# PRESS RELEASE

***The Board of Directors Approves the Semiannual Report as at June 30, 2010***

***The Parmalat Group continues to report strong results:***

- **Net revenues increase (+9.6%)**
- **Business profitability improves (EBITDA +8.0%)**
- **Positive performances in Australia, Canada and South Africa**
- **Given the volatility of external factors (foreign exchange rates, the global financial situation), the Company believes it prudent to confirm full year EBITDA guidance of 365 million euros**
- **Net financial assets approximately 1,298 million euros**
- **2010 net profit from operations approximately 113 million euros (in 2009 the net profit from operations totaled approximately 69 million euros)**

**Consolidated Financial Highlights of the Group**

| | *Amounts in millions of euros* | First half of 2010 | First half of 2009 | % change |
|---|---|---|---|---|
| **PARMALAT GROUP** | | | | |
| • NET REVENUES INCREASE TO 2,026.2 MILLION EUROS (+9.6%) | **Net revenues** | **2,026.2** | **1,848.0** | **9.6%** |
| • EBITDA GROWSTO 174.5 MILLION EUROS (+8.0%) | **EBITDA** | **174.5** | **161.6** | **8.0%** |
| • GROUP INTEREST IN NET PROFIT OF 147.4 MILLION EUROS | **Group interest in net profit** | **147.4** | **247.8** | |
| - of which net profit from operations | | **113.0** | **69.0** | |
| | *Amounts in millions of euros* | **6/30/10** | **12/31/09** | |
| • NET FINANCIAL ASSETS: 1,297.6 MILLION EUROS | **Net financial assets** | **1,297.6** | **1,384.6** | |
| | *Amounts in millions of euros* | **First half of 2010** | **First half of 2009** | |
| **PARMALAT SPA** | | | | |
| • PARENT COMPANY NET PROFIT: 77.7 MILLION EUROS | **Net profit of Parmalat SpA** | **77.7** | **228.6** | |

Parmalat S.p.A. announces that its Board of Directors, meeting today under the chairmanship of Raffaele Picella, reviewed and approved the Semiannual Financial Report as at June 30, 2010.

## Parmalat Group

**Net revenues** grew to 2,026.2 million euros, or 9.6% more than in the first six months of 2009, thanks to the consolidation of Parmalat Food Products, an Australian company acquired in July 2009, the effect of a fall in the value of the euro versus the main currencies of the countries where the Group operates and also strong performances by the Australian and Canadian subsidiaries. These positive developments more than offset the negative impact of an across-the-board reduction in volumes in Venezuela, lower unit sales of fruit beverages in Italy and the streamlining of the product portfolio in South Africa, which included the ending of some production for private labels and exiting excessively competitive segments such as fresh fruit juices and pasteurized milk.

**EBITDA** increased to 174.5 million euros, an increase of 12.9 million euros (+8.0%) compared with the 161.6 million euros earned in the first six months of 2009.
The Group continued to face strong competitive pressure including from private labels but nevertheless improved its profitability thanks to price-list increases implemented in 2009 and increased marketing and advertising initiatives.

The table that follows provides a breakdown of revenues and EBITDA by geographic region:

| *(in millions of euros)* | **Cumulative at June 30, 2010** | | | **Cumulative at June 30, 2009** | | |
|---|---|---|---|---|---|---|
| **Region** | **Revenues** | **EBITDA** | ***EBITDA %*** | **Revenues** | **EBITDA** | ***EBITDA %*** |
| Italy | 478.1 | 49.8 | *10.4* | 505.6 | 61.7 | *12.2* |
| Other Europe | 72.6 | 6.6 | *9.1* | 67.9 | 10.6 | *15.6* |
| *Russia* | 40.3 | 2.8 | *6.9* | 33.4 | 6.4 | *19.1* |
| *Portugal* | 27.7 | 3.0 | *10.9* | 29.5 | 3.8 | *12.9* |
| *Romania* | 4.6 | 0.8 | *16.7* | 5.0 | 0.4 | *8.7* |
| Canada | 749.1 | 64.8 | *8.6* | 638.6 | 51.1 | *8.0* |
| Africa | 192.0 | 17.2 | *9.0* | 165.5 | 6.2 | *3.7* |
| *South Africa* | 164.8 | 15.6 | *9.5* | 144.7 | 4.1 | *2.8* |
| *Other Africa* | 27.1 | 1.6 | *5.8* | 20.8 | 2.1 | *9.9* |
| Australia [1] | 341.8 | 32.7 | *9.6* | 200.2 | 17.6 | *8.8* |
| Central and South America | 193.2 | 11.4 | *5.9* | 270.6 | 26.3 | *9.7* |
| *Venezuela* | 121.7 | 8.0 | *6.5* | 202.8 | 22.2 | *11.0* |
| *Colombia* | 60.1 | 3.6 | *6.0* | 47.0 | 3.4 | *7.1* |
| *Other Central and South America* | 11.4 | (0.1) | *(1.2)* | 20.8 | 0.7 | *3.4* |
| Other [2] | (0.6) | (8.1) | *n.s.* | (0.4) | (11.9) | *n.s.* |
| **Group** | **2,026.2** | **174.5** | ***8.6*** | **1,848.0** | **161.6** | ***8.7*** |

