



## PRESS RELEASE

### *The Board of Directors Approves the Semiannual Report at June 30, 2012*

#### **Financial highlights of the Parmalat Group:**

- **Net revenues:** important gain of 6.1% compared with the first half of 2011
- **EBITDA:** significant improvement of industrial operations (+9.4%)
- **Strong performance in: Australia and Russia**
- **2012 Guidance:** the growth estimate announced earlier both for net revenues and EBITDA (up about 3%) is confirmed

#### Consolidated Financial Highlights of the Group

	<i>Amounts in millions of euros</i>	First half of 2012	First half of 2011	% change
<b>PARMALAT GROUP</b>				
• NET REVENUES UP TO 2,276.9 MILLION EURO (+6.1%)	<b>Net revenues</b>	2,276.9	2,146.9	+6.1
• EBITDA TOTAL 163.3 MILLION EURO (+9.4%)	<b>EBITDA</b>	163.3	149.3	+9.4
• GROUP INTEREST IN NET PROFIT OF 82.5 MILLION EURO (+7.8%)	<b>Group interest in net profit</b>	82.5	76.5	+7.8
	<i>Amounts in millions of euros</i>	6/30/12	12/31/11	% change
• NET FINANCIAL ASSETS: 1.578.0 MILLION EURO	<b>Net financial assets</b>	1,578.0	1,518.4	+3.9
	<i>Amounts in millions of euros</i>	First half of 2012	First half of 2011	% change
<b>PARMALAT SPA</b>				
• PARENT COMPANY'S NET PROFIT OF 59.7 MILLION EURO	<b>Net profit of Parmalat SpA</b>	59.7	34.6	+72.5

Parmalat S.p.A. announces that its Board of Directors has met today chaired by Francesco Tatò, and has reviewed and approved the Semiannual Financial Report at June 30, 2012.



## Parmalat Group

**Net revenues** increased to 2,276.9 million euros, up 130.0 million euros (+6.1%) compared with 2,146.9 million euros in the first half of 2011. Increases in sales prices implemented last year in the Group's main countries and higher sales volumes in Australia, Russia and Africa account for most of this improvement.

**EBITDA** totaled 163.3 million euros, or 14.1 million euros more (+9.4%) than the 149.3 million euros earned in the first six months of 2011. This gain reflects in part the effect of a reduction in overhead.

The Group's performance in the main countries in which it operates is reviewed below.

In **Italy**, net revenues totaled 482.4 million euros (489.5 million euros in the first half of 2011), while EBITDA, amounting to 45.9 million euros, grew by 16.0% compared with the same period last year, due both to the absence of the negative effects of last year's fire at the plant of Centrale del Latte di Roma and a more favorable price-cost balance.

In the **Other Countries in Europe** sales region, which includes the subsidiaries in Russia, Portugal and Romania, net revenues, with data stated in euros, increased to 82.8 million euros (+7.7%). EBITDA were also up, rising to 6.5 million euros (3.3 million euros in the first half of 2011), chiefly as a result of a strong performance by the Russian subsidiary, which benefited from an incisive sales policy and the lower cost paid for raw milk.

In **Canada**, with data stated in euros, the local subsidiary reported net revenues of 790.5 million euros, up from 762.8 million euros in the same period in 2011 (+3.6%). EBITDA increased to 73.2 million euros, for a gain of 5.4% compared with 69.5 million euros reported in the first half of 2011, due mainly to a positive currency translation effect.

In **Australia**, the local subsidiary increased its revenues to 460.1 million euros, or 15.0% more than in the first six months of 2011; EBITDA rose to 22.3 million euros, up sharply from the 13.5 million euros earned in the same period last year, reflecting the effect of a positive performance by products with a higher value added, such as flavored milk and yogurt.

In **Africa**, a sales region that includes South Africa, Mozambique, Zambia, Botswana and Swaziland, with data stated in euros, net revenues totaled 208.6 million, up from 201.6 million euros last year. EBITDA decreased to 12.6 million, down from 19.7 million in the same period in 2011, due mainly to a sharp increase in raw milk purchasing costs and higher marketing expenses incurred to support key brands. The South African subsidiary confirmed its leadership position in the cheese and flavored milk markets.

