Interim Financial Report

at June 30, 2014

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

Contents

Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors

Chairperson	Gabriella Chersicla[i]
Directors	Patrice Gassenbach Laura Gualtieri[i] [2] [3] Paolo Francesco Lazzati[i] [1] [2] Umberto Mosetti[i] [1] [2] [3] Riccardo Perotta[i] [1] Antonio Sala[3]

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

Board of Statutory Auditors

Chairman	Michele Rutigliano
Statutory Auditors	Giorgio Loli Alessandra Stabilini

Independent Auditors

KPMG S.p.A.

Parmalat S.p.A. – A company subject to guidance and coordination by B.S.A. S.A.

Financial Highlights

Income Statement Highlights

(amounts in millions of euros)			
PARMALAT GROUP	**First half 2014**	**First half 2013**	**Change**
- NET REVENUES	2,617.9	2,594.8	0.9%
- EBITDA	184.4	194.2	(5.1%)
- EBIT	132.7	128.0	3.7%
- NET PROFIT	90.0	106.9	(15.8%)
- EBIT/REVENUES (%)	5.0	4.9	0.1
- NET PROFIT/REVENUES (%)	3.4	4.1	(0.7)
PARENT COMPANY		**Pro forma data First half 2013**[1]	
- NET REVENUES	428.2	423.5	1.1%
- EBITDA	29.6	25.7	15.2%
- EBIT	25.6	4.5	468.9%
- NET PROFIT	47.6	51.0	(6.7%)
- EBIT/REVENUES (%)	5.7	1.6	4.1
- NET PROFIT/REVENUES (%)	10.7	13.1	(2.4)

Statement of Financial Position Highlights

(amounts in millions of euros)		
PARMALAT GROUP	**6/30/14**	**12/31/13**
- NET FINANCIAL ASSETS	975.2	1,065.6
- ROI (%)[2]	12.9	14.6
- ROE (%)[2]	5.8	7.3
- EQUITY/ASSETS	0.7	0.7
- NET FINANCIAL POSITION/EQUITY	(0.3)	(0.3)
PARENT COMPANY		
- NET FINANCIAL ASSETS	838.6	855.6
- ROI (%)[2]	9.4	4.0
- ROE (%)[2]	3.2	3.7
- EQUITY/ASSETS	0.9	0.9
- NET FINANCIAL POSITION/EQUITY	(0.3)	(0.3)

[1] Following the merger by absorption of Carnini S.p.A., Latte Sole S.p.A. and Parmalat Distribuzione Alimenti S.r.l. into Parmalat S.p.A. in December 2013, the pro forma income statement data for the first half of 2013 shown for comparative purpose present retrospectively the effects of the merger at June 30, 2013.

[2] Indices computed based on annualized income statement data and average balance sheet data for the period.

Interim Report on Operations

Revenues and Profitability

NOTE: The data are stated in millions of euros and in local currency. As a result, change and percentage amounts could reflect apparent differences caused exclusively by the rounding of figures.

The advanced countries, led by the United States, continued to drive the global economy on a path of moderate expansion in the first six months of 2014. The slowing of the Chinese economy remains a factor that penalizes the commodity-based currencies, such as the Canadian dollar, the Australian dollar and the South African rand.

In the first half of 2014, net revenues totaled 2,617.9 million euros and EBITDA amounted to 184.4 million euros. The Group's performance was affected to a significant degree by a particularly unfavorable currency translation effect, as the currency of the main countries where the Group operates lost value versus the euro.

With data at constant exchange rates and comparable scope of consolidation, which is obtained by excluding the contribution of Balkis, a Brazilian subsidiary acquired at the end of July 2013, and Harvey Fresh, acquired in the second quarter of 2014, net revenues and EBITDA increased by 9.1% and 5.1%, respectively, thanks mainly to a positive performance in Latin America, Africa and Europe.

Despite a considerable increase in the cost of raw milk in all areas where the Group operates, Parmalat protected its profit margins thanks to a steady improvement in operating efficiency and list price adjustments in the various regions where the Group is present. In markets that are for the most part stagnant or contracting, due to the continuation of the economic crisis, the sales price increases generated an initial contraction of sales volumes.

Parmalat Group

The table below shows the highlights of the Group's results in the first half of 2014 and a comparison with the corresponding period the previous year:

	FIRST HALF			
(amounts in millions of euros)	**2014**	**2013**	**Variance**	**Varian.%**
Revenues	**2,617.9**	**2,594.8**	**23.2**	*+0.9%*
EBITDA	**184.4**	**194.2**	**-9.8**	*-5.1%*
EBITDA %	*7.0*	*7.5*	*-0.4 ppt*	

At current exchange rates, net revenues totaled 2,617.9 million euros, or 0.9% more than in the corresponding period last year, and EBITDA amounted to 184.4 million euros, for a reduction of 9.8 million euros (-5.1%) compared with 194.2 million euros in 2013.

The table below shows the results of the Parmalat Group at comparable scope of consolidation and constant exchange rates and excluding the effects of hyperinflation in Venezuela. A comparable scope of consolidation is obtained by excluding the contribution provided by Balkis and Harvey Fresh.

Constant exchange rates	**FIRST HALF**			
(amounts in millions of euros)	**2014**	**2013**	**Variance**	**Varian.%**
Revenues	**2,807.7**	**2,574.4**	**233.3**	*+9.1%*
EBITDA	**211.7**	**201.3**	**10.4**	*+5.1%*
EBITDA %	*7.5*	*7.8*	*-0.3 ppt*	

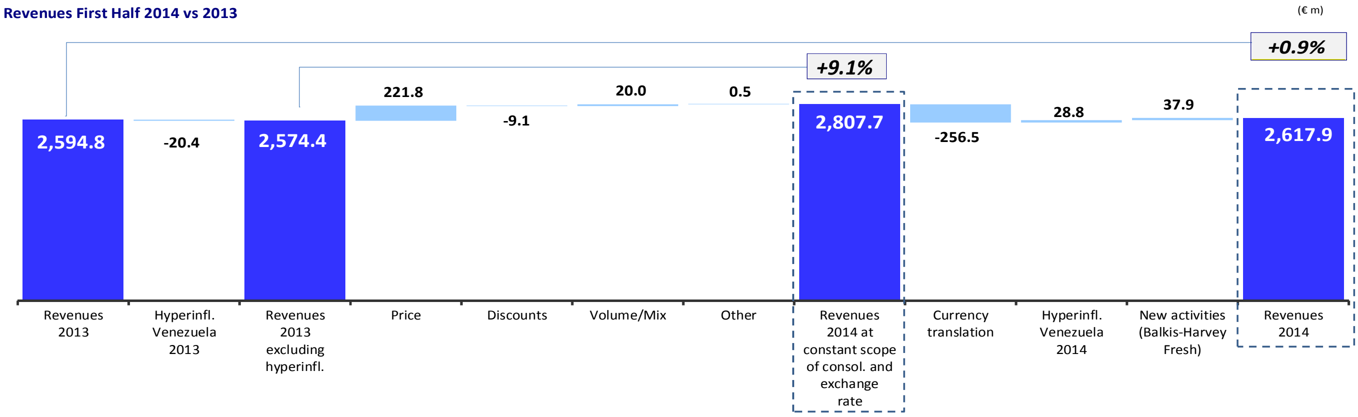
Constant scope of consolidation, exchange rates and excluding hyperinflation impact

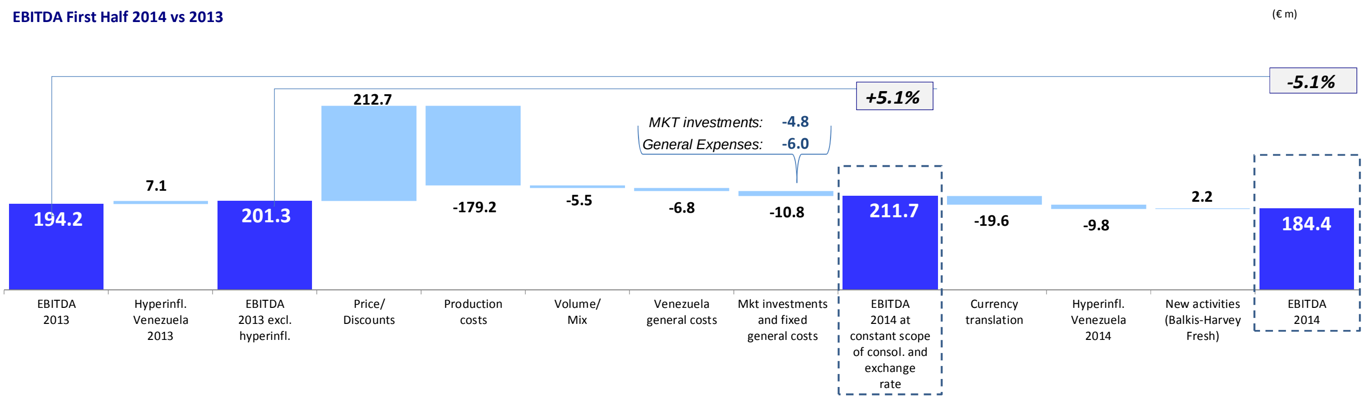
Net revenues grew by 9.1%, with the operations in Latin America, North Americas and Africa providing a particularly strong contribution; revenues were up in Europe and Australia as well, but growth rates were lower than in other areas where the Group operates.

EBITDA with data on a comparable basis increased by 5.1%, thanks mainly to gains in Latin America, Africa and Europe, which offset the effects of a reduction in Australia and North America, caused mainly by an increase in the cost of raw milk.

Like for Like Net Revenues and EBITDA

The diagram below presents the main variables that determined the evolution of net revenues and EBITDA in the first half of 2014, compared with the same period the previous year.





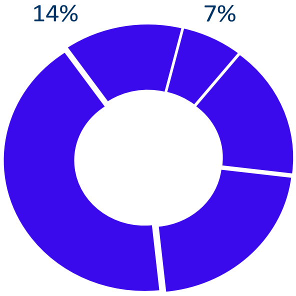
Data by Geographic Region

(amounts in millions of euros)	First Half 2014			First Half 2013			*Delta %*	
Region	**Revenues**	**EBITDA**	***EBITDA %***	**Revenues**	**EBITDA**	***EBITDA %***	***Revenues***	***EBITDA***
Europe	560.6	48.8	*8.7*	555.5	47.7	*8.6*	*+0.9%*	*+2.3%*
North America	1,102.2	82.9	*7.5*	1,122.4	101.1	*9.0*	*-1.8%*	*-18.0%*
Latin America	352.2	40.3	*11.5*	271.8	10.9	*4.0*	*+29.6%*	*+269.4%*
Africa	179.1	13.2	*7.4*	199.4	13.6	*6.8*	*-10.2%*	*-2.8%*
Australia	426.3	7.5	*1.7*	447.1	30.9	*6.9*	*-4.6%*	*-75.9%*
Other [1]	-2.4	-8.2	*n.s.*	-1.4	-10.0	*n.s.*	*n.s.*	*-17.3%*
Group	**2,617.9**	**184.4**	***7.0***	**2,594.8**	**194.2**	***7.5***	***+0.9%***	***-5.1%***

Region represent the consolidated countries

1. Includes other non-core companies, eliminations between regions and Group's Parent Company costs

Revenues by Geographic Region



In order to improve comparability with the 2013 data, the table below presents the Group's results at constant exchange rates and comparable scope of consolidation and excluding the effects of hyperinflation in Venezuela:

(amounts in millions of euros)	I Half 2014			I Half 2013			*Delta %*	
Region	**Revenues**	**EBITDA**	***EBITDA %***	**Revenues**	**EBITDA**	***EBITDA %***	**Revenues**	**EBITDA**
Europe	570.6	49.4	*8.7*	555.5	47.7	*8.6*	*+2.7%*	*+3.6%*
North America	1,208.9	91.4	*7.6*	1,122.4	101.1	*9.0*	*+7.7%*	*-9.6%*
Latin America	355.6	56.7	*15.9*	251.4	18.0	*7.2*	*+41.4%*	*+215.3%*
Africa	214.7	15.8	*7.4*	199.4	13.6	*6.8*	*+7.7%*	*+16.6%*
Australia	460.2	6.6	*1.4*	447.1	30.9	*6.9*	*+2.9%*	*-78.6%*
Other [1]	-2.4	-8.2	*n.s.*	-1.4	-10.0	*n.s.*	*n.s.*	*-17.3%*
Group (constant scope of consolid./ exchange rates) [2]	**2,807.7**	**211.7**	***7.5***	**2,574.4**	**201.3**	***7.8***	***+9.1%***	***+5.1%***

Regions represent the consolidated countries

1. Includes other non-core companies, eliminations between regions and Group's Parent Company costs

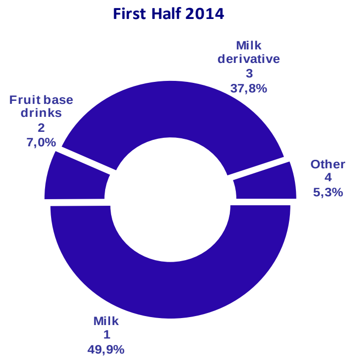
2. Excluding hyperinflation and activities acquired in the third quarter 2013 (Balkis) and in the second quarter 2014 (Harvey Fresh)

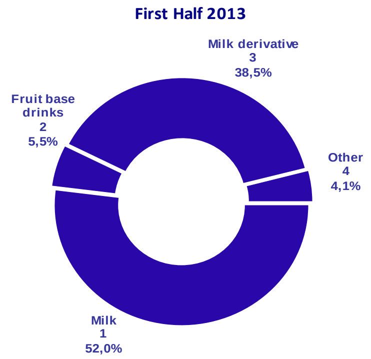
Data by Product Division

(amounts in millions of euros)	I Half 2014			I Half 2013			*Delta %*	
Division	**Revenues**	**EBITDA**	***EBITDA %***	**Revenues**	**EBITDA**	***EBITDA %***	**Revenues**	**EBITDA**
Milk [1]	1,306.4	51.4	*3.9*	1,348.6	73.1	*5.4*	*-3.1%*	*-29.7%*
Fruit base drinks [2]	182.5	40.3	*22.1*	142.2	13.3	*9.3*	*+28.3%*	*+203.4%*
Milk derivative [3]	989.6	83.8	*8.5*	998.8	106.4	*10.6*	*-0.9%*	*-21.2%*
Other [4]	139.5	8.8	*6.3*	105.1	1.5	*1.4*	*+32.7%*	*n.s.*
Group	**2,617.9**	**184.4**	***7.0***	**2,594.8**	**194.2**	***7.5***	***+0.9%***	***-5.1%***

1 Includes milk, cream and béchamel
2 Includes fruit base drinks and tea
3 Includes yogurt, dessert, cheese
4 Includes other products, whey, impact of hyperinflation in Venezuela and Group's Parent Company costs

Net Revenues by Product Division





1 Includes milk, cream and béchamel
2 Includes fruit base drinks and tea
3 Includes yogurt, dessert, cheese
4 Includes other products, whey, impact of hyperinflation in Venezuela

In order to improve comparability with the 2013 data, the table below presents the Group's results at constant exchange rates and comparable scope of consolidation and excluding the effects of hyperinflation in Venezuela:

(amounts in millions of euros)	I Half 2014			I Half 2013			*Delta %*	
Division	**Revenues**	**EBITDA**	***EBITDA %***	**Revenues**	**EBITDA**	***EBITDA %***	**Revenues**	**EBITDA**
Milk [1]	1,418.2	52.5	*3.7*	1,348.6	73.1	*5.4*	*+5.2%*	*-28.2%*
Fruit base drinks [2]	199.5	45.0	*22.6*	142.2	13.3	*9.3*	*+40.3%*	*+238.7%*
Milk derivative [3]	1,081.4	93.8	*8.7*	998.8	106.4	*10.6*	*+8.3%*	*-11.8%*
Other [4]	108.6	20.3	*18.7*	84.7	8.5	*10.1*	*+28.1%*	*n.s.*
Group (constant scope of consolid. & exchange rates) [5]	**2,807.7**	**211.7**	***7.5***	**2,574.4**	**201.3**	***7.8***	***+9.1%***	***+5.1%***

1 Includes milk, cream and béchamel
2 Includes fruit base drinks and tea
3 Includes yogurt, dessert, cheese
4 Includes other products, whey and Group's Parent Company costs
5. Excluding hyperinflation impact and activities acquired in the third quarter 2013 (Balkis) and in the second quarter 2014 (Harvey Fresh)

Europe

	FIRST HALF			
(amounts in millions of euros)	**2014**	**2013**	**Variance**	**Varian.%**
Revenues	**560.6**	**555.5**	**5.1**	*+0.9%*
EBITDA	**48.8**	**47.7**	**1.1**	*+2.3%*
EBITDA %	*8.7*	*8.6*	*0.1 ppt*	

The Europe sales region includes the subsidiaries that operate in Italy, Russia, Portugal and Romania. Italy accounts for about 85% of the net revenues and 90% of the EBITDA of the Europe sales region.

The significant loss of value of the ruble versus the euro had a negative impact on the sales region's net revenues and EBITDA amounting to about 10 million euros and 0.6 million euros, respectively.

Italy

Even though the beginning of the year was characterized by timid signs of a recovery, not confirmed in the second quarter, consumer spending continued to contract. In this environment, the price variable, particularly in the food product category, continues to play a major role in orienting spending decisions by households.

Market and Products

In the Milk market, consumption was again down significantly in the first six month of 2014, due mainly to a negative trend affecting the Pasteurized Milk segment, both in the Traditional Channel and the Modern Channel. The UHT Milk segment also contracted slightly in terms of volumes, but grew at a moderate pace on a value basis, thanks to gradual price increases for this category.
In this competitive environments, Parmalat retained the leadership position in both categories: UHT Milk and Pasteurized Milk.

In the market for UHT Cream, where consumption was up modestly, Parmalat retained its leadership position thanks to strong results by its *Chef* brand, supported by an effective advertising campaign launched in the first half of 2014.

Demand continued to decrease at a significant rate in the Yogurt market, but the contraction was less pronounced on a value basis due to a positive performance in recent months by some segments with a higher value added; in this environment, Parmalat was able to retain its competitive position.

The sharp decrease in consumption continued in the Fruit Beverage market in the first six months of 2014, even though volumes were up in the last month of the period compared with 2013 due to favorable seasonal factors. Parmalat, with its Santàl brand, retained its second-place competitive position.
The table below shows the market share held by Parmalat in the main market segments in which it operates:

Products	2014 value market share	2013 value market share
UHT milk[1]	29.4%	31.1%
Pasteurized milk[2]	21.6%	22.6%
UHT cream[1]	23.6%	23.5%
Yogurt[1]	4.4%	4.6%
Fruit beverages[3]	10.9%	10.6%

[1]*Source: Nielsen – Total Italy: Hyper+Super+Independents+Traditional+Discount. Period covered: from 1/1/14 to 6/29/14*

[2]*Source: Nielsen – Modern Channel: Hyper+Super+Independents. Period covered: from 1/1/14 to 6/29/14*

[3]*Source: IRI - Total Italy: Hyper+Super+Independents+Traditional+Discount. Period covered: from 1/1/14 to 6/29/14*

Overall sales volumes were down 1.6% compared with the previous year, due mainly to lower sales volumes of UHT Milk and Pasteurized Milk; sales of Fruit Beverages increased, despite a declining market demand.

The Business Unit reported higher net revenues than in the previous year thanks to the effect of price increases implemented in the second half of 2013.

EBITDA for the reporting period improved despite an increase in the average cost of raw milk in Italy, particularly in the first quarter of the year, and higher investments in advertising to support the main brands. The effects of these factors were offset through price increases and by containing overhead.

Russia

Uncertainty and the economic sanctions imposed by the European Union and the United States due to the conflict with Ukraine slowed the modest recovery that got under way at the end of 2013. The jump in the inflation rate appears to be more a consequence of the weakness of the Russian ruble than of solid internal demand, which instead is hampered by a slowing of real wages and an increase in interest rates.

As shown in the first half of the year, the UHT Milk and Flavored Milk markets continued to perform particularly well, with positive trend both on a volume and value basis; in this environment, the local subsidiary held its competitive position steady in both markets. In the highly competitive Fruit Beverage segment, Parmalat maintained its value market share and confirmed its market position.

The Russian subsidiary reported higher net revenues, even though volumes were down slightly compared with the previous year.
Despite the increase in revenues, EBITDA were down compared with the previous year, due mainly to a contraction in the supply of raw milk, which drove its cost significantly higher. The profitability of the local subsidiary was also affected by the devaluation of the ruble versus the euro, which caused an increase in the costs of imported raw materials.

Portugal

The positive signals recorded at the beginning of the year in terms of growth, employment and exports were reversed at the end of June. The economy continues to be exposed to the risk of deflation which impacts the propensity to consume of households.

In the main segments in which it operates, Flavored Milk and Fruit Beverages, the local subsidiary succeeded in maintaining its competitive positions thanks to the performance of the *UCAL* and *Santàl* brands.

Net revenues were higher than in the previous year thanks to an increase in sales volumes, particularly in the UHT Milk category.

Profitability also improved compared with previous year, benefiting from a restructuring of the corporate organization.

Romania

In the first six month of the year, continuing the trend of the past four years, consumption was down sharply in all segments of the Fruit Beverage Market, which is virtually the only sector in which the local subsidiary operates. In this challenging market environment, Parmalat reported a slight decrease in its value market share but maintained unchanged its competitive position.

Despite a decrease in sales volumes and revenues that was consistent with market trends, the profitability of the local subsidiary improved compared with the previous year thanks to a recent adjustment to list prices and the achievement of manufacturing efficiencies.

North America

	FIRST HALF			
(amounts in millions of euros)	**2014**	**2013**	**Variance**	**Varian.%**
Revenues	**1,102.2**	**1,122.4**	**-20.2**	*-1.8%*
EBITDA	**82.9**	**101.1**	**-18.2**	*-18.0%*
EBITDA %	*7.5*	*9.0*	*-1.5 ppt*	

The North America sales region includes the subsidiaries that operate in Canada and the United States, the latter acquired in the second half of 2012. The Canadian subsidiary accounts for about 65% of the net revenues and about 70% of the EBITDA of the North America sales region.

With data at constant exchange rates, the net revenues for the North America sales region show a gain of 7.7%, with EBITDA declining by 9.6% due mainly to significant increases in the cost of raw milk in the United States.

Canada

The Canadian economy, while continuing to grow, has not fully benefited thus far from the recovery in the United States and the high level of household debt is continuing to increase the propensity to save with a concurrent reduction of their willingness to consume.

Market and Products

Difficult conditions persisted in the Milk market during the first six months of 2014, with consumption decreasing in both of its two segments: *"Basic Milk"* and *"Premium Milk."* In this market environment, Parmalat held steady its value market share and maintained its third-place competitive position.

Consumption held relatively steady in the Yogurt market, even though a negative trend continued to characterize the "drinkable" segment; in this highly competitive market, Parmalat maintained its position, ranking fourth nationwide.

In the Cheese market, consumption was down in the first six months of 2014, due mainly to contractions in the *"Processed"* and *"Snack"* segments. In this environment, Parmalat maintained its second-place competitive position at the national level and strengthened its leadership of the *"Snack"* segment.

The table below shows the market share in the main market segments:

Products	2014 value market share	2013 value market share
Milk	16.9%	16.9%
Spoonable yogurt	11.9%	13.0%
Drinkable yogurt	6.2%	6.9%
"Snack" cheese	40.1%	36.3%
"Natural" cheese	13.0%	14.1%
"Processed" cheese	17.7%	17.5%

Source: ACNielsen, MarketTrack, National Grocery Banner+Drug+Mass Merch. Period covered: from 1/1/14 to 5/31/14

The local subsidiary reported sales volumes in line with the previous year and higher net revenues, stated in the local currency, thanks to a carefully planned sales policy and a positive sales performance in the Cheese category, despite a market contraction.

EBITDA were down compared with the previous year due to an increase in production costs that could not be fully recovered through sales prices owing to severe competitive pressure.
During the reporting period, the local subsidiary increased its investments in marketing and continued to implement a program to increase manufacturing efficiency.

United States of America

The U.S. economy continues to drive the recovery in the advanced countries. More specifically, the second quarter brought particularly positive data regarding the labor market.

Market and Products

In the first six months of 2014, consumption was basically stable in the Cheese[1] market, with Parmalat retaining the leadership position. However, the market showed significant growth on a value basis compared with the previous year due to a positive trend in the *"Fresh Mozzarella," "Feta Cheese"* and *"Snack Cheese"* segments.

The U.S. subsidiary confirmed its first-place competitive position in the *"Ricotta," "Soft Ripened"* and " *"Gourmet Spreadable"* segments of the cheese market, which enjoyed a significant increase in consumption during the first six months of 2014. Volumes were down only in the *"Chunk Mozzarella"* segment, where Parmalat is the market leader.

The *"Fresh Mozzarella"* segment was the most dynamic category in the first half of 2014, with highly positive growth rates both on a volume and value basis. In this favorable context, the local subsidiary maintained its second-place market position.

In all remaining segments in which the local SBU operates, Parmalat held steady its competitive positions, despite some reductions in market share.

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

Products	2014 value market share	2013 value market share
Total cheese [1]	12.3%	12.8%
Gourmet spreadable	31.3%	33.6%
Feta cheese	14.2%	16.6%
Fresh mozzarella	21.4%	23.3%
Soft ripened cheese	41.8%	47.8%
Chunk mozzarella	17.8%	17.9%
Ricotta	26.3%	29.5%
Snack cheese	5.7%	5.8%

Source: SymphonyIRI Group Market Advantage, Total US Multioutlet. Period covered: from 1/1/14 to 6/22/14.
(1) The scope of the market in question includes the following categories*: Snack Cheese, Chunk Mozzarella Cheese, Feta Cheese, Ricotta Cheese, Fresh Mozzarella, Soft Ripened Cheese, Gourmet Spreadable Cheese* and *Non-spreadable Gourmet Cheddar.*

Overall, the U.S. operations reported an increase in sales volume compared with the previous year, due mainly to positive performances in the Cheese segment, which accounts for about 70% of the total volume.

Net revenues, stated in the local currency, increased by 17.4%, thanks to higher sales and price adjustments in the main sales channels in which the local subsidiary operates.

EBITDA contracted compared with the previous year, reflecting the impact of a substantial increase in the purchase price of raw milk that could not be fully reflected in the adjustment made to sales prices.

Latin America

	FIRST HALF			
(amounts in millions of euros)	**2014**	**2013**	**Variance**	**Varian.%**
Revenues	**352.2**	**271.8**	**80.3**	*+29.6%*
EBITDA	**40.3**	**10.9**	**29.4**	*+269.4%*
EBITDA %	*11.5*	*4.0*	*7.4 ppt*	

The Latin America sales region includes the subsidiaries that operate in Venezuela, Colombia, Ecuador, Paraguay, Mexico and Brazil. In addition, the Group strengthened its presence in Brazil with the acquisition of a new company in the third quarter of 2013 (Balkis) and established commercial companies in Uruguay, Peru and Bolivia. Venezuela accounts for about 75% of the net revenues and about 95% of the EBITDA of the Latin America sales region.

The data presented above include the effect of hyperinflation in Venezuela and a negative translation effect, which reduced revenues and EBITDA by about 48 million euros and 5.9 million euros, respectively, due mainly to the devaluation of the Venezuelan bolivar versus the euro.

With data at constant exchange rates and comparable scope of consolidation (excluding Balkis, acquired in the third quarter of 2013) and without the effects of hyperinflation, the results for this sales region show gains of 41% for revenues and 215% for EBITDA.

Venezuela

The political uncertainty that characterized the first half of 2014, combined with consumer price inflation, are the main elements of a macroeconomic scenario that remains extremely uncertain and which the reform of the foreign exchange system implemented in recent months by the Venezuelan government has made even more complicated for domestic and foreign businesses.