*Regions represent the consolidated countries*

*1. 2010 data include net revenues of 92.7 million euros and EBITDA of 2.6 million euros relating to the acquisition of new operations*

*2. Include holding, other non core companies and eliminations between regions*

An overview of the results in the Group's main countries is provided below:

In **Italy,** net revenues decreased from 505.6 million euros in the first half of 2009 to 478.1 million euros in the first six months of 2010 due mainly to lower consumption of food products and the increased marketing initiatives which, combined with the growing popularity of private labels, had the effect of lowering prices. In this environment, Parmalat was nevertheless able to maintain its leadership position in the markets for UHT milk and fruit beverages.

EBITDA (61.7 million euros in the first half of 2009) was also lower at 49.8 million euros at June 30, 2010 due mainly to the following factors:

- an increase in promotional discounts for conventional pasteurized milk implemented in response to programs launched by competitors;
- higher investment in advertising to support the main brands;
- a contraction in sales volumes, particularly in yogurt and fruit juice segments as a result of unfavorable seasonal weather conditions.

The negative impact of these developments was offset in part by savings on fixed costs.

In **Europe, excluding Italy,** revenues increased to 72.6 million euros, up from 67.9 million euros in the first half of 2009. EBITDA (10.6 million euros in the first half of 2009) was lower than in the same period last year at 6.6 million euros.

In ***Russia,*** as a result of continued negative economic conditions, overall sales of dairy products continued to decline. Despite this challenging environment, the SBU was able to regain market share in UHT milk thanks to a more aggressive marketing policy and held its position in the premium segment of the market for fruit beverages, which was substantially stable compared with the previous year.
In ***Portugal,*** the market was affected by conditions in the global economy and the local business environment continued to be challenging due to the limited purchasing power of consumers. The slump in consumer spending was particularly pronounced with regard to products with high value added such as flavored milk and among other dairy products, cream and béchamel. In the fruit beverage market, private labels confirmed their strong position.
In ***Romania,*** despite a contraction in revenues as a result of lower unit sales, the profit margins of the local SBU improved significantly compared with the previous year due to the successful implementation of cost cutting programs.

In **Canada,** where the macroeconomic context is showing encouraging signs of recovery with consumer confidence returning, the food market is extremely competitive with large investments in advertising being made by all major competitors while consumers continue actively to seek out product promotions.

In this environment, with data stated in Canadian dollars, net revenues for the first six months of 2010 amount to 1,029.1 million, up from 1,025.0 million in the same period last year. EBITDA also improved, rising to 89.0 million (+8.6%) thanks mainly to a reduction in industrial costs.
Net revenues and EBITDA for the first half of 2010 show a year-on-year increase also when stated in euros, rising from 638.6 million to 749.1 million and from 51.1 million to 64.8 million respectively.
The Canadian dollar increased in value by 14.4% compared with the exchange rate applied in the same period last year, with an impact on revenues and EBITDA of 108.0 million euros and 9.3 million euros respectively.

Parmalat maintained its position in the pasteurized milk market thanks primarily to a steadily positive performance by its high digestibility milk. In addition, the SBU completed the process of focusing its operations on its national brands and streamlining its product portfolio in the first half of 2010.
In the cheese market, which grew compared with the previous year, Parmalat continued to hold an extremely strong position, achieving leadership in the all-important natural cheese segment and maintaining leadership of the cheese snack segment.

In **Australia,** the economy enjoyed relative stability in the first half of 2010 with an improving consumer confidence index and a low level of unemployment as the backdrop.

Consolidated net revenues (Parmalat Australia and Parmalat Food Products) grew to 507.8 million Australian dollars, up from 376.2 million Australian dollars in the first six months of 2009. EBITDA increased to 48.6 million Australian dollars or 15.5 million Australian dollars more than in 2009. The integration of PFP, which helped consolidate the Australian subsidiary's position as a national player, and the SBU's focus on expanding in product categories with a higher value added such as yogurt and flavored milk, are the primary reasons for the improved results.
Stated in euros, net revenues and EBITDA increased compared with the first half of 2009 rising from 200.2 million to 341.8 million and from 17.6 million to 32.7 million respectively.
The value of the Australian dollar increased by 20.9% compared with the exchange rate applied in the first six months of 2009. On a like for like basis the impact of the exchange rate change on revenues and EBITDA was 53.4 million euros and 6.3 million euros, respectively; other than the exchange rate impact the improvement in EBITDA reflects primarily the effects of a decrease in the cost of raw milk compared with the first half of 2009 and of positive results in two growing markets for high margin products - flavored milk and yogurt - in which the local subsidiary improved its performance both in terms of value and volume market share.