In **South America**, a sales region that includes the Group's subsidiaries in Venezuela, Colombia, Ecuador and Paraguay, with data stated in euros, net revenues grew to 253.5 million (+16.8%). However, EBITDA decreased to 11.0 million (17.0 million in the first half of 2011), due mainly to the challenging conditions faced by the subsidiary in Venezuela, where persisting inflationary dynamics continue to have a negative impact on consumption.

**EBIT** amounted to 96.2 million euros, in line with the 96.6 million euros reported at June 30, 2011. The effect of industrial operations improvement (14-million-euro EBITDA increase) was offset by lower non-recurrent activities (14 million euros income in the first half of 2011).



Depreciation and amortization expense and writedowns of non-current assets totaled 56.5 million euros (59.9 million euros in the first six months of 2011).

**Group interest in net profit** increased to 82.5 million euros, up 6.0 million euros compared with 76.5 million euros in the first half of 2011. Industrial operations improvement, lower impact of non-recurrent income and higher financial income earned on invested liquid assets accounts for most of this improvement.

**Net financial assets** totaled 1,578.0 million euros, for a gain of 59.6 million euros compared with 1,518.4 million euros at December 31, 2011. This increase reflects the positive impact of the cash flows from operating and financing activities (86.1 million euros and 8.6 million euros, respectively), offset in part by a partial dividend payment (33.6 million euros).

\* \* \* \* \*

## **PARMALAT S.p.A.**

**The net profit for the period** amounted to 59.7 million euros, up 25.1 million euros compared with 34.6 million euros in the first six months of 2011. A gain in EBITDA (+3.0 million euros), higher dividends received from investee companies (+12.4 million euro) and an increase in net financial income (+6.6 million euros) are the main reasons for this improvement.

**Net financial assets** grew from 1,562.2 million euros at December 31, 2011 to 1,659.2 million euros at June 30, 2012, for a gain of 97.0 million euros. This increase is mainly the net results of the following items: on the plus side, changes in working capital (54.3 million euros), dividend received from investee companies (46.5 million euros), VAT refunds (19.8 million euros) and proceeds from settlements (4.8 million euros); on the minus side, a partial dividend payment by the Group's Parent Company (30.2 million euros), the balances due and estimated payments for income taxes (8.0 million euros) and payments of registration fees on transactions executed in connection with the Composition with Creditors (2.9 million euros).

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## **BUSINESS OUTLOOK**

### ***2012 Guidance***

For 2012, at constant exchange rates, the growth estimate of 3% announced earlier both for net revenues and EBITDA is confirmed.

### **Management and coordination**

The Board of Directors has resolved that the Company is subject to the management and coordination in accordance with art. 2497 of the Italian Civil Code of BSA SA.

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### **LAG Acquisition**

As per Consob's request dated July 25, 2012, the company will announce, as soon as available, the closing data of the first half of 2012 of Lactalis American Group, Lactalis do Brasil and Lactalis Alimentos Mexico and any differences in comparison with the targets foreseen by the business plan with a special regard to EBITDA, as well as the comments of the Directors on the price adjustment. These informations will be available within the first weeks of next September.



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**Disclaimer**

*This document contains forward looking statements, particularly in the section entitled "Business Outlook." Projections for the second half of 2012 are based, inter alia, on the Group's performance in the second quarter of 2012 and take into account market trends in the month of July. The Group's performance is affected by exogenous variables that could have unforeseen consequences in terms of its results: these variables, which reflect the peculiarities of the different countries where the Group operates, are related to weather conditions and to economic, socio-political and regulatory factors.*

\* \* \* \* \*

*As required by Article 154 bis, Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), Pierluigi Bonavita, 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 books of accounts and other accounting records.*

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*The Semiannual Financial Report at June 30, 2012, together with the Report of the Independent Auditors, will be made available to the public within the deadline and in the manner required by current laws. These documents will also be available on the Company website: [www.parmalat.com](http://www.parmalat.com) → Investor Relations → Financial Reports.*

\* \* \* \* \*

*Schedules providing a condensed presentation of income statement, statement of financial position and cash flow are annexed to this press release.*

\* \* \* \* \*

Parmalat S.p.A.