The Fruit Beverage market is continuing to experience a decline in consumption, due primarily to a negative trend in its main segment, that of Pasteurized Beverages; on the other hand, the UHT Beverage segment continued to enjoy positive growth rates. In this environment, Parmalat retained its third-place market position.
In the first half of the year, Yogurt consumption was up sharply, due mainly to positive results in the *"Daily Pleasure"* and *"Light"* segments.

The total volumes sold increased compared with the previous year; more specifically, the trends for the individual categories show a substantial sales increase for Fruit Beverages and lower sales for Powdered Milk, Pasteurized Milk and Yogurt.

Net revenues, stated in the local currency, grew by 59.1% compared with the previous year, due to list-price adjustments made to reflect the impact of Venezuela's high inflation rate and higher unit sales of Fruit Beverages.

EBITDA increased compared with the same period last year, thanks to an improved sales mix and price adjustments, particularly in the Fruit Beverage category.

Colombia

The government's economic policy, aimed at stimulating the economy with spending on public infrastructures, enabled the gross domestic product to keep growing at a solid rate in the first half of 2014 and helped improve the employment level. These gains translated into an increase in internal demand, but the resulting inflationary pressure was contained by the Central Bank with a restrictive interest rate policy.

The UHT market continued to enjoy the positive growth rates experienced last year, thanks to a steady shift in consumption from Pasteurized Milk to products with a long shelf life. In the first six months of 2014, the local subsidiary confirmed its competitive position.

Net revenues increased by 3.2%, but sales volumes were down significantly due mainly to negative trends in the Liquid Milk and Yogurt categories.

EBITDA decreased compared with the previous year due to the effect of nonrecurring items.

Other Countries in Latin America

The net revenues generated in the other countries of this region (Ecuador, Paraguay, Brazil and Mexico) increased compared with the previous year, owing in part to the contribution provided by Balkis, a Brazilian company acquired in July 2013.

In **Ecuador,** net revenues stated in the local currency were up by 7.6%, due to higher volumes and an increase in sales prices.

In **Paraguay,** net revenues stated in the local currency increased by 23.1% compared with the previous year, due mainly to rising sales of UHT Milk and Yogurt; on the other hand, EBITDA were down.

Mexico and **Brazil** present attractive growth opportunities; with the acquisition of Balkis, a company engaged in the production and distribution of cheese, the Group strengthened its presence in Brazil.

Africa

(amounts in millions of euros)	FIRST HALF 2014	2013	Variance	Varian.%
Revenues	**179.1**	**199.4**	**-20.3**	*-10.2%*
EBITDA	**13.2**	**13.6**	**-0.4**	*-2.8%*
EBITDA %	*7.4*	*6.8*	*0.6 ppt*	

The Africa sales region includes the subsidiaries that operate in South Africa, Zambia, Botswana, Swaziland and Mozambique. South Africa accounts for about 80% of the net revenues and EBITDA of the Africa sales region.

The data presented above, stated in euros, reflect a negative translation effect, which reduced revenue and EBITDA by about 36 million euros and 2.6 million euros, respectively, due mainly to the loss of value of the South African rand versus the euro

With data stated at constant exchange rates, the results for the region show increases of 7.7% for revenues and 16.6% for EBITDA.

South Africa

Even though the South Africa rand showed signs of strengthening in the first half of 2014, the overall loss in value of this currency, due in part to the relative weakness of the commodities market, generated inflationary pressure that is hampering internal demand.

Market and Products

The healthy growth trend that characterized the UHT Milk market continued in the first six months of 2014, thanks mainly to a migration of consumption away from Pasteurized Milk, the average prices of which continue to be higher than those of UHT Milk. In a competitive environment, in which private labels continue to gain significant strength, Parmalat maintained its second-place market position, even though its market share decreased due to a limited availability of raw milk that caused the local subsidiary to focus its production activities on categories with a higher value added.

In the market for Flavored Milk, which continues to be characterized by a sharp reduction in consumption, the local subsidiary strengthened its leadership position, with a 51.9% value market share, thanks to an outstanding performance by its *Steri Stumpie* brand.

The highly positive trends in the Hard Cheese and Processed Cheese segments confirmed the status of the Cheese market as one of the most dynamic in the Dairy sector (+16.5% on a value basis compared with the first half of 2013). In this category as well, despite the increase in market share achieved by private labels, the local subsidiary held steady its position as the market leader.

Even though consumption was relatively steady, the Yogurt segment grew at a significant rate on a value basis, due to an increase in average prices for this category. During the first six months of the year, Parmalat achieved an important increase in market share, strengthening its second-place competitive position.

The table below shows the market share held by the South African subsidiary in the main market segments in which it operates:

Products	2014 value market share	2013 value market share
UHT Milk	14.3%	18.0%
Yogurt	18.5%	16.1%
Cheese	36.2%	36.4%
Flavored Milk	51.9%	49.2%

Source: Aztec Top-end Retail & Wholesale. Period covered: from 1/1/14 to 5/31/14.

Total sales volumes decreased compared with the previous year due to a negative market trend that was particularly pronounced in the UHT Milk category.
With data in the local currency, net revenues show a gain of 8.9%, owing to sales price increases in the main product categories implemented in the last quarter of 2013.

EBITDA for the period were up compared with the previous year thanks to price increases, an improved sales mix and programs to contain overhead; these positive developments helped offset the impact of the higher costs incurred for production factors, due mainly to a scarcity of raw milk, and imported packaging materials, which were affected by the devaluation of the local currency.

Zambia

In Zambia, the second largest market in the Africa sales region, volumes were down slightly compared with the previous year but revenues were up 5.5%, with data stated in the local currency, thanks to a policy focused on key brands and to the sales price increases implemented in 2013.

Other Countries in Africa

With data at constant exchange rates, the net revenues and EBITDA reported in the other African countries (Swaziland, Mozambique and Botswana) were up overall, thanks mainly to sales gains in Botswana and Swaziland.

Australia

The process of rebalancing the Australian economy with a greater focus on internal demand, consumer spending in particular, continued in response to slowing exports of mineral resources to China. Expectations of higher raw milk prices on the international markets, coupled with weakness of the Australian currency at the beginning of the year, favored raw milk exports and fueled inflationary pressure on the domestic market.

Market and Products

A decrease in consumption earlier in the year and steady growth by private labels to the detriment of branded products made the Pasteurized Milk market one of the most challenging in the Dairy sector. In this environment, Parmalat succeeded in retaining the market leadership, despite a reduction of its value market share.

The Flavored Milk segment enjoyed significant growth both on volume and value basis, with Parmalat reporting the biggest market share gain of all competitors in this segment and strengthening its second-place competitive position, thanks to a positive performance by the *OAK* and *Ice Break* brands.

Yogurt consumption was up significantly in the first six months of 2014 and the local subsidiary confirmed its third-place competitive position thanks to a positive performance by the *Rachel's* brand.

Even though demand was down in the Dessert category, the local subsidiary reported a substantial increase both in sales and value market share, eroding the position of the segment's leader.

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

Products	2014 value market share	2013 value market share
Pasteurized milk	17.8%	19.7%
Flavored milk	34.3%	32.4%
Yogurt	14.5%	14.8%
Desserts	30.4%	21.9%

Source: Aztec Australia. Period covered: from 1/1/14 to 6/22/14.

The table below shows the results for the first half of 2014 and provides a comparison with the previous year; the data include the contribution of the new activities acquired in the second quarter of 2014 (Harvey Fresh):

	FIRST HALF			
(amounts in millions of euros)	**2014**	**2013**	**Variance**	**Varian.%**
Revenues	**426.3**	**447.1**	**-20.8**	*-4.6%*
EBITDA	**7.5**	**30.9**	**-23.5**	*-75.9%*
EBITDA %	*1.7*	*6.9*	*-5.2 ppt*	

The value of the Australian dollar decreased significantly in the first half of 2014, contracting by 15.6% versus the euro compared with the exchange rate applied in the same period last year; the resulting negative effect on revenues and EBITDA amounted to about 62 million euros and 0.9 million euros, respectively.

With data at constant exchange rates and comparable scope of consolidation, i.e., excluding the new Harvey Fresh operations, net revenues and EBITDA show an increase of 2.9% and a decrease of 78.6%, respectively, compared with the previous period.

The decrease in profitability is chiefly the result of the higher purchase cost of raw milk and other ingredients used in the production process.
The list price increases implemented in the last quarter of 2013 were not sufficient to allow a full recovery of the higher production costs due to strong competitive pressure in the main markets in which the local subsidiary operates.
In this difficult context, marketing investments were increased to provide support for key brands.

In the first half of 2014, the local SBU acquired the Harvey Fresh Group. More detailed information is provided in the "Acquisitions" section of this Report.

Review of Operating and Financial Performance

Parmalat Group

Net revenues increased to 2,617.9 million euros, or 23.2 million euros more (+0.9%) than the 2,594.8 million euros reported in the first half of 2013. With data at constant exchange rates and scope of consolidation and excluding the effects of hyperinflation in Venezuela, net revenues show a gain of 233.3 million euros (+9.1%). List-price increases and sales of more profitable products account for most of this improvement.

EBITDA amounted to 184.4 million euros, down 9.8 million euros (-5.1%) compared with the 194.2 million euros in the first half of 2013. With data at constant exchange rates and scope of consolidation and excluding the effects of hyperinflation in Venezuela, EBITDA show an increase of 10.4 million euros (+5.1%). This gain reflects the effects of list price increases and sales of more profitable products, offset in part by higher raw milk costs, particularly in Europe, North America and Australia.

EBIT totaled 132.7 million euros, up 4.7 million euros compared with 128.0 million euros in the first half of 2013. With data at constant exchange rates and scope of consolidation the increase amounts to 16.2 million euros.
An improved performance at the industrial level and an increased contribution by nonrecurring items are the main reason for this gain.
Depreciation and amortization expense and writedowns of non-current assets amounted to 62.3million euros (67.5 million euros in the first half of 2013).

The net profit attributable to owners of the parent totaled 88.9 million euros, or 16.5 million euros less than the 105.4 million euros earned in the first half of 2013. The decrease amounts to 9.5 million euros with data at constant exchange rates and scope of consolidation.
This reduction, which reflects primarily the effect of higher income taxes for the period, due to a higher taxable income, and lower net financial income, was offset in part by the gain in EBIT.

Operating working capital amounted to 386.8 million euros, for an increase of 71.0 million euros compared with 315.8 million euros at December 31, 2013. This gains is chiefly the result of the higher inventory of finished goods held by the Canadian subsidiary, due to seasonal factors that characterize its business, involving an increase in cheese production earlier in the year in anticipation of higher sales in the later months, and of larger inventories of powdered milk and fruit concentrates held by the Venezuelan subsidiary to meet growing demand.
This increase was offset in part by a negative translation effect caused mainly by the appreciation of the euro versus the Venezuelan bolivar.

Net invested capital grew to 2,145.0 million euros, for a gain 120.1 million euros compared with 2,024.9 million euros at December 31, 2013. This increase reflects primarily the gain in operating working capital and the acquisition of Harvey Food and Beverage Ltd, offset in part by a negative translation effect caused mainly by the appreciation of the euro versus the Venezuelan bolivar.

Net financial assets totaled 975.2 million euros, or 90.4 million euros less than the 1,065.6 million euros held at December 31, 2013. This decrease is chiefly the result of the following factors: the cash flow absorbed by nonrecurring activities (88.5 million euros), consisting mainly of the acquisition of Harvey Food and Beverage Ltd, a dividend distribution of 53.5 million euros and a negative translation effect of 20.2 million euros. This decrease was offset in part by the cash flow generated by operating activities (45.1 million euros), the cash flow generated by financing activities (13.5 million euros) and net proceeds from litigation settlement (13.2 million euros).

The **equity attributable to owners of the parent** amounted to 3,097.3 million euros, for a gain of 31.1 million euros compared with 3,066.2 million euros at December 31, 2013. This increase reflects primarily the effect of the net profit attributable to owners of the parent (88.9 million euros) and the proceeds from the warrants exercised during the period (3.7 million euros).

This gain was offset in part by the 2013 dividend declared by the Shareholders’ Meeting on April 17, 2014, in the amount of 52.9 million euros, and foreign exchange difference from the translation of the financial statements of companies that operate with currencies different from the euro totaling 10.7 million euros.

Parmalat Group

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in millions of euros)	First half 2014	First half 2013
REVENUES	**2,635.3**	**2,619.2**
Net revenues	2,617.9	2,594.8
Other revenues	17.4	24.4
OPERATING EXPENSES	**(2,447.9)**	**(2,423.1)**
Purchases, services and miscellaneous costs	(2,090.7)	(2,060.3)
Labor costs	(357.2)	(362.8)
Subtotal	**187.4**	**196.1**
Writedowns of receivables and other provisions	(3.0)	(1.9)
EBITDA[1]	**184.4**	**194.2**
Depreciation, amortization and writedowns of non-current assets	(62.3)	(67.5)
Other income and expenses:		
- Litigation-related legal expenses	(1.7)	(2.0)
- Miscellaneous income and expenses	12.3	3.3
EBIT[2]	**132.7**	**128.0**
Net financial income/(expense)	(0.1)	17.1
PROFIT BEFORE TAXES	**132.6**	**145.1**
Income taxes	(42.6)	(38.2)
NET PROFIT FOR THE PERIOD	**90.0**	**106.9**
Attributable to:		
Non-controlling interests	(1.1)	(1.5)
Owners of the parent	88.9	105.4

Continuing operations:

Basic earnings per share (in euros)	**0.0487**	**0.0598**
Diluted earnings per share (in euros)	**0.0482**	**0.0591**

[1] "EBITDA" are equal to the difference between consolidate net revenues and operating expenses before non-cash costs for depreciation, amortization and writedowns of non-current assets (net of any reversals of writedowns).
[2] The "EBIT" amount is obtained by subtracting from "EBITDA" non-cash costs for depreciation, amortization and writedowns of non-current assets (net of any reversals of writedowns) and adding the net effect of "Miscellaneous income and expense," i.e., income and expense deriving from transactions that do not recur frequently in the normal course of business such as, for example, proceeds from actions to void in bankruptcy and actions for damages, litigation-related legal expenses and other nonrecurring income and charges.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	**6/30/14**	**12/31/13**
NON-CURRENT ASSETS	**2,198.3**	**2,113.6**
Intangibles[1]	1,089.7	1,045.4
Property, plant and equipment	978.1	934.7
Non-current financial assets	61.7	63.6
Deferred-tax assets	68.8	69.9
ASSETS HELD FOR SALE, NET OF CORRESPONDING LIABILITIES	**2.6**	**2.4**
NET WORKING CAPITAL	**400.2**	**376.3**
Inventories	513.6	454.1
Trade receivables	465.1	439.9
Trade payables (-)	(591.9)	(578.2)
Operating working capital	**386.8**	**315.8**
Other assets[2]	149.2	184.7
Other liabilities (-)[3]	(135.8)	(124.2)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**2,601.1**	**2,492.3**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(110.4)**	**(125.7)**
PROVISIONS FOR RISKS AND CHARGES (-)[4]	**(335.2)**	**(335.6)**
PROVISION FOR LIABILITIES FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(10.5)**	**(6.1)**
NET INVESTED CAPITAL	**2,145.0**	**2,024.9**
Covered by:		
EQUITY[5]	**3,120.2**	**3,090.5**
Share capital	1,827.8	1,823.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	53.2	53.2
Other reserves and retained earnings	1,127.4	968.6
Profit for the period	88.9	221.0
Non-controlling interests	22.9	24.3
NET FINANCIAL ASSETS[6]	**(975.2)**	**(1,065.6)**
Loans payable to banks and other lenders	118.7	137.4
Loans payable to investee companies	0.2	2.2
Other financial assets (-)	(232.0)	(264.9)
Cash and cash equivalents (-)	(862.1)	(940.3)
TOTAL COVERAGE SOURCES	**2,145.0**	**2,024.9**

[1] "Intangible assets" includes assets listed in the Consolidated Statement of Financial Position under goodwill, trademarks with an indefinite useful life and other intangibles, while "Non-current financial assets" includes investments in associates and other non-current financial assets

[2] "Other assets" includes other current assets.

[3] "Other liabilities" includes other current liabilities and income taxes payable.

[4] "Provisions for risks and charges" includes deferred-tax liabilities.

[5] A schedule showing a reconciliation of the result and equity of Parmalat S.p.A. at June 30, 2014 to the consolidated result and equity is provided in the "Notes to the condensed consolidated financial statements."

[6] "Net financial assets" consists of the gross financial debt less "Cash and cash equivalents" and "Other current financial assets." A breakdown of "Net financial assets" is provided in the section of the notes to the condensed interim consolidated financial statements entitled "Other Information."

Parmalat Group

STATEMENT OF CHANGES IN NET FINANCIAL POSITION IN THE FIRST HALF 2014

(in millions of euros)	**First half 2014**	**First half 2013**
Net financial assets at beginning of period	**(1,065.6)**	**(809.8)**
Changes during the period:		
- Cash flow from operating activities for the period	(107.4)	(131.5)
- Cash flow from investing activities	137.4	(41.9)[1]
- Accrued interest payable	5.3	4.3
- Cash flow from settlements	(13.2)	56.7
- Dividend paid	53.5	23.8
- Exercise of warrants	(3.7)	(1.8)
- Miscellaneous items	(1.7)	(2.3)
- Translation effect	20.2	25.2
Total changes during the period	90.4	(67.5)
Net financial assets at end of period	**(975.2)**	**(877.3)**

[1] *Includes the proceeds (principal and interest) collected as a price adjustment on the LAG acquisition price in the amount of 102.4 million euros.*

BREAKDOWN OF NET FINANCIAL POSITION

(in millions of euros)	**6/30/14**	**12/31/13**
Loans payable to banks and other lenders	118.7	137.4
Loans payable to investee companies[1]	0.2	2.2
Other financial assets (-)	(232.0)	(264.9)
Cash and cash equivalents (-)	(862.1)	(940.3)
Net financial assets	**(975.2)**	**(1,065.6)**

[1] *Owed to Wishaw Trading sa.*

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

(in millions of euros)	**Cash and cash equivalents**	**Other financial assets**	**Gross indebtedness**	**Net financial assets**
Beginning balance at December 31, 2013	**(940.3)**	**(264.9)**	**139.6**	**(1,065.6)**
Cash flow from operating activities for the period	(107.4)	-	-	(107.4)
Cash flow from investing activities	115.2	22.2	-	137.4
New borrowings	(6.0)	-	6.0	-
Loan repayments	27.9	-	(27.9)	-
Accrued interest payable	-	-	5.3	5.3
Cash flow from settlements	(13.2)	-	-	(13.2)
Dividend paid	53.5	-	-	53.5
Exercise of warrants	(3.7)	-	-	(3.7)
Miscellaneous items	-	0.6	(2.3)	(1.7)
Translation effect	11.9	10.1	(1.8)	20.2
Ending balance at June 30, 2014	**(862.1)**	**(232.0)**	**118.9**	**(975.2)**

Parmalat S.p.A.

Following the merger by absorption of Carnini S.p.A., Latte Sole S.p.A. and Parmalat Distribuzione Alimenti S.r.l. into Parmalat S.p.A. in December 2013, a pro forma income statement was prepared that simulates, retrospectively, the effects of the merger at June 30, 2013. As a result, the comparisons with the data for the first half of 2014 are made against the corresponding data in the pro forma income statement.

Net revenues totaled 428.2 million euros, for a gain of 1.1% compared with 423.5 million euros in the first half of 2013.
Excluding non-core products (crates, pallets and bulk items), net revenues amount to 422.9 million euros, up 1.5% compared with 416.7 million euros in June 2013.
This improvement reflects the effects of the price increases implemented last year and the growth of the contract production activities, which made it possible to report a positive result despite the crisis that continues to grip the main markets in which the Company operates
The Company's activities in the Fruit Beverage market performed particularly well, reporting a revenue increase of about 4% compared with 2013, despite weather conditions that were not particularly favorable and aggressive competition by private labels.

EBITDA amounted to 29.6 million euros, or 3.9 million euros more than the 25.7 million euros earned in the same period last year. The main factors that account for this gain include the price and product mix effects that drove the revenue increase, lower costs for containers, a decrease in the cost of sugar and some fruit-based raw materials that more than offset the effect of a further increase in the cost of raw milk, and, lastly, the containment of logistics expenses and of some components of overhead.

EBIT totaled 25.6 million euros, for an increase of 21.1 million euros compared with 4.5 million euros at June 30, 2013. This result reflects primarily the improvement in EBITDA and higher net nonrecurring income earned in the reporting period compared with the first half of 2013, net of charges for the staff restructuring plan, as agreed upon with the labor unions, amounting to about 3.5 million euros.

The net profit for the period decreased to 47.6 million euros, or 3.4 million euro less than the 51.0 million euros reported in June 2013. The main reasons for this decrease include a reduction in dividends received from investee companies (23.2 million euros, compared with 42.8 million euros in the first half of 2013) and a higher income tax expense due to a different makeup of the pretax profit, with an increase in income taxable at a rate higher than the dividend rate.

Net invested capital amounted to 2,131.3 million euros, up 14.0 million euros compared with 2,117.3 million euros at December 31, 2013. The following factors account for this gain: an increase in net non-current assets (+46.8 million euros) due mainly to the disbursement of a loan to a subsidiary (for the acquisition of Harvey Food and Beverage Ltd), a decrease in net working capital (-27.3 million euros) and a net increase in provisions totaling 5.5 million euros.

Net financial assets decreased from 855.6 million euros at December 31, 2013 to 838.6 million euros at June 30, 2014, for a reduction of 17.0 million euros. This decrease is the net result of the following items: a dividend distribution (52.8 million euros), the disbursement of a medium/long-term loan provided to an Australian subsidiary for the acquisition of Harvey Food and Beverage Ltd (50.0 million euros), the collection of dividends from investee companies (20.1 million euros), net proceeds from litigation settlements (13.1 million euros), VAT refunds (45.0 million euros, including accrued interest) and proceeds from the exercise of warrants (3.7 million euros).
Liquid assets and other financial assets are invested in short-term instruments with Italian credit institutions.

The Company's **equity** decreased to 2,969.9 million euros, or 3.0 million euros less than the 2,972.9 million euros reported at December 31, 2013, as the net result of the profit for the first half of 2014, the distribution of the 2013 dividend and the exercise of warrants during the reporting period.

Parmalat S.p.A.

RECLASSIFIED INCOME STATEMENT

(in millions of euros)	First half 2014	First half 2013 *pro forma*[1]	First half 2013
REVENUES	**447.0**	**444.4**	**407.0**
Net revenues	428.2	423.5	386.2
Other revenues	18.8	20.9	20.8
OPERATING EXPENSES	**(415.6)**	**(417.0)**	**(379.9)**
Purchases, services and miscellaneous costs	(357.0)	(360.5)	(328.8)
Labor costs	(58.6)	(56.5)	(51.1)
Subtotal	**31.4**	**27.4**	**27.1**
Writedowns of receivables and other provisions	(1.8)	(1.7)	(1.5)
EBITDA	**29.6**	**25.7**	**25.6**
Depreciation, amortization and writedowns of non-current assets	(15.0)	(16.5)	(14.4)
Other income and expenses:			
- Litigation-related legal expenses	(1.7)	(2.0)	(2.0)
- Miscellaneous income and expenses	12.7	(2.7)	(2.9)
EBIT	**25.6**	**4.5**	**6.3**
Net financial income (expense)	11.9	11.2	11.3
Other income from (charges for) equity investments	23.2	42.8	43.1
PROFIT BEFORE TAXES	**60.7**	**58.5**	**60.7**
Income taxes	(13.1)	(7.5)	(7.4)
NET PROFIT FOR THE PERIOD	**47.6**	**51.0**	**53.3**

[1] Following the merger by absorption of Carnini S.p.A., Latte Sole S.p.A. and Parmalat Distribuzione Alimenti S.r.l. into Parmalat S.p.A. in December 2013, a pro forma income statement was prepared that simulates, retrospectively, the effects of the merger at June 30, 2013.

Parmalat S.p.A.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	**6/30/14**	**12/31/13**
NON-CURRENT ASSETS	**2,337.2**	**2,290.4**
Intangibles	359.0	361.6
Property, plant and equipment	152.7	158.8
Non-current financial assets	1,791.1	1,734.0
Deferred-tax assets	34.4	36.0
ASSETS HELD FOR SALE, NET OF CORRESPONDING LIABILITIES	**0.0**	**0.0**
NET WORKING CAPITAL	**3.1**	**30.4**
Inventories	51.1	46.9
Trade receivables	127.9	139.3
Trade payables (-)	(191.2)	(207.4)
Operating working capital	**(12.2)**	**(21.2)**
Other assets	58.5	94.7
Other liabilities (-)	(43.2)	(43.1)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**2,340.3**	**2,320.8**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(27.1)**	**(26.0)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(171.8)**	**(171.8)**
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS (-)	**(10.1)**	**(5.7)**
NET INVESTED CAPITAL	**2,131.3**	**2,117.3**
Covered by:		
EQUITY	**2,969.9**	**2,972.9**
Share capital	1,827.8	1,823.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	53.2	53.2
Other reserves and retained earnings	1,041.3	986.8
Profit for the period	47.6	109.5
NET FINANCIAL ASSETS	**(838.6)**	**(855.6)**
Loans payable to banks and other lenders	0.0	0.2
Loans payable to (receivable from) investee companies	(104.3)	(106.7)
Other financial assets (-)	(205.4)	(235.5)
Cash and cash equivalents (-)	(528.9)	(513.6)
TOTAL COVERAGE SOURCES	**2,131.3**	**2,117.3**

Financial Performance

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

The Group's liquid assets totaled 1,094.1 million euros, including 734.3 million euros held by Parmalat S.p.A. At June 30, 2014, the entire amount of this liquidity was invested in sight and short-term bank deposits. The remaining liquid assets are held by individual Group companies, which invest them in the same instruments as the Parent Company. At the Group level, bank interest income totaled 7.2 million euros, including 4.5 million euros attributable to Parmalat S.p.A., little changed compared with the same period last year. Parmalat S.p.A. never sued the cash pooling system in the first half of 2014.

Change in Net Financial Position

The Group's net financial assets decreased from 1,065.6 million euros at December 31, 2013 to 975.2 million euros at June 30, 2014 reflecting the impact of a negative translation effect of 20.2 million euros and the distribution of dividends totaling 53.5 million euros.

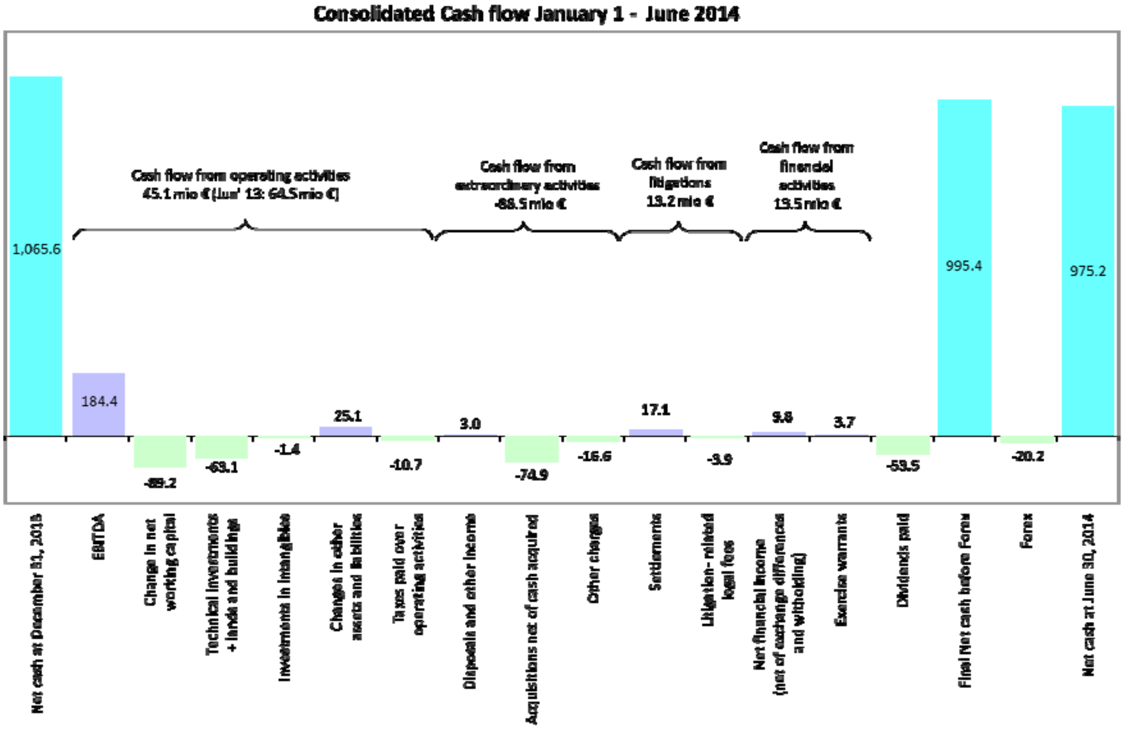
The cash flow from operating activities totaled 45.1 million euros. The reduction in cash flow generation compared with the same period in 2013 (amounting to 64.5 million euros) is due mainly to an increase in operating working balance, which, while lower than the balance of June 30, 2013, does not compared favorably with the closing balance at the end of 2013. The cash absorbed by the operating working capital was offset in part by the collection of prior-period VAT credits by Italian companies made possible by the settlement, at the end of 2013, of positions that were the subject of disagreements with the Revenue Agency.

