



PRESS RELEASE

The Semiannual Report at June 30, 2006 is Approved

- **Sales continue on an uptrend: consolidated revenues rise to 1,967.2 million euros (+6.5%)**
- **Consolidated EBITDA grow to about 160 million euros (+21.3%)**
- **Net consolidated indebtedness decreases to 311.5 million euros (-15.6% vs. 12/31/05)**

Parmalat S.p.A. announces that its Board of Directors, meeting today under the chairmanship of Raffaele Picella to discuss several items on its Agenda, approved the Semiannual Report at June 30, 2006, which confirms a further improvement in the Group's operating performance.

1. Semiannual Report at June 30, 2006

The Group

(The 2005 Semiannual Report are pro forma data, and refer to the Extraordinary Administration.)

In the first half of 2006, the **Group's revenues from continuing operations** totaled 1,967.2 million euros, or 6.5% more than the 1,847.8 million euros booked in the first six months of 2005.

EBITDA increased by 21.3% to 159.8 million euros (131.7 million euros in the first half of 2005). The return on sales also improved, rising from 7.1% in 2005 to 8.1% this year, owing in part to a reduction of about 7 million euros in the allowance for doubtful accounts and other provisions compared with 2005.



The table below provides a breakdown of the operating data by country (geographic region):

in millions of euros	First half 2005			First half 2006		
	Net revenues	EBITDA	As a % of revenues	Net revenues	EBITDA	As a % of revenues
Italy	598.0	37.4	6.3	580.9	48.1	8.3
Canada	603.4	43.9	7.3	648.1	54.1	8.4
Australia	192.2	16.4	8.5	218.4	15.0	6.9
Africa (consolidated data)	149.1	15.4	10.3	178.2	19.5	10.9
Spain	109.1	8.3	7.6	99.7	2.2	2.2
Portugal	32.9	3.4	10.3	39.0	4.1	10.5
Russia	19.1	2.4	12.7	26.5	3.8	14.4
Romania	5.0	1.5	29.7	5.5	1.1	20.9
Nicaragua	12.6	1.6	12.7	13.2	2.0	14.9
Cuba	0.5	(0.3)	(66.4)	3.6	1.0	28.8
Venezuela	70.4	5.2	7.3	91.1	14.5	15.9
Ecuador **	0.0	(0.4)	<i>n.m.</i>	1.0	(0.3)	(27.7)
Colombia	45.9	4.7	10.3	55.5	5.5	9.9
Other*	9.5	(7.9)	<i>n.m.</i>	6.7	(10.8)	<i>n.m.</i>
Group total	1,847.8	131.7	7.1	1,967.2	159.8	8.1

* *Other: Italcheese, holding companies and eliminations.*

** *Ecuador: This affiliate resumed its operating activity in 2006.*

More specifically:

In **Italy**, consolidated revenues were slightly lower (-2.9%) than in the first half of 2005, totaling 580.9 million euros (598.0 million euros for the first six months of 2005). The main reason for this difference is a decrease in revenues from sales of materials that are not part of the Group's standard product line and are resold at no profit (-19.6 million euros, from 35.3 million euros to 15.7 million euros). Net of these sales, cumulative six-month revenues amount to 562.7 million euros at June 30, 2005 and 565.2 million euros at June 30, 2006, for a gain of 2.5 million euros (+0.4%).

A better sales mix with a greater preponderance of products with greater value added, an effective cost-cutting policy and a reduction of working capital writedowns and other writedowns helped boost EBITDA from 37.4 million euros to 48.1 million euros. As a result, the return on sales improved from 6.3% in 2005 to 8.3% this year.

In **Canada**, revenues for the first half of 2006 totaled 648.1 million euros, or 7.4% more than in the same period last year (603.4 million euros), benefiting also of the positive exchange rate.



EBITDA increased by 10.3 million euros (+23.2%), rising from 43.9 million euros in the first six months of 2005 to 54.1 million euros in the same period this year, with the return on sales improving to 8.4% (7.3% in 2005).

The improvements in revenues and EBITDA were achieved even though 2006 had fewer days available for deliveries and billing (one week less). The reasons for these improvements were a better product mix, successful marketing programs and cost reductions.

In **Australia**, first-half revenues grew to 218.4 million euros in 2006, or 13.6% more than the 192.2 million euros earned in the same period last year.

Despite a 5.5% gain in unit sales, EBITDA decreased by 1.4 million euros, falling from 16.4 million euros in the first six months of 2005 to 15.0 million euros in the same period this year. However, this shortfall should be made up entirely in the second half of the year, when the Business Unit is expected to benefit from a decrease in the cost of raw milk and an increase in unit sales generated by advertising campaigns launched earlier this year.

