Interim Financial Report

at June 30, 2017

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[1]
Chief Executive Officer and General Manager	Yvon Guérin[2]
Directors	Pier Giuseppe Biandrino[3 4] Nicolò Dubini[3 4 5] Angela Gamba[3 4 5] Patrice Gassenbach Umberto Mosetti[3] Michel Peslier Elena Vasco[3 5]

Board of Statutory Auditors

Chairman	Marco Pedretti
Statutory Auditors	Franco Carlo Papa Barbara Tadolini

Independent Auditors

KPMG S.p.A.

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

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[1] Gabriella Chersicla is a senior officer of the Company, pursuant to implementation criterion 3.C.2 of the Corporate Governance Code approved by the Corporate Governance Committee. Chairperson Gabriella Chersicla is an independent Director pursuant to Article 147-*ter,* Section 4, of Legislative Decree No. 58 of February 24, 1998 (TUF), which makes reference to Article 148, Section 3, of the TUF.

[2] Yvon Guérin resigned with effect from September 12, 2017.

[3] Independent Director pursuant to Article 3 of the Corporate Governance Code for Listed Companies, in the edition of July 2015, as approved by the Corporate Governance Committee sponsored by Borsa Italiana, and Article 147-*ter,* Section 4, of Legislative Decree No. 58 of February 24, 1998 (TUF), which makes reference to Article 148, Section 3, of the TUF.

[4] Member of the Control and Risk Committee.

[5] Member of the Nominating and Compensation Committee.

Financial Highlights

Income Statement Highlights

(amounts in millions of euros) **PARMALAT GROUP**	**First half 2017**	**First half 2016**	**Change at current exchange rate & scope of consolid. (includ. Venezuela)**	**Change at constant exchange rate & scope of consolid. (exclud. Venezuela)**
- NET REVENUE	3,274.0	2,991.1	9.5%	1.1%
- EBITDA	185.1	171.6	7.9%	0.5%
- EBIT	87.9	83.8	4.9%	(3.9%)
- NET PROFIT	30.6	45.4	(32.6%)	(19.4%)
- EBIT/REVENUE (%)	2.7	2.8	(0.1)	(0.1)
- NET PROFIT/REVENUE (%)	0.9	1.5	(0.6)	(0.3)

(amounts in millions of euros) **PARENT COMPANY**	**First half 2017**	**First half 2016**	**Change**
- NET REVENUE	425.5	424.6	0.2%
- EBITDA	30.0	35.9	(16.4%)
- EBIT	14.8	19.2	(22.9%)
- NET PROFIT	17.7	22.0	(19.5%)
- EBIT/REVENUE (%)	3.3	4.4	(1.1)
- NET PROFIT/REVENUE (%)	4.0	5.0	(1.0)

Statement of Financial Position Highlights

(amounts in millions of euros)	**6/30/17**	**12/31/16**
PARMALAT GROUP		
- NET FINANCIAL ASSETS	63.4	334.4
- ROI (%)[1]	5.8	7.3
- ROE (%)[1]	1.9	2.5
- EQUITY/ASSETS	0.6	0.6
- NET FINANCIAL POSITION/EQUITY	(0.0)	(0.1)
PARENT COMPANY		
- NET FINANCIAL ASSETS	(3.3)	61.3
- ROI (%)[1]	3.1	6.7
- ROE (%)[1]	1.1	1.9
- EQUITY/ASSETS	0.8	0.8
- NET FINANCIAL POSITION/EQUITY	0.0	(0.0)

Indices computed based on income statement data and financial position data averaged between the beginning and the end of the period.

Report on Operations

Revenue and Profitability

NOTE: The data are stated in millions of euros and local currency. As a result, the amount of changes and percentages could reflect apparent disparities caused exclusively by the rounding of figures.

In the first half of 2017, the various worldwide macro-areas witnessed synchronized growth, bolstered by persistently expansive monetary policies. The uncertainty that characterized certain developments originated from issues more of a political than a strictly macroeconomic nature, specifically reflecting the expectation of significant initiatives by the new U.S. president early in the year, which diminished somewhat in the second quarter. The performance of the U.S. dollar was a good indicator of the variability of expectations regarding the actual ability of the new leadership to deliver the promises made during the election campaign.

The foreign exchange effect on the Group’s result was positive in the first six months of the year, but a further strengthening of the euro versus the U.S. dollar and, partially, the other main reference currencies could have a negative impact in the second half.

Among the main countries where the Group operates, Brazil recorded an economic contraction in the first quarter, followed by a turnaround after two years of recession at a rate of more than 3%. A reduction in the inflation rate and lower interest rates are additional factors that should help boost internal demand in the second half of the year. In Venezuela, however, the situation remains critical, as all macroeconomic indicators continue to be extremely negative.

A particularly significant development for the Group in the first half of the year was the reversal of the trend for the cost of raw milk compared with 2016, as the supply surplus experienced last year, due in part to the elimination of milk quotas in the European Union abated, while purchases by China provided support for milk prices in the international markets.

Parmalat Group

The table below shows the highlights of the Group’s results in the first half of 2016 and a comparison with the previous year:

	First Half			
(amounts in millions of euros)	**2017**	**2016**	**Variance**	**Varian.%**
Net Revenue	**3,274.0**	**2,991.1**	**282.9**	*+9.5%*
EBITDA	**185.1**	**171.6**	**13.5**	*+7.9%*
EBITDA %	*5.7*	*5.7*	*-0.1 ppt*	

Net revenue totaled 3,274.0 million euros, for a gain of 9.5% compared with the previous year, and EBITDA increased to 185.1 million euros, or 7.9% more than the 171.6 million euros reported in 2016.
Compared with the previous year, the consolidation of the Venezuelan subsidiary, at current exchange rates and including the effect of hyperinflation, had a positive impact on the Group’s revenue and EBITDA of 4.3 million euros and 2.5 million euros, respectively.

For a better understanding of the Group’s performance compared with the previous year, some analyses, in addition to using constant exchange rates and scope of consolidation, exclude the results of the Venezuela subsidiary, given the uncertainty that characterizes the situation in that country, the massive devaluation of the local currency and the high level of inflation.

With data stated at constant exchange rates and comparable scope of consolidation, obtained by excluding the results of the activities acquired in the first quarter of 2016 (Parmalat Australia YD) and in 2017 (Chile) and those of the Venezuelan subsidiary, the Group's performance, as shown in the table below, reflects an improvement both in terms of net revenue and profitability:

Constant exchange rates and excluding Venezuela				
	First Half			
(amounts in millions of euros)	**2017**	**2016**	**Variance**	**Varian.%**
Net Revenue	**2,932.2**	**2,898.9**	**33.3**	*+1.1%*
EBITDA	**180.8**	**179.9**	**0.9**	*+0.5%*
EBITDA %	*6.2*	*6.2*	*-0.0 ppt*	

Constant scope of consolidation, exchange rates and excluding Venezuela

Net revenue grew by 1.1%, with a positive contribution by all of the Group's sales regions, with the exception of Latin America and Australia.

EBITDA, with data on a comparable basis, rose by 0.5%, thanks mainly to gains reported in the Latin America, Asia Pacific and Africa sales regions.

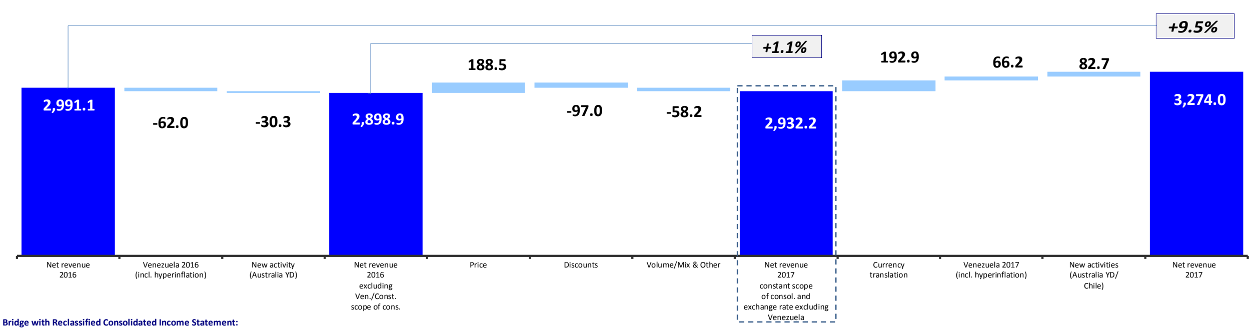
The increase in profitability reported by the Group in the first half of 2017 reflects the positive impact of a partial improvement in operating efficiency and the containment of overheads.

Like for Like Net Revenue and EBITDA

The diagram below presents the main variables that determined the evolution of net revenue and EBITDA in the first half of 2017, compared with the previous year.

Cumulative Net Revenue June 2017 vs 2016

(€ m)

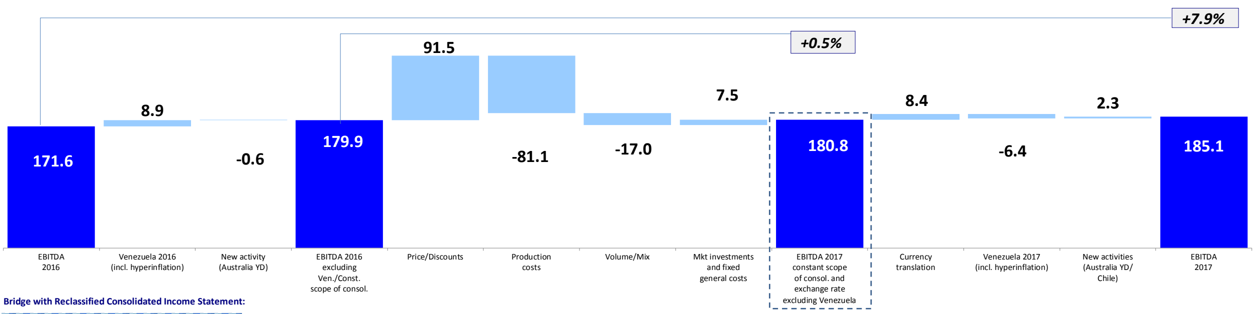


Bridge with Reclassified Consolidated Income Statement:

Net Revenue 2016	**2,991.1**	
D Perimeter	52.4	Difference between result of new activities 2017 (82.7 mln euros) and 2016 (30.3 mln euros)
D Venezuela	4.3	Difference between result of Venezuela 2017 incl. hyperinflatin (66.2 mln euros) and result 2016 (62 mln euros)
D Business	33.2	
Curr. translation 17	192.9	
Net Revenue 2017	**3,274.0**	

Cumulative EBITDA June 2017 vs 2016

(€ ml)



Bridge with Reclassified Consolidated Income Statement:

EBITDA 2016	**171.6**	
D Perimeter	1.7	Difference between result of new activities 2017 (2.3 mln euros) and 2016 (0.6 mln euros)
D Venezuela	2.5	Difference between result of Venezuela 2017 incl. hyperinflatin (-6.4 mln euros) and result 2016 (-8.9 mln euros)
D Business	0.9	
Curr. translation 17	8.4	
EBITDA 2017	**185.1**	

1

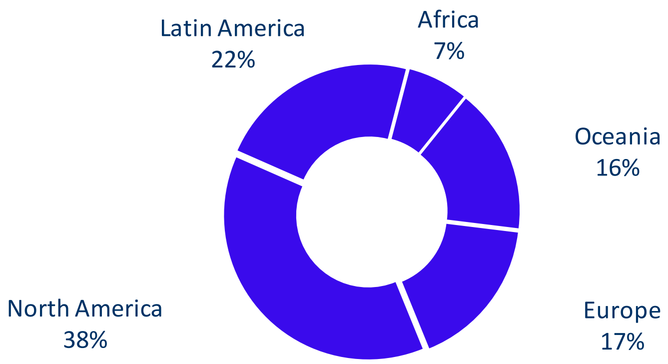
Data by Geographic Region

(amounts in millions of euros)	First Half 2017			First Half 2016			*Delta %*	
Region	**Net Revenue**	**EBITDA**	***EBITDA %***	**Net Revenue**	**EBITDA**	***EBITDA %***	***Net Revenue***	***EBITDA***
Europe	550.2	49.0	*8.9*	532.1	54.8	*10.3*	*+3.4%*	*-10.6%*
North America	1,229.9	110.3	*9.0*	1,144.3	111.8	*9.8*	*+7.5%*	*-1.3%*
Latin America	731.1	21.3	*2.9*	628.9	10.1	*1.6*	*+16.2%*	*+111.8%*
Africa	219.2	14.6	*6.7*	173.6	10.7	*6.2*	*+26.3%*	*+36.3%*
Oceania	525.9	12.9	*2.5*	496.1	10.9	*2.2*	*+6.0%*	*+18.2%*
Other [1]	(8.2)	(6.7)	*n.s.*	(7.9)	(8.8)	*n.s.*	*n.s.*	*-23.5%*
Group excl. hyperinflation	**3,248.2**	**201.3**	***6.2***	**2,967.0**	**189.4**	***6.4***	***+9.5%***	***+6.3%***
Hyperinflation in Venezuela	25.8	(16.3)	*n.s.*	24.1	(17.8)	*n.s.*	*n.s.*	*n.s.*
Group	**3,274.0**	**185.1**	***5.7***	**2,991.1**	**171.6**	***5.7***	***+9.5%***	***+7.9%***

Regions represent the consolidated countries.

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

Net Revenue by Geographic Region



In order to improve comparability with the 2016 data, the table below presents the Group's results at constant exchange rates and comparable scope of consolidation and excluding Venezuela:

(amounts in millions of euros)	First Half 2017			First Half 2016			*Delta %*	
Region	**Net Revenue**	**EBITDA**	***EBITDA %***	**Net Revenue**	**EBITDA**	***EBITDA %***	***Net Revenue***	***EBITDA***
Europe	539.5	48.4	*9.0*	532.1	54.8	*10.3*	*+1.4%*	*-11.6%*
North America	1,195.9	107.2	*9.0*	1,144.3	111.8	*9.8*	*+4.5%*	*-4.1%*
Latin America	563.7	6.6	*1.2*	591.0	1.2	*0.2*	*-4.6%*	*+471.0%*
Africa	185.1	12.1	*6.6*	173.6	10.7	*6.2*	*+6.7%*	*+13.5%*
Oceania	456.7	13.5	*2.9*	465.8	10.2	*2.2*	*-2.0%*	*+31.7%*
Other [1]	(8.7)	(7.1)	*n.s.*	(7.9)	(8.7)	*n.s.*	*n.s.*	*-19.1%*
Group (constant exch. rates/ scope of consolidation) [2]	**2,932.2**	**180.8**	***6.2***	**2,898.9**	**179.9**	***6.2***	***+1.1%***	***+0.5%***

Regions represent the consolidated countries.

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

2. Excluding Venezuela and new activities consolidated in 2016 (Parmalat Australia YD) and in 2017 (Chile)

Data by Product Division

(amounts in millions of euros)	First Half 2017			First Half 2016			*Delta %*	
Division	**Net Revenue**	**EBITDA**	***EBITDA %***	**Net Revenue**	**EBITDA**	***EBITDA %***	***Net Revenue***	***EBITDA***
Milk [1]	1,606.8	65.3	*4.1*	1,524.2	64.1	*4.2*	*+5.4%*	*+1.9%*
Fruit base drinks [2]	87.4	7.5	*8.5*	83.9	5.5	*6.6*	*+4.1%*	*+34.7%*
Cheese and other fresh products [3]	1,470.9	131.5	*8.9*	1,287.5	116.3	*9.0*	*+14.2%*	*+13.1%*
Other [4]	83.0	(2.9)	*n.s.*	71.5	3.5	*n.s.*	*+16.2%*	*n.s.*
Group excl. hyperinflation	**3,248.2**	**201.3**	***6.2***	**2,967.0**	**189.4**	***6.4***	***+9.5%***	***+6.3%***
Hyperinflation in Venezuela	25.8	(16.3)	*n.s.*	24.1	(17.8)	*n.s.*	*n.s.*	*n.s.*
Group	**3,274.0**	**185.1**	***5.7***	**2,991.1**	**171.6**	***5.7***	***+9.5%***	***+7.9%***

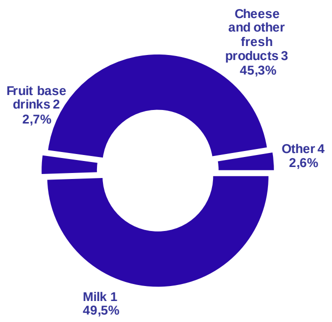
1 Includes milk, cream and béchamel

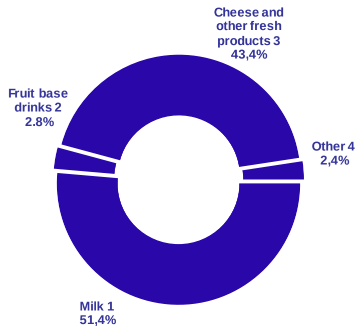
2 Includes fruit base drinks and tea

3 Includes yogurt, dessert, cheese

4 Includes other products, whey and Group's Parent Company costs

Net Revenue 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 and whey

In order to improve comparability with the 2016 data, the table below presents the Group's results at constant exchange rates and comparable scope of consolidation and excluding Venezuela:

(amounts in millions of euros)	First Half 2017			First Half 2016			*Delta %*	
Division	**Net Revenue**	**EBITDA**	***EBITDA %***	**Net Revenue**	**EBITDA**	***EBITDA %***	***Net Revenue***	***EBITDA***
Milk [1]	1,476.5	57.3	*3.9*	1,510.5	60.4	*4.0*	*-2.3%*	*-5.1%*
Fruit base drinks [2]	72.4	4.6	*6.3*	69.3	2.4	*3.4*	*+4.4%*	*+91.6%*
Cheese and other fresh products [3]	1,292.0	122.0	*9.4*	1,247.6	114.4	*9.2*	*+3.6%*	*+6.7%*
Other [4]	91.3	(3.0)	*n.s.*	71.5	2.8	*n.s.*	*+27.7%*	*n.s.*
Group (constant scope of consolid. and exchange rates) [5]	**2,932.2**	**180.8**	***6.2***	**2,898.9**	**179.9**	***6.2***	***+1.1%***	***+0.5%***

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 Venezuela and new activities consolidated in 2016 (Parmalat Australia YD) and in 2017 (Chile)

Europe

(amounts in millions of euros)	First Half 2017	2016	Variance	Varian.%
Net Revenue	**550.2**	**532.1**	**18.1**	*+3.4%*
EBITDA	**49.0**	**54.8**	**-5.8**	*-10.6%*
EBITDA %	*8.9*	*10.3*	*-1.4 ppt*	

The Europe sales region includes the subsidiaries that operate in Italy, Russia, Portugal and Romania. Italy accounts for more than 85% both of the net revenue and EBITDA of the Europe sales region.

The significant revaluation of the ruble versus the euro had a positive impact on the sales region's revenue and EBITDA amounting to about 10.7 million euros and 0.6 million euros, respectively. Results with data at constant exchange rates show revenue increasing by 1.4% and EBITDA contracting by 11.6% compared with the previous year.

The profitability of the Europe sales region was adversely affected by changes in the conditions for the procurement of raw milk, particularly in Italy and Russia.

Italy

During the first half of the year, the Italian economy grew at a rate that was faster than in the same period last year, while remaining still low, with the year-over-year improvement exceeding the 1% threshold.

Market and Products

The Milk market witnessed a sharp drop in consumption in the main segments of Pasteurized Milk and UHT Milk, but demand grew for Lactose free Milk and Organic Milk. Despite these challenging market conditions, Parmalat was able to retain the leadership position in both the UHT Milk and Pasteurized Milk categories (counting all channels).

In the first half of 2017, UHT Cream volumes decreased compared with the same period last year. Despite this period's market difficulties, Parmalat retained the leadership position in this category, with its *Chef* brand, slightly increasing its value market share.

Conditions remained challenging in the Yogurt category, which contracted both on a volume and value basis. The Greek Yogurt segment bucked the trend of the overall market, with accelerating growth rates. The local subsidiary held its market share and competitive position virtually unchanged.

In the Fruit Beverage market, the trend reversal that characterized the first six months of the year produced an increase in market volumes, as favorable weather conditions boosted consumption of fresh and thirst quenching beverages. The local subsidiary held unchanged its market position.

The local subsidiary reported lower volumes than in the previous year, particularly in the Milk and Yogurt segments; the opposite was true for the Fruit Beverage category, which enjoyed a modest increase.
Nevertheless, net revenue was in line with the same period last year thanks mainly to a greater use of promotional programs. In this context, the *Zymil* and *Chef* brands performed particularly well, thanks to the support provided by investments in advertising.

Despite efforts to contain overheads, EBITDA were down compared with the previous year chiefly due to higher purchase costs for raw milk, which could not be fully offset with price list adjustments.

Russia

The strengthening of the ruble versus the reference currencies was the main factor that characterized the first half of the year. In this country as well, the year-over-year growth rate exceeded 1% during the first six months of the year.

The local subsidiary reported a net revenue gain compared with the previous year, with data in the local currency, despite a reduction in sales volumes, thanks to the price list increases implemented in the main categories in which the Business Unit operates. EBITDA were also higher than in the same period last year, boosted by favorable terms for the procurement of packaging materials and ingredients made possible by the strengthening of the local currency and despite an increase in the cost of raw milk.

Portugal

Portugal is one countries that recovered most vigorously from the deep financial crisis of the previous years, having been able to report a growth rate of more than 2%, reaching 2.7% in the second quarter of the year.

Sales volumes and net revenue increased compared with the previous year; the profitability of the local subsidiary also improved significantly, thanks to a positive sales trend and a conservative commercial policy.

Romania

In the first six months of the year, Romania reported the highest growth rate within the European Union (5.8%). Estimates by the International Monetary Fund project the risks of a potential overheating of the economy, which is unlikely to continue growing at the current rate.

In continuity with the positive performance of 2016, the local subsidiary’s operating results for the first half of 2017 show an overall improvement compared with the previous year, made possible by a strong increase in sales volumes and effective promotional programs carried out in a favorable market environment.

North America

(amounts in millions of euros)	First Half 2017	2016	Variance	Varian.%
Net Revenue	**1,229.9**	**1,144.3**	**85.7**	*+7.5%*
EBITDA	**110.3**	**111.8**	**-1.5**	*-1.3%*
EBITDA %	*9.0*	*9.8*	*-0.8 ppt*	

The North America sales region includes the subsidiaries that operate in the United States and Canada, with the latter accounting for about 60% of the region's revenue.

The strengthening of the Canadian dollar and U.S. dollar versus the euro had a positive impact on revenue and EBITDA amounting to about 34 million euros and 3 million euros, respectively
In the first half of 2017, with data at constant exchange rates, the net revenue of the North America sales region shows an increases of 4.5%, but EBITDA decreased by 4.1% compared with the previous year.

Canada

The growth rate for the last three quarters, through the first quarter of 2017, averaged 3.5% posting the best positive sequence since 2010. Consumption by households was a main factor driving this growth, despite the vulnerability still inherent in the high level of consumer debt.

Market and Products

Demand was down overall in the Milk market during the first six months of the year, due mainly to a negative performance in its main *Basic Milk* segment*,* while consumption continued to grow in the *Premium Milk* category, thanks mainly to gains in the *Lactose Free Milk* and *Organic Milk* segments. The local subsidiary retained its market position despite a slight reduction in its value market share.

Consumption was up slightly in the Yogurt market in the first six months of 2017, due mainly to a positive trend in the *Greek Yogurt* category and a strong upturn in demand for *Drinkable Yogurt.* Parmalat held unchanged its competitive position.

The Cheese market also enjoyed a slight increase in consumption thanks to positive results in the *Shred, Natural Slices, Processed* and *Snack* segments, offset in part by a contraction in the *Natural* category. Parmalat significantly increased its value market share, retaining its market position

Parmalat reported slightly higher sales volumes compared with the previous year, due mainly to a positive performance in the Cheese category, which more than offset a contraction in Pasteurized Milk volumes. With data stated in the local currency, revenue shows an increase compared with the previous year, but the profitability of the local subsidiary contracted, mainly due to an increase in production costs.

United States of America

The economy's growth rate remained positive, while all operators continued to focus their attention on whether the new President will be able to enact a series of reforms, tax simplification in particular, that were at the core of its election campaign. The main risks continue to be tied to a possible loss of confidence by consumers and businesses.

Market and Products

In the first half of 2017, considering the cheese market perimeter in which the local subsidiary operates, the market's performance was relatively steady, both on a volume and value basis. Parmalat was able to hold unchanged its competitive position.

Among the market categories in which the local subsidiary is the market leader, only the *Soft Ripened Cheese* category showed an upward trend in consumption, but the performance was negative for the *Chunk Mozzarella* and *Ricotta* segments.

