9**

Pursuant to IAS 36, goodwill is not amortized. However, it is tested for impairment at least once a year or more frequently in response to specific events or circumstances that could indicate that its value has been impaired.

Already in the first half of 2008, changing conditions in the markets in which the Group operates created difficult conditions in some countries (Italy, Australia and South Africa). Consequently, working as usual with the support of an independent advisor, the Group estimated for the abovementioned cash generating units the impact of the changes in operating conditions on expected operating cash flows and on the implied projections. These computations showed that goodwill needed to be written down for Parmalat S.p.A. by 48 million euros, for Parmalat Australia by 7.4 million euros and for Parmalat South Africa by 2.1 million euros. In addition, the non-current intangible assets of Latte Sole S.p.A. were written down by 15.2 million euros (4 million euros and 11.2 million euros deducted, respectively, from goodwill and trademarks with an indefinite useful life).

In the third quarter of 2008, these problems became more pronounced, due to the impact of a worsening global scenario. South Africa was especially hard hit, with growth slowing down sharply, consumption plummeting and consumers losing purchasing power and, consequently, increasingly turning to low-price commoditized products. As a result of this further deterioration of the business environment, the valuation of the Parmalat South Africa cash generating unit was reassessed and adjusted with additional writedowns of intangible assets totaling 30.8 million euros (deduction of 16.5 million euros for goodwill and 14.3 million euros for trademarks with an indefinite useful life).
Also in the third quarter of 2008, as the profit outlook of the Latte Sole cash generating unit continued to worsen, its intangible assets were written down by an additional 2.6 million euros, the entire amount being deducted from trademarks with an indefinite useful life.

Concurrently with the preparation of the annual Financial Statements at December 31, 2008 and taking into account the Group's updated three-year plan, individual goodwill accounts were again tested for impairment to determine if the various carrying amounts were higher than the corresponding recoverable values. These tests did not uncover material differences (2.6 million euros in Ecuador, 1.8 million euros for Parmalat S.p.A. and 0.4 million euros for other smaller cash generating units).

As was the case earlier in the year, the abovementioned tests were performed by an independent advisor.

The recoverable value of goodwill was tested against its value in use, which is the present value of the expected cash flows from operations, before financial components (unlevered discounted cash flow), estimated based on the Group's plan for the next three years. For the years not covered by the plan, the process involved estimating a terminal value, which was computed as the cash flow from operations appropriately standardized to maintain standard operating business conditions, assuming a growth rate ranging between 0.5% and 1%.
Cash flow projections were based on normal conditions of business activity and, consequently, do not include cash flows attributable to extraordinary transactions.
The discount rates used were consistent with current market valuations of the cost of money and took into account the specific risks attributable to each cash generating unit. The rates, net of taxes, range between 8% and 12% for the mature countries and between 12% and 28% for the emerging countries with higher rates of inflation.
The process of obtaining information about the potential net realizable value of the assets allocated to each cash generating unit also involved the use of stock market multiples to determine the values of publicly traded companies in the same industry, which were used as reference with regard to value in use.

(2) TRADEMARKS WITH AN INDEFINITE USEFUL LIFE

Trademarks with an indefinite useful life were valued at 518.2 million euros. The following changes occurred in 2007 and 2008:

(€ m)

	TRADEMARKS WITH AN INDEFINITE USEFUL LIFE
Balance at 12.31.06	**642.1**
- Companies removed from the scope of consolidation (-)	(32.4)
- Writedowns (-)	(3.1)
- Currency translation differences	5.5
Balance at 12.31.07	**612.1**
- Writedowns (-)	(28.6)
- Other changes	(5.8)
- Currency translation differences	(59.5)
Balance at 12.31.08	**518.2**

As explained in the note to Goodwill, during the first half and third quarter of 2008, the Group wrote down the carrying value of the *Sole* trademark by 13.8 million euros (before deferred taxes of 5.2 million euros) and the value of the *Parmalat* trademark in South Africa 14.3 million euros (before deferred taxes of 4.0 million euros).

Moreover, because of the negative performance of the South African economy, the Group reviewed the useful lives of the trademarks held by the cash generating unit. The review showed that the *Simonsberg* and *Melrose* trademarks (valued at 5.8 million euros) no longer qualify as trademarks with an indefinite useful life and, consequently, were reclassified as trademarks with a finite useful life and are being amortized over their estimated remaining useful life of 44 years.

Trademarks with an indefinite useful life were valued at 518.2 million euros. A breakdown is as follows:

(€ m)

	12.31.2008	12.31.2007
Parmalat	157.9	180.0
Beatrice (Canada)	69.4	81.7
Lactantia (Canada)	57.3	67.4
Santàl	40.4	41.0
Pauls (Australia)	35.4	41.7
Centrale del Latte di Roma (Italia)	26.1	26.1
Black Diamond (Canada)	26.0	30.6
Astro (Canada)	19.2	22.6
Bonnita (South Africa)	10.8	14.1
Chef (Italy)	16.2	16.2
Sundry trademarks	59.5	90.7
Total	**518.2**	**612.1**

The Group tests the recoverability of trademarks with an indefinite useful life at least once a year or more frequently in response to specific events or circumstances that could indicate that their value has been impaired.

As was the case in the past, the impairment test was performed by an independent advisor.

The recoverable value of trademarks with an indefinite useful life was tested against their value in use by means of the relief from royalty method.
The relief from royalty method was chosen as a valuation method because it is consistent with the widely accepted belief that the value of trademarks is closely related to the contribution that they provide to a company's operating results. Moreover, recent studies by major market research companies have shown that a product's brand is one of the main factors that motivate purchases of groceries.
The relief from royalty method consists of discounting to present value the royalty payments that the owner of a trademark avoids because of the ownership of the right to use that trademark. As a rule, royalties are computed as a percentage of net revenues before the impact of taxes.
The process followed to determine the net royalty flows involved using, for each trademark, the net revenue projections estimated in the Group's strategic plan for the next three years. For the years not covered by the strategic plan, the process involved estimating a terminal value, which was computed as the royalty flow appropriately standardized to maintain standard operating business conditions, assuming a growth rate ranging between 1% and 2%.
The royalty rate that was applied to net revenues was determined based on studies and surveys carried out in this field by research institutions and professionals, as well as on internal analyses of licensing agreements executed in the food industry. Moreover, since each individual trademark has its own distinctive characteristics relative to the product/market combination, the qualitative (competitive position, name recognition, customer loyalty and quality) and quantitative (profitability percentage) characteristics of the trademarks were also taken into account. Based on these elements, each trademark was assigned a royalty rate ranging between 2.5% and 3%.
The discount rates used were consistent with current valuations of the cost of money and took into account the specific risks attributable to each cash generating unit. The rates, net of taxes, range between 8% and 11% for mature countries and between 12% and 14% for the emerging countries with higher rates of inflation.

Concurrently with the preparation of the annual Financial Statements at December 31, 2008 and taking into account the Group's updated three-year plan, the values of trademarks with an indefinite useful life were again tested for impairment to determine if the various carrying amounts were higher than the corresponding recoverable values. These tests produced no indication that additional material writedowns were required.

(3) OTHER INTANGIBLES

Other intangibles of 55.9 million euros includes capitalized costs incurred by Parmalat S.p.A. and its subsidiaries, which are expected to produce benefits over several years.

The table below provides a breakdown of Other intangibles and shows the changes that occurred in 2007 and 2008:

(€ m)

	TRADEMARKS WITH A FINITE LIFE	CONCESSIONS, LICENSES AND SIMILAR RIGHTS	MISCELLANEOUS INTANGIBLES	TOTAL
Balance at 12.31.06	**92.5**	**8.4**	**3.7**	**104.6**
- Companies added to the scope of consolidation		4.2		4.2
- Companies removed from the scope of consolidation (-)		(0.6)		(0.6)
- Additions	0.1	4.1	0.7	4.9
- Amortization (-)	(18.5)	(5.4)	(0.7)	(24.6)
- Writedowns (-)	(6.4)			(6.4)
- Currency translation differences	(0.4)	0.1	(0.1)	(0.4)
Balance at 12.31.07	**67.3**	**10.8**	**3.6**	**81.7**
- Cos. removed from the scope of consolidation (-)	(10.9)	(0.2)		(11.1)
- Additions		3.5	0.7	4.2
- Amortization (-)	(17.5)	(3.1)	(0.6)	(21.2)
- Writedowns (-)	(2.1)			(2.1)
- Other changes	5.8	0.7		6.5
- Currency translation differences	(1.1)	(0.7)	(0.3)	(2.1)
Balance at 12.31.08	**41.5**	**11.0**	**3.4**	**55.9**

The amount of 11.1 million euros shown for companies removed form the scope of consolidation refers to the *Giglio, Matese* and *Torre in Pietra* brands, which were sold when Newlat S.p.A. was divested.

Writedowns of 2.1 million euros reflect the impairment of the *Optimus* brand, which was sold when the business operations located in Lodi were divested effective as of January 1, 2009.

The table that follows provides a breakdown of gross carrying value, accumulated writedowns and accumulated amortization at December 31, 2007 and 2008:

(€ m)

	TRADEMARKS WITH A FINITE LIFE	CONCESSIONS, LICENSES AND SIMILAR RIGHTS	MISCELLANEOUS INTANGIBLES	TOTAL
Gross carrying value	112.6	39.1	9.8	161.5
Accumulated writedowns	(6.4)		(1.0)	(7.4)
Accumulated amortization	(38.9)	(28.3)	(5.2)	(72.4)
Balance at 12.31.07	**67.3**	**10.8**	**3.6**	**81.7**
Gross carrying value	95.7	37.2	10.2	143.1
Accumulated writedowns			(1.1)	(1.1)
Accumulated amortization	(54.2)	(26.2)	(5.7)	(86.1)
Balance at 12.31.08	**41.5**	**11.0**	**3.4**	**55.9**

In addition to licenses for software and exclusive franchise rights, Other intangibles includes Italian trademarks (*Berna*, *Lactis*, *Monza*, *Solac*, *Stella*, *Torvis*, *Pascolat and Dolomiti*) and foreign trademarks (*Vaalia*, *Biely Gorod*, *Simonsberg and Melrose*) that are used by the Group's commercial operations.

(4) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment totaled 646.3 million euros. The table below provides a breakdown of this item and shows the changes that occurred in 2007 and 2008:

(€ m)

	LAND	BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL EQUIPMENT	OTHER ASSETS	CONSTRUCTION IN PROGRESS	TOTAL
Balance at 12.31.06	**132.6**	**253.2**	**260.5**	**11.1**	**36.9**	**33.8**	**728.1**
- Companies added to the scope of consolidation	30.5	10.8	0.5	0.1	0.7	0.2	42.8
- Companies removed from the scope of consolidation (-)	(33.8)	(33.9)	(21.7)		(4.6)	(3.1)	(97.1)
- Additions	0.1	5.3	32.0	1.2	10.1	70.8	119.5
- Sale of business operations	(2.5)	(6.7)	(14.0)	(0.2)	(0.2)		(23.6)
- Disposals (-)	(1.4)	(1.8)	(2.6)	(0.2)	(1.5)		(7.5)
- Writedowns (-)	(3.3)	(0.1)	(0.6)				(4.0)
- Depreciation (-)		(12.4)	(45.8)	(2.8)	(10.7)		(71.7)
- Other changes	0.1	6.6	25.4	1.7	6.7	(40.5)	0.0
- Reclassifications to available-for-sale assets	(3.9)	(0.4)					(4.3)
- Currency translation differences	(0.5)	(1.8)	(0.6)	(0.2)	(0.8)	(0.1)	(4.0)
Balance at 12.31.07	**117.9**	**218.8**	**233.1**	**10.7**	**36.6**	**61.1**	**678.2**
- Companies removed from the scope of consolidation (-)	(11.7)	(7.7)	(10.2)	(0.3)	(0.5)		(30.4)
- Additions	0.9	12.3	54.6	1.1	10.0	63.5	142.4
- Sale of business operations	(0.5)	(1.3)	(0.3)				(2.1)
- Disposals (-)	(0.3)		(1.6)	(0.2)	(1.1)		(3.2)
- Writedowns (-)	(0.9)	(1.2)	(2.8)		(0.2)		(5.1)
- Depreciation (-)		(12.5)	(43.7)	(4.1)	(12.5)		(72.8)
- Other changes	1.6	13.7	37.0	3.9	5.9	(63.1)	(1.0)
- Reclassifications to available-for-sale assets	(1.2)	(2.6)	(0.2)				(4.0)
- Currency translation differences	(5.1)	(13.0)	(23.9)	(1.2)	(4.7)	(7.8)	(55.7)
Balance at 12.31.08	**100.7**	**206.5**	**242.0**	**9.9**	**33.5**	**53.7**	**646.3**

The amount shown for companies removed from the scope of consolidation (30.4 million euros) refers to the sale of Newlat S.p.A. in 2008.

Information about the Group's investments in property, plant and equipment is provided in the Report on Operations.

The amount shown for sale of business operations (2.1 million euros) refers to the divestments of business operations located in Taranto that produce and market cheese and other dairy products.

Disposals of 3.2 million euros refer mainly to two pieces of machinery returned at the end of the corresponding finance leases and the retirements of equipment and other assets.

Impairment losses that affected property, plant and equipment sold together with the business operations in Lodi, which were divested as of January 1, 2009, account for most of the writedowns of 5.1 million euros.

The table that follows shows the gross carrying value, accumulated writedowns and accumulated depreciation at December 31, 2007 and 2008:

(€ m)

	LAND	BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL EQUIPMENT	OTHER ASSETS	CONSTRUCTION IN PROGRESS	TOTAL
Gross carrying value	121.2	326.3	681.4	28.2	126.3	61.1	1,344.5
Accumulated writedowns	(3.3)	(0.1)	(1.7)		(0.2)		(5.3)
Accumulated depreciation		(107.4)	(446.6)	(17.5)	(89.5)		(661.0)
Balance at 12.31.07	**117.9**	**218.8**	**233.1**	**10.7**	**36.6**	**61.1**	**678.2**
Gross carrying value	100.8	317.1	658.8	28.9	116.8	53.7	1,276.1
Accumulated writedowns	(0.1)	(0.2)	(1.8)	(0.1)	(0.3)		(2.5)
Accumulated depreciation		(110.4)	(415.0)	(18.9)	(83.0)		(627.3)
Balance at 12.31.08	**100.7**	**206.5**	**242.0**	**9.9**	**33.5**	**53.7**	**646.3**

A breakdown of property, plant and equipment acquired under finance leases totaling 11.8 million euros is as follows:

(€ m)

	12.31.2008	12.31.2007
Land	-	11.0
Buildings	-	8.0
Plant and machinery	5.4	6.8
Other assets	6.4	5.5
Construction in progress and advances	-	2.1
Total property, plant and equipment acquired under finance leases	**11.8**	**33.4**

The decrease of 21.6 million euros reflects primarily the deconsolidation of Newlat S.p.A. following its sale in 2008.

(5) INVESTMENTS IN OTHER COMPANIES

The net carrying amount of the Group's investments in other companies totaled 3.9 million euros. The table below shows the changes that occurred in 2008:

(€ m)

	INVESTMENTS VALUED		TOTAL
	BY THE EQUITY METHOD (AFFILIATED COMPANIES)	AT COST	
Balance at 12.31.07 (A)	**-**	**3.6**	**3.6**
Changes in 2008:			
- Additions		0.3	0.3
Total changes (B)	**-**	**0.3**	**0.3**
Balance at 12.31.08 (A+B)	**-**	**3.9**	**3.9**

A breakdown of Investments valued at cost is as follows:

(€ m)

	12.31.2008		12.31.2007	
	NET VALUE	% INTEREST HELD	NET VALUE	% INTEREST HELD
Bonatti S.p.A.	3.1	10.26%	3.1	10.26%
Parmalat International SA in liquidation	0.2	100%	0.2	100%
Dalmata Due S.r.l.	0.2	100%	0.1	100%
Jonicalatte S.p.A.	0.2	18.25%		-
Sundry investments	0.2	-	0.2	-
Total	**3.9**		**3.6**	

(6) OTHER NON-CURRENT FINANCIAL ASSETS

The net carrying amount of Other non-current financial assets was 4.5 million euros. The table below shows the changes that occurred in 2008:

(€ m)

	RECEIVABLES OWED BY OTHERS	OTHER SECURITIES	TOTAL
Balance at 12.31.07 (A)	**5.3**	**0.8**	**6.1**
Changes in 2008:			
- Companies removed from the scope of consolidation (-)	(0.2)		(0.2)
- Increases	0.8	0.1	0.9
- Decreases (-)	(1.9)	(0.1)	(2.0)
- Writedowns (-)	(0.1)		(0.1)
- Currency translation differences	(0.1)	(0.1)	(0.2)
Total changes (B)	**(1.5)**	**(0.1)**	**(1.6)**
Balance at 12.31.08 (A+B)	**3.8**	**0.7**	**4.5**

The main component of the overall change of 1.6 million euros is the refund of a security deposit of 1.1 million euros provided by Arilca to the Spanish tax authorities in connection with a pending tax dispute. In order to secure the abovementioned refund and speed up its liquidation, Arilca paid the entire disputed amount (1.7 million euros). However, this payment did not constitute acceptance of the tax assessment and was only provided to complete the liquidation of this Spanish company, of which Parmalat S.p.A. is the sole shareholder and successor in the dispute with the Spanish tax authorities.

The main components of Receivables owed by others of 3.8 million euros are:
- Advances provided to third parties (2.2 million euros);
- Guarantee deposits (0.9 million euros);
- Security deposits (0.7 million euros).

Other securities of 0.7 million euros refers mainly to securities belonging to a Canadian subsidiary that have been earmarked to benefit milk research programs.

(7) DEFERRED-TAX ASSETS

Deferred-tax assets of 44.8 million euros are shown net of offsettable deferred-tax liabilities. The changes that occurred in 2008 are shown below:

(€ m)

Balance at 12.31.07 (A)	**46.6**
Changes in 2008:	
- Increases	15.0
- Utilizations (-)	(10.2)
- Reclassifications to available-for-sale assets	(4.1)
- Currency translation differences	(2.5)
Total changes (B)	**(1.8)**
Balance at 12.31.08 (A+B)	**44.8**

Increases of 15.0 million euros reflect mainly additions to provisions for restructuring (4.1 million euros), tax-deductible amortization of trademarks (3.7 million euros), maintenance expense (1.2 million euros), mark-to-market valuation of derivatives (1.1 million euros) and additions to the provisions for risks (0.9 million euros).

Utilizations of 10.2 million euros refer mainly to the transfer from Pisorno Agricola Srl to Parmalat S.p.A. of tax losses generated during the period covered by the national consolidated tax return and used by Parmalat S.p.A. when filing the Group tax return.

Reclassifications to available-for-sale assets of 4.1 million euros refer to the business operations located in Lodi that were sold effective as of January 1, 2009.

The amount shown for deferred-tax assets corresponds to the expected benefit of a reduction in tax liability that temporary differences between the values assigned to assets and liabilities for reporting and tax purposes are expected to generate in the future.