The cash absorbed by nonrecurring items, amounting to 88.5 million euros, refers mainly to the acquisition of Harvey Fresh in Australia, described in greater detail in the "Acquisitions" section of these Notes.

The cash flow from litigations generated a net balance of 13.2 million euros (17.1 million euros collected from the settlement of disputes.

The cash flow from financial transactions amounted to 13.5 million euros, including 3.7 million euros generated by the exercise of warrants.

Consolidated Cash flow January 1 - June 2014



Managing Enterprise Risks

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

The Group is also exposed to the following financial risks:

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

and risks of a general nature.

Lastly, the Company and the Group are defendants in a series of civil and administrative lawsuits and the Company has filed a series of actions for damages, liability actions (both in civil and criminal venues) and actions to void in bankruptcy. An analysis of the main proceedings to which the Group is a party and of the related contingent liabilities is provided in the section of the Notes to the Financial Statements of the Parmalat Group entitled "Legal Disputes and Contingent Liabilities at June 30, 2014."

Operational Risks

Parmalat implemented at the Group level a project to allow individual SBUs to map operational risks. Operational risks are mapped by means of a special tool that ranks them based on probability of occurrence and economic impact. Risks are classified in the following categories: competition, external context, regulatory environment, processes and procedures, sustainability, health and safety, market and brand management, organization, systems and technology, production and supply chain performance.
The activities described above are updated every six months, as required to comply with the provisions of Article 2428 of the Italian Civil Code regarding "risks and uncertainties."

An analysis of the risks mapped with the abovementioned methodology produced the following conclusions:

a) Because of the continuation of a general economic crisis, particularly in the more mature markets, the Group finds itself operating in markets in which consumers have a reduced buying power and consumption patterns are changing with an increasing bias towards lower price product categories. This scenario produced an across-the-board increase in the presence of private labels and heightened price competition both with multinational enterprises and local producers, who possess different capabilities to react to the situation described above. However, Parmalat differentiated geographic footprint and the policy of acquisition pursued at the global level enable it to offset the downward trends in some areas with stability or growth in other markets.

b) There appears to be a general trend towards creating strong concentrations in the retailing and distribution sectors, with an attendant reduction in the number of potential customers and an increase in the bargaining power of counterparties in demanding discounts and promotions. This scenario represents a risk for the Group, both for its potential effect on margins and the increased risk of default by major customers. To mitigate these event, Parmalat's strategy has always been to develop lasting and well balanced relationships with its main commercial partners and strive for differentiation from its competitors, so as to approach customers with unique products for a mutually beneficial relationship.

c) Changes in the price of raw materials—milk in particular—and in the availability of resources, due also to weather factors or regulatory issues at individual locations, can have an impact of product prices. To limit changes to its price lists, while at the same time protecting end consumers from constant price increases, the Group optimized its procurement processes and is constantly fine tuning its promotional investment policies.

d) The quality of its products and the satisfaction of consumers are priority objectives for the Group and their achievement is predicated on the presence of highly qualified employees in the manufacturing and sales areas. Because the Group also operates in developing countries, it may occasionally find it difficult to recruit resources with adequate skills to maintain the desired standards. For this reason, it launched international mobility projects, as well as retention programs and incentive systems based on the quality of employee performance. The integrity of its products and the preservation of their organoleptic characteristics at every phase before they reach end customers are key elements of Parmalat's reputation, as is its ability to offer products with the longest possible shelf life. For this reason, the Group launched in various countries programs to improve its supply chain, particularly where transportation infrastructures are not sufficiently developed or the geographic extension of the territories poses distribution management challenges.

e) The growing international concern for the protection of the environment resulted in an increase in the number of laws and regulations applicable to Group entities. By their very nature, manufacturing activities have an impact on the environment in terms of energy consumption, water usage and generation of waste materials. The Parmalat Group, acting in accordance with the laws of its host countries, implemented numerous programs to minimize consumption and waste, carefully monitoring the performance of its production facilities.

Financial Risks

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

Foreign Exchange Risk and Country Risk

The Group has a limited exposure to foreign exchange risk due to the nature of the business activities normally pursued by its member companies, in accordance with which purchases and sales are denominated primarily in the local currency.

Any limited exposure to transactional foreign exchange risk is hedged with simple hedging instruments, such as forward contracts.

From a more purely financial standpoint, the Group's policy requires that any bank credit lines and investments of liquid assets be denominated in the local currency of the company involved, except for special needs, which require the approval of the Group's Parent Company.

Intercompany financing facilities are the subject of appropriate foreign exchange hedges; at June 30, 2014, the Group's exposure to the foreign exchange risk on intercompany financing position was virtually nil.

Lastly, Group companies that operate in countries with an economy that is highly regulated are exposed to an economic risk. In these countries, higher internal costs may not be fully transferable to sales prices.
Information about Venezuela is provided in a separate section of the Notes to the Consolidated Financial Statements.

Interest Rate Risk

The exposure to the interest risk in connection with financial liabilities is negligible at the Group level because the remaining debt amounts owed by Group companies are quite small. Financial assets are invested in short-term securities and, consequently, there is no significant exposure to the risk of changes in their market value caused by fluctuations in interest rates. Obviously, the level of financial income is dependent on the trend of the reference variable interest rate.

Price Risk

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

Credit Risk

Following the withdrawal of the remaining balance invested in the cash pooling system in July 2012, the counterparty risk related to this type of investment no longer exists. The liquid assets of Parmalat Spa are held in Italy and invested in sight and short-term bank deposits at highly rated banks. The remaining liquidity held by other Group companies is deposited with banks with an investment grade credit rating, in the countries where this is possible. Commercial credit risk is monitored at the country level with the goal of achieving an acceptable quality level for the customer portfolio. Given the limited availability of independent ratings for their customer bases, each company implements internal procedures to minimize the risk related to trade receivable exposure. The Group’s exposure to the commercial credit risk is limited because, in each country, receivables are owed by a small number of large supermarket chains, which traditionally have been reliable and liquid, and a highly diversified portfolio of smaller customers.

Liquidity Risk

The Group’s liquidity risk is managed mainly at the individual company level, with each company operating in accordance with guidelines defined by the Parent Company, which the main operating companies incorporated in special Cash Management Policies that take into account the specificities of individual markets. The Group’s Parent Company is kept constantly informed about changes in outlook concerning the financial and economic position of its subsidiaries so that it may help them identify timely solutions to prevent the occurrence of financing problems. No situations causing financial stress occurred in the first half of 2014. The abundant liquid assets available to the Group’s Parent Company and the cash flow from operations that is being generated at the Group level provide ample coverage over the liquidity risk at all times.

Risks of a General Nature

The Group operates in the food industry, which, by its very nature, is less exposed than other activities to the negative effects of changes in economic conditions. However, its investment portfolio includes companies that operate in countries more exposed to the global crisis.
Consequently, in light of the preceding remarks, a continuation of the crisis, local situations of geopolitical uncertainty or environmental events could have an effect on the Group’s performance.

Acquisitions

On March 31, 2014 (the "closing date"), Parmalat S.p.A. through its Parmalat Australia Pty Ltd subsidiary purchased from third parties the Australian company Harvey Food and Beverage Ltd ("Harvey Fresh").
This company is being consolidated as of April 1, 2014 (the "acquisition date"), which is the date when the Group effectively achieved control over it.

With this transaction, the Parmalat Group strengthened its position in the Australian market, broadening its geographic footprint in Australia and becoming a full-fledged national player in that country.
This acquisition enhances the standing of the Parmalat Group as an exporter to the Asian markets.

Harvey Fresh, which operates in Western Australia, is specialized in the production of milk (fresh and UHT) and dairy products and is the region's second largest producer in the dairy sector. In addition to these activities, Harvey Fresh also plays a major role in the fruit beverage market.
This company has about 250 employees and owns two production facilities, one in Harvey and another one in Griffith.

This acquisition entailed a total cash outlay of 80.6 million euros, counting both the price paid for the entire share capital (30.8 million euros) and the loans provided to the acquired company (49.8 million euros).
This investment was totally funded with internal resources; the sales agreement contains the customary representations and warranties provided by the sellers.

Economic Effect of the Acquisitions on the Consolidated Financial Statements at June 30, 2014

In order to allow a better understanding of the condensed interim consolidated financial statements at June 30, 2013, the schedule that follows shows the income statement at June 30, 2014 of the Parmalat Group, Balkis (acquired in July 2013) and Harvey Fresh (acquired in April 2014):

(in millions of euros)	**Parmalat Group** *First half 2014*	**Balkis amount** *First half 2014*	**Harvey Fresh amount** *(April – June 2014)*
Revenues	**2,635.3**	**9.8**	**28.2**
Net revenues	2,617.9	9.8	28.2
Other revenues	17.4	0.0	0.0
OPERATING EXPENSES	**(2,447.9)**	**(9.0)**	**(26.5)**
Raw materials, outside services and miscellaneous expenses	(2,090.7)	(7.0)	(25.6)
Labor costs	(357.2)	(2.0)	(0.9)
Subtotal	**187.4**	**0.8**	**1.7**
Writedowns of receivables and other accruals	(3.0)	0.0	0.0
EBITDA	**184.4**	**0.8**	**1.7**
Depreciation, amortization and writedowns of non-current assets	(62.3)	(0.4)	(0.5)
Miscellaneous income and expenses	10.6	0.0	0.0
EBIT	**132.7**	**0.4**	**1.2**
Financial income/(expense), net	(0.1)	0.0	(0.5)
Profit before taxes	**132.6**	**0.4**	**0.7**
Income taxes	(42.6)	(0.2)	0.0
Net profit	**90.0**	**0.2**	**0.7**
(Profit)/Loss attributable to non-controlling interests	(1.1)	-	-
Profit/(Loss) attributable to owners of the parent	88.9	0.2	0.7

With regard to the impact of the acquisition on the statement of financial position, please see the section of the notes to the condensed interim consolidated financial statements entitled "Business Combinations."

Information About Parmalat's Securities

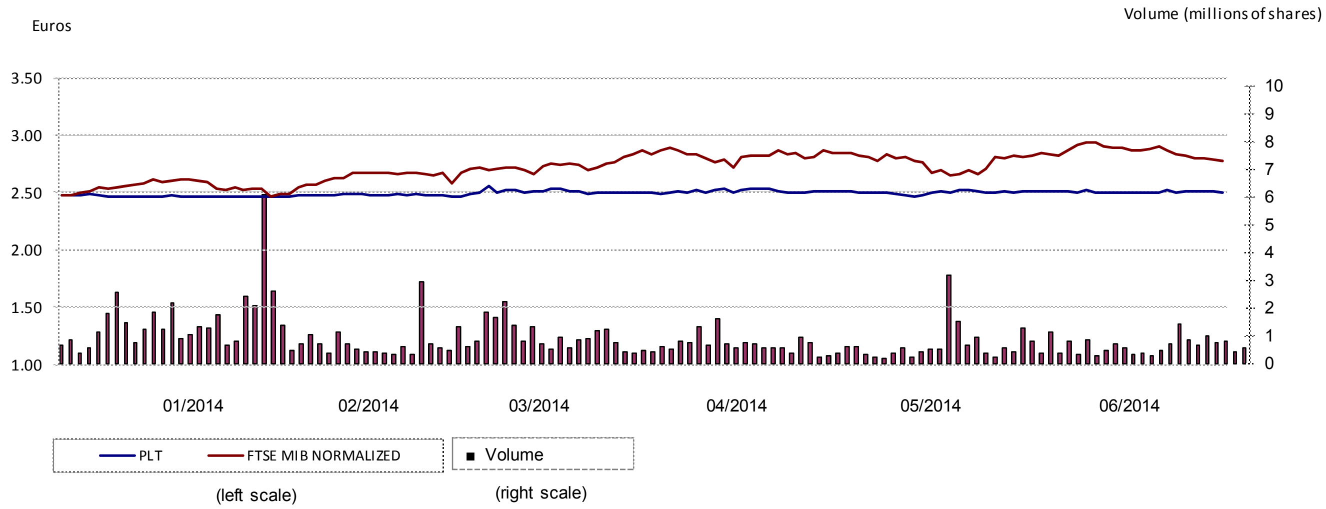
The securities of Parmalat S.p.A. have been traded on the Online Stock Market since October 6, 2005. The key data for the first half of 2014 are summarized below:

	Common shares	Warrants
Securities outstanding at 6/30/14	1,827,818,132	27,998,758
Closing price on 6/30/14 (in euros)	2.4980	1.4900
Capitalization (in euros)	4,565,889,693.74	41,718,149.42
High for the year (in euros)	2.5540 March 7, 2014	1.5190 May 20, 2014
Low for the year (in euros)	2.4600 January 13, 2014	1.4110 February 27, 2014
Average price in June (in euros)	2.5053	1.4938
Highest daily trading volume	6,095,195 January 31, 2014	153,463 June 25, 2014
Lowest daily trading volume	187,851 May 6, 2014	630 April 25, 2014
Average trading volume in June	599,463.95[1]	45,540.14

[1] 0.03% of the share capital.

Performance of the Parmalat's Stock

Effective December 23, 2013, following the periodic revision of the composition of the FTSE MIB, Parmalat's stock is no longer included in this index.
The price of the Parmalat stock held relatively steady during the first half of 2014, increasing by about 1.0%. For comparison purposes, the chart below shows the performance of Parmalat's stock compared with Italy's main index, which grew by about 12% during the reporting period.



Stock Ownership Profile

As required by Article 120 of the Uniform Financial Code, the table below lists the shareholders who held a significant interest in the Company at July 23, 2014.

Significant interests		
Shareholder	**No. of shares**	**Percentage**
Sofil S.a.s.	1,546,990,809	84.6%

For the sake of full disclosure, please note that, as a result of the share allocation process and the resulting crediting of shares to the creditors of the Parmalat Group, as of the writing of this Report, the Company's subscribed capital increased by 843,185 euros. Consequently, the share capital, which totaled 1,827,818,132 euros at June 30, 2014, amounted to 1,828,661,317 euros at July 23, 2014.

With regard to the information provided above, please note that:

- 3,838,021 shares, equal to 0.2% of the share capital, which are still held on deposit by Parmalat S.p.A. belong to commercial creditors who have been identified by name;
- 2,049,096 shares, equal to 0.1% of the share capital, belong to the Company as treasury shares. Please note that these shares were attributable to shareholders who failed to claim them and whose right to receive shares and warrants expired pursuant to Article 9.4 of the Composition with Creditors Agreement.

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

Characteristics of the Securities

Shares

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

The Extraordinary Shareholders' Meeting of March 1, 2005 approved a capital increase of up to 2,009,967,908 euros, reserved as follows:

a) up to 1,502,374,237 euros for unsecured creditors with verified claims;
b) up to 38,700,853 euros for Fondazione Creditori Parmalat;
c) up to 238,892,818 euros for creditors with contested or conditional claims;
d) up to 150,000,000 euros for late-filing creditors;
e) up to 80,000,000 euros for the conversion of warrants.

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

On April 28, 2007, the Shareholders' Meeting, convened in Extraordinary Session and acting pursuant to Article 5 of the Company Bylaws, approved a resolution increasing from 80 million euros to 95 million euros the share capital reserved for the conversion of warrants and making the reserves referred to in Items c) and d) above permeable.
If one of the tranches into which the abovementioned capital increase is divided (except for the first tranche, for an amount up to 1,502 million euros, and the last tranche of 80,000,000 euros, now 95,000,000 euros, reserved for warrant conversion purposes) should contain more shares than are needed to actually convert into share capital the claims for which it has been reserved, the surplus can be used to draw the resources needed to convert the claims of a different category of creditors, whose conversion needs are greater than those that can be accommodated with the capital increase tranche reserved for them pursuant to the resolution approved by the Extraordinary Shareholders' Meeting of March 1, 2005.

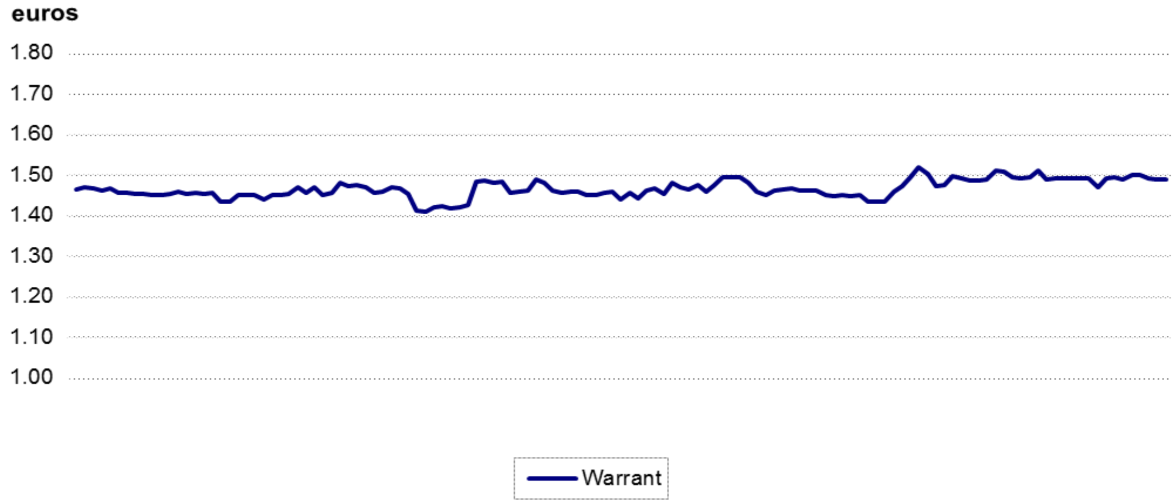
The Extraordinary Shareholders' Meeting of May 31, 2012 approved a resolution to partially amend the capital increase resolution approved by the Extraordinary Shareholders' Meeting of March 1, 2005 (as amended by the Shareholders' Meetings of September 19, 2005 and April 28, 2007), limited to the capital increases referred to in items c) and d) above, reducing the capital increase approved by said resolutions by 85,087,908 euros, finding that the capital approved by said resolutions was excessive by an equal amount for the reasons stated in the resolution approved by the Shareholders' Meeting.

Consequently, as of the approval date of this Report, the maximum approved share capital amounts to 1,939,880,000 euros, broken down as follows:

a) up to 1,502,374,237 euros for unsecured creditors with verified claims;
b) up to 38,700,853 euros for Fondazione Creditori Parmalat;
c) up to 153,804,910 euros for creditors with contested or conditional claims;
d) up to 150,000,000 euros for late-filing creditors;
e) up to 95,000,000 for the conversion of warrants.

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

Warrants



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

Global Depositary Receipts

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

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

Human Resources

Group Staff

he table below provides a breakdown by geographic region of the employees of the Group at June 30, 2014 and a comparison with the data at December 31, 2013.

Total payroll by geographic region		
Geographic region	**June 30, 2014**	**December 31, 2013**
Europe	3,211	3,363
North America	4,638	4,589
Latin America	3,782	3,776
Africa	2,712	2,777
Australia	2,182	1,847
Total	**16,525**	**16,352**

In the first half of 2014, the Group's staff grew by 173 employees compared with the end of the previous year. The acquisition of the Harvey Fresh Group accounts for most of this increase. The payroll also grew in the North America region, due to the addition of production staff in the United States and employees hired under short-term contracts in Canada, but shrank both in Europe and the Africa region. In Europe, the decrease in the number of employees was due to short-term contracts that were not renewed in Italy and Russia, while in Africa it reflects a reduction in production staff in South Africa caused by a contraction in sales volumes and the restructuring of some minor distribution centers.

Capital Expenditures

Overview of the capital expenditures of the Parmalat Group at June 30, 2014

(in millions of euros)	**First half 2014**		**First half 2013**		**% change**
Geographic region	**Amount**	**% of the total**	**Amount**	**% of the total**	
Europe	9.4	15.0%	18.8	32.1%	-50.0%
North America	25.3	40.1%	23.0	39.3%	10.0%
Latin America	9.4	14.9%	3.4	5.8%	176.5%
Africa	9.2	14.5%	2.5	4.3%	268%
Australia	9.8	15.5%	10.8	18.5%	-9.3%
Total for the Group	**63.1**	**100.0%**	**58.5**	**100.0%**	**7.9%**
Total for the Group *(at constant scope of consolidation and exzchange rates)*[1]	**68.8**		**58.5**		**17.6%**

[1] *Excluding Harvey Fresh, Balkis, Peru, Bolivia and Uruguay.*

In the first six months of 2014, the Group's capital expenditures totaled 63.1 million euros, for an increase of 7.9% compared with the previous year. With data at comparable scope of consolidation an constant exchange rates, the year-over-year increase is 17.6%.

Investment projects included numerous programs aimed at continuously improving production processes, efficiency, quality and occupational safety and complying with new regulatory requirements.

The most significant investment projects included the following:

- installation of a UHT production line in Rowville (Australia);
- expansion and optimization of butter production assets in Whinchester (Canada);
- expansion and optimization of mozzarella production assets in Victoriaville (Canada);

The capital expenditures described above do not include the cost of licensing and implementing information systems, which amounted to 1.4 million euros in 2014, mainly for projects carried out in Italy and Canada.

Research and Development

The research group continued to pursue its mission of promoting innovation in the food sector through the development of innovative, quality products.

During this challenging period, special attention was paid to studying and launching innovative products that addressed affordability concerns by consumers.
Several new products were developed and launched for the Milk, Yogurt, Chef and Santàl lines.

Collaborations involving the exchange of knowhow between Italy and other countries where the Group's research facilities are located were increased in pursuit of innovations that increase efficiency while also reducing costs.
The expertise developed by the various Research Centers facilitated the cross-fertilization of ideas that already existed at the individual country level.

Collaboration and exchanges continued with the Lactalis Research organization.

The Devex information system continued to provide adequate support for discussions and decisions at the corporate level with regard to new products, both in the R&D area and concerning international and local marketing programs.

Scientific research continued to pursue the objective of fostering a "milk culture," in order to underscore the nutritional value and importance of milk consumption, which has been declining in many of the world's countries, displaced by "vegetable-based beverages." In addition, animal products are currently being attacked rather aggressively in the media in Italy.

At the CIBUS 2014 show, a scientific display was installed inside the Parmalat booth aimed at emphasizing the brand's prestige in terms innovation, quality and scientific drive, which attracted numerous research specialists and opinion leaders in various areas of knowledge and where publications of Parmalat's "Milk Today" conventions were distributed.

The following studies were launched during the period:

- two pilot clinical studies to explore areas of potential interest for the development of new products;
- an observation clinical study of the eating habits of people who "perform physical activities."

As was the case for the development area, exchanges were intensified with colleagues at the Parmalat Group's various Research Centers and the Lactalis Research organization, thereby facilitating cross-fertilization and the exchange of knowhow.

Other Information

The subsidiaries do not own any Parmalat S.p.A. shares. The Company holds 2,049,096 treasury shares, as authorized by a resolution approved by the Shareholders' Meeting on May 31, 2012.

Parmalat and its subsidiaries do not hold nor did they hold during the period, either directly or through a nominee or a third party, any shares of the controlling company.

Intercompany and related-party transactions were neither atypical nor unusual and were conducted in the normal course of business. These transactions were carried out on market terms, i.e., on the same terms as those that would be applied by unrelated parties.

Information about transactions with related parties, including those required by the Consob Communication of July 28, 2006, is provided in the section of the condensed interim consolidated financial statements of Parmalat S.p.A. entitled "Related-party Transactions."

Tax Issues

The tax burden of the Group totaled 42.6 million euros in the first half of 2014, up slightly compared with the amount in the first six months of 2013.

The Group's effective tax rate was 32.1% in the first half of 2014.

The effective tax rate of Parmalat S.p.A., the Group's Parent Company, was about 21.6%.

The main reason for the difference between the effective tax rate and the statutory tax rate (31% including the regional tax rate) is the tax effect of income excluded from the taxable base, consisting of dividends.

Starting in 2007, Parmalat S.p.A., in its capacity as the consolidating company, and virtually all of its Italian subsidiaries elected to file a national consolidated income tax return pursuant to Article 117 and following articles of the Uniform Income Tax Code. In the first half of 2014, Dalmata S.p.A. and Sata Srl exercised the option to renew the election to file a national consolidated income tax return. This option is valid for three years, from 2014 to 2016. Centrale del Latte di Roma S.p.A. exercised the renewal option the previous year, valid for three years, from 2013 to 2015.

Corporate Governance

Parmalat's corporate organization follows the so-called "conventional model," which is based on corporate governance bodies that include the Shareholders' Meeting, the Board of Directors (supported by Board Committees) and the Board of Statutory Auditors.

The corporate governance model also includes the allocation of specific powers and the delegation of jurisdictional authority; the enactment of internal control procedures, of a Code of Conduct and of an Internal Dealing Code; and the adoption of an Organizational, Management and Control Model pursuant to Legislative Decree No. 231/01, which is binding on all members of the organization: Directors, Statutory Auditors and employees.

Insofar as compliance with Legislative Decree No. 231/01 is concerned, after adopting its own Organizational, Management and Control Model in November 2006, Parmalat S.p.A. promoted the adoption of individual organizational models by its Italian subsidiaries and developed conduct guidelines for the Group's main foreign entities. The Organizational, Management and Control Models of the main Italian subsidiaries are reviewed periodically under the responsibility of the relevant Oversight Boards. The Guidelines for foreign subsidiaries approved by the Parent Company's Board of Directors and later transmitted to the Boards of Directors of the subsidiaries are implemented in accordance with the different corporate organizations and consistent with local legislation. The Guidelines set forth principles of conduct and organizational rules, inspired by the Group's Code of Conduct and the various corporate process, that are relevant for compliance with Legislative Decree No. 231, which each company is required to adopt taking into account the applicable laws at each location.

On July 28, 2011, the Company appointed a Corporate Accounting Documents Officer, as required by Article 154 *bis* of Legislative Decree No. 58/98 (Uniform Financial Code). This appointment was made by means of a resolution approved by the Board of Directors on July 28, 2011, with the prior favorable opinion of the Board of Statutory Auditors and the Internal Control and Corporate Governance Committee, designating the Group's Chief Financial Officer as the Corporate Accounting Documents Officer. At a meeting held on March 7, 2014, the Board of Directors approved the expense budget for the 2014 reporting year of the Corporate Accounting Documents Officer, who is required to report to Board of Directors, every six months as a minimum, about the use of the abovementioned budget. Consistent with the powers and functions assigned to him, through the approval of the Guidelines by the Board of Directors in July 2011, the Corporate Accounting Documents Officer may exceed the approved budget, in the event of specific and demonstrable requirements, provided a specific resolution is approved by the Board of Directors.

