Interim Report on Operations

at March 31, 2011

Società quotata alla Borsa Italiana dal 6 ottobre 2005

Contents

Board of Directors and Board of Statutory Auditors

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 Renato Colavolpe

Financial Highlights

Income Statement Highlights

(in millions of euros)		
GROUP	**First quarter 2011**	**First quarter 2010**
- NET REVENUES	1,033.2	949.1
- EBITDA	70.2	78.7
- EBIT	58.7	55.6
- NET PROFIT	50.1	49.1
- EBIT/REVENUES (%)	5.6	5.8
- NET PROFIT/REVENUES (%)	4.8	5.1
COMPANY		
- NET REVENUES	206.4	197.4
- EBITDA	14.8	17.8
- EBIT	7.5	5.7
- NET PROFIT	42.6	47.3
- EBIT/REVENUES (%)	3.5	2.7
- NET PROFIT/REVENUES (%)	19.9	23.1

Statement of Financial Position Highlights

(in millions of euros)		
GROUP	**3/31/11**	**12/31/10**
- NET FINANCIAL ASSETS	1,390.3	1,435.2
- ROI (%) [1]	11.1	16.9
- ROE (%)[1]	5.7	8.4
- EQUITY/ASSETS	0.8	0.8
- NET FINANCIAL POSITION/EQUITY	(0.4)	(0.4)
COMPANY		
- NET FINANCIAL ASSETS	1,354.6	1,345.0
- ROI (%)[1]	3.9	14.6
- ROE (%)[1]	5.9	4.5
- EQUITY/ASSETS	0.9	0.9
- NET FINANCIAL POSITION/EQUITY	(0.5)	(0.5)

(1) These indices were computed based on annualized data for the income statement and average period data for the statement of financial position.

Operating Performance

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.

Revenues and Profitability

In the first quarter of 2011, the global macroeconomic context showed that the growth of the global gross domestic product is continuing, driven by the emerging countries. This growth, on the one hand, stimulates consumption but, on the other hand, exerts pressure on demand for oil and agricultural commodities.
This scenario also provided a backdrop for major natural events, such as the tsunami in Japan and the floods in Australia, which had a direct effect on the Group, as well as social and political instability in various countries in the Mediterranean Basin, some of which are oil producers.
In this context, the tension that characterized both the demand side and the supply side caused the price of oil and of several agricultural commodities to spike upwards.
In a manner that differed in the various countries where the Group operates, these development, on the one hand, put pressure on variable costs and, on the other hand, triggered inflationary trends that had an impact on the purchasing power of households and, consequently, on their propensity to spend.

Parmalat Group

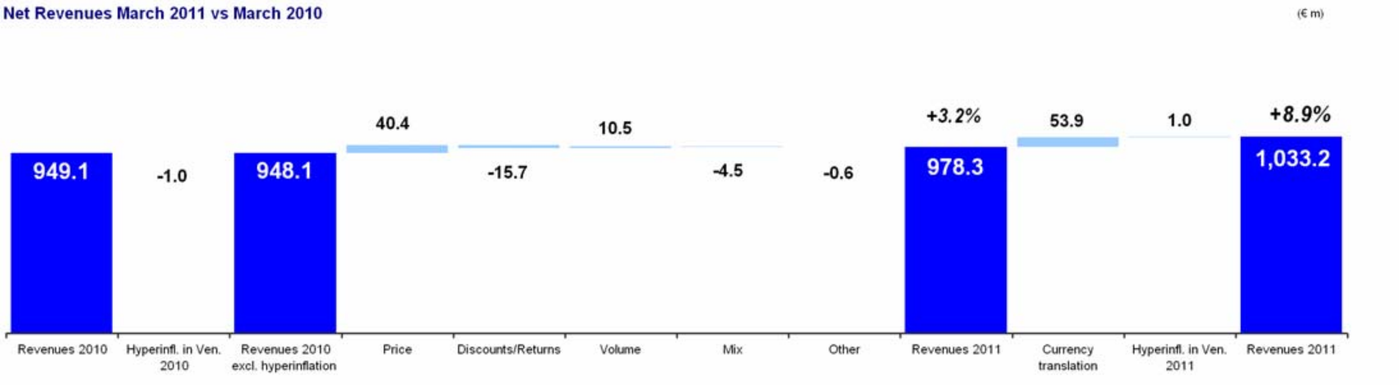
(in millions of euros)	**March 2011**	**March 2010**	**Variance**	**Varian.%**
Revenues	**1,033.2**	**949.1**	**84.0**	*+8.9%*
EBITDA	**70.2**	**78.7**	**(8.5)**	*-10.8%*
EBITDA %	*6.8*	*8.3*	*-1.5 ppt*	

The increase in net revenues achieved in the first three months of 2011 (+8.9% compared with the same period last year) is chiefly the result of the following factors:

- An increase in sales volumes, mainly in Australia, Venezuela and Italy;
- A positive translation effect that reflects primarily the decrease in the value of the euro versus the currencies of the main countries where the Group operates.

EBITDA totaled 70.2 million euros, or 8.5 million euros less (-10.8%) than the 78.7 million euros earned the previous year. This decrease is due in part to operating factors, such as the increase in the price of raw milk, particularly in Italy and Australia. The Group reacted to this increase by implementing an adjustment to its listed prices, not yet fully reflected in the trade, which will produce benefits in the coming months. The reduction in EBITDA was also due to external factors, i.e., the floods in Queensland (Australia) and the damages caused by a fire at the production facility of Centrale del Latte di Roma this past August. The combined negative impact of both events is estimated at about 5 million euros (net of partial insurance settlements). With regard to the fire, the Company is currently negotiating with the insurance company to recover the damage it suffered. In any case, Centrale del Latte di Roma resumed normal production in the second quarter of 2011 and its operating performance is expected to be in line with existing projections for the current year.
Restated without the impact of these two damage events, EBITDA would amount to 74.9 million euros, down 4.8% compared with the first quarter of 2010.

Like for Like Net Revenues and EBITDA

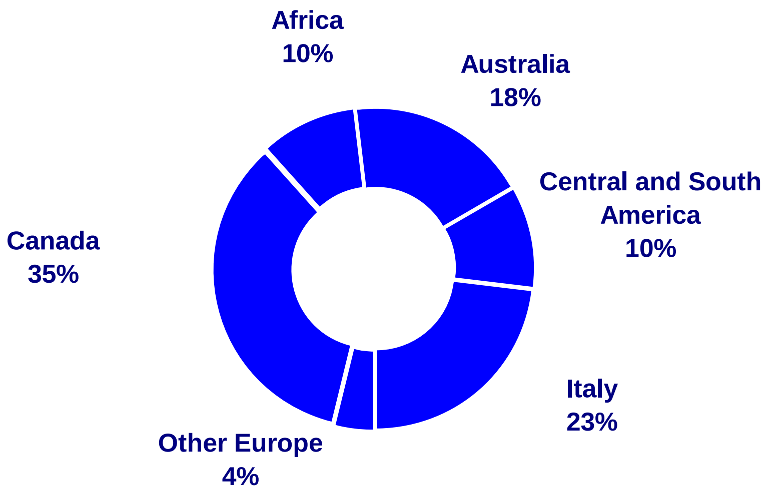


Data by Geographic Region

(in millions of euros)	Cumulative at March 31, 2011			Cumulative at March 31, 2010		
Region	**Revenues**	**EBITDA**	***EBITDA %***	**Revenues**	**EBITDA**	***EBITDA %***
Italy	239.6	19.7	*8.2*	237.3	26.7	*11.3*
Other Europe	39.0	1.6	*4.0*	36.0	2.7	*7.5*
Canada	355.4	31.5	*8.8*	337.1	25.5	*7.6*
Africa	102.5	11.5	*11.2*	95.0	9.4	*9.9*
Australia	189.8	3.2	*1.7*	161.7	16.2	*10.0*
Central and South America	107.3	9.2	*8.6*	82.3	3.6	*4.3*
Other [1]	(0.4)	(6.5)	*n.s.*	(0.3)	(5.5)	*n.s.*
Group	**1,033.2**	**70.2**	***6.8***	**949.1**	**78.7**	***8.3***