The main sources of these temporary differences are listed below:

(€ m)

	12.31.2008	12.31.2007
Amortization of trademarks with a finite useful life	9.6	5.9
Personnel related provisions	7.3	8.8
Maintenance expense	4.2	4.1
Provisions for risks and charges	2.4	1.2
Provision for inventory writedown	2.0	5.1
Depreciation of plant and equipment	2.0	1.8
Writedown of doubtful accounts	1.4	2.3
Provisions for staff restructuring	0.8	1.8
Provision for prize contests	0.3	0.4
Recoverable tax losses	0.1	5.6
Sundry items	14.7	9.6
Total	**44.8**	**46.6**

At December 31, 2008, the Group had a tax loss carryforward of 267.8 million euros attributable mainly to operations in Italy, Austria, Venezuela, Ecuador and Australia, which had not resulted in the recognition of deferred-tax assets, as the recoverability of this amount was viewed as improbable.

Most of these losses were incurred by financial companies and a portion of the tax loss carryforward of Parmalat Australia Ltd. can be used only to offset taxable income derived from a capital gain.

A breakdown by expiration date is as follows:

(€ m)

	12.31.2008
Year of expiration	
2009	45.6
2010	69.4
2011	25.6
2012	1.9
2013	5.8
Amount expiring after 2013	1.7
Amount without expiration	117.8
Total tax loss carryforward	**267.8**

(8) INVENTORIES

Inventories totaled 333.6 million euros, or 53.8 million euros more than at December 31, 2007.

(€ m)

	12.31.2008	12.31.2007
Raw materials, auxiliaries and supplies	104.1	105.6
Semifinished goods	14.8	16.9
Finished goods and merchandise	220.3	268.7
Advances	3.4	0.7
Provision for inventory writedowns	(9.0)	(4.5)
Total inventories	**333.6**	**387.4**

The main items that account for the year-over-year changes include:

- 41.8 million euros for the appreciation of the euro versus the main currencies of the countries in which the Group operates;
- 14.2 million euros for a more efficient inventory management system by the Canadian subsidiary, which improved the inventory turnover rate by 7 days;
- 7.1 million euros for the deconsolidation of Newlat S.p.A. following its sale in 2008.

Offset in part by the following item:

- 11.6 million euros for higher imports of powdered milk and fruit juice concentrates by the Venezuelan subsidiary to meet an increase in demand.

The increase in the provision for inventory writedowns refers to some batches of aged cheese that, because of their slow turnover, are expected to sell at a deeper discount than the price currently applied.

(9) TRADE RECEIVABLES

Trade receivables totaled 465.5 million euros, or 56.9 million euros less than at December 31, 2007.

(€ m)

	12.31.2008	12.31.2007
Trade receivables:		
- owed by customers	465.5	522.3
- owed by investee companies[1]	-	0.1
Total trade receivables	**465.5**	**522.4**

(1) Companies the share capital of which is owned by the Group but are not under the Group's control

The main reasons for the year-over-year decrease are the appreciation of the euro versus the main currencies of the countries where the Group operates (33.6 million euros) and the deconsolidation of Newlat S.p.A. following its sale in 2008 (29.1 million euros).

The amount of 465.5 million euros shown for Trade receivables owed by customers is net of an Allowance for doubtful accounts of 165.8 million euros. The table that follows shows the changes that occurred in this allowance in 2008:

(€ m)

Balance at 12.31.07 (A)	**162.8**
Changes in 2008:	
- Companies removed from the scope of consolidation (-)	(3.7)
- Additions	9.5
- Utilizations (-)	(7.6)
- Other changes	6.0
- Currency translation differences	(1.2)
Total changes (B)	**3.0**
Balance at 12.31.08 (A+B)	**165.8**

(10) OTHER CURRENT ASSETS

Other current assets totaled 246.2 million euros, or 3.0 million euros more than at December 31, 2007:

(€ m)

	12.31.2008	12.31.2007
Amount receivable from the tax authorities for VAT	63.7	98.3
Estimated tax payments	73.0	33.3
Dividend tax credits	38.2	38.2
Other amounts receivable from the tax authorities	22.1	13.7
Sundry receivables	31.2	42.8
Receivables for litigation-related settlements	2.2	1.4
Accrued income and prepaid expenses	15.8	15.5
Total	**246.2**	**243.2**

At the end of 2005, a portion of the amount receivable by Parmalat S.p.A. from the tax authorities for VAT (31.9 million euros) had been pledged to offset an equal liability toward the Italian social security administration (INPS). Prior to the approval of the Proposal of Composition with Creditors, Parmalat S.p.A. in A.S. and Eurolat S.p.A. in A.S. provided the INPS with irrevocable powers of attorney to collect on their behalf VAT credits amounting to 22.1 million euros and 5.6 million euros, respectively. In November 2005, Parmalat S.p.A. granted an additional power of attorney for 4.2 million euros.

In 2006, the INPS informed Parmalat S.p.A. that it used the abovementioned powers of attorney to collect 22.1 million euros. However, the tax administration informed the Company that the abovementioned power of attorney could not be used to collect the 4.2 million euros. As a result, this amount was reinstated as a current receivable.

At the end of 2008, the INPS collected the remaining 5.6 million euros.

Dividend tax credits of 38.2 million euros refers to dividends collected prior to the start of the extraordinary administration proceedings.

Sundry receivables of 31.2 million euros includes 9.3 million euros for a receivable owed by the Ministry of Farming and Forestry Policies for grants for new facilities awarded in accordance with Legislative Decree No. 173 of April 30, 1998 that have not yet been disbursed; 3.1 million euros for advances to suppliers; 2.0 million euros in receivables owed to Boschi Luigi & Figli S.p.A. by the E.U. Commission, which, pursuant to a decision handed down by the European Union's Court of First Instance on November 26, 2008, has been ordered to pay to 87 E.U. companies refunds equal to a 15.54% increase of the E.U. subsidies provided for the 2000/2001 season; 1.3 million euros receivable from the INPS for wages paid to employees eligible for Supplemental Unemployment Benefits; and 0.5 million euros for advances to employees.

Receivables for litigation-related settlements reflects the amounts still owed by the parties with whom the Company reached a settlement in 2008 to end pending disputes. Essentially, the receivables in question are those owed by Deloitte & Touche S.p.A. and Dianthus S.p.A., which the Group is scheduled to collect in 2009.

A breakdown of Accrued income and prepaid expenses, which totaled 15.8 million euros, is as follows:

(€ m)

	12.31.2008	12.31.2007
Accrued income:		
- Other accrued income	0.4	0.3
Prepaid expenses:		
- Rent and rentals	1.2	0.4
- Insurance premiums	1.1	1.9
- Sundry prepaid expenses	13.1	12.9
Total accrued income and prepaid expenses	**15.8**	**15.5**

Sundry prepaid expenses of 13.1 million euros refer mainly to advance paid to customers in the mass retailing channel on awards for achieving a guaranteed sales minimum. If the assigned targets are not achieved, the Company is entitled to a refund of all or part of the advanced amount.

(11) CASH AND CASH EQUIVALENTS

Cash and investments in financial assets with an original maturity of three months or less at the time of purchase amounted to 901.2 million euros, for an increase of 48.3 million euros compared with December 31, 2007:

(€ m)

	12.31.2008	12.31.2007
- Bank and postal accounts	587.4	850.7
- Cash and securities on hand	1.3	1.6
- Italian treasury bills	310.6	-
- Financial assets	1.9	0.6
Total cash and cash equivalents	**901.2**	**852.9**

Bank and postal accounts of 587.4 million euros represent deposits held at top banking and financial institutions with a high credit rating.

Financial assets, which totaled 1.9 million euros, consist of term deposits.

The increase of 48.3 million euros in Cash and cash equivalents reflects the investment of the cash generated by the Group's operations and the proceeds from litigation settlements in short-term, interest-bearing assets that are highly liquid, offset in part by the payment of 394.5 million euros in dividends and 203.2 million euros in income taxes (including 89.6 million euros owed on proceeds from actions for damages).

There are no circumstances under which available cash and cash equivalents would not be freely usable by the Group.

(12) CURRENT FINANCIAL ASSETS

Current financial assets totaled 706.4 million euros, or 114.7 million euros more than at December 31, 2007:

(€ m)

	12.31.2008	12.31.2007
- Italian treasury bills	331.3	63.8
- Italian treasury bonds	114.0	-
- Bank time deposits	245.0	524.2
- Accrued interest	4.4	1.0
- Derivatives	3.9	0.9
- Financial assets with an original maturity of more than three months but less than 12 months	7.8	1.8
Total current financial assets	**706.4**	**591.7**

The increase of 114.7 million euros reflects primarily the investment in income-producing assets of the proceeds collected in 2008 as a result of litigation settlements.

A list of the main financial assets, broken down by interest rate and maturity, is provided below:

(€ m)

	AMOUNT	PURCHASE DATE	MATURITY	ANNUALIZED RATE
Italian treasury bills	49.7	10/14/08	1/30/09	2.28%
	49.6	10/28/08	1/30/09	2.86%
	19.9	11/3/08	1/30/09	2.34%
	57.5	11/10/08	2/27/09	2.70%
	15.5	11/24/08	4/15/09	2.21%
	29.8	12/2/08	3/16/09	2.23%
	29.8	12/3/08	3/16/09	2.21%
	29.8	12/3/08	3/31/09	2.24%
	49.7	12/12/08	3/31/09	2.12%
	331.3			
Italian treasury bonds	114.0	11/11/08	2/1/09	2.86%
	114.0			
Bank time deposits	50.0	10/17/08	1/19/09	4.95%
	50.0	9/22/08	3/23/09	5.30%
	80.0	9/29/08	3/23/09	5.30%
	65.0	10/3/08	3/23/09	5.30%
	245.0			

The Company uses derivatives to hedge risks related to interest rates and foreign currencies. Derivatives, with a notial amount of 193.2 million euros, include the following:

- 37.0 million euros for an Australian subsidiary that agreed to pay for three years, starting in 2008, a fixed annual rate of 7.5% in Australian dollars on a principal amount of 50 million Australian dollars and 7.47% on a principal amount of 25 million Australian dollars, while the bank counterpart provides a variable three-month Bank Bill Swap Reference Rate (BBSW) in Australian dollars.
- 109.3 million euros for a Canadian subsidiary that in October 2006 agreed to pay until 2011 a fixed annual rate of 4.19% on a principal amount of 185.7 million Canadian dollars, while the bank counterpart provides a variable three-month Bank Acceptance rate.
- 44.3 million euros for a Canadian subsidiary that in December 2006 agreed to pay a fixed annual rate of 4.32% in Canadian dollars on a principal amount of US$61.4 million, while the bank counterpart provides an annual fixed rate of 5% in U.S. dollars.
- 2.6 million euros for a Canadian subsidiary that between April and December 2008 executed forward currency contracts that are due on different dates in 2009. This company, which purchases raw materials and services primarily in the Unites States for an amount of about US$51.8 million a year, is exposed to the foreign exchange risk, which it hedges with forward contracts.

Transactions concerning interest rates were executed concurrently with the execution of the corresponding loan agreements, determining at the outset the applicable interest rate in 50% of the cases.

The table below shows the amounts recognized in the Financial Statements following the measurement of derivatives at fair value:

(€ m)

	12.31.2008			12.31.2007		
	ASSETS FAIR VALUE	LIABILITIES FAIR VALUE[1]	NOTIONAL AMOUNT[2]	ASSETS FAIR VALUE	LIABILITIES FAIR VALUE[1]	NOTIONAL AMOUNT[2]
Interest rate risk hedges		11.0	146.3	0.9		202.9
Foreign exchange risk hedges	0.3		2.6		0.2	
Foreign exchange risk and interest rate risk cross hedges	3.6		44.3		4.4	41.7
Total current and non-current liabilities	**3.9**	**11.0**	**193.2**	**0.9**	**4.6**	**244.6**

(1) Amount included in financial liabilities (7.8 million euros non-current and 3.2 million euros current)

(2) Notional amount: Amount used to compute the performance of the obligations arising from a derivative or a security used as the underlying reference in the pricing of a derivative

The valuation of derivatives at December 31, 2008 compared with December 31, 2007 did not have a material impact on the Income Statement or the Balance Sheet.

(13) AVAILABLE-FOR-SALE ASSETS AND LIABILITIES DIRECTLY ATTRIBUTABLE TO AVAILABLE-FOR-SALE ASSETS

Available-for-sale assets and Liabilities directly attributable to available-for-sale assets, which totaled 18.2 million euros and 10.1 million euros, respectively, included the following:

- Business operations located in Lodi that engage in the production and distribution of cheese and other dairy products. The business operations consisted of real property and real property rights, personal property, liquid assets, trademarks, liabilities toward employees and a provision for restructuring charges and risks, The sales contract was executed on December 23, 2008, effective as of January 1, 2009.
- The Barquisimeto factory in Venezuela, the sale of which to a government-owned company had been the subject of a letter of intent signed in 2007. In 2008, even though the sale had not yet closed, the buyer continued to indicate that it intended to purchase the facility. For this reason, the management of the Venezuelan subsidiary did not interrupt the sale negotiations, even though it received offers from other buyers. A liability of 0.5 million euros for indemnities payable to the employees prior to the sale was recognized at December 31, 2008.
- A building adjoining the South Brisbane plant, which originally was used as a warehouse but was no longer used after the restructuring of the local operations. In 2007, the Australian subsidiary began the process of divesting this asset and is actively engaged in seeking a buyer and completing the sale.

Notes to the Balance Sheet - Shareholders' Equity

At December 31, 2008, the Group's Shareholders' Equity totaled 2,817.2 million euros.

(14) SHARE CAPITAL

The share capital amounted to 1,687,397,257 euros. The change that occurred compared with December 31, 2007 is the result of the following items: (i) the amount of the claims of late-filing creditors and/or of creditors who challenged successfully the exclusion of their claims (charged against reserves established for this purpose), which totaled 28,275,905 euros; and (ii) the amount generated by the exercise of warrants, which totaled 6,701,507 euros.

The table below shows a breakdown of the change in the number of shares outstanding (par value 1 euro each) that occurred in 2008:

12.31.2008	NUMBER OF SHARES
Shares outstanding at 1.1.08	**1,652,419,845**
Shares issued for claims of late-filing creditors and.or upon the settlement of challenges (using reserves established for this purpose)	28,275,905
Shares issued upon the conversion of warrants	6,701,507
Shares outstanding at 1.31.08	**1,687,397,257**

Maximum Share Capital Amount

In accordance with the resolutions approved on March 1, 2005, September 19, 2005 and April 28, 2007, the Company's share capital may reach a maximum of 2,025 million euros as a result of the following increases:

- Increase reserved for creditors with unsecured claims included in the lists of verified claims	1,541.1
- Increase reserved for unsecured creditors with conditional claims and/or who are challenging their exclusion from the lists of verified claims	238.9
- Increase reserved for late-filing creditors	150.0
Total increases reserved for creditors	**1,930.0**
- Shares available for the conversion of warrants	95.0
Total capital increase	**2,025.0**

As explained above, the Company's share capital amounted to 1,687.4 million euros at December 31, 2008. As of the writing of these Notes, it had increased by 4.1 million euros to a total of 1,691.5 million euros. The Group's Parent Company, having carried out a detailed analysis of the challenges filed by creditors excluded from the sum of liabilities and of the claims of late-filing creditors, believes that the equity reserves it has established in connection with these claims are adequate. Any additional claims of late-filing creditors that may arise in the future and are verified by a final court decision can be satisfied using the retained earnings set aside in 2007.

(15) RESERVE FOR CREDITOR CHALLENGES AND CLAIMS OF LATE-FILING CREDITORS CONVERTIBLE INTO SHARE CAPITAL

At December 31, 2008, this reserve convertible into share capital amounted to 193.2 million euros. Utilizations for the period totaled 28.3 million euros, causing the share capital to increase by the same amount.

The utilization of this reserve will cause the share capital of Parmalat S.p.A. to increase by an amount equal to the additional verified claims. The remainder of the reserve, equal to the amount of the rejected claims, will become a freely available reserve. As explained before, Parmalat S.p.A. has already approved a capital increase in an amount equal to the balance in this reserve.

With regard to the Citigroup litigation and, more specifically, the decision handed down by the Court of New Jersey this past October, should this decision become final after review at the appellate level, it will have to be submitted to the Court of Parma, this being the condition on the basis of which Citibank was allowed to file its counterclaim in the United States. It is important to keep in mind that, in its action in the United States, Citibank is seeking to recover the difference between the amount it has collected by virtue of its unsecured claim being verified within the framework of the composition with creditors and 100% of the amount of its claim. Such demand will never be admissible under Italian law, pursuant to which the provisions that make an approved composition with creditors binding on all creditors with claims that predate the debt expunging effect of the composition with creditors are deemed to have the strength of imperative law.

(16) RESERVE FOR CURRENCY TRANSLATION DIFFERENCES

The Reserve for currency translation differences, negative by 148.1 million euros, is used to record differences generated by the translation into euros of the Financial Statements of companies that operate in countries using a currency other than the euro.

(17) SHARES SUBSCRIBED THROUGH THE EXERCISE OF WARRANTS

This reserve refers to the warrants exercised in December 2008 (the corresponding 13,323 shares were issued in January 2009).

At December 31, 2008, there were 70,845,366 warrants outstanding, which are exercisable until December 31, 2015.

(18) CASH FLOW HEDGE RESERVE

The balance in this reserve, negative by 2.2 million euros, reflects changes in the fair value of the effective portion of cash flow hedge derivatives outstanding at December 31, 2008.

The table below shows the changes that occurred in the Cash flow hedge reserve:

(€ m)

	GROSS RESERVE	DEFERRED-TAX LIABILITIES	NET RESERVE
Reserve at January 1 2008	**0.3**	**(0.1)**	**0.2**
Change in 2008	(3.5)	1.1	(2.4)
Reserve at December 31 2008	**(3.2)**	**1.0**	**(2.2)**

(19) OTHER RESERVES

The balance of 139.3 million euros at December 31, 2007 was the combined result of the following items: (i) retained earnings of 96.1 million euros; (ii) a statutory reserve of 4.2 million euros; (iii) a reserve of 3.9 million euros for claims of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims (as required under the terms of the Composition with Creditors) who may be entitled to receive Company shares; and, for the balance, (iv) a reserve of 35.1 million euros that will also be used to satisfy any additional claims of late-filing creditors or creditors with contested claims that are verified by a final court decision.

The Ordinary Shareholders' Meeting of April 9, 2008 approved motions: (i) to set aside in a statutory reserve 5% of the balance of the net profit earned in 2007, equal to 27,733,319 euros; (ii) to appropriate the balance of the net profit earned in 2007 that remained after the allocation to the statutory reserve referred to in Item (i), which amounts to 526,933,061 euros, as follows: (a) as a dividend of 0.159 euros on each of the 1,667,496,728 common shares outstanding at March 28, 2008, for a total of 265,131,980 euros; (b) to a reserve for claims of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims (as required under the terms of the Composition with Creditors) who may be entitled to receive Company shares, for a total of 21,668,493 euros; (c) the balance of 240,132,588 euros to a reserve that will also be used to satisfy any additional claims of late-filing creditors or creditors with contested claims that are verified by a final court decision. In any case, the utilization of this reserve shall never cause the share capital to rise by more than the approved capital increases (totaling 1,930 million euros) and, therefore, may not be more than 30,581,980 euros.

As a result of this resolution, consolidated retained earnings of 769.5 million euros were reduced by a deduction for dividend distributions (265.1 million euros) and additions to the reserve for claims of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims (as required under the terms of the Composition with Creditors) who may be entitled to receive Company shares (21.7 million euros), to the statutory reserve (27.7 million euros) and to the reserve that will also be used to satisfy any additional claims of late-filing creditors or creditors with contested claims that are verified by a final court decision (240.1 million euros), leaving a balance of 214.9 million euros.