Milan, July 31, 2012

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## Data by Geographic Region

(in millions of euros)

Region	Cumulative at June 30, 2012			Cumulative at June 30, 2011		
	Revenues	EBITDA	EBITDA %	Revenues	EBITDA	EBITDA %
<b>Italy</b>	<b>482,4</b>	<b>45,9</b>	<b>9,5</b>	<b>489,5</b>	<b>39,6</b>	<b>8,1</b>
<b>Other Europe</b>	<b>82,8</b>	<b>6,5</b>	<b>7,9</b>	<b>76,9</b>	<b>3,3</b>	<b>4,3</b>
<i>Russia</i>	51,3	6,0	11,8	46,2	2,4	5,2
<i>Portugal</i>	27,3	0,3	1,2	26,0	0,6	2,4
<i>Romania</i>	4,2	0,2	3,9	4,7	0,3	5,9
<b>Canada</b>	<b>790,5</b>	<b>73,2</b>	<b>9,3</b>	<b>762,8</b>	<b>69,5</b>	<b>9,1</b>
<b>Africa</b>	<b>208,6</b>	<b>12,6</b>	<b>6,1</b>	<b>201,6</b>	<b>19,7</b>	<b>9,8</b>
<i>South Africa</i>	175,6	10,6	6,1	173,2	17,2	10,0
<i>Other Africa</i>	32,9	2,0	6,1	28,5	2,4	8,5
<b>Australia</b>	<b>460,1</b>	<b>22,3</b>	<b>4,9</b>	<b>399,9</b>	<b>13,5</b>	<b>3,4</b>
<b>South America</b>	<b>253,5</b>	<b>11,0</b>	<b>4,3</b>	<b>216,9</b>	<b>17,0</b>	<b>7,8</b>
<i>Venezuela</i>	165,3	5,8	3,5	142,5	14,4	10,1
<i>Colombia</i>	74,5	5,1	6,8	62,0	2,4	3,9
<i>Other South America</i>	13,6	0,1	1,0	12,4	0,2	1,5
<b>Other <sup>1</sup></b>	<b>(1,0)</b>	<b>(8,3)</b>	<b>n.s.</b>	<b>(0,9)</b>	<b>(13,2)</b>	<b>n.s.</b>
<b>Group</b>	<b>2.276,9</b>	<b>163,3</b>	<b>7,2</b>	<b>2.146,9</b>	<b>149,3</b>	<b>7,0</b>

Regions represent the consolidated countries.

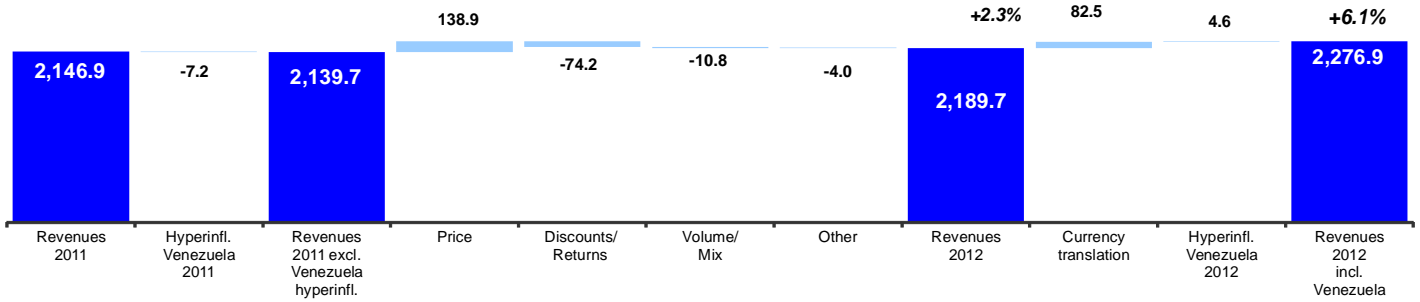
1. Including Group's parent Company's costs, other no core companies and eliminations between regions.