Regions represent the consolidated countries
1. Include Group's parent Company's costs, other no core companies and eliminations between regions

Net Revenues by Geographic Region



Data by Product Division

(in millions of euros)	Cumulative at March 31, 2011			Cumulative at March 31, 2010		
Division	**Revenues**	**EBITDA**	***EBITDA %***	**Revenues**	**EBITDA**	***EBITDA %***
Milk [1]	631.2	26.6	*4.2*	581.0	46.9	*8.1*
Fruit base drink [2]	64.1	12.1	*18.8*	53.8	9.0	*16.8*
Milk derivative [3]	315.4	35.2	*11.2*	293.7	32.7	*11.1*
Other [4]	22.5	-3.8	*-16.7*	20.6	-10.0	*-48.6*
Group	**1033.2**	**70.2**	***6.8***	**949.1**	**78.7**	***8.3***

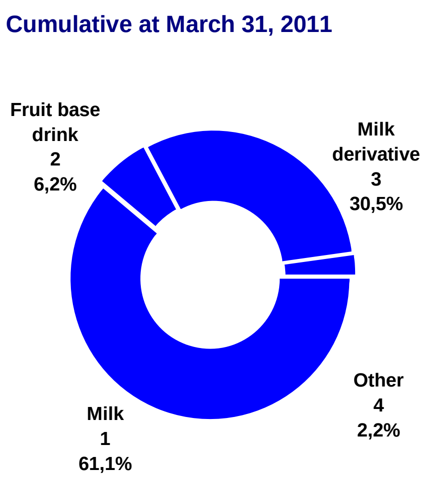
1 Include milk, cream and bechamel

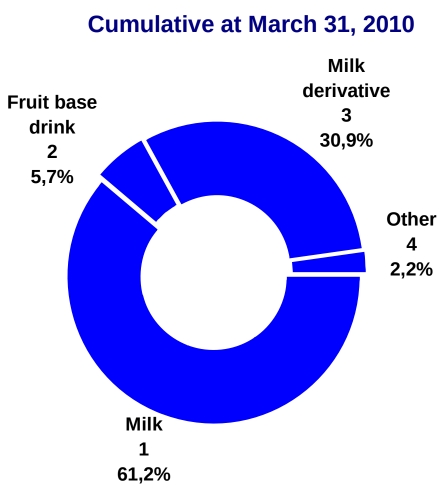
2 Include fruit base drink and tea

3 Include yoghurt, dessert, cheese

4 Include other products, hyperinflation in Venezuela and Group's Parent company costs

Net Revenues by Product Division





1 Include milk, cream and bechamel

2 Include fruit base drink and tea

3 Include yoghurt, dessert, cheese

4 Include other products, hyperinflation in Venezuela

Capital Expenditures

Geographic breakdown of the capital expenditures of the Parmalat Group at March 31, 2011

(in millions of euros)	**First quarter 2011**		**First quarter 2010**	
Region	**Amount**	**% of the total**	**Amount**	**% of the total**
Italy	5.0	25.0%	3.0	24.3%
Other countries in Europe	1.8	9.2%	0.8	6.8%
Canada	5.2	26.1%	2.6	21.5%
Africa	1.1	5.6%	1.5	12.0%
Australia	5.3	26.8%	3.1	25.3%
Central and South America	1.4	7.4%	1.2	10.1%
Total for the Group	**19.8**	**100.0%**	**12.2**	**100.0%**

In the first three months of 2011, capital expenditures totaled 19.8 million euros, for a 62.3% increase compared with the first quarter of 2010. The main investment projects are reviewed below:

- **Italy (5 million euros)**: projects to improve the efficiency and increase the capacity of production lines at the Collecchio and Zevio plants, restore assets following the fire in Rome, revamp the distribution network, improve the quality and food safety of production processes and increase operating safety.

- **Other countries in Europe (1.8 million euros)**: further progress in the construction of the Moscow warehouse, with completion expected in 2012.

- **Canada (5.2 million euros)**: continued expansion of the Montreal factory with the construction of a new refrigerated warehouse, increase in production capacity and restoration of assets.

- **Africa (1.1 million euros)**: improvements to the water treatment systems and installation of a yogurt packaging line.

- **Australia (5.3 million euros)**: final phase in the consolidation of the Dairy Products manufacturing lines at the Bendigo plant, reorganization of the commercial and distribution area, projects to increase the efficiency of manufacturing facilities and restoration of production and storage assets.

- **Central and South America (1.4 million euros)**: projects to improve the efficiency and capacity of production lines, restore assets and comply with regulatory requirements.

Italy

The economic recovery remained weak, with an upturn in inflation that reflects pressure on the price of food products and energy.

The market for milk with extended shelf life was stable in volume terms and grew modestly in value terms, with Parmalat retaining its leadership position.

Consumption of pasteurized milk increased in the modern distribution channel, but contracted in the traditional channel. Like all other producers of branded products, Parmalat suffered a slight reduction in market share, consistent with the renewed growth enjoyed by private labels.

Sales of Zymil, the leader of the lactose-free milk segment, continued to increase steadily both in the UHT market and the microfiltered, pasteurized market.

The yogurt market showed healthy growth both on a volume basis and, to a lesser extent, on a value basis, with Parmalat holding its market share basically unchanged.

After a particularly negative year, demand for fruit beverages showed signs of a revival. Parmalat, with its Santàl brand, held its market share relatively steady.

(in millions of euros)	**March 2011**	**March 2010**	**Variance**	**Varian.%**
Revenues	**239.6**	**237.3**	**2.2**	*+0.9%*
EBITDA	**19.7**	**26.7**	**(7.0)**	*-26.2%*
EBITDA %	*8.2*	*11.3*	*-3.0 ppt*	

Overall, sales volumes were up 2.3% compared with the previous year. Sales of UHT milk, which account for 45% of total unit sales, increased by 2.0%, compared with the first quarter of 2010, while those of pasteurized milk, which represent 34% of the total sales volume, were down 2.0%. Shipments of fruit beverages were 7.8% higher than in the first quarter of 2010.

Despite this positive sales performance, EBITDA were down 7.0 million euros, due mainly to the following factors:

- higher raw milk costs that were matched with list price increases not yet fully reflected in the trade;
- the damages caused by the fire at the production facility of Centrale del Latte di Roma this past August (net of partial insurance settlements). In any case, the Company is currently negotiating with the insurance company to recover the damage it suffered. Centrale del Latte di Roma resumed normal production in the second quarter of 2011 and its operating performance is expected to be in line with projections for the current year.

Other Countries in Europe

(in millions of euros)	March 2011	March 2010	Variance	Varian.%
Revenues	**39.0**	**36.0**	**3.0**	*+8.2%*
EBITDA	**1.6**	**2.7**	**(1.1)**	*-42.1%*
EBITDA %	*4.0*	*7.5*	*-3.5 ppt*	

Russia

The growth of the Russian economy is driven mainly by the rise in the international markets of the price of oil and the other commodities that it exports.

Overall, unit sales were in line with the previous year. More specifically, shipments of UHT milk, which together with flavored milk account for 37% of total unit sales, were up 1.3.% compared with 2010.

In terms of profitability, the results for the first quarter of 2011 benefited from a sales policy focused on restoring margins despite the increase in raw milk costs.

The local currency (Russian ruble) increased in value by 3.2% compared with the exchange rate applied in the same period last year. The impact of this change on revenues and EBITDA was not material

Portugal

In Portugal, the macroeconomic scenario continues to be extremely challenging, due to the high level of public debt, which caused the local government to adopt restrictive measures, including higher taxes and lower government spending. Such a situation ends up draining resources away from households and reduces their spending ability.