At December 31, 2008, Other reserves, which totaled 543.8 million euros, included the following: (i): retained earnings of 214.9 million euros; (ii) a statutory reserve of 31.9 million euros; (iii) a reserve of 21.7 million euros for claims of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims (as required under the terms of the Composition with Creditors) who may be entitled to receive Company shares; (iv) a reserve of 0.1 million euros for the fair value measurement of available-for-sale securities; and (v) for the balance, a reserve of 275.2 million euros that will also be used to satisfy any additional claims of late-filing creditors or creditors with contested claims that are verified by a final court decision, up to a maximum amount of 65.7 million euros.

(20) INTERIM DIVIDENDS

This account, which did not exist in 2007 and had a balance of 130.0 million euros at December 31, 2008, reflects the 2008 interim dividends of 0.077 euros per share declared on September 5, 2008 by the Board of Directors pursuant to Article 2433-*bis*, of the Italian Civil Code, for a total of about 128.4 million euros. This amount was raised by 1.6 million euros for the benefit of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims who may be entitled to receive Company shares, pursuant to the terms of the composition with creditors.

(21) PROFIT FOR THE YEAR

The Group's interest in the profit for the year amounted to 673.1 million euros.

Reconciliation of the Shareholders' Equity of Parmalat S.p.A. to Group Interest in Shareholders' Equity

(€ m)

	SHAREHOLDERS' EQUITY BEFORE RESULT FOR THE YEAR	RESULT FOR THE YEAR	SHAREHOLDERS' EQUITY
Shareholders' equity of Parmalat S.p.A. at 12.31.08	**2,079.7**	**615.4**	**2,695.1**
Elimination of the carrying value of consolidated investments in subsidiaries			
- Difference between the carrying amount and the pro rata interest in the underlying shareholders' equity	196.7	-	196.7
- Pro rata interest in the results of investee companies	-	29.4	29.4
- Reserve for currency translation differences	(148.1)	-	(148.1)
Other adjustments:			
- Elimination of writedowns of subsidiaries	-	61.9	61.9
- Elimination of losses by subsidiaries	5.0	-	5.0
- Elimination of writedowns of receivables owed by subsidiaries	10.8	1.2	12.0
- Elimination of dividends	-	(34.8)	(34.8)
Group Interest in Shareholders' Equity at 12.31.08	**2,144.1**	**673.1**	**2,817.2**
Minority interest in shareholders' equity and result for the period	22,3	2,6	24,9
Consolidated Shareholders' Equity at 12.31.08	**2,166.4**	**675.7**	**2,842.1**

(22) MINORITY INTEREST IN SHAREHOLDER'S EQUITY

At December 31, 2008, the Minority interest in Shareholders' Equity totaled 24.9 million euros. This amount is represented almost entirely by the interest held by minority shareholders in the following companies:

(€ m)

	12.31.2008	12.31.2007
Centrale del Latte di Roma S.p.A.	12.9	12.2
Citrus International SA	4.6	4.7
Parmalat Colombia ltda	2.0	2.1
Parmalat Centroamerica SA	1.9	2.5
Sundry companies	3.5	4.2
Total	**24.9**	**25.7**

Notes to the Balance Sheet - Liabilities

(23) LONG-TERM AND SHORT-TERM BORROWINGS

Long-term borrowings totaled 261.9 million euros. The table below shows the changes that occurred in 2008:

(€ m)

	DUE TO BANKS	DUE TO OTHER LENDERS	OBLIGATIONS UNDER FINANCE LEASES	DUE TO ASSOCIATES	LIABILITIES REPRESENTED BY CREDIT INSTRUMENTS	LIABILITIES FROM DERIVATIVES	TOTAL
Balance at 12.31.07 (A)	**276.9**	**33.9**	**25.4**	**1.1**	**-**	**-**	**337.3**
Changes in 2008:							
- Companies removed from the scope of consolidation (-)	(1.4)	-	(18.2)	-	-	-	(19.6)
- New borrowings	74.1	-	5.4	-	-	-	79.5
- Repayments (principal and interest) (-)	(82.0)	(2.7)	(4.0)	-	-	-	(88.7)
- Accrued interest	6.9	6.3	1.0	-	-	-	14.2
- Discounting to present value	0.2	-	-	-	-	-	0.2
- Mark to market	-	-	-	-	-	4.3	4.3
- Foreign exchange differences on borrowings in foreign currencies	-	9.3	0.3	0.1	-	-	9.7
- Reclassifications from non-current to current (-)	(30.8)	-	(3.7)	-	-	4.2	(30.3)
- Other changes	(7.6)	7.6	-	-	0.7	-	0.7
- Currency translation differences	(37.6)	(6.7)	(0.3)	-	(0.1)	(0.7)	(45.4)
Total changes (B)	**(78.2)**	**13.8**	**(19.5)**	**0.1**	**0.6**	**7.8**	**(75.4)**
Balance at 12.31.08 (A+B)	**198.7**	**47.7**	**5.9**	**1.2**	**0.6**	**7.8**	**261.9**

The amount of 19.6 million euros for companies removed from the scope of consolidation refers to the sale of Newlat S.p.A. in 2008.

New borrowings of 79.5 million euros include the following:

- 120 million Australian dollars drawn from a new three-year syndicated facility of 150 million Australian dollars negotiated in February 2008 to refinance maturing indebtedness and due in February 2011;
- The non-current portion (66.7 million rand) of a facility totaling 80 million rand due in 2013, which was provided by Standard Bank to finance the purchase of a distribution center in Gauteng.

Repayments of 88.7 million euros include the following:

- Repayment in full of a syndicated loan of 120 million Australian dollars due in February 2008 and payment of accrued interest totaling 3.6 million Australian dollars;
- Partial utilization and payment of interest totaling 15.4 million Australian dollars on a new three-year syndicated credit line of 150 million Australian dollars negotiated in February 2008.

Short-term borrowings totaled 236.9 million euros. The following changes occurred in 2008:

(€ m)

	DUE TO BANKS	DUE TO OTHER LENDERS	OBLIGATIONS UNDER FINANCE LEASES	DUE TO ASSOCIATES	LIABILITIES REPRESENTED BY CREDIT INSTRUMENTS	LIABILITIES FROM DERIVATIVES	TOTAL
Balance at 12.31.07 (A)	**229.7**	**6.0**	**5.8**	**4.9**	**0.5**	**4.6**	**251.5**
Changes in 2008:							
- Companies removed from the scope of consolidation (-)	(11.2)	-	(0.6)	-	-	-	(11.8)
- New borrowings	4.9	-	0.2	-	-	-	5.1
- Repayments (principal and interest) (-)	(62.6)	(0.1)	(6.6)	-	(0.5)	-	(69.8)
- Accrued interest	22.8	-	1.0	-	-	-	23.8
- Mark to market	-	-	-	-	-	3.7	3.7
- Translation differences on borrowings in foreign currencies	0.3	0.4	-	0.5	-	-	1.2
- Reclassifications from non-current to current (-)	30.8	-	3.7	-	-	(4.2)	30.3
- Other changes	-	-	(0.1)	-	-	-	(0.1)
- Currency translation differences	4.5	-	(0.2)	(0.4)	-	(0.9)	3.0
Total changes (B)	**(10.5)**	**0.3**	**(2.6)**	**0.1**	**(0.5)**	**(1.4)**	**(14.6)**
Balance at 12.31.08 (A+B)	**219.2**	**6.3**	**3.2**	**5.0**	**-**	**3.2**	**236.9**

The amount of 11.8 million euros for companies removed from the scope of consolidation refers to the sale of Newlat S.p.A. in 2008.

New borrowings of 5.1 million euros included the following:

- Utilization by a Russian subsidiary of 68.0 million rubles in subsidized short-term credit lines.
- Current portion (13.3 million rand) of a facility totaling 80 million rand due in 2013, which was provided by Standard Bank to finance the purchase of a distribution center in Gauteng.

Repayments of 69.8 million euros include the following:

- Payment of the current portion (34 million Canadian dollars) of a syndicated facility due in July 2011.
- Payment of the current portion (51 million rand) of a loan provided by Standard Bank due in October 2009 and the current portion (13.3 million rand) of a loan provided by the same bank in February 2008 and due in 2013. At December 31, 2008, the amount drawn on a short-term credit line had decreased by 40 million rand.
- Repayment of 9.1 million euros in unsecured claims in accordance with the terms of the composition with creditors approved by the creditors of Boschi Luigi & Figli S.p.A.
- Payment of the current portion (5.2 million euros) of a syndicated loan owed by the Portuguese subsidiary.

The amount due to banks includes US$170 million in principal owed by the Group's Venezuelan companies. These liabilities, which were incurred prior to the financial crisis of the Parmalat Finanziaria Group, are being contested in the United States before the courts with jurisdiction over such issues. Parmalat believes that the maximum "sustainable debt" of Parmalat de Venezuela and its subsidiaries is US$30 million (see page 252 of the Prospectus).

The table below provides a breakdown by interest rate intervals of the Group's gross indebtedness, taking into account the impact of any derivative hedges:

(€ m)

	DUE TO BANKS	DUE TO OTHER LENDERS	OBLIGATIONS UNDER FINANCE LEASES	DUE TO SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES	LIABILITIES REPRESENTED BY CREDIT INSTRUMENTS	LIABILITIES FROM DERIVATIVES	TOTAL
Up to 5%	145.7	15.9	0.4	6.2	0.6	11.0	179.8
From 5% to 6%	21.1	38.0	1.5	-	-	-	60.6
From 6% to 7%	-	-	6.0	-	-	-	6.0
From 7% to 8%	55.5	0.1	-	-	-	-	55.6
From 8% to 9%	181.7	-	-	-	-	-	181.7
Over 9%	13.9	-	1.2	-	-	-	15.1
Total current and non-current financial liabilities	**417.9**	**54.0**	**9.1**	**6.2**	**0.6**	**11.0**	**498.8**

(the interest rate includes the credit spread charged over the base rate)

A breakdown by maturity of the Group's gross indebtedness is as follows:

(€ m)

	12.31.2008				12.31.2007			
	DUE WITHIN ONE YEAR	DUE BETWEEN ONE AND FIVE YEARS	DUE AFTER FIVE YEARS	TOTAL	DUE WITHIN ONE YEAR	DUE BETWEEN ONE AND FIVE YEARS	DUE AFTER FIVE YEARS	TOTAL
Due to banks	219.2	198.7	-	417.9	229.7	268.7	8.2	506.6
Due to other lenders	6.3	47.3	0.4	54.0	6.0	33.4	0.5	39.9
Obligations under finance leases	3.2	5.2	0.7	9.1	5.8	7.1	18.3	31.2
Due to subsidiaries, joint ventures and affiliated companies	5.0	-	1.2	6.2	4.9	-	1.1	6.0
Liabilities represented by credit instruments	-	0.6	-	0.6	0.5	-	-	0.5
Liabilities from derivatives	3.2	7.8	-	11.0	4.6	-	-	4.6
Total current and non-current financial liabilities	**236.9**	**259.6**	**2.3**	**498.8**	**251.5**	**309.2**	**28.1**	**588.8**

The table below provides a breakdown of gross indebtedness based on the original transaction currency:

(€ m)

		INTEREST RATE						TOTAL
		UP TO 5%	FROM 5% TO 6%	FROM 6 TO 7%	FROM 7% TO 8%	FROM 8% TO 9%	OVER 9%	
Country	**Currency**							
Canada	CAD	154.1	2.3	1.9	-	-	-	158.3
	USD	9.3	35.6	-	-	-	-	44.9
Australia	AUD	3.2	-	-	55.1	-	-	58.3
Venezuela	USD	-	-	-	-	181.7	-	181.7
South Africa	ZAR	-	-	-	-	-	8.4	8.4
Portugal	EUR	-	12.2	-	-	-	-	12.2
Nicaragua	USD	3.6	-	-	-	-	4.4	8.0
	EUR	-	-	0.1	-	-	-	0.1
Russia	USD	-	-	-	0.5	-	-	0.5
	RUB	-	-	-	-	-	1.6	1.6
	EUR	-	-	1.7	-	-	-	1.7
Italy	EUR	2.3	10.4	2.3	-	-	-	15.0
Other countries		7.3	0.1	-	-	-	0.7	8.1
Total current and non-current financial liabilities		**179.8**	**60.6**	**6.0**	**55.6**	**181.7**	**15.1**	**498.8**

The structure of the Group's financial position is such that the deterioration of international conditions with regard to access to credit (the "credit crunch") that occurred in 2008 did not have a significant impact on the availability of its credit lines. In 2008, the average cost of borrowings was about 7.41%, about the same as in the previous year.

Some of the financing facilities provided to Group companies have been collateralized with corporate assets. More specifically, collateralized loans include: 145.7 million euros received by the Canadian subsidiaries, 54.2 million euros received by the Australian subsidiaries, 9.4 million euros received by Parmalat Portugal, 8.4 million euros received by Parmalat South Africa, 4.4 million euros received by Parmalat S.p.A. and 5.1 million euros received by the Russian and Nicaraguan subsidiaries.

(24) DEFERRED-TAX LIABILITIES

Deferred-tax liabilities of 150.3 million euros are shown net of offsettable deferred-tax assets. The table below shows the changes that occurred in this account in 2008:

(€ m)

Balance at 12.31.07 (A)	**189.1**
Changes in 2008:	
- Increases	11.4
- Utilizations (-)	(29.5)
- Currency translation differences	(20.7)
Total changes (B)	**(38.8)**
Balance at 12.31.08 (A+B)	**150.3**

Increases of 11.4 million euros refer mainly to the tax liability computed on the amortization of goodwill (4.1 million euros) and trademarks (2.6 million euros).

Utilizations of 29.5 million euros reflect mainly reversals of deferred-tax liabilities caused by writedowns of the carrying values of the goodwill allocated to Parmalat S.p.A. (15.6 million euros), and of the *Sole* trademark (5.2 million euros), the *Parmalat* trademark in South Africa (4.0 million euros) and the *Kyr* trademark (0.2 million euros) that were booked as a result of impairment tests.

The Deferred-tax liabilities account reflects the amounts set aside for deferred taxes on temporary differences between reported and taxable asset and liability amounts involving mainly the following items:

(€ m)

	12.31.2008	12.31.2007
- Trademarks and other intangibles	111.8	149.1
- Land	7.6	8.0
- Buildings	7.6	7.9
- Plant and machinery	7.0	6.3
- Present value of subordinated debt	13.4	16.8
- Other items	2.9	1.0
Total	**150.3**	**189.1**

(25) PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefits totaled 87.1 million euros. The table below shows the changes that occurred in this account in 2008:

(€ m)

	PROVISION FOR EMPLOYEE SEVERANCE BENEFITS	DEFINED-BENEFIT PLANS	DEFINED-CONTRIBUTION PLANS	OTHER BENEFIT PLANS	TOTAL
Balance at 12.31.07 (A)	**41.9**	**43.6**	**0.2**	**21.1**	**106.8**
Changes in 2008:					
- Companies removed from the scope of consolidation	(4.6)	-	-	-	(4.6)
- Disposal of business operations	(0.3)	-	-	-	(0.3)
- Increases	2.0	6.7	5.4	18.0	32.1
- Decreases (-)	(3.8)	(9.2)	(5.4)	(16.3)	(34.7)
- Reclassifications to liabilities directly attributable to available-for-sale assets (-)	(2.5)	-	-	-	(2.5)
- Currency translation differences	-	(6.8)	-	(2.9)	(9.7)
Total changes (B)	**(9.2)**	**(9.3)**	**-**	**(1.2)**	**(19.7)**
Balance at 12.31.08 (A+B)	**32.7**	**34.3**	**0.2**	**19.9**	**87.1**

Group companies provide post-employment benefits to their employees both directly and through contributions to funds outside the Group.
The manner in which these benefits are provided varies based on the statutory requirements, tax laws and economic conditions that exist in the various countries in which the Group operates. As a rule, benefits are based on an employee's level of compensation and years of service. The resulting obligations refer both to active and retired employees.

Group companies provide post-employment benefits both through defined-contribution plans and defined-benefit plans.

In the case of defined-contribution plans, Group companies pay contributions to private-sector or public insurance entities in accordance with statutory or contractual requirements or on a voluntary basis. The payment of the abovementioned contributions absolves the companies from all obligations.

Defined-benefit plans can be unfunded or partially or fully funded with contributions provided by the employer and, in some cases, by employees to a company or fund legally separate from the employer that disburses the employee benefits.

Defined-benefit plans are computed using actuarial techniques to estimate the amount of future benefits accrued by employees during the reporting period and in previous years. The computation is made by an independent actuary, using the projected unit credit method.

The provisions for employee severance benefits, which is governed by Article 2120 of the Italian Civil Code, reflects the vested benefits earned by employees in Italy in the course of their employment, which are payable at the end of the employment relationship.
Because this system constitutes an unfunded plan, there are no dedicated plan assets.

As a result of the reform of the regulations that govern supplemental retirement benefits and, specifically, its impact on companies with 50 or more employees, the severance benefits vesting after January 1, 2007, depending on the choices made by the employee, were either invested in supplemental retirement benefit funds or in the "Treasury Fund" managed by the Italian social security administration (INPS). As a result, in accordance with IAS 19, the liability towards the INPS and the contributions to supplemental retirement benefit funds are treated as part of defined-contribution plans.
On the other hand, severance benefits that vested prior to January 1, 2007 and have not yet been disbursed will continue to be treated as part of a defined-benefit plan.

The main Group companies that provide defined-benefit plans to their employees are located in Italy, Australia and Canada. The Australian and Canadian companies hold assets that are earmarked as dedicated plan assets.

FINANCIAL ASSUMPTIONS	AUSTRALIA	CANADA	ITALY
Discount rate (before taxes)	4.0%	7.0%	4.0%
Annual rate of wage increases	4.0%	4.0%	-
Projected return on plan assets (after taxes)	4.0%	7.0%	n.a.