Key Events in the First Half of 2014

Labor Union Agreement of January 31, 2014

On January 31, 2014, Parmalat S.p.A. and its labor unions signed an agreement for the reorganization of the Italian operations that calls for staff downsizing affecting 98 employees by November 30, 2014.
In order to minimized as much as possible the social impact of these development, the agreement includes a "Social Plan" that, in addition to the use of the long-term unemployment program, calls for separation incentives, assistance in finding employment outside the Group and/or starting independent activities and the possibility of being reassigned within the Group at locations or with occupations different from the current ones.

Resignation by the Majority of the Members of the Board of Directors

Upon the meeting of the Board of Directors being called to order on February 25, 2014, the Directors Gabriella Chersicla, Francesco Gatti, Yvon Guérin, Marco Jesi, Daniel Jaouen, Marco Reboa, Antonio Sala, Franco Tatò and Riccardo Zingales announced that they were resigning from the Board of Directors effective as of the approval of the annual financial statements at December 31, 2013.

Amendments to the Bylaws

On March 4, 2014, the Company received from its shareholder Sofil SAS a detailed request to convene an Extraordinary Shareholders' Meeting pursuant to Article 2367 of the Italian Civil Code and Article 8 of the Company Bylaws concerning proposed amendments to the Company Bylaws.
This request is available online at the following address:
http://www.parmalat.net/it/corporate_governance/documenti and should be consulted for additional information.

Criminal Proceedings for Fraudulent Bankruptcy: Decision by the Court of Cassation

In the main criminal proceedings in which former Directors, Statutory Auditors and employees of the old Parmalat Group companies and external parties are charged with the crime of fraudulent bankruptcy, the Court of Cassation, by a decision handed down on March 7, 2014, basically upheld the 2012 decision by the Bologna Court of Appeals, except for slightly reducing the sentences imposed on some defendants and returning the proceedings to a different section of the same Court of Appeals for the purpose of revising the sentence for one defendant, but denying all other challenges by the defendants, who were ordered to pay legal costs.
Consequently, the Court of Cassation confirmed the provisional compensation payment ordered by the Court of Appeals in the amount of (i) 2 billion euros owed jointly by the 12 defendants convicted with a final decision and (ii) 6 million euros owed jointly by three other defendants convicted with a final decision, both amounts for the benefit of the companies under extraordinary administration, which are parties to the proceedings as plaintiffs seeking damages.

Acquisition of Harvey Fresh in Australia

On March 31, 2014 (the "closing date"), the Parmalat Australia Pty Ltd subsidiary executed an agreement to acquire Harvey Food and Beverage Ltd ("Harvey Fresh"), which is being consolidated as of April 1, 2014 (the "acquisition date").
With this transaction, the Parmalat Group strengthened its position in the Australian market, broadening its geographic footprint in Australia and becoming a full-fledged national player in that country. This acquisition also enhances the Group's standing as an exporter to the Asian markets.
Harvey Fresh, which operates in Western Australia where Parmalat has a marginal presence, is specialized in the production of milk (fresh and UHT) and dairy products. It also operates an important business in the fruit beverage market. In that area of the country, Harvey Fresh is the second largest producer in the dairy sector. This company operates two production facilities (Harvey and Griffith) and has about 250 employees.
This past year, the company reported revenues, in euros, of about 113 million.
The enterprise value of the acquired operations was deemed to be, in euros, about 80.6 million; the acquisition was financed entirely by the Group with internal resources.

Ordinary and Extraordinary Shareholders' Meeting and Election of a New Board of Directors

The Shareholders' Meeting of Parmalat S.p.A. was convened on April 17, 2014, on a single calling. Convened in extraordinary session, the Shareholders' Meeting agreed to amend the Company Bylaws in accordance with the motion submitted by the shareholder Sofil S.a.s. Convened in ordinary session, it approved the financial statements for the 2013 reporting year and proceeded with the election of the Board of Directors and the Board of Statutory Auditors as follows:

The following candidates were elected to the Board of Directors:
1. Gabriella Chersicla, Chairperson (*)
2. Antonio Lino Sala
3. Riccardo Perotta (*)
4. Patrice Gassenbach
5. Paolo Francesco Lazzati (*)
6. Laura Gualtieri (*)
7. Umberto Mosetti (*)

(*) Candidates who declared that they qualify as independent Directors.

The Directors from number 1 to number 6 were drawn from slate number 2, filed by the majority shareholder Sofil S.a.s on March 24, 2014, while Director number 7 was drawn from slate number 1, filed on March 24, 2014 by the minority shareholders "Fidelity Funds", "Gabelli Funds LLC," "Setanta Asset Management Limited" and "Amber Global Opportunities Master Fund Ltd."
Gabriella Chersicla was elected Chairperson of the Board of Directors.

The following candidates were elected to the Board of Statutory Auditors:
1. Giorgio Loli (Statutory Auditor)
2. Alessandra Stabilini (Statutory Auditor)

as Statutory Auditors drawn from slate number 2, filed by the majority shareholder on March 24, 2014; and
3. Michele Rutigliano (Chairman)

as a candidate drawn from slate number 1 filed on March 24, 2014 by the minority shareholders "Fidelity Funds", "Gabelli Funds LLC," "Setanta Asset Management Limited" and "Amber Global Opportunities Master Fund Ltd," which received the second highest number of votes and, consequently, pursuant to Article 21 of the Company Bylaws, was named Chairman of the Board of Statutory Auditors.

The following candidates, drawn from slated filed on March 24, 2014 by the shareholder Sofil S.a.s. and the shareholders "Fidelity Funds", "Gabelli Funds LLC," "Setanta Asset Management Limited" and "Amber Global Opportunities Master Fund Ltd," were elected as Alternates:
4. Saverio Bozzolan (Alternate)
5. Marco Pedretti (Alternate)

The term of office of the Directors and Statutory Auditors will run for three reporting years, i.e., until the Shareholders' Meeting convened to approve the financial statements at December 31, 2016. Information about the personal and professional background of the members of the Company's governance bodies is available on the Company website: www.parmalat.com, Corporate Governance – Shareholders' Meeting page.

Proceedings Pursuant to Article 2409 of the Italian Civil Code Involving the Board of Directors and Board of Statutory Auditors Previously in Office

In the proceedings pursuant to Article 2409 of the Italian Civil Code, launched by the Public Prosecutor at the Court of Parma, further to a complaint filed by Amber Capital LP, the Bologna Court of Appeals, by a decree filed on Mat 26, 2014, (i) ruled that the proceedings should be terminated as the disputed issue had been resolved and, consequently, the decrees issued by the Court of Parma on March 29, 2013 and November11, 2013 were no longer in effect and (ii) denied the additional motions put forth by the Public Prosecutor at the hearing of May 9, 2014 (namely, dismissal of the Directors Antonio Sala and Gabriella Chersicla, members of the current Board of Directors, and establishment of an adequate deadline for the adoption by Parmalat's current Board of Directors of appropriate initiatives to eliminate the allegedly negative consequences deriving from the LAG acquisition).

The Bologna Court of Appeals, amending the lower court's decision, also declared that court costs at both jurisdictional levels were fully covered by the parties ordering Parmalat to pay the fee of Professor Manaresi, the *ad acta* Commissioner.

The decree issued by the Court of Appeals marks the final conclusion of the proceedings pursuant to Article 2409, as a continuation to the next judicial level is not expected.

"Tourism Operations" Criminal Proceedings

With regard to these proceeding, in which the defendants are former Directors, Statutory Auditors and employees of companies in the "tourism operations," and officers of some banks (insofar as these bank officers are concerned, Parmalat withdrew from the proceedings as a plaintiff seeking damages, whenever settlements were reached with the respective banks), on June 25, 2014, the Bologna Court of Appeals handed down a decision that, amending in part the lower court's decision, acquitted some of the defendants convicted by the lower court, revised the sentence of some other defendants and reduced the damage payments imposed on the convicted defendant to a total of 110 million euros. The Court set a deadline of 90 days for the filing of the detailed decision.

Events Occurring After June 30, 2014

No event requiring disclosure occurred after June 30, 2014.

Business Outlook

The Group reaffirms its growth expectations for net revenues and EBITDA, in line with the positive performance of recent years.

The presence of persisting unfavorable economic conditions, resulting from the high costs of raw materials and strong competitive pressure in the regions where the Group operates, characterized the first half of the year, during which the Parmalat Group steadily improved its profitability, starting in the second quarter, thanks to efficiency enhancing programs and list price adjustments.

Guidance for 2014

For 2014, at constant exchange rates and scope of consolidation and excluding the effect of hyperinflation, Parmalat confirms a 3% growth estimate both for net revenues and EBITDA. The expectation of these positive results, despite a still negative market scenario projected for the second half of the year, is based on the strategic programs implemented by the Group, which include targeted price increases, investments in marketing and strengthening the presence in key geographic regions, alongside initiatives aimed at continuously improving operating efficiency.

Disclaimer
This document contains forward looking statements, particularly in the section entitled "Business Outlook." Projections for the second half of 2014 are based, inter alia, on the Group's performance in the second quarter of 2014 and take into account trends in the months 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.

Parmalat Group - Condensed Interim Consolidated Financial Statements at June 30, 2014

Parmalat Group

Financial Statements at June 30, 2014

Consolidated Statement of Financial Position

Note ref.	(in millions of euros)	(*)	6/30/14	(*)	12/31/13
	NON-CURRENT ASSETS		**2,198.3**		**2,113.6**
(1)	Goodwill		499.9		460.5
(2)	Trademarks with an indefinite useful life		543.7		537.0
(3)	Other intangibles		46.1		47.9
(4)	Property, plant and equipment		978.1		934.7
	Investments in associates		34.2		34.2
	Other non-current financial assets		27.5		29.4
	Deferred-tax assets		68.8		69.9
	CURRENT ASSETS		**2,222.0**		**2,283.9**
(5)	Inventories		513.6		454.1
(6)	Trade receivables		465.1		439.9
	amount from transactions with related parties	*13.4*		*10.3*	
(7)	Other current assets		149.2		184.7
	amount from transactions with related parties	*0.1*		*0.0*	
(8)	Cash and cash equivalents		862.1		940.3
(9)	Current financial assets		232.0		264.9
	amount from transactions with related parties	*1.2*		*0.0*	
	Assets held for sale		**2.6**		**2.4**
	TOTAL ASSETS		**4,422.9**		**4,399.9**
	EQUITY		**3,120.2**		**3,090.5**
(10)	Share capital		1,827.8		1,823.4
(11)	Reserve for creditor challenges and claims of late-filing creditors convertible into share capital		53.2		53.2
	Other reserves and retained earnings:				
(12)	*- Reserve for currency translation differences*		*(222.6)*		*(211.9)*
(13)	*- Miscellaneous reserves*		*1,350.0*		*1,180.5*
(14)	Profit for the period		88.9		221.0
	Equity attributable to owners of the parent		**3,097.3**		**3,066.2**
(15)	**Equity attributable to non-controlling interests**		**22.9**		**24.3**
	NON-CURRENT LIABILITIES		**532.5**		**560.6**
(16)	Financial liabilities		76.4		93.2
	amount from transactions with related parties	*0.0*		*0.0*	
	Deferred-tax liabilities		200.5		192.9
(17)	Provisions for employee benefits		110.4		125.7
(18)	Provisions for risks and charges		134.7		142.7
	Provision for contested preferential and prededuction claims		10.5		6.1
	CURRENT LIABILITIES		**770.2**		**748.8**
(16)	Short-term borrowings		42.5		46.4
	amount from transactions with related parties	*0.2*		*2.4*	
(19)	Trade payables		591.9		578.2
	amount from transactions with related parties	*24.5*		*28.6*	
(20)	Other current liabilities		118.6		114.5
	amount from transactions with related parties	*0.0*		*0.0*	
(21)	Income taxes payable		17.2		9.7
	Liabilities directly attributable to assets held for sale		**0.0**		**0.0**
	TOTAL LIABILITIES AND EQUITY		**4,422.9**		**4,399.9**

(*) A breakdown of the items in Italics is provided in the section of this Report entitled "Intercompany and Related Party Transactions."

Consolidated Income Statement

Note ref.	*(in millions of euros)*	(*)	First half 2014	(*)	First half 2013
(22)	**REVENUES**		**2,635.3**		**2,619.2**
	Net revenues		2,617.9		2,594.8
	amount from transactions with related parties	*27.5*		*15.2*	
	Other revenues		17.4		24.4
	amount from transactions with related parties	*1.0*		*2.3*	
(23)	Cost of sales		(2,101.1)		(2,102.8)
	amount from transactions with related parties	*(37.0)*		*(35.4)*	
(23)	Distribution costs		(213.3)		(219.6)
	amount from transactions with related parties	*(9.6)*		*(5.5)*	
(23)	Administrative expenses		(198.8)		(170.1)
	amount from transactions with related parties	*(3.0)*		*(2.1)*	
	Other income and expense:				
(24)	- Litigation-related legal expenses		(1.7)		(2.0)
(25)	- Miscellaneous income and expense		12.3		3.3
	amount from transactions with related parties	*0.0*		*0.0*	
	EBIT		**132.7**		**128.0**
	Financial income		17.6		45.1
	amount from transactions with related parties	*0.0*		*3.3*	
	Financial expense		(17.7)		(28.0)
(26)	**Net financial expense**		**(0.1)**		**17.1**
	PROFIT BEFORE TAXES		**132.6**		**145.1**
(27)	Income taxes		(42.6)		(38.2)
	PROFIT FOR THE PERIOD		**90.0**		**106.9**
	(Profit)/Loss attributable to non-controlling interest		(1.1)		(1.5)
	Profit/(Loss) attributable to owners of the parent		88.9		105.4

Continuing Operations:

Basic earnings per share (in euros)	**0.0487**	**0.0598**
Diluted earnings per share (in euros)	**0.0482**	**0.0591**

(*) A breakdown of the items in Italics is provided in the section of this Report entitled “Intercompany and Related Party Transactions.”

Consolidated Statement of Comprehensive Income

Note ref.	*(in millions of euros)*	**First half 2014**	**First half 2013**
	Net profit for the period (A)	**90.0**	**106.9**
	Other comprehensive gains/(losses) that will not be later reclassified into profit/(loss) for the period:		
	Remeasuring of defined-benefit plans net of tax effect	1.8	6.7
	Total other comprehensive gains/(losses) that will not be later reclassified into profit/(loss) for the period net of tax effect (B1)	**1.8**	**6.7**
	Other comprehensive gains/(losses) that will be later reclassified into profit/(loss) for the period:		
	Difference on translation of financial statements in foreign currencies	(11.6)	(138.5)
	Total other comprehensive gains/(losses) that will be later reclassified into profit/(loss) for the period net of tax effect (B2)	**(11.6)**	**(138.5)**
	Total other components of the comprehensive income statement, net of tax effect (B)=(B1)+(B2)	**(9.8)**	**(131.8)**
	Total comprehensive net profit/(loss) for the period (A) + (B)	**80.2**	**(24.9)**
	Total comprehensive net profit/(loss) for the period attributable to:		
	(Profit)/Loss attributable to non-controlling interests	(0.2)	(0.3)
	Profit/(Loss) attributable to owners of the parent	80.0	(25.2)

Consolidated Statement of Cash Flows

Note ref.	*(in millions of euros)*	First half 2014	First half 2013
	OPERATING ACTIVITIES FOR THE PERIOD		
	Profit from operating activities	90.0	106.9
(28)	Depreciation, amortization and writedowns of non-current assets	62.3	67.5
	Additions to provisions	85.5	81.1
	Interest and other financial expense	5.5	4.7
	Non-cash (income) expense items	(3.3)	(26.4)
	(Gains) Losses on divestments	(1.1)	(1.7)
(25)	Proceeds from actions to void and actions for damages	(17.1)	(1.3)
(24)	Litigation-related legal expenses	1.7	2.0
	Cash flow from operating activities before change in working capital	**223.5**	**232.8**
	Change in net working capital and provisions:		
	Operating working capital	(89.2)	(21.7)
	Payments of income taxes on operating results	(10.7)	(25.6)
	Other assets/Other liabilities and provisions	(16.2)	(54.0)
	Total change in net working capital and provisions	**(116.1)**	**(101.3)**
	CASH FLOW FROM OPERATING ACTIVITIES FOR THE PERIOD	**107.4**	**131.5**
	amount from transactions with related parties	*(27.4)*	*(25.5)*
	INVESTING ACTIVITIES		
	Investments:		
(3)	*- Intangibles*	(1.4)	(1.6)
(4)	*- Property, plant and equipment*	(63.1)	(58.5)
	- Non-current financial assets	(0.2)	(3.2)
	- Investments in Other current financial assets maturing in more than 3 moth from the date of purchase	22.2	(1.2)
	- Price adjustment (including accrued interest) collected on the LAG acquisition	0.0	102.4
	- Consideration paid to acquire control of Harvey Food & Beverage net of acquired cash	(74.9)	0.0
	Divestments and sundry items	2.2	2.8
	CASH FLOW FROM INVESTING ACTIVITIES	**(115.2)**	**40.7**
	amount from transactions with related parties	*(1.2)*	*102.4*
	PROCEEDS FROM SETTLEMENTS	**17.1**	**(52.6)**
	LITIGATION-RELATED LEGAL EXPENSES	**(3.9)**	**(4.1)**
	FINANCING ACTIVITIES		
(16)	New loans and finance leases	6.0	12.5
(16)	Repayment of principal and accrued interest of loans and finance leases	(27.9)	(17.1)
	Dividends paid	(53.5)	(23.8)
	Exercise of warrants	3.7	1.8
	CASH FLOW FROM FINANCING ACTIVITIES	**(71.7)**	**(26.6)**
	amount from transactions with related parties	*(44.6)*	*(18.9)*
	INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM JANUARY 1 TO JUNE 30	**(66.3)**	**88.9**
(8)	**CASH AND CASH EQUIVALENTS AT JANUARY 1**	**940.3**	**738.4**
	Increase (Decrease) in cash and cash equivalents from January 1 to June 30	**(66.3)**	**88.9**
	Net impact of the translation of cash and cash equivalents denominated in foreign currencies	**(11.9)**	**(20.8)**
(8)	**CASH AND CASH EQUIVALENTS AT JUNE 30**	**862.1**	**806.5**

Loan interest income amounted to 6.3 million euros in the first half of 2014 (5.8 million euros in the first half of 2013)

Loan interest expense amounted to 4.1 million euros in the first half of 2014 (3.9 million euros in the first half of 2013)

Consolidated Statement of Changes in Equity

(in millions of euros)			Other reserves and retained earnings								
	Share capital[1]	Reserve convertible into share capital[2]	Statutory reserve	Res. for divid. to challenges and condit. claims	Reserve for translation differences	Reserve for remeasuring of defined-benefit plans	Sundry reserves[3]	Profit (Loss) for the period	Equity attributable to owners of parent	Equity attrib. to non-controlling interests	Total equity
Balance at January 1, 2013	**1,761.2**	**68.4**	**97.2**	**26.7**	**23.4**	**(47.5)**	**982.5**	**81.3**	**2,993.2**	**24.9**	**3,018.1**
Profit for the period								105.4	105.4	1.5	106.9
Difference from the translation of financial statements in foreign currencies					(137.3)				(137.3)	(1.2)	(138.5)
Remeasuring of defined-benefit plans						6.7			6.7	-	6.7
Comprehensive profit for the period	**-**	**-**	**-**	**-**	**(137.3)**	**6.7**	**-**	**105.4**	**(25.2)**	**0.3**	**(24.9)**
Share capital incr. from convertible reserve	0.1	(0.1)							-	-	-
Exercise of warrants	1.8								1.8	-	1.8
Appropriation of the 2012 result			2.4				56.0	(58.4)	-	-	-
2012 dividend (for Parmalat S.p.A., 0.013 euros per share)								(22.9)	(22.9)	(1.3)	(24.2)
Effect of the price adjustment for the acquisition of Lactalis American Group Inc. (and its subsidiaries), Lactalis do Brazil and Lactalis Alimentos Mexico							99.1		99.1	-	99.1
Other changes							(2.5)		(2.5)	2.5	-
Balance at June 30, 2013	**1,763.1**	**68.3**	**99.6**	**26.7**	**(113.9)**	**(40.8)**	**1,135.1**	**105.4**	**3,043.5**	**26.4**	**3,069.9**
Balance at January 1, 2014	**1,823.4**	**53.2**	**99.6**	**26.7**	**(211.9)**	**(29.4)**	**1,083.6**	**221.0**	**3,066.2**	**24.3**	**3,090.5**
Profit for the period								88.9	88.9	1.1	90.0
Difference from the translation of financial statements in foreign currencies					(10.7)				(10.7)	(0.9)	(11.6)
Remeasuring of defined-benefit plans						1.8			1.8	-	1.8
Comprehensive profit for the period	**-**	**-**	**-**	**-**	**(10.7)**	**1.8**	**-**	**88.9**	**80.0**	**0.2**	**80.2**
Share capital incr. from convertible reserve	0.7						(0.7)		-	-	-
Exercise of warrants	3.7								3.7	-	3.7
Appropriation of the 2013 result			5.5				162.6	(168.1)	-	-	-
2013 dividend (for Parmalat S.p.A., 0.029 euros per share)								(52.9)	(52.9)	(1.1)	(54.0)
Dividend to opposing share-holders with awarded shares				(0.2)					(0.2)	-	(0.2)
Purchase of non-controlling interests							0.5		0.5	(0.5)	-
Balance at June 30, 2014	**1,827.8**	**53.2**	**105.1**	**26.5**	**(222.6)**	**(27.6)**	**1,246.0**	**88.9**	**3,097.3**	**22.9**	**3,120.2**

[1] The share capital includes 2,049,096 treasury shares acquired free of charge and belonging to creditors who failed to claim them. Pursuant to Article 9.4 of the Composition with Creditors, these share are now the property of Parmalat S.p.A.

[2] For creditors challenging exclusions and late-filing creditors.

[3] Limited to 25,788,000 euros, this reserve can be used to satisfy claims of late filing creditors and contested claims, if and when such claims are verified.

Notes to the Condensed Interim Consolidated Financial Statements

Foreword

The registered office of Parmalat S.p.A. is located in Italy, at 4 Via delle Nazioni Unite, in Collecchio (province of Parma). Its shares are traded on the Online Stock Market operated by Borsa Italiana. Parmalat S.p.A. is controlled by Sofil S.a.s., a French company that, on the date this Interim Financial Report was approved, owned 84.6% of Parmalat's share capital.
Parmalat S.p.A. is subject to guidance and coordination by B.S.A. S.A. Transaction with B.S.A. S.A. and other companies subject to the same guidance and coordination activities constitute related-party transactions and are discussed in the Note entitled "Related-party Transactions."

Parmalat S.p.A. and its subsidiaries are organized into a food industry group that pursues a multinational strategy. The Group operates in 23 countries worldwide divided into five geographic regions: Europe, North America, Latin America, Africa and Australia. The Group has an extensive and well-structured product portfolio organized into three segments: *Milk* (UHT, pasteurized, condensed, powdered and flavored milk; cream and béchamel), *Dairy Products* (yogurt, fermented milk, desserts, cheese and butter) and *Fruit Beverages* (fruit juices, nectars and tea).

The Group is a world leader in the UHT milk and pasteurized milk market segments and has attained a competitive position in the rapidly growing market for fruit beverages. The Group benefits from strong brand awareness. The products in its portfolio are sold under global brands (Parmalat and Santàl), international brands (Zymil, Vaalia, Fibresse and Omega3) and a number of strong local brands.
Parmalat is a company with a strong innovative tradition: the Group has been able to develop leading-edge technologies in the leading segments of the food market, including UHT milk, ESL (extended shelf life) milk, conventional types of milk, functional fruit juices (fortified with wellness supplements) and cream-based white sauces.

The condensed interim consolidated financial statements at June 30, 2014 are denominated in euros, which is the presentation currency of Parmalat S.p.A., the Group's Parent Company. They consist of a consolidate statement of financial position, an income statement, a statement of comprehensive income, a statement of cash flows, a consolidated statement of changes in equity and the accompanying notes. All of the amounts listed in these notes are in millions of euros, except as noted. The income statement data for the six months ended June 30, 2014 are compared with the data for the six months ended June 30, 2013, while statement of financial position data are compared with the data at December 31, 2013.

Starting in the second half of 2013, the U.S. subsidiaries updated the classification of some cost items with the aim of achieving greater consistency with the allocation chosen at the Group level. Consequently, in order to make the data for the first half of 2013 comparable with those for the current reporting period, the data for the six months ended June 30, 2013 were restated, differently from the data originally published, through the reclassification of a total of 213.3 million euros, which were deducted from "Distribution costs" and reclassified into "Cost of sales" for 213 million euros and "Administrative expenses" for 0.3 million euros.

The presentation format used for the consolidate statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the consolidated statement of changes in equity is consistent with the format used in the annual financial statements.

The condensed interim consolidated financial statements at June 30, 2014 were the subject of a limited audit by KPMG S.p.A. in accordance with the assignment it received for the 2014-2022 period, pursuant to a resolution approved by the Shareholders' Meeting on April 22, 2013. A limited audit entails a significantly smaller scope of auditing work than a full audit performed in accordance with statutory auditing principles.

The publication of these condensed interim consolidated financial statements at June 30, 2014 was authorized by the Board of Directors on July 31, 2014.

Principles for the Preparation of the Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements at June 30, 2014 of the Parmalat Group were 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 regular financial reporting.

The condensed interim consolidated financial statements, prepared in accordance with IAS 34 – *Interim Financial Reporting,* do not contain all of the information and disclosures required for the annual financial statements and, consequently, should be read in conjunction with the consolidated financial statements at December 31, 2013.
These condensed interim consolidated financial statements were prepared based on the going concern assumption, as the Directors determined that there were no financial, operational or other indicators suggesting difficulties about the Group's ability to meet its obligations in the near future and specifically over the next 12 months.

The consolidation principles and valuation criteria applied to prepare these condensed interim consolidated financial statements are the same as those used to prepare the consolidated financial statements at December 31, 2013, which should be read for additional information, and with new IFRS pronouncements in effect as of January 1, 2014, which are reviewed below.

The following recently published accounting principles, amendments and interpretations went into effect on January 1, 2014, as adopted by the European Commission:

IFRS 10 – Consolidated Financial Statements (applicable to accounting periods beginning on or after January 1, 2014). This new principle replaces *SIC-12 Consolidation – Special Purpose Entities* and parts of *IAS 27 – Consolidated and Separate Financial Statements,* which was renamed *Separate Financial Statements* and governs the accounting treatment of investments in associates in separate financial statements. As of the date of this Interim Financial Report, the adoption of this new principle had no impact within the Group.

IFRS 11 – Joint Arrangements (applicable to accounting periods beginning on or after January 1, 2014). This new principle replaces *IAS 31 – Interests in Joint Ventures* and *SIC-13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers.* Subsequent to the publication of this principle, *IAS 28 – Investments in Associates* was amended to include investments in joint ventures in its scope of implementation, as of the principle's effective date. As of the date of this Interim Financial Report, the adoption of this new principle had no impact within the Group.

IFRS 12 – Disclosure of Interests in Other Entities (applicable to accounting periods beginning on or after January 1, 2014). As of the date of this Interim Financial Report, the adoption of this principle had no impact in terms of the valuation of financial statement items.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (applicable to accounting periods beginning on or after January 1, 2014) As of the date of this Interim Financial Report, the adoption of these amendments had no impact within the Group.

Amendments to IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable to accounting periods beginning on or after January 1, 2014). As of the date of this Interim Financial Report, the adoption of this revised version had no impact within the Group in terms of the valuation of financial statement items.

Amendments to IAS 36 – Impairment of Assets (applicable to accounting periods beginning on or after January 1, 2014). As of the date of this Interim Financial Report, the adoption of this revised version had no impact within the Group in terms of the valuation of financial statement items.