The results of the local subsidiary were penalized by the country’s economic context.

In the first quarter of 2011, net revenues totaled 13.2 million euros, or 6.4% less than in the same period last year, due both to a reduction in net sales prices and a contraction in unit sales, which decreased by 2.6% compared with the previous year.

Romania

Unit sales of fruit beverages were up 10.6% compared with the first quarter or 2010, due to an upturn in consumption during the first quarter of the year.
However, this positive trend is still not strong enough to support list price increases sufficient to offset the rise in production costs.

Canada

The Canadian economy continued to grow at a moderate pace, in line with the trend in the other advanced economies.

Conditions in the food market remained extremely competitive for producers who are faced with the need to satisfy the demand for lower prices by consumers and, at the same time, must invest in advertising to maintain their market position and support the value of their brands.

During the first quarter of 2011, the pasteurized milk market contracted slightly on a volume basis compared with the same period last year, but Parmalat improved its position in the Premium segment thanks mainly to a positive performance by its microfiltered milk and lactose-free milk. Consumption of yogurt was also down, with volumes decreasing by 2%. Nevertheless, Parmalat scored a significant gain in market share, both on a volume and value basis, thanks to an increased use of promotional tools compared with the same period last year. The cheese market grew in all segments, except for the Natural cheese segment, where consumption decreased slightly. Parmalat retained the leadership of the snack cheese segment and strong positions in all the other segments.

(in millions of euros)	**March 2011**	**March 2010**	**Variance**	**Varian.%**
Revenues	**355.4**	**337.1**	**18.3**	*+5.4%*
EBITDA	**31.5**	**25.5**	**6.0**	*+23.4%*
EBITDA %	*8.8*	*7.6*	*1.3 ppt*	

Local currency figures

(in millions of loc curr)	**March 2011**	**March 2010**	**Variance**	**Varian.%**
Revenues	**479.1**	**485.7**	**(6.7)**	*-1.4%*
EBITDA	**42.4**	**36.7**	**5.7**	*+15.4%*
EBITDA %	*8.8*	*7.6*	*1.3 ppt*	

The Canadian dollar increased in value by 6.5% compared with the exchange rate applied in the same period last year, with an impact on revenues and EBITDA of 22.9 million euros and 2.0 million euros, respectively.

In the first three months of 2011, overall unit sales were down 4% compared with the previous year. More specifically, shipments of pasteurized milk, which include flavored milk and accounted for 60% of total sales, decreased by 5.5%, cheese sales volumes were down 2.2% and yogurt unit sales increased by 16.1%.

EBITDA increased by 15.4% in the first quarter of 2011 thanks to a lower cost of raw milk and the effect of a different scheduling of advertising investments compared with the same period a year ago.

Africa

(in millions of euros)1	March 2011	March 2010	Variance	Varian.%
Revenues	**102.5**	**95.0**	**7.5**	*+7.9%*
EBITDA	**11.5**	**9.4**	**2.1**	*+22.1%*
EBITDA%	*11.2*	*9.9*	*1.3 ppt*	

[1] Consolidated data for South Africa, Mozambique, Zambia, Botswana and Swaziland.

South Africa

The South African economy improved slightly, but the high level of unemployment continues to affect consumption.

The UHT milk market grew, particularly on a volume basis, confirming the growing consumer preference for lower-priced products. In this environment, the local subsidiary reported unit sales substantially in line with those booked in the same period last year.

During the first three months of 2011, the cheese market enjoyed sustained growth and Parmalat South Africa retained its leadership position, with a 33.8% value market share.

In the yogurt market, the positive trend continued, driven by the recent launch of lower-priced products. The local subsidiary increased its market share thanks to carefully targeted activities to reposition its products.

In the dairy beverage segment, the best performances occurred in the market for flavored milk, where the local SBU retained the leadership position.

(in millions of euros)	March 2011	March 2010	Variance	Varian.%
Revenues	**88.2**	**82.4**	**5.9**	*+7.1%*
EBITDA	**10.4**	**8.8**	**1.6**	*+17.9%*
EBITDA %	*11.7*	*10.7*	*1.1 ppt*	

Local currency figures

(in millions of loc curr)	March 2011	March 2010	Variance	Varian.%
Revenues	**845.9**	**856.8**	**(10.9)**	*-1.3%*
EBITDA	**99.3**	**91.4**	**7.9**	*+8.7%*
EBITDA %	*11.7*	*10.7*	*1.1 ppt*	

The local currency (South African rand) increased in value by 7.8% compared with the exchange rate applied in the same period last year. The impact of this change on revenues and EBITDA was 6.9 million euros and 0.8 million euros, respectively.

In the first three months of 2011, total sales volumes were little changed compared with the same period last year.

EBITDA benefited from lower prices for raw milk and from the sales policy adopted by the local subsidiary.

Other Countries in Africa

Net revenues, computed before intra-Group transactions within the Africa region, totaled 17.1 million euros, for a gain of 1.5 million euros compared with the 15.6 million euros booked the previous year. EBITDA were also up compared with 2010, rising to 0.8 million euros.

The other African countries where the Group operates (Swaziland, Mozambique, Botswana and Zambia) reported unit sales that, in the aggregate, were higher than in the previous year, with only Mozambique bucking the upward trend.

In **Zambia,** where Parmalat enjoys absolute leadership positions, with revenues of 8.3 million euros, the local operations reported increases both in unit sales (+9.4%) and net revenues. Steady market demand enabled the local SBU to consolidated its current positions.

In **Mozambique,** the local subsidiary reported net revenues of 2.0 million euros. The decrease compared with the previous year is the result of a reduction in unit sales.

In **Botswana,** unit sales and net revenues, amounting to 4.1 million euros, were substantially in line with the previous year.

In **Swaziland,** gains both in unit sales and net revenues, which totaled 2.8 million euros, enabled the local subsidiary to retain its market position.

Australia

The Australian economy is continuing to grow, driven in part by economic expansion in China, which is a major importer of commodities that are abundant in Australia. However, there was a growing focus on prices in the retail sector, with consumers favoring lower-priced products and private labels, particularly with regard to market staples.

The data for the first quarter of 2011 were adversely affected by the massive floods that occurred in Queensland, which is the region where Parmalat has its most important market positions, causing consumer trends to temporarily shift towards basic products with an extended shelf life.

The flavored milk market, which is highly developed in Australia, grew at a sustained pace, with Parmalat improving its market share both on a volume and a value basis.

The white milk market posted an impressive gain in volume terms (+5.3%), but contracted by 1.5% in value terms. The main reason for this situation is the steady growth of private labels, which are priced at a level considerably lower than that of branded product. The price differential became even wider in the first quarter of 2011 as one of the main distributors further reduced prices. In this environment, Parmalat lost market share, as did all producers, but continued to grow in the lactose-free milk segment. Consumption was up in the yogurt market and Parmalat, while reporting an increase in sales volume, lost some market share due to temporary production problems caused by the floods.

(in millions of euros)	**March 2011**	**March 2010**	**Variance**	**Varian.%**
Revenues	**189.8**	**161.7**	**28.2**	*+17.4%*
EBITDA	**3.2**	**16.2**	**(13.0)**	*-80.1%*
EBITDA %	*1.7*	*10.0*	*-8.3 ppt*	

Local currency figures

(in millions of loc curr)	**March 2011**	**March 2010**	**Variance**	**Varian.%**
Revenues	**258.3**	**247.6**	**10.7**	*+4.3%*
EBITDA	**4.4**	**24.8**	**(20.5)**	*-82.3%*
EBITDA %	*1.7*	*10.0*	*-8.3 ppt*	

The value of the Australian dollar increased by 11.2% compared with the exchange rate applied in the same period last year. The positive impact of this change on revenues and EBITDA was 21.2 million euros and 0.4 million euros, respectively.