Reconciliation of Plan Assets and Liabilities to the Amounts Recognized on the Balance Sheet

(€ m)

	AUSTRALIA	CANADA	ITALY
Defined-benefit plans (at 12.31.07)	**49.7**	**130.0**	**41.9**
Cost related to current employment	2.1	4.2	-
Financial expense	2.6	6.5	2.0
Contributions to the plan	1.9	0.3	-
Actuarial (gains) losses	5.0	(24.5)	-
Currency translation differences	(9.0)	(17.9)	-
Benefits paid	(8.8)	(6.2)	(3.8)
Cost related to past employment	-	0.7	-
Impact of any plan eliminations or reductions	-	-	-
Companies removed from the scope of consolidation	-	-	(4.6)
Disposal of business operations	-	-	(0.3)
Reclassifications to liabilities directly attributable to available-for-sale assets	-	-	(2.5)
Defined-benefit plans (at 12.31.08)	**43.5**	**93.1**	**32.7**
Fair value of plan assets (at 12.31.07)	**48.4**	**101.4**	**-**
Projected return on plan assets	3.3	2.3	-
Actuarial (gains) losses	(6.3)	(22.2)	-
Currency translation differences	(7.0)	(13.8)	-
Contributions to the plan	1.9	0.3	-
Contributions by plan members	1.5	7.5	-
Benefits paid	(9.2)	(6.2)	-
Fair value of plan assets (at 12.31.08)	**32.6**	**69.3**	**-**
(Assets)/Liabilities (12.31.08)	**10.9**	**23.8**	**32.7**
Unrecognized actuarial gains (losses)	(1.6)	(2.1)	-
Unrecognized amounts in excess of asset ceiling	-	0.4	-
Total (assets)/liabilities recognized on the balance sheet (12.31.08)	**9.3**	**22.1**	**32.7**
Total (assets)/liabilities recognized on the balance sheet (12.31.07)	**11.5**	**28.6**	**41.9**
Total costs recognized on the income statement	1.3	5.1	2.0
Contributions paid	(1.5)	(7.5)	(3.8)
Currency translation differences	(2.0)	(4.1)	-
Companies removed from the scope of consolidation	-	-	(4.6)
Disposal of business operations	-	-	(0.3)
Reclassifications to liabilities directly attributable to available-for-sale assets	-	-	(2.5)
Total (assets)/liabilities recognized on the balance sheet (12.31.08)	**9.3**	**22.1**	**32.7**

Breakdown of Dedicated Plan Assets by Type

(€ m)

	AUSTRALIA	CANADA	ITALY
Third-party equity instruments	32.5	35.4	-
Third-party debt instruments	-	33.8	-
Cash and cash equivalents	-	0.3	-
Total	**32.5**	**69.5**	**-**

The effective return earned on dedicated plan assets was negative by 2.9 million euros in Australia and negative by 19.9 million euros in Canada.

Restatements Required by Experience

The table below shows the difference between previous actuarial estimates and current estimates for the first half of 2008 and the two previous periods:

(€ m)

	DECEMBER 2008	DECEMBER 2007	DECEMBER 2006
Present value of the obligation under defined-benefit plans	140.8	184.8	172.0
Fair value of dedicated plan assets	105.8	158.5	149.0
Deficit/(Surplus)	**35.0**	**26.3**	**23.0**
Total actuarial losses/(gains) generated by experience on the obligation's present value	(19.5)	(5.1)	(8.3)
Total actuarial losses/(gains) generated by experience on the obligation's fair value	20.1	1.9	6.2

The best estimate of the expected pension plan contribution for the 12 months ending December 31, 2009 is 3.4 million euros.

Total Current Costs Recognized on the Income Statement

(€ m)

	AUSTRALIA		CANADA		ITALY	
	2008	2007	2008	2007	2008	2007
Cost related to current employment	2.5	3.1	4.2	4.5	-	0.6
Financial expense	2.6	2.5	6.5	6.3	2.0	2.1
Projected return on dedicated plan assets	(3.3)	(3.3)	(6.5)	(6.2)	-	-
Actuarial (gains)/losses	(0.5)	(0.9)	0.2	(0.7)	-	(2.8)
Cost related to past employment	-	-	0.7	-	-	-
Impact of any elimination or reduction of dedicated plan assets	-	-	-	(0.7)	-	(4.0)
Total	**1.3**	**1.4**	**5.1**	**3.2**	**2.0**	**(4.1)**

(26) PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges totaled 106.1 million euros. The changes that occurred in 2008 are shown below:

(€ m)

	PROVISION FOR TAX-RELATED RISKS AND CHARGES	PROVISION FOR OTHER RISKS AND CHARGES	TOTAL
Balance at 12.31.07 (A)	**75.6**	**73.6**	**149.2**
Changes in 2008:			
- Companies removed from the scope of consolidation (-)	-	(11.2)	(11.2)
- Increases	1.4	6.0	7.4
- Decreases (-)	(2.2)	(11.5)	(13.7)
- Reversals (-)	(11.0)	(7.9)	(18.9)
- Other changes	0.7	(1.7)	(1.0)
- Reclassifications to liabilities directly attributable to available-for-sale assets (-)	-	(7.0)	(7.0)
- Currency translation differences	1.2	0.1	1.3
Total changes (B)	**(9.9)**	**(33.2)**	**(43.1)**
Balance at 12.31.08 (A) + (B)	**65.7**	**40.4**	**106.1**

Provision for Tax-related Risks and Charges

The Provision for tax-related risks and charges refers mainly to tax risks affecting the Venezuelan companies (34.1 million euros), Parmalat S.p.A. (22.5 million euros), and companies in Canada (3.8 million euros) and Colombia (3.0 million euros).

The changes that occurred in 2008 are essentially a reflection of a revision of the estimates of the probable tax liabilities of Parmalat S.p.A. and of the Venezuelan companies.

An analysis of the most significant legal disputes involving Group companies is provided in the chapter of this Report entitled "Legal Disputes and Contingent Liabilities at December 31, 2008."

Provision for Other Risks and Charges

The Provision for other risks and charges of 40.4 million euros covers the following:

(€ m)

	12.31.2008	12.31.2007
Staff downsizing programs	9.3	14.5
Supplemental sales agent benefits	8.1	7.2
Risks on investee companies	7.0	25.2
Legal disputes with employees	5.3	5.5
Litigation	2.6	2.7
Risks on divestments of business operations	1.1	11.2
Disputes with former Group companies	0.2	0.5
INPS installment payments	-	0.4
Miscellaneous	6.8	6.4
Total provision for other risks and charges	**40.4**	**73.6**

The provision for staff downsizing programs is related to a program to provide resignation incentives to employees of Parmalat S.p.A. and Parmalat Distribuzione Alimenti S.r.l. to which the unions have agreed.

The provision for supplemental sales agent benefits represents the liability for benefits payable to sales agents and sales representatives whenever their contracts with the Company is cancelled due to reasons for which they are not responsible.

The provision for risks on investee companies covers the contingent liabilities that may arise from the liquidation of certain Group companies.

The provision for legal disputes with employees is in anticipation of the settlement of disputes that are currently pending in some countries with former Group managers.

The provision for risks on divestments of business operations covers the contingent liabilities that may arise in connection with the sale of some non-strategic business operations.

The decrease of 33.2 million euros in the Provision for other risks and charges is due to the following items: 18.2 million euros from the utilization of a provision set aside the previous year to cover the risk of liabilities that could arise in connection with the divestment of Newlat S.p.A., which was completed on May 28, 2008 upon approval of the transaction by the antitrust authorities; 7.0 million euros from the utilization of a provision set aside the previous year to cover the risk of liabilities that could arise in connection with the divestment of business operations located in Lodi that manufacture and distribute cheese and other dairy products; and 5.2 million euros from the utilization of the provision for staff downsizing programs.

Analysis of the most significant legal disputes involving Group companies is provided in the chapter of this Report entitled “Legal Disputes and Contingent Liabilities at December 31, 2008.”

(27) PROVISION FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS

The Provision for contested preferential and prededuction claims totaled 9.7 million euros. A breakdown of the changes that occurred in 2008 is as follows:

(€ m)

Balance at 12.31.07 (A)	**23.2**
Changes in 2008:	
- Decreases (-)	(13.5)
Total changes (B)	**(13.5)**
Balance at 12.31.08 (A+B)	**9.7**

The provision represents the amount set aside by Parmalat S.p.A. and Boschi Luigi & Figli S.p.A. based on the challenges filed by creditors with verified unsecured claims who are seeking prededuction or preferential status.

If such prededuction or preferential status is granted by a final court decision or as a result of a settlement, the corresponding claims will have to be satisfied in cash for the full amount.

The decrease of 13.5 million euros reflects the reversal of the portion of the provision corresponding to creditors with whom the Company reached settlements in 2008 or creditors who filed legal actions that ended with a final decision benefiting the Group's Parent Company.

Various challenges are in the process of being heard, but no additional information about their outcome is currently available.

(28) TRADE PAYABLES

Trade payables totaled 469.9 million euros, or 62.8 million euros less than at December 31, 2007. A breakdown is as follows:

(€ m)

	12.31.2008	12.31.2007
- Trade payables to suppliers	468.9	531.9
- Advances	1.0	0.8
Total	**469.9**	**532.7**

The main items that account for the change that occurred in 2008 include the appreciation of the euro versus the main currencies of the countries where the Group operates (33.3 million euros) and the deconsolidation of Newlat S.p.A. following its sale in 2008 (27.9 million euros).

(29) OTHER CURRENT LIABILITIES

A breakdown of Other current liabilities, which totaled 125.1 million euros (29.5 million euros less than at December 31, 2007), is provided below:

(€ m)

	12.31.2008	12.31.2007
- Taxes payable	22.5	33.0
- Contributions to pension and social security institutions	6.2	11.4
- Other payables	59.3	64.2
- Accrued expenses and deferred income	37.1	46.0
Total	**125.1**	**154.6**

The main components of taxes payable of 22.5 million euros are the income taxes withheld from employees and independent contractors (7.9 million euros); the liability owed for the Dairy Industry Adjustment Levy, which is a tax paid by consumers to finance a fund for the relaunching of the Australian dairy industry collected by Parmalat Australia on behalf of the government and paid to the government within two months of collection (4.0 million euros); VAT payable (4.0 million euros) and transaction registration taxes payable (1.3 million euros).

As for Contributions to pension and social security institutions, at the end of 2005, the Company reached an agreement with the INPS assigning to this institution the right to collect from the Italian government amounts owed for VAT receivable to offset a portion of the pending liability.
At the end of 2008, the INPS collected all of the amounts assigned to it.

Other payables of 59.3 million euros consist mainly of amounts owed at December 31, 2008 to employees (45.9 million euros) and to members of the corporate governance bodies of Parmalat S.p.A. and its subsidiaries (1.1 million euros).

The main items that account for the decrease of 29.5 million euros in Other current liabilities include the appreciation of the euro versus the main currencies used by the Group (11.5 million euros), the agreement with the INPS assigning to this institution the right to collect from the Italian government amounts owed for VAT receivable (5.6 million euros) and the deconsolidation of Newlat S.p.A. following its sale in 2008 (4.6 million euros).

Accrued expenses and deferred income totaled 37.1 million euros, broken down as follows:

(€ m)

	12.31.2008	12.31.2007
Accrued expenses:		
- Rent and rentals	0.2	0.7
- Insurance premiums	0.1	0.2
- Sundry and miscellaneous accrued expenses	26.8	29.9
Deferred income:		
- Rent and rentals	1.8	1.3
- Sundry and miscellaneous	8.2	13.9
Total accrued expenses and deferred income	**37.1**	**46.0**

Sundry and miscellaneous accrued expenses of 26.8 million euros consist mainly of advertising, promotional and marketing expenses and customer discounts that were already incurred but are payable at a later date.

Sundry and miscellaneous deferred income of 8.2 million euros refers mainly to the deferral of the lives of the corresponding assets of grants toward the construction of production facilities provided pursuant to Legislative Decree No. 173 of April 30, 1998 (4.9 million euros) and of the grant received from POR Sicilia (3.3 million euros).

(30) INCOME TAXES PAYABLE

The balance of 70.6 million euros is lower by 70.2 million euros compared with December 31, 2007. This decrease is the net result of the following items:

- An addition of 104.7 million euros to recognize the liability for the period, including the tax liability on the proceeds from settlements of actions for damages collected in 2008 (33.9 million euros);
- Payments of 154.5 million euros, including 84.1 million euros by Parmalat S.p.A. (including 78.5 million euros in taxes on proceeds from actions for damages, as the balance of the 2007 liability), 49.9 million euros by the Canadian subsidiaries, 5.6 million euros by the Australian subsidiaries, 5.1 million euros by the Colombian subsidiaries and 2.7 million euros by the Venezuelan subsidiaries, with sundry payments accounting for the balance;
- The offsetting of tax assets against tax liabilities for 9.8 million euros.

Guarantees and Commitments

GUARANTEES

(€ m)

	12.31.2008			12.31.2007		
	SURETIES	COLLATERAL	TOTAL	SURETIES	COLLATERAL	TOTAL
Provided on behalf of Group companies	-	0.4	0.4	-	0.6	**0.6**
Provided on behalf of the Company	398.1	226.8	624.9	389.6	301.7	**691.3**
Total guarantees	**398.1**	**227.2**	**625.3**	**389.6**	**302.3**	**691.9**

The guarantees provided by third parties on behalf of the Company (398.1 million euros) refer mainly to guarantees provided by banks and/or insurance companies to government agencies in connection with VAT refunds and with prize contests.

Collateral of 227.2 million euros was provided to banks and other credit institutions to secure financing facilities and consists of assets of the companies receiving the financing facilities or their subsidiaries. The most relevant of these financing facilities were relating to the Canadian subsidiary for about 146 million euros and to the Australian one for about 54 milllion euros.

COMMITMENTS

(€ m)

	12.31.2008	12.31.2007
Commitments:		
- Operating leases	64.6	93.9
within 1 year	*10.7*	*14.7*
from 1 to 5 years	*28.1*	*38.3*
after 5 years	*25.8*	*40.9*
- Other commitments	36.3	62.2
Total commitments	**100.9**	**156.1**

Commitments under operating leases apply mainly to the Group companies in Canada (34.3 million euros), Africa (16.7 million euros) and Australia (13.1 million euros).

Other commitments of 36.3 million euros refer mainly to short-term contracts to purchase raw materials, packaging materials and non-current assets signed by Parmalat Dairy & Bakery (33.4 million euros), Group companies in Africa (1.5 million euros) and Parmalat Australia (1.2 million euros)

In 2004, Parmalat Dairy and Bakery (PDBI, now Parmalat Canada Inc.) signed a loan agreement, the terms of which included an obligation to pay the lenders an amount equal to 10% of PDBI's equity value, should there be a change of control for PDBI or its Parent Company, Parmalat S.p.A.
The Group believes that there is only a remote possibility that the events referred to in the loan agreement may occur. Accordingly, it recognized only a nominal amount in its memorandum accounts to reflect the impact of this clause.

Legal Disputes and Contingent Liabilities at December 31, 2008

The Company and the Group are defendants in civil and administrative proceedings that, based on the information currently available and in view of the provisions that have already been set aside, are not expected to have a material negative impact on the Financial Statements.
The Company is also a plaintiff in a number of actions for damages, liability actions (both civil and criminal) and actions to void in bankruptcy that could have a positive financial impact of significant magnitude on its income statement and balance sheet.

Challenge to the Composition with Creditors

By a decision dated January 16, 2008, the Bologna Court of Appeals rejected the appeal filed against the decision approving the proposal of composition with creditors. The party whose appeal motion was denied has petitioned the Italian Supreme Court (Corte di Cassazione), which has not yet scheduled a hearing. The decision by the Court of Parma approving Parmalat's composition with creditors is provisionally enforceable and is effective vis-à-vis all creditors who may have a claim based on a title, fact or cause that predates the beginning of the extraordinary administration proceedings.

* * *

Information about main proceedings involving the Parmalat Group, updated as of December 31, 2008, is provided below.

CRIMINAL PROCEEDINGS

Criminal Court of Milan

In the proceedings in which numerous individuals, the Independent auditors and Bank of America (the latter in the dual capacity as plaintiff seeking damages and civil defendant) were charged with stock manipulation, oral arguments ended in December. The trial ended with a guilty verdict for Calisto Tanzi. All other defendants, including the employees of Bank of America, were found not guilty (partly on the merit and partly because the statute of limitations ran out on the charges). Parmalat had joined the proceedings as a plaintiff seeking damages, but its claims were denied due to the abovementioned not-guilty verdicts. The Court has not yet released the details of its decision.
In another segment of the stock manipulation proceedings, which is pending before a different section of the Criminal Court of Milan, oral arguments began in 2008. Parmalat did not join these proceedings as a plaintiff seeking damages.

Criminal Court of Parma

Three trials for fraudulent bankruptcy are pending before the Criminal Court of Parma.
In the first one, the defendants are executives and employees of the former Banca di Roma. In these proceedings, Parmalat has withdrawn the claims it put forth when it joined the proceedings as a plaintiff seeking damages, having reached an out-of-court settlement.
In the second one, the defendants are Directors, Statutory Auditors and former employees of Parmalat. Parmalat had joined the proceedings as a plaintiff seeking damages.
In the third one, the defendants are Directors, Statutory Auditors and former employees of the tourism operations of Parmalat, and some bank officers. These banks have been summoned as civilly liable defendants, but are no longer being sued by Parmalat, which has withdrawn the claims it put forth when it joined the proceedings as a plaintiff seeking damages, having reached out-of-court settlements, but is continuing to pursue them against the individuals charged in these proceedings.

In addition, two separate proceedings involving employees of various banks are pending before Preliminary Hearings Judges.
In the first trial, officers and employees of Citigroup/Citibank are being charged with fraudulent bankruptcy. Parmalat joined the proceedings as a plaintiff seeking damages, summoning as civilly liable defendants the Milan, London and New York branches of Citibank, which have not yet responded. These proceedings are still ongoing.
In the second trial, officers and employees of Deutsche Bank are being charged with fraudulent bankruptcy and usury (Deutsche Bank is held civilly liable). Parmalat has withdrawn the claims it put forth when it joined the proceedings as a plaintiff seeking damages, having reached an out-of-court settlement with Deutsche Bank.

CIVIL LAWSUITS IN THE UNITED STATES OF AMERICA

Parmalat filed the following lawsuits in the United States against certain banks and independent auditors.

Parmalat vs. Bank of America et al. - Parmalat vs Grant Thornton Int'l et al.

In the spring of 2008, during the discovery phase of these two proceedings that are pending before a Federal Court in New York, the judge issued an order ruling that the following two preliminary issues had to be resolved before proceeding any further: (i) the issue raised by a recent U.S. Supreme Court decision ("Stoneridge") and (ii) the issue of the "vicarious" liability of Grant Thornton USA and of the Swiss parent company of local affiliates (the bankrupt Italian affiliate in particular). The first issue has been resolved, but not the second one. However, in a summary judgment ruling concerning Deloitte & Touche, the other independent auditors who are defendants in these proceedings, the judge found that a "vicarious" liability could not be excluded for the purpose of proceeding with the discovery phase. When a decision is made about the same issue concerning Grant Thornton, it will probably be consistent with the Deloitte & Touche order.

Parmalat vs. Citigroup, Inc. et al.

In October 2008, a jury reached a decision unfavorable for Parmalat, denying the damage claim that Parmalat filed against Citigroup and granting Citibank's counterclaim. Parmalat filed a motion challenging the jury decision but, as usually happens in these cases, the judge let the verdict stand, leaving any decision about amendments to the Court of Appeals. Parmalat has appealed the verdict and, in this new venue, will continue its efforts to recover the damages caused by Citigroup's conduct. Oral arguments will probably begin before the end of 2009. Should the abovementioned decision become final after review at the appellate level, it will have to be submitted to the Court of Parma, this being the condition on the basis of which Citibank was allowed to file its counterclaim in the United States. It is important to keep in mind that, in its action in the United States, Citibank is seeking to recover the difference between the amount it has collected by virtue of its unsecured claim being verified within the framework of the composition with creditors and 100% of the amount of its claim. Such demand will never be admissible under Italian law, pursuant to which the provisions that make an approved composition with creditors binding on all creditors with claims that predate the debt expunging effect of the composition with creditors are deemed to have the strength of imperative law.

Protection Under Section 304 of the U.S. Bankruptcy Code

The permanent injunction granted by the court to Parmalat pursuant to Section 304 (unamended version) was challenged by a bank (ABN-AMRO), but the court denied the motion, making the injunction final for all purposes.