The two new segments in which the local subsidiary has begun to operate, *Mozzarella* and *Grated Cheese,* were the most dynamic of the entire cheese market, posting attractive growth rates both on a volume and value basis. The *Fresh Mozzarella* segment also grew and the local subsidiary strengthened its second place competitive position, with a significant increase in its value market share.

Consumption of *Snack Cheese, Cheddar Cheese* and *Gourmet Spreadable Cheese* held steady in the first six months of 2017. The local subsidiary retained its competitive position in these segments.

Difficulties continued in the *Feta Cheese* segment, the only one showing a significant reduction in consumption. Despite the challenges faced during this period, Parmalat increased its value market share and strengthened its second-place competitive position.

The U.S. subsidiary reported increases in sales volumes compared with the previous year.
With data stated in the local currency, the subsidiary shows a gain in net revenue, but profitability decreased compared with the previous year mainly due to a significant increase in the cost of raw milk that could not be fully recovered with the sales policies current in effect. The marketing strategy implemented to strengthen the global brands and the efficiency process applied to operating costs are continuing.

Latin America

Excl. hyperinflation in Venezuela	First Half			
(amounts in millions of euros)	**2017**	**2016**	**Variance**	**Varian.%**
Net Revenue	**731.1**	**628.9**	**102.2**	*+16.2%*
EBITDA	**21.3**	**10.1**	**11.2**	*+111.8%*
EBITDA %	*2.9*	*1.6*	*1.3 ppt*	

The Latin America sales region includes the subsidiaries that operate in Brazil, Mexico Venezuela, Colombia, Ecuador, and Paraguay; in addition, commercial companies operate in Uruguay, Peru and Bolivia.

The Group strengthened its presence in Brazil, with the acquisitions of LBR and Elebat in 2015, as well as in Mexico, Uruguay and Argentina, with the acquisition of the Esmeralda Group also in 2015. During the current year, the Group further strengthened its presence in this region with the acquisition of production activities in Chile.

When restated at constant exchange rates and comparable scope of consolidation, excluding the contribution of Venezuela, the data, show a revenue decrease of 4.6% but a year-over-year gain in EBITDA.

Brazil

Brazil's economy contracted in the first quarter, followed by a significant turnaround after two years of recession at a rate of more than 3%. A reduction in the inflation rate and lower interest rates are additional factors that should help boost internal demand in the second half of the year.
The price of milk stabilized in the first half of 2017, compared with the peaks reached in 2016, but at a level still higher than the historical average, thanks in part to the appreciation of the local currency, which, in turn, held down the cost of animal feed.

Market and Products

In Brazil, Parmalat operates primarily in the region's two largest dairy markets: Cheese and UHT Milk. Both segments continued to benefit from a positive trend in consumption that was already apparent in the course of the previous year.

The Cheese segment, the second largest in terms of volume among those in which the local subsidiary operates, performed particularly well during the year, confirming that it is the most dynamic among the segment in which the local subsidiary operates.
In this context, Parmalat held steady its value market share and confirmed its second-place competitive position.

The UHT Milk market posted attractive growth, both on a volume and value basis. The local subsidiary increased slightly its value market share and confirmed its position as the market leader.

Viewed in the context of a still ongoing reorganization process, aimed at normalizing all of the acquired activities and achieving synergies and optimizations both in the production processes and in the reference markets, the overall economic results achieved in in the first six months of 2017 were positive.
Volumes and revenue, stated in the local currency, decreased, but EBITDA were up sharply compared with 2016. More specifically, the local subsidiary optimized the use of pricing mechanisms in a context of stabilizing raw material costs, while concurrently reducing operating costs, achieving important synergies and implementing a plan of industrial efficiencies.

The product portfolio was revamped with the relaunching of some historical brands, while pursuing a better utilization of the existing brands with the migration of some products.
Positive results were achieved also thanks to an important investment plan carried out by the local subsidiary.

Mexico

The Mexican economy was strongly affected by political events in the United States. More specifically, the local currency lost significant value from November 2016 until January 2017, when it started to follow a steady upward trend. Overall, the country risk perception, adversely affected by announcements of potential renegotiations of trade agreements with the United States, gradually diminished later in the first half of the year.

Market and Products

The Cheese market, the largest among those in which the Group operates, enjoyed a positive performance in the first half of 2017, growing both on a volume and value basis. The local subsidiary held unchanged its value market share and third-place market position.

The Group strengthened its presence in Mexico thanks to the acquisition of an organization that operates in the Cheese market (Esmeralda) in 2015.
A reorganization of the production activities is currently being implemented, concurrently with investment to increase production capacity, with the aim of optimizing the use of local manufacturing facilities and improving quality. Distribution logistics were also reorganized and the product portfolio was strengthened.

In the first half of the year, the local subsidiary reported a reduction in volumes but its revenue, stated in the local currency, grew thanks to the commercial policies it adopted. EBITDA declined, due mainly to the impact of an increase in the cost of raw materials that could not be fully offset by increasing sales prices.

Venezuela

The macroeconomic and political situation is highly volatile, with a steady deterioration of the level of inflation and the currency exchange rate.

In this context, the total volumes sold by the local subsidiary were down sharply in all of the main segments in which it operates.
Net revenue and EBITDA, stated in the local currency and excluding the effect of accounting for hyperinflation, grew strongly compared with the previous year, reflecting the adjustments made to price lists to reflect the country's high level of inflation.

Colombia

The local economy weakened during the first half of the year due to a reduction in consumer spending caused, in turn, by increased tax pressure and restrictive monetary conditions. On the other hand, government spending rose ahead of the legislative and presidential elections scheduled for the first half of 2018.

The economic results of the local subsidiary show a reduction in sales volumes compared with the previous year. Revenue, stated in the local currency, also decreased and EBITDA were adversely affected by the higher purchase costs paid for raw milk.

Other Countries in Latin America

In **Ecuador,** sales volumes, net revenue and EBITDA, stated in the local currency, increased compared with the previous year.

In **Paraguay,** sales volumes rebounded strongly compared with the previous year, mainly due to gains in the UHT Milk category, which accounts for almost 90% of the overall volume. This improvement had a positive effect both on revenue and EBITDA compared with the previous year.

Africa

(amounts in millions of euros)	First Half 2017	2016	Variance	Varian.%
Net Revenue	**219.2**	**173.6**	**45.6**	*+26.3%*
EBITDA	**14.6**	**10.7**	**3.9**	*+36.3%*
EBITDA %	*6.7*	*6.2*	*0.5 ppt*	

The Africa sales region includes the subsidiaries that operate in South Africa, Zambia, Botswana, Swaziland and Mozambique. South Africa accounts for more than 85% of the net revenue of the entire sales region.

The revaluation versus the euros of virtually all of the local currencies, the South African rand in particular, except that of Mozambique, had a positive translation effect on the consolidated data shown above, increasing net revenue and EBITDA by about 34 million euros and 2.4 million euros, respectively; with data stated at constant exchange rates, the region's results show increase sof 6.7% for revenue and of 13.5% for EBITDA.

South Africa

The country's economy appears to have stalled, growing at a rate of less than 1%. The already structurally high unemployment levels continued to worsen, reaching 27.7%, with a peak of 54% for youth unemployment. The political situation further depressed the macroeconomic context, with the result that both rating agencies lower to "noninvestment grade" their assessment of South Africa.

Market and Products

In the first half of 2017, the overall UHT Milk market benefitted from a strong increase in consumption, thanks mainly to a strong performance in the White Milk segment driven primarily by a significant reduction in sales prices that resulted in an important increase in the volumes sold.
On the other hand, the Flavored Milk market continues to struggle in its turnaround, despite the reduction in prices. Parmalat retained its second place position in the competitive White Milk segment, despite a significant loss of market share, and continued to be the leader in the Flavored Milk segment with an important value market share.

In the Cheese market, there was double digit growth in value terms compared with the first half of 2016, thanks to positive results in the *Hard Cheese* and *Cheese Slice* segments. The local subsidiary significantly increased its market share and further strengthened its leadership position, thanks to the Parmalat brand and the migration of products from local brands to global brands.

The Yogurt segment performed poorly in the first half of the year, with a sharp drop in consumption caused by a significant increase in the average price for this category starting in the early months of 2017. Parmalat retained it second place market position despite a minor reduction of its value market share.

The local subsidiary reported an increase in net revenue, with data in the local currency, despite a reduction in sales volumes. Its sales mix improved, with an increased weight for products with a higher value added.
EBITDA for the period, also with data in the local currency, improved compared with the previous year, thanks to the effects of a carefully designed sales policy, implemented to counter the effect of a sharp increase in the price of raw milk, and a change in the sales mix.
In addition, the appreciation of the local currency produced more favorable terms for the procurement of packaging materials and ingredients, contributing to the increased result, which also benefitted from the ongoing implementation of efficiency programs.

Zambia

In Zambia, the second largest market in the Africa sales region, volumes and net revenue, stated in the local currency, decreased compared with the same period last year, mainly due to price list adjustments made to reflect the country's rising inflation. The profitability of the local subsidiary deteriorated chiefly as a result of the negative conditions of the local economy, as the high level of inflation produced a reduction in purchasing power and a decrease in consumption.

Other Countries in Africa

Insofar as it concerns the other African countries (Swaziland, Mozambique and Botswana), volumes decreased but revenue, stated at constant exchange rates, was basically in line with the previous year. More in detail, the situation remains difficult in Mozambique, due to a significant devaluation of the local currency and the country's challenging economic environment.

Asia Pacific

Adverse weather conditions had a negative effect on the economy in the first quarter of the year. Nevertheless, the fundamentals of the local economy remain positive, particularly in the case of the mining sector, which is stabilizing after contracting for four years.

Market and Products

The Pasteurized Milk segment is continuing to show the growth experienced in the early months of 2017, both on a volume and value basis. Parmalat held steady its value market share, retaining the leadership position in this category. On the other hand, consumption contracted sharply in the UHT Milk segment but Parmalat bucked this trend, significantly strengthening its market share and retaining its second-place competitive position

In the first half of 2017, the Flavored Milk market, the most dynamic of Australia's entire Dairy sector, grew compared with the previous year. The local subsidiary succeeded in maintaining its second-place market position, despite a slight reduction of its value market share.

The Yogurt market also grew both in volume and value terms, thanks mainly to excellent results in the *Greek* segment. Parmalat retained its second-place competitive position.

The Dessert market, which had undergone an extended negative period, witnessed a significant increase in consumption in the first half of 2017. Parmalat confirmed its leadership position in this category but suffered a substantial reduction of its value market share.

The table below shows the results for the first half of 2017 compared with the previous year; the data include the contribution of the new business acquired in the first quarter of 2016 (Parmalat Australia YD):

	First Half			
(amounts in millions of euros)	**2017**	**2016**	**Variance**	**Varian.%**
Net Revenue	**525.9**	**496.1**	**29.8**	*+6.0%*
EBITDA	**12.9**	**10.9**	**2.0**	*+18.2%*
EBITDA %	*2.5*	*2.2*	*0.3 ppt*	

The revaluation of the Australian dollar versus the euro had a positive translation effect of about 27.2 million euros on net revenue and 0.8 million euros on EBITDA.
With data at constant exchange rates and comparable scope of consolidation, net revenue decreased by 2.0% compared with the previous year, but profitability improved by 31.7%, thanks to the sales policies currently being implemented and the successful market positioning of the Group's brands.

The Australian operations are in the process of reorganizing their activities; more specifically, the Group carried out in 2016 a program of acquisitions in the Yogurt and Dessert segments with the aim of expanding its presence in its target markets, improving the procurement of production components, achieving greater efficiency and rationalizing production facilities.

Review of Operating and Financial Performance

In order to allow a better understanding of the developments that characterized the first half of 2017, the economic data are presented showing specific sources of discontinuity, including:

- the change in scope of consolidation caused by acquisitions, including the yogurt operations in Australia acquired in February 2016, Sadefox acquired in June 2016 and the La Vaquita Group acquired in March 2017;
- the change related to Venezuela;
- data on a comparable scope of consolidation and excluding Venezuela.

Parmalat Group

Net revenue increased to 3,274.0 million euros, up 282.9 million euros (+9.5%) compared with 2,991.1 million euros in the first half of 2016. With data at constant exchange rates and scope of consolidation and excluding the Venezuelan subsidiaries, the gain in net revenue amounts to 33.3 million euros (+1.1%). More specifically, in the first half of 2017, net revenue grew mainly in North America, Africa and Europe.

EBITDA totaled 185.1 million euros, or 13.5 million euros more (+7.9%) than the 171.6 million euros earned in the first six months of 2016. With data at constant exchange rates and scope of consolidation and excluding the Venezuelan subsidiaries, the EBITDA increase amounts to 0.9 million euros (+0.5%). This gain was made possible by the optimization of promotional programs and the containment of overheads.

EBIT amounted to 87.9 million euros, up 4.1 million euros compared with the 83.8 million euros reported in the first half of 2016. With data at constant scope of consolidation and excluding the Venezuelan subsidiaries, EBIT are in line with those for the first half of 2016.
Depreciation and amortization expense of non-current assets totaled 93.3 million euros (80.2 million euros in the first half of 2016). The increase compared with the previous year is mainly due to the loss of value of the euro versus the currencies of the main countries where the Group operates and the consolidation of La Vaquita, a Chilean group acquired in the first half of 2017.

The **profit attributable to owners of the parent** amounted to 30.4 million euros, or 14.5 million euros less than the 44.9 million euros earned in the first half of 2016 primarily due to a change in tax laws enacted in Venezuela in the second half of the year that eliminated the deduction for tax purposes of the inflation. With data at constant scope of consolidation and excluding the Venezuelan subsidiaries, this item shows a decrease of 7.5 million euros.

Operating working capital increased to 486.7 million euros, or 63.1 million euros more than the 423.6 million euros reported at December 31 2016. This increase 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 the consolidation of the groups La Vaquita and Karoun acquired during the reporting period in Chile and the United States, respectively.

Net invested capital totaled 3,168.6 million euros, for a gain of 174.2 million euros compared with 2,994.4 million euros at December 31, 2016. The main reasons for this increase are the rise in operating working capital and the consolidation of the groups La Vaquita and Karoun acquired during the reporting period in Chile and the United States, respectively. This increase was offset in part by negative currency translation differences caused by the strengthening of the euros versus the currencies of the main countries where the Group operates.

The **net financial position** amounted to 63.4 million euros, down 271.0 million euros compared with 334.4 million euros at December 31, 2016. The main reasons for this decrease include the cash absorbed by non-recurring transactions for 237.1 million euros, mainly in connection with the acquisition of the groups La Vaquita and Karoun in Chile and United States, respectively; the cash absorbed by operating activities for 57.5 million euros (52.1 million euros at June 30, 2016), mainly attributable to seasonal factors; the payment of dividends for 29.0 million euros and a negative translation effect of 20.0 million euros. This decrease was offset in part by the cash generated by financing activities for 73.4 million euros.

The **equity attributable to owners of the parent** decreased to 3,213.1 million euros, for a reduction of 95.7 million euros compared with 3,308.8 million euros at December 31, 2016, mainly due to the effect of translating into euros the financial statements of companies operating outside the Eurozone for 102.3 million euros and the 2016 dividend declared by the Shareholders' Meeting on April 28, 2017 totaling 27.8 million euros.
This decrease was partially offset by the profit for the period attributable to owners of the parent amounting to 30.4 million euros.

Parmalat Group

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in millions of euros)	First half 2017 (A)	Δ scope of consolidation (June 2017 vs June 2016)[1] (B)	Δ Venezuela (June 2017 vs June 2016) (C)	First half 2017 pro forma at current exchange rates (D=A-B-C)	First half 2016
REVENUE	**3,297.5**	***54.3***	***4.1***	***3,239.1***	**3,008.5**
Net revenue	3,274.0	*53.9*	*4.3*	*3,215.8*	2,991.1
Other revenue	23.5	*0.4*	*(0.2)*	*23.3*	17.4
OPERATING EXPENSES	**(3,109.7)**	***(50.1)***	***(0.8)***	***(3,058.8)***	**(2,833.2)**
Purchases, services and miscellaneous costs	(2,671.0)	*(45.8)*	*(3.7)*	*(2,621.5)*	(2,432.2)
Personnel expense	(438.7)	*(4.3)*	*2.9*	*(437.3)*	(401.0)
Subtotal	**187.8**	***4.2***	***3.3***	***180.3***	**175.3**
Impairment losses on receivables and other provisions	(2.7)	*(0.3)*	*(0.8)*	*(1.6)*	(3.7)
EBITDA	**185.1**	***3.9***	***2.5***	***178.7***	**171.6**
Depreciation, amortization and impairment losses on non-current assets	(93.3)	*(0.9)*	*(1.2)*	*(91.2)*	(80.2)
Other income and expense:					
- Litigation-related legal expenses	(1.0)	*(0.0)*	*(0.0)*	*(1.0)*	(1.2)
- Miscellaneous income and expenses	(2.9)	*(0.1)*	*(0.0)*	*(2.8)*	(6.4)
EBIT	**87.9**	***2.9***	***1.3***	***83.7***	**83.8**
Net financial income/(expense)	0.6	*(0.4)*	*7.6*	*(6.6)*	(1.0)
Other income from (Charges for) equity invest.	1.6	*0.0*	*0.0*	*1.6*	0.1
PROFIT BEFORE TAXES	**90.1**	***2.5***	***8.9***	***78.7***	**82.9**
Income taxes	(59.5)	*(0.3)*	*(18.2)*	*(41.0)*	(37.5)
PROFIT FOR THE PERIOD	**30.6**	***2.2***	***(9.3)***	***37.7***	**45.4**

[1] The difference in scope of consolidation between June 2017 and June 2016 refers to the yogurt operation in Australia acquired in February 2016, Sadefox acquired in June 2016 and the La Vaquita Group acquired in March 2017.

Non-controlling interests	(0.2)	(0.0)	0.1	(0.3)	(0.5)
Owners of the parent	30.4	2.2	(9.2)	37.4	44.9

Continuing operations:

Basic earnings per share (in euros)	**0.0164**
Diluted earnings per share (in euros)	**0.0164**

Note: See the Glossary provided at the end of the Report on Operations for the definition of income statement components.

Parmalat Group

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	**6/30/17**	**12/31/16**
NON-CURRENT ASSETS	**3,092.5**	**3,024.7**
Intangible assets	1,422.2	1,309.5
Property, plant and equipment	1,474.2	1,489.7
Non-current financial assets	123.8	153.5
Deferred tax assets	72.3	72.0
NON-CURRENT ASSETS HELD FOR SALE, NET OF CORRESPONDING LIABILITIES	**3.4**	**0.9**
NET WORKING CAPITAL	**542.6**	**452.2**
Inventories	743.7	729.8
Trade receivables	579.1	631.2
Trade payables (-)	(836.1)	(937.4)
Operating working capital	**486.7**	**423.6**
Other assets	230.8	226.2
Other liabilities (-)	(174.9)	(197.6)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**3,638.5**	**3,477.8**
EMPLOYEE BENEFITS (-)	**(93.7)**	**(98.7)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(366.3)**	**(374.7)**
PROVISION FOR LIABILITIES FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(9.9)**	**(10.0)**
NET INVESTED CAPITAL	**3,168.6**	**2,994.4**
Covered by:		
EQUITY[(1)]	**3,232.0**	**3,328.8**
Share capital	1,855.1	1,855.1
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	52.9	52.9
Other reserves and retained earnings	1,274.7	1,322.3
Profit for the period	30.4	78.5
Non-controlling interests	18.9	20.0
NET FINANCIAL POSITION[(2)]	**(63.4)**	**(334.4)**
Loans payable to banks and other lenders	645.5	694.3
Other financial assets (-)	(287.1)	(288.6)
Cash and cash equivalents(-)	(421.8)	(740.1)
TOTAL COVERAGE SOURCES	**3,168.6**	**2,994.4**

[(1)] A schedule with a reconciliation of the result and shareholders' equity at June 30, 2017 of Parmalat S.p.A. to the consolidated result and shareholders' equity is provided in the "Notes to the Consolidated Financial Statements."

[(2)] A breakdown of the financial statement items included in the composition of the "Net financial position" is provided in the "Other Information" section of the "Notes to the Consolidated Financial Statements."

Note: See the Glossary provided at the end of the Report on Operations for the definition of statement of financial position components.

Parmalat Group

STATEMENT OF CHANGES IN NET FINANCIAL POSITION IN THE FIRST HALF OF 2017

(in millions of euros)	**First half 2017**	**First half 2016**
Net financial position at beginning of period	**(334.4)**	**(310.8)**
Changes during the period:		
- Cash flow from operating activities for the period	(26.1)	(31.7)
- Cash flow for acquisitions	227.8	34.8
- Cash flow from other investing activities	45.5	77.7
- Accrued interest expense	4.1	8.1
- Cash flow from settlements	0.8	0.3
- Dividend payments	29.0	33.0
- Miscellaneous items	(30.1)	(1.7)
- Translation effect	20.0	7.1
Total changes during the period	271.0	127.6
Net financial position at end of period	**(63.4)**	**(183.2)**

BREAKDOWN OF NET FINANCIAL POSITION

(in millions of euros)	**6/30/17**	**12/31/16**
Loans payable to banks and other lenders	645.5	694.3
Other financial assets (-)	(287.1)	(288.6)
Cash and cash equivalents (-)	(421.8)	(740.1)
Net financial position	**(63.4)**	**(334.4)**

RECONCILIATION OF CHANGE IN NET FINANCIAL POSITION 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 position**
Opening balance	**(740.1)**	**(288.6)**	**694.3**	**(334.4)**
Cash flow from operating activities for the period	(26.1)	-	-	(26.1)
Cash flow for acquisitions	212.0	(0.2)	16.0	227.8
Cash flow from other investing activities	48.3	(2.8)	-	45.5
New borrowings[1]	(139.3)	-	139.3	-
Loan repayments[1]	170.0	-	(170.0)	-
Accrued interest expense[1]	-	-	4.1	4.1
Cash flow from settlements	0.8	-	-	0.8
Dividend payments	29.0	-	-	29.0
Miscellaneous items	-	-	(30.1)	(30.1)
Translation effect	23.6	4.5	(8.1)	20.0
Closing balance	**(421.8)**	**(287.1)**	**645.5**	**(63.4)**

[1] See Note (15) to the Consolidated Financial Statements.

Parmalat S.p.A.

Net revenue totaled 425.5 million euros, up 0.1% compared with 424.6 million euros in the first half of 2016. The main markets in which the Company operates continued to be characterized by a negative trend in 2017. As a result, overall sales volumes were down slightly, even though revenue increased. The results shown were also affected by the trend in raw milk prices, which were up significantly in the first half of 2017 compared with the previous year, with a direct impact on sales prices. In this context, noteworthy developments included a strong performance by the entire *Zymil* and *Chef* product lines and positive results for the *Kyr* brand.

EBITDA amounted to 30.0 million euros, or 5.9 million euros less than the 35.9 million euros earned in the same period in 2016. This decrease is mainly attributable to the effect of the trend in the price of raw milk and its derivatives, offset in part by the process to optimize operating costs launched last year.

EBIT totaled 14.8 million euros, down 4.4 million euros compared with the 19.2 million euros reported in the first half of 2016. This result reflects primarily the impact of the decrease in EBITDA (as noted above), offset in part by a reduction in depreciation and amortization and lower nonrecurring charges.

The **profit for the period** decreased to 17.7 million euros, or 4.3 million euros less than the 22.0 million euros earned in the first half of 2016. This reduction was mainly determined by the contraction in EBITDA partially offset by a reduction in depreciation and amortization and lower nonrecurring charges. Net financial income and income from investee companies (dividends) were little changed compared with the first half of 2016.

Net invested capital amounted to 3,092.0 million euros, compared with 3,031.5 million euros at December 31, 2016. The increase of 60.5 million euros is chiefly due to higher non-current financial investments (+73.3 million euros) carried out to support the acquisitions completed during the first half of the year.

The **net financial position** went from net financial assets of 61.3 million euros at December 31, 2016 to net financial debt of 3.3 million euros at June 30, 2017. The factors mentioned above with regard to financial investments and the payment of the 2016 dividend are the main reasons for this change.
Cash and cash equivalents and other financial assets are invested in sight deposits and short-term instruments with counterparties belonging to top banking groups.

The Company's **equity** decreased to 3,088.7 million euros, down 4.1 million euros compared with 3,092.8 million euros at December 31, 2016, due mainly to the distribution of the 2016 dividend, offset in part by the profit for the period.

Parmalat S.p.A.