In **Africa**, revenues were up sharply in the first half of 2006, rising to 178.2 million euros (19.5% more than the 149.1 million euros booked in the same period last year), boosting EBITDA to 19.5 million euros (15.4 million euros in the first six months of 2005), or 10.9% of revenues (10.3% in 2005).

Higher unit sales made possible by a rapidly expanding local economy and a better product mix are the main reasons for these gratifying results.

With the exception of the Spanish operations, which are continuing to struggle under difficult circumstances, the Business Units in all of the other countries reported significantly better results than they did in the first half of 2005, particularly in South America (Colombia and Venezuela).

On June 30, 2006, the **Group's net indebtedness** was 311.5 million euros, down from the 369.3 million euros it owed at the end of 2005. The net indebtedness of the Venezuelan operations (about 150 million euros) accounts for a significant portion of the Group's total borrowings of 311.5 million euros.

EBIT totaled 76.8 million euros.

The 2005 result (104.9 million euros) is not comparable because it refers to the Extraordinary Administration which benefited of extraordinary positions typical to the accrual of funds for contested bankruptcy debts.

The Group's interest in the **net profit** amounted to 17.0 million euros at June 30, 2006, compared with 39.6 million euros in the first half of 2005.



Parmalat S.p.A.

The Group's Parent Company reported **net revenues** of 504.5 million euros, about 4% less than the 525.7 million euros booked in the first six months of 2005. The impact of lower sales of materials that are not part of the Group's standard product line, offset in part by increased shipments of functional products with a high value added, accounts for this decrease.

EBITDA totaled 32 million euros, or 8.7 million euros more than the 23.3 million euros reported at June 30, 2005. The return on sales also improved, rising to 6.3% compared with 4.4% in the first half of 2005.

This improvement reflects a greater preponderance of functional products in the sales mix and the fact that the losses incurred by Company-owned licensees, which in 2005 had been reflected in the Company's operating data, are now being attributed to Parmalat Distribuzione Alimenti, a company included in the Italian SBU that is currently implementing an efficiency-boosting reorganization plan.

The **net profit** earned by the Group's Parent Company in the first half of 2006 amounted to 2.0 million euros.

The 2005 result (19,1 million euros) is not comparable because it refers to the Extraordinary Administration which benefited of extraordinary positions typical to the accrual of funds for contested bankruptcy debts.

As a result of the approval of the Proposal of Composition with Creditors, the Group's Parent Company is virtually debt free.

During the first half of 2006, **net financial assets** decreased from 324.5 million euros at December 31, 2005 to 291.6 million euros at June 30, 2006, despite positive cash flow from operations. Payments made to satisfy preferential and preemption claims and cover legal and restructuring costs account for this decrease.

Outlook for the Balance of 2006

In the months ahead, the industrial actions undertaken in the various countries and the seasonal factors that characterize the second half of the year seem to justify expectations of a significant increase in EBITDA.

These considerations and the nonrecurring gains booked after June 30, 2006, such as the settlement with Banca Popolare Italiana and the sale of equity investments, offset in part by the cost of legal actions, should result in higher profits both for Parmalat S.p.A. and the Group.

Barring any significant changes in interest rates or the Group's scope of consolidation, the same variables should also produce a significant reduction in net indebtedness.



Presentation to Investors

The data for the first half of 2006 will be presented to the financial community on September 14, 2006 at 10:00 AM (Central European Time) – 9:00 AM (UK Time) in Milan at Hotel Principe di Savoia. The presentation may be followed live at:

- webcasting: [http:// www.netroadshow.com](http://www.netroadshow.com) - password Parmalat
- audioconference at the following telephone No.: +44 (0) 20 7162 0025 – Event: Parmalat

A condensed income statement and balance sheet are annexed to this press release.

The semiannual data at June 30, 2006 and the corresponding report by the independent auditors will be filed within the statutory deadline and will be available upon request at the Company's head office in Collecchio (PR), 26 Via Oreste Grassi, and at the office of Borsa Italiana S.p.A. This information will also be available at the Company's website: www.parmalat.com.

2. Code of Conduct

The Board of Directors also agreed to update the **Company's Code of Conduct** in preparation for the adoption later this year of the Organization and Control Model required by Legislative Decree No 231/2001.

The updated Code of Conduct will be available on the Company's website: www.parmalat.com.

3. Extension of Section 304 temporary Injunction

The Board of Directors was informed that the judge of the District Court of the southern district of New York has extended the temporary injunction deadline to October 17, 2006

Parmalat S.p.A

Collecchio, September 13, 2006

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Balance Sheet and Statement of Income

Parmalat S.p.A.