In the pasteurized milk market, Parmalat strengthened its market position thanks to a strong performance by its high digestibility and low fat milk and, most of all, to its expansion into new territories following the acquisition completed in 2009.

In **Africa,** with data stated in euros, consolidated net revenues totaled 192.0 million, up from 165.5 million in the first half of 2009, and EBITDA grew to 17.2 million compared with 6.2 million in the first six months of 2009.

In South Africa, the region's most important country, despite an improvement in macroeconomic conditions consumer confidence has not yet fully recovered nor has consumer spending.
Compared with the previous year, net revenues decreased from 1,772.6 million rand to 1,649.1 million rand, but EBITDA was up sharply rising from 50.5 million rand to 156.5 million rand in the first half of 2010 due mainly to the adoption of a different marketing policy and a better product mix.
The local currency (South African rand) increased in value by 18.3% compared with the exchange rate applied in the same period last year. The impact of this change on revenues and EBITDA was 30.2 million euros and 2.9 million euros respectively.

The local SBU achieved major improvements in profitability thanks to a strategy that involved rationalizing production for private labels and focusing on more profitable brands to which it applied a more remunerative pricing policy.
The UHT milk market grew significantly by value, but the growth rate was even stronger in the cheese market. The local subsidiary consolidated its leadership in the cheese market thanks mainly to dominant positions in the spreadable cheese and wrapped slices segments.

In the region's other countries (Zambia, Mozambique, Botswana and Swaziland) net revenues computed before intra-Group transactions within the Africa region totaled 33.5 million euros, up 7.3 million euros compared with the previous year while EBITDA decreased to 1.6 million euros, or 0.5 million euros less than in 2009. In aggregate unit sales were higher than in the previous year with only Mozambique bucking the upward trend.

Revenues booked in **Central and South America** decreased to 193.2 million euros compared with 270.6 million euros in the first six months of 2009.
EBITDA (26.3 million euros in the first half of 2009) was also down totaling 11.4 million euros. When stated in euros the results for this region reflect the severe negative impact of the devaluation of the reporting currency of the Venezuelan operations which occurred on January 8, 2010.

The data of the Venezuelan subsidiary should be viewed against the backdrop of a national economy heavily affected both by a global reduction in the price of oil, a resource that Venezuela exports, and by the scarcity of electric power the availability of which was significantly restricted by local weather conditions particularly during the first quarter of 2010.
During the first six months of 2010 the local subsidiary was unable to continue the process of strengthening its market positions as its production volumes decreased due to the lack of sufficient electric power at its production facilities and a reduction in the level of productivity. These issues were completely resolved by July 2010 and the lost volumes should be made up during the second half of the year.

The Colombian subsidiary operates in a market characterized by a decrease in consumption and competitive pressure on prices due to a large extent to the impact of a reduction in the purchasing power of consumers. This is as a result of an increase in the unemployment rate and to the increasingly difficult political relationship with Venezuela which resulted in significant cuts in cross-border trade.
Given this market environment, and in view of the fact that consumption of milk and dairy products is relatively steady, the local subsidiary focused on expanding its distribution network throughout Colombia. The Colombian SBU also strengthened its market position by concentrating its efforts in the high digestibility milk segment and expanding distribution in the traditional channel. As a result, it was able to report higher unit sales and revenues than in the first half of 2009.

**EBIT** amounted to 176.7 million euros, down 111.8 million euros, compared with the 288.5 million euros reported in the first six months of 2009. Lower proceeds from litigation settlements reached during the first half of 2010 account for majority of this decrease.
Depreciation, amortization and writedowns of non-current assets totaled 58.3 million euros (46.7 million euros in the first six months of 2009).

**Group interest in net profit** decreased to 147.4 million euros, or 100.4 million euros less than the 247.8 million euros earned in the first six months of 2009, due mainly to a reduction in the contribution provided to the bottom line by litigation settlements which generated total proceeds of 39.7 million euros after taxes (178.7 million euros in the first half of 2009). 2010 net profit for operations totaled approximately 113 million euros (in 2009 the net profit from operations totaled approximately 69 million euros).

The **Group's net financial assets** totaled 1,297.6 million euros or 87.0 million euros less than the 1,384.6 million euros reported at December 31, 2009. This decrease reflects the combined impact of the following factors: the cash flow from operating activities (82.0 million euros), the cash flow absorbed by non-recurring activities (10.1 million euros, related mainly to the early partial repayment of a financing facility for the Canadian subsidiary), the cash flow from litigation settlements (8.9 million euros, as the net result of 60.6 million euros in proceeds from settlements reached during the period, 9.3 million euros in legal costs incurred to pursue legal actions and 60.2 million euros in income taxes on settlements), the cash flow from financial transactions (4.8 million euros), the payment of dividends (108.9 million euros, including 107.4 million euros paid by the Group's Parent Company for the 2009 final dividend) and the impact of the translation of the net indebtedness of companies that operate outside the euro zone (36.3 million euros).