RECLASSIFIED INCOME STATEMENT

(in millions of euros)	**First half 2017**	**First half 2016**
REVENUE	**443.6**	**441.2**
Net revenue	425.5	424.6
Other revenue	18.1	16.6
OPERATING EXPENSES	**(412.2)**	**(403.7)**
Purchases, services and miscellaneous costs	(352.2)	(341.7)
Personnel expense	(60.0)	(62.0)
Subtotal	**31.4**	**37.5**
Impairment losses on receivables and other provisions	(1.4)	(1.6)
EBITDA	**30.0**	**35.9**
Depreciation, amortization and impairment losses on non-current assets	(11.7)	(12.6)
Other income and expense:		
- Litigation-related legal expenses	(1.0)	(1.2)
- Miscellaneous income and expense	(2.5)	(2.9)
EBIT	**14.8**	**19.2**
Net financial income/(expense)	5.5	5.4
Other income from (Charges for) equity investments	5.6	5.7
PROFIT BEFORE TAXES	**25.9**	**30.3**
Income taxes	(8.2)	(8.3)
PROFIT FOR THE PERIOD	**17.7**	**22.0**

Parmalat S.p.A.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	**6/30/17**	**12/31/16**
NON-CURRENT ASSETS	**3,324.5**	**3,252.4**
Intangible assets	352.4	353.4
Property, plant and equipment	155.7	157.9
Non-current financial assets	2,797.6	2,719.5
Deferred tax assets	18.8	21.6
ASSETS HELD FOR SALE, NET OF CORRESPONDING LIABILITIES	**0.0**	**0.0**
NET WORKING CAPITAL	**(20.0)**	**(5.4)**
Inventories	54.6	47.2
Trade receivables	116.1	119.3
Trade payables (-)	(200.1)	(188.8)
Operating working capital	**(29.4)**	**(22.3)**
Other assets	49.6	60.2
Other liabilities (-)	(40.2)	(43.3)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**3,304.5**	**3,247.0**
EMPLOYEE BENEFITS (-)	**(25.2)**	**(26.1)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(177.7)**	**(179.8)**
PROVISION FOR LIABILITIES FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(9.6)**	**(9.6)**
NET INVESTED CAPITAL	**3,092.0**	**3,031.5**
Covered by:		
SHAREHOLDERS' EQUITY	**3,088.7**	**3,092.8**
Share capital	1,855.1	1,855.1
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	52.9	52.9
Other reserves and retained earnings	1,163.0	1,127.9
Profit for the period	17.7	56.9
INDEBTEDNESS/NET FINANCIAL ASSETS	**3.3**	**(61.3)**
Loans payable to banks and other lenders	447.6	519.2
Loans payable to/(receivable) from investee companies	(21.9)	(12.1)
Other financial assets (-)	(278.9)	(278.2)
Cash and cash equivalents(-)	(143.5)	(290.2)
TOTAL COVERAGE SOURCES	**3,092.0**	**3,031.5**

Financial Performance

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

The Group's liquid assets totaled 708.9 million euros, including 422.4 million euros held by Parmalat S.p.A. At June 30, all of this liquidity was invested in sight and short-term bank deposits with counterparties belonging to top banking groups. 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 3.6 million euros, including 1.2 million euros attributable to Parmalat S.p.A., in line with the same period last year. At the Group level, interest paid to banks and financial institutions amounted to 11.1 million euros, including 1.6 million euros attributable to Parmalat S.p.A. The increase compared with the amount paid in the first half of 2016 is due to the full utilization of the bank credit lines starting in the second half of 2016.

Insofar as the bank credit lines are concerned, the Parent Company Parmalat S.p.A. did not incur any new financial debt in the first half of the year, choosing instead to repay 71.5 million euros of the 500.0-million-euro credit line provided by a pool of banks.

Change in Net Financial Position

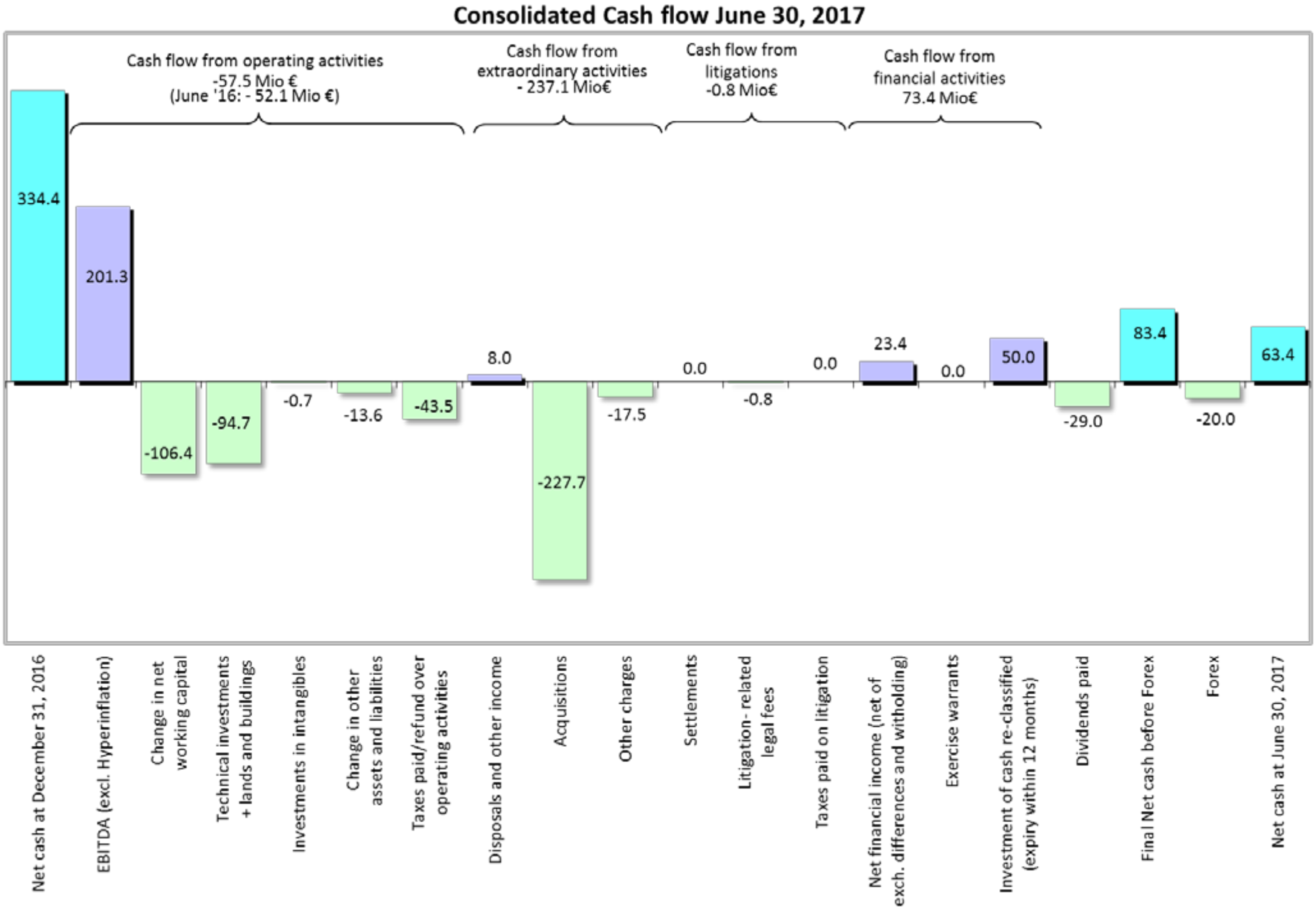
The Group's net financial assets decreased from 334.4 million euros at December 31, 2016 to 63.4 million euros at June 30, 2017, reflecting a negative translation effect of 20.0 million euros and the payment of dividends amounting to 29.0 million euros.

During the first half of 2017, operating activities absorbed cash totaling 57,5 million euros, compared with 52,1 million euros in the first half of 2016. The cash absorption that normally occurs in the first half of the year, due to the seasonality of the business of some of the Group's operating units, was augmented by the need to adjust the working capital levels of the newly acquired Chilean companies.

The cash absorbed by non-recurring activities, which amounted to 237.1 million euros, is mainly attributable to the acquisitions completed in Chile, the United States and, lastly, in Italy. These transactions are discussed in greater detail in the "Acquisitions" section of this Report.

Litigation related transactions generated a net negative cash flow of 0.8 million euros.

Net of the investment of 50.0 million euros made by the Parent Company in financial instruments, which at June 30 no longer matured after 12 months, the cash flow used for financing activities provided a positive contribution of 23.4 million euros to the net financial position. This improvement mainly reflects a positive change of 29.4 million euros from the mark-to-market of derivatives hedging intercompany financing facilities.


Consolidated Cash flow June 30, 2017
Cash flow from operating activities
-57.5 Mio €
(June '16: - 52.1 Mio €)
Cash flow from
extraordinary activities
- 237.1 Mio€
Cash flow from
litigations
-0.8 Mio€
Cash flow from
financial activities
73.4 Mio€
334.4
201.3
-106.4
-94.7
-0.7
-13.6
-43.5
8.0
-227.7
-17.5
0.0
-0.8
0.0
23.4
0.0
50.0
-29.0
83.4
-20.0
63.4
Net cash at December 31, 2016
EBITDA (excl. Hyperinflation)
Change in net working capital
Technical investments + lands and buildings
Investments in intangibles
Change in other assets and liabilities
Taxes paid/refund over operating activities
Disposals and other income
Acquisitions
Other charges
Settlements
Litigation - related legal fees
Taxes paid on litigation
Net financial income (net of exch. differences and witholding)
Exercise warrants
Investment of cash re-classified (expiry within 12 months)
Dividends paid
Final Net cash before Forex
Forex
Net cash at June 30, 2017

Enterprise Risks Management

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, which could cause damages to persons and affect product quality or the environment, with an impact on the income statement and the statement of financial position.

The Group is also exposed to the following financial risks:

- Risk from exposure to fluctuations 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;

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, 2017."

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 exposed to situations of geopolitical uncertainty at the local level or environmental events that could have an effect on results. Risks in this area could arise from:

- problems resulting from the current social, political and economic situation in Venezuela and Mozambique;
- the effects caused by the ongoing embargo imposed against Russia;
- macroeconomic expectations and visible political instability in Brazil;
- the impact that the prices of raw materials and oil in particular could have on the economies of producing countries and the performance of their currencies.

Strategic, Operational and Compliance Risks

Parmalat established a Group level process aimed at mapping, assessing, managing and reporting the main risks and uncertainties to which the Group is exposed. Risks and uncertainties are mapped at the country level though a self-assessment process that calls for their evaluation based on their probability of occurrence and impact. Risk events are mapped taking into account the Group's strategic objectives and are classified based on their nature into the following categories: strategic, operational, compliance and reporting. Subsequently to the assessment process, when it becomes necessary to adopt risk mitigating safeguards, action plans are defined and their implementation progress is monitored by the Internal Auditing Department. The results of this activity are updated every six months, also to comply with the provisions of Article 2428 of the Italian Civil Code regarding "risks and uncertainties."

An analysis if the risks mapped with this method produced the following considerations:

a) The Group operates in some markets in which consumers have limited purchasing power and consumption models are changing, with a growing focus on lower priced products. This scenario generated increasing competitive pressure, with ever more aggressive pricing policies, and resulted in lower purchases of branded products for the benefit of private-label products.
   Parmalat's differentiated geographic presence and the policy of acquisitions it has undertaken, enable it to counterbalance a downward trend in some areas with stability or growth in other markets. Technological innovation and an ongoing quest for better quality standards, both at the product and service level, help the Group increase consumer loyalty, which, together with specific marketing programs, are the main brand support tools.

b) There is a general tendency towards concentration in the distribution sector, with a reduction in the number of potential customers and a greater negotiating power by the counterparties resulting in an increase in request for promotional programs. This scenario represents a risk for the Group, both for its effect on margins and for the higher risk of insolvency by large customers.
   To mitigate these developments, Parmalat strategy has always been based on developing lasting and balanced relationships with its main commercial partners, while striving for differentiation from its competitors so as to be able to offer to its customers unique products for the benefit of both parties.
c) Changes in raw material prices, milk in particular, and the availability of resources, also due to the effect of climate change and changes in the regulatory framework affecting individual local units, can have a negative impact on production costs and the Group's margins in all those situations where it is difficult to adjust sales prices.
d) The Group's growth through acquisitions allows a faster penetration of new markets and the creation of synergies with consolidated companies. The acquisitions of complex organizations completed in recent years could create integration difficulties and performances not in line with assumptions made in the acquisition phase, thus increasing economic and financial risks.
   To facilitate coordination between entities that are geographically and culturally different and efficiently integrate the businesses that it purchased, the Group is actively engaged, by constantly focusing on the redesign of the organizational structures, in transferring specific competencies within the Group, identifying key resources and fine tuning internal reporting.
e) Product quality and customer satisfaction are priority objectives for the Group and their achievement is correlated with the presence of highly skilled personnel in the manufacturing and sales areas. Because it also operates in developing countries, the Group could find it difficult to recruit resources with the skills needed to maintain established standards and, for this reason, it launched international mobility programs, as well as programs to empower key resources and incentive systems based on performance quality.
f) Protecting the integrity of products and maintaining their organoleptic properties through every step towards final customers, providing adequate traceability and the ability to offer products with the longest possible shelf life are key elements for Parmalat's reputation. Accordingly, the Group launched in several countries projects to improve the supply chain, particularly where the travel infrastructure is not particularly developed or the geographic extension of the territory poses a challenge to distribution.
g) Growing international concern for protecting the environment resulted in an increased number of laws and regulations applicable to the Group's businesses. Manufacturing activities, by their very nature, have an impact on the environment in terms of energy consumption, water use and waste generation. The Parmalat Group, in compliance with the laws of the countries where it operates, launched numerous programs to reduce consumption and waste, carefully monitoring the performance of its plants.

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, statement of financial position 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. However, while purchases and sales are still denominated primarily in the local currency, the business inevitably entails a steadily growing use of cross-border transactions.

Even though the transactional foreign exchange risk is limited, it 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 hedging. More specifically, the foreign exchange risk to which Parmalat Belgium SA is exposed in connection with an intercompany loan provided to LAG Holding Inc. (notional amount of USD 400 million) is fully hedged with cross currency swaps executed in July 2012 concurrently with the disbursement of the loan.
At June 30, 2017, the Group's exposure to the foreign exchange risk on intercompany financing position, distributed over several Group companies, was limited to a total value of about 23 million euros.

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 limited at the Group level because the most significant exposures concern the Parent Company and the Canadian subsidiary, in a context of interest rates that are expected to remain low over the near term. Financial assets were invested in short-term securities and, consequently, there was no significant exposure to the risk of changes in their market value caused by fluctuations in interest rates.

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

The liquid assets of Parmalat Spa are held in Italy and invested in sight and short-term bank deposits with counterparties belonging to top banking groups. Consistent with past practice, the Company pursued greater counterparty diversification for the investment of its liquid assets, on occasion passing up opportunities for higher returns, and constantly monitors the main financial indicators of the institutions where it invested significant positions.
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.

The level of net financial assets available at June 30, 2017, the cash flow from operations that is being generated at the Group level and the liquidity generate by the last drawdown from the bank facility of Parmalat S.p.A., carried out in 2016, are factors that have guaranteed coverage of the liquidity risk.
In the second half of the current year, the Group will consider the merit of securing access to new credit lines, taking also into account the financial commitment inherent in the pursuit of growth through acquisitions.

Acquisitions

Chile: Acquisition of the La Vaquita Group

On March 1, 2017, Parmalat S.p.A., acting through its La Vaquita Holding S.p.A. subsidiary, an entity established specifically for this transaction, acquired some companies that operate in Chile specializing in the cheese sector.

The acquired companies operate four production facilities with about 600 employees. The brand portfolio includes, among the most important, the *La Vaquita* and *Kümey* brand.

With this transaction, the Group strengthened its presence in South America, expanding geographically in a country where it operates through a licensing agreement.

This acquisition required a total outlay of 56.6 billion Chilean pesos (82.6 million euros) counting the price paid for the entire share capital (69.0 million euros) and the assumption of debt totaling 13.6 million euros. The price stipulated by the parties is subject to adjustments based on the value of the net financial position and working capital of the abovementioned companies on the date of closing. These adjustments are currently being finalized by the parties.

United States: Acquisition of the Karoun Group

On May 1, 2017, Parmalat S.p.A., acting through its LAG Holding Inc. subsidiary, acquired some companies that operate in the diary sector in the United States of America.

The acquired companies includes a production facility with a total of about 140 employees. The brand portfolio includes, among the main trademarks, the *Karoun*, *Gopi* and *Blue Isle* brands.

With this this transaction, the Parmalat Group acquired an important organization active in the ethnic specialties segment in the United States, rounding out its current portfolio of gourmet cheeses and entering the yogurt market.

The consideration paid for this acquisition amounted to 134.9 million U.S. dollars (123.4 million euros). The price stipulated by the parties is subject to adjustments based on the value of the net financial position and working capital of the abovementioned companies on the date of closing. These adjustments are currently being finalized by the parties.

Because the size of the acquired group was not significant (net annual revenue of about 55 million U.S. dollars in 2016), only the statement of financial position balances at the acquisition date of May 1 were consolidated, thereby excluding the economic and financial effects recorded in May and June.

Acquisitions Completed After June 30, 2017

On June 30, 2017, effective as of July 1, 2017, Parmalat S.p.A., acting though it SILAC Commerciale S.r.l. subsidiary, an entity established specifically for this transaction, acquired from SILAC S.r.l., a company established under Italian law, certain business operations engaged in the marketing and distribution of dairy products.

The consideration paid for this acquisition, which also reflects some ancillary stipulations, amounted to 12 million euros and was paid in full on June 30, 2017.

In 2016, the acquired business operations generated net revenue of about 22 million euros.

For the acquisition mentioned above, as was the case for those completed in previous years and discussed in the corresponding Interim and Annual Reports, the Group carefully monitors the stipulated contractual guarantees in order to activate, if necessary, specific compensation procedures.

Economic Effect of the Acquisitions on the Consolidated Financial Statements at June 30, 2017

In order to allow a better understanding of the consolidated financial statements at June 30, 2017, the schedule that follows presents the income statement at June, 2017 of the Group and of the acquired entities that created a discontinuity between first half of 2017 and the comparative period. These entities include the yogurt and dairy dessert operations in Australia (acquired on February 22, 2016), Sadefox (acquired in June 2016) and the La Vaquita Group (acquired in March 2017):

(in millions of euros)	Parmalat Group Cumulative at June 30, 2017	Amount from			Acquired companies Cumulative at June 30, 2017
		Yogurt and dairy dessert activities acquired in Australia[1] (Jan. - Feb. 2017)	Sadefox[2] (January - June 2017)	La Vaquita[3] (March-June 2017)	
Revenue	**3,297.5**	**14.2**	**0.0**	**40.1**	**54.3**
Net revenue	3,274.0	13.8	0.0	40.1	53.9
Other revenue	23.5	0.4	0.0	0.0	0.4
OPERATING EXPENSES	**(3,109.7)**	**(13.2)**	**(0.1)**	**(36.8)**	**(50.1)**
Raw material purchases, outside services and miscellaneous costs	(2,671.0)	(11.2)	(0.1)	(34.5)	(45.8)
Personnel expense	(438.7)	(2.0)	(0.0)	(2.3)	(4.3)
Subtotal	**187.8**	**1.0**	**(0.1)**	**3.3**	**4.2**
Impairment losses on receivables and other accruals	(2.7)	(0.3)	(0.0)	(0.0)	(0.3)
EBITDA	**185.1**	**0.7**	**(0.1)**	**3.3**	**3.9**

[1] *Activities acquired on February 22, 2016.*
[2] *Company acquired on June 9, 2016.*
[3] *Group of companies acquired on March 1, 2017.*

With regard to the Australian yogurt and dairy dessert activities (acquired on February 22, 2016) and Sadefox (acquired in June 2016), the source of discontinuity is the inclusion of the data of these companies for the first half of 2017, on a non-comparable scope of consolidation basis, for comparative purposes with the previous period.

Information About Parmalat's Securities

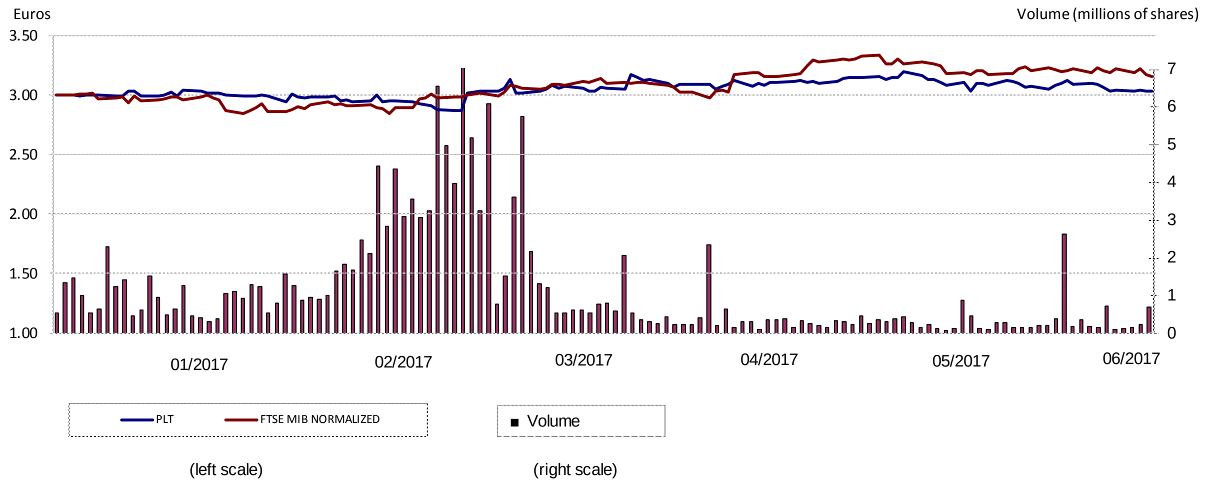
Parmalat S.p.A. has been listed on the Online Stock Market since October 6, 2005. The key data for the first half of 2017 are summarized below:

	Common shares
Securities outstanding at 6/30/17	1,855,149,677
Closing price on 6/30/17 (in euros)	3.0300
Capitalization (in euros)	5,621,103,521.31
High for the year (in euros)	3.1960 May 22, 2017
Low for the year (in euros)	2.8700 March 7, 2017
Average price in June (in euros)	3.0762
Highest daily trading volume	7,596,331 March 9, 2017
Lowest daily trading volume	75,570 May 29, 2017
Average trading volume in June	361,749.27[1]

[1] 0.019% of the share capital.

Performance of the Parmalat's Stock

As shown in the chart below, after rising in the closing days of 2016 due to the announcement of the Lactalis tender offer, the price of the Parmalat stock held relatively steady in the first half of 2017.



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 June 30, 2017.

Significant interests		
Shareholder	**No. of shares**	**Percentage**
Sofil S.a.s.	1,662,786,326	89.63%

More specifically, regarding the Company's share capital at June 30, 2017, please note that:

- 2,465,364 shares representing 0.1% of the share capital were still in a deposit account c/o Parmalat S.p.A. registered in the name of individually identified commercial creditors;
- 2,049,096 shares, or 0.1% of the share capital, are available to the Company as treasury shares.

The maintenance of the Stock Register is outsourced to Computershare 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.

The Extraordinary Shareholders' Meeting of February 27, 2015 resolved:

1. to verify and acknowledge that the ten-year subscription deadline for the share capital increase ("Paragraph b") approved by the Extraordinary Shareholders' Meeting on March 1, 2005 runs from March 1, 2005 and expires on March 1, 2015;
2. to extend by five additional years, i.e., from March 1, 2015 to March 1, 2020 the official subscription deadline for the share capital increase approved by the Extraordinary Shareholders' Meeting of Parmalat S.p.A. on March 1, 2005, for the part reserved for Challenging Creditors, Conditional Creditors and Late-Filing Creditors, and for its implementation by the Board of Directors, also with regard to the warrants;
3. consisted with the foregoing terms of this Resolution, to amend Article 5) of the Company Bylaws, second sentence of Paragraph b);
4. to require that the subscription of the shares of "Parmalat S.p.A." by parties who, because of the events mentioned in Section 9.3, Letters ii), iii) and iv), of the Parmalat Proposal of Composition with Creditors, will be recognized as creditors of "Parmalat S.p.A." after March 1, 2015 and up to March 1, 2020, be carried out not later than 12 months from the dates set forth in the abovementioned Section 9.3, Letters ii), iii) and iv), of the Parmalat Proposal of Composition with Creditors, it being understood that once this deadline expires the subscription right shall be extinguished;
5. to provide the Board of Directors with a mandate to implement the foregoing terms of this resolution and file with the Company Register the updated version of the Company Bylaws, as approved above;
6. to provide the Board of Directors with a mandate to:

    a. adopt regulations for the award of warrants also to parties who, because of the events mentioned in Section 9.3, Letters ii), iii) and iv), of the Parmalat Proposal of Composition with Creditors will be recognized as creditors of "Parmalat S.p.A." after December 31, 2015 and up to March 1, 2020, and request the award of the warrants within 12 months from the from the dates set forth in the abovementioned Section 9.3, Letters ii), iii) and iv), of the Parmalat Proposal of Composition with Creditors, it being understood that the abovementioned Regulations shall substantively reflect the content of the Warrant Regulations currently in effect, providing the warrant subscribers with the right to exercise the subscription rights conveyed by the warrants up to March 1, 2010;

7. request listing of the abovementioned warrants and carry out the required filings pursuant to Article 11.1 of the Proposal of Composition with Creditors.