The local SBU reported higher unit sales in the first quarter of 2011. Sales of pasteurized milk, which, excluding flavored milk, account for 74% of the total sales volume, were up 18.2%, owing in part to new production for private labels. Unit sales of flavored milk and yogurt increased by 1% and 4.4%, respectively.

The decrease in EBITDA, which was in line with the projections for the period, was caused by pressure on sales prices, the impact of the Queensland floods, the delayed effect of last year's increase in milk prices (mainly in the Victoria region) and a substantial increase in advertising investments compared with the same period last year.

Central and South America

(in millions of euros)	March 2011	March 2010	Variance	Varian.%
Revenues	**107.3**	**82.3**	**25.0**	*+30.3%*
EBITDA	**9.2**	**3.6**	**5.7**	*+158.0%*
EBITDA %	*8.6*	*4.3*	*4.3 ppt*	

The table above shows the consolidated data for the region, which includes Venezuela, Colombia, Ecuador, Paraguay, Cuba and Nicaragua. The performance of the main SBUs is reviewed below.

Venezuela

Even though the performance of the Venezuelan economy benefited from the trend of international oil prices in recent months, the high rate of inflation continues to have a strong negative effect on consumption.

The trends driving consumption of dairy products remained volatile, based in part on product availability in the market.

The fruit beverage market contracted slightly on a volume basis and the local subsidiary, after the challenges it faced in 2010, regained positions in all of the markets where it operates.

The data presented in the table below include the effect of applying IAS 29 accounting both to 2011 and 2010.

(in millions of euros)	March 2011	March 2010	Variance	Varian.%
Revenues	**70.6**	**48.3**	**22.3**	*+46.1%*
EBITDA	**7.2**	**1.9**	**5.3**	*+276.0%*
EBITDA %	*10.3*	*4.0*	*6.3 ppt*	

Local currency figures

(in millions of loc curr)	March 2011	March 2010	Variance	Varian.%
Revenues	**414.8**	**287.6**	**127.2**	*+44.2%*
EBITDA	**42.5**	**11.5**	**31.1**	*+271.3%*
EBITDA %	*10.3*	*4.0*	*6.3 ppt*	

Overall, sales volumes increased by 16.0% compared with 2010. More specifically, unit sales increased by 6.9% for fruit beverages, which account for 46% of total sales volumes, grew by 31.1% for pasteurized milk but were down 1.4% for yogurt compared with the previous year.

EBITDA benefited from the higher coverage of fixed costs provided by the increase in sales volumes and the impact of an effective handling of sales price and production cost dynamics.

Colombia

The local economy continued to show healthy growth in the first quarter of 2011, particularly with regard to consumer spending.

In the dairy market, the internal dynamics reported at the end of 2010 continued in 2011, with lower demand for pasteurized milk, both in volume and value terms, and rising sales of products with an extended shelf life, particularly products packaged in aseptic plastic pouches (APP), and lactose-free milk. The yogurt market also grew both a volume and a value basis.

The local subsidiary confirmed its competitive position in the main market categories, owing in part to the support provided by promotional programs aimed directly at consumers in the milk and yogurt segments.

(in millions of euros)	**March 2011**	**March 2010**	**Variance**	**Varian.%**
Revenues	**30.7**	**28.8**	**1.8**	*+6.4%*
EBITDA	**1.9**	**1.7**	**0.2**	*+9.3%*
EBITDA %	*6.0*	*5.9*	*0.2 ppt*	

Local currency figures

(in millions of loc curr)	**March 2011**	**March 2010**	**Variance**	**Varian.%**
Revenues	**78,710**	**77,664**	**1,046**	*+1.3%*
EBITDA	**4,759**	**4,571**	**188**	*+4.1%*
EBITDA %	*6.0*	*5.9*	*0.2 ppt*	

The local currency (peso) increased in value by 4.7% compared with the exchange rate applied in the same period last year. The impact of this change on revenues and EBITDA was 1.4 million euros and 0.1 million euros, respectively.

Against this background, total unit sales decreased by 5.3% compared with the previous year, with shipments of liquid milk, which accounted for more than 80% of the total sales volume, down 7.9% due to strong competition by the main local cooperative and small producers.

The gain in EBITDA reflects the effect of higher margins, offset only in part by an increase in overhead.

Financial Performance

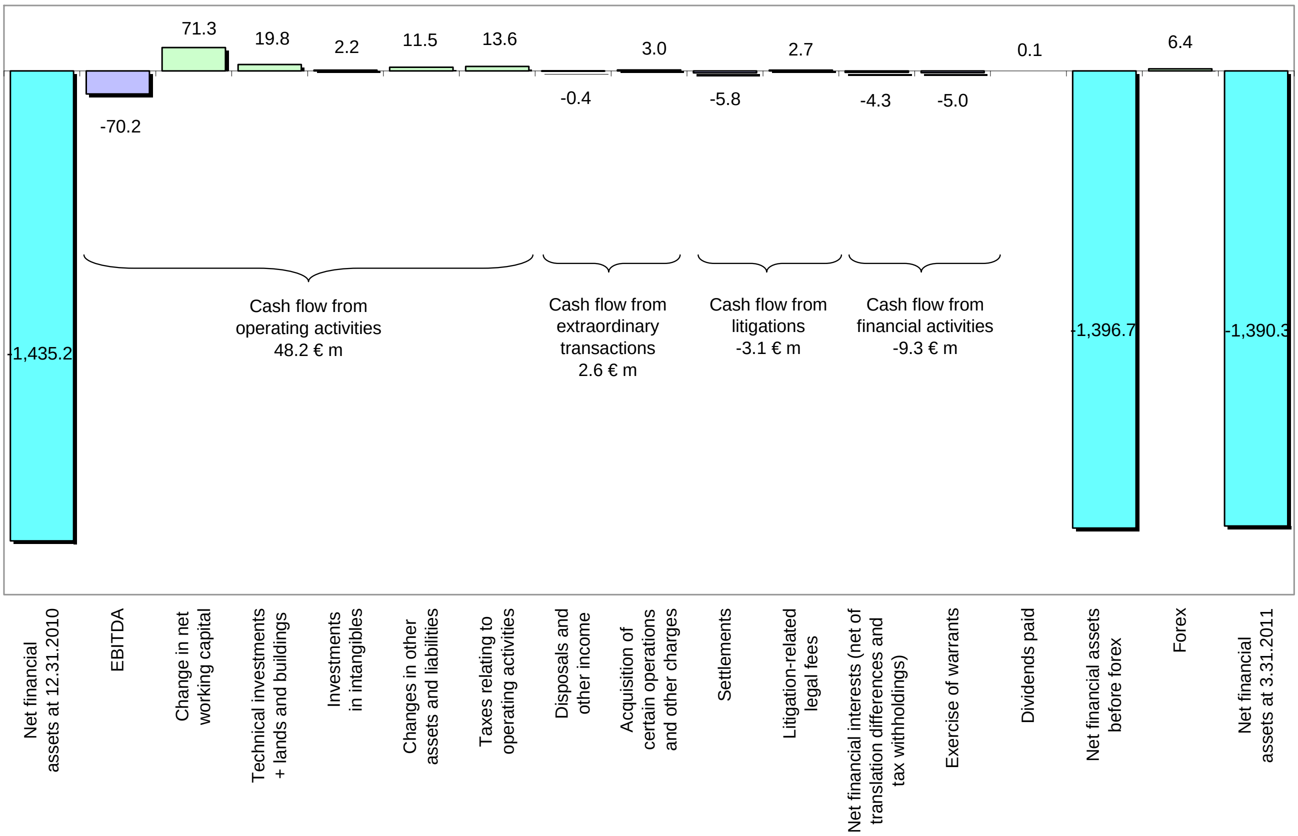
During the first three months of 2011, the Group's net financial position decreased by 44.9 million euros, falling from net financial assets of 1,435.2 million euros at December 31, 2010 to 1,390.3 million euros at March 31, 2011, after a negative foreign exchange effect of 6.4 million euros.