## Like for Like Net Revenues and EBITDA

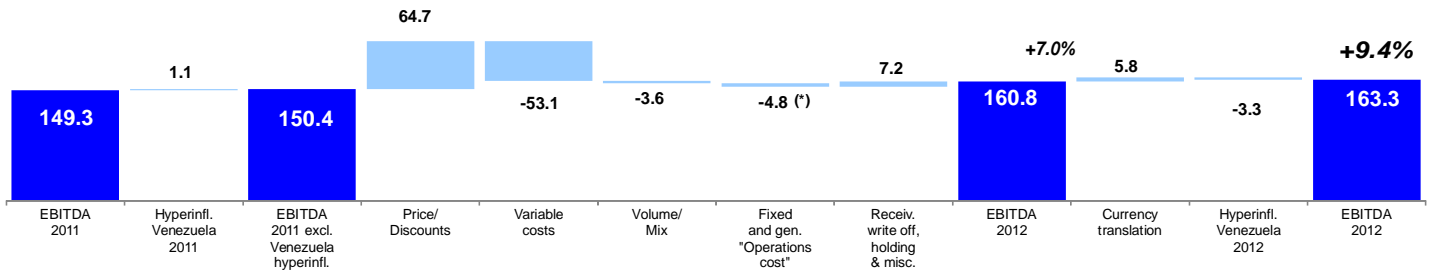
Revenues June 2012 vs 2011

(€m)



EBITDA June 2012 vs 2011

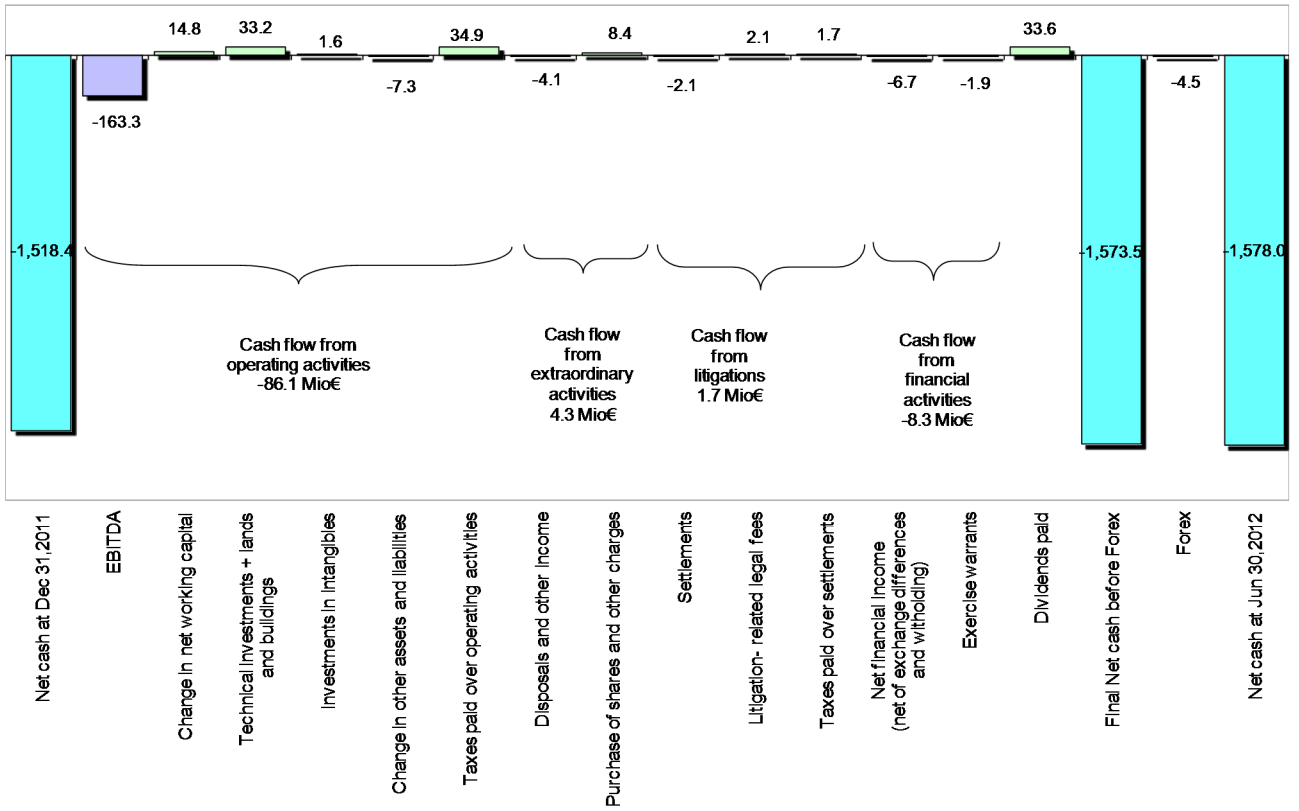
(€m)