Amendments to IAS 39 – Financial Instruments: Recognition and Measurement. Novation of Derivatives and Continuation of Hedge Accounting (applicable to accounting periods beginning on or after January 1, 2014). As of the date of this Interim Financial Report, the adoption of this revised version had no impact within the Group.

When preparing the condensed interim consolidated financial statements, Directors apply accounting principles and methods that, in some cases, are based on complex and subjective valuations and estimates that are based on historical data and assumptions that, in each individual case, are deemed to be reasonable and realistic in light of the relevant circumstances. The use of these estimates and assumptions has an impact on the amounts reported in the financial statement schedules and in additional disclosures. The amounts shown for those components of the financial statements for which the abovementioned estimates and assumptions were used could differ from the amounts actually realized, due to the uncertainty that characterizes all assumptions and the conditions upon which the estimates were based. Estimates and assumptions are revised on a regular basis and the impact of any resulting change is recognized in the period when a revision of estimates occurred, if the revision affects only the current period, and is also applied to future periods, when the revision has an impact both on the current period and on future periods. The financial statement items that require the most use of subjective judgment by Directors in developing estimates and with respect to which a change in the underlying assumptions used could have a material impact on the condensed interim consolidated financial statements are those concerning goodwill, trademarks with an indefinite useful life, depreciation and amortization of non-current assets, current and deferred taxes, the allowance for doubtful accounts, the provisions for risks and charges (specifically with regard to pending litigation), the provisions for employee benefits and the reserves for creditor challenges and claims of late-filing creditors. Information about the main assumptions and the sources used to develop estimates is provided in the relevant notes to the consolidated financial statements at December 31, 2013.

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 tax rate projected for the entire year.

Seasonality of the Group's Businesses

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

Scope of Consolidation

The condensed interim consolidated financial statements at June 30, 2014 include the financial statements of all subsidiaries from the date when control is acquired until the moment when control ceases to exist.

The accounting data of all subsidiaries, used to prepare the condensed interim consolidated financial statements are as of the same closing date as that of the Parent Company.

Control exists when the Parent Company simultaneously:

- has decision-making power over the investee company, i.e., the power to manage the investee's significant activities, which are those activities that have a significant impact on its results;
- has title to the variable results (positive or negative) stemming from its investment in the entity;
- can use its decision-making power to determine the amount of the results stemming from its investment in the entity.

The existence of control is verified whenever facts or circumstances show that a change occurred in one or more of the three qualifying elements of control.

Please note that the abovementioned requirements are currently still being met with regard to Centrale del Latte di Roma subsidiary pending a final resolution of the judicial dispute. The Group views this subsidiary as strategically significant and intends to retain this investment.

The following companies are not consolidated line-by-line because the Parent Company no longer has decision-making power over them and cannot use such power to affect their results:

- Companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares but are now parties to separate bankruptcy proceedings under local laws, and their subsidiaries. Companies in this category include PPL Participações Limitada in bankruptcy and the following companies that have become eligible for extraordinary administration proceedings include: Dairies Holding International BV under E.A. (Netherlands) and Olex sa under E.A. (Luxembourg). These companies are currently parties to extraordinary administration proceedings, pursuant to law.
  These companies are included in the list of the Group's equity investments because the Group is the owner of their share capital.
  As for the companies under extraordinary administration, currently there is no expectation of a full or partial recovery of the investments in these companies upon conclusion of the individual bankruptcy proceedings. There is also no expectation that Parmalat S.p.A. will incur any liability in connection with these investments and there is no commitment or desire on the Company's part to cover the negative equity of these companies.
  Insofar as PPL Participações Limitada in bankruptcy ("PPL") is concerned, by virtue of the settlement reached on October 30, 2013, PPL waived any and all claims against Parmalat S.p.A. and the companies under extraordinary administration in exchange for the award of 16 million Parmalat shares.

- Companies earmarked for liquidation in the best available manner. The only company in this category is Wishaw Trading Sa (Uruguay). It is unlikely that the Group will incur any liability in connection with these investments and there is no commitment or desire on the Group's part to cover the negative equity of these companies. Even if the existence and amount of any claims against it that are related to Wishaw Trading SA should ever be verified, the creditors would be unsecured creditors with claims the title and/or cause of which predates the start of the extraordinary administration proceedings for the companies that are parties to the Proposal of Composition with Creditors and, consequently, would only be entitled to receive shares and warrants of Parmalat S.p.A. based on an amount decreased by the claim reduction, in accordance with Section 7.8 of the Proposal of Composition with Creditors.

- Companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares that are in voluntary liquidation, together with their subsidiaries. These companies, which are not significant in size, are:

  - PRM Administraçao e Participaçao do Brasil (Brazil);
  - Airetcal SA (Uruguay);
  - Swojas Energy Foods Limited (India);
  - Parmalat (Zhaodong) Dairy Corp. Ltd (China).

The following entries were made in connection with the companies that are no longer consolidated line by line:

- The carrying value of the investments was written off;
- The receivables owed by these companies to other Group companies were written off;
- A provision for risks in connection with indebtedness guaranteed by Group companies was recognized;
- The receivables owed to the companies listed above by Group companies continued to be included in the indebtedness of Group companies.

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*. 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). On the date of this Interim Financial Report, the index was 647.5 (398.6 in June 2013) and the year-over-year change in the index was 62.44%.

With the start, on March 24 of the *Sistema Cambiario Alternativo de Divisas* (also known as *SICAD II*), based on a system of daily auctions, alongside the *Sistema Complementario de Administracion de Divisas* (also known as *SICAD*), which is based on a system of weekly auctions, the Venezuelan foreign exchange system is characterized by the concurrent presence of an official exchange rate (also known as *CENCOEX*) of 6.30 VEF/USD, accompanies by an implied exchange rate derived from the outcome of the auctions carried out with the *SICAD* system (with an exchange rate of 10.60 VEF/USD in effect at June 30) and a new implied exchange rate derived from the outcome of the auctions carried out with the *SICAD II* system (with an exchange rate of 49.98 VEF/USD in effect at June 30).

The Venezuela subsidiary, while still able to purchase foreign currency at the official exchange rate, took part, in March, in the first SICAD auction held for operators in the dairy sector. This exchange rate, while less favorable, enabled the subsidiary to obtain more quickly the foreign currency it needed to settle commercial transactions. On that occasion, the auction's exchange rate was 10.70, for a total of 2.1 million U.S. dollars.

The available supporting documents indicated that in the condensed interim consolidated financial statements it was appropriate to use the official rate of 6.30 VEF/USD to translate income statement balances, as this rate was deemed to be representative of operating conditions during the first half of 2014. Balances in the statement of financial position were translated at the SICAD rate. At June 30, 2014, this rate was the exchange rate applicable to future dividend payments and repatriation of capital.

Previously, Parmalat used the official exchange rate of 6.30 VEF/USD to convert both the income statement and the statement of financial position data of the local subsidiary for the purposes of its consolidated Group financial statements.

At June 30, because of this change, the contribution of the subsidiary to the consolidated equity was reduced by 76 million euros. A change from the rate of 6.30 (VEF/USD) to SICAD II would have caused a reduction of 164 million euros.

Because the SICAD exchange rate is based on auctions held periodically, it is possible that it may vary widely in future quarters, with a significant impact on the accounting balances of the Venezuela subsidiary and Parmalat's consolidated financial statements.

It is also possible that significant fluctuation in exchange rates and other related developments affecting Venezuela could have a further impact on the subsidiary's activities in the future, which could also have a material effect on Parmalat's consolidated financial statements.

Business Combinations

On March 31, 2014 (the "closing date"), Parmalat S.p.A. through its Parmalat Australia Pty Ltd subsidiary purchased from third parties the Australian company Harvey Food and Beverage Ltd ("Harvey Fresh").
This company is being consolidated as of April 1, 2014 (the "acquisition date"), which is the date when the Group effectively achieved control over it.

With this transaction, the Parmalat Group strengthened its position in the Australian market, broadening its geographic footprint in Australia and becoming a full-fledged national player in that country.
This acquisition enhances the standing of the Parmalat Group as an exporter to the Asian markets.

Harvey Fresh, which operates in Western Australia, is specialized in the production of fresh milk and UHT Milk and dairy products and is the region's second largest producer in the dairy sector. In addition to these activities, Harvey Fresh also plays a major role in the fruit beverage market.
This company has about 250 employees and owns two production facilities, one in Harvey and another one in Griffith.

This acquisition entailed a total cash outlay of 80.6 million euros, counting both the price paid for the entire share capital (30.8 million euros) and the loans provided to the acquired company (49.8 million euros).
This investment was totally funded with internal resources; the sales agreement contains the customary representations and warranties provided by the sellers.

The acquisition costs totaled 3.5 million euros and were classified under "Miscellaneous income and expense" in the consolidated income statement. These costs include 2 million euros in stamp duty.

With regard to the business combination, the Group will determine the fair value of the acquired assets and the assumed liabilities and contingent liabilities within the deadline required by IFRS 3.
The difference between the price paid and the fair value of the net acquired assets, provisionally equal to their carrying amount, totaled to 32.3 million euros and was allocated to goodwill on a preliminary basis.

The carrying amount of the company's assets and liabilities on the acquisition date is listed below:

(in millions of euros)	***Carrying amount of the acquired assets and liabilities***
Other intangibles	0.9
Property, plant and equipment	35.4
Other non-current financial assets	0.1
Deferred-tax assets	1.0
Inventories	6.8
Trade receivables	7.6
Other current assets	1.2
Cash and cash equivalents	5.7
Total acquired assets	**58.7**
Deferred-tax liabilities	0.3
Financial liabilities	49.8
Provision for employee benefits	1.2
Trade payables	8.4
Other current liabilities	0.1
Deferred-tax liabilities	0.4
Total acquired liabilities	**60.2**
Total acquired equity	**(1.5)**
Equity attributable to non-controlling interests	-
Recognized goodwill	**32.3**
Price paid	**30.8**

The recognized goodwill is not expected to be tax deductible, even though it was determined on a provisional basis.

Since the date of acquisition, this company contributed 28.2 million euros to consolidated net revenues, 1.7 million euros to consolidated EBITDA and 0.7 million euros to consolidated net profit.
Please note that if the acquisition had been completed on January 1, 2014, based on the information that could be gleaned from the accounting records of the acquired company, the company would have contributed 58.2 million euros to consolidated net revenues, 3.8 million euros to consolidated EBITDA and 0.9 million euros to consolidated net profit.

Related-party Transactions

Intercompany and related-party transactions were neither atypical nor unusual and were carried out by the Company in the normal course of business. These transactions were settled on market terms, i.e., o the terms that would have been applied between two independent parties. Currently, the Group executes transactions with the following related parties:

1. Some companies in which it has a majority equity stake but over which it no longer has control and, consequently, have been excluded from the scope of consolidation as explained in the Scope of Consolidation section of these Notes.

A breakdown of receivables and payables by type is provided below:

(in millions of euros)		6/30/14					
Company	**Country**	**Trade receiv-ables**	**Financial receivables**	**Other receiv-ables**	**Trade payables**	**Financial payables**	**Other payables**
Wishaw Trading sa	Uruguay					0.2	
Total		**-**	**-**	**-**	**-**	**0.2**	**-**

(in millions of euros)		12/31/13					
Company	**Country**	**Trade receiv-ables**	**Financial receivables**	**Other receiv-ables**	**Trade payables**	**Financial payables**	**Other payables**
Wishaw Trading sa	Uruguay					2.2	
Total		-	-	-	-	**2.2**	-

Revenues and expenses and any writedowns of receivables recognized in the first half 2014 or 2013 were not material.

2. Some subsidiaries of the Lactalis Group with whom various Group companies executed transactions. These transactions, which were carried out on market terms, i.e., o the terms that would have been applied between two independent parties, were related to sale and procurement of raw materials and finished goods, provision of services, invoicing for seconded personnel and use of commercial licenses.
   Starting in 2012, transactions between companies of the Lactalis and the Parmalat Group intensified, launching a strategy of collaboration with the aim of seizing market opportunities and achieving cost savings through operational and industrial synergies, without affecting the individuality, structure and scope of the individual companies.

A breakdown of receivables and payables by type is provided below:

(in millions of euros)		6/30/14					
Company	**Country**	**Trade receivables**	**Financial receivables**	**Other receiv-ables**	**Trade payables**	**Financial payables**	**Other payables**
Al Nour Company for Dairy Products EJSC	Egypt				0.1		
B.S.A. Finances S.n.c.	France		1.2				
B.S.A. S.A.	France	0.1			0.4		
Celia – Laiterie de Craon S.n.c.	France	0.1					
Dukat Dairy Industry Inc. JSC	Croatia				0.1		
Egidio Galbani S.p.A.	Italy	0.9			3.1		
Groupe Lactalis Iberia S.A.	Spain				0.2		
Groupe Lactalis Italy S.p.A.	Italy				0.1		
Italatte S.p.A.	Italy				2.4		
Kim d.o.o	Croatia				0.1		
L.A. Management S.n.c.	France				0.1		
L.G.P.O. S.n.c.	France	0.1			0.3		
Ljubljanske Mlekarne d.d.	Slovenia				0.2		
L.M.P. Management S.n.c.	France				0.1		
L.N.P.F. Italy S.R.L.	France				0.1		
L.N.U.F. Laval S.n.c.	France				0.4		
L.P.L.V. ACE	Portugal			0.1	0.3		
Lactalis Europe S.n.c.	France				0.2		
Lactalis Forlasa S.L.	Spain				0.3		
Lactalis Gestion International S.n.c.	France				0.2		
Lactalis Ingredients S.n.c.	France	2.5			0.7		
Lactalis International S.n.c.	France	5.6			1.3		
Lactalis Investissements	France	0.1					
Lactalis Jindi Pty Ltd	Australia	0.7			0.1		
Lactalis Logistique S.n.c.	France				0.2		
Lactalis Management S.n.c.	France				0.2		
Lactalis Nutrition Santé S.a.s.	France				0.1		
Lactalis Osterreich GMBH	Austria				0.1		
Lemnos Foods Pty Ltd	Australia	3.2					
Les Distributeurs Associés S.a.s.	France				4.5		
Les Distributeurs Associés S.n.c.	France				0.8		
Marcillat Corcieux S.n.c.	France				0.4		
Molkerei Laiterie Walhorn S.A.	Belgium				0.1		
Société Beurriere d'Issigny S.n.c.	France				0.3		
Société des Caves S.a.S.	France				5.9		
Société Fromagère de Bouvron S.n.c.	France				0.1		
Société Fromagère de Charchigne S.n.c.	France				0.2		
Société Fromagère de Domfront S.n.c.	France				0.1		
Société Fromagère de Lons le Saunier S.n.c.	France				0.1		
Société Fromagère de Retiers S.n.c.	France				0.1		
Société Fromagère de Riblaire S.n.c.	France				0.1		
Société Laitiere de Vitre S.n.c	France				0.4		
United Food Industries Company	Saudi Arabia	0.1					
Total		**13.4**	**1.2**	**0.1**	**24.5**	-	-

(in millions of euros)		12/31/13					
Company	**Country**	**Trade receivables**	**Financial receivables**	**Other receivables**	**Trade payables**	**Financial payables**	**Other payables**
B.S.A. S.A.	France				0.6		
B.S.A. Finances S.n.c.	France					0.2	
B.S.A. International S.A.	France				0.2		
Egidio Galbani S.p.A.	Italy	0.1			6.0		
Gruppo Lactalis Iberia S.A.	Spain				0.5		
Gruppo Lactalis Italy S.p.A.	Italy				0.1		
I.M. Fabrica de Brinzeturi din Soroca S.A.	Moldova	0.1					
Italatte S.p.A.	Italy	0.7			4.2		
L.A. Management S.n.c.	France				0.1		
L.G.P.O. S.n.c.	France				0.3		
L.M.P. Management S.n.c.	France				0.4		
L.N.U.F. Laval S.n.c.	France				0.4		
L.P.L.V. ACE	Portugal				0.2		
L.T. Management S.n.c.	France				0.1		
Lactalis CZ S.r.o.	Czech Republic				0.3		
Lactalis Europe S.n.c.	France				0.1		
Lactalis Forlasa S.L.	Spain				0.1		
Lactalis Gestion International S.n.c.	France				0.1		
Lactalis Informatique S.n.c.	France				0.8		
Lactalis Ingredients S.n.c.	France	4.1			4.6		
Lactalis International S.n.c.	France	1.4			1.5		
Lactalis Investissments Etablissement SONOVI	France				0.1		
Lactalis Jindi PTY LTD	Australia	0.9					
Lactalis Logistique S.n.c.	France				0.1		
Lactalis Management S.n.c.	France				0.4		
Lactalis Nutrition Santé S.a.s.	France				0.2		
Lactalis Osterreich GMBH	Austria				0.2		
Lemnos Foods Pty Ltd	Australia	1.1					
Les Distributeurs Associés S.a.s.	France				1.6		
Les Distributeurs Associés S.n.c.	France				1.6		
Marcillat Corcieux S.n.c.	France				0.4		
Molkerei Laiterie Walhorn S.A.	Belgium				0.1		
Société Beurriere d'Isigny S.n.c.	France				0.2		
Société des Caves S.a.s.	France				0.9		
Société Fromagère de Bouvron S.n.c.	France				0.1		
Société Fromagère de Charchigne S.n.c.	France				0.4		
Société Fromagère de Domfront S.n.c.	France				0.1		
Société Fromagère de Retiers S.n.c.	France				0.1		
Société Fromagère de Riblaire S.n.c.	France				0.1		
Société Laitiere de Vitre S.n.c.	France				0.8		
United Food Industries Company LLC	Saudi Arabia	1.9					
Yefremovsky Butter and Cheese plant	Russia				0.1		
Totale		**10.3**	**-**	**-**	**28.1**	**0.2**	

The table that follows provides a breakdown of revenues and expenses by type and shows the writedowns of receivables recognized during the period:

(in millions of euros)		6/30/14					
Company	**Country**	**Net revenues**	**Other revenues**	**Financial income**	**Cost of dales**	**Distribution costs**	**Administrative expenses**
Al Nour Company for Dairy Products EJSC	Egypt				0.1		
B.S.A. S.A.	France					1.0	
Egidio Galbani S.p.A.	Italy				5.3	1.5	
Groupe Lactalis Iberia S.A.	Spain						0.2
Italatte S.p.A.	Italy	1.7			6.4		
Kim d.o.o	Croatia				0.1		
L.A. Management S.n.c.	France						0.4
L.G.P.O. S.n.c.	France						0.5
Ljubljanske mlekarne d.d.	Slovenia				0.2		
L.M.P. Management S.n.c.	France						0.2
L.N.P.F. Italy S.R.L.	Italy				0.1		
L.N.U.F. Laval S.n.c.	France				0.7		
L.P.L.V. ACE	Portugal		0.1				0.4
L.R.D. S.n.c.	France						0.1
Lactalis Europe S.n.c.	France				0.3		
Lactalis Forlasa S.L.	Spain				1.1		
Lactalis Gestion International S.n.c.	France						0.5
Lactalis Informatique S.n.c.	France						0.1
Lactalis Ingredients S.n.c.	France	8.1			0.1		
Lactalis International S.n.c.	France	11.4	0.2		2.3	0.1	
Lactalis Investissments S.n.c.	France		0.1				
Lactalis Jindi Pty Ltd	Australia	1.1					
Lactalis Logistique S.n.c.	France				0.2	0.1	
Lactalis Management S.n.c.	France						0.3
Lactalis Nutrition Santé S.a.s.	France				0.3		0.1
Lemnos Foods Pty Ltd	Australia	4.0	0.5				
Les Distributeurs Associés S.n.c.	France					6.8	0.2
Longa Vida Industrias Lacteas S.A.	Portugal		0.1				
Marcillat Corcieux S.n.c.	France				2.2	0.1	
Marcillat Loulans S.n.c.	France				0.1		
Molkerei Laiterie Walhorn S.A.	Belgium				0.1		
Société Beurriere de Retiers S.n.c.	France				0.7		
Société Beurriere d'Issigny S.n.c.	France				2.0		
Société des Caves S.a.S.	France				7.6		
Société Fromagère de Bouvron S.n.c.	France				1.0		
Société Fromagère de Charchigne S.n.c.	France				1.6		
Société Fromagère de Clecy S.n.c.	France				0.1		
Société Fromagère de Craon S.n.c.	France				0.1		
Société Fromagère de Domfront S.n.c.	France				0.3		
Société Fromagère de Lons le Saunier S.n.c.	France				0.6		
Société Fromagère de Retiers S.n.c.	France				0.6		
Société Fromagère de Riblaire S.n.c.	France				0.7		
Société Fromagère de Sainte Cecile S.n.c.	France				0.1		
Société Fromagère de Vercel S.n.c.	France				0.1		
Société Laitière de l'Hermitage S.n.c.	France				0.3		
Société Fromagère de Vitre S.n.c.	France				0.8		
United Foods Industries Company LLC	Saudi Arabia	1.2			0.1		
Yefremosvsky Butter and Cheese	Russia	-			0.7		
Total		**27.5**	**1.0**	**-**	**37.0**	**9.6**	**3.0**

(in millions of euros)		6/30/13					
Company	**Country**	**Net revenues**	**Other revenues**	**Financial income**	**Cost of dales**	**Distribution costs**	**Administrative expenses**
B.S.A. S.A.	France			3.3		1.0	
Egidio Galbani S.p.A.	Italy				3.2	1.2	
Gruppo Lactalis Iberia S.A.	Spain						0.1
Italatte S.p.A.	Italy	2.0			6.7		
Lactalis Compras y Suministros S.L.	Spain	0.2					
Lactalis CZ S.r.o.	Czech Republic				0.9		
Lactalis Europe	France				0.2		
Lactalis Forlasa	France				0.2		
Lactalis Gestion International S.n.c.	France				0.3		0.2
Lactalis Informatique	France						0.1
Lactalis Ingredients	France	5.9			7.7		
Lactalis Jindi	Australia	0.1					
Lactalis International S.n.c.	France	4.7	2.2		0.9		0.1
Lactalis Logistique	France				0.4		
Lactalis Management S.n.c.	France						0.7
L.A. Management S.n.c.	France						0.2
Lactalis Nutrition Sante	France				0.1		0.1
Lemnos Foods Pty Ltd	Australia	0.9					
Les Distributeurs Associes S.a.s.2l0052	France					3.0	
Les Distributeurs Associes S.N.C.2l0211	France					0.3	0.1
L.G.P.O. S.n.c.	France						0.3
L.N.U.F. Laval S.n.c.	France				0.8		
Longa Vida Industrias Lacteas S.A.	Portugal		0.1				
Marcillat Corcieux S.n.c.	France				1.8		
Molkerei Laiterie Walhorn S.A.	Belgium				0.5		
Société Beurriere D'Isigny	France				0.4		
Société des Caves S.a.s.	France				6.1		
Société Fromagère Charchigne S.n.c.	France				1.6		
Société Fromagère de Bouvron S.n.c.	France				0.8		
Société Fromagère de Domfront S.n.c.	France				0.2		
Société Fromagère de Lons Le Saunier	France				0.2		
Société Fromagère de Pontivy	France				0.1		
Société Fromagère de Retiers S.n.c.	France				0.3		
Société Fromagère de Riblaire	France				0.7		
Société Fromagère de Saint Georges	France						0.1
Société Fromagère de Vercel	France				0.2		
Société Fromagère de Xertigny	France						0.1
Société Laitiere de Vitre S.n.c.	France				0.9		
United Food Industries Company	Australia	1.4					
Yefremovsky Butter and Cheese	Russia				0.2		
Total		**15.2**	**2.3**	**3.3**	**35.4**	**5.5**	**2.1**

3. With regard to transactions with members of the Board of Directors, please note that, at December 31, 2013, Parmalat S.p.A. carried a trade payable of 0.5 million euros owed to Studio Legale Associato d'Urso Gatti e Bianchi for professional services rendered in 2013. This liability was extinguished in full during the first half of 2014. No other professional services were rendered during the first four months of 2014, which was the period during which Director Gatti served on the Board, prior to the election of the new Board of Directors.

Guarantees received from related parties

During the first half of 2014, Parmalat S.p.A. availed itself of the option to guarantee the refund of the VATcredit for the third quarter of 2013, amounting to 5.2 million euros, through the issuance of a payment obligation by B.S.A. S.A., its French parent company. In exchange for this guarantee, the parties stipulated a rate equal to 0.4% of the guaranteed amount.

Percentage of Total Amounts Attributable to Transactions with Related Parties

(in millions of euros)	Consolidated assets	Consolidated liabilities	Net financial assets	Net sales revenues	Other revenues	Cost of sales	Distribution costs	Administrative expenses
Total consolidated amount	4,422.9	1,302.7	975.2	2,617.9	17.4	2,101.1	213.3	198.8
Related-party amount	14.7	24.7	1.0	27.5	1.0	37.0	9.6	3.0
Percentage of the total	*0.3%*	*1.9%*	*0.1%*	*1.1%*	*5.7%*	*1.8%*	*4.5%*	*1.5%*

Compensation Awarded to Directors and Statutory Auditors

The compensation awarded to members of the Board of Directors of Parmalat S.p.A. attributable to the first half of 2014 amounted to 0.7 million euros (1.4 million euros in the first six months of 2013), including the amount allotted for attending meetings of Board Committees. The decrease in compensation is due to a reduction in the number of Directors and Parmalat's new governance structure, which calls for the appointment of a General Manager in lieu of a Chief Executive Officer.
The compensation awarded to members of the Board of Statutory Auditors of Parmalat S.p.A. attributable to the first half of 2014 amounted to 0.1 million euros (0.1 million euros in the first half of 2013).

Compensation Awarded to Key Management Personnel

The table below shows the compensation attributable to the first half of 2014 awarded to the Group General Manager, the Chief Operating Officer and Group executives with strategic responsibilities (key management personnel):

(in millions of euros)	**First half 2014**	**First half 2013**
Short-term benefits	1.7	1.1
Post-employment benefits	0.1	-
Long-term benefits	0.2	-
Total	**2.0**	**1.1**

Notes to the Statement of Financial Position – Assets

(1) Goodwill

Goodwill amounted to 499.9 million euros. The changes that occurred during the first six months of 2013 and 2014 are listed below:

(in millions of euros)	Goodwill
Balance at 1/1/13	**478.0**
- Currency translation differences	(14.1)
Balance at 6/30/13	**463.9**
Balance at 1/1/14	**460.5**
- Business combinations	32.3
- Currency translation differences	7.1
Balance at 6/30/14	**499.9**

Goodwill of 499.9 million euros is shown net of impairment losses recognized in previous years amounting to 81.0 million euros (81.0 million euros at December 31, 2013).

Goodwill was allocated to the cash generating units based on the Group's geographic regions.

The increase of 39.4 million euros is attributable to currency translation difference and to the acquisition completed in Australia in the first half of 2014.

With regard to the currency translation differences, the following cash generating units were most affected by the weaker euro: Australia (4.9 million euros), Brazil (1.3 million euros) and Canada (0.7 million euros), as well as the United States and Russia for smaller amounts.

With regard to the acquisition of Harvey Food and Beverage Ltd, carried out in first half of 2014, as required by IFRS 3 and described in detail in the "Business Combinations" section of these Notes, the difference between the price paid and the fair value of the net acquired assets, provisionally estimated as equal to their carrying amount, was allocated to goodwill on a preliminary basis for the amount of 32.3 million euros. The final accounting will be carried out within the deadline required by IFRS 3.

Goodwill has been allocated to the following cash generating units:

(in millions of euros)	6/30/14	12/31/13
Europe		
- Parmalat S.p.A.	184.0	184.0
- Centrale del Latte di Roma S.p.A.	34.6	34.6
- Russia	5.1	5.2
- Romania	0.1	0.1
North America		
- Canada	123.9	123.3
- USA (LAG)	32.5	32.2
Latin America		
- Brazil (Balkis)	16.3	15.0
Australia	103.4	66.1
Total	**499.9**	**460.5**

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

No impairment indicators affecting the value of goodwill that would have caused Directors to test it for impairment were detected in the first half of 2014.