**PARMALAT S.p.A.**

**Net revenues** totaled 397.0 million euros or 4.7% less than the 416.6 million euros booked in the first six months of 2009. This decrease is directly related to the behavior of consumers, who, even though GDP is again growing, continue their conservative shopping habits favouring purchases of lower priced products (promotions, discount channel and private labels). As for the fruit Beverage segment, sales volumes were lower due to unfavorable seasonal weather conditions during the period.

**EBITDA** amounted to 36.9 million euros, a decrease of 4.6 million euros (-11.1%) compared with the 41.5 million euros earned in the first six months of 2009. This negative change reflects a reduction of 2.5 million euros in the sales margin that resulted from programs implemented to support sales volumes through an increase in advertising initiatives and the use of sales incentives (discounts/promotions and price cuts), to increase the Company's competitiveness and respond to the aggressive strategies deployed by competitors, especially in the conventional pasteurized milk segment.
In addition, the allowance for doubtful accounts was increased by 2.1 million euros in the first half of 2010.

**EBIT** decreased to 44.7 million euros. The reduction of 149.9 million euros compared with the 194.6 million euros reported at June 30, 2009 is due mainly to the smaller proceeds generated by settlements with credit institutions and other creditors: 44.8 million euros in the first six months of 2010 compared with 181.7 million euros in the same period last year.

**Net profit for the period** totaled 77.7 million euros or 150.9 million euros less than the 228.6 million euros earned in the first six months of 2009. This negative change is chiefly the result of the decrease in proceeds from settlements mentioned above which accounted for approximately 33.5 million euros of the period's net profit (net of the applicable tax effect) compared with approximately 178.7 million euros in the same period last year. A reduction in net financial income (-10.0 million euros), offset in part by higher dividends from investee companies (42.4 million euros, up from 33.9 million euros in the first half of 2009) account for the balance of the decrease.

**Net financial assets** fell from 1,486.8 million euros at December 31, 2009 to 1,380.1 million euros at June 30, 2010, a decrease of 106.7 million euros.
Dividend payments of approximately 107.4 million euros account for most of this change.

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**BUSINESS OUTLOOK**

**2010 Guidance**

Given the volatility of external factors (foreign exchange rates, Venezuela, global financial situation) the Company believes it prudent to confirm full year EBITDA guidance of 365 million euros.

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**Amendments to Parmalat's Code of Conduct**

At its meeting today, the Board of Directors agreed to amend Article 134 of Parmalat's Code of Conduct and the Regulations of the Internal Control and Corporate Governance Committee, consistent with Article 19 of the Uniform Code on Legally Recognized Auditing, enacted by Legislative Decree No. 39 of January 27, 2010.
Article 19 of the abovementioned Uniform Code assigns to the Board of Statutory Auditors specific oversight responsibilities with regard to the financial disclosure process and the effectiveness of the system of internal controls and the internal auditing and risk management systems, as well as the legally recognized auditing of the annual and consolidated financial statements and the independence of legally recognized auditors. This development made it specifically necessary to coordinate the interaction between the Internal Control and Corporate Governance Committee and the Board of Statutory Auditors with regard to issues of common interest.

The new Code of Conduct, with the amended Article 13, is available on the Corporate Governance page of the Company website: www.parmalat.com.

**Amendments to the Bylaws consistent with Legislative Decree 27/2010**

At its meeting today, the Board of Directors also approved mandatory amendments to the Company Bylaws, making them consistent with the new rules on shareholders' rights enacted with Legislative Decree No. 27/2010, which implemented in Italy the so-called Shareholders' Rights Directive (2007/36 CE).

The following articles of the Bylaws were amended:

- Article 8 "Shareholders' Meeting." As required by the instructions of the new Directive, the methods available to convene Shareholders' Meetings were integrated including the publication on the Company website instead of the Italian Official Gazette.
- Article 9 "Attendance and Representation at Shareholders' Meetings." Article 83-*sexies* of Legislative Decree No. 58 of February 24, 1998, as implemented by Legislative Decree No. 27 of January 27, 2010, introduces the record date system. According to this system, only shareholders who owned the shares on the seventh stock exchange trading day prior to the date of the Shareholders' Meeting and have communicated through a qualified intermediary their intention to attend the Shareholders' Meeting have the right to attend and vote at the Shareholders' Meeting.

Pursuant to the abovementioned Article, a proxy may be appointed electronically, in a manner that will be determined by means of regulations issued by the Ministry of Justice, with the Consob's input. Electronic notice of the appointment of a proxy can be given using a special page on the Company website or by other means specified in the Notice of Shareholders' Meeting.