The cash flow used in operating activities totaled 48.2 million euros, reflecting the impact of seasonal factors on working capital, the disbursements required in 2011 for investments in property, plant and equipment made by the Canadian subsidiary at the end of 2010 and an increase in tax credits, mainly attributable to Parmalat Spa.

Cash flow from litigation activities provided a positive contribution of 3.1 million euros to the net financial positions, as the net result of settlement proceeds totaling 5.8 million euros and legal expenses amounting to 2.7 million euros.

The cash flow from financial transactions totaled 9.3 million euros.

Consolidated Cash Flow January 1 - March 31, 2011



Human Resources

Group Employees

The table below provides a breakdown by geographic region of the employees on the Group's payroll at March 31, 2011 and a comparison with the data at December 31, 2010.

Total number of employees by geographic region		
Geographic region	**3/31/11**	**12/31/10**
Italy	2,118	2,130
Other countries in Europe	1,416	1,402
Canada	2,910	2,884
Africa	2,382	2,405
Australia	1,751	1,771
Central and South America	3,329	3,338
Total	**13,906**	**13,930**

At March 31, 2011, the size of the Group's staff was little changed compared with the end of 2010. Modest increases in Russia and Canada, due mainly to the hiring of temporary workers and production staff, were offset by small reductions at the other business units.

Review of Operating and Financial Results

Parmalat Group

Net revenues were up 8.9% compared with the first quarter of 2010 due to the combined impact of an increase in unit sales, mainly in Australia and Venezuela, and a decrease in the value of the euro versus the currencies of the main countries where the Group operates.

EBITDA totaled 70.2 million euros, or 8.5 million euros less (-10.8%) than the 78.7 million euros earned the previous year. Operating factors, including higher raw milk prices, especially in Italy and Australia, account for this decrease. The effects of this cost increase were addressed in Italy by means of an adjustment to list prices, not yet been fully reflected in the trade, that will produce positive results in the coming months. In Australia, prices were increased in the second half of 2010. The reduction in EBITDA also reflects the effects of external factors, i.e., the floods in Queensland (Australia) and the damages caused by the fire at the production facility of Centrale del Latte di Roma this past August. The combined negative impact of both events is estimated at about 5 million euros (net of partial insurance settlements). With regard to the fire, the Company is currently negotiating with the insurance company to recover the damage it suffered.
Restated without the impact of these two damage events, EBITDA would amount to 74.9 million euros, down 4.8% compared with the first quarter in 2010.

EBIT amounted to 58.7 million euros, for a gain of 5.6% compared with the 55.6 million euros reported at March 31, 2010.
Depreciation, amortization and writedowns of non-current assets totaled 25.1 million euros (26.0 million euros in the first three months of 2010). Other income and expenses include 9 million euros related to the recognition in the income statement of the provision for risks, following the termination of the litigation filed by South African Antitrust Authority.

At 50.0 million euros, **Group interest in net profit** was little changed compared with the 48.5 million euros earned in the first three months of 2010.

Operating working capital grew to 385.4 million euros, or 56.8 million euros more than at December 31, 2010, when it amounted to 328.6 million euros. The additional investments in property, plant and equipment made by the Canadian subsidiary at the end of 2010 and paid for in 2011 account for this increase.

Net invested capital amounted to 2,139.5 million euros, for a gain of 42.9 million euros compared with 2,096.6 at December 31, 2010. The change in operating working capital accounts for most of this increase.

The Group’s **net financial assets** totaled 1,390.3 million euros, or 44.9 million euros less than the 1,435.2 million euros held at the end of 2010. This decrease is mainly the net result of the following factors: cash used in operating activities for 48.2 million euros; cash generated by financing activities for 9.3 million euros; and the impact of the translation into euros of the net borrowings of companies that operate outside the euro zone for 6.4 million euros.

Group interest in shareholders' equity amounted to 3,505.7 million euros, in line with the 3,505.3 million euros reported at December 31, 2010.

Parmalat Group

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in millions of euros)	**1st quarter 2011**	**1st quarter 2010**
REVENUES	**1,045.7**	**955.8**
Net revenues	1,033.2	949.1
Other revenues	12.5	6.7
OPERATING EXPENSES	**(973.2)**	**(871.3)**
Purchases, services and miscellaneous costs	(833.3)	(752.1)
Labor costs	(139.9)	(119.2)
Subtotal	**72.5**	**84.5**
Writedowns of receivables and other provisions	(2.3)	(5.8)
EBITDA	**70.2**	**78.7**
Depreciation, amortization and writedowns of non-current assets	(25.1)	(26.0)
Other income and expenses:		
- Litigation-related legal expenses	(1.5)	(2.6)
- Miscellaneous income and expenses	15.1	5.5
EBIT	**58.7**	**55.6**
Net financial income/(expense)	3.6	8.7
Other income from/(charges for) equity investments	0.0	(0.2)
PROFIT BEFORE TAXES	**62.3**	**64.1**
Income taxes	(12.2)	(15.0)
NET PROFIT FROM CONTINUING OPERATIONS	**50.1**	**49.1**
NET PROFIT FOR THE PERIOD	**50.1**	**49.1**
Minority interest in net (profit)	(0.1)	(0.6)
Group interest in net profit	50.0	48.5

Continuing operations:

Basic earnings per share	**0.0288**	**0.0281**
Diluted earnings per share	**0.0282**	**0.0275**

Parmalat Group

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	**3/31/11**	**12/31/10**
NON-CURRENT ASSETS	**2,020.4**	**2,073.6**
Intangibles	1,091.5	1,116.4
Property, plant and equipment	838.8	864.3
Non-current financial assets	10.6	10.9
Deferred-tax assets	79.5	82.0
AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	**0.5**	**0.5**
NET WORKING CAPITAL	**472.2**	**393.2**
Inventories	395.4	390.5
Trade receivables	487.6	484.0
Trade payables (-)	(497.6)	(545.9)
Operating working capital	**385.4**	**328.6**
Other current assets	247.1	222.3
Other current liabilities (-)	(160.3)	(157.7)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**2,493.1**	**2,467.3**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(91.6)**	**(97.2)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(257.3)**	**(268.7)**
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(4.7)**	**(4.8)**
NET INVESTED CAPITAL	**2,139.5**	**2,096.6**
Covered by:		
SHAREHOLDERS' EQUITY	**3,529.8**	**3,531.8**
Share capital	1,737.9	1,732.9
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	153.7	153.7
Other reserves and retained earnings	1,564.1	1,336.7
Profit for the period	50.0	282.0
Minority interest in shareholders' equity	24.1	26.5
NET FINANCIAL ASSETS	**(1,390.3)**	**(1,435.2)**
Loans payable to banks and other lenders	31.4	33.6
Loans payable to investee companies	4.3	4.5
Other financial assets (-)	(1,118.1)	(1,155.3)
Cash and cash equivalents (-)	(307.9)	(318.0)
TOTAL COVERAGE SOURCES	**2,139.5**	**2,096.6**

Parmalat S.p.A.

Net revenues increased to 206.4 million euros, or 4.6% more than the 197.4 million euros reported at March 31, 2010. The production support provided to Centrale del Latte di Roma during the quarter accounts for this positive performance, which was achieved despite a policy of sales discounts and promotions.

EBITDA totaled 14.8 million euros, for a decrease of 3.0 million euros compared with the 17.8 million euros earned in the first quarter of 2010. The effect of higher raw milk prices, offset only in part by a gain in unit sales, accounts for the EBITDA reduction.