Parmalat Securities Litigation

On March 2nd, 2009 the New York Federal Court has approved the settlement reached by Parmalat S.p.A. with class plaintiffs, and has certified the class, inclusive of all its members world-wide and for all claims, vis-à-vis Parmalat S.p.A. (and Parmalat S.p.A. in Extraordinary Administration). Parmalat will deliver 10.5 million Parmalat shares as total and final consideration for the settlement, to be issued and delivered within thirty days from when the order becomes final.

CIVIL PROCEEDINGS FILED AGAINST THE GROUP

Insurance Companies vs. Parmalat Finanziaria S.p.A. in A.S.

By decisions filed on September 25, 2007, the Court of Milan denied motions filed by some insurance companies asking that insurance policies taken out by the previous management of the Parmalat Group that provided protection from the risks inherent in the exercise of the offices of Director, Statutory Auditor and General Manager be declared null and void. An appeal filed by the insurance companies is currently pending before the Milan Court of Appeals.

Eurofood IFSC Limited

The hearings concerning the appeal against a decision by the Council of State, which, upholding a decision by the European Court of Justice, ruled that the Italian courts lacked jurisdiction to initiate additional insolvency proceedings, are currently pending before the Court of Cassation.
The action filed by Bank of America currently pending before the Court of Parma is currently on hold, waiting for a decision in the action pending before the Court of Cassation.

Giovanni Bonici vs. Industria Lactea Venezolana

In February 2005, Giovanni Bonici, the former President of Industria Lactea Venezolana C.A., served a summons on the abovementioned company challenging his dismissal, of which he was informed in 2004. The plaintiff is asking that his dismissal be declared invalid and that Industria Lactea Venezolana C.A. be ordered to pay damages for various reasons totaling US$20 million (equal to about 14.7 million euros).

Wishaw Trading SA

Five civil actions have been filed against Wishaw Trading SA, an offshore company based in Montevideo, Uruguay. All actions are related to the defendant's failure to repay its promissory notes which were guaranteed by Parmalat S.p.A. Four cases are pending before a New York court and a fifth case is pending before the Motevideo Court of Appeals.
With regard to the company's tax status, the Uruguayan tax authorities were granted a preventive attachment of the assets of Wishaw Trading S.A. and of the personal assets of its Directors for unpaid taxes owed by the company for 2002 and 2003 and penalties. In addition, there is a tax risk that Wishaw Trading S.A. may lose its status as an offshore holding company and, consequently, cease to enjoy an advantageous tax status available to companies of this type. Alternatively, there is a concrete risk that the tax authorities could challenge the criteria used to determine the taxable assets of Wishaw Trading S.A. for the years from 1999 to 2003. The resulting risk is estimated at about 20 million euros.
Lastly, Wishaw Trading S.A. is no longer under the Group's control.

Bankruptcy of PPL Participações Ltda (formerly Parmalat Participações do Brasil Ltda.)

By a Decree issued on March 13, 2008, the Bankruptcy Court of São Paulo (Brazil), having learned that the Creditors' Committee failed to approve the recovery plan put forth by PPL Participações Ltda in receivership ("recuperaçao judicial"), declared PPL Participações Ltda bankrupt.

CIVIL PROCEEDINGS FILED BY THE GROUP AND SETTLEMENTS

Liability Actions

Acting within the statutory deadlines, Parmalat S.p.A. reinstated its civil liability lawsuits against those defendants in the criminal proceedings that agreed to a plea bargaining arrangement. At a hearing held on June 4, 2008, the Court confirmed a decision dismissing the civil liability lawsuits filed by Parmalat Finanziaria S.p.A. in A.S. and Parmalat S.p.A. but, insofar as the Assumptor is concerned, ordered the resumption of the lawsuits against the parties included in the reinstatement decision. In the reinstated proceedings, the Court, after framing the issues requiring the input of an expert appraiser, ordered the production of a technical report and adjourned the proceedings to October 7, 2009.
In the other liability action, after the parties exchanged defense briefs, oral arguments followed on June 4, 2008. Subsequently, the Court, after framing the issues requiring the input of an expert appraiser, ordered the production of a technical report and adjourned the proceedings to June 5, 2009.

Actions for Damages

The initiatives taken to identify the possible liability of other parties, in addition to the individuals and companies sued in the actions described on earlier occasions, included the filing of additional civil actions with Italian courts. These actions are described in the table provided on the following page. The purpose of these actions is to determine the existence of liability (based on contractual obligations or, when applicable, other obligations) of the defendants who are presumed to have contributed to or aggravated the financial collapse of the plaintiff companies. The purpose of the actions listed in the abovementioned table is to have the courts order the defendants to pay for the damages they caused to the plaintiff companies. The yardstick used to quantify those damages is the magnitude of impairment loss suffered by the plaintiff companies, as well as the part that the plaintiffs played in causing and/or aggravating the impairment loss.

The following additional clarifications also appear to be in order:

As a rule, the defendants have been deemed to be jointly liable, in different manners and with different conditions in the various instances.

It is also important to note that, while the purpose of actions for damages is to effectively restore a plaintiff's assets through the payment of monetary compensation, the payments received as a result of actions for damages reduce the amount of the overall damage suffered by the companies under extraordinary administration based on the principles of joint liability.

Lastly, it is important to keep in mind that by virtue of the court approval of the composition with creditors, the actions for damages filed by the companies under extraordinary administration that were included in the composition with creditors and the right to pursue additional actions have been transferred to Parmalat S.p.A..

ACTIONS FOR DAMAGES FILED BY THE COMPANY THAT ARE CURRENTLY PENDING

(€ m)

PLAINTIFFS	DEFENDANTS	COURT WHERE FILED	PRINCIPAL CLAIM
Parmalat S.p.A. in A.S.; Parmalat Finanziaria S.p.A. in A.S.; Parmalat Finance Corporation BV in A.S.; Parmalat Capital Netherlands BV in A.S.; Parmalat Netherland BV in A.S.; Parmalat Soparfi SA in A.S.	JP Morgan Chase Bank NA.	Parma	The amount determined in the course of the proceedings, but not less than 2,199
Parmalat S.p.A. in A.S.; Parmalat Finanziaria S.p.A. in A.S.; Parmalat Finance Corporation BV in A.S.; Parmalat Soparfi SA in A.S.; Parmalat Netherlands BV in A.S.; Parmalat Capital Netherlands BV in A.S.	JPMorgan Europe Limited; JPMorgan Securities Ltd;	Parma	4,400 plus financial expenses for the bond issues in question (to be quantified in the course of the proceedings) or any other amount awarded by the court.
Parmalat S.p.A. in A.S.	The McGraw-Hill Companies (Standard & Poor's Market Services S.r.l.); The McGraw-Hill Companies (Standard & Poor's Rating Services) SA	Milano	4,074 plus an amount corresponding to the liability for contributing to the financial collapse, which will be determined in the course of the proceeding.
Parmalat S.p.A. in A.S.	J.P. Morgan Chase Bank NA	Parma	2,006.3 or any other amount determined in the course of the proceedings (this amount has been reduced as a result of out-of-court settlements with some defendants).

ACTIONS TO VOID IN BANKRUPTCY

A total of 22 actions to void in bankruptcy are still pending in the discovery phase.

Boschi Luigi & Figli S.p.A. Liability Action

In 2004, Parmalat S.p.A. in A.S., who at that time owned an interest of 89.44% in Boschi Luigi & Figli S.p.A., sued asking the court to find that the former Directors and Statutory Auditors of Boschi Luigi & Figli S.p.A. were liable for the company's collapse.

Due the death of one of the defendants, the lawsuit was interrupted in 2006, but later resumed. At a hearing held on September 17, 2008, the Court dismissed the lawsuit against another defendant, the parties involved having reached a settlement.

Following the filing of a technical report requested by the court, the lawsuit is continuing against the other defendants.

OTHER ACTIONS

PLAINTIFFS	DEFENDANTS	COURT WHERE FILED	PRINCIPAL CLAIM
Parmalat S.p.A.	Parmalat Capital Finance Limited	Parma	An order of protective attachment of the Parmalat shares for up to 22,000,000 euros to secure a receivable of US$25,905,425.00 formerly owed to Parmalat Soparfi SA by Parmalat Capital Finance Limited (an order of attachment was issued with the defendant being absent on 3.30.06 and confirmed with an order dated 7.5.06; a merit action has been filed and a summons has been served).

SETTLEMENTS

The main settlements achieved in 2008 and first months of 2009 are reviewed below:

SETTLEMENT	DATE	TOTAL AMOUNT	REMARKS
Fortis Bank	February 7, 2008	2.8 million euros	Waived the right to file a certified claim for the settlement amount
Banca Monte dei Paschi di Siena S.p.A.	February 21, 2008	79.5 million euros	Waived the right to file a certified claim for the settlement amount
Banca Italease S.p.A.	April 22, 2008	2.5 million euros	Turned over to Parmalat any uncollected receivables and waived the right to file certified claims
UBS	June 13, 2008	182.1 million euros	Waived the right to file a certified claim for the settlement amount
Crédit Suisse	June 13, 2008	171.0 million euros	Waived the right to file a certified claim for the settlement amount
UniCredit Group	August 1 2008	229.7 million euros	Waived the right to file a certified claim for the settlement amount
Deutsche Bank Group	February 6, 2009	76.5 million euros	Waived the right to file a certified claim for the settlement amount
UBI Group	February 6, 2009	11 million euros	Waived the right to file a certified claim for the settlement amount
Banca Popolare di Vicenza Group	February 6, 2009	5.1 million euros	Waived the right to file a certified claim for the settlement amount
Banca Popolare dell'Emilia Romagna Group	February 6, 2009	12.5 million euros	Waived the right to file a certified claim for the settlement amount
Credito Emiliano S.p.A.	February 11, 2009	10 million euros	Waived the right to file a certified claim for the settlement amount
Banco Popolare Group	February 18, 2009	24.2 million euros	Waived the right to file a certified claim for the settlement amount

ADMINISTRATIVE PROCEEDINGS FILED AGAINST THE GROUP

Centrale del Latte di Roma S.p.A.

On November 13, 2008, the Council of State upheld Parmalat's complaint, setting aside a decision by which the Regional Administrative Court of Latium ruled that the sale of Centrale del Latte di Roma S.p.A. to Cirio and its subsequent resale to Eurolat/Parmalat was null and void. Consequently, Centrale del Latte di Roma will continue to be part of the Parmalat Group.

Società Ariete Fattoria Latte Sano has filed a new complaint with the Council of State, challenging its decision of November 13, 2008 (even though it had submitted arguments in its defense at a hearing before the same panel without objection).

DECISIONS AND INVESTIGATIVE PROCEEDINGS BY THE ITALIAN ANTITRUST AUTHORITIES

Antitrust Proceedings Involving Newlat S.p.A.

On May 21, 2008, the Italian Antitrust Authority ordered Parmalat S.p.A. to pay an administrative fine of 2,226,000 euros.
Parmalat, having complied fully with the Italian Antitrust Authority's Resolution No. 16282 on April 18, 2008 (date when the contract to sell the shares of Newlat S.p.A. to TMT Finance SA was executed) and believing that the reasons that prevented it from complying with the October 30, 2007 deadline originally set by Italian Antitrust Authority were beyond its control, challenged the Italian Antitrust Authority's decision of May 21, 2008 before the Regional Administrative Court of Latium, asking that it be set aside.
On February 4, 2009, the Regional Administrative Court of Latium handed down a decisions denying Parmalat's challenge and upholding the Italian Antitrust Authority's decision.

DISPUTES INVOLVING CHALLENGES TO THE COMPOSITION OF THE LISTS OF LIABILITIES

Challenges and Oppositions

At December 31, 2008, disputes stemming from challenges to the composition of the lists of liabilities of the companies included in the Composition with Creditors and late filings of claims involved 199 lawsuits filed before the Court of Parma and 60 lawsuits filed before the Bologna Court of Appeals. A significant portion of these disputes (over 100 lawsuits pending before the lower courts or at the appellate level) involves issues related to Article 2362 of the Italian Civil Code for the period during which Parmalat Finanziaria S.p.A. was the sole shareholder of Parmalat S.p.A. As of December 31, 2008, a total of 529 lawsuits have been adjudicated (the deadline for filing an appeal has not yet expired for 103 of these lawsuits).

* * *

Information about the tax status of Parmalat S.p.A., the Group's Parent Company, and of the main Italian and foreign subsidiaries of the Parmalat Group is provided below.

Italy

At December 31, 2008, the provision for tax-related risks and charges of Parmalat S.p.A. totaled 22.5 million euros, or about 5.1 million euros less than at December 31, 2007

As of this writing, the other Group companies that operate in Italy have no known exposure to contingent tax risks.

The only case worth disclosing is that of the Dalmata S.r.l. subsidiary, which, in December 2008, having been informed orally about the findings of a tax audit by the Parma Revenue Office, received a notice of assessment by which the revenue office denied a corporate income tax refund for the 2003 tax year in the amount of 4 million euros, requested when filing the 2004 Tax Return.
Since there are excellent arguments to successfully contest through legal action the revenue office's refund denial, the company conservatively set aside an amount equal to the accrued interest on this receivable.
The company has filed an application for review and approval and has already been in touch with representatives of the Parma Revenue Office. If the application should fail to produce the desired results, the company will take legal action against the Parma Revenue Office.

Russia

A provision for risks amounting to about 0.7 million euros has been established as a result of a recent tax audit of OOO Urallat, a wholly-owned subsidiary of Parmalat S.p.A. About 40% of the abovementioned amount, representing VAT related charges, was paid to the tax authorities in February 2009.

Group Companies Operating in Other Countries in Europe

The Belgian holding company and Parmalat Portugal have established provisions for contingent tax risks amounting to about 1.3 million euros and about 0.2 million euros, respectively.

Canada

At December 31, 2008, the Financial Statements of Parmalat Canada Inc. included a provision for contingent tax risks amounting to about 3.7 million euros.

Venezuela

Indulac, a Group operating company, established a provision of about 3.8 million euros.
Parmalat de Venezuela, the Group's holding company in Venezuela, has on its books a provision for contingent tax risks amounting to about 30 million euros.
In the rest of Central and South America, the companies that operate in Nicaragua and Colombia have established provisions for risks amounting to 1.4 million euros and 3 million euros, respectively.

Notes to the Income Statement

(31) REVENUES

A breakdown of revenues is as follows:

(€ m)

	2008	2007
Net revenues	3,910,4	3,863,7
Other revenues	29,6	31,1
Total revenues	**3,940,0**	**3,894,8**

A geographic breakdown of net revenues is as follows:

(€ m)

	2008	2007
Italy	1,131.1	1,146.7
Other countries in Europe	164.9	152.2
Canada	1,382.4	1,400.6
Central and South America	452.1	366.1
Australia	445.5	446.7
Africa	337.3	354.1
Other regions[1]	(2.9)	(2.7)
Total net revenues	**3,910.4**	**3,863.7**

(1) Includes holding companies, other minor companies and inter-area eliminations

Other revenues include the following:

(€ m)

	2008	2007
Rebilling of advertising expenses	7.0	6.0
Operating grants	3.2	1.0
Out-of-period income	2.6	4.7
Royalties	2.2	2.4
Gains on the sale of non-current assets	1.9	5.4
Rent	1.7	1.2
Insurance settlements	0.5	0.4
Expense reimbursements	0.2	0.3
Miscellaneous	10.3	9.7
Total other revenues	**29.6**	**31.1**

(32) COSTS

A breakdown of the costs incurred in 2008 is as follows:

(€ m)

	2008	2007
Cost of sales	3,203.6	2,993.9
Distribution costs	414.7	411.0
Administrative expenses	218.2	240.8
Total costs	**3,836.5**	**3,645.7**

A breakdown by type of the costs incurred in 2008 is as follows:

(€ m)

	2008	2007
Raw materials and finished goods	2,105.1	2,074.5
Labor costs	449.4	444.5
Packaging materials	317.0	329.2
Depreciation, amortization and writedowns of non-current assets	213.1	117.5
Freight	178.9	169.9
Sales commissions	104.2	102.5
Energy, water and gas	82.5	79.4
Other services	74.9	73.4
Advertising and sales promotions	67.0	68.0
Maintenance and repairs	47.4	51.1
Supplies	45.9	49.4
Storage, handling and outside processing services	40.1	38.1
Use of property not owned	33.1	37.5
Miscellaneous charges	19.1	20.6
Postage, telephone and insurance	18.4	20.9
Consulting services	17.1	16.9
Writedowns of receivables and additions to provisions	10.7	12.8
Changes in inventories of raw materials and finished goods	6.0	(66.8)
Auditing services	4.2	4.1
Fees to Chairman and Directors	2.0	1.8
Fees to Statutory Auditors	0.4	0.4
Total cost of sales, distribution costs and administrative expenses	**3,836.5**	**3,645.7**

(33) LITIGATION-RELATED EXPENSES

The balance in this account reflects the fees paid to law firms (47.5 million euros) retained as counsel in connection with the actions for damages and actions to void filed by the companies under extraordinary administration prior to the implementation of the Composition with Creditors, which the Company is currently pursuing.

(34) MISCELLANEOUS INCOME (EXPENSE)

Net miscellaneous income totaled 682.8 million euros. A breakdown is as follows:

(€ m)

	2008	2007
Proceeds from actions to void and actions for damages	668.4	642.0
Income/(expense) related to the verification of claims	14.1	(0.7)
Income/(expense) related to tax risks	9.6	(25.8)
Expenses related to discontinuing operations	(1.1)	(11.2)
Expenses related to investee companies	(0.2)	(9.0)
Restructuring costs	(0.1)	(7.0)
Sundry income/(expense)	(7.9)	(13.3)
Total miscellaneous income (expense)	**682.8**	**575.0**

Proceeds from settlements and actions to void include the amounts paid by the Unicredit Group (229.7 million euros), UBS (182.1 million euros), Crédit Suisse (171.0 million euros), Banca Monte dei Paschi di Siena S.p.A. (79.5 million euros), Fortis Bank (2.8 million euros), Banca Italease S.p.A. (2.5 million euros) and other institutions for the balance. These settlements included 123.5 million euros in compensatory damages.

Income related to the verification of claims reflects a revision of the estimated liability for contested preferential and prededuction claims made possible by the settlements reached in 2008 or by lawsuits that ended with a final decision favorable to Parmalat S.p.A..

Income related to tax risks is mainly the result of a revision of the estimated liability for probable tax liabilities of Parmalat S.p.A. and its Venezuelan subsidiaries.

Expenses related to discontinuing operations reflect the risk of contingent liabilities that may arise in the process of divesting some non-strategic assets.