- Article 11 "Board of Directors" and Article 21 "Board of Statutory Auditors." Slates of candidates for election to the Company's governance bodies must be filed at least 25 days before the date of the Shareholders' Meeting and made available to the public at least 21 days before the date of the Shareholders' Meeting, with regard to the Board of Directors, and consistent with Consob regulations with regard to the Board of Statutory Auditors.

These changes will come into effect starting with Shareholders' Meetings convened by a Notice published after October 31, 2010. After this date, Parmalat will publish the updated Bylaws on the company's web site: www.parmalat.com.

**Presentation to Investors**

The data for the first half of 2010 will be presented to the financial community at 5.00 PM (CET) – 4.00 PM (London time) on Thursday, July 29, 2010 at the Hotel Four Seasons, Via Gesù, 8 in Milan. The presentation will be followed by a Q&A session.

The live presentation can be followed in one of the following ways:

- *webcast: http:// parmalat.ksoft.tv/investor.htlm*

- *audioconference by calling the following telephone numbers:*

    - *800 40 80 88; + 39 06 33 48 68 68; +39 06 33 48 50 42*
    *Access code: * 0*

Additional information about the abovementioned presentation is available on the Parmalat website: "www.parmalat.com"→ "Investor Relations".

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*As required by Article 154* bis*, Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), Luigi De Angelis, in his capacity as Corporate Accounting Documents Officer of Parmalat S.p.A., declares that the accounting information provided in this press release is consistent with the information in the supporting documents and in the Company's other documents and accounting records.*

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*The Semiannual Financial Report at June 30, 2010, together with the Report of the Independent Auditors, will be made available to the public within the deadlines and in the manner required pursuant to current laws. These documents will also be available on the Company website: www.parmalat.com → Investor Relations → Financial Reports.*

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*The relevant financial statement schedules have been annexed to this press release.*

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Parmalat S.p.A.

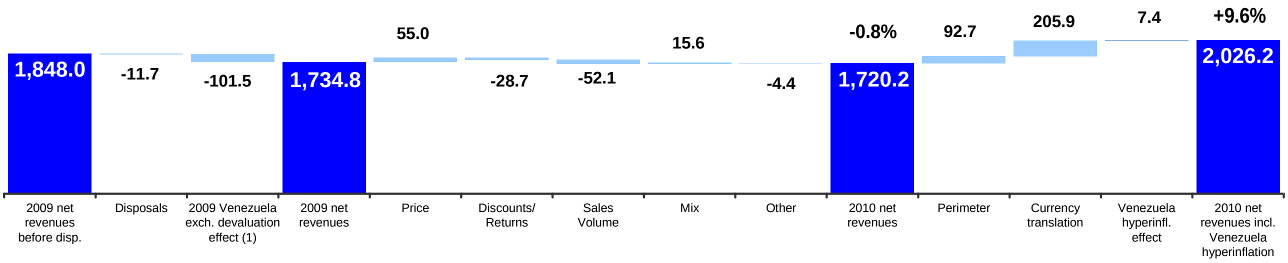
Collecchio, July 29, 2010

Corporate contact
e-mail: affari.societari@parmalat.net

## Like for Like Net Revenues and EBITDA

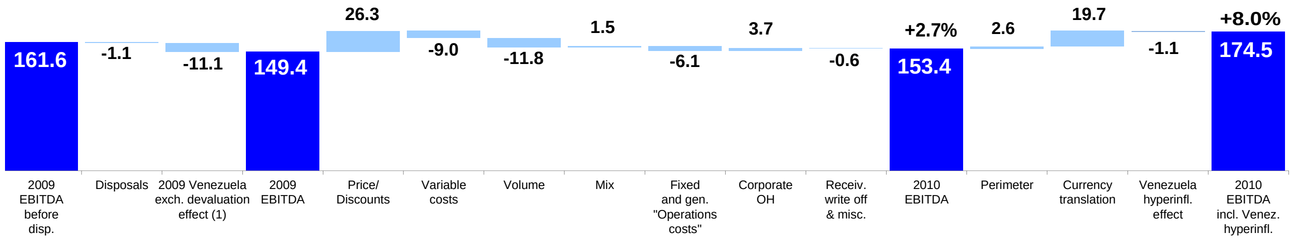
**Cumulative Net Revenues June 2010 vs 2009**

(€ m)