EBIT grew to 7.5 million euros, compared with 5.7 million euros at March 31, 2010 (+1.8 million euros). Several factors had an impact on reported EBIT, including: proceeds from settlements and damage claims totaling 2.2 million euros, down from 2.6 million euros in the first quarter of 2010 (-0.4 million euros); an addition of 1.0 million euros to the provisions for losses of investee companies; a reduction in litigation expenses, which fell from 2.6 million euros to 1.5 million euros; and a decrease of 2.1 million euros in depreciation and amortization for the period.

The net profit for the period totaled 42.6 million euros (47.3 million euros in the first quarter of 2010). The decrease of 4.7 million euros was caused, in addition to the factors described above, by a reduction in dividends received from subsidiaries (35.5 million euros compared with 41.9 million euros in the first quarter of 2010 mainly due to a different timing in the distribution), offset in part by a gain in net financial income (+0.6 million euros).

Net invested capital increased by 38.0 million euros to 1,553.0 million euros, up from 1,515.0 million euros at December 31, 2010, due mainly to the impact of a gain in net working capital (+ 40.5 million euros), resulting from the recognition of uncollected dividends receivable from subsidiaries and the VAT credit that arose during the period. Changes in non-current assets and provisions account for the balance.

Net financial assets grew from 1,345.0 million euros at December 31, 2010 to 1,354.6 million euros at March 31, 2011. The increase of 9.6 million euros is due mainly to the collection of dividends from subsidiaries (7.6 million euros) and proceeds from settlements (2.2 million euros). As was the case during the previous year, a portion of the liquidity has been used to finance the Canadian and Australian subsidiaries which repaid their external debt.

The Company's **shareholders' equity** totaled 2,907.6 million euros, up from 2,860.0 million euros at December 31, 2010. The increase of 47.6 million euros is the combined result of the net profit for the period and the exercise of warrants during the first quarter of 2011.

Parmalat S.p.A.

RECLASSIFIED INCOME STATEMENT

(in millions of euros)	**1st quarter 2011**	**1st quarter 2010**
REVENUES	**214.4**	**204.4**
Net revenues	206.4	197.4
Other revenues	8.0	7.0
OPERATING EXPENSES	**(198.1)**	**(182.6)**
Purchases, services and miscellaneous costs	(170.4)	(156.8)
Labor costs	(27.7)	(25.8)
Subtotal	**16.3**	**21.8**
Writedowns of receivables and other provisions	(1.5)	(4.0)
EBITDA	**14.8**	**17.8**
Depreciation, amortization and writedowns of non-current assets	(7.3)	(10.5)
Other income and expenses:		
- Litigation-related legal expenses	(1.5)	(2.6)
- (Additions to)/Reversals of provision for losses of investee companies	(1.0)	-
- Miscellaneous income and expenses	2.5	1.0
EBIT	**7.5**	**5.7**
Net financial income/(expense)	4.7	4.1
Other income from/(charges for) equity investments	35.5	41.9
PROFIT BEFORE TAXES	**47.7**	**51.7**
Income taxes	(5.1)	(4.4)
NET PROFIT FROM CONTINUING OPERATIONS	**42.6**	**47.3**
NET PROFIT FOR THE PERIOD	**42.6**	**47.3**

Parmalat S.p.A.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	**3/31/11**	**12/31/10**
NON-CURRENT ASSETS	**1,461.9**	**1,466.7**
Intangibles	377.7	378.5
Property, plant and equipment	151.9	155.9
Non-current financial assets	893.8	892.8
Deferred-tax assets	38.5	39.5
AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	**0.0**	**0.0**
NET WORKING CAPITAL	**185.0**	**144.5**
Inventories	45.3	42.6
Trade receivables	184.5	188.9
Trade payables (-)	(177.7)	(184.5)
Operating working capital	**52.1**	**47.0**
Other current assets	183.3	143.2
Other current liabilities (-)	(50.4)	(45.7)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**1,646.9**	**1,611.2**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(25.0)**	**(25.3)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(64.5)**	**(66.5)**
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(4.4)**	**(4.4)**
NET INVESTED CAPITAL	**1,553.0**	**1,515.0**
Covered by:		
SHAREHOLDERS' EQUITY	**2,907.6**	**2,860.0**
Share capital	1,737.9	1,732.9
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	153.7	153.7
Other reserves and retained earnings	973.4	845.1
Interim dividend	0.0	0.0
Profit for the period	42.6	128.3
NET FINANCIAL ASSETS	**(1,354.6)**	**(1,345.0)**
Loans payable to banks and other lenders	3.8	4.4
Loans payable/(receivable) from investee companies	(78.8)	(80.5)
Other financial assets (-)	(1,101.9)	(1,134.4)
Cash and cash equivalents (-)	(177.7)	(134.5)
TOTAL COVERAGE SOURCES	**1,553.0**	**1,515.0**

Key Events in the First Quarter of 2011

The Second Circuit Court of Appeals Reinstates the Proceedings Concerning Whether the Illinois State Court Has Jurisdiction to Hear the Lawsuit Filed Against Grant Thornton

On January 18, 2011, the Second Circuit Court of Appeals ruled that the New York Federal District Court erred in applying the U.S. bankruptcy law when it ruled that the proceedings should continue under the federal jurisdiction, rejecting Parmalat's argument that the Federal Court should abstain from hearing the merits of these proceedings, which properly belong before the Illinois State Court, where Parmalat originally filed its complaint. The Court of Appeals thus sent the proceedings back to the New York Federal District Court, asking it to reconsider, based on the correct principles of law, the motion filed by Parmalat asking the court to abstain from hearing this case.

By this decision, the Court of Appeals reopens the possibility that, after a review by the District Court, the proceedings could be sent back for a full merit review to the Illinois State Court, which, as Parmalat argued from the start, has jurisdiction over these proceedings. The lawsuit is now continuing before the Federal District Court, where it was returned for further review.

Settlement with PPL Partecipações Limitada in Bankruptcy

On February 23, 2011, Parmalat S.p.A. and PPL Partecipações Limitada in Bankruptcy (hereinafter PPL), formerly Parmalat Partecipações do Brasil Limitada.

Pursuant to this agreement, PPL shall waive all claims against Parmalat in exchange for the award of 7 million Parmalat shares, PPL shall transfer to Parmalat in exchange for 1 euro the receivable owed by the South American subsidiaries, Parmalat shall pay a consideration of 1.563.000 euros for the transfer by PPL to Parmalat S.p.A. of a 9.01% equity interest in Parmalat Colombia Ltda.

This settlement is subject to the fulfillment of the following conditions precedent:

(i) for PPL, the approval of this transaction by the Creditors' Committee, the Public Prosecutor and the Bankruptcy Judge;

(ii) for Parmalat, the issuance by the Parma Bankruptcy Court of a resolution amending the list of verified claims and awarding to PPL the Parmalat shares.

Events Occurring After March 31, 2011

The Ordinary and Extraordinary Shareholders' Meeting, originally convened for April 12, 13 and 14, 2011, is being convened for a new date

The Board of Directors of Parmalat S.p.A., meeting on April 1, 2011, agreed, availing itself of the provisions of Decree Law No. 26 of March 25, 2011 (in effect as of March 27, 2011), to revoke an earlier Notice of Ordinary and Extraordinary Shareholders' Meeting (originally convened for April 12, 13 and 14, 2011) and convene a new Shareholders' Meeting, with the same agenda, for June 25, 27 and 28, 2011.