On November 10, 2015, the Company's Board of Directors approved the Regulation of the 2016-2020 Parmalat Common Share Warrants and resolved to seek listing of the new "2016-2020 Parmalat Warrants." An application was submitted to Borsa Italiana S.p.A. but, given the limited number of warrants that the Company estimates will be issued, Borsa Italiana S.p.A. found that the requirements for listing financial instruments in accordance with Article 2.1.3, Section 2, Letter e), of the Regulations of the Markets Organized and Operated by Borsa Italiana S.p.A. could not be met. Pursuant to the abovementioned provision, the financial instruments did not satisfy the general conditions for being traded in a fair, orderly and efficient manner.

A total of 650 new warrants governed by the “2016-2020 Parmalat Common Share Warrants” regulation were allotted during the first half of the year. A total of 1,300 warrants had been issued at June 30, 2017, which at this point do not meet the requirements for listing.

Global Depositary Receipts

Pursuant to the Parmalat Composition with Creditors and with express exemption from any related liability, Parmalat S.p.A. was authorized, 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 share 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 Mellon, which should be contacted for all related documents and transactions.

Human Resources

Group Staffing

The table below provides a breakdown by geographic region of the employees of the companies consolidated line by line at June 30, 2017 and a comparison with the data at December 31, 2016.

Total payroll by geographic region

Geographic region	6/30/17	12/31/16	Δ	Notes *(acquisitions in 2017)*
Europe	3,305	3,270	1.1%	
North America	4,912	4,683	4.9%	Acquisition of *Karoun* (U.S.A.): 138 employees
Latin America	12,953	12,830	1.0%	Acquisition of *La Vaquita* (Chile): 600 employees
Africa	3,129	3,037	3.0%	
Australia	2,403	2,360	1.8%	
Total	**26,702**	**26,180**	**2.0%**	

At June 30, 2017, the Group's staff had increased slightly, with 522 more employees than at the end of the previous year, due mainly to the acquisition of Karoun and La Vaquita carried out in North America and Latin America, respectively, offset in part by a staff reduction in Brazil.
In the Africa region, the Group's staff increased by 3.03% (92 more employees than at December 31, 2016) due to a change in the type of employment contract used, as required by current local labor laws.

Capital Expenditures

Overview of the capital expenditures of the Parmalat Group at June 30, 2017

(in millions of euros)	First half 2017		First half 2016		% change
Geographic region	**Amount**	**% of the total**	**Amount**	**% of the total**	
Europe	10.8	11.4%	10.3	12.7%	4.7%
North America	36.6	38.6%	41.2	50.9%	-11.2%
Latin America	21.0	22.2%	16.0	19.8%	31.3%
Africa	8.6	9.1%	5.3	6.6%	62.5%
Australia	17.7	18.7%	8.1	10.0%	119.1%
Group	**94.7**	**100.0%**	**80.9**	**100.0%**	**17.1%**
Group *(constant scope of consolidation[1] and exchange rate)*	**99.1**		**80.9**		**22.5%**

[1] *Excluding La Vaquita.*

In the first half of 2017, the Group's capital expenditures totaled 94.7 million euros, for an increase of 17.1% compared with the previous year. With data at comparable scope of consolidation and constant exchange rates, the year-over-year increase is 22.5%.

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

The most significant investment projects included the following:

- expansion of the automated warehouse for finished products in Collecchio (Italy);
- expansion of the central heating system in Victoriaville (Canada);
- expansion of the central refrigeration system in Winchester (Canada);
- startup of the new factory and construction of a new warehouse in Winnipeg (Canada);
- warehouse expansion in Rowville (Australia);
- new cheese production facilities in Bonnievale and Ladismith (South Africa);
- implementation of mozzarella production process in Tres de Maio (Brazil).

The capital expenditures described above do not include the cost of licensing and implementing information systems, which amounted to 0.7 million euros in 2017, mainly for projects carried out in Italy, Canada and Colombia.

Research and Development

Research and Development, working in close collaboration with the Marketing Division, promotes innovation in accordance with the Group's guidelines: at this juncture, it is important to keep in mind that today's consumers (the "millennials") are living through years of great social, economic and cultural changes that are also reflected in different nutritional needs. "Low, free and healthy" products, on the one hand, and innovative and sustainable packaging options, on the other hand, are example of the new needs and demands, which must be met in a manner respectful of local market requirements (on occasion, reflective of local traditions) and taking into account the economic situation of each country.

Responding to the trend towards "low, free and healthy" products, the lactose-free and yogurt product lines were expanded in several countries, the consumer size was modified for some products to reduce the intake of calories and sugar and products based in fruit and vegetables were introduced in the Italian market. Flavored milks for consumers engaged in sports activities launched in Australia were developed consistent with the data in the most recent literature and studies carried out in this area by the Lactalis Nutrition Division.
An important project is currently under way to develop more functional containers for UHT products.
At the Group level, studies and research projects are continuing to support our "pillar products" and explore areas of long-term innovation.

Parmalat's scientific area is collaborating with the Lactalis Corporate R&D Corporate function on the "Milk Digestion" project for the purpose of conducting clinical studies to develop an in-depth understanding of the physiological mechanisms of milk digestion and implementing the existing knowledge about the positive impact of this ingredient on the human organism. In Italy, a multi-center study, carried out with various universities, is continuing to identify and develop new and sophisticated parameters to monitor milk quality.
Parmalat's portfolio of products is quite extensive, ranging from milk to cheese, from dairy products, such as cream, yogurt and desserts to fruit juices: innovation and roll out are guided by forward looking choices that are also based on experience garnered over the years.

Other Information

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

Parmalat and its subsidiaries do not hold nor did they hold during the year, 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 in an arm's length transaction.

Information about transactions with related parties, including those required by the Consob Communication of July 28, 2006, is described in the section of the Notes to the Separate and Consolidated Financial Statements of Parmalat S.p.A. entitled "Related-party Transactions."

Guidance and Coordination Activity

The Company is subject to guidance and coordination by B.S.A. S.A.

Relationships and interactions consolidated over time, creating a systematic and often informal processes of interaction with the controlling company; these processes mainly concerned the following areas of activity:

- purchasing, with economic benefits thanks to the synergies and economies of scale deriving from the negotiation and the volumes purchased;
- raw milk procurement area, with advantages deriving from Parmalat's ability to use the production network of the Lactalis Group to sell or buy milk when the volumes it needs differ from those of its direct collection system;
- research and development, with the resulting access to the knowhow of the Lactalis Group to develop new products;
- the industrial area, with Parmalat being able to access highly specialized central technical functions and carry out a sharing of experiences with various plants of the Lactalis Group, which contributed to increasing Parmalat's efficiency;
- the marketing area, with the sharing of the marketing methods and techniques used and the exchange of product mixes already tested at the Lactalis group;
- the logistics area, with the exchange of experiences with the technical central functions, the sharing of specialized IT technologies and the possibility of having a greater negotiating power with sector players, with the aim of optimizing logistics;
- the sales area, which benefits resulting from a greater contractual strength in negotiating with retail chains and in connection with some important commercial agreements.

In a steadily evolving multinational organization, within which the Lactalis Group conducts its activities in the same business sector as Parmalat, management, in a context of physiological interaction, reviewed and shared with the controlling company, the guidelines that underpin the medium/long-term strategic plan and the economic and financial budget with the aim of improving profitability and pursue objectives of internal and external growth, which may include acquisitions that must be submitted to the Board of Directors for review.

In this context of growing integration between Parmalat and Lactalis, in accordance with dynamics that are typical within multinational groups, the Board of Directors, at the meeting of April 16, 2016, acting with the input of the Internal Control, Risk Management and Corporate Governance Committee, approved the procedure governing influenced decision within the framework of the guidance and coordination activities (hereinafter in brief the "Procedure").

The approval followed the conclusion of and internal assessment phase launched in 2014 with the support of an external consultant designed to map transactions between Parmalat and the Lactalis Group.

The Company later published the Procedure on its website and disseminated this document to the various departments of Parmalat and its subsidiaries.

Parmalat is among the first operators to adopt this type of internal procedural system with the aim of guaranteeing a better governance and greater transparency about transactions with its controlling company, which exercises guidance and coordination activity over it.

The Procedure was prepared with the aim of facilitating the implementation of Article 2497-*ter* of the Italian Civil Code. The Procedure is applicable to all Italian and foreign subsidiaries.

The Procedure constitutes the organizational safeguard for tracing influenced decisions within the Group and is aimed at establishing rules for identifying influenced decisions different from those that fall within the scope of implementation of the "procedure governing related-party transactions."

Tax Issues

The total tax burden of the Group amounted to 59.5 million euros in the first half of 2017, or 22.0 million euros more than the amount reported the same period last year. The Group's current taxes totaled 38.9 million euros (34.3 million euros in the first half of 2016).
The Group's effective tax rate was 66.0%, up from 45.2% in the same period last year.
If the tax impact of Venezuela and the companies that reported a tax loss not deemed recoverable in the period were taken into account, the Group's effective tax rate would have been 31.6%.

The effective tax rate of Parmalat S.p.A. was 31.75%. The difference between the effective tax rate and the statutory tax rate (27.9% counting the IRAP rate) is mainly due to the tax effect of the reduction starting in 2017 of the Aid for Economic Growth surcharge and lower nonrecurring charges.

In June 2017, Parmalat submitted the documents requested by the Central Tax Auditing Department in order to continue the review activity regarding the procedure for preemptive approval required for adoption of the so-called "patent box" system and the reduced tax rate applicable to revenue generated by the direct and indirect use of intangible assets, for which it had already exercised the relevant option in 2015 and filed two additional briefs in May 2016. The Company is now waiting for the completion of the ruling phase. At this point, no indication can be given as to the amount of the savings that could result from the adoption of this system.

In April 2017, Parmalat S.p.A. filed an application for a reduced-charge settlement of the payment requests issued by Equitalia in the 2010-2016 period. After receiving a confirmation of acceptance by Equitalia in June, the Company made the required payments in July 2017.

Starting in 2007, Parmalat S.p.A., in its capacity as the consolidating company, elected to file a national consolidated income tax return, pursuant to Article 117 and following articles of the Uniform Income Tax Code, together with virtually all of its Italian subsidiaries. In September 2016, the option of including Centrale del Latte di Roma S.p.A. in the national consolidated tax return was renewed, valid from 2016 to 2018, through the filing of the tax return of Parmalat S.p.A. for 2015. The options for Dalmata S.p.A. and Sata Srl for the three-year period from 2017 to 2019 will be renewable through the filing of the tax return of Parmalat S.p.A. for 2016.

Corporate Governance

Parmalat, a company listed on the Italian Online Stock Exchange (Mercato Telematico Azionario – MTA) adopted the conventional management and control system pursuant to which, the functions of the Shareholders' Meeting notwithstanding, the Company's management is entrusted to the Board of Directors and the control function is performed by the Board of Statutory Auditors. The independent auditing of the financial statements is performed by external auditors, retained by the Shareholders' Meeting.

Consistent with the Company Bylaws, the Board of Directors appointed a Chief Executive Officer to whom it entrusted the management of the Company, reserving certain issues for its exclusive jurisdiction. The Chairperson of the Board of Directors, elected by the Shareholders' Meeting on April 29, 2016, exercises the powers assigned to her by the Bylaws and is the Company's legal representative. Pursuant to the Bylaws, the same person cannot serve concurrently both as Chairman and Chief Executive Officer.

The Board of Directors established two internal committees that provide consultative and proposal-making support to the Board of Directors: the Control and Risk Committee (which also serves as the Committee for Related-party Transactions) and the Nominating and Compensation Committee.

Parmalat abides by the recommendations of the Corporate Governance Code, in the edition approved most recently in July 2015, as approved by the Corporate Governance Committee sponsored by Borsa Italiana and certain trade associations.

Parmalat adopted an internal control and risk management system consisting of the complex of rules, procedures and organizational structures aimed at mapping, measuring, managing and monitoring the main enterprise risks. This system, which is integrated into the most general organizational and governance structures, is designed, on the one hand, to map, measure, manage and monitor the main risks and, on the other hand, to guarantee the credibility, accuracy, reliability and timeliness of the finance disclosures provided to the Company's governance bodies and the market.
The Organization, Management Control Model required by Legislative Decree No. 231/2001 is an integral part of the Internal Control System and the Oversight Board required by the abovementioned Decree is responsible for overseeing the implementation of the Model and ensuring that it is complied with and updated.
Guidelines for foreign subsidiaries, as approved by the Board of Directors of Parmalat and subsequently communicated to the Boards of the abovementioned subsidiaries, were developed taking into account the issues entailed by the different corporate organizations and the requirements of local laws. These guidelines set forth principles of business conduct and organizational rules that are consistent with the Group's Code of Ethics and should be applied to corporate processes that are relevant for the purposes of Legislative Decree No. 231/2001. Each company is required to adopt these principles and rules, compatibly with the relevant provisions of local laws.

Key Events in the First Half of 2017

Tender Offer Promoted by Sofil S.a.s.

On December 27, 2016, Sofil S.a.s. announced, pursuant to Article 102, Section 1, of the TUF and Article 37 of the Issuers' Regulation, its decision to promote a voluntary tender offer, pursuant to Article 102 and following articles of the TUF, for all Parmalat shares, less a total of 1,627,713,708 Parmalat shares (equal to 87.74% of the subscribed share capital as of the same date) owned by the Offeror, plus up to 52,851,928 shares reserved for creditors and up to 7,034,865 shares reserved for the exercise of warrants (the "TO").

On January 9, 2017, Sofil filed with the Consob the Offer Memorandum for the Tender Offer.

On January 30, 2017, the Consob approved the Offer Memorandum pursuant to Article 102, Section 4, of the TUF and Sofil published the Offer Memorandum on February 1, 2017.

On February 7, 2017, the Board of Directors of Parmalat S.p.A. approved by a majority vote the announcement prepared pursuant to Article 103, Section 3, of the TUF and Article 39 of Consob Regulation No. 11971/1999 (the "Issuer's Announcement") concerning the TO.

The Board of Directors, being cognizant of the TO and of its terms and conditions, as described in the respective offer memorandum, having reviewed the fairness opinion provided by Lazard S.r.l., independent expert appointed by the Independent Directors, the opinion rendered by the Independent Directors pursuant to Article 39 *bis* of Consob Regulation No. 11971/1999 and the fairness opinion rendered by Leonardo & Co., independent expert appointed by the Board of Directors, resolved that the Tender Offer considerations was fair, while pointing out—as also stated in the opinion of the Independent Directors—that it was within the lower part of the range of the amounts listed in the fairness opinion provided by Lazard S.r.l.

In their opinion, the Independent Directors pointed out that, differently from some earlier market transactions that included mechanisms (consisting in some cases of financial instruments) to adjust the transaction's consideration or rebalance the exchange ratios in the presence of events potentially significant from an economic standpoint, the occurrence of which could take place in the future and is uncertain and cannot be quantified in advance based on objectively measurable elements, the TO does not include any instrument that would provide those who accepted the tender offer with the right to share in any subsequent proceeds generated by the Citigroup litigation.

On February 20, 2017, Parmalat's Board of Directors approved by a majority vote an addendum to the Issuer's Announcement requested by the Consob pursuant to Article 114, Section 5, of the TUF.

On March 15, 2017, the Board of Directors of Parmalat S.p.A. approved by a majority vote an addendum to the Issuer's Announcement following an increase in the TO's consideration announced by the Offeror on March 9, 2017.

On March 22, 2017, Sofil (i) announced the provisional results of the TO, in response to which a total of 34,365,112 Parmalat[*] shares, equal to 1.852% of Parmalat's share capital were tendered, (ii) declared that it waived the condition requiring the achievement of the 90% threshold and (iii) extended the offer acceptance period for the trading sessions of March 29, 30, 31 and April 3 and 4, 2017.

On April 6, 2017, Sofil announced the final results of the TO after the extension of the acceptance period, stating that upon the conclusion of the TO it held a total of 1,662,786,326 Parmalat shares, equal to 89.632% of Parmalat's share capital.

Ordinary Shareholders' Meeting of April 28, 2017

A meeting of Parmalat's shareholders held on April 28, 2017 approved the financial statements for the 2016 reporting year and resolved to distribute a divided of 0.015 euros for each eligible common share.

In addition, the Shareholders' Meeting elected a new Board of Statutory Auditors comprised of Chairman Marco Pedretti (minority slate) and Statutory auditors Barbara Tadolini and Franco Carlo Papa (majority slate). The term of office of the Board of Statutory Auditors will run for three reporting years, i.e., until the approval of the financial statements for the year ended December 31, 2019. Marianna Tognoni (majority slate) and Matteo Tiezzi (minority slate) were elected as Alternates.

The Shareholders' Meeting also approved a resolution setting the compensation of the Board of Statutory Auditors at 50,000 euros per year for each Statutory Auditor and 75,000 euros per year for the Chairman.

[*] On March 25, 2017, Sofil announced the final results of the TO, in response to which a total of 34,365,987 Parmalat shares were tendered.

Complaint pursuant to Article 2408 of the Italian Civil Code

On February 6, 2017, the Board of Statutory Auditors of Parmalat S.p.A. published its Final Report pursuant to Article 2408, Section 2, of the Italian Civil Code, concerning a complaint filed on March 7, 2016 by Amber Capital UK LLP ("Amber"), in its capacity as investment management company for the funds Amber Global Opportunities Master Fund Limited, Amber Active Investors Limited and Amber Select Opportunities Limited, shareholders of Parmalat S.p.A. with equity stakes equal in the aggregate to more than 2% of Parmalat's share capital. In response to the complaint, an initial Report by the Board of Statutory Auditors was read at the Shareholders' Meeting of April 29, 2016, with the Board of Statutory Auditors reserving the right to carry out further review activities.

On April 21, 2017, the Company announced the Parmalat's Board of Directors, after the final Report pursuant to Article 2408, Section Two, of the Italian Civil Code was made acailable, having obtained from the Chief Executive Officer certain clarifications based on the findings of an analysis of the conclusions reached by the Board of Statutory Auditors regarding the cash pooling transaction, asked the Committee for Related-party Transactions (the "Committee") to carry out additional investigative activities.

The Committee completed this task on April 3, 2017, submitting to the Board of Directors a report on the activities it performed, accompanied by a management report, and recommending that the Board of Directors appoint independent external consultants with legal and financial-corporate expertise and submit to them certain questions, in order to enable the Directors to perform, on an informed basis, all necessary and appropriate assessments regarding this issue.

On April 10, 2017, the experts thus appointed informed the Company that they were in the process of completing their analyses and assessments, announcing that their finding would be released, at least on a preliminary basis, by April 28, 2017, which was the date when the Board of Director met to begin its assessments, in order to enable the Directors to perform, on an informed basis, all necessary and appropriate assessments regarding this issue. The conclusions reached by the appointed advisors, which are summarized below, while pursuing different logical and methodological approaches, all point in the same direction. More specifically, Professor Paolo Gualtieri concluded that:

"1. In our opinion, the cash pooling contract caused no damage whatsoever to Parmalat.

2. The analysis of DGPA [consultant of the Board of Statutory Auditors] is not entirely acceptable from a methodological standpoint because, specifically in the instances when the computations support the existence of a damage, it is based on counterfactual scenarios that do not respect the ex ante rationale that must be applied to the projected assessment upon which the differential analysis is based and does not represent the most likely situation in which Parmalat would have found itself, had there been no cash pooling.

3. Our economic analysis demonstrates that Parmalat, in order to attain a result higher than the one it achieved, would have had to invest a significant portion of its liquid assets in Italian treasury securities and time deposits with Italian banks, the yields on which increased due to a corresponding increase in the Italy risk, perceived as very high by investors.

4. It does not seem reasonable to expect that the Directors of an industrial company would behave in a fashion that, in seeking to obtain higher returns, increases the financial risks for the company with decisions that contradict those of most professional investors."

Borghesi e Associati S.p.A. concluded that:

"In our view, the concluding opinion must reflect the following factors:

a) The framing of the performance within an extraordinary moment in market conditions;

b) Whether or not the main treasury management objectives of a complex industrial enterprise were complied with;

c) The materiality of the differences produced by the alternatives;

d) The specific assessment of the risk of the alternatives.

(…..)

Considering all of these factors, the conduct followed by Parmalat's Treasury Department during the period in question does not appear to have been damaging in any way but rather, on the contrary, was particularly prudent and balanced, as well as effective in terms of results."

The legal advisors Professor Francesco Benatti and Professor Emanuele Rimini, in responding to the questions submitted to them, in light of the conclusions reached by the financial advisors, in turn, concluded that:

"In conclusion, the authors of this opinion concur, also from a strictly legal standpoint, with the abovementioned conclusions reached in both Reports, according to which not only did "Parmalat's Treasury Department perform its corporate duties" (see the Analysis of the Cash Pooling Agreement by Borghesi a Associati S.p.A.), but also it does not seem reasonable to expect that the Directors of an industrial company would behave, regarding the investment of liquid assets, in a fashion that, in seeking to obtain higher potential returns, increases the financial risks for the company with decisions that contradict those made by the overwhelming majority of professional investors during that period (see the "Opinion by Professor Paolo Gualtieri")."

In view of the conclusion set forth in the Report of the Board of Statutory Auditors pursuant to Article 2408, Section Two, of the Italian Civil Code and of the fact that May 31, 2017 was the deadline for the statute of limitations on the filing of any action against certain Directors in office while the cash pooling was in effect, the Board of Directors resolved to convene a Shareholders Meeting for May 29, 2017, at 10:00 AM, with the following Agenda:

"Report of the Board of Statutory Auditors Pursuant to Article 2408, Section Two, of the Italian Civil Code of February 6, 2017.

Pertinent and related resolutions, including the filing of any lawsuits against Directors in office in the 2011-2013 reporting years."

Subsequently, the Board of Directors met on May 8, 2017 for a final assessment of the opinions provided by the abovementioned consultants and other available information documents, including (i) the final memorandum prepared by Management on April 3, 2017 further to discussions held with DGPA&Co, the consultant of the Board of Statutory Auditors and (ii) the addendum prepared by DGPA&Co made available by the Board of Statutory Auditors on April 18,2017, with the aim of making, consistent with its duties towards the Company and all shareholders, the determinations within its jurisdiction and adopting the corresponding resolutions. At the end of the meeting, the Board of Directors of Parmalat S.p.A., taking also into account the explanations and clarifications provided by the advisors in the course of their personal attendance at the Board meeting, concluded, by a majority vote, that they agreed with the concurring conclusions of the abovementioned advisors, who, regarding the cash pooling transaction, did not find that any conduct occurred in violation of their corporate duties that caused any damage to the Company. Based on the foregoing considerations, the Board of Directors concluded, by a majority vote, that the conditions did not exist for the successful pursuit of a lawsuit, on the Company's behalf, against the Directors in office at the time of the cash pooling transaction. Citing by reference its report to the Shareholders' Meeting of April 29, 2017 and the accompanying documents published in connection with it, the Board of Directors disclosed its abovementioned conclusions also with regard to the adoption by the Shareholders' Meeting scheduled for May 29, 2017 of the determinations that are reserved for its sole jurisdiction under current laws.

On May 29, 2017, Parmalat's Ordinary Shareholders' Meeting rejected the recommendation put forth by the representative of the shareholder Amber Active Investors Limited to pursue a lawsuit against certain Directors in office at the time of the cash pooling transaction.

Acquisition in Chile of Companies Specialized In the Cheese Sector

On March 1, 2017, Parmalat acquired some companies that operate in Chile specializing in the cheese sector.

With this transaction, the Parmalat Group strengthened its presence in South America, expanding geographically in a country where it operates through a licensing agreement.

The acquired companies operate four production facilities with about 600 employees. The brand portfolio includes, among the most important, the *La Vaquita* and *Kümey* brands.

In 2016, the net revenue of the acquired companies totaled about 95 million euros.

The enterprise value of the acquired businesses was set at about 100 million euros and the acquisition will be fully financed by the Group with its own resources.