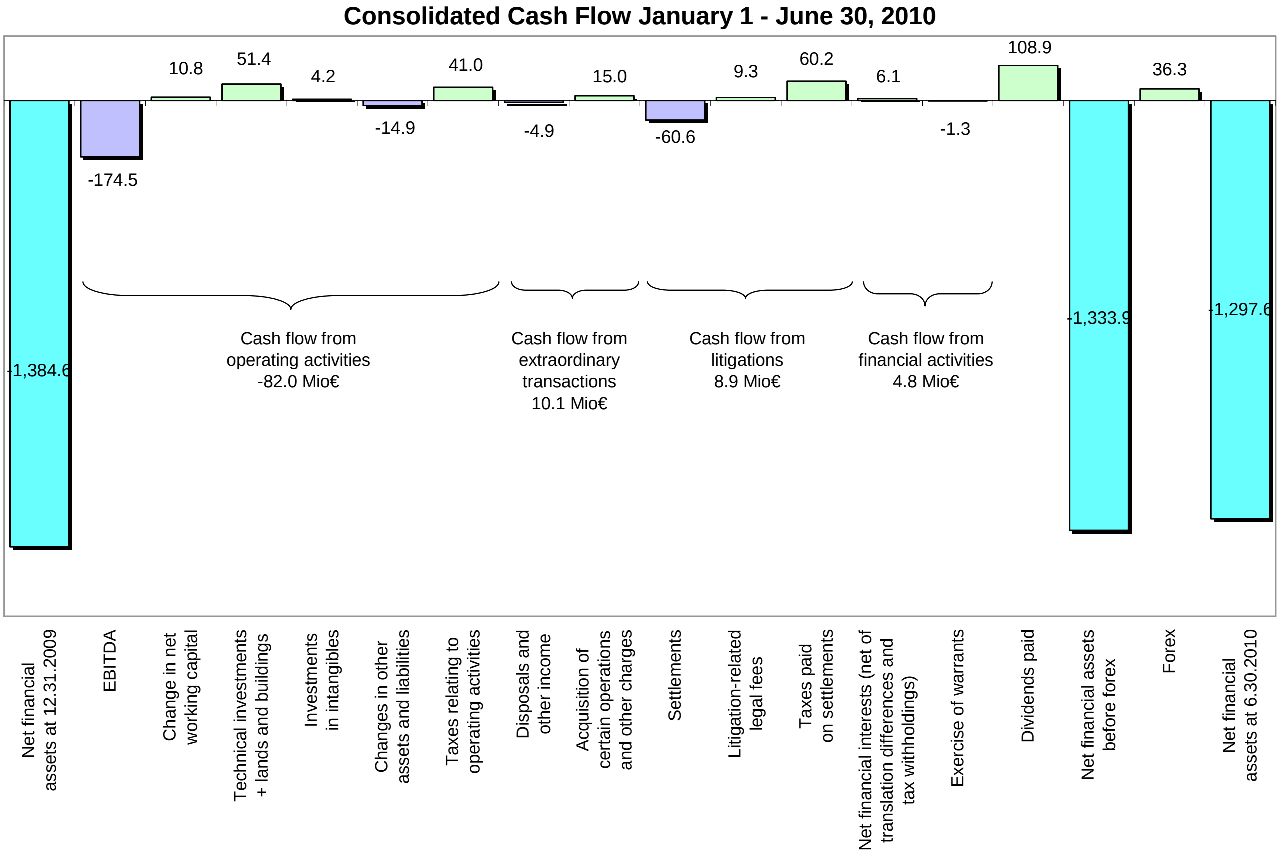

**Cumulative EBITDA June 2010 vs 2009**

(€ m)




*(1) 2009 data restated including the effect of the devaluation of the "bolivar fuerte" versus the U.S. dollar (4.3 VEF = 1 USD) occurred on January 8, 2010*

## Consolidated Statement of Cash Flows – January 1 to June 30, 2010



## Parmalat Group

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

| *(in millions of euros)* | First half 2010 | First half 2009 |
|---|---|---|
| REVENUES | 2,048.9 | 1,860.9 |
| Net Revenues | 2,026.2 | 1,848.0 |
| Other revenues | 22.7 | 12.9 |
| OPERATING EXPENSES | (1,864.9) | (1,691.0) |
| Purchases, services and miscellaneous costs | (1,608.3) | (1,466.2) |
| Labor costs | (256.6) | (224.8) |
| Subtotal | 184.0 | 169.9 |
| Writedowns of receivables and other provisions | (9.5) | (8.3) |
| EBITDA | 174.5 | 161.6 |
| Depreciation, amortization and writedowns of non-current assets | (58.3) | (46.7) |
| Other income and expenses: | | |
| - Litigation-related legal expenses | (5.1) | (6.1) |
| - Miscellaneous income and expenses | 65.6 | 179.7 |
| EBIT | 176.7 | 288.5 |
| Net financial income (expense) | 0.5 | 3.8 |
| Interest in the results of companies valued by the equity method | (0.7) | - |
| Other income from (charges for) equity investments | 0.3 | 3.2 |
| PROFIT BEFORE TAXES | 176.8 | 295.5 |
| Income taxes | (28.2) | (46.3) |
| NET PROFIT FROM CONTINUING OPERATIONS | 148.6 | 249.2 |
| NET PROFIT FOR THE YEAR | 148.6 | 249.2 |
| Minority interest in net (profit) loss | (1.2) | (1.4) |
| Group interest in net profit | 147.4 | 247.8 |