Challenge to the Resolution Adopted by the Board of Directors on April 1, 2011

The resolution dated April 1, 2011, by which the Board of Directors postponed the Ordinary and Extraordinary Shareholders' Meeting of April 12, 13 and 14, 2011, was challenged before the Court of Parma by the shareholder Groupe Lactalis S.A. ("Groupe Lactalis"), who contested the resolution's legality, asking, on the merit, that it be declared invalid and asking that, as a precautionary measure, the Court, ex parte, stay the resolution's implementation. By a decision handed down on April 8, 2011 and published on April 11, 2011, following oral arguments put forth by the complainant Groupe Lactalis S.A. and Parmalat S.p.A., which in the interim joined the proceedings, at a hearing held on April 7, 2011, the Court of Parma denied the motion filed by Groupe Lactalis S.A. to stay the implementation of the challenged resolution, upholding the decree issued on April 4, 2011 by the court's Chief Judge, who found that the resolution adopted by the Board of Directors of Parmalat S.p.A. on April 1, 2011 was consistent with the provisions of Decree Law No. 26 of March 25, 2011 and, consequently, denied the motion by Groupe Lactalis for the issuance, ex parte, of a protective order due to lack of a basis in the law. The hearing requiring both parties to appear in the merit proceedings (also concerning a motion to order the payment of damages) originally set for July 25, 2011 was postponed ex officio to October 25, 2011 at 9 AM.

Ariete Fattoria Latte Sano

On April 13, 2011, appearing before the Second Section of the Regional Administrative Court of Latium, Ariete Fattoria Latte Sano filed a motion requesting the enforcement of the decisions handed down by the Council of State on October 22, 2010 declaring null and void the sales agreement by which, in 1998, the City of Rome sold a 75% interest in Centrale del latte di Roma to Cirio, which, in turn, sold the same interest to Parmalat in 1999. Ariete Fattoria Latte Sano is asking for the restitution of the shares of Centrale del Latte di Roma to the City of Rome and for the quantification of the damage incurred, plus court costs. Parmalat asked the court to deny this motion based on the fact that the decision by the Council of State was limited to declaring null and void the contract by which Centrale was sold to Cirio and provided no indication as to the ownership of the shares, which is matter that can only be decided by a regular court. At the end of the hearing, the administrative court reserved the right to decide within 30 days.

The Banks Indicted for Stock Manipulation in the Parmalat Bankruptcy Found Not Guilty

On April 18, 2011, the judges of the Second Criminal Section of the Court of Milan handed down a decisions ruling that the four banks indicted for stock manipulation in the Parmalat bankruptcy—Morgan Stanley, Bank of America, Citibank and Deutsche Bank—were not guilty. A not-guilty verdict was also issued for five bank managers, for whom the prosecution had requested sentences ranging between one year and one year and four months.

The Court must filed its detailed decision within ninety days.

Tender Offer for Parmalat by Groupe Lactalis

On April 26, 2011, Sofil S.a.s., ("Sofil"), acting also on behalf of B.S.A. S.A. ("BSA") and Groupe Lactalis, launched a voluntary, all inclusive tender offer (the "Tender Offer"), pursuant to Article 102 and Article 106, Section 4, of Legislative Decree No. 58 of February 24, 1998 (the "TUF"), for all of the common shares of Parmalat S.p.A., less the Parmalat shares already held by BSA and Groupe Lactalis. This tender offer was announced by Sofil by sending to the Company the communication required pursuant to Article 102 of the TUF (the "102 Communication"). The main features of the tender offer, as presented by the offeror in the 102 Communication, a copy of which is available on the Company website, are reviewed below.

Classes and quantities of the securities subject of the Tender Offer

The Tender Offer is for 1,234,460,667 shares, equal to 71.031% of the Issuer's share capital, i.e., all of the shares outstanding as of the date of the 102 Communication, less a total of 503,465,048 shares (equal to 28.969% of the Company's share capital) held by BSA and Groupe Lactalis, and up to an additional 63,725,992 shares that may be issued and allocated during the Tender Offer period as part of a tranche of the capital increase approved by the Issuer's Extraordinary Shareholders' Meeting of March 1, 2005 and reserved for challenging creditors, conditional creditors and late-filing creditors, as defined in Article 5, Letters b.1 and b.2, of Parmalat's current Bylaws (the "Shares Reserved for Creditors").

Price per share

Shareholders who will tender their shares will receive for each tendered Parmalat share a cash price of 2.60 euros (the "Price").

Reasons for the Tender Offer and plans of the offeror

With regard to the reasons for the Tender Offer, Sofil stated that Groupe Lactalis intends to acquire control of the Issuer with the aim of pursuing a profitable integrations of the respective operations and that Groupe Lactalis intends to offer to the Issuer's current shareholders an opportunity to monetize their investment on terms more favorable than those provided by the price of Parmalat shares in recent months. Specifically, Groupe Lactalis intends to strengthen its position in the market for packaged milk in Italy by investing in the development of fortified milk and functional milk. At the same time, insofar as foreign markets are concerned, Groupe Lactalis plans to take advantage of potential commercial, industrial and R&D synergies. Sofil also indicated that Groupe Lactalis plans to strengthen Parmalat's ability to operate as the leading brand in dairy beverages, both through internal growth and with targeted acquisitions. Basically, the plan of Groupe Lactalis is to continue supporting the growth strategy developed and communicated to the market by the Issuer in order to maintain and further increase the Issuer's preeminent position in its target markets.
With this in mind, Groupe Lactalis stated that it will consider the possibility of conveying to Parmalat its packaged milk operations, including those operated in France and Spain, thereby creating a world-class leader with headquarters, organization and top management in Italy. In addition, in the 102 Communication, Groupe Lactalis does not exclude the possibility of executing mergers or other extraordinary transactions, including between Group companies, in the pursuit of its objectives, it being understood that it plans to maintain Parmalat's stock market listing, and points out that, at this stage, there are no plans to alter the employment levels of the Issuer and its group or make changes to the Issuer's production facilities.
In the 102 Communication, Sofil stated that, if at the end of the Tender Offer it owns a total interest of more than 90%, but less than 95%, it will reestablish a sufficient share float to allow normal trading activities.
If Sofil were to hold a total interest greater than 95%, it will comply with the obligation to purchase the remaining shares from any requesting party, pursuant to Article 108 of the TUF, but it will not avail itself of the right to purchase any remaining outstanding shares provided by Article 111 of the TUF.

Financing of the Tender Offer

Sofil stated that it intends to finance the maximum price of the Tender Offer, amounting to 3,400,000,000.00 euros, with an intra-Group facility provided by B.S.A. Finances S.n.c., a subsidiary of BSA. In turn, B.S.A. Finances S.n.c. will use a bank facility provided by Crédit Agricole Corporate and Investment Bank, HSBC France, Natixis and Société Generale Corporate and Investment Bank.

Conditions precedent for the effectiveness of the Tender Offer

As Sofil stated in the 102 Communication, the effectiveness of the Tender Offer is subject to a series of conditions precedent, which include:

(a) A sufficient number of shares must be tendered enabling the Offeror to hold an interest of at least 55%;
(b) The number of shares outstanding at the end of the Tender Offer period must not be greater than the number of shares subject of the Tender Offer;
(c) Authorities with jurisdiction over competition issues must give their unconditional approval;
(d) The Australian authority with jurisdiction over foreign investments must give its unconditional approval;
(e) The absence of drastic changes in market conditions that would have a negative material impact on the Tender Offer or the Issuer or facts or situations concerning the Parmalat Group not yet communicated to the market capable of materially and adversely affect the Issuer's balance sheet, income statement and cash flow;
(f) The adoption of defensive measures by the Issuer to resist the Tender Offer;
(g) The absence of legislative, administrative and judicial regulatory measures or decisions aimed at precluding or limiting the ability of the Offeror (or of the parties who control the Offeror) to own controlling interests, appoint the majority of Directors or vote at Ordinary and Extraordinary Shareholders' Meetings.

The Tender Offer is also subject to the approval of the antitrust authorities of the European Union, Canada, South Africa, the Ukraine, Russia and Colombia, and must be approved by the Australian authority for foreign investments.