Acquisition of Business Activities in the Ethnic Dairy Specialties Segment in the United States of America

On May 2, 2017, Parmalat S.p.A. announced that, on May 1, 2017, its LAG Holding Inc. subsidiary acquired two companies that operate in the diary sector in the United States of America.

With this this transaction, the Parmalat Group acquired an important business organization active in the ethnic specialties segment in the United States, rounding out its current portfolio of gourmet cheeses and entering into the yogurt market.

The acquisition includes a production facility in Turlock, California, and two companies with a total of about 140 employees. The brand portfolio includes, among the main trademarks, the "*Karoun*", "*Gopi*" and "*Blue Isle*" brands.

In 2016, the two companies had net revenues of about 55 million U.S. dollars.

The enterprise value of the acquired business operations was estimated at about 130 million U.S. dollars and the acquisition was funded entirely with internal resources.

Events Occurring After June 30, 2017

Acquisition on of SILAC Business Operations

On June 30, 2017, effective as of July 1, 2017, Parmalat S.p.A., acting though it SILAC Commerciale S.r.l. subsidiary, an entity established specifically for this transaction, acquired from SILAC S.r.l., a company established under Italian law, certain business operations engaged in the marketing and distribution of dairy products.

The consideration paid for this acquisition, which also reflects some ancillary stipulations, amounted to12 million euros and was paid in full on June 30, 2017.

In 2016, the acquired business operations generated net revenue of about 22 million euros.

Resignation of Yvon Guérin

On July 28, 2017, Yvon Guérin informed the Board of Directors that he intended to resign for personal reasons from the posts of Chief Executive Officer and General Manager of Parmalat, effective from September 12, 2017, after the approval of the semiannual financial report at June 30, 2017.
The non-independent Director Michel Peslier, appointed from the slate filed by the majority shareholder, announced, in line with the plan for succession of the Chief Executive Officer, as stated in Section 4.1 of the Corporate Governance Report for 2016, the intention to recommend to the Board of Directors, at the meeting scheduled for September 12, 2017, the appointment by cooption of Jean Marc Bernier as Chief Executive Officer and General Manager of Parmalat S.p.A., as replacement for Yvon Guérin. The Board of Directors, at the meeting of September 12, 2017, will adopt the necessary resolutions on this topic, with the approval of the Board of Statutory Auditors in accordance with Article 2386 of the Italian Civil Code, also taking into account the outcome of the investigations, voluntary entrusted, that will be carried out by the Appointments and Compensation Committee.

Business Outlook

In some geographic areas, an uptick in the cost of raw milk is creating problems in updating sales terms, due to the policies pursued both by some competitors and by customers, with potentially significant effects on the Group's sales volumes.
In addition, despite the progress made compared with the previous year, some issues in the implementation of programs planned in the industrial and logistics areas are affecting performance in the third quarter, creating expectations of some delays also in the final quarter of the year.

2017 Guidance

In light of these considerations, at constant exchange rates and scope of consolidation and excluding the impact of Venezuela, the evolution of net revenue and EBITDA, while still positive, is expected to be limited within 1%.

Disclaimer

This document contains forward looking statements, particularly in the section entitled "Business Outlook." Projections for 2017 and 2018 are based, inter alia, on the Group's performance in the second quarter of 2017 and take into account current trends in the third quarter. 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.

Glossary

“EBIT”	EBIT is obtained by subtracting from EBITDA non-monetary charges related to depreciation and amortization and impairment (net of any reversals) of non-current assets and adding the net effect of “Other income and expense,” i.e., income and expense items that originate from transactions that do not recur frequently in the normal course of business, such as, for example, proceeds from actions to void and actions for damages, litigation-related legal expenses and any other non-recurring income and expense.
“EBITDA”	EBITDA represents the difference between consolidated net revenue and operating expenses before non-monetary charges related to depreciation and amortization and impairment (net of any reversals) of non-current assets.
“Intangible assets”	This item includes assets listed in the Consolidated Statement of Financial Position under goodwill, trademarks with an indefinite useful life and other intangible assets.
“Net financial position”	This item consists of the gross financial debt less “Cash and cash equivalents” and “Other current financial assets.”
“Non-current financial assets”	This item includes equity investments and other non-current financial assets.
“Other assets”	This item includes other current assets.
“Other liabilities”	This item includes other current liabilities and income taxes payable.
“Provisions for risks and charges”	This item also includes Deferred tax liabilities.

Parmalat Group – Condensed Consolidated Semiannual Financial Statements at June 30, 2017

Parmalat Group

Financial Statements at June 30, 2017

Consolidated Statement of Financial Position

Notes	(in millions of euros)	(*)	6/30/17	(*)	12/31/16
	NON-CURRENT ASSETS		**3,092.5**		**3,024.7**
(1)	Goodwill		699.5		548.7
(2)	Trademarks with an indefinite useful life		531.3		544.0
(3)	Other intangible assets		191.4		216.8
(4)	Property, plant and equipment		1,474.2		1,489.7
	Investments in associates		61.4		55.7
	Other non-current assets		62.4		97.8
	Deferred tax assets		72.3		72.0
	CURRENT ASSETS		**2,262.5**		**2,615.9**
(5)	Inventories		743.7		729.8
(6)	Trade receivables		579.1		631.2
	amount from transactions with related parties	*20.5*		*15.2*	
(7)	Other current assets		230.8		226.2
	amount from transactions with related parties	*0.4*		*0.0*	
(8)	Cash and cash equivalents		421.8		740.1
	Current financial assets		287.1		288.6
	amount from transactions with related parties	*1.0*		*0.4*	
	Assets held for sale		**3.4**		**0.9**
	TOTAL ASSETS		**5,358.4**		**5,641.5**
	EQUITY		**3,232.0**		**3,328.8**
(9)	Share capital		1,855.1		1,855.1
(10)	Reserve for creditor challenges and claims of late-filing creditors convertible into share capital		52.9		52.9
	Other reserves and retained earnings:				
(11)	- Reserve for currency translation differences		(422.3)		(320.0)
	- Cash flow hedge reserve		(0.3)		0.1
(12)	- Miscellaneous reserves		1,697.3		1,642.2
(13)	Profit for the period		30.4		78.5
	Equity attributable to owners of the parent		**3,213.1**		**3,308.8**
(14)	**Equity attributable to non-controlling interests**		**18.9**		**20.0**
	NON-CURRENT LIABILITIES		**805.8**		**927.0**
(15)	Financial liabilities		335.9		443.6
	Deferred tax liabilities		243.4		243.1
	Provisions for employee benefits		93.7		98.7
(16)	Provisions for risks and charges		122.9		131.6
	Provision for contested preferential and prededuction claims		9.9		10.0
	CURRENT LIABILITIES		**1,320.6**		**1,385.7**
(15)	Short-term borrowings		309.6		250.7
	amount from transactions with related parties				
(17)	Trade payables		836.1		937.4
	amount from transactions with related parties	*32.4*		*26.4*	
(18)	Other current liabilities		163.4		178.4
(19)	Income taxes payable		11.5		19.2
	Liabilities directly attributable to assets held for sale		**0.0**		**0.0**
	TOTAL LIABILITIES AND EQUITY		**5,358.4**		**5,641.5**

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

Consolidated Income Statement

Notes	(in millions of euros)	(*)	First half 2017	(*)	First half 2016
(20)	**REVENUE**		**3,297.5**		**3,008.5**
	Net revenue		3,274.0		2,991.1
	amount from transactions with related parties	*32.6*		*16.8*	
	Other revenue		23.5		17.4
	amount from transactions with related parties	*3.3*		*3.6*	
(21)	Cost of sales		(2,654.6)		(2,424.6)
	amount from transactions with related parties	*(53.8)*		*(59.1)*	
(21)	Distribution costs		(330.4)		(272.9)
	amount from transactions with related parties	*(10.5)*		*(5.7)*	
(21)	Administrative expenses		(220.7)		(219.6)
	amount from transactions with related parties	*(2.5)*		*(3.4)*	
	Other income and expense:				
(22)	- Litigation-related legal expenses		(1.0)		(1.2)
(23)	- Miscellaneous income and expense		(2.9)		(6.4)
	EBIT		**87.9**		**83.8**
	Financial income		32.6		34.3
	Financial expense		(32.0)		(35.3)
(24)	**Net financial expense**		**0.6**		**(1.0)**
	Other income from (expense for) equity investments		1.6		0.1
	PROFIT BEFORE TAXES		**90.1**		**82.9**
(25)	Income taxes		(59.5)		(37.5)
	PROFIT FOR THE PERIOD		**30.6**		**45.4**
	(Profit)/Loss attributable to non-controlling interest		(0.2)		(0.5)
	Profit/(Loss) attributable to owners of the parent		30.4		44.9

Continuing Operations:

Basic earnings per share (in euros)	**0.0164**	**0.0242**
Diluted earnings per share (in euros)	**0.0164**	**0.0242**

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

Consolidated Statement of Comprehensive Income

Notes	*(in millions of euros)*	**First half 2017**	**First half 2016**
	Profit for the period (A)	**30.6**	**45.4**
	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	(1.3)	(15.5)
	Total other comprehensive gains/(losses) that will not be later reclassified into profit/(loss) for the period net of tax effect (B1)	**(1.3)**	**(15.5)**
	Other comprehensive gains/(losses) that will be later reclassified into profit/(loss) for the period:		
	Change in fair value of derivatives (*cash flow hedge*), net of tax effect	(0.4)	0.3
	Change in fair value of available-for-sale securities, net of tax effect	5.7	4.6
	Difference on translation of financial statements in foreign currencies	(102.2)	150.1
	Total other comprehensive gains/(losses) that will be later reclassified into profit/(loss) for the period net of tax effect (B2)	**(96.9)**	**155.0**
	Total other components of the comprehensive income statement, net of tax effect (B)=(B1)+(B2)	**(98.2)**	**139.5**
	Total comprehensive net profit/(loss) for the period (A) + (B)	**(67.6)**	**184.9**
	Total comprehensive net profit/(loss) for the period attributable as follows:		
	(Profit)/Loss attributable to non-controlling interests	(0.3)	(0.8)
	Profit/(Loss) attributable to owners of the parent	(67.9)	184.1

Consolidated Statement of Cash Flows

Notes	*(in millions of euros)*	**First half 2017**	**First half 2016**
	OPERATING ACTIVITIES FOR THE PERIOD		
	Profit from operating activities	30.6	45.4
(26)	Depreciation, amortization and impairment losses on non-current assets	93.3	80.2
	Accruals to provisions	71.5	67.3
	Interest and other financial expense	3.8	8.1
	Non-cash (income)/expense items	7.2	10.0
	(Gains)/Losses on divestments	(1.1)	(0.6)
	Dividends received	(1.6)	(0.1)
(23)	Proceeds from actions to void and actions for damages	(0.0)	(0.7)
(22)	Litigation-related legal expenses	1.0	1.2
	Cash flow from operating activities before change in working capital	**204.7**	**210.8**
	Change in net working capital and provisions:		
	Operating working capital	(106.4)	(92.0)
	Payments of income taxes on operating results	(43.5)	(54.8)
	Other assets/Other liabilities and provisions	(28.7)	(32.3)
	Total change in net working capital and provisions	**(178.6)**	**(179.1)**
	CASH FLOW FROM OPERATING ACTIVITIES FOR THE PERIOD	**26.1**	**31.7**
	amount from transactions with related parties	*(30.2)*	*(44.0)*
	INVESTING ACTIVITIES		
	Investments:		
(3)	*- Intangible assets*	(0.7)	(1.7)
(4)	*- Property, plant and equipment*	(94.7)	(80.9)
	- Non-current financial assets	(9.5)	(2.1)
	- Investments in Other current financial assets maturing in more than 3 moth from the date of purchase	47.2	(19.8)
	- Consideration paid to acquire a controlling interest net of acquired cash	(212.0)	(34.8)
	Divestments and sundry proceeds	7.8	5.9
	Dividends received	1.6	1.1
	CASH FLOW FROM INVESTING ACTIVITIES	**(260.3)**	**(132.3)**
	amount from transactions with related parties	*0.9*	*(0.0)*
	PROCEEDS FROM SETTLEMENTS	**0.0**	**0.7**
	LITIGATION-RELATED LEGAL EXPENSES	**(0.8)**	**(1.0)**
	FINANCING ACTIVITIES		
(15)	New loans and finance leases	139.3	32.0
(15)	Repayment of principal and accrued interest of loans and finance leases	(170.0)	(31.8)
	Dividends paid	(29.0)	(33.0)
	CASH FLOW FROM FINANCING ACTIVITIES	**(59.7)**	**(32.8)**
	amount from transactions with related parties	*(24.9)*	*(27.4)*
	INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM JANUARY 1 TO JUNE 30	**(294.7)**	**(133.7)**
(8)	**CASH AND CASH EQUIVALENTS AT JANUARY 1**	**740.1**	**533.5**
	Increase/(Decrease) in cash and cash equivalents from January 1 to June 30	**(294.7)**	**(133.7)**
	Net impact of the translation of cash and cash equivalents denominated in foreign currencies	**(23.6)**	**0.8**
(8)	**CASH AND CASH EQUIVALENTS AT JUNE 30**	**421.8**	**400.6**

Loan interest income amounted to 3.5 million euros in the first half of 2017 (3.3 million euros in the first half of 2016).

Loan interest expense amounted to 8.9 million euros in the first half of 2017 (6.9 million euros in the first half of 2016).

Changes in Consolidated Shareholders' Equity

(in millions of euros)			Other reserves and retained earnings									
	Share capital[1]	Reserve convertible into share capital[2]	Statu-tory reserve	Res. for divid. to challenges and condit. claims	Reserve for translation differences	Cash flow hedge reserve	Reserve for re-measuring of defined-benefit plans	Sundry reserves [3]	Profit (Loss) for the period	Equity attrib. to owners of parent	Equity attrib. to non-controlling interests	Total equity
Balance at January 1, 2016	**1,855.1**	**52.9**	**108.1**	**26.3**	**(571.4)**	**(0.2)**	**(36.9)**	**1,431.4**	**144.3**	**3,009.6**	**19.5**	**3,029.1**
Profit for the period									44.9	44.9	0.5	45.4
Difference from the translation of financial statements in foreign currencies					149.8					149.8	0.3	150.1
Remeasuring of defined-benefit plans							(15.5)			(15.5)	-	(15.5)
Change in fair value of derivatives						0.3				0.3	-	0.3
Change in fair value of available-for-sale securities								4.6		4.6	-	4.6
Comprehensive profit for the period	**-**	**-**	**-**	**-**	**149.8**	**0.3**	**(15.5)**	**4.6**	**44.9**	**184.1**	**0.8**	**184.9**
Appropriation of the 2015 result			3.3					109.5	(112.8)	-	-	-
2015 dividend (for Parmalat S.p.A., 0.017 euros per share)									(31.5)	(31.5)	(1.5)	(33.0)
Balance at June 30, 2016	**1,855.1**	**52.9**	**111.4**	**26.3**	**(421.6)**	**0.1**	**(52.4)**	**1,545.5**	**44.9**	**3,162.2**	**18.8**	**3,181.0**
Balance at January 1, 2017	**1,855.1**	**52.9**	**111.4**	**26.3**	**(320.0)**	**0.1**	**(44.3)**	**1,548.8**	**78.5**	**3,308.8**	**20.0**	**3,328.8**
Profit for the period									30.4	30.4	0.2	30.6
Difference from the translation of financial statements in foreign currencies					(102.3)					(102.3)	0.1	(102.2)
Remeasuring of defined-benefit plans							(1.3)			(1.3)	-	(1.3)
Change in fair value of derivatives						(0.4)				(0.4)	-	(0.4)
Change in fair value of available-for-sale securities								5.7		5.7	-	5.7
Comprehensive profit for the period	**-**	**-**	**-**	**-**	**(102.3)**	**(0.4)**	**(1.3)**	**5.7**	**30.4**	**(67.9)**	**0.3**	**(67.6)**
Appropriation of the 2016 result			2.8					47.9	(50.7)	-	-	-
2016 dividend (for Parmalat S.p.A., 0.015 euros per share)									(27.8)	(27.8)	(1.4)	(29.2)
Balance at June 30, 2017	**1,855.1**	**52.9**	**114.2**	**26.3**	**(422.3)**	**(0.3)**	**(45.6)**	**1,602.4**	**30.4**	**3,213.1**	**18.9**	**3,232.0**

[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, title to these shares reverted to Parmalat S.p.A.
[2] For creditors challenging exclusions and late-filing creditors.
[3] Limited to 24,810,000 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 Consolidated Semiannual Financial Statements

Foreword

The registered office of Parmalat S.p.A. is located in Italy, at Via Silva 9, Milan. 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 Semiannual Financial Report was approved, owned 89.6% 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 25 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), *Cheese and Other Fresh Products* (yogurt, cheese, fermented milk, desserts and butter) and *Fruit Beverages* (fruit juices, nectars and teas).

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.

These condensed consolidated semiannual financial statements at June 30, 2017 are denominated in euros, which is the functional 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 statement of changes in shareholders' equity and the accompanying notes. All of the amounts listed in the schedules and the notes are in millions of euros, except as noted.
The income statement data for the six months ended June 30, 2017 are compared with the data for the six months ended June 30, 2016, while statement of financial position data at June 30, 2017 are compared with the data at December 31, 2016.

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 statement of changes in shareholders' equity is consistent with the format used in the annual financial statements.

The condensed consolidated semiannual financial statements at June 30, 2017 were the subject of a limited audit, in accordance with the criteria recommended by the Consob with Resolution No. 10867 of July 31, 1997, 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 international auditing principles (ISA Italy).

The publication of these condensed consolidated semiannual financial statements at June 30, 2017 was authorized by the Board of Directors on September 12, 2017.

Principles for the Preparation of the Condensed Consolidated Semiannual Financial Statements

The condensed consolidated semiannual financial statements at June 30, 2017 of the Parmalat Group were prepared in accordance with the provisions of Article 154-ter "Financial Reporting" of the Uniform Financial Code ("T.U.F.") introduced with Legislative Decree No. 195 of November 6, 2007, as amended most recently by Legislative Decree No. 25 of February 15, 2016, by which the Italian legislature implemented Directive 2013/50/EU of the European Parliament and Council of October 22, 2013, which amended Directive 2004/109/EC (so-called Transparency Directive) on periodic financial reporting.

The condensed consolidated semiannual 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, 2016.

These condensed consolidated semiannual 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.

These condensed consolidated semiannual financial statements were prepared in accordance with the same consolidation principles and valuation criteria applied to prepare the consolidated financial statements at December 31, 2016.

There were no new accounting principles, amendments and interpretations approved by the European Commission and in effect as of January 1, 2017.

New Accounting Principles and Interpretations Approved by the E.U. Not Yet in Effect

In 2016, the European Commission endorsed and published the following new accounting principles, amendments and interpretations, which supplement those approved and published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

IFRS 15 – Revenue from Contracts with Customer (applicable to accounting periods beginning on or after January 1, 2018). This principle establishes a new revenue recognition model that will be applicable to all contract stipulated with customers, except for those that fall within the scope of implementation of other IAS/IFRS principles such as leases, insurance contracts and financial instruments. Under this new model, the key steps for revenue recognition are: 1) identifying the contract with a customer; 2) identifying the contract's performance obligations 3) determining the transaction's price, i.e., the amount of the expected consideration; 4) allocating the price to the contract's performance obligations; and 5) the revenue recognition criteria when the entity satisfies each performance obligation.
The Group completed a qualitative assessment process of the main types of contracts that could be affected by the adoption of this new principle; in this regard, the main types identified have to do with accounting for sales through licensee or distributors, accounting for sales under prize contest programs and accounting for sales of third-party brand products and/or products produced through third-party suppliers. A reliable estimate of the quantitative effects will be possible only after the transactions identified with this process are requalified for accounting purposes in accordance with the requirements of the new accounting principle; this quantification process should be completed before the end of the 2017 reporting year.

IFRS 9 – Financial Instruments (applicable to accounting periods beginning on or after January 1, 2018). This principle introduces new requirements for classification, measurement, impairment and hedge accounting. This principle is applicable to accounting periods beginning on or after January 1, 2018; early adoption is allowed. Except for hedge accounting, the principle must be adopted retrospectively, but providing comparative information is not mandatory. As for hedge accounting, this principle is generally applied prospectively with some limited exceptions. The Group is currently assessing the potential impact that these principles could have on its consolidated financial statements. The

Group expects to complete a qualitative-quantitative analysis of the effects resulting from the adoption of this new principle in the last quarter of the 2017 reporting year.

New Accounting Principles, Amendments and Interpretations Published by the IASB not yet Adopted by the E.U.

As of the date of preparation of these condensed consolidated semiannual financial statements, the following principles, amendments and interpretations published by the IASB had not yet been approved by the European Union:

	Adoption mandatory as of
IFRS 14 (Regulatory Deferral Accounts)	January 1, 2016
Amendments to IAS 12 (Recognition of Deferred Tax Assets for Unrealized Losses)	January 1, 2017
Amendments to IAS 7 (Disclosure Initiative)	January 1, 2017
Clarifications for IFRS 15 (Revenue from Contracts with Customers)	January 1, 2018
Amendments to IFRS 2 (Classification and Measurement of Share-based Payments)	January 1, 2018
Amendments to IFRS 4 (Insurance Contracts)	January 1, 2018
Amendments to IFRS – Annual Improvements to IFRSs 2014-2016 Cycle	January 1, 2017 January 1, 2018
IFRIC 22 (Foreign Currency Transaction and Advance Consideration)	January 1, 2018
Amendments to IAS 40 (Investment Property)	January 1, 2018
IFRS 16 (Leases)	January 1, 2019
IFRIC 23 (Uncertainty over Income Tax Treatments)	January 1, 2019
IFRS 17 (Insurance Contracts)	January 1, 2021
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between and Investor and its associate/joint venture	Not yet determined

The Group is currently assessing the potential impact that these principles could have on its consolidated financial statements.

Use of Estimates

When preparing the condensed consolidated semiannual 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, namely, the statement of financial position, the income statement and the statement of cash flows, 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 consolidated semiannual financial statements are those concerning goodwill, trademarks with an indefinite useful life, depreciation and amortization of non-current assets, current and deferred income taxes, the allowance for doubtful accounts, the provisions for risks and charges (specifically with regard to pending litigation), the provisions for employee benefits, business combinations, derivatives and the hyperinflation index in Venezuela.

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, 2016.

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 consolidated semiannual financial statements at June 30, 2017 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 consolidated semiannual financial statements, are based on the same closing date as that of the Parent Company, except for the Karoun Group, for which the statement of financial position balances at the acquisition date of May 1, 2017 were consolidated. Because the size of the acquired group was not significant (net annual revenue of about 55 million U.S. dollars in 2016), the exclusion from the consolidation of the economic and financial effects recorded in May and June did not have a material impact on the correct representation of the Group's financial position, income statement and cash flow.

Control exists when the Group simultaneously has decision-making power over the investee company, has title to the variable results (positive or negative) and 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 requirements for determining control are currently still being met with regard to the Centrale del Latte di Roma S.p.A. subsidiary pending a final resolution of the judicial dispute discussed in detail in the section of this Report entitled *"Legal Disputes and Contingent Liabilities at June 30, 2017."* The Group views this subsidiary as strategically significant and intends to retain this investment.

The main change to the scope of consolidation that occurred in the first half of 2017 compared with December 31, 2016 included the following:

- Acquisition of some companies that operate in Chile specializing in the cheese sector. The acquired companies operate four production facilities with about 600 employees. The brand portfolio includes, among the most important, the *La Vaquita* and *Kümey* brands. The acquired companies were consolidated as of March 1, 2017, i.e., the date when the Group gained effective control of these companies.

- Acquisition of some companies that operate in the diary sector in the United States of America. The acquired companies operate a production facility with a total of about 140 employees. The brand portfolio includes, among the main trademarks, the *Karoun*, *Gopi* and *Blue Isle* brands. As stated above, the acquired companies were consolidated as of May 1, 2017, i.e., the date when the Group gained effective control of these companies.

With regard to this acquisition, the Group will proceed with the determination of the fair value of the acquired assets and 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 was allocated to goodwill on a temporary basis.

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 revenue and expense were originally recognized in the financial statements.
Starting on February 19, 2016, Banco Central de Venezuela suspended the publication of the national consumer price index (INPC). Consequently, on the date of preparation of this Semiannual Financial Report, absent data published by Banco Central de Venezuela, the inflation index for the first six months of 2017 was estimated using as a reference highly regarded international studies, in continuity with the practice followed in 2016. The estimated index at the reference date of this Semiannual Financial Report was 84.250 with a change compared with the same period last year equal to 1,122.6% (435.4% in 2016). The change in the index compared with December 31, 2016 was 430.3% (185.8% in the first half of 2016).