**Continuing operations:**

| | | |
|---|---|---|
| **Basic earnings per share** | **0.0854** | **0.1463** |
| **Diluted earnings per share** | **0.0836** | **0.1441** |

## Parmalat Group

RECLASSIFIED CONSOLIDATED BALANCE SHEET

| *(in millions of euros)* | 6/30/10 | 12/31/09 |
|---|---|---|
| NON-CURRENT ASSETS | 2,028.4 | 1,900.1 |
| Intangibles | 1,139.9 | 1,063.5 |
| Property, plant and equipment | 819.9 | 774.0 |
| Non-current financial assets | 13.1 | 11.4 |
| Deferred-tax assets | 55.5 | 51.2 |
| AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES | 0.5 | 1.0 |
| NET WORKING CAPITAL | 417.3 | 352.9 |
| Inventories | 430.4 | 376.1 |
| Trade receivables | 441.8 | 459.9 |
| Trade payables (-) | (507.5) | (492.9) |
| Operating working capital | 364.7 | 343.1 |
| Other current assets | 211.8 | 211.8 |
| Other current liabilities (-) | (159.2) | (202.0) |
| INVESTED CAPITAL NET OF OPERATING LIABILITIES | 2,446.2 | 2,254.0 |
| PROVISIONS FOR EMPLOYEE BENEFITS (-) | (95.9) | (92.6) |
| PROVISIONS FOR RISKS AND CHARGES (-) | (261.3) | (282.6) |
| PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS | (5.6) | (6.6) |
| NET INVESTED CAPITAL | 2,083.4 | 1,872.2 |
| *Covered by:* | | |
| SHAREHOLDERS' EQUITY[1] | 3,381.0 | 3,256.8 |
| Share capital | 1,728.4 | 1,712.6 |
| Reserve for creditor challenges and claims of late-filing creditors convertible into share capital | 154.3 | 168.8 |
| Other reserves and retained earnings | 1,325.9 | 901.7 |
| Interim dividend | 0.0 | (69.8) |
| Profit for the year | 147.4 | 519.0 |
| Minority interest in shareholders' equity | 25.0 | 24.5 |
| NET FINANCIAL ASSETS | (1,297.6) | (1,384.6) |
| Loans payable to banks and other lenders | 228.4 | 254.4 |
| Loans payable to investee companies | 4.7 | 6.0 |
| Other financial assets (-) | (1,227.9) | (1,216.8) |
| Cash and cash equivalents (-) | (302.8) | (428.2) |
| TOTAL COVERAGE SOURCES | 2,083.4 | 1,872.2 |

[1] The schedule that reconciles the result and shareholders' equity at June 30, 2010 of Parmalat S.p.A. to the consolidated result and shareholders' equity is explained in the Notes to the Condensed Consolidated Semiannual Financial Statements.

## Parmalat Group

### STATEMENT OF CHANGES IN NET FINANCIAL POSITION IN THE FIRST HALF OF 2010

| *(in millions of euros)* | First half 2010 | First half 2009 |
|---|---|---|
| Net (financial assets) borrowings at beginning of period | (1,384.6) | (1,108.8) |
| Changes during the period: | | |
| - Cash flow from operating activities for the period | (143.7) | (80.0) |
| - Cash flow from investing activities | 53.8 | 34.5 |
| - Accrued interest | 24.4 | 16.9 |
| - Cash flow from settlements | 8.9 | (162.8) |
| - Dividend payments | 108.9 | 163.8 |
| - Exercise of warrants | (1.3) | (0.3) |
| - Miscellaneous items | (0.3) | (4.8) |
| - Translation effect | 36.3 | 11.5 |
| Total changes during the period | 87.0 | (21.2) |
| Net financial assets at end of period | (1,297.6) | (1,130.0) |

### BREAKDOWN OF NET FINANCIAL POSITION

| *(in millions of euros)* | 6/30/10 | 12/31/09 |
|---|---|---|
| Loans payable to banks and other lenders | 228.4 | 254.4 |
| Loans payable to investee companies[1] | 4.7 | 6.0 |
| Other financial assets (-) | (1,227.9) | (1,216.8) |
| Cash and cash equivalents (-) | (302.8) | (428.2) |
| Net (financial assets) borrowings | (1,297.6) | (1,384.6) |