According to an announcement to the market by Groupe Lactalis, on April 29, 2011, Sofil filed with the National Commission for Corporations and the Securities Markets ("Consob"), as required by Article 102 of the TUF, a Tender Offer Prospectus (the "Prospectus"). This Prospectus, a copy of which the Company has not received as of the date of this Report, is supposed to specify the duration of the Tender Offer, as required by Article 40, Section Two, of the Issuers' Regulations, adopted by the Consob with Resolution No. 11971 of May 14, 1999.

By a resolution adopted on May 3, 2010, the Company's Board of Directors retained the services of financial and legal advisors for the purpose of securing the necessary support in connection with the Tender Offer.

With reference to the takeover bid we report that on May 2, 2011, Codacons and the Association of Users of Financial, Banking and Insurance Services served a petition on Parmalat (as the other party involved) and on others (including CONSOB, the defendant, and SOFIL, also as a party involved), in which they applied to the Regional Administrative Court of Lazio requesting, among other things, that it "*cancel, after suspension, the provision enacted or about to be enacted by Consob to admit the takeover bid presented by SOFIL, as illegitimate*". The Board of Directors of Parmalat will evaluate the advisability of providing to appear in the above-mentioned suit when the Tender Document submitted by SOFIL has been published, at the end of CONSOB's investigation.

The Board of Directors points out, as reported in the explanatory notes to the consolidated financial statements as of December 31, 2010 (in the section on "Guarantees and Commitments"), that Parmalat Dairy & Bakery Inc (PDBI, now Parmalat Canada Inc.) *"had signed a loan agreement in 2004 providing, among other things, to accept for its account a commitment to pay the lender an amount corresponding to 10% of the Equity Value of PDBI at the time of the change of control, as defined in that same contract, for PDBI and for the parent company Parmalat S.p.A. Said contract will terminate on July 9, 2011, unless before that date a commitment is undertaken involving a "change of control" and this commitment is concluded before July 9, 2012, in which case the term of the contract would be extended so as to permit the former lender to receive the above payment*" (see also the Management Report, section on *Corporate Governance*, Information about Ownership Arrangements).
We deem it appropriate at this time to stress the foregoing facts once again, following the events (described in greater detail in the introduction) that occurred after approval by the Board of Directors on March 2, 2011 of the draft financial statements as of December 31, 2010, among which the voluntary total takeover bid launched by Lactalis. Information relative to Parmalat Canada Inc. can be drawn from the reports and financial statements for 2010 and those of the previous years.

Principles for the Preparation of the Interim Report on Operations at March 31, 2011

The Interim Report on Operations at March 31, 2011 was prepared in accordance with the provisions of Article 154-*ter “Financial Reporting”* of the Uniform Financial Code introduced with Legislative Decree No. 195 of November 6, 2007, by which the Italian Legislature implemented Directive 2004/109/CE (so-called Transparency Directive) on periodic financial reporting.

The accounting principles applied in the Interim Report on Operations at March 31, 2011 are the same as those used to prepare the Annual Report at December 31, 2010. Consequently, the former should be read together with the latter.

The following recently published accounting principles and interpretations went into effect on January 1, 2011, as adopted by the European Commission:

Amendments to IAS 32 – Classification of Rights Issues

Amendments to IAS 24 – Related-party Disclosure

Amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement

Amendments to IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Minor amendments to the IFRSs (“IFRS Improvements” – 2010 Release)

However, these accounting principles, amendments and interpretations concern situations and issues that did not exist within the Group or were not relevant as of the date of this Interim Report on Operations.

The presentation formats used for the income statement and statement of financial position are the same as those used in the Report on Operations section of the Annual Report.

As part of the process of preparing the Interim Report on Operations, Directors are required to use accounting principles and methods that, in some instances, require the use of difficult and subjective valuations and estimates based on historical data and assumptions that, in each case, are deemed to be reasonable and realistic under the circumstances existing at that time. The use of these estimates and assumptions has an impact on the amounts reported on the financial statements, which include the statement of financial position and the income statement, and affects the disclosures provided therein. The final amounts shown for the financial statement items for which the abovementioned estimates and assumptions were used may differ from the amounts shown on the financial statements due to the uncertainty that is inherent in all assumptions and the conditions upon which the estimates were based. Estimates and assumptions are reviewed periodically and any resulting change is recognized in the accounting records for the period in which the estimate was revised, if the change affects only the current period, or also for subsequent periods, if the change affects the current period and future periods. The financial statement items that require more than others subjective input by the Directors in the development of estimates and with regard to which a change in the conditions underlying the assumptions could have a material impact on the Interim Report on Operations are: goodwill, writedowns of non-current assets, depreciation and amortization, deferred taxes, the allowance for doubtful accounts, the provisions for risks, pension plans and other post-employment benefit plans, and the reserves for creditor challenges and claims of late-filing creditors.

A complete determination as to whether the value of non-current assets has been impaired is carried out only in connection with the preparation of the annual financial statements, when all necessary information is available, except in cases when impairment indicators that require an immediate assessment of any impairment losses are detected.

The income tax liability is recognized based on the best estimate of the average tax rate for the entire year.

Sales of some Group products are more seasonal than those of the rest of the product line, due to different buying habits and consumption patterns. However, the geographic diversification of the Company's sales significantly reduces this seasonal impact.

The Interim Report on Operations at March 31, 2011 was not audited.

The Board of Directors authorized the publication of this Interim Report on Operations on May 12, 2011.

Scope of Consolidation

During the first quarter of 2011, the Group's scope of consolidation did not change significantly compared with December 31, 2010.

Venezuela

The income statement and statement of financial position data of the Venezuelan subsidiaries, when stated in the local currency, are affected by a rate of inflation that, over the past three years, exceeded the cumulative threshold of 100%, which triggered the adoption of the adjustments required by IAS 29 – Financial Reporting in Hyperinflationary Economies, starting in 2009. According to this principle, the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current on the date of the financial statements. All statement of financial position amounts that are not stated in terms of the measuring unit current on the date of the financial statements must be restated by applying a general price index. All income statement components must be stated in terms of the measuring unit current on the date of the financial statements, applying the change in the general price index that occurred since the date when revenues and expenses were originally recognized in the financial statements. The restatement of the financial statement amounts was carried out using Venezuela's consumer price index (INPC). As of the date of this Interim Report on Operations, the index was 220.7 (173.2 in March 2010) and the year-over-year change in the index was 29.2%.

Business Outlook for the Balance of 2011

The reference scenario continues to reflect the impact of a deep geopolitical crisis in Africa, which, among other consequences, created major volatility of commodity prices.

In addition, the adverse natural events that occurred in Australia earlier this year caused consumption and sales prices to contract and produced a temporary shift in consumption habits.

Positive trends in Canada, South Africa and Venezuela should help mitigate the risk outlined above.

Guidance

This context was already taken into account when initially providing the guidance, which is therefore confirmed with revenues of about 4.4 billion euros and EBITDA of 385 million euros.

Disclaimer

This Report contains forward looking statements, particularly in the section entitled "Business Outlook." Projections for 2011 are based on the Group's performance in the fourth quarter of 2010 and take into account market trends at the beginning of this year. The group's activities are affected by changing conditions in the global economy, uncertainty in the Mediterranean Basin and the consequences of the natural disasters in the Asia/Pacific region.
Consequently, the impact of any of these factors is difficult to quantify.

Certification Pursuant to Article 154 *bis,* Section 2, of Legislative Decree No. 58/98, as Amended

As required by Article 154 *bis*, Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), the Corporate Accounting Documents Officer, Luigi De Angelis, hereby declares that the accounting disclosures provided in this Report are consistent with the data in the supporting documents and in the Company's books of accounts and other accounting records.

Signed: Luigi De Angelis
Corporate Accounting Documents Officer

Parmalat S.p.A.

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