The following three official exchange rates were in effect in Venezuela on the date of preparation of this Semiannual Financial Report:

- the *"cambio protegido"* (also called "*DIPRO"*) set at 10.00 VEF/USD, reserved for basic necessities, including food products;
- the *SICAD* system, based on auctions scheduled by the central bank. The last SICAD auction held in August and reserved for the agricultural sector set an exchange rate of 13.50 VEF/USD, effective as of September 1; this exchange rate is still in effect;
- the *"cambio complementario flotante de mercado"* (also called *DICOM*), which replaced the existing *SIMADI* as a system in which individuals and companies can exchange foreign currency through authorized international institutions. At December 31, 2016, the DICOM rate was 673.80 VEF/USD and held relatively stable until May 30, when, compared with the last quote of 727 VEF/USD, jumped to 2,010 VEF/USD. At June 30, 2017, this rate was 2,640 VEF/USD while the average exchange rate for the reporting period was 1,021.5 VEF/USD.

During the first half of 2017, the Venezuelan subsidiaries, while officially entitled to purchase foreign currency at the preferential *DIPRO* rate (but not even a single dollar was allotted through this channel in the first half of 2017) purchased 1.3 million U.S. dollars at the *DICOM* exchange rate. These additional purchases of currency, while at a less favorable rates, made it possible to settle more quickly transactions with commercial counterparties, thereby keeping business activities operable.

Based on available document evidence and in a context of significant uncertainty characterized by constant changes to the foreign exchange system, it was deemed appropriate to translate the statement of financial position and income statement balances of the Venezuelan subsidiaries by applying an exchange rate determined internally taking into account Venezuela's inflation rate, as obtained from unofficial public information sources. The exchange rate, set at 2,852.40 VEF/USD at June 30, 2017 (1,960.5 VEF/USD average exchange rate for the reporting period) is thought to be more representative of operating conditions during the reporting period.

At December 31, 2016 Parmalat used the DICOM rate to translate the income statement and statement of financial position balances of the subsidiaries for the purpose of preparing the Group’s consolidated financial statements. This change caused, at June 30, 2017, reductions of 1.9 million euros for shareholders’ equity, 60.9 million euros for net revenue and 5.9 million euros to EBITDA.

Given the situation of significant economic and political uncertainty that exists in Venezuela, it is possible that future changes in exchange rates and in the exchange rate system, as well as other potential related developments affecting Venezuela, could have an additional material impact on the future activities of the subsidiaries, with an effect also on Parmalat’s consolidated financial statements.

Acquisitions

2017

Chile: Acquisition of the La Vaquita Group

On March 1, 2017, Parmalat S.p.A., acting through its La Vaquita Holding S.p.A. subsidiary, an entity established specifically for this transaction, acquired some companies that operate in Chile specializing in the cheese sector.

The acquired companies operate four production facilities with about 600 employees. The brand portfolio includes, among the most important, the *La Vaquita* and *Kümey* brand.

With this transaction, the Group strengthened its presence in South America, expanding geographically in a country where it operates through a licensing agreement.

This acquisition required a total outlay of 56.6 billion Chilean pesos (82.6 million euros) counting the price paid for the entire share capital (69.0 million euros) and the assumption of debt totaling 13.6 million euros. The price stipulated by the parties is subject to adjustments based on the value of the net financial position and working capital of the abovementioned companies on the date of closing. These adjustments are currently being finalized by the parties.

The acquisition cost, amounting to 0.4 million euros, were reflected in the consolidated income statement for the first half of 2017 under Other income and expense.

With regard to this 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.
As required by IFRS 3, the difference between the price paid and the provisional fair value (corresponding to the book value) of the net acquired assets was allocated on a preliminary basis to goodwill for 63.9 million euros.

Since the date of acquisition, the acquired companies contributed 40.1 million euros to consolidated net revenue, 3.3 million euros to consolidated EBITDA and 2.0 million euros to consolidated net profit.

United States: Acquisition of the Karoun Group

On May 1, 2017, Parmalat S.p.A., acting through its LAG Holding Inc. subsidiary, acquired some companies that operate in the diary sector in the United States of America.

The acquired companies includes a production facility with a total of about 140 employees. The brand portfolio includes, among the main trademarks, the *Karoun*, *Gopi* and *Blue Isle* brands.

With this this transaction, the Parmalat Group acquired an important organization active in the ethnic specialties segment in the United States, rounding out its current portfolio of gourmet cheeses and entering the yogurt market.

The consideration paid for this acquisition amounted to 134.9 million U.S. dollars (123.4 million euros). The price stipulated by the parties is subject to adjustments based on the value of the net financial position and working capital of the abovementioned companies on the date of closing. These adjustments are currently being finalized by the parties.

With regard to this 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.
As required by IFRS 3, the difference between the price paid and the provisional fair value (corresponding to the book value) of the net acquired assets was allocated on a preliminary basis to goodwill for 107.6 million euros.

The table below shows the provisional fair value (corresponding to the book value) of the assets and liabilities on the date of acquisition:

(in millions of euros)	***LA VAQUITA***	***KAROUN***	***TOTAL***
	Book value of the acquired assets and liabilities	***Book value of the acquired assets and liabilities***	***Book value of the acquired assets and liabilities***
Other intangibles	0.3		0.3
Property, plant and equipment	24.4	12.8	37.2
Deferred-tax assets	1.6		1.6
Inventories	5.0	2.6	7.6
Trade payables	4.6	2.7	7.3
Other current assets	7.8	0.2	8.0
Cash and cash equivalents	3.0	0.2	3.2
Current financial assets	0.2		0.2
Total acquired assets	**46.9**	**18.5**	**65.4**
Nonrecurring financial liabilities	13.7		13.7
Deferred-tax liabilities	0.4		0.4
Current financial liabilities	2.3		2.3
Trade payables	8.4	2.6	11.0
Other current liabilities	15.3	0.1	15.4
Deferred-tax liabilities	1.7		1.7
Total assumed liabilities	**41.8**	**2.7**	**44.5**
Total acquired shareholders' equity	**5.1**	**15.8**	**20.9**
Shareholders' equity attributable to non-controlling interests			
Goodwill	63.9	107.6	171.5
Price paid	**69.0**	**123.4**	**192.4**

2016

Australia: Yogurt and Dairy Dessert Operations

On December 16, 2015, Parmalat Australia Pty Ltd, a subsidiary of Parmalat S.p.A., entered into an agreement with Fonterra Brands (Australia) Pty Ltd ("Fonterra") to purchase its yogurt and dairy dessert operations in Australia, which include two production facilities (Tamar Valley, Tasmania, and Echuca, Victoria) and designated Parmalat Australia YD Pty Ltd, a company established specifically for this purpose, for the completion of the acquisition.

On February 22, 2016, to complete the acquisition, AD Brands S.A., a subsidiary of Parmalat S.p.A., entered into an agreement with Nestlé (Switzerland) to purchase, limited to the territory of Australia, the Ski trademark and was licensed to use some confectionary brands. AD Brands S.A. was designated by Parmalat Australia Pty Ltd as the buyer of the Tamar Valley, Soleil, CalciYum e Connoisseur trademark (the last two under license).

With this acquisition, the Group further strengthened its position in the Australian yogurt market, expanding its production capacity in that country and creating economies of scale with its existing production facilities.

With regard to the business combination, the Group identified the fair value of the acquired assets and assumed liabilities and contingent liabilities within the deadline required by IFRS 3. See the 2016 Annual Report for additional details.

Business Combinations Completed After June 30, 2017

On June 30, 2017, effective as of July 1, 2017, Parmalat S.p.A., acting though it SILAC Commerciale S.r.l. subsidiary, an entity established specifically for this transaction, acquired from SILAC S.r.l., a company established under Italian law, certain business operations engaged in the marketing and distribution of dairy products.

The consideration paid for this acquisition, which also reflects some ancillary stipulations, amounted to 12 million euros and was paid in full on June 30, 2017.

In 2016, the acquired business operations generated net revenue of about 22 million euros.

Seller's Guarantees

For the acquisitions mentioned above, as was indeed the case for those completed in previous years and mentioned in the corresponding reports and financial statements, the Group carefully monitors the required contractual guarantees, so that it may activate the specific indemnification procedures, should it become necessary.

Related-party Transactions

The Board of Directors of Parmalat S.p.A. approved a procedure that governs the approval and implementation of related-party transactions executed by Parmalat S.p.A. directly or through subsidiaries. This procedure, which has been published on the Company website at www.parmalat.com, Corporate Governance page, sets forth a series of rules aimed at ensuring the substantive and procedural fairness and transparency of related-party transactions and was adopted in compliance with the requirements of Article 2391-*bis* of the Italian Civil Code and the implementation provisions dictated by the Consob.

Intercompany and related-party transactions executed during the reporting period were carried out by the companies in the normal course of business and, consequently, were neither atypical nor unusual. 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 some subsidiaries of the Lactalis Group. These transactions involve mainly sale and procurement of raw materials and finished goods, provision of services, invoicing for seconded personnel and utilization of commercial licenses.
Starting in 2012, the companies of the Lactalis Group and the Parmalat Group launched 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)		6/30/17					
Company	**Country**	**Trade receivables**	**Financial receivables**	**Other receivables**	**Trade payables**	**Financial payables**	**Other payables**
Al Nour Company for Dairy Products EJSC	Egypt				0.1		
AK Gida	Turkey				0.2		
B.S.A. S.A.	France				0.7		
B.S.A. Finances	France		1.0				
BPA Italia S.r.l.	Italy	0.2			4.8		
BIG S.r.l.	Italy	0.3					
Celia Etablissement Nutrition et Santé	France	0.1					
Egidio Galbani S.r.l.	Italy				3.0		
Grupo Lactalis Iberia S.A	Spain				0.4		
Italatte S.r.l.	Italy				2.7		
KIM d.o.o.	Croatia				0.1		
L.C.H.F. S.n.c.	France	0.1					
L.G.P.O. S.n.c.	France				0.3		
L.J.S. Ljubljanske Mlekarne d.d.	Slovenia				0.4		
L.M.P. Management S.n.c	France				0.4		
L.N.U.F. Laval S.n.c.	France				0.5		
L.P.L.V. ACE	Portugal				0.3		
L.R.D. S.n.c.	France				0.1		
Lactalis Beurres et Cremes S.n.c	France	0.1					
Lactalis Belgique S.A.	Belgium	0.1					
Lactalis Europe S.n.c.	France	0.1			0.5		
Lactalis Forlasa S.L.	Spain	0.1					
Lactalis Gestion International S.n.c.	France				0.7		
Lactalis Informatique S.n.c.	France	0.5			0.3		
Lactalis Ingredients S.n.c.	France	7.8			4.3		
Lactalis International S.n.c.	France	4.2			0.5		
Lactalis Inv. Ets. Fromages et Terroires	France	0.1					
Lactalis Inv. Ets. Ingenièrie	France				0.5		

(in millions of euros)		6/30/17					
Company	**Country**	**Trade receivables**	**Financial receivables**	**Other receivables**	**Trade payables**	**Financial payables**	**Other payables**
Lactalis Jindi Pty Ltd	Australia	2.5					
Lactalis Logistique S.n.c.	France				0.2		
Lactalis Management S.n.c.	France				1.3		
Lactalis McLelland Limited	United Kingdom				0.4		
Lactalis Nutrition Santé S.a.s.	France				0.1		
Lactalis Puleva S.L.U.	Spain				0.4		
Lactalis Vostok	Russia	0.5					
Lemnos Foods Pty Ltd	Australia	2.7			0.2		
Les Distributeurs Associés S.n.c.	France	0.2			0.6		
Marcillat Corcieux S.n.c.	France				0.3		
Societé Beurriere de Retiers S.n.c.	France				0.3		
Societé Beurriere Isigny le Buat S.n.c.	France				1.0		
Societé des Caves S.a.s.	France			0.1	4.7		
Societé Fromagère de Bouvron S.n.c.	France			0.1	0.2		
Societé Fromagère de Charchigne S.n.c.	France			0.2	0.8		
Societé Fromagère de Lons Le Saunier S.n.c.	France				0.1		
Societé Fromagère de Retiers S.n.c.	France				0.2		
Societé Fromagère de Riblaire S.n.c.	France				0.1		
Société Laitière de Vitré S.n.c	France				0.4		
Société Laitière l'Hermitage	France				0.1		
Tirumala Milk Products Pvt Ltd	India				0.1		
United Foods Industries Company LLC	Saudi Arabia	0.9					
Yefremosvsky Butter and Cheese	Russia				0.1		
Total		**20.5**	**1.0**	**0.4**	**32.4**	**-**	**-**

(in millions of euros)		12/31/16					
Company	**Country**	**Trade receivables**	**Financial receivables**	**Other receivables**	**Trade payables**	**Financial payables**	**Other payables**
AK Gida	Turkey				0.2		
B.S.A. Finances S.n.c.	France		0.4				
B.S.A. S.A.	France	0.1			0.9		
BIG S.r.l.	Italy	0.3					
BPA Italia S.r.l.	Italy				2.8		
Celia Etablissement Siège	France	0.1					
Dukat Dairy Industry Inc. JSC	Croatia				0.1		
Egidio Galbani S.r.l.	Italy	0.1			3.5		
GROUPE LACTALIS	France	0.1					
Groupe Lactalis Iberia S.A.	Spain				0.2		
ITALATTE S.r.l.	Italy				1.8		
KIM d.o.o.	Croatia				0.1		
L.A. Management S.n.c.	France				0.2		
L.C.H.F.	France	0.1					
L.G.P.O. S.n.c	France				0.4		
L.J.S. - Ljubljanske Mlekarne d.d.	Slovenia				0.2		
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.R.D . S.n.c	France				0.2		
Lactalis Beurres et Crèmes	France	0.1					
Lactalis Europe du Nord	Belgium	0.1					

(in millions of euros)		12/31/16					
Company	**Country**	**Trade receivables**	**Financial receivables**	**Other receivables**	**Trade payables**	**Financial payables**	**Other payables**
Lactalis Europe S.n.c.	France				0.3		
Lactalis Forlasa S.L	Spain				0.2		
Lactalis Gestion International S.n.c	France				0.8		
Lactalis Hungaria Kft	Hungary	0.1					
Lactalis Informatique S.n.c.	France	0.4			0.2		
Lactalis Ingredients S.n.c.	France	5.1			4.7		
Lactalis International S.n.c.	France	2.5			1.3		
Lactalis Investissments	France	0.1					
Lactalis Investissments Etablissement SONOVI	France				0.6		
Lactalis Jindi PTY LTD	Australia	2.0					
Lactalis Logistique S.n.c	France				0.3		
Lactalis Management S.n.c	France				0.9		
Lactalis Nestlé Productos Lacteos Refrigerados S.A.	Spain	0.1					
Lactalis Nutrition Santè S.a.s	France				0.1		
Lactalis Vostok	Russia	1.3					
Lemnos Foods Pty Ltd	Australia	2.2			0.1		
Les Distributeurs Associes S.a.s.	France				0.9		
Les Distributeurs Associes S.n.c.	France				0.1		
Marcillat Corcieux S.n.c.	France				0.2		
Societè Beurriere d'Isigny S.n.c	France				0.5		
Societè Beurriere de Retiers S.n.c.	France				0.2		
Societè des Caves S.a.s.	France	0.4			2.4		
Societè Fromagère de Charchigne S.n.c.	France				0.2		
Societè Fromagère de Bouvron S.n.c.	France				0.3		
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		
Societè Laitiere de Vitre S.n.c.	France				0.2		
Total		**15.2**	**0.4**	**-**	**26.4**	**-**	**-**

The revenue and expenses and the writedowns of receivables booked during the year are shown below.

(in millions of euros)		6/30/17						
Company	**Country**	**Net sales revenue**	**Other revenue**	**Financial income**	**Cost of sales**	**Distribution costs**	**Adminis-trative expenses**	**Other income and expense on equity invest.**
AK Gida	Turkey				0.4			
Al Nour Company for Dairy Products	Egypt				0.1			
B.S.A. S.A.	France					1.4		
B.S.A. International S.A.	Belgio						0.1	
BIG S.R.L.	Italy	0.5						
BPA Italia S.r.l.	Italy		0.3		0.1	4.0	0.2	
Canelia Etc. Achat Lait	France	0.1						
Egidio Galbani S.p.A.	Italy				3.7	2.5		
Groupe Lactalis Iberia S.A.	Spain					0.2	0.2	
Gruppo Lactalis Italia	Italy						0.1	
Italatte S.p.A.	Italy	1.0			7.5			
KIM d.o.o.	Croatia				0.7			
L.C.H.F.	France	0.2						
L.G.P.O. S.n.c	France				0.1	0.1	0.4	
L.N.U.F. Laval S.n.c.	France				0.9			

(in millions of euros)		6/30/17						
Company	**Country**	**Net sales revenue**	**Other revenue**	**Financial income**	**Cost of sales**	**Distribution costs**	**Adminis-trative expenses**	**Other income and expense on equity invest.**
L.P.L.V. ACE	Portugal						0.4	
L.R.D . S.n.c	France				0.1		0.1	
Lactalis Europe S.n.c.	France				1.1			
Lactalis Forlasa S.L	Spain	0.1			1.0			
Lactalis Gestion International S.n.c	France				0.1	0.7	0.4	
Lactalis Informatique S.n.c.	France		0.1		0.2		0.1	
Lactalis Ingredients S.n.c.	France	14.1			7.0			
Lactalis International S.n.c.	France	8.2	0.1		0.3	0.8		
Lactalis Investissements Ets. Ingénierie	France				0.3			
Lactalis Jindi Pty Ltd	Australia	2.3						
Lactalis Logistique S.n.c	France				0.6	0.1		
Lactalis Management S.n.c	France					0.4	0.5	
Lactalis McLelland Ltd	U.K.				1.3			
Lactalis Nutrition Santé S.a.s	France				0.6			
Lactalis Portugal Produtos Lacteos Lda	Portugal		0.1					
Lactalis Puleva S.L.U.	Spain				0.4			
Lactalis Singapore PTE Ltd	Singapore							1.6
Lactalis Vostok	Russia	0.4						
Lemnos Foods Pty Ltd	Australia	4.8	2.6		0.2			
Les Distributeurs Associés S.a.s.	France					0.3		
LJUBLJANSKE MLEKARNE d.d. EUR	Slovenia		0.1		0.8			
Marcillat Corcieux S.n.c.	France				1.5			
Marcillat Loulans S.n.c.	France				0.3			
Societè Beurriere d'Isigny S.n.c	France				4.4			
Societè Beurriere de Retiers	France				1.5			
Societè des Caves S.a.s.	France				11.0			
Société Fromagère de Vercel S.n.c.	France				0.1			
Societè Fromagère de Charchigne S.n.c.	France				3.1			
Societè Fromagère de Craon S.n.c.	France				0.1			
Societè Fromagère de Bouvron S.n.c.	France				0.6			
Société Fromagère de Clecy S.n.c.	France				0.1			
Société Fromagère de Domfront S.n.c.	France				0.3			
Societè Fromagère de Lons Le Saunier S.n.c.	France				0.6			
Société Fromagère de Retiers S.n.c.	France				0.7			
Société Fromagère de Riblaire S.n.c.	France				0.5			
Société Laitière de l'Hérmitage S.n.c.	France				0.5			
Societè Laitiere de Vitre S.n.c.	France				0.7			
Tirumala Milk Products Pvt Ltd	India				0.1			
United Foods Industries Company LLC	Arabia	0.9						
Yefremosvsky Butter and Cheese	Russia				0.2			
Total		**32.6**	**3.3**	**-**	**53.8**	**10.5**	**2.5**	**1.6**

(in millions of euros)		6/30/16					
Company	**Country**	**Net sales revenue**	**Other revenue**	**Financial income**	**Cost of sales**	**Distribution costs**	**Adminis-trative expenses**
AK Gida	Turkey				0.4		
Al Nour Company for Dairy Products EJSC	Egypt				0.1		
B.S.A. S.A.	France					1.3	
BIG S.R.L.	Italy	0.3					
BPA Italia S.r.l.	Italy		0.6			1.6	
Dukat Dairy Industry Inc. JSC	Croatia				0.5		
Egidio Galbani S.p.A.	Italy				3.3	2.3	

(in millions of euros)		6/30/16					
Company	**Country**	**Net sales revenue**	**Other revenue**	**Financial income**	**Cost of sales**	**Distribution costs**	**Adminis-trative expenses**
Groupe Lactalis Iberia S.A.	Spain				0.2		0.3
Italatte S.p.A.	Italy	1.3			5.8		
KIM d.o.o.	Croatia				0.7		
L.A. Management S.n.c.	France						0.2
L.C.H.F.	France	0.1					
L.G.P.O. S.n.c	France						0.7
L.M.P. Management S.n.c	France						(0.1)
L.N.U.F. Laval S.n.c.	France				0.8		
L.P.L.V. ACE	Portugal						0.4
L.R.D . S.n.c	France						0.1
Lactalis Beurres et Crèmes S.n.c.	France	0.1					
Lactalis Europe S.n.c.	France				1.7		
Lactalis Forlasa S.L	Spain				1.2		0.1
Lactalis Gestion International S.n.c	France						0.9
Lactalis Informatique S.n.c.	France		0.1		0.2		0.1
Lactalis Ingredients S.n.c.	France	5.1			7.2		
Lactalis International S.n.c.	France	2.4	0.3		1.1		
Lactalis Jindi Pty Ltd	Australia	2.5					
Lactalis Logistique S.n.c	France				0.7	0.1	
Lactalis Management S.n.c	France				0.5		0.6
Lactalis McLelland Ltd	U.K.				4.7		
Lactalis Nutrition Santè S.a.s	France				1.3		
Lactalis Portugal Produtos Lacteos Lda	Portugal		0.1				
Lactalis Puleva S.L.U.	Spain				0.4		
Lactalis Vostok	Russia	0.7					
Leche de Galicia S.L.	Spain	0.1					
Lemnos Foods Pty Ltd	Australia	3.1	2.5				
Les Distributeurs Associes S.a.s.	France					0.2	0.1
LJUBLJANSKE MLEKARNE d.d. EUR	Slovenia				0.3		
Marcillat Corcieux S.n.c.	France				1.3	0.1	
Marcillat Loulans	France				0.2		
Societè Beurriere d'Isigny S.n.c	France				3.0	0.1	
Societè Beurriere de Retiers	France				1.7		
Societè des Caves S.a.s.	France				14.0		
Société Froamgère de Vercel	France				0.2		
Societè Fromagère de Charchigne S.n.c.	France				4.1		
Societè Fromagère de Bouvron S.n.c.	France				0.7		
Société Fromagère de Clecy	France				0.1		
Société Fromagère de Domfront S.n.c.	France				0.2		
Societè Fromagère de Lons Le Saunier	France				0.5		
Société Fromagère de Retiers	France				0.5		
Société Fromagère de Riblaire	France				0.4		
Société Laitière de l'Hérmitage	France				0.3		
Societè Laitiere de Vitre S.n.c.	France				0.6		
United Foods Industries Company LLC	Saudi Arabia	1.1			0.1		
Yefremosvsky Butter and Cheese	Russia				0.1		
Total		**16.8**	**3.6**	**-**	**59.1**	**5.7**	**3.4**

Guarantees Received from Related Parties

Parmalat S.p.A. availed itself of the option to guarantee refunds of VAT overpayments by means of a payment obligation issued by its French parent company B.S.A. S.A. At June 30, 2016, the amount guaranteed totaled 93.8 million euros. A fee of 0.4% of the guaranteed amount payable to B.S.A. S.A. was stipulated for issuing the abovementioned guarantee.

Percentage of the Amounts in the Statement of Financial Position and the Income Statement Represented by Related-party Transactions

(in millions of euros)	Consolidated assets	Consolidated liabilities	Net sales revenue	Other revenue	Cost of sales	Distribution costs	Administrative expenses
Total consolidated amount	5,358.4	2,126.4	3,274.0	23.5	(2,654.6)	(330.4)	(220.7)
Amount from related-party transactions	21.9	32.4	32.6	3.3	(53.8)	(10.5)	(2.5)
Percentage of the total	*0.4%*	*1.5%*	*1.0%*	*14.0%*	*2.0%*	*3.2%*	*1.1%*

Compensation Payable to Directors and Statutory Auditors

The compensation awarded to members of the Board of Directors of Parmalat S.p.A. in the first half of 2017 amounted to 0.6 million euros (0.6 million euros in the first half of 2016), including the amount allotted for attending meetings of Board Committees.

The compensation awarded to members of the Board of Statutory Auditors of Parmalat S.p.A. in the first half of 2017 amounted to 0.1 million euros (0.1 million euros in first half of 2016).