[1] Including 2.4 million euros owed to PPL Partecipações 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)

| *(in millions of euros)* | Cash and cash equivalents | Other financial assets | Gross indebtedness | Net (financial assets) borrowings |
|---|---|---|---|---|
| Beginning balance | (428.2) | (1,216.8) | 260.4 | (1,384.6) |
| Cash flow from operating activities for the period | (143.7) | - | - | (143.7) |
| Cash flow from investing activities | 53.8 | - | - | 53.8 |
| New borrowings[1] | (4.3) | - | 4.3 | - |
| Loan repayments[1] | 33.3 | - | (33.3) | - |
| Accrued interest | - | - | 24.4 | 24.4 |
| Investments in current financial assets and sundry assets | 17.1 | (17.1) | - | - |
| Cash flow from settlements | 63.1 | - | (54.2) | 8.9 |
| Dividend payments | 108.9 | - | - | 108.9 |
| Exercise of warrants | (1.3) | - | - | (1.3) |
| Miscellaneous items | - | 0.9 | (1.2) | (0.3) |
| Translation effect | (1.5) | 5.1 | 32.7 | 36.3 |
| Ending balance | (302.8) | (1,227.9) | 233.1 | (1,297.6) |

[1] See Note (14) to the Consolidated Financial Statements.

## Parmalat S.p.A.

RECLASSIFIED INCOME STATEMENT

| *(in millions of euros)* | First half 2010 | First half 2009 |
|---|---|---|
| REVENUES | 417.9 | 429.1 |
| Net revenues | 397.0 | 416.6 |
| Other revenues | 20.9 | 12.5 |
| | | |
| OPERATING EXPENSES | (374.9) | (383.6) |
| Purchases, services and miscellaneous costs | (319.4) | (330.8) |
| Labor costs | (55.5) | (52.8) |
| | | |
| Subtotal | 43.0 | 45.5 |
| | | |
| Writedowns of receivables and other provisions | (6.1) | (4.0) |
| | | |
| EBITDA | 36.9 | 41.5 |
| | | |
| Depreciation, amortization and writedowns of non-current assets | (21.2) | (19.5) |
| Other income and expenses: | | |
| - Litigation-related legal expenses | (5.1) | (6.1) |
| - Additions to provision for losses of investee companies | (10.2) | (6.3) |
| - Miscellaneous income and expenses | 44.3 | 185.0 |
| | | |
| EBIT | 44.7 | 194.6 |
| | | |
| Net financial income (expense) | 7.5 | 17.4 |
| Other income from (charges for) equity investments | 42.4 | 33.9 |
| | | |
| PROFIT BEFORE TAXES | 94.6 | 245.9 |
| | | |
| Income taxes | (16.9) | (17.3) |
| | | |
| NET PROFIT FROM CONTINUING OPERATIONS | 77.7 | 228.6 |
| | | |
| Net profit from discontinuing operations | 0.0 | 0.0 |
| | | |
| NET PROFIT FOR THE PERIOD | 77.7 | 228.6 |

## Parmalat S.p.A.

RECLASSIFIED BALANCE SHEET

| *(in millions of euros)* | 6/30/10 | 12/31/09 |
|---|---|---|
| NON-CURRENT ASSETS | 1,397.6 | 1,396.6 |
| Intangibles | 382.0 | 388.9 |
| Property, plant and equipment | 153.7 | 151.7 |
| Non-current financial assets | 826.2 | 823.9 |
| Deferred-tax assets | 35.7 | 32.1 |
| AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES | 0.0 | 0.0 |
| NET WORKING CAPITAL | 114.8 | 91.1 |
| Inventories | 42.5 | 37.1 |
| Trade receivables | 150.0 | 180.0 |
| Trade payables (-) | (176.7) | (179.1) |
| Operating working capital | 15.8 | 38.0 |
| Other current assets | 153.2 | 140.2 |
| Other current liabilities (-) | (54.2) | (87.1) |
| INVESTED CAPITAL NET OF OPERATING LIABILITIES | 1,512.4 | 1,487.7 |
| PROVISIONS FOR EMPLOYEE BENEFITS (-) | (26.1) | (26.8) |
| PROVISIONS FOR RISKS AND CHARGES (-) | (55.8) | (107.1) |
| PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS | (5.1) | (5.1) |
| NET INVESTED CAPITAL | 1,425.4 | 1,348.7 |
| *Covered by:* | | |
| SHAREHOLDERS' EQUITY | 2,805.5 | 2,835.5 |
| Share capital | 1,729.4 | 1,712.6 |
| Reserve for creditor challenges and claims of late-filing creditors convertible into share capital | 154.3 | 168.9 |
| Other reserves and retained earnings | 845.1 | 651.0 |
| Interim dividend | 0.0 | (69.8) |
| Profit for the period | 77.7 | 372.8 |
| NET FINANCIAL ASSETS | (1,380.1) | (1,486.8) |
| Loans payable to banks and other lenders | 6.8 | 9.2 |
| Loans payable to investee companies | (14.8) | (25.5) |
| Other financial assets (-) | (1,216.0) | (1,188.1) |
| Cash and cash equivalents (-) | (156.1) | (282.4) |
| TOTAL COVERAGE SOURCES | 1,425.4 | 1,348.7 |