(\*) The variance of the Venezuelan SBU, mainly due to inflation phenomena, amounts to -14.6 million euros.



### Consolidated Cash flow June, 30 2012





## Parmalat Group

### RECLASSIFIED CONSOLIDATED INCOME STATEMENT

<i>(in millions of euros)</i>	First half 2012	First half 2011
<b>REVENUES</b>	<b>2,292.0</b>	<b>2,169.6</b>
Net revenues	2,276.9	2,146.9
Other revenues	15.1	22.7
<b>OPERATING EXPENSES</b>	<b>(2,126.3)</b>	<b>(2,015.9)</b>
Purchases, services and miscellaneous costs	(1,809.1)	(1,728.9)
Labor costs	(317.2)	(287.0)
<b>Subtotal</b>	<b>165.7</b>	<b>153.7</b>
Writedowns of receivables and other provisions	(2.4)	(4.4)
<b>EBITDA</b>	<b>163.3</b>	<b>149.3</b>
Depreciation, amortization and writedowns of non-current assets	(56.5)	(59.9)
Other income and expenses:		
- Litigation-related legal expenses	(4.4)	(3.9)
- Miscellaneous income and expenses	(6.2)	11.1
<b>EBIT</b>	<b>96.2</b>	<b>96.6</b>
Net financial income (expense)	22.4	12.2
Interest in the results of companies valued by the equity method	0.0	0.1
Other income from (charges for) equity investments	3.0	0.0
<b>PROFIT BEFORE TAXES</b>	<b>121.6</b>	<b>108.9</b>
Income taxes	(38.0)	(32.5)
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>83.6</b>	<b>76.4</b>
<b>NET PROFIT</b>	<b>83.6</b>	<b>76.4</b>
Minority interest in net (profit) loss	(1.1)	0.1
Group interest in net profit	82.5	76.5
<b>Continuing operations:</b>		
<b>Basic earnings per share</b>	<b>0.0470</b>	<b>0.0440</b>
<b>Diluted earnings per share</b>	<b>0.0465</b>	<b>0.0431</b>





## Parmalat Group

### RECLASSIFIED CONSOLIDATED BALANCE SHEET

<i>(in millions of euros)</i>	<b>6/30/12</b>	<b>12/31/11</b>
<b>NON-CURRENT ASSETS</b>	<b>2,147.4</b>	<b>2,125.8</b>
Intangibles	1,099.0	1,084.0
Property, plant and equipment	902.1	899.0
Non-current financial assets	70.7	67.2
Deferred-tax assets	75.6	75.6
<b>AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES</b>	<b>3.0</b>	<b>3.0</b>
<b>NET WORKING CAPITAL</b>	<b>295.4</b>	<b>421.1</b>
Inventories	466.5	378.6
Trade receivables	472.0	525.8
Trade payables (-)	(569.0)	(540.1)
<b>Operating working capital</b>	<b>369.5</b>	<b>364.3</b>
Other current assets	209.4	209.1
Other current liabilities (-)	(283.5)	(152.3)
<b>INVESTED CAPITAL NET OF OPERATING LIABILITIES</b>	<b>2,445.8</b>	<b>2,549.9</b>
<b>PROVISIONS FOR EMPLOYEE BENEFITS (-)</b>	<b>(92.5)</b>	<b>(89.0)</b>
<b>PROVISIONS FOR RISKS AND CHARGES (-)</b>	<b>(332.7)</b>	<b>(317.5)</b>
<b>PROVISION FOR LIABILITIES FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS</b>	<b>(6.5)</b>	<b>(6.5)</b>
<b>NET INVESTED CAPITAL</b>	<b>2,014.1</b>	<b>2,136.9</b>
<b>Covered by:</b>		
<b>SHAREHOLDERS' EQUITY<sup>1</sup></b>	<b>3,592.1</b>	<b>3,655.3</b>
Share capital	1,757.5	1,755.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	68.4	153.7
Other reserves and retained earnings	1,660.5	1,550.7
Profit for the period	82.5	170.4
Minority interest in shareholders' equity	23.2	25.1
<b>NET FINANCIAL ASSETS</b>	<b>(1,578.0)</b>	<b>(1,518.4)</b>
Loans payable to banks and other lenders	41.5	34.9
Loans payable to investee companies	4.6	4.5
Other financial assets (-)	(827.7)	(1,254.5)
Cash and cash equivalents (-)	(796.4)	(303.3)
<b>TOTAL COVERAGE SOURCES</b>	<b>2,014.1</b>	<b>2,136.9</b>