Compensation Awarded to Key Management Personnel

The table below shows the compensation awarded to Group executives with strategic responsibilities (key management personnel) in the first half of 2017:

(in millions of euros)	First half 2017	First half 2016
Short-term benefits	1.2	1.1
Post-employment benefits	0.1	0.1
Long-term benefits	0.2	0.2
Total	**1.5**	**1.4**

Three-year Cash Incentive Plan

On April 29, 2016, Parmalat's Shareholders' Meeting approved a three-year (2016-2018) cash incentive plan for the Group's top management. This plan entails the award of a cash bonus determined based on certain performance parameters, including a parameter tied to the price of the Parmalat stock. This three-year plan ends on December 31, 2018, with the disbursement of the incentive to the participants, based on the degree of achievement of the targets, scheduled for May 2019. At the Group level, the maximum theoretical cost as defined at the beginning of this plan amounted to 6.5 million euros. For additional details on the plan, see the information memorandum published at the following web address:
www.parmalat.com/it/corporate_governance/assemblea_azionisti/politica_remunerazioni/.

Notes to the Statement of Financial Position – Assets

(1) Goodwill

Goodwill amounted to 699.5 million euros. The changes that occurred during the first six months of 2016 and 2017 are listed below:

(in millions of euros)	Goodwill
Balance at 1/1/16	**617.5**
- Business combinations	-
- Currency translation differences	20.1
Balance at 6/30/16 ("restated")	**637.6**
Balance at 1/1/17	**548.7**
- Business combinations	171.5
- Currency translation differences	(20.7)
Balance at 6/30/17	**699.5**

The carrying amount of goodwill, totaling 699.5 million euros, is shown net of accumulated impairment losses totaling 207.0 million euros (214.5 million euros at December 31, 2016), due to the effect of impairment losses recognized in previous years.

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

The change in Goodwill compared with December 2016 is attributable, for 171.5 million euros, to the acquisitions completed in the United States and Chile during the reporting period and, for a negative 20.7 million euros, to currency translation differences.

With regard to the acquisitions executed in the United States and Chile during the first half of the year, as required by IFRS 3 and discussed more in detail in the Business Combinations section of this Report, the difference between the price paid and the fair value of the acquired net assets, equal to 107.6 million euros and 63.9 million euros, respectively, was allocate to goodwill on a preliminary basis. The final accounting will be completed within the deadline specified by IFRS 3.

As for currency translation differences, the strengthening of the euros had a negative impact on the following cash generating units: USA (-7.7 million euros), Chile (-6.1 million euros), Canada (-5.2 million euros), Australia (-2.0 million euros), Brazil (-0.9 million euros) and Russia (-0.2 million euros). The impact of these decreases was offset in part by the Mexico cash generating unit (1.4 million euros) due to the weakening of the euro versus the Mexican peso.

Goodwill was allocated to the following cash generating units:

(in millions of euros)	6/30/17	12/31/16
Europe		
- Italy	218.6	218.6
- Russia	3.5	3.7
- Romania	0.1	0.1
North America		
- Canada	122.3	127.4
- USA (LAG)	38.9	42.1
- USA (Karoun)	103.1	-
Latin America		
- Chile	57.8	
- Mexico	29.9	28.5
- Brazil	9.4	10.3
Asia Pacific		
- Australia	115.9	118.0
Total	**699.5**	**548.7**

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 was impaired.

No impairment indicators affecting the value of goodwill that would have caused Directors to test it for impairment were detected during the reporting period

(2) Trademarks with an Indefinite Useful Life

Trademarks with an indefinite useful life were valued at 531.3 million euros. The changes that occurred during the first six months of 2016 and 2017 are listed below:

(in millions of euros)	Trademarks with an indefinite useful life
Balance at 1/1/16	**522.9**
- Business combinations	8.9
- Currency translation differences	12.4
Balance at 6/30/16	**544.2**
Balance at 1/1/17	**544.0**
- Currency translation differences	(12.7)
Balance at 6/30/17	**531.3**

The carrying amount of 531.3 million euros shown for trademarks with an indefinite useful life is net of accumulated impairment losses totaling 62.4 million euros (62.8 million euros at December 31, 2016), due to the effect of impairment losses recognized in previous years.

The decrease in Trademarks with an indefinite useful life, amounting to 12.7 million euros, is attributable to currency translation differences.
The following regions reported a decrease in value caused by a stronger euro: North America (-9.0 million euros), Australia (-1.5 million euros), Latin America (-1.2 million euros), Africa (-0.8 million euros) and Europe (-0.2 million euros).
A breakdown of trademarks with an indefinite useful life, carried at 531.3 million euros, is as follows:

(in millions of euros)	**6/30/17**	**12/31/16**
Europe		
- Parmalat	*126.0*	*126.1*
- Santàl	*27.3*	*27.4*
- Centrale del Latte di Roma	*24.7*	*24.7*
- Chef	*15.1*	*15.1*
- Sundry trademarks	*4.0*	*4.0*
North America		
- Beatrice	*79.8*	*83.2*
- Lactantia	*65.8*	*68.6*
- Black Diamond	*29.9*	*31.1*
- Astro	*22.1*	*23.0*
- Sundry trademarks	*15.4*	*16.1*
Latin America		
- Parmalat	*12.8*	*14.0*
Asia Pacific		
- Pauls	*82.4*	*83.8*
- Sundry trademarks	*0.3*	*0.3*
Africa		
- Parmalat	*11.7*	*12.1*
- Bonnita	*9.5*	*9.8*
- Sundry trademarks	*4.5*	*4.7*
Total	**531.3**	**544.0**

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 during the reporting period.

(3) Other Intangible assets

Other intangible assets of 191.4 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 intangible assets and shows the changes that occurred in the first half of 2016 and 2017:

(in millions of euros)	Trademarks with a finite life	Concessions, licenses and similar rights	Miscellaneous intangible assets	Work in progress	Total
Balance at 1/1/16 ("restated")	**149.7**	**11.7**	**28.9**	**3.2**	**193.5**
- Business combinations	-	-	0.7	-	0.7
- Additions	-	0.1	0.7	0.9	1.7
- Amortization (-)	(4.6)	(2.4)	(2.6)	-	(9.6)
- Other changes	-	0.5	0.5	-	1.0
- Monetary adjustment for hyperinflation	0.6	-	0.2	-	0.8
- Currency translation differences	18.0	0.1	0.6	0.2	18.9
Balance at 6/30/16	**163.7**	**10.0**	**29.0**	**4.3**	**207.0**
Balance at 1/1/17	**171.9**	**11.0**	**27.5**	**6.4**	**216.8**
- Business combinations	-	0.1	0.2	-	0.3
- Additions	-	-	-	0.7	0.7
- Amortization (-)	(4.4)	(3.5)	(3.1)	-	(11.0)
- Other changes	(6.6)	12.7	(5.0)	(5.3)	(4.2)
- Monetary adjustment for hyperinflation	1.4	-	0.4	-	1.8
- Currency translation differences	(10.9)	(1.2)	(0.7)	(0.2)	(13.0)
Balance at 6/30/17	**151.4**	**19.1**	**19.3**	**1.6**	**191.4**

Business combinations of 0.3 million euros refers to SAP usage licenses taken over as a result of the acquisition of the La Vaquita Group in Chile.

Additions of 0.7 million euros refers mainly to SAP implementations and usage licenses and purchases of software.

Currency translation differences, negative for 13.0 million euros, is chiefly the result of the appreciation of the euro versus the Brazilian real.

(4) Property, Plant and Equipment

Property, plant and equipment totaled 1,474.2 million euros. The table below provides a breakdown of this item and shows the changes that occurred in the first half of 2016 and 2017:

(in millions of euros)	Land	Buildings	Plant and machin-ery	Industrial equipment	Other assets	Construction in progress and advances	Total
Balance at 1/1/16 ("restated")	**167.1**	**404.6**	**584.0**	**25.0**	**42.6**	**80.5**	**1,303.8**
- Business combinations	0.5	5.3	9.3	-	-	-	15.1
- Additions	-	1.7	9.3	1.9	3.6	64.4	80.9
- Disposals (-)	(0.3)	(0.3)	(3.2)	-	(0.7)	(0.4)	(4.9)
- Depreciation (-)	-	(12.6)	(48.4)	(3.4)	(6.2)	-	(70.6)
- Other changes	-	4.3	36.1	0.9	3.6	(44.9)	-
- Monetary correction for hyperinflation	2.4	4.2	3.3	-	0.1	0.6	10.6
- Currency translation differences	2.1	20.1	33.1	(0.3)	0.9	2.9	58.8
Balance at 6/30/16	**171.8**	**427.3**	**623.5**	**24.1**	**43.9**	**103.1**	**1,393.7**
Balance at 1/1/17	**185.0**	**445.1**	**653.0**	**21.5**	**42.9**	**142.2**	**1,489.7**
- Business combinations	6.7	20.5	1.1	3.7	3.0	2.2	37.2
- Additions	-	6.3	9.0	2.1	4.1	73.2	94.7
- Disposals (-)	-	(0.5)	(1.0)	(0.2)	(0.4)	(0.1)	(2.2)
- Depreciation (-)	-	(14.8)	(58.0)	(3.1)	(6.4)	-	(82.3)
- Other changes	0.2	7.0	29.2	(7.3)	0.4	(26.9)	2.6
- Monetary correction for hyperinflation	6.6	10.6	7.8	-	0.7	1.1	26.8
- Currency translation differences	(11.1)	(31.5)	(37.9)	(0.4)	(2.3)	(9.1)	(92.3)
Balance at 6/30/17	**187.4**	**442.7**	**603.2**	**16.3**	**42.0**	**182.6**	**1,474.2**

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

Currency translation differences, negative for 92.3 million euros, reflects primarily the appreciation of the euro versus the currencies of the main countries where the Group operates.

A breakdown of property, plant and equipment acquired under finance leases, totaling 12.4 million euros, is as follows:

(in millions of euros)	**6/30/17**	**12/31/16**
Land	0.8	-
Buildings	8.0	7.0
Other assets	3.6	3.2
Total property, plant and equipment acquired under finance leases	**12.4**	**10.2**

(5) Inventories

Inventories totaled 743.7 million euros, for an increase of 13.9 million euros compared with December 31, 2016.

(in millions of euros)	**6/30/17**	**12/31/16**
Raw materials, auxiliaries and supplies	230.6	240.7
Work in progress and semifinished goods	60.6	71.7
Finished goods and merchandise	457.3	416.2
Advances	-	6.3
Provision for impairment losses on inventory	(4.8)	(5.1)
Total inventories	**743.7**	**729.8**

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.
- The consolidation of the groups La Vaquita and Karoun acquired in the United States and Chine, respectively, during the reporting period.

This increase was offset in part by a reduction in the inventory of powdered milk held by the Brazilian subsidiary and by negative translation differences caused by the appreciation of the euros versus the currencies of the main countries where the Group operates.

(6) Trade Receivables

Trade receivables totaled 579.1 million euros, or 52.1 million euros less than at December 31, 2016.

This decrease was chiefly due to a reduction in sales volumes reported in Brazil caused by the economic context within which the local subsidiary operates, characterized by the economic crisis that the country is facing, unfavorable dynamics in terms of the purchase cost of raw milk and the low purchasing power of consumers, who are increasingly turning to low-price products; it also reflects the impact of negative currency conversion differences resulting from the appreciation of the euro versus the currencies of the main countries where the Group operates.

This decrease was offset in part by the consolidation of the groups La Vaquita and Karoun acquired in Chile and the United States, respectively, during the reporting period and the price list increases implemented in some countries to recover the higher costs of production components.

Trade receivables totaled 558.6 million euro, net of an Allowance for doubtful accounts of 40.2 million euros. The table that follows shows the changes that occurred in this allowance in the first half of 2016 and 2017:

(in millions of euros)	
Balance at 1/1/16	**67.1**
- Business combinations	3.0
- Additions	(3.8)
- Other changes	0.3
Balance at 6/30/16	**66.6**
Balance at 1/1/17	**48.8**
- Additions	1.9
- Utilizations (-)	(9.9)
- Other changes	(0.6)
Balance at 6/30/17	**40.2**

Trade receivables owed by related parties, amounting to 20.5 million euros, are reviewed in the section of these Notes entitled “Related-party Transactions.”

(7) Other Current Assets

Other current assets totaled 230.8 million euros, or 4.6 million euros more than at December 31, 2016:

(in millions of euros)	**6/30/17**	**12/31/16**
Amount receivable from the tax authorities for VAT	63.1	76.6
Income tax refunds receivable, estimated tax payments and other tax receivables	101.1	93.3
Sundry receivables	29.3	23.9
Accrued income and prepaid expenses	37.3	32.4
Total	**230.8**	**226.2**

Amount receivable from the tax authorities for VAT refers mainly to:

- VAT receivables of Italian companies for which refunds have not yet been received. These receivables, amounting to 38.4 million euros, decreased by 9.7 million euros in the first half of 2017.

- VAT receivables of Brazilian and Mexican companies amounting to 15.3 million euros, which increased by 1.2 million euros during the first half of 2017.

The increase that occurred during the first half of the year in Income tax refunds receivable, estimated tax payments and other tax receivables reflects primarily receivables for indirect taxes (PIS and COFINS) claimed by Brazilian companies, for which there is a refund waiting period of more than one year, and receivables for estimated tax payments made. This increase was offset in part by the appreciation of the euro versus the Brazilian real.

The increase of 5.4 million euros in Sundry receivables chiefly reflects advances paid to suppliers and employees.

The increase of 4.9 million euros shown for accrued income and prepaid expenses is attributable primarily to rent and insurance premiums already paid but attributable to later periods and to amounts advanced to supermarket chain customers for having achieved minimum guaranteed sales.

(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 421.8 million euros, for a decrease of 318.3 million euros compared with December 31, 2016:

(in millions of euros)	**6/30/17**	**12/31/16**
- Bank and postal accounts	379.7	690.0
- Checks in transit	0.3	0.4
- Cash, checks and securities on hand	1.0	0.6
- Financial assets	40.8	49.1
Total cash and cash equivalents	**421.8**	**740.1**

The decrease of 318.3 million euros million euros in Cash and cash equivalents was due primarily to the acquisitions completed in the first half of 2017, net of acquired cash, for 212.0 million euros, investments in intangible assets and property, plant and equipment amounting to 95.4 million euros and a dividend distribution of 29.0 milioni. This decrease was offset in part the cash generate by operating activities in the amount of 26.1 million euros.

Notes to the Statement of Financial Position – Equity

At June 30, 2017, the equity attributable to owners of the parent totaled 3,213.1 million euros.

(9) Share Capital

At June 30, 2017, the fully paid-in share capital of Parmalat S.p.A. amounted to 1,855,149,677 euros and was comprised of 1,855,149,677 common shares with a par value of 1 euro each. The share capital increased by 16,761 euros compared with December 21, 2016; this change corresponds to the amount of the verified claims of late-filing creditors and/or creditors who successfully challenged the exclusion of their claims (charged against reserves established for this purpose).

The table below shows the change in the number of shares outstanding compared with 2016:

	Number of shares
Shares outstanding at 1/1/17	**1,855,132,916**
Shares issued for claims of late-filing creditors and/or upon the settlement of challenges (using reserves established for this purpose)	16,761
Shares outstanding at 6/30/17	**1,855,149,677**

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, title to these shares reverted to Parmalat S.p.A.

Maximum Share Capital Amount

In accordance with the resolutions approved by the Shareholders' Meeting on March 1, 2005, September 19, 2005, April 28, 2007 and May 31, 2012, the Company's share capital may reach a maximum of 1,940 million euros as a result of the following increases:

- 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[1]	95.0
Total capital increase	**1,939.9**
Share capital amount at Company establishment	0.1
Maximum share capital amount	**1,940.0**

[1] Including 88.0 million warrants exercised and converted into shares between 2005 and 2015 included in the share capital.

December 31, 2015 marked the end of the exercise period for the "2005-2015 Parmalat Common Share Warrants," which brought the Company's share capital to 1,855.1 million euros.

An Extraordinary Shareholders' Meeting held on February 27, 2015 adopted resolutions to (i) extend the subscription deadline for the share capital increase reserved for challenging and late-filing creditors, which is the subject of Article 5, Letter b) of the Company Bylaws; (ii) to delegate to the Board of Directors the necessary power to implement this resolution; and (iii) empower the Board of Directors to regulate the allotment of warrants subsequent to January 1, 2016, all of the above actions being taken to comply with the requirements of the Parmalat Composition with Creditors regarding the allotment of shares and warrants.

A total of 650 new warrants governed by the "2016-2020 Parmalat Common Share Warrants" regulation were allotted during the first half of the year. A total of 1,300 warrants had been issued at June 30, 2017, which at this point do not meet the requirements for listing.

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

At June 30, 2017, the reserve convertible into share capital amounted to 52.9 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.

(11) Reserve for Currency Translation Differences

The Reserve for currency translation differences, negative by 422.3 million euros, reflects differences generated by the translation into euros of the financial statements of companies that operate in countries outside the Eurozone. The negative change of 102.3 million euros that occurred in this reserve during the period was due for 149.2 million euros to net negative exchange differences, offset in part, for 46.9 million euros, by the effect of hyperinflation in Venezuela. The negative exchange of 149.2 million euros mainly concerned the following countries: Brazil (-54.7 million euros), Venezuela (-34.3 million euros), Canada (-29.6 million euros), Chile (-9.1 million euros) and Australia (-7.9 million euros).

(12) Other Reserves

At June 30, 2017, Other reserves of 1,697.3 million euros included the following items: (i) retained earnings and miscellaneous reserves of 1,602.4 million euros, which 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 24.8 million euros; (ii) a statutory reserve of 114.2 million euros; (iii) a dividend reserve of 26.3 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 45.6 million euros for the remeasuring of defined-benefit plans, recognized upon the adoption of IAS 19 revised.

(13) Profit for the Period

The profit for the period attributable to owners of the parent amounted to 30.4 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 6/30/17	**3,071.0**	**17.7**	**3,088.7**
Elimination of the carrying value of investments in consolidated associates			
- Difference between the carrying amount and the pro rata interest in the underlying equity	885.5	-	885.5
- Effect of the acquisition of Lactalis American Group Inc. (and its subsidiaries), Lactalis do Brazil and Lactalis Alimentos Mexico	(376.9)	-	(376.9)
- Pro rata interest in the results of investee companies	-	19.3	19.3
- Reserve for currency translation differences	(422.3)	-	(422.3)
Other adjustments:			
- Elimination of impairment losses on receivables owed by subsidiaries	25.4	(1.1)	24.3
- Elimination of dividends	-	(5.5)	(5.5)
Equity attributable to owners of the parent at 6/30/17	**3,182.7**	**30.4**	**3,213.1**
Equity and result for the period attributable to non-controlling interests	18.7	0.2	18.9
Consolidated equity at 6/30/17	**3,201.4**	**30.6**	**3,232.0**

(14) Equity attributable to Non-controlling Interests

At June 30, 2017, the equity attributable to non-controlling interests totaled 18.9 million euros. This amount refers almost exclusively to the following companies:

(in millions of euros)	**6/30/17**	**12/31/16**
Centrale del Latte di Roma S.p.A.	12.7	13.5
Parmalat Zambia Limited	3.6	3.7
Industria Lactea Venezolana CA (Indulac)	1.2	1.3
Sundry companies	1.4	1.5
Total	**18.9**	**20.0**

Notes to the Statement of Financial Position – Liabilities

(15) Financial liabilities

A breakdown of current and non-current financial liabilities, which totaled 645.5 million euros, is provided below:

(in millions of euros)	**6/30/17**	**12/31/16**
- Non-current	335.9	443.6
- Current	309.6	250.7
Total	**645.5**	**694.3**

The table that follows shows the changes that occurred in the first half of 2016 and 2017:

(in millions of euros)	**Financial liabilities**
Balance at 1/1/16	**398.3**
- New borrowings	32.0
- Repayments (principal and interest) (-)	(31.8)
- Accrued interest	8.1
- Mark to market	(7.2)
- Translation effect on borrowings in foreign currencies	(0.1)
- Other changes	0.1
- Monetary correction for hyperinflation	(0.2)
- Currency translation differences	5.5
Balance at 6/30/16	**404.7**
Balance at 1/1/17	**694.3**
- Business combinations	16.0
- New borrowings	139.3
- Repayments (principal and interest) (-)	(170.0)
- Accrued interest	4.1
- Mark to market	(29.4)
- Translation effect on borrowings in foreign currencies	(0.2)
- Other changes	(0.4)
- Monetary correction for hyperinflation	(0.1)
- Currency translation differences	(8.1)
Balance at 6/30/17	**645.5**

The reduction in Financial liabilities compared with December 31, 2016 is chiefly the result of the partial repayment of a medium/long-term credit line provided to the Parent Company by a bank pool and the repayment of a short-term credit line provided to the Canadian subsidiary for working capital financing purposes. These decreases were offset in part by additional drawdowns from revolving lines and the acquisition of the La Vaquita Group in Chile during the first half of the year, which resulted in the consolidation of preexisting financial debt, which is currently being restructured.

Please note that, at June 30, 2017, some issues arose concerning certain covenants of the agreements for bank loans provided to the Mexican and Uruguayan subsidiaries, due to a deterioration of their operating results. The Parent Company took action providing financial support to the abovementioned subsidiaries.

(16) Provision for Risks and Charges

Provisions for risks and charges totaled 122.9 million euros. The changes that occurred in the first half of 2016 and 2017 are shown below:

(in millions of euros)	Controversia Centrale del Latte di Roma	Staff downsizing	Supplemental sales agent benefits	Risks on investee companies	Provisional refund pf registration fee on court documents	Litigation	Legal disputes with employees	Miscellaneous	**Provision for other risks and charges**	**Provision for tax-related risks and charges**	**Total**
Balance at 1/1/16	**97.2**	**7.6**	**6.4**	**0.5**	**3.8**	**2.7**	**0.5**	**11.1**	**129.8**	**3.3**	**133.1**
- Increases	-	4.1	-	1.5	-	-	0.1	0.9	**6.6**	-	**6.6**
- Decreases (-)	-	(3.0)	-	-	-	(0.1)	-	(0.3)	**(3.4)**	-	**(3.4)**
- Reversals (-)	-	(0.9)	-	-	-	-	-	(0.2)	**(1.1)**	-	**(1.1)**
- Other changes	-	-	(0.1)	-	-	-	-	0.1	**-**	-	**-**
- Currency translation differences	-	-	-	-	-	(0.1)	-	-	**(0.1)**	(0.4)	**(0.5)**
Balance at 6/30/16	**97.2**	**7.8**	**6.3**	**2.0**	**3.8**	**2.5**	**0.6**	**11.6**	**131.8**	**2.9**	**134.7**
Balance at 1/1/17	**97.9**	**5.1**	**6.5**	**0.0**	**3.8**	**2.5**	**0.3**	**12.3**	**128.4**	**3.2**	**131.6**
- Increases	-	0.6	0.1	-	-	0.1	-	-	**0.8**	-	**0.8**
- Decreases (-)	-	(0.7)	(0.2)	-	-	-	-	(5.0)	**(5.9)**	-	**(5.9)**
- Reversals (-)	-	(0.1)	-	-	-	-	(0.1)	-	**(0.2)**	-	**(0.2)**
- Other changes	-	0.1	-	-	-	-	-	(2.9)	**(2.8)**	-	**(2.8)**
- Currency translation differences	-	-	-	-	-	-	-	(0.2)	**(0.2)**	(0.4)	**(0.6)**
Balance at 6/30/17	**97.9**	**5.0**	**6.4**	**0.0**	**3.8**	**2.6**	**0.2**	**4.2**	**120.1**	**2.8**	**122.9**

Provision for Other Risks and Charges
The decrease recorded during the reporting period is mainly due to a payment made upon the settlement of some dispute resulting from the Composition with Creditors.

The recognition in previous years of a provision for risks for the "Centrale del latte di Roma litigation" is related to the unfavorable outcome of the proceedings at the lower court level, given the decision handed down by the Court of Rome in 2013 and the risk associated with that decision. Parmalat appealed the decision by the Court of Rome to protect its rights, also asking that the enforcement of the appealed decision be stayed. For additional details about this dispute, see the information provided in the section of these Notes entitled "Legal Disputes and Contingent Liabilities at June 30, 2017."

Provision for Tax-related Risks and Charges
This item refers mainly to tax-related risks for previous years of some Italian companies, the risk level of which has been assessed as probable.

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, 2017."

(17) Trade Payables

Trade payables totaled 836.1 million euros, or 101.3 million euros less than at December 31, 2016:

(in millions of euros)	6/30/17	12/31/16
- Trade payables owed to suppliers	802.4	909.2
- Trade payables owed to related parties	32.4	26.4
- Advances	1.3	1.8
Total	**836.1**	**937.4**

The change over the previous period is mainly attributable to the payment, made during the early business days of 2017, of some trade payables originally maturing during the Christmas period and to negative currency translation differences caused by the appreciation of the euro versus the currencies of the main countries where the Group operates.