(35) FINANCIAL INCOME AND EXPENSE

Net financial income amounted to 13.5 million euros, broken down as follows:

(€ m)

	2008	2007
Interest earned on accounts with banks and other financial institutions	64.1	27.7
Foreign exchange translation gains	14.3	17.5
Income from cash-equivalent securities	3.7	8.2
Cancellation of the indebtedness with Parmalat Capital Finance in liquidation	-	7.2
Interest received from the tax authorities	2.0	4.1
Other financial income	0.6	0.8
Total financial income	**84.7**	**65.5**
Interest paid on loans	(48.5)	(41.1)
Foreign exchange translation losses	(19.4)	(12.7)
Bank fees	(1.9)	(2.0)
Actuarial losses	(0.2)	(1.4)
Reversals of writedowns of financial assets to reflect amounts collected	-	1.5
Other financial expense	(1.2)	(0.7)
Total financial expense	**(71.2)**	**(56.4)**
Net financial income (expense)	**13.5**	**9.1**

(36) OTHER INCOME FROM (EXPENSES FOR) EQUITY INVESTMENTS

Net other income from equity investments of 5.4 million euros is the result of the following items:

(€ m)

	2008	2007
Gain on the sale of Giglio Srl	3.1	-
Gain on the sale of the investment in Parmafactor S.p.A.	3.1	-
Gain on the sale of Interlatte S.r.l.	-	1.2
Gain on the sale of the investment in Butter Producers	-	0.9
Gain on equity investments in other companies	0.2	1.4
Dividends from equity investments in other companies	-	0.3
Total other income from equity investments	**6.4**	**3.8**
Loss on equity investments in other companies	(1.0)	(0.5)
Total other expenses for equity investments	**(1.0)**	**(0.5)**
Net other income from (expense for) equity investments	**5.4**	**3.3**

(37) INCOME TAXES

Income taxes totaled 82.0 million euros, broken down as follows:

(€ m)

	2008	2007
Current taxes		
- Italian companies	53.7	97.9
- Foreign companies	51.0	59.9
Deferred and prepaid taxes, net		
- Italian companies	(18.8)	4.1
- Foreign companies	(3.9)	(16.3)
Total	**82.0**	**145.6**

Current taxes of Italian companies totaled 53.7 million euros, including 4.1 million euros in local taxes (IRAP) and 49.6 million euros in corporate income taxes (IRES).

Net deferred and prepaid taxes of 22.7 million euros were computed on the temporary differences between the values assigned to assets and liabilities for reporting purposes and tax purposes.

Reconciliation of the Theoretical Tax Liability to the Amount Recognized in the Income Statement

(€ m)

	ITALY	CANADA	AUSTRALIA	AFRICA	OTHER COUNTRIES	TOTAL
Consolidated profit before taxes	**661.6**	**83.2**	**8.7**	**(5.4)**	**9.6**	**757.7**
Theoretical tax rate	27.5%	31.4%	30%	26.1%	-	28.3%
Theoretical tax liability	182.0	26.2	2.6	(1.4)	5.0	214.4
Tax effect on non-taxable income (permanent differences) (-)	(163.4)	-	-	(1.3)	0.7	(164.0)
Tax effect from non-deductible expenses (permanent differences)	21.3	-	0.6	3.6	7.2	32.7
Effect of filing a national consolidated return	(5.3)	-	-	-	-	(5.3)
Tax losses for the year that are not deemed to be recoverable	2.1	-	-	-	3.1	5.2
Recognition of tax loss carryforward (-)	(1.3)	-	(0.4)	-	-	(1.7)
Lower taxes as per income tax return	(1.1)	-	-	-	-	(1.1)
Elimination of temporary differences due to changes in tax rates (-)	-	0.8	-	-	(0.8)	-
Actual income tax liability	**34.3**	**27.0**	**2.8**	**0.9**	**15.2**	**80.2**
IRAP and other taxes computed on a base different from the profit before taxes	1.8	-	-	-	-	1.8
Actual tax liability shown on the income statement at December 31, 2008	**36.1**	**27.0**	**2.8**	**0.9**	**15.2**	**82.0**
Actual tax rate	**5.46%**	**32.41%**	**32.44%**	**n.s.**	**-**	**10.82%**

The Group's actual tax rate (10.82%) is lower than its theoretical tax rate (28.3%) because 544.9 million euros represent proceeds from actions to void.

Other Information

SIGNIFICANT NON-RECURRING TRANSACTIONS

The Group did not execute significant non-recurring transactions or transactions that were atypical or unusual.

NET FINANCIAL POSITION

In accordance with the requirements of the Consob Communication of July 28, 2006 and consistent with the CESR's Recommendation of February 10, 2005 *"Recommendations for a Uniform Implementation of the European Commission's Prospectus Regulation,"* a schedule showing the net financial position of the Parmalat Group at December 31, 2007 is provided below:

(€ m)

	12.31.2008	12.31.2007
A) Cash	1.3	1.6
B) Cash equivalents and readily available financial assets:		
- Bank and postal accounts	587.4	850.7
- Treasury securities	755.9	63.8
- Accrued interest	4.4	1.0
- Time deposits	246.9	524.2
C) Negotiable securities	11.7	3.3
D) Liquid assets (A+B+C)	**1.607.6**	**1,444.6**
E) Current loans receivable	-	-
F) Current bank debt	188.4	187.8
G) Current portion of non-current indebtedness	30.3	41.9
H) Other current borrowings	18.2	21.8
I) Current indebtedness (F+G+H)	**236.9**	**251.5**
J) Net current indebtedness (I-E-D)	**(1,370.7)**	**(1,193.1)**
K) Non-current bank debt	198.7	276.9
L) Debt securities outstanding	-	-
M) Other non-current borrowings	63.2	60.4
N) Non-current indebtedness (K+L+M)	**261.9**	**337.3**
O) Net borrowings (J+N)	**(1,108.8)**	**(855.8)**

The section of this Report entitled "Financial Performance" explains the main developments that occurred in this area and the Groups' risk management policy.

FEES PAID TO THE INDEPENDENT AUDITORS

As required by Article 149 - duodecies of the Issuers' Regulations amended by the Consob Resolution No. 15915 of May 3, 2007, published on May 15, 2007 in Issue No. 111 of the *Official Gazette of the Italian Republic* (S.O. No. 115), the table below lists the fees attributable to 2008 that were paid for services provided to the Group by its independent auditors and by entities included in the network headed by these independent auditors.

(€ m)

TYPE OF SERVICES	CLIENT	2008	2007
A) Audits	Parent Co.	1.2	1.3
B) Assignments involving the issuance of a certification	Parent Co.	-	-
C) Other services	Parent Co.		
- Tax services		-	-
- Development and implementation of non-financial information systems		-	-
- Due diligence		-	-
- Other services to support lawsuit settlements		*1.0*	*0.9*
Total Group Parent Company		**2.2**	**2.2**
A) Audits	Subsidiaries	1.8	2.0
B) Assignments involving the issuance of a certification	Subsidiaries		
C) Other services	Subsidiaries		
- Tax services		*0.3*	*0.3*
- Development and implementation of non-financial information systems		*0.3*	-
- Due diligence		*0.1*	*0.2*
- Other services		*0.2*	*0.3*
Total subsidiaries		**2.7**	**2.8**

BREAKDOWN OF LABOR COSTS BY TYPE

A breakdown is as follows:

(€ m)

	2008	2007
Wages and salaries	323.6	327.4
Social security contributions	57.9	60.0
Severance benefits	38.4	27.9
Other labor costs	29.5	29.2
Total labor costs of continuing operations	**449.4**	**444.5**
Wages and salaries	-	4.2
Social security contributions	-	1.5
Severance benefits	-	0.3
Other labor costs	-	-
Total labor costs of discontinuing operations	**-**	**6.0**
Total labor costs	**449.4**	**450.5**

DEPRECIATION, AMORTIZATION AND WRITEDOWNS

A breakdown is as follows:

(€ m)

	2008	2007
- Amortization of intangibles	21.2	24.6
- Depreciation of property, plant and equipment	72.8	69.4
- Writedowns of non-current assets	119.1	23.5
Total depreciation, amortization and writedowns of non-current assets of continuing operations	**213.1**	**117.5**
- Amortization of intangibles	-	-
- Depreciation of property, plant and equipment	-	2.3
- Writedowns of non-current assets	-	-
Total depreciation, amortization and writedowns of non-current assets of discontinuing operations	**-**	**2.3**
Total depreciation, amortization and writedowns of non-current assets	**213.1**	**119.8**

Writedowns of non-current assets include 111.0 million euros (10.3 million euros in 2007) for the impairment loss suffered by some intangible assets (goodwill and trademarks) in 2008, as determined by the impairment test.
Additional information is provided in the notes to goodwill and trademarks with an indefinite useful life.

EARNINGS PER SHARE

The table below provides a computation of earnings per share in accordance with IAS 33:

(€)

	2008	2007
Group interest in profit broken down as follows:	673,090,904	673,418,698
- Profit from continuing operations	673,090,904	633,368,770
- Profit (Loss) from discontinuing operations	-	40,049,928
Weighted average number of shares outstanding determined for the purpose of computing earnings per share:		
- basic	1,665,195,116	1,648,769,621
- diluted	1,700,590,937	1,705,822,183
Basic profit per share broken down as follows:	*0.4042*	*0.4084*
- Profit from continuing operations	*0.4042*	*0.3841*
- Profit (Loss) from discontinuing operations	*-*	*0.0243*
Diluted profit (loss) per share broken down as follows:	*0.3958*	*0.3948*
- Profit from continuing operations	*0.3958*	*0.3713*
- Profit (Loss) from discontinuing operations	*-*	*0.0235*

The number of common shares outstanding changed subsequent to the balance sheet date due to the following capital increases:

- January 19, 2009: 13,323 euros
- February 20, 2009: 4,059,833 euros

The computation of the weighted average number of shares outstanding (starting with 1,652,419,845 shares outstanding at January 1, 2008) took into account the following changes that occurred in 2008:

- Issuance of 46,169 common shares on 1.21.08
- Issuance of 8,741,676 common shares on 2.29.08
- Issuance of 6,289,038 common shares on 3.28.08
- Issuance of 1,596 common shares on 5.30.08
- Issuance of 142,627 common shares on 7.10.08
- Issuance of 26,985 common shares on 8.29.08
- Issuance of 117,199 common shares on 9.19.08
- Issuance of 75,494 common shares on 10.15.08
- Issuance of 366,533 common shares on 11.13.08
- Issuance of 19,170,095 common shares on 12.22.08

The computation of diluted earnings per share also takes into account the maximum number of issuable warrants (95 million), as set forth in a motion submitted to the Shareholders' Meeting of April 28, 2007.

SEGMENT INFORMATION

The table below, which is prepared in accordance with the disclosure requirements of IAS 14, provides segment information about the Group's operations at December 31, 2008 and the comparable data for 2007. The breakdown by geographic region is consistent with the Group's governance structure and is reflected on the income statement and balance sheet data provided below. The balance sheet data are end-of-year data.

(€ m)

	ITALY	REST OF EUROPE	CANADA	CENTRAL AND SOUTH AMERICA	AUSTRALIA	AFRICA	CONTINUING NON-CORE AND OTHER GROUP OPERATIONS	HOLDING CO.S, ADJSTM. AND ELIMINAT.	TOTAL FOR THE GROUP
2008									
Total net revenues	1,131.1	164.9	1,382.4	452.1	445.5	337.3	0.3	(3.2)	3,910.4
Intra-Group net revenues	(1.7)	-	-	(1.5)	-	-	-	3.2	-
Net revenues	1,129.4	164.9	1,382.4	450.6	445.5	337.3	0.3	-	3,910.4
EBITDA	111.4	24.2	127.8	41.5	27.6	10.0	1.0	(26.9)	316.6
as a % of net revenues	*9.8*	*14.7*	*9.2*	*9.2*	*6.2*	*3.0*			*8.1*
Depreciation, amortization and writedowns of non-current assets	(121.6)	(4.1)	(17.3)	(12.2)	(18.4)	(39.4)	(0.1)	-	(213.1)
Other income and expense:									
- Litigation-related expenses									(47.5)
- Miscellaneous income and expense									682.8
EBIT									**738.8**
Financial income (expense), net									13.5
Interest in the profit (loss) of cos. valued by the equity method									-
Other income from (Expense for) equity investments									5.4
PROFIT BEFORE TAXES									**757.7**
Income taxes									(82.0)
PROFIT FROM CONTINUING OPERATIONS									**675.7**
Profit (Loss) from discontinuing operations									-
PROFIT FOR THE YEAR									**675.7**
Total segment assets	2,609.5	158.6	731.2	224.2	258.3	200.6	73.6	(12.5)	4,243.5
Total non-segment assets									126.3
Total assets									**4,369.8**
Total segment liabilities	400.5	29.0	166.5	92.2	67.0	52.9	12.3	(12.5)	807.9
Total non-segment liabilities									719.8
Total liabilities									**1,527.7**
Capital expenditures (property, plant and equipment)[1]	41.7	9.6	37.6	16.0	15.0	22.3	0.2	-	142.4
Capital expenditures (intangibles)	3.6	-	-	0.1	-	0.5	-	-	4.2
Number of employees	2,343	1,404	2,971	3,750	1,462	2,238	-	-	14,168

(1) Capital expenditures for property, plant and equipment include land and buildings

Additional information about the performance of the different segments in 2008 is provided in the Report on Operations.

(€ m)

	ITALY	REST OF EUROPE	CANADA	CENTRAL AND SOUTH AMERICA	AUSTRALIA	AFRICA	CONTINUING NON-CORE AND OTHER GROUP OPERATIONS	HOLDING CO.S, ADJSTM. AND ELIMINAT.	TOTAL FOR THE GROUP
2007									
Total net revenues	1,146.7	152,2	1,400.6	366.1	446.7	354.1	1.9	(4.6)	3,863.7
Intra-Group net revenues	(0.2)	(0.1)	-	(2.0)	-	-	(2.3)	4.6	-
Net revenues	1,146.5	152.1	1,400.6	364.1	446.7	354.1	(0.4)	-	3,863.7
EBITDA	116.2	20.0	137.0	34.1	37.7	40.4	(0.8)	(18.0)	366.6
as a % of net revenues	*10.2*	*13.1*	*9.8*	*9.3*	*8.4*	*11.4*			*9.5*
Depreciation, amortization and writedowns of non-current assets	(55.8)	(7.0)	(22.0)	(13.2)	(10.9)	(5.2)	(3.4)	-	(117.5)
Other income and expense:									
- Litigation-related expenses									(56.2)
- Miscellaneous income and expense									575.0
EBIT									**767.9**
Financial income (expense), net									9.1
Interest in the profit (loss) of cos. valued by the equity method	-	-	-	-	-	-	(0.4)	-	(0.4)
Other income from (Expense for) equity investments									3.3
PROFIT BEFORE TAXES									**779.9**
Income taxes									(145.6)
PROFIT FROM CONTINUING OPERATIONS									**634.3**
Profit (Loss) from discontinuing operations									40.1
PROFIT FOR THE YEAR									**674.4**
Total segment assets	2.608.3	160.0	840.3	202.0	328.7	265.1	90.0	(13.3)	4,481.1
Total non-segment assets									89.8
Total assets									**4,570.9**
Total segment liabilities	507.7	29.3	190.9	85.4	83.0	61.7	22.1	(13.3)	966.8
Total non-segment liabilities									918.8
Total liabilities									**1,885.6**
Capital expenditures (property, plant and equipment)(1)	44.4	8.0	26.3	9.3	18.3	13.1	0.1	-	119.5
Capital expenditures (intangibles)	4.0	-	0.1	0.2	0.1	0.5	-	-	4.9
Number of employees	2,940	1,383	2,974	3,755	1,432	2,237	-	-	14,721

(1) Capital expenditures for property, plant and equipment include land and buildings

With regard to the breakdown by product, the data shown below are provided exclusively for statistical purposes and do not reflect actual financial statement data. Up to this point, the Group has not established a governance structure to manage income statement or balance sheet data by product line.

(€ m)

	MILK	FRUIT BEVERAGES	DAIRY PRODUCTS	OTHER PRODUCTS	TOTAL FOR THE GROUP
2008					
Net revenues	2,300.5	280.7	1,259.5	69.8	3,910.4
EBITDA	170.6	54.0	115.1	(23.1)	316.6
as a % of net revenues	*7.4%*	*19.2%*	*9.1%*	*-33.1%*	*8.1%*

(€ m)

	MILK	FRUIT BEVERAGES	DAIRY PRODUCTS	OTHER PRODUCTS	TOTAL FOR THE GROUP
2007					
Net revenues	2,270.5	256.3	1,275.8	61.1	3,863.7
EBITDA	187.0	48.9	135.3	(4.7)	366.6
as a % of net revenues	*8.2%*	*19.1%*	*10.6%*	*-7.7%*	*9.5%*

DISCLOSURES REQUIRED BY IFRS 7

The disclosures about financial instruments provided below are in addition to the information provided in the notes to the Financial Statements.

Classification of Financial Instruments by Type

(€ m)

	LOANS AND RECEIVABLES	FIN. ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	HELD TO MATURITY INVESTMENTS	AVAILABLE FOR SALE FINANCIAL ASSETS	TOTAL
12.31.2008						
Other financial assets	4.3	-	-		0.2	**4.5**
Trade receivables	465.5	-	-		-	**465.5**
Other current assets	33.4	-	-		-	**33.4**
Cash and cash equivalents	163.1	-	-	738.1	-	**901.2**
Current financial assets	0.9	3.9	-	701.6	-	**706.4**
Total financial assets	**667.2**	**3.9**	**-**	**1.439.7**	**0.2**	**2,111.0**

(€ m)

	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
12.31.2008				
Financial liabilities	487.8	-	-	**487.8**
Financial liabilities for derivatives	-	7.8	3.2	**11.0**
Trade payables	469.9	-	-	**469.9**
Total financial liabilities	**957.7**	**7.8**	**3.2**	**968.7**

(€ m)

	LOANS AND RECEIVABLES	FIN. ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	HELD TO MATURITY INVESTMENTS	AVAILABLE FOR SALE FINANCIAL ASSETS	TOTAL
12.31.2007						
Other financial assets	6.1	-	-	-	-	**6.1**
Trade receivables	522.4	-	-	-	-	**522.4**
Other current assets	243.2	-	-	-	-	**243.2**
Cash and cash equivalents	677.6	-	-	175.3	-	**852.9**
Current financial assets	-	0.6	0.3	590.8	-	**591.7**
Total financial assets	**1,449.3**	**0.6**	**0.3**	**766.1**	**-**	**2,216.3**

(€ m)

	FINANCIAL LIABILITIES AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
12.31.2007				
Financial liabilities	584.2	-	-	**584.2**
Financial liabilities for derivatives	-	4.6	-	**4.6**
Trade payables	532.7	-	-	**532.7**
Total financial liabilities	**1,116.9**	**4.6**	**-**	**1,121.5**

The carrying value of financial assets and liabilities is substantially the same as their fair value.

Financial assets denominated in currencies other than the euro do not represent a material amount because most of the Group's liquid assets and short-term investments are held by Parmalat S.p.A..
Information about financial liabilities is provided in a schedule included in the Notes to the Consolidated Financial Statements.

Credit Quality of Financial Assets (Liquid Assets and Current Financial Assets)

The table below shows the credit quality of outstanding financial assets that value of which has not been permanently impaired:

(€ m)

	RATING	12.31.2008	12.31.2007
Cash and cash equivalents	A and higher	841.8	599.2
	Not rated	59.4	253.7
Current financial assets	A and higher	705.5	587.7
	Not rated	0.9	4.0
Total		**1,607.6**	**1,444.6**

Cash and cash equivalents invested with a counterparty that is not rated essentially reflect a deposit with an Italian credit institution that operates locally, but more than half of the liquid assets on deposit with this bank are assisted by a counterguarantee in the form a surety provided by an Italian bank rated "superior investment grade".

Breakdown by Maturity of Trade Receivables Owed by Third Parties

In 2008, as was the case in the previous year, no change had to be made to the manner in which assets are recognized.