RECLASSIFIED BALANCE SHEET

(in millions of euros)

	June 30, 2006	December 31, 2005
NON-CURRENT ASSETS	1,686.0	1,704.9
Intangibles	572.9	592.4
Property, plant and equipment	131.1	132.0
Non-current financial assets	966.1	964.6
Deferred-tax assets	15.9	15.9
AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	5.2	7.4
NET WORKING CAPITAL	133.7	70.5
Inventories	38.5	32.6
Trade receivables	228.4	245.7
Other current assets	186.2	181.3
Trade payables (-)	(223.8)	(286.2)
Other current liabilities (-)	(95.7)	(102.9)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	1,825.0	1,782.8
PROVISIONS FOR EMPLOYEE BENEFITS (-)	(41.0)	(40.7)
PROVISIONS FOR RISKS AND CHARGES (-)	(225.2)	(233.2)
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	(23.7)	(20.9)
NET INVESTED CAPITAL	1,535.0	1,488.0
<i>Covered by:</i>		
SHAREHOLDERS' EQUITY	1,826.6	1,812.5
Share capital	1,640.1	1,619.9
Reserve for contested liabilities and claims of late-filing creditors convertible exclusively into share capital	225.6	233.4
Other reserves	(11.7)	(11.5)
Retained earnings (Loss carryforward)	(29.3)	0.0
Profit (Loss) for the period	2.0	(29.3)
NET BORROWINGS	(291.6)	(324.5)
Loans payable to banks and other lenders	14.5	17.7
Other financial assets (-)	5.1	(3.2)
Cash and cash equivalents (-)	(311.2)	(339.0)
TOTAL COVERAGE SOURCES	1,535.0	1,488.0



Parmalat S.p.A.

RECLASSIFIED INCOME STATEMENT

<i>(in millions of euros)</i>	<i>First half 2006</i>	<i>First half 2005</i>	
		Actual	Pro forma (unaudited)
TOTAL NET REVENUES	519.5		529.4
Revenues from operations	504.5		525.7
Other revenues	15.0		3.7
OPERATING EXPENSES	(487.0)		(499.3)
Purchases, services and miscellaneous costs	(432.8)	(0.5)	(447.8)
Labor costs	(54.3)		(51.5)
Subtotal	32.5	(0.5)	30.1
Writedowns of receivables and other provisions	(0.5)		(6.8)
EBITDA	32.0	(0.5)	23.3
Depreciation, amortization and writedowns of non-current assets	(9.4)		(12.5)
Other revenues and expenses			
- Legal fees for actions to void and actions for damages	(25.3)		
- Addition to provision for losses of investee companies	(5.3)		
- Miscellaneous revenues and expenses	0.9		5.4
EBIT	(7.2)	(0.5)	16.2
Financial income	13.3		11.6
Financial expense (-)	(3.0)		(4.0)
PROFIT (LOSS) BEFORE TAXES AND THE RESULT FROM DISCONTINUING OPERATIONS	3.1	(0.5)	23.8
Income taxes	(1.8)		(2.6)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	1.3	(0.5)	21.2
Net profit (loss) from discontinuing operations	0.6		(2.1)
NET PROFIT (LOSS) FOR THE PERIOD	2.0	(0.5)	19.1



Parmalat S.p.A.

STATEMENT OF CHANGES IN NET FINANCIAL POSITION IN THE FIRST HALF OF 2006

(in millions of euros)

Net borrowings at beginning of period	324.5
Changes during the period:	
- Cash flow from operating activities	(53.7)
- Cash flow from investing activities	9.4
- Cash flow from financing activities	13.6
- Cash flow from discontinuing operations	2.8
- Miscellaneous items	(5.0)
Total changes during the period	(32.9)
Net borrowings at end of period	291.6



Parmalat Group

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(in millions of euros)