(2) Trademarks with an Indefinite Useful Life

Trademarks with an indefinite useful life were valued at 543.7 million euros. The changes that occurred during the first six months of 2013 and 2014 are listed below:

(in millions of euros)	Trademarks with an indefinite useful life
Balance at 1/1/13	**590.0**
- Currency translation differences	(26.7)
Balance at 6/30/13	**563.3**
Balance at 1/1/14	**537.0**
- Currency translation differences	6.7
Balance at 6/30/14	**543.7**

Trademarks with an indefinite useful life of 543.7 million euros are net of impairment losses recognized in previous years amounting to 62.0 million euros (61.9 million euros at December 31, 2013).

The increase of 6.7 million euros is attributable to currency translation difference. The following regions were affected by the weaker euro: Australia (4.9 million euros), North America (1.2 million euros) and Latin America, Africa and Europe for smaller amounts.

A breakdown of trademarks with an indefinite useful life, carried at 543.7 million euros, is as follows:

(in millions of euros)	**6/30/14**	**12/31/13**
Europe		
- Parmalat	*126.8*	*126.9*
- Santàl	*29.3*	*29.4*
- Centrale del Latte di Roma	*24.7*	*24.7*
- Chef	*15.1*	*15.1*
- Sundry trademarks	*4.0*	*4.0*
North America		
- Beatrice	*80.9*	*80.4*
- Lactantia	*66.7*	*66.3*
- Black Diamond	*30.3*	*30.1*
- Astro	*22.3*	*22.3*
- Sundry trademarks	*15.3*	*15.2*
Latin America		
- Parmalat	*17.3*	*16.7*
Australia		
- Pauls	*49.4*	*46.6*
- Rev, Skinny e Farmhouse	*26.3*	*24.8*
- Parmalat	*0.3*	*0.3*
- Sundry trademarks	*8.4*	*7.9*
Africa		
- Parmalat	*12.1*	*12.0*
- Bonnita	*9.8*	*9.7*
- Sundry trademarks	*4.7*	*4.6*
Total	**543.7**	**537.0**

Trademarks that qualify as having an indefinite useful life pursuant to IAS 36 are not amortized. Instead, the Group tests the recoverability of these trademarks at least once a year or more frequently, in response to specific events or circumstances that could indicate that their value had been impaired.

No impairment indicators affecting the value of trademarks that would have caused Directors to test them for impairment were detected in the first half of 2014.

(3) Other Intangibles

Other intangibles of 46.1 million euros include costs capitalized by Parmalat S.p.A. and its subsidiaries, which are expected to produce benefits over several years.

The table below provides a breakdown of Other intangibles and shows the changes that occurred in the first half of 2013 and 2014:

(in millions of euros)	Trademarks with a finite life	Concessions, licenses and similar rights	Miscellaneous intangibles	Work in progress	Total
Balance at 1/1/13	**27.0**	**19.5**	**6.2**	**2.7**	**55.4**
- Additions	-	0.1	0.2	1.3	1.6
- Writedowns (-)	-	(0.4)			(0.4)
- Amortization (-)	(3.5)	(3.7)	(0.9)		(8.1)
- Other changes	-	0.9	0.2	(0.2)	0.9
- Monetary adjustment for hyperinflation	0.7	-	0.4		1.1
- Currency translation differences	(2.4)	(0.6)	(0.7)	(0.1)	(3.8)
Balance at 6/30/13	**21.8**	**15.8**	**5.4**	**3.7**	**46.7**
Balance at 1/1/14	**23.5**	**15.1**	**6.5**	**2.8**	**47.9**
- Business combinations	0.6	-	0.3	-	0.9
- Additions	-	0.1	0.3	1.0	1.4
- Amortization (-)	(1.7)	(3.0)	(1.3)	-	(6.0)
- Other changes	-	0.9	2.2	(0.9)	2.2
- Monetary adjustment for hyperinflation	1.2	-	0.5	-	1.7
- Currency translation differences	(1.5)	0.1	(0.6)	-	(2.0)
Balance at 6/30/14	**22.1**	**13.2**	**7.9**	**2.9**	**46.1**

Business combinations, amounting to 0.9 million euros, refers Mainly to the carrying value of the trademarks recognized upon the consolidation of Harvey Food and Beverage Ltd and its subsidiaries.
Additions of 1.4 million euros refer mainly to purchases of SAP software implementation and usage licenses.

(4) Property, Plant and Equipment

Property, plant and equipment totaled 978.1 million euros. The table below provides a breakdown of this item and shows the changes that occurred in the first half of 2013 and 2014:

(in millions of euros)	Land	Buildings	Plant and machin-ery	Industrial equipment	Other assets	Construc-tion in progress	Total
Balance at 1/1/13	**165.5**	**309.7**	**394.0**	**16.3**	**41.4**	**72.4**	**999.3**
- Additions	0.1	1.2	7.2	0.2	2.3	47.5	58.5
- Disposals (-)	-	-	(0.4)	(0.1)	(0.4)	(0.2)	(1.1)
- Writedowns (-)	-	(0.2)	-	-	-	-	(0.2)
- Depreciation (-)	-	(11.0)	(37.3)	(2.7)	(7.8)	-	(58.8)
- Other changes	-	6.8	19.4	2.5	4.2	(33.8)	(0.9)
- Monetary correction for hyperinflation	2.2	5.1	2.9	-	0.4	0.8	11.4
- Currency translation differences	(10.3)	(20.3)	(21.8)	(1.3)	(2.9)	(4.9)	(61.5)
Balance at 6/30/13	**157.5**	**291.3**	**364.0**	**14.9**	**37.2**	**81.8**	**946.7**
Balance at 1/1/14	**153.9**	**294.9**	**354.4**	**13.7**	**35.6**	**82.2**	**934.7**
- Business combinations	13.6	-	21.8	-	-	-	35.4
- Additions	-	1.8	6.9	0.3	3.5	50.6	63.1
- Disposals (-)	(0.1)	-	(0.1)	-	(0.4)	(0.2)	(0.8)
- Depreciation (-)	-	(10.9)	(36.4)	(2.7)	(6.3)	-	(56.3)
- Other changes	0.4	7.4	43.0	1.9	2.7	(55.6)	(0.2)
- Monetary correction for hyperinflation	3.5	9.0	6.7	-	0.6	(1.6)	18.2
- Currency translation differences	(3.0)	(9.8)	(2.8)	0.4	(0.5)	(0.3)	(16.0)
Balance at 6/30/14	**168.3**	**292.4**	**393.5**	**13.6**	**35.2**	**75.1**	**978.1**

Information about the Group's investments in property, plant and equipment is provided in the Interim Report on Operations.

Currency translation difference are due mainly to the appreciation of the euro versus the Venezuelan bolivar.

A breakdown of property, plant and equipment acquired under finance leases, totaling 13.5 million euros, is as follows:

(in millions of euros)	**6/30/14**	**12/31/13**
Buildings	3.3	4.2
Plant and machinery	5.4	2.8
Industrial equipment	0.1	0.1
Other assets	4.7	3.2
Construction in progress	-	3.1
Total property, plant and equipment acquired under finance leases	**13.5**	**13.4**

(5) Inventories

Inventories totaled 513.6 million euros, for an increase of 59.5 million euros compared with December 31, 2013.

(in millions of euros)	**6/30/14**	**12/31/13**
Raw materials, auxiliaries and supplies	162.0	163.7
Work in progress and semifinished goods	17.8	17.1
Finished goods and merchandise	335.0	274.7
Advances	1.7	2.9
Provision for inventory writedowns	(2.9)	(4.3)
Total inventories	**513.6**	**454.1**

This increase is chiefly the result of the following factors

- higher inventories of finished products held by the Canadian subsidiary, due to seasonal factors that characterize its business, involving an increase in cheese production in the first six months of the year, in anticipation of higher sales later in the year;
- larger inventories of powdered milk and fruit concentrates held by the Venezuelan subsidiary to meet growing demand;
- consolidation of Harvey Food and Beverage Ltd and its subsidiaries following the closing of the acquisition in September.

These changes were offset in part by negative currency translation differences due mainly to the appreciation of the euro versus the Venezuela bolivar.

(6) Trade Receivables

Trade receivables totaled 465.1 million euros, or 25.2 million euros more than at December 31, 2013.

This change reflects primarily the effects of an increase in sales volumes in Venezuela and across-the-board price increases implemented to recover higher production costs, as well as the consolidation of Harvey Food and Beverage Ltd and its subsidiaries following the closing of the acquisition during the first six months of 2014.
This increase was offset in part by negative currency translation differences due mainly to the appreciation of the euro versus the Venezuela bolivar.

Trade receivables owed by customers totaled 451.7 million euro, net of an Allowance for doubtful accounts of 70.1 million euros. The table that follows shows the changes that occurred in this allowance in the first half of 2013 and 2014:

(in millions of euros)	
Balance at 1/1/13	**78.9**
- Additions	2.1
- Utilizations (-)	(2.8)
- Other changes	(0.1)
- Currency translation differences	(0.9)
Balance at 6/30/13	**77.2**
Balance at 1/1/14	**68.1**
- Additions	2.4
- Currency translation differences	(0.4)
Balance at 6/30/14	**70.1**

Trade receivables owed by related parties, amounting to 13.4 million euros, are reviewed in the section of these Notes entitled "Related-party Transactions."

(7) Other Current Assets

Other current assets totaled 149.2 million euros, or 35.5 million euros less than at December 31, 2013:

(in millions of euros)	**6/30/14**	**12/31/13**
Amount receivable from the tax authorities for VAT	62.4	91.7
Income tax refunds receivable and estimated tax payments	29.0	40.0
Sundry receivables	26.1	25.5
Receivables for litigation-related settlements	0.4	0.4
Accrued income and prepaid expenses	31.3	27.1
Total	**149.2**	**184.7**

Amount receivable from the tax authorities for VAT refers mainly to VAT receivables of Italian companies for which refunds have not yet been received. The amount shown in the financial statements at December 31, 2013 reflected widespread delays in the payment of refunds by the Italian revenue administration due to outstanding assessments owed by Parmalat S.p.A. The settlement of these outstanding assessments in 2013 allowed the disbursement, in the first half of 2014, of VAT refunds totaling about 42 million euros.

The decrease that occurred in the first half of 2014 in Tax refunds receivable and estimated tax payments reflects primarily the collection by Parmalat S.p.A. of prior-period refunds owed to companies under extraordinary administration included in the composition with creditors totaling 5.7 million euros and smaller amounts for estimated income tax payments made by the company.

(8) Cash and Cash Equivalents

Cash and investments in financial assets with an original maturity of three months or less at the time of purchase amounted to 862.1 million euros, for an increase of 78.2 million euros compared with December 31, 2013:

(in millions of euros)	6/30/14	12/31/13
- Bank and postal accounts	858.2	938.6
- Cash and securities on hand	1.6	1.7
- Financial assets	2.3	-
Total cash and cash equivalents	**862.1**	**940.3**

Bank and postal accounts of 858.2 million euros represent deposits held at top banking and financial institutions with an investment grade credit rating.

Financial assets, which totaled 2.3 million euros, consist of maturing time deposits.

The decrease of 78.2 million euros million euros in Cash and cash equivalents reflects primarily the acquisition of Harvey Food and Beverage Ltd in Australia, net of acquired cash, for 74.9 million euros, disbursements for property, plant and equipment and intangible assets amounting to 64.5 million euros and the distribution of dividends totaling 53.5 million euros. The resulting decrease was offset in part by the cash flow from operating activities for 107.4 million euros and net nonrecurring income for 13.2 million euros.

There are no circumstances under which the Group's cash and cash equivalent assets would not be freely accessible.

(9) Current Financial Assets

Current financial assets totaled 232.0 million euros, or 32.9 million euros less than at December 31, 2013:

(in millions of euros)	6/30/14	12/31/13
- Bank time deposits	205.0	235.0
- Other financial assets with an original maturity of more than three months but less than 12 months	15.5	18.9
- Assets from derivatives	9.9	10.5
- Loans receivable from related parties	1.2	-
- Accrued interest	0.4	0.5
Total current financial assets	**232,0**	**264.9**

The decrease of 30.0 million euros in Bank time deposits is due exclusively to normal cash management activities.

Assets from derivatives, amounting to 9.9 million euros, refers to the fair value measurement of a derivative executed by the Group to hedge the currency risk exposure entailed by a short-term intercompany facility, for a total notional amount of 95 million euros. This instrument, while executed for hedging purposes, does not meet the formal requirements of the IFRSs for hedge accounting. The change in the fair values of this derivative, which was negative by 0.6 million euros, is reflected in the income statements under Financial expense.

Notes to the Statement of Financial Position – Equity

At June 30, 2014, the equity attributable to owners of the parent totaled 3,097.3 million euros.

(10) Share Capital

The share capital amounted to 1,827,818,132 euros. The change compared with December 31, 2013 is the result of the following items: (i) the amount of the claims of late-filing creditors and/or of creditors who successfully challenged the exclusion of their claims (charged against reserves established for this purpose), which totaled 690,284 euros; and (ii) the exercise of warrants for 3,728,051 euros.

The table below shows a breakdown of the change in the number of shares outstanding (par value 1 euro each) that occurred in the first six months of 2014:

	Number of shares
Shares outstanding at 1/1/14	**1,823,399,797**
Shares issued upon verification of claims of late-filing creditors and/or upon the settlement of challenges (using reserves established for this purpose)	690,284
Shares issued upon the conversion of warrants	3,728,051
Shares outstanding at 6/30/14	**1,827,818,132**

The share capital includes 2,049,096 treasury shares acquired free of charge and belonging to creditors who failed to claim them. Pursuant to Article 9.4 of the Composition with Creditors, these share are now the property of Parmalat S.p.A.

Maximum Share Capital Amount

Pursuant to the resolutions approved by the Shareholders' Meetings of March 1, 2005, September 19, 2005, April 28, 2007 and May 31, 2012, the Company's share capital may be increased up to 1,940 million euros as follows:

- Increase reserved for creditors with unsecured claims included in the lists of verified claims	1,541.1
- Increase reserved for unsecured creditors with conditional claims and/or who are challenging their exclusion from the lists of verified claims and/or late-filing creditors	303.8
Total increases reserved for creditors	**1,844.9**
- Shares available for the conversion of warrants	95.0
Total capital increase	**1,939.9**
Share capital amount at Company establishment	0.1
Maximum share capital amount	**1,940.0**

As shown above, the Company's share capital amounted to 1,827.8 million euros at June 30, 2014. As of the writing of this Report, it had increased by 0.9 million euros to a total of 1,828.7 million euros.

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

At June 30, 2014, the reserve convertible into share capital amounted to 53.2 million euros.

The utilization of this reserve will cause the share capital of Parmalat S.p.A. to increase by an amount equal to the additional verified claims.

(12) Reserve for Currency Translation Differences

The Reserve for currency translation differences, negative by 222.6 million euros, reflects differences generated by the translation into euros of the financial statements of companies that operate in countries outside the Eurozone. The decrease of 10.7 million euros in this reserve compared with December 31, 2013 is due to the increased value of the euro versus the Venezuela bolivar, offset only in part by the euro's loss in value versus the Australian dollar.

(13) Other Reserves

At June 30, 2014, Other reserves of 1,350.0 million euros included the following items: (i) retained earnings and miscellaneous reserves of 1,246.0 million euros; this item can be used to satisfy claims of late-filing creditors and creditors with contested claims, if and when their claims are verified, for an amount of up to 25.8 million euros; (ii) a statutory reserve of 105.1 million euros; (iii) a dividend reserve of 26.5 million euros for claims of creditors who challenged the exclusion of their claims from the sum of liabilities and creditors with conditional claims (as required under the terms of the Composition with Creditors) who later may be entitled to receive Company shares; and (iv) a negative reserve of 27.6 million euros for the remeasuring of defined benefit plans, recognized upon the adoption of IAS 19 revised.

(14) Profit for the Period

The profit for the period attributable to owners of the parent amounted to 88.9 million euros.

Reconciliation of the Equity of Parmalat S.p.A. to the Consolidated Equity

(in millions of euros)	**Equity before result for the period**	**Result for the period**	**Equity**
Equity of Parmalat S.p.A. at 6/30/13	**2,922.4**	**47.6**	**2,970.0**
Elimination of the carrying value of consolidated investments in associates			
- Difference between the carrying amount and the pro rata interest in the underlying equity	663.6	-	663.6
- Effect of the acquisition of Lactalis American Group Inc. (and its subsidiaries), Lactalis do Brazil and Lactalis Alimentos Mexico[1]	(376.9)	-	(376.9)
- Pro rata interest in the results of investee companies	-	64.2	64.2
- Reserve for currency translation differences	(222.6)	-	(222.6)
Other adjustments:			
- Elimination of writedowns of receivables owed by subsidiaries	21.9	0.3	22.2
- Elimination of dividends	-	(23.2)	(23.2)
Parmalat Group equity attributable to owners of the parent at 6/30/14	**3,008.4**	**88.9**	**3,097.3**
Equity and result for the period attributable to non-controlling interests	21.8	1.1	22.9
Consolidated equity at 6/30/14	**3,030.2**	**90.0**	**3,120.2**

(15) Equity attributable to Non-controlling Interests

At June 30, 2014, the equity attributable to non-controlling interests totaled 22.9 million euros. This amount refers almost exclusively to the following companies:

(in millions of euros)	**6/30/14**	**12/31/13**
Centrale del Latte di Roma S.p.A.	12.7	13.3
Parmalat Zambia Limited	4.3	4.5
Citrus International SA	2.6	2.6
Industria Lactea Venezolana CA (Indulac)	2.3	2.5
Sundry companies	1.0	1.4
Total	**22.9**	**24.3**

Notes to the Statement of Financial Position – Liabilities

(16) Financial liabilities

A breakdown of current and non-current financial liabilities, which totaled 118.9 million euros, is provided below:

(in millions of euros)	**6/30/14**	**12/31/13**
- Non-current	76.4	93.2
- Current	42.5	46.4
	118.9	**139.6**

The table that follows shows the changes that occurred in the first half of 2013 and 2014:

(in millions of euros)	**Financial liabilities**
Balance at 1/1/13	**35.8**
- New borrowings	12.5
- Repayments (principal and interest) (-)	(17.2)
- Accrued interest	4.4
- Market to market	(3.7)
- Translation effect on borrowings in foreign currencies	0.4
- Other changes	1.1
- Monetary correction for hyperinflation	(0.2)
- Currency translation differences	(3.9)
Balance at 6/30/13	**29.2**
Balance at 1/1/14	**139.6**
- New borrowings	6.0
- Repayments (principal and interest) (-)	(27.9)
- Accrued interest	5.3
- Translation effect on borrowings in foreign currencies	0.2
- Other changes	(2.3)
- Monetary correction for hyperinflation	(0.2)
- Currency translation differences	(1.8)
Balance at 6/30/14	**118.9**

The decrease compared with December 31, 2013 is due to the partial early repayment of a variable-rate, medium-term credit line for 125 million Canadian dollars obtained in December 2013 by the Canadian subsidiary to replace an intercompany facility.

(17) Provisions for Employee Benefits

Provisions for employee benefits totaled 110.4 million euros. The table below shows the changes that occurred in this account in the first half of 2013 and 2014

(in millions of euros)	**Provision for employee severance benefits**	**Defined-benefit plans**	**Defined-contribution plans**	**Other benefits**	**Total**
Balance at 1/1/13	**28.4**	**94.1**	**-**	**42.2**	**164.7**
- Increases	0.4	8.2	7.1	20.3	36.0
- Decreases (-)	(0.8)	(7.8)	(6.7)	(17.8)	(33.1)
- Remeasuring of defined-benefit plans	0.9	(5.5)	-	-	(4.6)
- Monetary adjustment for hyperinflation	-	-	-	(1.5)	(1.5)
- Currency translation differences	-	(5.8)	-	(5.6)	(11.4)
Balance at 6/30/13	**28.9**	**83.2**	**0.4**	**37.6**	**150.1**
Balance at 1/1/14	**27.7**	**64.6**	**-**	**33.4**	**125.7**
- Business combinations	-	-	-	1.2	1.2
- Increases	0.4	5.2	6.0	22.2	33.8
- Decreases (-)	(1.0)	(21.5)	(6.0)	(15.8)	(44.3)
- Remeasuring of defined-benefit plans	1.8	0.5	-	-	2.3
- Monetary adjustment for hyperinflation	-	-	-	(3.1)	(3.1)
- Currency translation differences	-	(3.3)	-	(1.9)	(5.2)
Balance at 6/30/14	**28.9**	**45.5**	**-**	**36.0**	**110.4**

The decrease compared with the end of 2013 reflect the disbursement of pension plan benefits to employees whose benefits vested and qualified for distribution.

Defined benefit plans recognized in the statement of financial position, divided between funded and unfunded, are listed below:

(in millions of euros)	**6/30/14**	**12/31/13**
Funded defined benefit plans	219.2	224.4
Fair value of plan assets	(201.8)	(186.2)
Deficit in funded benefit plans	**17.4**	**38.2**
Unfunded defined benefit plans	57.1	54.1
Total	**74.4**	**92.3**

(18) Provisions for Risks and Charges

Provisions for risks and charges totaled 134.7 million euros. The changes that occurred in the first half of 2013 and 2014 are shown below:

(in millions of euros)	**Provision for tax-related risks and charges**	**Provision for other risks and charges**	**Total**
Balance at 1/1/13	**44.0**	**130.1**	**174.1**
- Increases	1.2	5.2	6.4
- Decreases (-)	(0.2)	(2.3)	(2.5)
- Reversals (-)	(7.3)	(1.5)	(8.8)
- Other changes			
- Monetary adjustment for hyperinflation	0.9	-	0.9
- Currency translation differences	(6.3)	(0.2)	(6.5)
Balance at 6/30/13	**32.3**	**131.3**	**163.6**
Balance at 1/1/14	**18.3**	**124.4**	**142.7**
- Increases	1.8	5.3	7.1
- Decreases (-)	-	(2.6)	(2.6)
- Reversals (-)	(5.2)	(0.5)	(5.7)
- Other changes	(4.4)	-	(4.4)
- Monetary adjustment for hyperinflation	0.5	-	0.5
- Currency translation differences	(2.7)	(0.2)	(2.9)
Balance at 6/30/14	**8.3**	**126.4**	**134.7**

Provision for Tax-related Risks and Charges
This item refers mainly to tax-related risks of a subsidiary in South America, related to adjustments to the carrying amounts of some assets, and to some Italian companies for tax risks regarding previous years, the risk level of which has been assessed as probable.

The decrease that occurred in the first half of 2014 is mainly the result of the following items:

- A decrease of 4.4 million euros in the provision for Parmalat S.p.A. This reduction is attributable, for 4.1 million euros, to the amount accrued in previous years to cover notices of assessment for insurance tax that had been challenged before the Parma Provincial Tax Commission and were still pending. The reason for the abovementioned reduction was the acknowledgment by the tax collector (Equitalia) that the claim did not qualify for the special status claimed upon filing for inclusion in the bankruptcy's liabilities. Consequently, the claim's status was lowered to unsecured and will not be paid in cash.
The balance of the reduction in the provision for tax-related risks (0.3 million euros) is due to the fact that the risk related to the notices of assessment served on Panna Elena CPC Srl under E.A. is fully covered by the amount accrued in the Provision for contested preferential and prededuction claims.

- An update of the estimate of the risk related to the need to adjust the value of some assets held by a subsidiary in South America.

Provision for Other Risks and Charges

The Provision for other risks and charges of 126.4 million euros covers the following:

(in millions of euros)	**6/30/14**	**12/31/13**
Provision for Centrale del Latte di Roma litigation	96.1	96.1
Provision for staff downsizing	8.8	6.8
Risks on investee companies	8.0	8.0
Supplemental sales agent benefits	6.5	6.5
Registration fee on court documents and legal expenses	3.8	3.9
Litigation	1.8	1.8
Legal disputes with employees	0.3	0.1
Miscellaneous	1.1	1.2
Total provision for other risks and charges	**126.4**	**124.4**

The increase recognized in the first half of 2014 refers to the charges estimated for the implementation of the agreement executed on January 31, 2014 by Parmalat and the labor unions for the reorganization of the Italian operations, which calls for up to 98 employees to be enrolled in a long-term unemployment benefit program by November 30, 2014.

The recognition of a provision for risks for the “Centrale del latte di Roma litigation” was necessary due to the unfavorable outcome of the proceedings at the lower court level, given the decision handed down by the Court of Rome and the risk associated with that decision. Parmalat appealed the decision by the Court of Rome to protect its rights, asking that the enforcement of the appealed decision be stayed.

An analysis of the most significant legal disputes involving Group companies is provided in the section of these Notes entitled “Legal Disputes and Contingent Liabilities at June 30, 2014.”

(19) Trade Payables

Trade payables totaled 591.9 million euros, or 13.7 million euros more than at December 31, 2013:

(in millions of euros)	**6/30/14**	**12/31/13**
- Trade payables owed to suppliers	566.8	548.9
- Trade payables owed to related parties	24.5	28.6
- Advances	0.6	0.7
Total	**591.9**	**578.2**

The change in trade payables reflects primarily an increase in purchases of raw materials carried out in Venezuela to meet and an increase in demand and the consolidation of Harvey Food and Beverage Ltd and its subsidiaries following its acquisition in the first half of 2014.

This increase was offset in part by negative translation differences, due mainly to the appreciation of the euro versus the Venezuelan bolivar.

Payables owed to related parties totaling 24.5 million euros are detailed in the section of this Report entitled “Related-party Transactions.”

(20) Other Current Liabilities

Other current liabilities totaled 118.6 million euros, or 4.1 million euros less than at December 31, 2013:

(in millions of euros)	**6/30/14**	**12/31/13**
- Taxes payable	13.1	15.1
- Amounts owed to social security institutions	10.0	10.7
- Other payables	77.8	69.3
- Accrued expenses and deferred income	17.7	19.4
Total	**118.6**	**114.5**

New labor laws that are being implemented gradually in Venezuela, starting in May 2013, and provide greater employee benefits are the main reason for the increase in this item.
This increase was offset in part to negative currency translation differences caused mainly by the appreciation of the euro versus the Venezuelan bolivar.

(21) Income Taxes Payable

The balance of 17.2 million euros represents an increase of 7.5 million euros compared with December 31, 2013. The main changes that occurred in the first half of 2014 included the recognition of income taxes payable totaling 35.1 million euros, the utilization of income tax credits and taxes withheld on income from invested liquid assets to offset the income tax liability amounting to 10.0 and payments totaling 13.8 million euros.

Guarantees and Commitments

Guarantees

(in millions of euros)	6/30/14			12/31/13		
	Sureties	**Collateral**	**Total**	**Sureties**	**Collateral**	**Total**
provided on behalf of Group companies	1.6	-	1.6	1.6	-	1.6
provided on behalf of the Company	204.4	18.3	222.7	170.6	18.2	188.8
Total guarantees	**206.0**	**18.3**	**224.3**	**172.2**	**18.2**	**190.4**

The sureties provided by outsiders on behalf of the Company (204.4 million euros) refer mainly to guarantees provided by banks and/or insurance companies to government finance agencies in connection with VAT refunds and prize contests.

Collateral of 18.3 million euros was provided to banks and other credit institutions to secure credit lines and consists of assets of the companies receiving the credit lines.

Commitments

(in millions of euros)	6/30/14	12/31/13
Commitments:		
- Operating leases	88.5	60.1
within 1 year	*14.4*	*12.7*
from 1 to 5 years	*38.0*	*30.5*
after 5 years	*36.1*	*16.9*
- Other commitments	38.3	49.1
Total commitments	**126.8**	**109.2**

Commitments under operating leases applies mainly to the Canadian subsidiary (49.0 million euros), and the subsidiaries in Australia (27.1 million euros) and Africa (12.4 million euros).