The value of receivables is immediately written down whenever there is objective evidence of impairment indicators. Assets are written down to a carrying value equal to the present value of the cash flows they are expected to provide in the future. There is an objective evidence that an assets has been impaired when the debtor has serious financial difficulties, has been declared bankrupt or is in composition with creditors proceedings or payment patterns change significantly (a greater number of late payments, for example). Impairment losses are recognized in the income statement through the establishment of a provision for writedowns.

The table below provides a breakdown of the status of trade receivables owed by third parties:

(€ m)

	12.31.2008	PAST DUE AND WRITTEN DOWN RECEIVABLES	PAST DUE BUT NOT WRITTEN DOWN RECEIVABLES	RECEIVABLES THAT ARE NOT PAST DUE OR WRITTEN DOWN
Gross receivables owed by third parties	631.3	312.5	-	318.8
Allowance for doubtful accounts	(165.8)	(165.8)	-	0.0
Net receivables owed by third parties	**465.5**	**146.7**	**-**	**318.8**

Past due and written down receivables refer primarily to disputes that occurred before the October 1, 2005 acquisition date and to disputes with companies in composition with creditors proceedings. The Group does not believe that its at-risk exposure amounts to 146.7 million euros, because most of the past due trade receivables (about 80% of the total) are less than 60 days past due.

A breakdown by maturity of trade receivables owed by third parties the value of which has been permanently impaired is provided below:

(€ m)

	12.31.2008	12.31.2007
Not yet past due	318.8	308.0
up to 30 days past due	81.0	110.9
31 days to 60 days past due	34.2	37.5
61 days to 120 days past due	16.3	26.0
over 120 days past due	15.2	40.0
Total	**465.5**	**522.4**

Trade receivables are denominated in the following currencies:

(€ m)

	12.31.2008
EURO	260.7
CAD	65.5
AUD	46.9
ZAR	38.5
VEF	18.5
Other currencies	35.4
Total	**465.5**

The Group has limited exposure to the foreign exchange risks because, due to the nature of its core business, sales are denominated for the most part in the currency of the country in which each company operates.

Concentration of Trade Receivables Owed by Third Parties by Sales Channel

A breakdown by sales channel of the credit risk exposure related to trade receivables outstanding at the end of the year is as follows:

(€ m)

	12.31.2008	12.31.2007
Modern trade	246.0	311.7
Normal trade	87.9	76.8
Dealers	43.1	41.6
HO.RE.CA.	24.7	25.3
Contract production	15.1	20.0
Other	48.7	47.0
Total	**465.5**	**522.4**

Modern trade: sales to mass retailers.
Normal trade: sales to traditional retailers (e.g.: cash & carry).
HO.RE.CA.: sales to hotels, restaurants, cafeterias and catering businesses.
Dealers: sales through franchises.

The modern trade channel represents 52.8% of the Group's total credit exposure. However, because the counterparties are mass retailers, the collectibility of these receivables is not deemed to be at risk.

The Group did not execute transactions involving the derecognition of financial assets, such as assignments of receivables without recourse to factors.

Contractual Due Dates of Financial Liabilities

The tables that follow show the contractual due dates of financial liabilities:

(€ m)

	CARRYING VALUE	FUTURE CASH FLOWS	WITHIN 60 DAYS[1]	FROM 60 DAYS TO 120 DAYS	FROM 120 DAYS TO 360 DAYS	FROM 1 YEAR TO 2 YEARS	FROM 2 YEARS TO 5 YEARS	MORE THAN 5 YEARS
Financial liabilities	498.8	570.1	201.8	12.0	35.8	43.4	222.6	54.5
Trade payables	469.9	469.9	433.5	24.5	10.0	0.3	0.9	0.7
Balance at 12.31.08	**968.7**	**1,040.0**	**635.3**	**36.5**	**45.8**	**43.7**	**223.5**	**55.2**

(1) The cash flow required for liabilities due within 60 days includes the payment of indebtedness owed by the Venezuelan operations, which is being contested in the U.S. court of venue

(€ m)

	CARRYING VALUE	FUTURE CASH FLOWS	WITHIN 60 DAYS[1]	FROM 60 DAYS TO 120 DAYS	FROM 120 DAYS TO 360 DAYS	FROM 1 YEAR TO 2 YEARS	FROM 2 YEARS TO 5 YEARS	MORE THAN 5 YEARS
Financial liabilities	588.8	653.7	186.3	10.2	43.8	40.3	302.0	71.1
Trade payables	532.7	532.7	432.0	78.8	21.1	0.2	0.6	-
Balance at 12.31.2007	**1,121.5**	**1,186.4**	**618.3**	**89.0**	**64.9**	**40.5**	**302.6**	**71.1**

(1) The cash flow required for liabilities due within 60 days includes the payment of indebtedness owed by the Venezuelan operations, which is being contested in the U.S. court of venue

Sensitivity Analysis

The assumption used in preparing a sensitivity analysis of the market risks to which the Group was exposed at the date of the Financial Statements was a positive and negative variance of 500 bps for all foreign exchange rates and 100 bps for the reference interest rates.
These two risk factors were considered separately. Therefore, the assumption was made that exchange rates do not influence interest rates and vice versa.

The Group does not hold a significant position in financial instruments measured at fair value or denominated in a currency different from the functional currency of each country. Consequently, it doe not a have a significant exposure to foreign exchange and interest rate risks.

Based on the analysis performed, the impact on the Income Statements and Shareholders' Equity of an increase (HYP1) and a decrease (HYP2) of 500 bps in the exchange rates used by the Group on the reference date would have caused a variance of 5.8 million euros in profit for the year and Shareholders' Equity.

Based on the analysis performed, the impact on the Income Statements and Shareholders' Equity of an increase (HYP1) and a decrease (HYP2) of 100 bps in the interest rates used by the Group on the reference date would have caused a variance of 2.3 million euros in profit for the year and Shareholders' Equity.

EXCHANGE RATES USED TO TRANSLATE FINANCIAL STATEMENTS

LOCAL CURRENCY FOR 1 EURO	ISO CODE	12.31.2008 (END OF PERIOD RATE)	12.31.2007 (END OF PERIOD RATE)	CHANGE % (END OF PERIOD RATE)	12.31.2008 (AVERAGE RATE)	12.31.2007 (AVERAGE RATE)	CHANGE % (AVERAGE RATE)
DOLLAR - AUSTRALIA	AUD	2.0274	1.6757	20.99%	1.74162	1.63484	6.53%
PULA - BOTSWANA	BWP	10.5147	8.88614	18.33%	9.98617	8.42066	18.59%
DOLLAR - CANADA	CAD	1.6998	1.44490	17.64%	1.55942	1.46785	6.24%
PESO - COLOMBIA	COP	3,124.48	2,969.59	5.22%	2,870.91	2,841.50000	1.04%
PESO - MEXICO	MXN	19.2333	16.05470	19.80%	16.2911	14.97480	8.79%
NEW METICAL - MOZAMBIQUE	MZM	34.9108	34.82250	0.25%	35.5154	35.03460	1.37%
CORDOBA ORO - NICARAGUA	NIO	27.6226	27.82710	-0.73%	28.4753	25.29530	12.57%
GUARANI - PARAGUAY	PYG	6,861.08	7,139.69000	-3.90%	6,363.51	6,874.96000	-7.44%
NEW LEU - ROMANIA	RON	4.0225	3.60770	11.50%	3.68264	3.33530	10.41%
RUBLE - RUSSIA	RUB	41.283	35.98600	14.72%	36.4207	35.01830	4.00%
LILANGENI - SWAZILAND	SZL	13.0667	10.02980	30.28%	12.059	9.65959	24.84%
U.S. DOLLAR(1)	USD	1.3917	1.47210	-5.46%	1.47076	1.37048	7.32%
BOLIVAR FUERTE - VENEZUELA	VEF	2.9884	3.16104	-5.46%	3.15815	2.94283	7.32%
RAND - SOUTH AFRICA	ZAR	13.0667	10.02980	30.28%	12.059	9.65959	24.84%
KWACHA ZAMBIA	ZMK	6,725.06	5,668.67000	18.64%	5,468.24	5,476.06000	-0.14%

Source: Italian Foreign Exchange Bureau

(1) The reporting currency of the companies located in Ecuador and Cuba is the U.S. dollar

INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES OF THE PARMALAT GROUP

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	 AMOUNT
GROUP'S PARENT COMPANY			
PARMALAT S.P.A. Collecchio	PC	EUR	1,687,397,257
EUROPE			
ITALY			
ALBALAT S.R.L. Albano Laziale (Rome)	LLP	EUR	20,000
BONATTI S.P.A. Parma	C	EUR	28,813,404
BOSCHI LUIGI & FIGLI S.P.A. Collecchio	C	EUR	10,140,000
CARNINI S.P.A. Villa Guardia (CO)	C	EUR	3,300,000
CE.PI.M S.P.A. Parma	C	EUR	6,642,928
CENTRALE DEL LATTE DI ROMA S.P.A. Rome	C	EUR	37,736,000
COMPAGNIA FINANZIARIA ALIMENTI S.R.L. in liquidation(3) Collecchio	LLP	EUR	10,000
COMPAGNIA FINANZIARIA REGGIANA S.R.L. Reggio Emilia	LLP	EUR	600,000
DALMATA S.R.L. Collecchio	LLP	EUR	120,000
DALMATA DUE S.R.L. Collecchio	LLP	EUR	10,000
FIORDILATTE S.R.L. in liquidation(3) Collecchio	LLP	EUR	10,000
HORUS S.R.L.(4)	LLP	EUR	n.a.
JONICALATTE S.P.A. Taranto	C	EUR	1,350,000
LATTE SOLE S.P.A. Collecchio	C	EUR	13,230,073
NUOVA HOLDING S.P.A. in A.S.(5) Parma	C	EUR	25,410,000
PARMALAT DISTRIBUZIONE ALIMENTI S.R.L. Collecchio	LLP	EUR	1,000,000
PISORNO AGRICOLA S.R.L. Collecchio	LLP	EUR	516,400

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) L = Company consolidated line by line; C = Company valued at cost; EM = Company valued by the equity method
(3) Company in liquidation and subsidiaries
(4) Company party to local composition-with-creditors proceedings and subsidiaries
(5) Company under extraordinary administration or noncore company

CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
				100.0000	L
100	Sata S.r.l.	100	0.500	-	C
572,674	Parmalat S.p.A.	572,674	10.256	-	C
10,140,000	Parmalat S.p.A.	10,140,000	100.000	100.0000	L
600	Parmalat S.p.A.	600	100.000	100.0000	L
464,193	Parmalat S.p.A.	464,193	0.840	-	C
5,661,400	Parmalat S.p.A.	5,661,400	75.013	75.0130	L
10,000	Dalmata S.r.l.	10,000	100.000	100.0000	L
10,329	Parmalat S.p.A.	10,329	1.722	-	C
1	Parmalat S.p.A.	1	100.000	100.0000	L
1	Dalmata S.r.l.	1	100,000	-	C
4,000	Dalmata S.r.l.	4,000	40.000	-	EM
n.a.	Sata S.r.l.	n.a.	1.000		C
250,000	Parmalat S.p.A.	250,000	18.520	-	C
13,230,073	Parmalat S.p.A.	13,230,073	100.000	100.0000	L
100	Sata S.r.l.	100	0.0003	-	C
1	Parmalat S.p.A.	1	100.000	100.0000	L
511,236 5,164	Sata S.r.l. Parmalat S.p.A.	511,236 5,164	99.000 1.000 100.000	100.0000	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	SHARE CAPITAL AMOUNT
SATA S.R.L. Collecchio	LLP	EUR	500,000
Soc. Trasp. Extraurb. Cons. Alessandro Volta Como		EUR	742.97
SO.GE.AP S.P.A. Parma	C	EUR	3,631,561.64
TECNOALIMENTI SCPA Milan	C	EUR	780,000
AUSTRIA			
PARMALAT AUSTRIA GMBH Vienna	F	EUR	36,336.42
BELGIUM			
PARMALAT BELGIUM SA Brussels	F	EUR	1,000,000
NETHERLANDS			
DAIRIES HOLDING INTERNATIONAL BV in a.s.(5) Rotterdam	F	EUR	244,264,623.05
GERMANY			
DEUTSCHE PARMALAT GMBH in A.S.(5) Weissenhorn	F	EUR	4,400,000
PARMALAT MOLKEREI GMBH in A.S.(5) Gransee	F	EUR	600,000
LUXEMBOURG			
OLEX SA in a.s.5 Luxembourg	F	EUR	578,125
PORTUGAL			
PARMALAT PORTUGAL PROD. ALIMENT. LDA Sintra	F	EUR	11,651,450.04
EMBOPAR Lisbon	F	EUR	241,500
CNE - Centro Nacional de Embalagem Lisbon	F	EUR	488,871.88
ROMANIA			
LA SANTAMARA S.R.L. Baia Mare	F	RON	6,667.50
PARMALAT ROMANIA SA Comuna Tunari	F	RON	26,089,760

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) L = Company consolidated line by line; C = Company valued at cost; EM = Company valued by the equity method
(3) Company in liquidation and subsidiaries
(4) Company party to local composition-with-creditors proceedings and subsidiaries
(5) Company under extraordinary administration or noncore company

CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
500,000	Parmalat S.p.A.	500,000	100.000	100.0000	L
	Camini S.p.A.		0.710	-	C
1,975	Parmalat S.p.A.	1,975	0.725	-	C
	Parmalat S.p.A.		4.330	-	C
1	Parmalat S.p.A.	1	100.000	100.0000	L
40,000	Parmalat S.p.A.	40,000	100.000	100.0000	L
40 ord. 542,765,829 pref.	Dalmata S.r.l. Dalmata S.r.l.	40 542,765,829	0.008 99.992 100,000	-	C
4,400,000	Dalmata S.r.l.	4,400,000	100.000	-	C
540,000	Deutsche Parmalat Gmbh in AS	540,000	90.000	-	C
22,894	Dairies Holding Int.l Bv in AS	22,894	99.001	-	C
11,651,450	Parmalat S.p.A. Parmalat Distribuz. Alim. S.r.l. Latte Sole S.p.A.	11,646,450 1,500 3,500	99.957 0.013 0.030 100.000	100.0000	L
4,830	Parmalat Portugal	70	1.449	-	C
897	Parmalat Portugal	1	0.111	-	C
635	Parmalat S.p.A. Parmalat Romania SA	535 100	84.252 15.748 100.000	99.9999	L
2,608,957	Parmalat S.p.A.	2,608,957	99.993	99.9993	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	SHARE CAPITAL AMOUNT
RUSSIA			
OAO BELGORODSKIJ MOLOCNIJ KOMBINAT Belgorod	F	RUB	67,123,000
OOO DEKALAT Saint Petersburg	F	RUB	100,000
OOO PARMALAT EAST Moscow	F	RUB	42,147,000
OOO PARMALAT MK Moscow	F	RUB	81,015,950
OOO PARMALAT SNG Moscow	F	RUB	152,750
OOO URALLAT Berezovsky	F	RUB	129,618,210
OOO FORUM Severovo	F	RUB	10,000
SWITZERLAND			
PARMALAT INTERNATIONAL SA(3) Lugano	F	CHF	150,000
NORTH AMERICA			
CANADA			
LACTANTIA LIMITED Victoriaville	F	CAD	5
PARMALAT CANADA INC. Toronto	F	CAD	982,479,550
MEXICO			
PARMALAT DE MEXICO S.A. de C.V. (3) Jalisco	F	MXN	390,261,812
CENTRAL AMERICA			
BRITISH VIRGIN ISLANDS			
ECUADORIAN FOODS COMPANY INC Tortola	F	USD	50,000
COSTA RICA			
LACTEOS AMERICANOS LACTAM SA(5) San Ramon	F	CRC	12,000
CUBA			
CITRUS INTERNATIONAL CORPORATION SA La Habana	F	USD	11,400,000

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) L = Company consolidated line by line; C = Company valued at cost; EM = Company valued by the equity method
(3) Company in liquidation and subsidiaries
(4) Company party to local composition-with-creditors proceedings and subsidiaries
(5) Company under extraordinary administration or noncore company

CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
66,958,000	Parmalat S.p.A.	66,958,000	99.754	99,7542	L
1	Parmalat S.p.A.	1	100.000	100.0000	L
2	Parmalat S.p.A.	2	100.000	100.0000	L
1	Parmalat S.p.A.	1	100.000	100.0000	L
2	Parmalat S.p.A.	2	100.000	100.0000	L
1	Parmalat S.p.A.	1	100.000	100.0000	L
10,000	OOO Parmalat MK	10,000	100.000	100.0000	L
150	Parmalat S.p.A.	150	100.000	-	C
89,259	Parmalat Canada Inc.	89,259	100.000	100.0000	L
848,019 Class A 134,460 Class B	Parmalat S.p.A. Parmalat S.p.A.	848,019 134,460	86.314 13.685 100.000	100.0000	L
390,261,812	Parmalat S.p.A.	390,261,812	100.000	100.0000	L
25,500	Parmalat S.p.A.	25,500	51.000	51.0000	L
12	Parmalat Centroamerica SA	12	100.000	-	C
627	Parmalat S.p.A.	627	55.000	55.0000	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	SHARE CAPITAL AMOUNT
NICARAGUA			
PARMALAT NICARAGUA SA Managua	F	NIO	2,000,000
PARMALAT CENTROAMERICA SA Managua	F	NIO	4,000,000
SOUTH AMERICA			
NETHERLANDS ANTILLES			
CURCASTLE CORPORATION NV Willemstad	F	USD	6,000
BRAZIL			
PRM ADMIN E PART DO BRASIL LTDA(3) São Paulo	F	BRL	1,000,000
CHILE			
PARMALAT CHILE SA(5) Santiago	F	CLP	13,267,315,372
COLOMBIA			
PARMALAT COLOMBIA LTDA Santafè de Bogotá	F	COP	20,466,360,000
PROCESADORA DE LECHES SA (Proleche sa) Medellin	F	COP	173,062,136
ECUADOR			
PARMALAT DEL ECUADOR SA (form. Leche Cotopaxi Lecocem SA) Latacunga	F	USD	6,167,720
LACTEOSMILK SA (form. Parmalat del Ecuador SA) Quito	F	USD	345,344
PRODUCTOS LACTEOS CUENCA SA PROLACEM Cuenca	F	USD	35,920
PARAGUAY			
PARMALAT PARAGUAY SA Asuncion	F	PYG	9,730,000,000
URUGUAY			
AIRETCAL SA(5) Montevideo	F	UYU	9,198,000
WISHAW TRADING SA(5) Montevideo	F	USD	30,000

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) L = Company consolidated line by line; C = Company valued at cost; EM = Company valued by the equity method
(3) Company in liquidation and subsidiaries
(4) Company party to local composition-with-creditors proceedings and subsidiaries
(5) Company under extraordinary administration or noncore company

CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
2,000	Parmalat S.p.A. Curcastle Corporation NV	57 1,943	2.850 97.150 100.000	100.0000	L
2,040	Parmalat Nicaragua SA	2,040	51.000	51.0000	L
6,000	Parmalat Austria gmbh	6,000	100.000	100.0000	L
810,348	Parmalat S.p.A.	810,348	81.035	-	C
2,096,083	Parmalat S.p.A.	2,096,083	99.999	-	C
20,466,360	Parmalat S.p.A.	18,621,581	90.986	90.986	L
138,090,576	Parmalat S.p.A. Dalmata S.r.l. Parmalat Colombia Ltda	131,212,931 4,101,258 2,776,387	94.773 2.962 2.005 99.741	99.5595	L
154,021,745	Lacteosmilk SA (form. Parmalat del Ecuador SA)	154,021,745	99.889	99.8889	L
8,633,599	Parmalat S.p.A. Parmalat Colombia Ltda	8,633,598 1	100.000	100.0000	L
872,732	Ecuadorian Foods Co. Inc	872,732	97.185	49.5643	L
9,632	Parmalat S.p.A.	9,632	98.993	98.993	L
9,198,000	Parmalat S.p.A.	9,198,000	100.000	-	C
230	Parmalat S.p.A. Parmalat Paraguay SA Parmalat de Venezuela CA	50 90 90	16.667 30.000 30.000 76.667	-	C

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	SHARE CAPITAL AMOUNT
VENEZUELA			
DISTRIBUIDORA MIXTA DE ALIMENTOS CA (DISMALCA) Caracas	F	VEF	3,300
INDUSTRIA LACTEA VENEZOLANA CA (INDULAC) Caracas	F	VEF	34,720,471.6
PARMALAT DE VENEZUELA CA Caracas	F	VEF	2,324,134
QUESOS NACIONALES CA QUENACA Caracas	F	VEF	3,000,000
AFRICA			
BOTSWANA			
PARMALAT BOTSWANA (PTY) LTD Gaborone	F	BWP	3,000
MAURITIUS			
PARMALAT AFRICA LIMITED Port Louis	F	USD	55,982,304
MOZAMBIQUE			
PARMALAT PRODUTOS ALIMENTARES SARL Matola	F	MZM	57,841,500
SOUTH AFRICA			
ANDIAMO AFRIKA (PTY) LTD Stellenbosch	F	ZAR	100
PARMALAT FOOD INDUSTRIES SOUTH AFRICA (PTY) LTD Stellenbosch	F	ZAR	4,000
PARMALAT SOUTH AFRICA (PTY) LTD Stellenbosch	F	ZAR	1,368,288.73
NEW FARMERS DEVELOPMENT CO LTD Durbanville	F	ZAR	51,420,173
SWAZILAND			
PARMALAT SWAZILAND (PTY) LTD Mbabane	F	SZL	100
ZAMBIA			
PARMALAT ZAMBIA LIMITED Lusaka	F	ZMK	27,281,000

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) L = Company consolidated line by line; C = Company valued at cost; EM = Company valued by the equity method
(3) Company in liquidation and subsidiaries
(4) Company party to local composition-with-creditors proceedings and subsidiaries
(5) Company under extraordinary administration or noncore company

CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
3,300	Indu.Lac.Venezol. ca-Indulac	3,300	100.000	98.8202	L
343,108,495	Parmalat de Venezuela CA	343,108,495	98.820	98.8202	L
2,324,134	Parmalat S.p.A.	2,324,134	100.000	100.0000	L
3,000,000	Indu.Lac.Venezol. ca-Indulac	3,000,000	100.000	98.8202	L
2,900	Parmalat Africa Ltd	2,900	96.667	96.6670	L
55,982,304	Parmalat Austria gmbh Parmalat S.p.A.	53,560,373 2,421,931	95.674 4.326 100.000	100.0000	L
536,415	Parmalat Africa Ltd	536,415	92.739	92.7390	L
51	Parmalat South Africa (Pty) Ltd	51	51.000	51.0000	L
4,000	Parmalat Austria Gmbh	4,000	100.000	100.0000	L
122,000,000 ord. 10,000 pref. 14,818,873	Parmalat Africa Ltd Parmalat Africa Ltd Parmalat S.p.A.	122,000,000 10,000 14,818,873	89.163 0.007 10.830 100.000	100.0000	L
150,000	Parmalat South Africa (Pty) Ltd	150,000	0,292	-	C
60	Parmalat Africa Ltd	60	60.000	60.0000	L
19,505,915	Parmalat Africa Ltd	19,505,915	71.500	71.5000	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR	SHARE CAPITAL AMOUNT
ASIA			
CHINA			
PARMALAT (ZHAODONG) DAIRY CORP. LTD[5] Zhaodong	F	CNY	56,517,260
INDIA			
SWOJAS ENERGY FOODS LIMITED in liquidation[3] Shivajinagar	F	INR	309,626,500
THAILAND			
PATTANA MILK CO LTD Bangkok	F	THB	50,000,000
SINGAPORE			
QBB SINGAPORE PTE LTD	E	SGD	1,000
OCEANIA			
AUSTRALIA			
MONTAGUE MOULDERS PTY LTD South Brisbane	F	AUD	200
PARMALAT AUSTRALIA LTD South Brisbane	F	AUD	222,627,759
PORT CURTIS MOULDERS PTY LTD South Brisbane	F	AUD	200
QUANTUM DISTRIBUTION SERV. PTY LTD South Brisbane	F	AUD	8,000,000

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) L = Company consolidated line by line; C = Company valued at cost; EM = Company valued by the equity method
(3) Company in liquidation and subsidiaries
(4) Company party to local composition-with-creditors proceedings and subsidiaries
(5) Company under extraordinary administration or noncore company

EQUITY INVESTMENT					
TOT. NUMBER OF SHARES/CAPI. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD (2)
53,301,760	Parmalat S.p.A.	53,301,760	94.311	-	C
21,624,311	Parmalat S.p.A.	21,624,311	69.840	-	C
2,500,000	Parmalat Australia Ltd	2,500,000	5.000	-	C
232	Parmalat Australia Ltd	232	23.200	-	C
200	Parmalat Australia ltd	200	100.000	100.0000	L
22,314,388 ord. 200,313,371 pr.	Parmalat Belgium SA Parmalat S.p.A.	22,314,388 200,313,371	100.000 0.000 100.000	100.0000	L
200	Parmalat Australia Ltd	200	100.000	100.0000	L
8,000,000	Parmalat Australia Ltd	8,000,000	100.000	100.0000	L

COMPANIES ADDED TO THE PARMALAT GROUP IN 2008

COMPANY	COUNTRY	REASON	CONSOLIDATION METHOD
Jonicalatte S.p.A.	Italy	Acquisition	Cost

COMPANIES REMOVED FROM THE PARMALAT GROUP IN 2008

COMPANY	COUNTRY	REASON	CONSOLIDATION METHOD
Airon S.r.l. in liquidation	Italy	Sold	Cost
F.lli Strini Costruzioni Meccaniche S.r.l. in a.s.	Italy	Dissolved	Cost
Impianti Sportivi Parma S.r.l.	Italy	Merged into Dalmata Due S.r.l.	Cost
Newlat S.p.A.	Italy	Sold	Line by line
OOO Farm	Russia	Merged into OOO Parmalat MK	Line by line
Parmalat Dairy & Bakery Inc.	Canada	Merged into Parmalat Canada Inc.	Line by line
Parmalat Trading South America	Uruguay	Sold	Cost
PPL Participaçoes do Brasil Ltda	Brazil	Declared bankrupt	Cost
Food Receivables Corporation S.r.l. in liquidation	Italy	Merged into Dalmata Due S.r.l.	Cost
Parmacqua S.r.l.	Italy	Sold	Equity method
ACN 009 698 015 (ex Parmalat Australia Ltd)	Australia	Dissolved	Line by line
Parmalat France sa in liquidation	France	Sold	Cost
Parmalat Asia (EWP) Limited in liquidation	Thailand	Dissolved	Cost
Satalux sa	Luxembourg	Sold	Cost
Lacteos San Miguel sa de c.v.	El Salvador	Dissolved	Cost
Giglio S.r.l. in liquidation	Italy	Merged into Dalmata Due S.r.l.	Cost
9161-5849 Québec Inc.	Canada	Dissolved	Cost
2975483 Canada Inc.	Canada	Dissolved	Line by line
Arilca sa	Spain	Dissolved	Line by line
Parmaleche de Costarica sa	Costa Rica	Sold	Cost
Parmafactor S.p.a. in liquidation	Italy	Sold	Cost

Signed: Raffaele Picella
Chairman

Signed: Enrico Bondi
Chief Executive Officer

Certification of the Consolidated Financial Statements

pursuant to Article 81-ter of CONSOB Regulation n. 11971 (which cites Articles 154-bis, paragraph 5 TUF), of May 14, 1999, as amended

The undersigned Enrico Bondi, in his capacity as Chief Executive Officer and Pier Luigi De Angelis in his capacity as Dirigente Preposto alla redazione dei documenti contabili (Executive Officer responsible for drawing up the financial reports) of Parmalat SpA, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

ATTEST

1. the adequacy in relation to the company's characteristics (also taking into account any changes during the financial period) and the effective application of the accounting and administrative procedures used for the formation of the consolidated accounts during the period 2008. The valuation of the accuracy of the accounting and administrative procedures for the formation of the consolidated accounts as at 31 December 2008 has been performed coherently to the model *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* which represents the reference scheme at international level that is generally accepted;

2. in addition, it is certified that:

a) the Consolidated Financial Statements correspond to the books and accounting records;

b) the Consolidated Financial Statements are drawn up in accordance with the International Financial Reporting Standards adopted by the European Union and with the provisions of Legislative Decree no.38/2005 and provide a true and fair representation of the assets and liabilities and financial situation of the issuer and of the group of companies included in the consolidation;

c) the report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

March 4th, 2009

Signature of the CEO

Signature of *Dirigente Preposto*
(Executive Officer responsible
for drawing up the financial reports)

Report of the Independent Auditors

Parmalat Group

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 156 OF LEGISLATIVE DECREE 24.2.1998, N° 58

To the Shareholders of
Parmalat SpA

1 We have audited the consolidated financial statements of Parmalat SpA and its subsidiaries ("The Parmalat Group") consisting of the consolidated balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and explanatory notes, as at 31 December 2008. Parmalat SpA's Directors are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by European Union, as well as with the regulations issued to implement article 9 of the Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standard and criteria recommended by CONSOB. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement and, taken as a whole, are fairly presented. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 18 March 2008.

3 In our opinion, the consolidated financial statements of Parmalat SpA as of 31 December 2008 have been prepared in accordance with International Financial Reporting Standards adopted by European Union as well as with the regulations issued to implement article 9 of the Legislative Decree n° 38/2005; accordingly, they give a true and fair view of the financial position, of the changes in shareholders' equity and of the results of operations and cash flows for the year then ended of the Parmalat Group.

PRICEWATERHOUSECOOPERS

4 The directors of Parmalat SpA are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the consolidated financial statements, as required by art.156, paragraph 4-bis, letter d), of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. PR 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of the Parmalat Group as of 31 December 2008.

Milan, 12 March 2009

PricewaterhouseCoopers SpA

Signed by
Elena Cogliati
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

Report of the Board of Statutory Auditors

(Courtesy translation)

Report of the Board of Statutory Auditors to the Shareholders' Meeting
(pursuant to Article 153 of Legislative Decree No. 58/1998 and Article 2429, of the Italian Civil Code)

Dear Shareholders:

In 2008, the Board of Statutory Auditors performed its oversight function in accordance the provisions of current laws and regulations and in a manner consistent with the conduct guidelines recommended by the Italian Board of Certified Public Accountants and Bookkeepers, while performing the tasks assigned to us pursuant to Article 149 of Legislative Decree No. 58/1998 (Uniform Financial Code) and providing the disclosures required by Article 153 of the Uniform Financial Code and Article 2429 of the Italian Civil Code, in a manner consistent with the Communications issued by the Consob.

We remind you that the task of auditing the financial statements was assigned to the Independent Auditors PricewaterhouseCoopers S.p.A., whose report should be consulted for the relevant information.

Information about compliance with the provisions of the Corporate Governance Code for Listed Companies published by Borsa Italiana S.p.A. is provided in the section of the Report on Operations that contains the Annual Report on Corporate Governance. The Report lists the recommendations of Borsa Italiana's Code that were adopted and explains the reasons for any deviations from the Code's recommendations. The Board of Directors is comprised of 11 members, nine of whom are independent Directors. The Board of Directors has established a Nominating and Compensation Committee, an Internal Control and Corporate Governance Committee and a Litigation Committee. Each of these Committees is comprised of three independent Directors. The Board of Statutory Auditors verified that the criteria and review procedures adopted by the Board of Directors to assess the independence of individual Directors were being properly applied. The results of this process were disclosed to the market.

In 2008, the Board of Directors met 13 times, including four meetings held before the Shareholders' Meeting that elected the current Board of Directors on April 9, 2008. We attended all of these meetings. The meetings were held in full compliance with the provisions of the Bylaws and of laws and regulations that govern the operations of the Board of Directors. At the abovementioned meetings, as required by the Company's corporate governance rules, the Directors provided information about the general performance of the Company's operations and the business outlook. They also reported on the work they performed and provided information about material transactions with an impact on the Company's operating performance, financial position and balance sheet involving the Company and/or its subsidiaries.

The Internal Control and Corporate Governance Committee met eight times in 2008. A Statutory Auditor attended all of these meeting and the Independent Auditors attended two meetings.

In 2008, the Nominating and Compensation Committee met three times and the Litigation Committee met 10 times.

The Board of Statutory Auditors held 13 meetings in 2008. The Statutory Auditors verified that they were in compliance with the relevant independence requirements, as set forth in Section 10.C.2 of Borsa Italiana's Corporate Governance Code.

We met regularly with the Independent Auditors to exchange data and information. No issues that would require disclosure in this report were raised at these meetings.

We verified that the relevant provisions of the law and of the Articles of Incorporations were complied with and found that no disclosure was required with regard to this issue.

We verified that the principles of sound management were being followed and ascertained that all transactions that were approved and implemented by the Board of Directors were in compliance with the law and the Bylaws, were not in contrast with resolutions approved by the Shareholders' Meeting, did not create a conflict of interests and were consistent with the principles of sound management.

We became acquainted with the Company's organizational structure and, insofar as the issues under our jurisdiction are concerned, verified that it was performing adequately. In pursuit of this goal, we obtained data and information from department managers. In our opinion, the current organizational structure is adequate, given the Company's characteristics and the businesses that it operates.

We verified the adequacy of the system of internal controls, obtaining information from the managers of the relevant departments and the Independent Auditors. We also reviewed Company documents and ascertained that Company procedures were being followed. In our opinion, the system of internal controls, which is constantly being updated, is adequate and operates effectively. In this respect, we concur with the positive assessments provided by the Board of Directors and the Internal Control and Corporate Governance Committee, with which we maintained a steady exchange of information.

We monitored the adequacy of the Company administrative and accounting system and its reliability in presenting fairly the results of operations. We accomplished this task by obtaining information from managers of the Company's accounting departments and through the exchange of information with the Internal Control and Corporate Governance Committee and the Independent Auditors. In our opinion, this system is adequate and reliable in meeting the Company's needs.

The instruction provided by Parmalat S.p.A. to its subsidiaries, as required by Article 114, Section 2, of the Uniform Financial Code, appear to be adequate. With regard to major subsidiaries, we obtained information from the relevant departments of the Group's Parent Company regarding their organization and their management control systems. We obtained from the Boards of Statutory Auditors of the main Italian

subsidiaries reports on the work they performed during the year. No observations that required disclosure transpired from those reports.

With regard to compliance with the requirements of Article 36 of the Market Regulations, we verified that the current corporate organization and internal procedures enable Parmalat S.p.A. to ensure that subsidiaries established and operated pursuant to the laws of countries that are not members of the European Union have adopted accounting systems capable of providing on a regular basis the income statement, balance sheet and financial position data required for the preparation of the consolidated financial statements.

We monitored the implementation of the Internal Dealing Handling Code, which sets forth the requirements for so-called Significant Persons associated with transactions involving financial instruments issued by the Company. We also monitored the process applied to maintain the Register of Parties that Have Access to Insider Information required pursuant to Article 115-*bis* of the Uniform Financial Code. No disclosure was required with regard to this issue.

In 2008, we rendered the opinions required of the Board of Statutory Auditors in accordance with Articles 2389 and 2433-*bis* of the Italian Civil Code and with the provisions of the Organization, Management and Control Model adopted by the Company pursuant to Legislative Decree No. 231/2001 that concern the appointment of the members of the Oversight Board.

We received no complaints filed pursuant to Article 2408 of the Italian Civil Code or memoranda from third parties.

In the performance of our oversight function, as described above, we detected no omissions, questionable acts or irregularities or otherwise significant events that would warrant disclosure in this Report.

The Independent Auditors provided us with information about the total hours of work required and fees that they billed for their audit of the Statutory and Consolidated Financial Statements of Parmalat S.p.A. at December 31, 2008, for the limited audit of the Semiannual Report and for the work performed to determine whether the Company's accounting records were being properly maintained. Information about fees billed for services other than auditing may be found in the disclosures provided by the Company in the Notes to the Consolidated Financial Statements at December 31, 2008, as required by the provisions of Article 149-*duodecies* of the Issuers' Regulations. The Independent Auditors also informed us that, based on the best available information and consistent with the regulatory and professional standards that govern independent auditing activities, they remained independent and objective in their dealings with Parmalat S.p.A. and that no events occurred that altered the existing absence of any of the causes of incompatibility set forth in Article 160 of the Uniform Financial Code and Title VI, Chapter I-*bis*, of the Issuers' Regulations.

The Statutory Financial Statements for the year ended December 31, 2008, which are being submitted to you for approval, show a net profit of 615.4 million euros. In the Consolidated Financial Statements, the Group's interest in net profit is 673.1 million euros.

On March 13, 2009 the Independent Auditors issued their reports on the statutory and consolidated financial statements. These report did not contain any qualifications and did not require additional disclosures.

The Board of Statutory Auditors reviewed the general presentation of the statutory and consolidated financial statements and verified that they were consistent with the provisions that govern their preparation and structure. It also ensured that they reflected the facts and information that the Board of Statutory Auditors had become cognizant of in the performance of its tasks and has no special remarks to make in this regard.

Insofar as we were able to ascertain, the Directors did not deflect from the guidelines set forth in Article 2423, Section 4, of the Italian Civil Code when preparing the Company's Annual Report.

In the section of the Report on Operations entitled "Managing Business Risks," the Directors describe the main risks and uncertainties to which the Company is exposed, list the various operational, financial (currency, country, interest rate, price and liquidity) and general risks, and review the civil and administrative legal disputes to which the Company is a party.

The Directors also state that transactions between the Company, Group companies and/or related parties were carried out in the normal course of the Company's business, were executed on market terms and cannot be classified as atypical or unusual. The Board of Statutory Auditors believes that the disclosures provided in the notes to the financial statements with regard to these transactions involving the exchange of goods and services are adequate.

The foregoing considerations having been stated and considering the findings of the Independent Auditors, the Board of Statutory Auditors believes that the Report on Operations provides adequate information about the results of operations and concurs with the motion put forth by the Board of Directors concerning the appropriation of the year's net profit and the dividend distribution.

Milan, March 16, 2009

The Board of Statutory Auditors

Enzio Bermani

Alessandro Dolcetti

Mario Magenes

Parmalat S.p.A.
4, Via delle Nazioni Unite
43044 Collecchio (Parma) - Italy
Tel. +39.0521.808.1
www.parmalat.com
Share Capital: 1,687,397,257 euros fully paid-in
Parma R.E.A. No. 228069
Parma Company Register No. 04030970968
Tax I.D. and VAT No. 04030970968

Printed in Italy - April 2009

Graphic design and composition: mercurio www.mercurioitaly.it

parmalat