<sup>1</sup> The schedule that reconciles the result and shareholders' equity at June 30, 2012 of Parmalat S.p.A. to the consolidated result and shareholders' equity is provided in the Notes to the Condensed Consolidated Semiannual Financial Statements.



## Parmalat Group

### STATEMENT OF CHANGES IN NET FINANCIAL POSITION IN THE FIRST HALF OF 2012

<i>(in millions of euros)</i>	First half 2012	First half 2011
<b>Net financial assets at beginning of period</b>	<b>(1,518.4)</b>	<b>(1,435.2)</b>
Changes during the period:		
- Cash flow from operating activities for the period	(134.4)	(53.7)
- Cash flow from investing activities	37.2	54.3
- Accrued interest payable	3.2	1.4
- Cash flow from settlements	1.7	8.2
- Dividend payments	33.6	1.5
- Exercise of warrants	(1.9)	(5.0)
- Miscellaneous items	5.5	(1.4)
- Translation effect	(4.5)	8.5
Total changes during the period	(59.6)	13.8
<b>Net financial assets at end of period</b>	<b>(1,578.0)</b>	<b>(1,421.4)</b>

### BREAKDOWN OF NET FINANCIAL POSITION

<i>(in millions of euros)</i>	6/30/12	12/31/11
Loans payable to banks and other lenders	41.5	34.9
Loans payable to investee companies <sup>1</sup>	4.6	4.5
Other financial assets (-)	(827.7)	(1,254.5)
Cash and cash equivalents (-)	(796.4)	(303.3)
<b>Net (financial assets) borrowings</b>	<b>(1,578.0)</b>	<b>(1,518.4)</b>

<sup>1</sup> Including 2.4 million euros owed to PPL Participações Ltda in bankruptcy and 2.2 million euros owed to Wishaw Trading sa.

### RECONCILIATION OF CHANGE IN NET FINANCIAL ASSETS TO THE STATEMENT OF CASH FLOWS (Cash and Cash Equivalents)

<i>(in millions of euros)</i>	Cash and cash equivalents	Other financial assets	Gross indebtedness	Net financial assets
<b>Beginning balance</b>	<b>(303.3)</b>	<b>(1,254.5)</b>	<b>39.4</b>	<b>(1,518.4)</b>
Cash flow from operating activities for the period	(134.4)	-	-	(134.4)
Cash flow from investing activities	37.2	-	-	37.2
New borrowings	(5.1)	-	5.1	-
Loan repayments	7.9	-	(7.9)	-
Accrued interest payable			3.2	3.2
Investments in current financial assets and sundry assets	(427.4)	427.4	-	-
Cash flow from settlements	1.7	-	-	1.7
Dividend payments	33.6	-	-	33.6
Exercise of warrants	(1.9)	-	-	(1.9)
Miscellaneous items	-	-	5.5	5.5
Translation effect	(4.7)	(0.6)	0.8	(4.5)
<b>Ending balance</b>	<b>(796.4)</b>	<b>(827.7)</b>	<b>46.1</b>	<b>(1,578.0)</b>