Other commitments of 38.3 million euros refers mainly to short-term contracts to purchase raw materials, packaging materials and non-current assets signed by Parmalat Canada Inc. (22.2 million euros), by subsidiaries in Africa (7.9 million euros) and subsidiaries in Australia (4.4 million euros). This item includes the par value of Parmalat shares (3.8 million euros) attributable to identified creditors of the companies included in the composition with creditors that are currently deposited with Fondazione Creditori Parmalat.

Contingent Assets at June 30, 2014

Within the framework of the actions for enforcement filed by Parmalat S.p.A.under E.A. and Parmalat Finanziaria S.p.A. under Extraordinary Administration against parties who, in criminal proceedings, were the subject of a damage award decision ordering them to pay compensation for damages, the abovementioned companies were awarded amounts totaling 6 million euros, formerly subject to preventive attachment, later seized by the court. The companies under Extraordinary Administration, which had joined the criminal proceedings as civil plaintiffs, will transfer the amounts formally awarded to them to Parmalat S.p.A., which substantively has title to this claim under the Composition with Creditors and, consequently, is entitled to receive by virtue of the damage award decision having become final.

Legal Disputes and Contingent Liabilities at June 30, 2014

The Group is a defendant in civil and administrative proceedings that, based on the information currently available and in view of the existing provisions, are not expected to have a material negative impact on the financial statements.

Challenge to the Composition with Creditors

An appeal filed against the decision handed down by the Bologna Court of Appeals on January 16, 2008, which was favorable to Parmalat, is currently pending before the Court of Cassation.

Parmalat's Equity Stake in Centrale del Latte di Roma

By a decision handed down on April 18, 2013, the Court of Rome, Civil Part III, denied "all claims by the plaintiff Parmalat Spa against the respondent Roma Capitale," ruling that "Roma Capitale (formerly City of Rome) is the current and sole owner of 75% of the share capital of Centrale del Latte di Roma Spa, formerly the subject of a sales agreement dated January 26, 1998 between the City of Rome and Cirio Spa" and ordering "Parmalat Spa to immediately return to Roma Capitale the shares in question."

Parmalat appealed this decisions by the Court of Rome in order to defend its position, asking for a stay of the enforcement of the appealed decision. At a hearing held on December 18, 2013, the Court adjourned the proceedings to October 29, 2014.

Creditors Challenging the List of Liabilities and Late Filing Creditors

At June 30, 2014, litigation stemming from challenges to the composition of the lists of liabilities of the companies included in the Composition with Creditors and late filings of claims involved 20 lawsuits pending before the Court of Parma, 47 lawsuits pending before the Bologna Court of Appeals and 1 lawsuit pending before the Court of Cassation.

Some of these lawsuits, 16 in total pending before the lower courts and at the appellate level, involve the alleged liability of Parmalat Finanziaria S.p.A. under Extraordinary Administration as the sole shareholder of Parmalat S.p.A. under Extraordinary Administration pursuant to Article 2362 of the Italian Civil Code (previous wording).

Citibank

On July 19, 2013, the Company received notice of the pleas filed by Citibank NA before the Bologna Court of Appeals for the purpose of obtaining recognition in Italy of the decision handed down by the Superior Court of New Jersey on October 27, 2008, ordering Parmalat S.p.A. under Extraordinary Administration and Parmalat Finanziaria S.p.A. under Extraordinary Administration to pay Citibank NA the amount of USD 431.3 million. At a hearing held on July 1, 2014 the Court reserved the right to hand down a decision.

If the U.S. decision is recognized, based on the earlier determinations of the New York Bankruptcy Court, Citigroup will have to file an application with the Parma Bankruptcy Court asking it to verify its claim. If Citibank's claim is definitively verified by a final court decision, it would be satisfied with a distribution of Parmalat shares, in accordance with the recovery percentages determined in the Composition with Creditors. Please note that the Reserve for creditor challenges and claims of late-filing creditors provides ample coverage for the risk that Citibank's claim may be recognized.

Criminal Proceedings

Criminal Proceedings for Fraudulent Bankruptcy

See the information provided in the section of this Report entitled “Key Events in the First Half of 2014.”

“Tourism Operations” Criminal Proceedings

See the information provided in the section of this Report entitled “Key Events in the First Half of 2014.”

Criminal Proceedings Against Citigroup

Oral arguments in the trial of officers and employees of Citigroup charged with fraudulent bankruptcy began in April 2011. Parmalat S.p.A. under Extraordinary Administration joined these proceedings as a plaintiff seeking damages, suing the bank as the civilly liable party for the actions of its employees. The trial is in the phase of preliminary oral arguments; the next hearing has been scheduled for September 25, 2014 for a continuation of depositions by the defendants.

Criminal Proceedings Against JP Morgan

In the proceedings pending against employees and/or officers of JP Morgan, following a motion for indictment by the Public Prosecutor, the preliminary hearing is currently in progress. The companies of the Parmalat Group under Extraordinary Administration, designated as injured parties, completed the filings to join the proceedings as plaintiffs seeking damages. The next hearing for preliminary motions is scheduled for October 14, 2014.

Other Criminal Proceedings

The proceedings targeting employees and/or officers of Standard & Poor’s, in connection with which companies of the Parmalat Group under extraordinary administration have the status of injured parties, are currently pending in the preliminary investigation phase.

Two criminal proceedings against Calisto Tanzi, one involving the recovery of works of art and another one concerning Parma A.C. and involving the purchase and subsequent resale of the soccer team were finalized through plea bargaining.

In the latter of these two proceedings, Giambattista Pastorello is also a defendant. He has been served with a summons to appear before the Court of Parma at hearing scheduled for his trial on May 19, 2015. Parmalat S.p.A. under Extraordinary Administration joined the proceedings as a plaintiff seeking damages.

In the matter concerning Parma A.C., the second trial in which the Directors and Statutory Auditors of Parma A.C. and several players have been indicted for the crime of bankruptcy, is currently pending. Parmalat S.p.A. and Parmalat Finanziaria S.p.A. under Extraordinary Administration are the parties injured by the crime. The preliminary hearing, currently in progress, has been adjourned to September 26, 2014.

Lastly, criminal proceedings are currently pending against Carlo Alberto Steinhauslin, convicted of money laundering by a lower court. At a hearing held on October 29, 2013, the Florence Court of Appeals confirmed the criminal liability of the defendant, but voided the civil law ruling handed down by the lower court in favor of Parmalat S.p.A. under Extraordinary Administration, which joined the proceedings as a plaintiff seeking damages. Subsequent to the filing of the complete decision, Parmalat S.p.A. under Extraordinary Administration appealed the decision to the Court of Cassation.

Investigation in Connection with the LAG Acquisition

On July 2, 2013 and, subsequently, on December 18, 2013, several members of the Board of Directors who were no longer in office, the Director Antonio Sala and the current General Manager Yvon Guérin and the Chief Operating Officer Antonio Vanoli, who had been served with notices that they were the targets of an investigation, were informed that deadline for the preliminary investigation regarding crimes related to the LAG acquisition had been extended.

Civil Proceedings in Which the Group is a Plaintiff

Actions for Damages

Grant Thornton

By a decision dated April 9, 2013, the United States District Court for the Northern District of Illinois granted the motion filed by Grant Thornton and retained control of the proceedings, denying Parmalat's motions. Parmalat filed an appeal before the United States Court of Appeals for the Seventh Circuit, which, on June 25, 2014, granted Parmalat's motion and returned the proceedings to the Illinois State Court. The Company is not aware of any challenge filed by Grant Thornton with regard to this decision.

Parmalat Versus JP Morgan

Three lawsuits filed against JP Morgan seeking to establish the bank's responsibility for causing and aggravating the failure of the Parmalat Group with financial transactions (bond issues and derivatives) executed before its bankruptcy are currently pending.

Standard & Poor's: Appeal of the Lower Court's Decision

In 2012, appealed a decision handed down on July 1, 2011 by which the court of Milan granted only in part the claims put forth by Parmalat against "The McGraw – Hill Companies" (Standard & Poor's). By this decision, the Court of Milan ordered Standard & Poor's to refund the fees it received (784,000 euros) for assigning an "investment grade" rating to the Parmalat Group from November 2000 up to just a few months before December 2003, but denied the damage claim. The hearing for closing arguments was held on October 9, 2013 and the parties are now waiting for the Court to hand down its decision.

Actions to Void in Bankruptcy

A few actions to void in bankruptcy are still pending. Filed mainly against banks, they seek to void transactions or anomalous payments made by companies under extraordinary administration included in the Parmalat Composition with Creditors during the "suspect period" preceding the insolvency of the Parmalat Group. More detailed information about the individual actions is provided below.

Parmalat Versus JP Morgan Chase Bank N.A.: Action to Void Bank Wire Transfers

By a decision handed down on July 12, 2012, the Court of Parma, upholding the claim lodged by Parmalat S.p.A. under Extraordinary Administration and Parmalat S.p.A. against JP Morgan Chase Bank N.A., voided the checking account wire transfers executed by the defendant during the year preceding the declaration of insolvency, ordering the defendant to pay 1.9 million euros, plus interest and inflation adjustment, and legal costs. JP Morgan appealed this decision. The hearing for closing arguments is scheduled for November 4, 2014.

Parmalat Versus JP Morgan Europe Limited – Action to Void for a Financing Facility

An action to void in bankruptcy for about 20 million euros regarding a complex share purchasing and selling transaction aimed at disguising a loan to a subsidiary is pending before the Court of Parma. The court ordered technical expert's report has been filed and the court must now schedule a hearing.

Parmalat versus HSBC Bank PLC

By a decision handed down on November 14, 2012, the Court of Parma denied the action to void filed by Parmalat against HSBC Bank, ordering Parmalat to pay two-third of the legal costs. Parmalat is appealing this decision before the Bologna Court of Appeals. The hearing for closing arguments is scheduled for March 17, 2015.

Parmalat Versus The Royal Bank of Scotland N.V. (formerly ABN AMRO Bank N.V.)

An action to void in bankruptcy for about 0.3 million euros filed by Parmalat against ABN AMRO Bank is pending before the Bologna Court of Appeal. At the initial level, the Court of Parma denied Parmalat's plea. The next hearing is scheduled for December 2, 2014.

Action to Void in Bankruptcy Against Tetrapak International S.A.

By a decision handed down on January 8, 2013, the Court of Parma ruled that the payment of 15.1 million euros made by Parmalat Finance Corporation B.V. for Tetrapak's benefit was ineffective and voided it pursuant to Article 67 of the Bankruptcy Law, ordering Tetrapak to pay legal costs. On March 18, 2013, Tetrapak served notice that it was appealing the decision by the Court of Parma. At a hearing held on July 2, 2013, the Bologna Court of Appeals stayed the enforcement of the lower court decision and schedule for February 3, 2015 the hearing for closing arguments.

Liability Actions

A liability actions filed against former Directors and Statutory Auditors of Parmalat Finanziaria S.p.A. and Parmalat S.p.A. and other third parties deemed responsible for causing and aggravating the failure of the Parmalat Group is currently pending.

Actions for Enforcement

With regard to the enforcement of the provisional awards granted to the companies under extraordinary administration that joined the proceedings as plaintiffs seeking damages in the criminal trial for fraudulent bankruptcy and the "tourism sector" criminal trial, numerous actions for enforcement are pending with the aim of obtaining remediation of the huge financial damages caused by unlawful conduct of the convicted defendants.

* * *

Tax Disputes

Tax related information concerning the Parmalat S.p.A. and its main Italian and foreign subsidiaries is provided below:

Italy

The tax risks of companies under extraordinary administration included in the Composition with Creditors and related to periods that precede their eligibility for extraordinary administration, amounting to 5.6 million euros, are reflected in the Provision for contested preferential and prededuction claims. These assessments were challenged before the relevant Tax Commissions and the resulting disputes are being pursued through the various levels of the judicial process.

South America

Group companies in South America have recognized provisions for tax risks totaling 4.6 million euros to cover tax related risks.

It is worth mentioning that in the first half of 2014, the tax authorities audited some of the Group's foreign subsidiaries. The audits concerned, *inter alia,* the deductibility of costs incurred in previous years. Due to the complexity of the subject matter involved, the abovementioned tax authorities requested additional information for further review. The amount of the items undergoing further review is about 15 million euros.
Given the peculiarities of the issues in question and comforted by the advice of consultants available at this point, the Group chose not to recognized a provision in the first half of 2014.

Notes to the Income Statement

(22) Revenues

A breakdown of revenues is as follows:

(in millions of euros)	**First half 2014**	**First half 2013**
Net revenues	2,617.9	2,594.8
Other revenues	17.4	24.4
Total revenues	**2,635.3**	**2,619.2**

A geographic breakdown of net revenues is as follows:

(in millions of euros)	**First half 2014**	**First half 2013**
Europe	560.6	555.5
North America	1,102.2	1,122.4
Latin America	352.2	271.8
Australia	426.3	447.1
Africa	179.1	199.4
Other[1]	(2.4)	(1.4)
Total sales revenues	**2,617.9**	**2,594.8**

[1] Includes minor companies, inter-area eliminations and Parent Company costs.

Other revenues include the following:

(in millions of euros)	**First half 2014**	**First half 2013**
Rebilling of advertising expenses	4.6	4.2
Royalties	2.5	3.0
Out-of-period items and restatements	1.5	3.8
Gains on the sale of non-current assets	1.2	1.7
Commissions on sales of products	0.9	2.3
Rent	0.9	1.0
Insurance settlements	0.1	1.1
Operating grants	0.1	0.1
Expense reimbursements	0.1	0.1
Miscellaneous	5.5	7.1
Total other revenues	**17.4**	**24.4**

The decrease in Other revenues is chiefly due to out-of-period income recognized by the Group's Parent Company in the first half of 2013, as a result of the lower year-end bonuses and promotional contributions provided to mass retailers, lower insurance settlements and smaller commissions of sales of products.

(23) Costs

A breakdown of the costs incurred in the first half of 2014 is as follows:

(in millions of euros)	**First half 2014**	**First half 2013**
Cost of sales	2,101.1	2,102.8
Distribution costs	213.3	219.6
Administrative expenses	198.8	170.1
Total costs	**2,513.2**	**2,492.5**

A breakdown by type of the costs incurred in the first half of 2014 is as follows:

(in millions of euros)	**First half 2014**	**First half 2013**
Raw materials and finished goods	1,467.5	1,400.8
Labor costs	357.2	362.8
Packaging materials	198.3	207.0
Freight	141.1	146.0
Depreciation, amortization and writedowns of non-current assets	62.3	67.5
Other services	59.4	57.3
Sales commissions	58.3	66.1
Advertising and promotions	50.4	44.6
Energy, water and gas	49.3	51.2
Supplies	32.5	31.1
Maintenance and repairs	26.9	28.4
Use of property not owned	22.3	26.0
Storage, handling and outside processing services	21.8	20.5
Miscellaneous charges	14.9	14.6
Postage, telephone and insurance	11.2	13.3
Consulting services	11.2	11.0
Writedowns of receivables and additions to provisions	3.0	1.9
Auditing services	1.9	2.4
Fees to Chairman and Directors	0.9	1.5
Fees to Statutory Auditors	0.3	0.2
Changes in inventories of raw materials and finished goods	(77.5)	(61.7)
Total cost of sales, distribution costs and administrative expenses	**2,513.2**	**2,492.5**

The increase in “Cost of sales, distribution costs and administrative expenses” is due mainly to the higher costs of raw milk incurred in several countries where the Group operates and the consolidation of Balkis Indústria e Comércio de Laticinios Ltda, acquired in July 2013, and Harvey Food and Beverage Ltd and its subsidiaries, acquired in April 2014. This increase was offset only in part by the negative currency translation effect caused by the appreciation of the euros versus the currencies of the main countries where the Group operates.

(24) Litigation-related Expenses

The balance in this account reflects fees paid to law firms, amounting to 1.7 million euros (2.0 million euros in the first half of 2013) retained as counsel in connection with the actions for damages and actions to void filed by the companies under extraordinary administration prior to the implementation of the Composition with Creditors, which the Company is currently pursuing.

(25) Miscellaneous Income (Expense)

Net miscellaneous income amounted to 12.3 million euros. A breakdown is as follows:

(in millions of euros)	First half 2014	First half 2013
Proceeds from actions to void and actions for damages	17.1	1.3
Benefit/(Expense) related to tax risks	3.4	6.1
Restructuring costs	(4.0)	-
Sundry income/(expense)	(4.2)	(4.1)
Total miscellaneous income (expense)	**12.3**	**3.3**

Proceeds from settlements of actions to void and actions for damages, amounting to 17.1 million euros, include the following:

- The amount received from some former Directors and Statutory auditors of Parmalat Finanziaria under Extraordinary Administration (and its subsidiaries) as part of the damages awarded in connection with their criminal conviction.
- The amount paid by some companies in bankruptcy proceedings (Cosal S.r.l. and Odeon Pubblicità S.r.l.) as a partial distribution against verified claims.

The benefits related to tax risks, amounting to 3.4 million euros, reflect a restatement of the estimate of probable tax liabilities..

Restructuring costs, totaling 4.0 million euros, refer mainly to the charges estimated for the implementation of the agreement executed on January 31, 2014 by Parmalat and the labor unions for the reorganization of the Italian operations, which calls for up to 98 employees to be enrolled in a long-term unemployment benefit program by November 30, 2014.

Net sundry expense of 4.2 million euros consists mainly of costs incurred for the acquisition of Harvey Food and Beverage Ltd.

(26) Net Financial Income (Expense)

Net financial expenses amounted to 0.1 million euros, broken down as follows:

(in millions of euros)	**First half 2014**	**First half 2013**
Interest earned from banks and other financial institutions	7.2	6.8
Interest paid by B.S.A. S.A. on the LAG price adjustment	0.0	3.3
Interest received from the tax authorities	0.4	0.9
Other financial income	3.0	1.8
Interest paid on loans	(5.3)	(4.3)
Net foreign exchange differences and hyperinflation effect	(3.4)	10.6
Bank fees	(1.3)	(1.4)
Actuarial losses	(0.1)	(0.1)
Other financial expense	(0.6)	(0.5)
Net financial income (expense)	**(0.1)**	**17.1**

At June 30, 2014, the combined effect of net translation differences (positive by 1.3 million euros) and hyperinflation (negative by 4.7 million euros) was negative by 3.4 million euros (positive by 10.6 million euros at June 30, 2013). This effect is chiefly the results of exchange rate dynamics in the first half of 2014 in the main countries in which the Group operates and changes that occurred in foreign exchange regulations in Venezuela, which are discussed in the section of these Notes entitled "Venezuela," where detailed information is available.

(27) Income Taxes

Income taxes totaled 42.6 million euros. A breakdown is as follows:

(in millions of euros)	**First half 2014**	**First half 2013**
Current taxes		
- Italian companies	9.9	6.7
- Foreign companies	25.2	5.4
Net deferred and prepaid taxes		
- Italian companies	2.2	1.9
- Foreign companies	5.3	24.2
Total	**42.6**	**38.2**

Current taxes of Italian companies totaled 9.9 million euros, including 2.2 million euros in regional taxes (IRAP) and 7.7 million euros in corporate income taxes (IRES).

Net deferred and prepaid taxes totaling 7.5 million euros were computed on the temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases.
Please note that in the first half of 2013 the increase in net deferred and prepaid taxes and current taxes of foreign companies included the effect of deductible temporary differences that originated in 2012 and became deductible in the first half of 2013 as the deductibility requirements were satisfied. These differences stemmed from the deferred deductibility of the costs incurred for the settlement reached with the Ontario Teachers' Pension Plan Board.

A reconciliation of the theoretical tax liability, determined by applying the corporate income tax rate in effect in Italy, to the amount recognized in the income statement is provided below:

(in millions of euros)	**First half 2014**	**First half 2013**
Consolidated profit before taxes	**132.6**	**145.1**
Theoretical tax rate	27.5%	27.5%
Theoretical tax liability	36.5	39.9
Tax effect on non-taxable income (permanent differences) (-)	(4.0)	(9.8)
Tax effect from non-deductible expenses (permanent differences)	6.7	5.5
Tax losses for the year that are not deemed to be recoverable and elimination of deferred-tax assets	0.3	0.6
Recognition of prior-period tax losses (-)	(2.1)	(0.9)
Derecognition of deferred-tax liabilities on the revaluation implemented pursuant to Decree Law No. 185/2008 due to expiration of the monitoring period	(2.8)	-
Higher/(Lower) taxes as per income tax return	(0.3)	(0.4)
Elimination of temporary differences due to changes in tax rates and sundry items	5.4	1.0
Actual income tax liability	**39.7**	**35.9**
IRAP and other taxes computed on a base different from the profit before taxes	2.9	2.3
Actual tax liability shown on the income statement	**42.6**	**38.2**
Actual tax rate	**32.1%**	**26.3%**

(28) Other Information

Material Nonrecurring Transactions and Atypical and/or Unusual Transactions

The Group did not execute material nonrecurring transactions or atypical or unusual transactions, pursuant to Consob Communication No. DEM/6064293 of July 28, 2006.

Net Financial Position

In accordance with the requirements of the Consob Communication of July 28, 2006 and consistent with the CESR's Recommendation of February 10, 2005 *"Recommendations for a Uniform Implementation of the European Commission's Prospectus Regulation,"* a schedule showing the net financial position of the Parmalat Group at June 30, 2014 is provided below:

(in millions of euros)	**6/30/14**	**12/31/13**
A) Cash	1.6	1.7
B) Cash equivalents and readily available financial assets:		
- Bank and postal accounts	858.2	938.6
- Reverse repurchase agreements	11.4	14.8
- Accrued interest	0.4	0.5
- Time deposits	211.0	238.9
C) Negotiable securities	-	-
D) Liquid assets (A+B+C)	**1,082.6**	**1,194.5**
E) Current financial receivables	11.5	10.7
amount from transactions with related parties	*1.2*	
F) Current bank debt	39.7	41.0
G) Current portion of non-current indebtedness	0.7	1.2
H) Other current borrowings	2.1	4.2
amount from transactions with related parties	*0.2*	*2.4*
I) Current financial debt (F+G+H)	**42.5**	**46.4**
J) Net current financial debt (I-E-D)	**(1,051.6)**	**(1,158.8)**
K) Non-current bank debt	68.3	85.0
L) Debt securities outstanding	-	-
M) Other non-current borrowings	8.1	8.2
N) Non-current financial debt (K+L+M)	**76.4**	**93.2**
O) Net financial debt (J+N)	**(975.2)**	**(1,065.6)**

The section of the Interim Report on Operations entitled "Financial Performance" explains the main developments that occurred in this area and the Groups' risk management policy.

Breakdown of Labor Costs by Type

A breakdown is as follows:

	First half 2014	First half 2013
Wages and salaries	253.3	257.5
Social security contributions	38.2	39.4
Severance benefits	36.8	38.7
Other labor costs	28.9	27.2
Total labor costs	**357.2**	**362.8**

The decrease in Labor costs is due mainly to a negative translation effect caused by the appreciation of the euro versus the currencies of the main countries where the Group operates.
This decrease was offset only in part by the effect of new labor laws that are being implemented gradually in Venezuela, starting in May 2013, and provide greater employee benefits, and the consolidation of Balkis Indústria e Comércio de Laticinios Ltda, acquired in July 2013, and Harvey Food and Beverage Ltd and its subsidiaries, acquired in April 2014.

Labor costs of 357.2 million euros are included in cost of sales for 219.4 million euros (229.0 million euros in the first half of 2013), distribution costs for 52.1 million euros (62.5 million euros in the first half of 2013) and administrative expenses for 85.7 million euros (71.3 million euros in the first half of 2013).

Depreciation, Amortization and Writedowns

A breakdown is as follows:

(in millions of euros)	First half 2014	First half 2013
- Amortization of intangible assets	6.0	8.1
- Depreciation of property, plant and equipment	56.3	58.8
- Writedowns of non-current assets	-	0.6
Total depreciation, amortization and writedowns	**62.3**	**67.5**

The decrease in depreciation, amortization and writedowns of non-current assets is chiefly the result of a negative translation effect caused by the appreciation of the euro versus the currencies of the main countries where the Group operates.

Depreciation, amortization and writedowns of 62.3 million euros are included in cost of sales for 46.5 million euros (49.6 million euros in the first half of 2013), distribution costs for 5.9 million euros (5.3 million euros in the first half of 2013) and administrative expenses for 9.9 million euros (12.6 million euros in the first half of 2013).

Earnings per share

The table below shows a computation of earnings per share in accordance with IAS 33:

(in euros)	**First half 2014**	**First half 2013**
Profit attributable to owners of the parent	*88,934,524*	*105,392,031*
broken down as follows:		
- Profit from continuing operations	*88,934,524*	*105,392,031*
- Profit (Loss) from discontinuing operations		
Weighted average number of shares outstanding determined for the purpose of computing earnings per share:		
- basic	1,826,365,137	1,762,800,820
- diluted	1,846,849,831	1,784,707,363
Basic earnings per share	*0.0487*	*0.0598*
broken down as follows:		
- Profit from continuing operations	*0.0487*	*0.0598*
- Profit/(Loss) from discontinuing operations		
Diluted earnings per share	*0.0482*	*0.0591*
broken down as follows:		
- Profit from continuing operations	*0.0482*	*0.0591*
- Profit/(Loss) from discontinuing operations		

The number of common shares outstanding changed subsequent to the end of the reporting period due to the following capital increases:

- July 23, 2014: 843,185 euros

The computation of the weighted average number of shares outstanding, starting with the 1,823,399,797 shares outstanding on January 1, 2014, is based on the following changes that occurred during the reporting period:

- issuance of 405,983 common shares on 1/28/14
- issuance of 595,461 common shares on 2/27/14
- issuance of 1,161,040 common shares on 3/26/14
- issuance of 2,255,851 common shares on 6/20/14

The computation of diluted earnings per share takes into account the maximum number of issuable warrants (95 million), as set forth in a resolution approved by the Shareholders' Meeting of April 28, 2007. As of the date of these financial statements, a total of 20,484,694 warrants were exercisable with a dilutive effect.

Segment Information

The table below, which was prepared in accordance with the disclosure requirements of IFRS 8, provides segment information about the Group's operations at June 30, 2014 and the comparable data for 2013. The breakdown by geographic region is consistent with the Group's governance structure and is reflected on the income statement and statement of financial position data provided below. The statement of financial position data are end-of-period data.

(in millions of euros)

	EUROPE	NORTH AMERICA	LATIN AMERICA	AUSTRALIA	AFRICA	HOLDING, OTHER NON CORE CO.S AND ELIMINATIONS BETWEEN REGIONS	GROUP
2014							
Net segment revenues	560.6	1,102.2	352.2	426.3	179.1	(2.4)	2,617.9
Net inter-segment revenues	(0.7)	(1.9)	0.0	0.0	0.0	2.6	
Net revenues from outsiders	559.9	1,100.3	352.2	426.3	179.1	0.2	2,617.9
EBITDA	48.8	82.9	40.3	7.5	13.2	(8.2)	184.4
% of net revenues	*8.7*	*7.5*	*11.5*	*1.7*	*7.4*		*7.0*
Depreciation, amortization and writedowns of non-current assets	(20.6)	(22.1)	(6.4)	(9.7)	(3.4)		(62.3)
- Writedowns of goodwill and trademarks with indefinite useful life							0.0
- Litigation related expenses							(1.7)
- Miscell. income and expense							12.3
EBIT							**132.7**
Financial income							17.6
Financial expense							(17.7)
Other income from (expense for) equity investments							0.0
PROFIT BEFORE TAXES							**132.6**
Income taxes							(42.6)
NET PROFIT FROM CONTINUING OPERATIONS							**90.0**
Total segment assets	1,744.0	1,380.7	315.8	557.0	225.4	46.4	4,269.3
Total non-segment assets							153.6
Total assets							**4,422.9**
Total segment liabilities	441.4	246.2	90.7	127.4	63.5	(3.1)	966.1
Total non-segment liabilities							336.6
Total liabilities							**1,302.7**
Capital exp. (prop., plant & equip.)	9.4	25.3	9.4	9.8	9.2	0.0	63.1
Capital expenditures (intangibles)	0.4	0.6	0.2	0.0	0.2	0.0	1.4
Number of employees	3,211	4,638	3,782	2,182	2,712		16,525

- capital expenditures for property, plant and equipment include land and buildings

More detailed information about the performance of the different segments in the first half of 2014 is provided in the Interim Report on Operations.