	June 30, 2006	December 31, 2005
NON-CURRENT ASSETS	2,206.9	2,346.6
Intangibles	1,451.5	1,567.6
Property, plant and equipment	652.3	698.3
Non-current financial assets	70.2	39.8
Deferred-tax assets	32.9	40.9
AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	11.6	100.9
NET WORKING CAPITAL	492.2	337.6
Inventories	372.6	335.6
Trade receivables	509.1	546.1
Other current assets	337.9	266.5
Trade payables (-)	(494.3)	(567.7)
Other current liabilities (-)	(233.1)	(242.9)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	2,710.7	2,785.1
PROVISIONS FOR EMPLOYEE BENEFITS (-)	(111.3)	(113.0)
PROVISIONS FOR RISKS AND CHARGES (-)	(398.2)	(404.2)
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	(23.7)	(20.9)
NET INVESTED CAPITAL	2,177.5	2,247.0
<i>Covered by:</i>		
SHAREHOLDERS' EQUITY (a)	1,866.0	1,877.7
Share capital	1,640.1	1,619.9
Reserve for contested liabilities and claims for late-filing creditors convertible exclusively into share capital	225.6	233.4
Other reserves	(46.3)	(4.9)
Retained earnings (Loss carryforward)	(0.3)	
Profit (Loss) for the period	14.1	(0.3)
Minority interest in shareholders' equity	32.8	29.6
NET BORROWINGS	311.5	369.3
Loans payable to banks and other lenders	757.0	871.0
Loans payable to investee companies	5.4	3.5
Other financial assets (-)	(7.0)	(2.1)
Financial accrued income and prepaid expenses (-)	(0.1)	(0.4)
Cash and cash equivalents (-)	(443.8)	(502.7)
TOTAL COVERAGE SOURCES	2,177.5	2,247.0

(a) the reconciliation of the result and shareholders' equity of Parmalat S.p.A. to Group result and shareholders' equity is provided in "Notes to the consolidated financial statements"



Parmalat Group

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

<i>(in millions of euros)</i>	<i>First half 2006</i>	<i>First half 2005</i>	
		Actual	Pro forma (unaudited)
TOTAL NET REVENUES	1,982.0		1,854.4
Revenues from operations	1,967.2		1,847.8
Other revenues	14.8		6.6
OPERATING EXPENSES	(1,819.2)		(1,712.8)
Purchases, services and miscellaneous costs	(1,581.9)	(0.4)	(1,498.3)
Labor costs	(237.3)		(214.5)
	Subtotal	(0.4)	141.6
Writedowns of receivables and other provisions	(3.0)		(9.9)
EBITDA	159.8	(0.4)	131.7
Depreciation, amortization and writedowns of non-current assets	(49.0)		(46.3)
Other revenues and expenses:			
- Legal fees for actions to void and actions for damages	(25.3)		
- Restructuring costs	(7.2)		
- Miscellaneous revenues and expenses	(1.5)		19.5
EBIT	76.8	(0.4)	104.9
Financial income	16.7		22.0
Financial expense (-)	(54.3)	(0.1)	(68.5)
Interest in profit (loss) of companies valued by the equity method	1.3		
PROFIT (LOSS) BEFORE TAXES	40.5	(0.5)	58.4
Income taxes	(24.1)		(16.6)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	16.4	(0.5)	41.8
Net profit (loss) from discontinuing operations	0.6		(2.2)
NET PROFIT (LOSS) FOR THE PERIOD	17.0	(0.5)	39.6
Minority interest in net (profit) loss	(2.9)		
Group interest in net profit (loss)	14.1	(0.5)	39.6

Continuing operations

Basic earnings per share	0.0087
Diluted earnings per share	0.0084



Parmalat Group

STATEMENT OF CHANGES IN NET FINANCIAL POSITION IN THE FIRST HALF OF 2006

(in millions of euros)

Net borrowings at beginning of period	369.3
Changes during the period:	
- Cash flow from operating activities	29.6
- Cash flow from investing activities	83.1
- Cash flow from discontinuing operations	(139.7)
- Translation impact and miscellaneous items	(30.8)
Total changes during the period	(57.8)
Net borrowings at end of period	311.5

BREAKDOWN OF NET FINANCIAL POSITION

(in millions of euros)

	6/30/06	12/31/05
Net borrowings		
Loans payable to banks and other lenders	757.0	871.0
Loans payable to investee companies	5.4	3.5
Other financial assets (-)	(7.0)	(2.1)
Financial accrued income and prepaid expenses	(0.1)	(0.4)
Cash and cash equivalents (-)	(443.8)	(502.7)
Total	311.5	369.3

RECONCILIATION OF CHANGE IN NET INDEBTEDNESS AND CASH FLOW STATEMENT (Cash and cash equivalents)

(in millions of euros)

	Cash and cash equivalents	Indebtedness net of cash and cash equivalents	Net amount
Balance at beginning of period	(502.7)	872.0	369.3
Cash flow from operating activities	29.6		29.6
Cash flow from investing activities	83.1		83.1
New borrowings	(10.4)	10.4	
Loan repayments	90.7	(90.7)	
Cash flow from discontinuing operations	(139.7)		(139.7)
Translation impact and miscellaneous items	8.4	(36.4)	(30.8)
Other changes	(2.8)		(2.8)
Balance at end of period	(443.8)	755.3	311.5