## Parmalat S.p.A.

### RECLASSIFIED INCOME STATEMENT

<i>(in millions of euros)</i>	First half 2012	First half 2011
<b>REVENUES</b>	<b>412.4</b>	<b>433.2</b>
Net revenues	396.2	415.6
Other revenues	16.2	17.6
<b>OPERATING EXPENSES</b>	<b>(380.7)</b>	<b>(403.2)</b>
Purchases, services and miscellaneous costs	(327.9)	(347.0)
Labor costs	(52.8)	(56.2)
<b>Subtotal</b>	<b>31.7</b>	<b>30.0</b>
Writedowns of receivables and other provisions	(1.7)	(3.0)
<b>EBITDA</b>	<b>30.0</b>	<b>27.0</b>
Depreciation, amortization and writedowns of non-current assets	(15.1)	(15.0)
Other income and expenses:		
- Litigation-related legal expenses	(4.3)	(3.9)
- Additions to provision for losses of investee companies	0.0	(9.6)
- Miscellaneous income and expenses	(5.4)	(0.8)
<b>EBIT</b>	<b>5.2</b>	<b>(2.3)</b>
Net financial income (expense)	17.0	10.4
Other income from (charges for) equity investments	47.9	35.5
<b>PROFIT BEFORE TAXES</b>	<b>70.1</b>	<b>43.6</b>
Income taxes	(10.4)	(9.0)
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>59.7</b>	<b>34.6</b>
Net profit from discontinuing operations	0.0	0.0
<b>NET PROFIT FOR THE PERIOD</b>	<b>59.7</b>	<b>34.6</b>



## Parmalat S.p.A.

### RECLASSIFIED BALANCE SHEET

<i>(in millions of euros)</i>	<b>6/30/12</b>	<b>12/31/11</b>
<b>NON-CURRENT ASSETS</b>	<b>1,397.0</b>	<b>1,403.1</b>
Intangibles	365.8	368.7
Property, plant and equipment	142.9	147.5
Non-current financial assets	851.6	849.4
Deferred-tax assets	36.7	37.5
<b>AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES</b>	<b>0.0</b>	<b>0.0</b>
<b>NET WORKING CAPITAL</b>	<b>(43.3)</b>	<b>154.5</b>
Inventories	46.2	46.3
Trade receivables	144.3	188.5
Trade payables (-)	(176.1)	(164.4)
<b>Operating working capital</b>	<b>14.4</b>	<b>70.4</b>
Other current assets	129.6	129.2
Other current liabilities (-)	(187.3)	(45.1)
<b>INVESTED CAPITAL NET OF OPERATING LIABILITIES</b>	<b>1,353.7</b>	<b>1,557.6</b>
<b>PROVISIONS FOR EMPLOYEE BENEFITS (-)</b>	<b>(23.7)</b>	<b>(24.2)</b>
<b>PROVISIONS FOR RISKS AND CHARGES (-)</b>	<b>(73.0)</b>	<b>(65.5)</b>
<b>PROVISION FOR LIABILITIES FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS</b>	<b>(6.1)</b>	<b>(6.1)</b>
<b>NET INVESTED CAPITAL</b>	<b>1,250.9</b>	<b>1,461.8</b>
<i>Covered by:</i>		
<b>SHAREHOLDERS' EQUITY</b>	<b>2,910.1</b>	<b>3,024.0</b>
Share capital	1,757.5	1,755.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	68.4	153.7
Other reserves and retained earnings	1,024.5	926.2
Profit for the period	59.7	188.7
<b>NET FINANCIAL ASSETS</b>	<b>(1,659.2)</b>	<b>(1,562.2)</b>
Loans payable to banks and other lenders	1.2	2.0
Loans payable to investee companies	(283.0)	(271.8)
Other financial assets (-)	(796.4)	(1,208.3)
Cash and cash equivalents (-)	(581.0)	(84.1)
<b>TOTAL COVERAGE SOURCES</b>	<b>1,250.9</b>	<b>1,461.8</b>