(in millions of euros)

	EUROPE	NORTH AMERICA	LATIN AMERICA	AUSTRALIA	AFRICA	HOLDING, OTHER NON CORE CO.S AND ELIMINATIONS BETWEEN REGIONS	GROUP
2013							
Net segment revenues	555.5	1,122.4	271.8	447.1	199.4	(1.4)	2,594.8
Net inter-segment revenues	(0.8)	(0.6)	0.0	0.0	(0.0)	1.5	0.0
Net revenues from outsiders	554.7	1,121.8	271.8	447.1	199.3	0.1	2,594.8
EBITDA	47.7	101.1	10.9	30.9	13.6	(10.0)	194.2
% of net revenues	*8.6*	*9.0*	*4.0*	*6.9*	*6.8*		*7.5*
Depreciation, amortization and writedowns of non-current assets	(22.2)	(26.0)	(5.8)	(9.4)	(4.1)		(67.5)
- Writedowns of goodwill and trademarks with indefinite useful life							0.0
- Litigation related expenses							(2.0)
- Miscell. income and expense							3.3
EBIT							**128.0**
Financial income							45.1
Financial expense							(28.0)
Other income from (expense for) equity investments							0.0
PROFIT BEFORE TAXES							**145.1**
Income taxes							(38.2)
NET PROFIT FROM CONTINUING OPERATIONS							**106.9**
Total segment assets	1,645.6	1,394.0	283.9	476.2	235.4	109.8	4,144.9
Total non-segment assets							204.6
Total assets							**4,349.5**
Total segment liabilities	479.0	299.4	85.2	120.5	67.9	2.9	1,054.9
Total non-segment liabilities							224.7
Total liabilities							**1,279.6**
Capital exp. (prop., plant & equip.)	18.6	23.0	3.4	10.8	2.6	0.1	58.5
Capital expenditures (intangibles)	1.3	0.0	0.1	0.0	0.2	0.0	1.6
Number of employees	3,427	4,625	3,133	1,844	2,671		15,700

- capital expenditures for property, plant and equipment include land and buildings

Fair Value Measurement

IFRS 7 requires that financial instruments measured at fair value be classified based on a hierarchical ranking that reflects the reliability of the inputs used to measure fair value. This hierarchical ranking includes the following levels:

- Level 1 – prices quoted in an active market for the assets or liabilities that are being measured;
- Level 2 – inputs other than the quoted prices of Level 1, but which are observable directly (prices) or indirectly (derived from prices) in the market;
- Level 3 – inputs not based on observable market data.

The table that follows lists by hierarchical ranking of fair value measurement the assets and liabilities that were measured at fair value at June 30, 2014 and December 31, 2013:

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
6/30/14				
Investments in associates	-	-	34.0	34.0
Financial assets from derivatives	-	16.6	-	16.6
Other financial assets	0.3	-	-	0.3
Current financial assets	-	9.9	-	9.9
Total assets	**0.3**	**26.5**	**34.0**	**60.8**
Financial liabilities for derivatives	-	-	-	-
Total liabilities	-	-	-	-

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
12/31/13				
Investments in associates	-	-	34.0	34.0
Financial assets from derivatives	-	18.1	-	18.1
Other financial assets	0.3	-	-	0.3
Current financial assets	-	10.5		10.5
Total assets	**0.3**	**28.6**	**34.0**	**62.9**
Financial liabilities for derivatives	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**

There were no transfers between hierarchical levels of fair value in the first half of 2014.

The table below shows the changes that occurred within Level 3 in the first half of 2014:

(in millions of euros)	**Investments in associates**
Balance at 12/31/13	**34.0**
(Gains)/Losses recognized in the statement of comprehensive income	-
Transfers from and to Level 3	-
Balance at 6/30/14	**34.0**

The fair value of investments in associates refers exclusively to the percentage interest held in Bonatti S.p.A.. Absent quoted prices, fair value was determined, as required by IFRS 13 (Level 3), taking also into account a report prepared on January 7, 2014 by an official technical consultant appointed by the Court of Parma.

The fair value of derivatives was determined based both on quotes provided by bank counterparties and on valuation models generally adopted in the financial community.

The fair value of derivatives is determined taking into account the counterparty credit risk (so-called "credit valuation adjustment"); this component was taken into account when testing hedge effectiveness.

The carrying amount of financial instruments is substantially the same as their fair value.

Disclosure About Risks

For each type of risk inherent in financial instruments, a disclosure of the objectives, policies and process adopted to manage risk is provided in the section of the Report on Operations entitled "Managing Business Risks."

Exchange Rates Used to Translate Financial Statements

Source: Banca d'Italia

LOCAL CURRENCY FOR 1 EURO	ISO CODE	6/30/14 (end of period rate)	12/31/13 (end of period rate)	% change (end of period rate)	6/30/14 (average rate)	6/30/13 (average rate)	% change (average rate)
DOLLAR – AUSTRALIA	AUD	1.45370	1.54230	-5.74%	1.49890	1.29662	15.60%
BOLIVIANO – BOLIVIA	BOB	9.43768	9.52958	-0.96%	9.46909	9.14546	3.54%
REAL – BRAZIL	BRL	3.00020	3.25760	-7.90%	3.14987	2.66880	18.03%
PULA – BOTSWANA	BWP	11.9845	12.0343	-0.41%	12.1156	10.7778	12.41%
DOLLAR – CANADA	CAD	1.45890	1.46710	-0.56%	1.50288	1.33454	12.61%
PESO – COLOMBIA	COP	2,568.26	2,664.42	-3.61%	2,686.10	2,400.12	11.92%
PESO – MEXICO	MXN	17.7124	18.0731	-2.00%	17.9747	16.5057	8.90%
NEW METICAL – MOZAMBIQUE	MZM	41.8345	41.4557	0.91%	41.7748	39.3297	6.22%
NEW ZEALAND -- DOLLAR	NZD	1.56260	1.67620	-6.78%	1.61488	1.58777	1.71%
NUEVO SOL -- PERU	PEN	3.81248	3.85865	-1.20%	3.83776	3.44027	11.55%
GUARANI – PARAGUAY	PYG	5,993.13	6,323.17	-5.22%	6,127.08	5,444.00	12.55%
NEW LEU – ROMANIA	RON	4.38300	4.47100	-1.97%	4.46428	4.39233	1.64%
RUBLE – RUSSIA	RUB	46.3779	45.3246	2.32%	47.9924	40.7641	17.73%
LILANGENI – SWAZILAND	SZL	14.4597	14.5660	-0.73%	14.6758	12.1233	21.05%
U.S.A. – DOLLAR[1]	USD	1.36580	1.37910	-0.96%	1.37035	1.31346	4.33%
BOLIVAR FUERTE – VENEZUELA	VEF	14.4775	8.68833	66.63%	8.63318	7.56271	14.15%
RAND – SOUTH AFRICA	ZAR	14.4597	14.5660	-0.73%	14.6758	12.1233	21.05%
KWACHA – ZAMBIA	ZMK	8.43259	7.61263	10.77%	8.31574	7.02353	18.40%

[1] The U.S. dollar is the reporting currency of the companies located in Ecuador and Cuba.

Investments in Associates of the Parmalat Group

Parent Company

Company			Share capital	Equity investment				
Name Head office	Type (1)	Curr.	Amount	Number of shares/cap interests held	Held by	Number of shares/cap. interests	% interest held	Group interest
PARMALAT S.P.A.	PC	EUR	1,827,818,132					
Collecchio								100.0000

Subsidiaries consolidated line by line

Company			Share capital	Equity investment				
Name Head office	Type (1)	Curr.	Amount	Number of shares/cap interests held	Held by	Number of shares/cap. interests	% interest held	Group interest
EUROPE								
ITALY								
CENTRALE DEL LATTE DI ROMA S.P.A.*	C	EUR	37,736,000	5,661,400	Parmalat S.p.A.	5,661,400	75.013	
Rome							75.013	75.0130
COMPAGNIA FINANZIARIA ALIMENTI SRL in liquidation(2)	SRL	EUR	10,000	10,000	Dalmata S.p.A.	10,000	100.000	
Collecchio							100.000	100.0000
DALMATA S.P.A.	C	EUR	120,000	1,000	Parmalat S.p.A.	1,000	100.000	
Collecchio							100.000	100.0000
SATA SRL	LLP	EUR	500,000	500,000	Parmalat S.p.A.	500,000	100.000	
Collecchio							100.000	100.0000
BELGIUM								
PARMALAT BELGIUM SA	F	EUR	62,647,500	2,505,900	Parmalat S.p.A.	2,505,899	100.000	
Bruxelles					Dalmata S.p.A.	1	0.000	100.0000
FRANCE								
LACTALIS EXPORT AMERICAS	F	EUR	16,000	1000	Lactalis American Group, Inc.	1000	100.000	
Choisy Le Roi							100,000	100.0000
PORTUGAL								
PARMALAT PORTUGAL PROD. ALIMENT. LDA	F	EUR	11,651,450.04	1	Parmalat S.p.A.	1	100.000	
Sintra							100.000	100.0000
ROMANIA								
PARMALAT ROMANIA SA	F	RON	26,089,760	2,608,957	Parmalat S.p.A.	2,608,957	99.999	
Comuna Tunari							99.999	99.9993
RUSSIA								
OAO BELGORODSKIJ MOLOCNIJ KOMBINAT	F	RUB	67,123,000	67,060,000	Parmalat S.p.A	66,958,000	99.754	
Belgorod					OOO Parmalat MK	102,000	0.152	
							99.906	99.9061
OOO PARMALAT MK	F	RUB	81,115,950	1	Parmalat S.p.A.	1	100.000	
Moscow							100.000	100.0000
OOO URALLAT	F	RUB	129,618,210	1	Parmalat S.p.A.	1	100.000	
Berezovsky							100.000	100.0000

* With regard to this company, see the comments provided in the section entitled "Legal Disputes and Contingent Liabilities at June 30, 2014."

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) Company in liquidation and subsidiaries
(3) Company under Extraordinary Administration or noncore company

Company			Share capital		Equity investment			
Name Head office	Type (1)	Curr.	Amount	Number of shares/cap interests held	Held by	Number of shares/cap. interests	% interest held	Group interest
NORTH AMERICA								
UNTIED STATES OF AMERICA								
LAG HOLDING INC.	F	USD	1	100	Parmalat Belgium SA	100	100.000	
Wilmington							100.000	100.0000
LACTALIS AMERICAN GROUP INC.	F	USD	140,585,000		Lag Holding Inc.		100.000	
Wilmington							100.000	100.0000
LACTALIS RETAIL DAIRY INC.	F	USD	4,500	130,000	Sorrento Lactalis Inc.	130,000	100.000	
Midvale							100.000	100.0000
LACTALIS DELI INC.	F	USD		100	Lactalis American Group Inc.	60	60.000	
Wilmington					Lactalis USA Inc.	40	40.000	
							100.000	100.0000
LACTALIS USA INC.	F	USD	2,620,000	31,000	Lactalis American Group Inc.	31,000	100.000	
Madison							100.000	100.0000
SORRENTO LACTALIS INC.	F	USD	598,819		Lactalis American Group Inc.		100.000	
Wilmington							100.000	100.0000
SCC PROPERTIES INC.	F	USD			Sorrento Lactalis Inc.		100.000	
New York							100.000	100.0000
MOZZARELLA FRESCA INC.	F	USD	2,864,753		Lactalis American Group Inc.		100.000	
Los Angeles							100.000	100.0000
CANADA								
PARMALAT CANADA INC.	F	CAD	1,072,480,000	938,019 Class A	Parmalat S.p.A.	938,019	86.314	
Toronto				134,460 Class B	Parmalat S.p.A.	134,460	13.685	
							100.000	100.0000
CENTRAL AMERICA								
NETHERLANDS ANTILLES								
CURCASTLE CORPORATION NV	F	USD	6,000	6,000	Dalmata S.p.A.	6,000	100.000	
Curaçao							100.000	100.0000
CUBA								
CITRUS INTERNATIONAL CORPORATION SA in liquidation(2)	F	USD	11,400,000	627	Parmalat S.p.A.	627	55.000	
Pinar del Rio							55.000	55.0000
MEXICO								
LACTALIS ALIMENTOS MEXICO S. DE R.L.	F	MXN	11,953,120	1	Parmalat Belgium SA	1	100.000	
Mexico CITY				1	Dalmata S.p.A.	1	0.000	
							100.000	100.0000
SOUTH AMERICA								
BOLIVIA								
PARMALAT BOLIVIA SRL	F	BOB	451,000	451	Parmalat Belgium SA	446	99.000	
Santa Cruz					Dalmata S.p.A.	5	1.000	
							100.000	100.0000
BRAZIL								
LACTALIS DO BRAZIL COMERCIO IMPORTACAO E EXPORTACAO DE LATICINOS LTDA	F	BRL	77,101,440	240,942	Parmalat Belgium SA	240941	100.000	
São Paulo					Dalmata S.p.A.	1	0.000	
							100.000	100.000
BALKIS INDUSTRIA E COMERCIO DE LATICINIOS LTDA	F	BRL	9,052,050	905,000	Lactalis do Brazil Comercio Importacao e Exportacao de Laticinios Ltda	904,999	100.000	
São Paulo					Dalmata S.p.A.	1	0.000	
							100.000	100.0000

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) Company in liquidation and subsidiaries
(3) Company under Extraordinary Administration or noncore company

Company			Share capital		Equity investment			
Name Head office	Type (1)	Curr.	Amount	Number of shares/cap interests held	Held by	Number of shares/cap. interests	% interest held	Group interest
COLOMBIA								
PARMALAT COLOMBIA LTDA	F	COP	20,466,360,000	20,466,360	Parmalat S.p.A.	20,466,359	100.000	
Bogota					Dalmata S.p.A.	1	0.000	
							100.000	100.0000
PROCESADORA DE LECHES SA (Proleche sa)	F	COP	173,062,136	138,102,792	Parmalat S.p.A.	131,212,931	94.773	
Bogota					Dalmata S.p.A.	4,101,258	2.962	
					Parmalat Colombia Ltda	2,788,603	2.014	
							99.749	99.7492
ECUADOR								
PARMALAT DEL ECUADOR SA (formerly Leche Cotopaxi Lecocem SA)	F	USD	13,389,910.76	323,018,972	Parmalat S.p.A.	323,018,971	96.496	
Quito					Parmalat Colombia Ltda	1	0.000	
							96.496	96.4962
LACTEOSMILK SA (formerly Parmalat del Ecuador sa)	F	USD	345,344	8,633,599	Parmalat S.p.A.	8,633,598	100.000	
Quito					Parmalat Colombia Ltda	1	0.000	
							100.000	100.0000
PARAGUAY								
PARMALAT PARAGUAY SA	F	PYG	9,730,000,000	9,632	Parmalat S.p.A.	9,632	98.993	
Asuncion							98.993	98.993
PERU								
PARMALAT PERU SAC	F	PEN	90,000	90,000	Parmalat Belgium SA	89,100	99.000	
Lima					Dalmata S.p.A.	900	1.000	
							100.000	100.0000
URUGUAY								
PARMALAT URUGUAY SRL	F	UYU	100,000	100,000	Parmalat Belgium SA	99,000	99.000	
Montevideo					Dalmata S.p.A.	1,000	1.000	
							100.000	100.0000
VENEZUELA								
INDUSTRIA LACTEA VENEZOLANA CA (INDULAC)	F	VEF	34,720,471.6	343,108,495	Parmalat S.p.A.	343,108,495	98.820	
Caracas							98.820	98.8202
QUESOS NACIONALES CA QUENACA	F	VEF	3,000,000	3,000,000	Indu.Lac.Venezol. ca-Indulac	3,000,000	100.000	
Caracas							100.000	98.8202
AFRICA								
BOTSWANA								
PARMALAT BOTSWANA (PTY) LTD	F	BWP	10,526,118	3,001	Dalmata S.p.A.	3,001	100.000	
Gaborone							100.000	100.0000
MOZAMBIQUE								
PARMALAT PRODUTOS ALIMENTARES SARL	F	MZM	57,841,500	536,415	Dalmata S.p.A.	536,415	92.739	
Matola							92.739	92.7390
SOUTH AFRICA								
PARMALAT SOUTH AFRICA (PTY) LTD	F	ZAR	1,368,288.73	122,010,000	Dalmata S.p.A.	122,010,000	89.170	
Stellenbosch				14,818,873	Parmalat S.p.A.	14,818,873	10.830	
							100.000	100.0000
SWAZILAND								
PARMALAT SWAZILAND (PTY) LTD	F	SZL	100	60	Dalmata S.p.A.	60	60.000	
Mbabane							60.000	60.0000
ZAMBIA								
PARMALAT ZAMBIA LIMITED	F	ZMK	27,281	19,506	Dalmata S.p.A.		71.500	
Lusaka							71.500	71.5000

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) Company in liquidation and subsidiaries
(3) Company under Extraordinary Administration or noncore company

Company			Share capital		Equity investment			
Name Head office	Type [1]	Curr.	Amount	Number of shares/cap interests held	Held by	Number of shares/cap. interests	% interest held	Group interest
ASIA/PACIFIC								
AUSTRALIA								
PARMALAT AUSTRALIA PTY LTD	F	AUD	222,727,759	22,314,388 ord.	Parmalat Belgium sa	22,314,388	10.023	
South Brisbane				200,313,371 pr.	Parmalat S.p.A.	200,313,371	89.977	
				1 sp.	Parmalat Finance Australia Pty Ltd	1	0.000	
							100.000	100.0000
PARMALAT FINANCE AUSTRALIA PTY LTD	F	AUD	120,000	120,000	Parmalat Belgium sa	120,000	100.000	
South Brisbane							100.000	100.0000
PARMALAT FOOD PRODUCTS PTY LTD	F	AUD	27,000,000	27,000,000	Parmalat Investments Pty Ltd	27,000,000	100.000	
South Brisbane							100.000	100.0000
PARMALAT INVESTMENTS PTY LTD	F	AUD	27,000,000	27,000,000	Parmalat Australia Pty Ltd	27,000,000	100.000	
South Brisbane							100.000	100.0000
QUANTUM DISTRIBUTION SERV. PTY LTD	F	AUD	8,000,000	8,000,000	Parmalat Australia Pty Ltd	8,000,000	100.000	
South Brisbane							100.000	100.0000
PIPPAK PTY LTD	F	AUD	2,143,070	230	Parmalat Food Products Pty Ltd	230	100.000	
South Brisbane							100.000	100.0000
HARVEY FOODS (2012) PTY LTD	F	AUD	100	100	Harvey Fresh (1994) Ltd	100	100.000	
West Perth							100.000	100.0000
HARVEY FOOD & BEVERAGE LTD	F	AUD	50,000,000	50,000,000	Parmalat Australia Pty Ltd	50,000,000	100.000	
West Perth							100.000	100.0000
HF GROVE PTY LTD	F	AUD	100	100	Harvey Fresh (1994) Ltd	100	100.000	
West Perth							100.000	100.0000
HARVEY FRESH JUICE PTY LTD	F	AUD	100	100	Harvey Fresh (1994) Ltd	100	100.000	
West Perth							100.000	100.0000
HF PROPERTY HOLDINGS PTY LTD	F	AUD	100	100	Harvey Fresh (1994) Ltd	100	100.000	
West Perth							100.000	100.0000
HARVEY FRESH (1994) LTD	F	AUD	1,205,001	50,000,000	Harvey Food & Beverage Ltd	5,000,000	100.000	
West Perth							100.000	100.0000
NEW ZEALAND								
PARMALAT NZ LIMITED	F	NZD	100	100	Parmalat Australia Pty Ltd	100	100.000	
Auckland							100.000	100.0000

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[2] Company in liquidation and subsidiaries
[3] Company under Extraordinary Administration or noncore company

Companies that are majority owned but are not subsidiaries

Company Name Head office	Type [1]	Curr.	Share capital Amount	Number of shares/cap interests held	Equity investment Held by	Number of shares/cap. interests	% interest held
NETHERLANDS							
OLANDA							
DAIRIES HOLDING INTERNATIONAL BV	F	EUR	244,264,623.05	40 ord.	Dalmata S.p.A.	40	0.008
under Extraordinary Administration [3]				542,765,829 pref.	Dalmata S.p.A.	542,765,829	99.992
Rotterdam							100,000
LUXEMBOURG							
OLEX SA under E.A. [3]	F	EUR	578,125	22,894	Dairies Holding Int.l Bv under E.A.	22,894	99.001
Luxembourg							99.001
SOUTH AMERICA							
BRAZIL							
PRM ADMIN E PART DO BRASIL LTDA[2]	F	BRL	1,000,000	810,348	Parmalat S.p.A.	810,348	81.035
São Paulo							81.035
PPL PARTICIPACOES DO BRASIL LTDA[3]	F	BRL	1,271,257,235	1,260,921,807	Parmalat S.p.A.	1,260,921,807	99.187
São Paulo							99.187
URUGUAY							
AIRETCAL SA[2]	F	UYU	2,767,156	2,767,156	Parmalat S.p.A.	2,767,156	100.000
Montevideo							100.000
WISHAW TRADING SA[3]	F	USD	30,000	300	Parmalat S.p.A.	50	16.667
Montevideo					Parmalat Paraguay sa	90	30.000
					Indu.Lac.Venezol. ca-Indulac	90	30.000
					PPL Particip. do Brasil Ltda	70	23.333
							100.000
ASIA							
CHINA							
PARMALAT (ZHAODONG) DAIRY CORP. LTD[3]	F	CNY	56,517,260	53,301,760	Parmalat S.p.A.	53,301,760	94.311
Zhaodong							94.311
INDIA							
SWOJAS ENERGY FOODS LIMITED in liquidation[2]	F	INR	309,626,500	21,624,311	Parmalat S.p.A.	21,624,311	69.840
Shivajinagar							69.840

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[3] Company under Extraordinary Administration or noncore company

Other companies

Company			Share capital		Equity investment			
Name Head office	Type [1]	Curr.	Amount	Number of shares/cap interests held	Held by	Number of shares/cap. interests	% interest held
EUROPE							
ITALY							
ALBALAT SRL	LLP	EUR	20,000	100	Sata S.r.l.	100	0.500
Albano Laziale (Rome)							0.500
BONATTI S.P.A.*	C	EUR	35,696,792.28	1,837,082	Parmalat S.p.A.	1,837,082	26.555
Parma							26.555
CE.PI.M S.P.A.	C	EUR	6,642,928	464,193	Parmalat S.p.A.	464,193	0.840
Parma							0.840
COOPERFACTOR S.P.A.	C	EUR	11,000,000	10,329	Parmalat S.p.A.	10,329	0.094
Bologna							0.094
HORUS SRL[3]	LLP	EUR	n.d.	n.d.	Sata S.r.l.	n.d.	1.000
							1.000
NUOVA HOLDING S.P.A. under E.A. [3]	C	EUR	25,410,000	100	Sata S.r.l.	100	0.0003
Parma							0.0003
SO.GE.AP S.P.A.	C	EUR	19,454,528	526	Parmalat S.p.A.	526	0.092
Parma							0.092
TECNOALIMENTI SCPA	C	EUR	780,000	33,800	Parmalat S.p.A.	33,800	4.330
Milan							4.330
PORTUGAL							
EMBOPAR	F	EUR	241,500	70	Parmalat Portugal	70	1.449
Lisbon							1.449
CNE – Centro Nacional de Embalagem	F	EUR	488,871.88	897	Parmalat Portugal	1	0.111
Lisbon							0.111
L.P.L.V. ACE	F	EUR	-		Parmalat Portugal Prod. Alim. Lda		33.333
Sintra							33.333
ASIA							
THAILAND							
PATTANA MILK CO LTD	F	THB	50,000,000	2,500,000	Parmalat Australia Pty Ltd	2,500,000	5.000
Bangkok							5.000
SINGAPORE							
LACTALIS SINGAPORE PTE LTD	F	SGD	1,000	338	Parmalat Australia Pty Ltd	338	33.800
							33.800

* Even though Parmalat S.p.A. controls more than 20% of the voting rights, it does not exercise a significant influence on this company because it is not represented on its Board of Directors and is not involved in the decision-making process.

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Companies Removed from the Parmalat Group in the First Half of 2014

Company	Country	Reason
Woodvale Moulders Pty Ltd	Australia	Dissolution

Companies Added to the Parmalat Group in the First Half of 2014

Company	Country	Reason
Parmalat NZ Limited	New Zealand	Newly established
Harvey Food & Beverage Limited	Australia	Acquisition
Harvey Fresh (1994) Ltd	Australia	Acquisition
Harvey Fresh Juice Pty Ltd	Australia	Acquisition
HF Property Holdings Pty Ltd	Australia	Acquisition
Harvey Foods (2012) Pty Ltd	Australia	Acquisition
HF Grove Pty Ltd	Australia	Acquisition

Signed: Gabriella Chersicla
Chairperson

Certification of the Condensed Consolidated Financial Statements Pursuant to Article 81-*ter* of Consob Regulation No. 11971 (which cites Article 154-*bis,* Section 5, of the Uniform Financial Code, as Amended)

We, the undersigned, Gabriella Chersicla, in my capacity as Chairperson of the Board of Directors, and Pierluigi Bonavita, in my capacity as Corporate Accounting Documents Officer, of Parmalat S.p.A.*,* taking into account the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998, as amended,

CERTIFY

1. that the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements for the first half of 2014 are adequate in light of the characteristics of the business enterprise and were effectively applied. The process of assessing the adequacy of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements at June 30, 2014 was carried out consistent with the Internal Control – Integrated Framework model published by the Committee of Sponsoring Organizations of the Treadway Commission, which constitutes a frame of reference generally accepted at the international level;

2. and that:

   a) the condensed interim consolidated financial statements are consistent with the data in the Group's books of accounts and other accounting records;

   b) the condensed interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standard*s,* as adopted by the European Union, and the statutes enacted to implement Legislative Decree No. 38/2005 and are suitable for providing a truthful and fair presentation of the statement of financial position, income statement and cash flow of the issuer company and all of the companies included in the scope of consolidation.

   c) lastly, the Interim Report on Operations provides information about material events that occurred during the first half of 2011 and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year and information about significant transactions with related parties, as required by Article 154-*ter,* Section 4, of Legislative Decree No. 58 of February 24, 1998.

July 31, 2014

The Board of Directors
by:

The Corporate Accounting
Documents Officer

Parmalat Group – Report of the Independent Auditors

KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Auditors' report on review of condensed interim consolidated financial statements

To the shareholders of
Parmalat S.p.A.

1 We have reviewed the condensed interim consolidated financial statements of the Parmalat Group as at and for the six months ended 30 June 2014, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information about the captions of the condensed interim consolidated financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such condensed interim consolidated financial statements. The review excluded such audit procedures as tests of controls and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, contrary to the report of other auditors on the annual consolidated financial statements, we do not express an audit opinion on the condensed interim consolidated financial statements.

The corresponding figures included in the condensed interim consolidated financial statements were respectively audited and reviewed by other auditors and, therefore, reference should be made to their reports on the annual consolidated and condensed interim consolidated financial statements of the previous year dated 12 March 2014 and 31 July 2013, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Parmalat Group as at and for the six months ended 30 June 2014 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 31 July 2014

KPMG S.p.A.

(signed on the original)

Giulio Capiaghi
Director of Audit

Parmalat S.p.A.

Company subject to guidance and coordination by B.S.A. S.A.
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R.E.A. Parma n. 228069
Parma R.E.A. No. 04030970968
Tax I.D. and VAT No. 04030970968

parmalat

GROUPE LACTALIS