This change was offset in part by the consolidation of La Vaquita, a group acquired in Chile during the reporting period.

Payables owed to related parties totaling 32.4 million euros are detailed in the section of this Report entitled "Related-party Transactions."

(18) Other Current Liabilities

Other current liabilities totaled 163.4 million euros, or 15.0 million euros less than at December 31, 2016:

(in millions of euros)	6/30/17	12/31/16
- Taxes payable	22.8	23.2
- Amounts owed to social security institutions	13.9	11.1
- Other payables	115.6	122.2
- Accrued expenses and deferred income	11.1	21.9
Total	**163.4**	**178.4**

This change is largely the result of the reclassification, as direct deductions from trade receivables, of discounts granted to customers and not yet paid; negative currency translation differences caused by the appreciation of the euro versus the currencies of the main countries where the Group operates; and a reduction in accruals for production bonuses in Italy and Canada,

(19) Income Taxes Payable

The balance of11.5 million euros represents a decrease of 7.7 million euros compared with December 31, 2016. The main changes that occurred in the first half of 2017 included: the recognition of income taxes payable totaling 38.9 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 1.5 million euros; payments totaling 39.9 million euros; and negative currency translation differences caused mainly by the appreciation of the euro versus the Venezuelan bolivar.

Guarantees and Commitments

Guarantees

(in millions of euros)	6/30/17			12/31/16		
	Sureties	**Collateral**	**Total**	**Sureties**	**Collateral**	**Total**
provided on behalf of Group companies	-	2.0	2.0	-	2.7	2.7
provided on behalf of the Company	159.0	34.9	193.9	164.6	49.6	214.2
Total guarantees	**159.0**	**36.9**	**195.9**	**164.6**	**52.3**	**216.9**

The sureties provided by outsiders on behalf of the Company (159.0 million euros) refer mainly to guarantees provided by banks and/or insurance companies to government finance agencies in connection with VAT refund applications and prize contests. This item includes 93.8 million euros in payment obligations provided by B.S.A. S.A., the French Parent Company, to government revenue entities in connection with VAT refunds claimed by Parmalat S.p.A.

Collateral of 36.9 million euros was provided to banks and other credit institutions to secure credit lines granted to Australian, Brazilian and Uruguayan subsidiaries. This collateral entails the encumberment of company assets for the Australian and Uruguayan subsidiaries and of a portion of its milk production for the Brazilian subsidiary.

Parmalat S.p.A. is subject to limitations on collateralizing its assets arising from the loan agreement for the bank pool facility of April 28, 2015, the amount of which is such that it justifies the belief that Parmalat S.p.A. and the other Group companies are substantially free to use that collateral to further expand their borrowing capacity.

Commitments

(in millions of euros)	**6/30/17**	**12/31/16**
Commitments:		
- Operating leases	64.5	60.5
within 1 year	*16.1*	*17.0*
from 1 to 5 years	*38.2*	*36.1*
after 5 years	*10.2*	*7.4*
- Other commitments	45.2	42.1
Total commitments	**109.7**	**102.6**

Commitments under operating leases mainly apply to the subsidiaries in Australia (33.0 million euros), Canada (22.1 million euros) and Africa (9.1 million euros).

Other commitments of 45.2 million euros refer mainly to short-term contracts to purchase raw materials, packaging materials and property, plant and equipment items. The companies of the Group that have undertaken commitments of this type are: Parmalat Canada Inc. (24.6 million euros), the Australian subsidiaries (9.9 million euros) and the African subsidiaries (8.2 million euros).
This item includes the par value of Parmalat shares (2.5 million euros) transferable to creditors of the companies included in the composition with creditors identified by name.

Legal Disputes and Contingent Liabilities at June 30, 2017

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.

Citibank

By an order dated July 18, 2014 and communicated on August 29, 2014, the Bologna Court of Appeals ruled that "the decision of the Superior Court of New Jersey…of October 27, 2008… was enforceable in the Italian Republic..." By this decision ("SCNJ Decision"), the Superior Court of New Jersey awarded to Citibank N.A. the sum of USD 431,318,828.84 (USD 364,228,023 in principal amount and USD 67,090,801.84 in accrued interest).

The abovementioned order, which was handed down upon the conclusion of an action filed by Citibank N.A. to enforce in Italy a foreign court decision against Parmalat Finanziaria S.p.A. in A.S., Parmalat S.p.A. in A.S., Centro Latte Centallo S.r.l. in A.S., Contal S.r.l. in A.S., Eurolat S.p.A. in A.S., Geslat S.r.l. in A.S., Lactis S.p.A. in A.S., Newco S.r.l. in A.S., Panna Elena C.P.C. S.r.l. in A.S. and Parmengineering S.r.l. in A.S. (the "Respondent Companies"), was notified to Parmalat on September 19, 2014.

In an appeal to the Court of Cassation notified to Citibank N.A. on November 17, 2014, the Respondent Companies challenged this Order on nine grounds, basically related to the violation and incorrect implementation of Article 64, Letter g), of Law No. 218/1995 (causing effects contrary to the public order). Some of the abovementioned grounds concern issues related to the identification of the parties who were plaintiffs before the Court of New Jersey and the resulting subjective extension of the Decision: the Respondent Companies reject in its entirety the reconstruction provided by Citibank N.A., as it is not possible to accept an adverse decision that does not include the identification of the conduct and specific unlawful actions that directly caused the damage and attributable to each of them. It is important to keep in mind that the only companies of the old Parmalat Group with which the Citibank Group executed financial transactions were Parmalat S.p.A. in A.S. and Geslat S.p.A. in A.S.

On December 23, 2014, Citibank N.A. notified its counter-appeal to the Respondent Companies. A hearing for oral arguments has not yet been scheduled.

According to the argument put forth by the opposing party, contested in its entirety by Parmalat, Citibank N.A. could seek recognition of the status of late filing creditor for each one of the companies under extraordinary administration target of the abovementioned order, based on an alleged joint liability of said companies, thereby obtaining, based on the respective recovery ratios,[1] percentage recoveries of its bankruptcy claims equal to the full repayment of its claim.

Pursuant to the terms of the Composition with Creditors, Parmalat will be required to satisfy the claims of Citibank N.A. only if any of the filed claims were to be finally verified or accepted by virtue of a settlement agreement.

However, in such cases, the claim of Citibank N.A. would be satisfied with the award of Parmalat shares in accordance with the corresponding recovery ratios provided under the Composition with Creditors. It is worth mentioning that, with regard to the abovementioned financial transactions taken into consideration in the proceedings before the Superior Court of New Jersey, the Citibank Group, having filed applications for the verification of claims against Parmalat S.p.A. in A.S. and Geslat S.p.A. in A.S. has already received satisfaction of its claims with the award of Parmalat S.p.A. shares in accordance with the terms and modalities of the Parmalat Composition with Creditors.

If the EUR/USD exchange rate in effect on the date when Parmalat became eligible for Extraordinary Administration status (December 24, 2003) is applied, the corresponding value of the claim of Citibank N.A., as verified by the SCNJ Decision, is equal to 347,641,512.73 euros. Therefore, in the event of full satisfaction of the claim held by Citibank N.A., Parmalat, according to the argument put forth by the opposing party, which Parmalat contests in its entirety, Parmalat would be required to allot to Citibank N.A. 347,641,513 shares.

The capital increase approved on March 1, 2005, as amended most recently by a resolution dated May 31, 2012, which is reserved for late filing creditors, conservatively calls for the issuance of shares to cover the risk entailed by Citibank's claims. If, due to any claims pursued in the future by Citibank the current amount of the capital increase reserved for late-filing creditors should prove to be insufficient, Parmalat will be required to ask its Shareholders'

[1] Parmalat Finanziaria S.p.A. in A.S. (recovery ratio 5.72%), Parmalat S.p.A. in A.S. (recovery ratio 6.94%), Centro Latte Centallo S.r.l. in A.S. (recovery ratio 64.82%) , Contal S.r.l. in A.S. (recovery ratio 7.06%), Eurolat S.p.A. in A.S. (recovery ratio 100%), Geslat S.r.l. in A.S. (recovery ratio 28.22%), Lactis S.p.A. in A.S. (recovery ratio 100%), Newco S.r.l. in A.S. (recovery ratio 14.04%), Panna Elena C.P.C. S.r.l. in A.S. (recovery ratio 75.70%) e Parmengineering S.r.l. in A.S. (recovery ratio 4.90%).

Meeting to increase the amount of the abovementioned capital increase, restricting for that purpose a portion of "Other reserves and retained earnings."

Parmalat's Equity Stake in Centrale del Latte di Roma

With regard to the proceeding concerning the appeal of the decision handed down on April 18, 2013 by the Court of Rome, Civil Part III, denying "*all claims by the plaintiff Parmalat S.p.A. 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,*" at a hearing held on February 15, 2017, the Rome Court of Appeals adjourned the proceedings to a hearing scheduled for February 15, 2017.

Creditors Challenging the List of Liabilities and Late Filing Creditors

At June 30, 2017, 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 2 lawsuits pending before the Court of Parma, 6 lawsuits pending before the Bologna Court of Appeals and 5 lawsuit pending before the Court of Cassation.

Criminal Proceedings

"Tourism Operations" Criminal Proceedings

Within the framework of these proceeding, in which the defendants were former Directors, Statutory Auditors and employees of companies in the "tourism operations," in which the Court of Cassation handed down a final decision on November 16, 2015, regarding the defendant Gianluca Vacchi (whose position was considered separately further to the decision by the Bologna Court of Appeals reversing his conviction by the lower court), the Court of Parma issued a new indictment.

At a hearing held before the Court of Parma on October 13, 2016, Parmalat S.p.A. was allowed to join the proceedings as a plaintiff seeking damages, as successor to the companies under extraordinary administration in the capacity as injured party. The preliminary hearings having been completed, the proceedings will resume with evidentiary hearings scheduled to begin on December 20, 2017, with the public prosecutor deposing the witnesses.

Investigation in Connection with the LAG Acquisition

On July 2, 2013 and, subsequently, on December 18, 2013 and August 20, 2014, several members of the Board of Directors who were no longer in office, the former Chief Operating Officer Antonio Vanoli and the Chief Executive Officer Yvon Guérin, who had been served with notices that they were the targets of an investigation, were informed that deadline for completing the preliminary investigation regarding the types of crimes related to the LAG acquisition had been extended; Mr. Vanoli advised the Company that he had been informed that the criminal proceedings pending against him had been closed.

According to information published in the press on February 5, 2016, "*the Judge for Preliminary Investigations of Parma ordered that the records of the criminal investigation of the Parmalat-Lactalis USA transaction be transferred to Rome (…) The Judge for Preliminary Investigations assigned jurisdiction to Rome based on the principle that jurisdiction rests with the judge who has jurisdiction over the most serious crime, i.e., that of hindering the oversight functions performed by the Consob, which is based in Rome (…).*"

The parties have been informed that the General Prosecutor at the Court of Cassation definitively resolved the negative jurisdictional conflict in favor of the Public Prosecutor of the Court of Rome, where the proceedings are currently pending. Lastly, the parties were informed that the Public Prosecutor of the Court of Rome is about to announce the completion of the preliminary investigation phase.

Some Directors (Gabriella Chersicla, Yvon Guérin), former Directors (Franco Tatò, Francesco Gatti, Marco Reboa, Marco Jesi, Antonio Sala, Daniel Jaouen, Riccardo Zingales) and an executive of Parmalat (Pierluigi Bonavita) received from the Public Prosecutor of the Court of Rome a notice pursuant to Article 415-bis of the Code of Criminal Procedure indicating that the investigation regarding the crime of obstruction of supervisory activity for the events that occurred between February 8 and July 1, 2013 had been completed. At this point, the Company is not a party to these proceedings. The parties have been informed that the Public Prosecutor has filed a motion asking that the criminal proceedings concerning the crimes of embezzlement and failure to safeguard corporate assets be ended.

Civil Proceedings in Which the Company is a Plaintiff

Actions to Void in Bankruptcy

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. At a hearing on March 17, 2015, the Court adjourned the proceedings, scheduling a hearing for closing arguments for July 3, 2018.

Actions for Damages

Citibank N.A.

Parmalat S.p.A. filed a lawsuit before the Court of Milan against officers and employees of companies of the Citibank Group (formerly defendants in criminal bankruptcy proceedings before the Court of Parma) and against certain companies of the Citibank Group (which in the same proceedings were standing as parties civilly liable for the actions of their employees), further to the conclusion of the abovementioned criminal proceedings with a decision approving a plea bargaining arrangement submitted by all defendants, asking that the defendants be ordered to pay compensation for the damages suffered by the companies of the Parmalat Group and their creditors. The amount of the claim is 1.8 billion euros.

At a hearing held on December 6, 2016, the judge scheduled the hearing for closing arguments for May 30, 2017 and announced his intention to submit the lawsuit to a panel asking for a decision about the prejudicial settled-issue exception raised by the defendants based on the decision handed down in the U.S. trial, before starting the lengthy and complex discovery activity. At the same hearing, the judge queried the parties about their willingness to reach an amicable settlement of the dispute. Parmalat, which was directly represented at the hearing, confirmed its overall willingness; Citibank, which was not directly represented at the hearing, could provide no response whatsoever. The judge, decided ex officio to postpone the hearing from May 30, 2017 to June 6, 2017. At this later hearing, the judge set the statutory deadline for filing briefs with closing arguments (due date: September 5, 2017) and the counter-argument briefs (due date: September 25, 2017). At the hearing, Citibank expressed its willingness to begin negotiations aimed at reaching an amicable settlement of the pending dispute.

Liability Lawsuits

A liability lawsuit 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 and Other Information

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

Italy

There are no specific situations entailing tax risks that require disclosure. However, positions related to the companies under extraordinary administration included in the composition with creditors attributable to periods that predate the date of their eligibility for extraordinary administration proceedings are recognized in the Provision for contested preferential and prededuction claims for about 5.3 million euros. These tax assessments were challenged before the relevant Tax Commissions and the resulting actions are being pursued through the successive stages of the judicial process. In April 2017, Parmalat S.p.A. filed an application for a reduced-charge settlement of the payment requests issued by Equitalia in the 2010-2016 period. After receiving a confirmation of acceptance by Equitalia in June, the Company made the required payments in July 2017.
In addition, other Italian Group companies have recognized provisions for tax risks totaling 2.7 million euros.

Foreign Countries

Group companies in South America have recognized provisions for tax risks totaling 0.1 million euros to cover tax related risks.

As mentioned in the 2016 Annual Report, the Canada Revenue Agency ("CRA") contested the tax treatment of the liquidity payment adopted by Parmalat Canada Inc. More specifically, the CRA served the company with a notice of assessment claiming that the cost in question was partially not deductible, limited to 25% of the cost, and that the remaining 75% was deductible in annual installments of 7%.
Upon receipt of a final assessment, by which the CRA confirmed its previous claims, the company paid the additional taxes demanded to avoid further penalties and interest and is challenging the CRA's claims.

Please also note that, comforted by the advice provided thus far by the company's counsel, who emphasize that total deductibility is the most probable outcome, the Group chose not to recognized a provision in the reporting period.

Notes to the Income Statement

(20) Revenue

A breakdown of revenue is as follows:

(in millions of euros)	First half 2017	First half 2016
Net revenue	3,274.0	2,991.1
Other revenue	23.5	17.4
Total revenue	**3,297.5**	**3,008.5**

A geographic breakdown of net revenue is as follows:

(in millions of euros)	First half 2017	First half 2016
Europe	550.2	532.1
North America	1,229.9	1,144.3
Latin America	731.1	628.9
Asia Pacific	525.9	496.1
Africa	219.2	173.6
Other[1]	(8.2)	(7.9)
Hyperinflation in Venezuela	25.8	24.1
Total net revenue	**3,274.0**	**2,991.1**

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

Other revenue includes the following:

(in millions of euros)	First half 2017	First half 2016
Rebilling of advertising expenses	7.9	3.4
Services rendered	2.8	3.1
Out-of-period items and restatements	2.1	0.5
Gains on the sale of non-current assets	1.3	0.7
Royalties	1.2	1.3
Expense reimbursements	1.0	0.4
Rent	0.7	0.6
Insurance settlements	0.4	0.3
Commissions on sales of products	0.3	0.3
Operating grants	0.1	0.1
Miscellaneous	5.7	6.7
Total other revenue	**23.5**	**17.4**

The increase of 6.1 million euros is mainly due to the higher amount rebilled for advertising expenses and the loss of value of the euro versus the currencies of the main countries where the Group operates.

(21) Costs

A breakdown of the costs incurred in the first half of 2017 is as follows:

(in millions of euros)	**First half 2017**	**First half 2016**
Cost of sales	2,654.6	2,424.6
Distribution costs	330.4	272.9
Administrative expenses	220.7	219.6
Total costs	**3,205.7**	**2,917.1**

A breakdown by type of the costs incurred in the first half of 2017 is as follows:

(in millions of euros)	**First half 2017**	**First half 2016**
Raw materials and finished goods	1,829.2	1,650.2
Personnel expense	438.7	401.0
Packaging materials	276.6	251.1
Freight	169.4	150.1
Depreciation, amortization and impairment losses on non-current assets	93.3	80.2
Other services	66.3	77.2
Sales commissions	65.2	66.8
Energy, water and gas	61.3	56.2
Advertising and promotions	50.6	49.2
Supplies	42.3	35.1
Maintenance and repairs	42.3	33.2
Use of property not owned	32.8	25.5
Storage, handling and outside processing services	27.9	27.1
Miscellaneous charges	18.9	18.5
Consulting services	18.5	11.8
Postage, telephone and insurance	13.4	10.8
Impairment losses on receivables and additions to provisions	2.7	3.7
Auditing services	2.2	1.9
Fees to Chairman and Directors	0.7	0.6
Fees to Statutory Auditors	0.2	0.3
Changes in inventories of raw materials and finished goods	(46.8)	(33.4)
Total cost of sales, distribution costs and administrative expenses	**3,205.7**	**2,917.1**

The increase of 288.6 million euros in total costs is chiefly due to the loss of value of the euro versus the currencies of the main countries where the Group operates, the trend in milk prices, which were up sharply compared with the first half of 2016 in the main areas where the Group operates, and the consolidation of La Vaquita, a Chilean Group acquired during the reporting period.

(22) Litigation-related Legal Expenses

The balance in this account reflects fees paid to law firms, amounting to 1.0 million euros (1.2 million euros in the first half of 2016), 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.

(23) Miscellaneous Income (Expense)

Net miscellaneous expense amounted to 2.9 million euros. A breakdown is as follows:

(in millions of euros)	**First half 2017**	**First half 2016**
Proceeds from actions to void and actions for damages	0.0	0.7
Restructuring costs	(0.7)	(3.4)
Benefit/(Expense) related to tax risks	(0.1)	(0.0)
Sundry income/(expense)	(2.1)	(3.7)
Total miscellaneous income (expense)	**(2.9)**	**(6.4)**

Restructuring costs, totaling 0.7 million euros, refer mainly to estimated charges for the restructuring plans launched by the Group.

Net sundry expense of 2.1 million euros consists mainly of costs incurred in connection with the Lactalis Tender Offer, costs for acquisitions and incentives paid to employees.

(24) Net Financial Income (Expense)

Net financial income amounted to 0.6 million euros, broken down as follows:

(in millions of euros)	First half 2017	First half 2016
Hyperinflation effect	9.0	1.5
Interest earned from banks and other financial institution	3.6	3.4
Net foreign exchange differences	2.2	5.1
Interest received from the tax authorities	0.2	0.1
Other financial income	2.2	0.9
Interest paid on loans	(11.1)	(8.1)
Bank fees	(1.6)	(2.1)
Actuarial losses	(0.8)	(0.2)
Other financial expense	(3.1)	(1.6)
Net financial income (expense)	**0.6**	**(1.0)**

Interest earned from banks and other financial institution, attributable mainly to Parmalat S.p.A., was little changed compared with the same period last year. On the other hand, interest paid increased, due to the utilization by Parmalat S.p.A. of the credit line it received at the end of April 2015.

Foreign exchange differences, while still positive, were lower compared with the amount reported in the first half of the previous year.

At June 30, 2017, the hyperinflation effect was positive by 9.0 million euros (1.5 million euros in the first half of 2016).

(25) Income Taxes

Income taxes totaled 59.5 million euros. A breakdown is as follows:

(in millions of euros)	First half 2017	First half 2016
Current taxes		
- Italian companies	2.9	5.3
- Foreign companies	36.0	29.0
Net deferred and prepaid taxes		
- Italian companies	6.2	3.3
- Foreign companies	14.4	(0.1)
Total	**59.5**	**37.5**

Current taxes of Italian companies totaled 2.9 million euros, including 0.6 million euros in regional taxes (IRAP) and 2.3 million euros in corporate income taxes (IRES).

Net deferred and prepaid taxes totaling 20.6 million euros were computed on the temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases.

The increase in Net deferred and prepaid taxes is attributable primarily to a change in tax laws enacted in Venezuela in the second half of the year that eliminated the deduction for tax purposes of the inflation computed on non-current assets and inventory.

A reconciliation of the statutory 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 2017**	**First half 2016**
Consolidated profit before taxes	**90.1**	**82.9**
Statutory tax rate	24%	27.5%
Statutory tax liability	21.6	22.8
Tax effect of permanent differences	14.8	7.7
Tax losses for the year that are not deemed to be recoverable and elimination of deferred tax assets	8.1	4.7
Recognition of prior-period tax losses (-)	-	(0.2)
Higher/(Lower) taxes as per income tax return	(1.1)	(1.3)
Differences between foreign tax rates and the Italian statutory tax rate and sundry items	3.2	(0.5)
Actual income tax liability	**46.6**	**33.2**
IRAP and other taxes computed on a base different from the profit before taxes	12.9	4.3
Actual tax liability shown on the income statement	**59.5**	**37.5**
Actual tax rate	**66.0%**	**45.2%**

The statutory tax rate is equal to the corporate income tax rate in effect in Italy. Starting with the 2017 tax period, this tax rate was lowered from 27.5% to 24%.

The increase in the Group’s actual tax rate compared with the previous period is mainly attributable to the tax effect of permanent differences, tax losses not deemed to be recoverable in the period and higher taxes computed on a tax base different from the profit before taxes

The Group’s actual tax rate was 66.0% (45.2% in the first half of 2016). If the tax impact of Venezuela and the companies that reported in the period a tax loss not deemed recoverable were excluded, the Group’s effective tax rate would have been 31.6%.

(26) 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, 2017 is provided below:

(in millions of euros)		**6/30/17**		**12/31/16**
A) Cash		1.0		0.6
B) Cash equivalents and readily available financial assets:				
- Bank and postal accounts		379.7		690.0
- Checks in transit		0.3		0.4
- Accrued interest		1.6		1.1
- Time bank deposits and similar products		323.7		332.6
C) Negotiable securities				
D) Liquid assets (A+B+C)		**706.3**		**1,024.7**
E) Current financial receivables		2.6		4.0
amount from transactions with related parties	*1.0*		*0.4*	
F) Current bank debt		187.5		84.3
G) Current portion of non-current indebtedness		101.7		144.9
H) Other current borrowings		20.4		21.5
I) Current financial debt (F+G+H)		**309.6**		**250.7**
J) Net current financial debt (I-E-D)		**(399.3)**		**(778.0)**
K) Non-current bank debt		295.2		375.0
L) Debt securities outstanding		-		-
M) Other non-current borrowings		40.7		68.6
N) Non-current financial debt (K+L+M)		**335.9**		**443.6**
O) Net financial debt (J+N)		**(63.4)**		**(334.4)**

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 Personnel Expense by Type

A breakdown is as follows:

	First half 2017	First half 2016
Wages and salaries	328.0	306.4
Social security contributions	73.3	50.7
Severance benefits	11.8	12.6
Other personnel expense	25.6	31.3
Total personnel expense	**438.7**	**401.0**

The main reasons for the increase in Personnel expense include the loss of value of the euro versus the currencies of the main countries where the Group operates, the consolidation of La Vaquita, a Chilean group acquired in 2017, and staff increases by the South African, Canadian and U.S. subsidiaries.

Personnel expense of 438.7 million euros is included in cost of sales for 257.6 million euros (240.2 million euros in the first half of 2016), distribution costs for 80.7 million euros (63.8 million euros in the first half of 2016) and administrative expenses for 100.4 million euros (97.0 million euros in the first half of 2016).

Average Number of Employees

The table below provides a breakdown by category of the average number of employees on the Company's payroll at June 30, 2017:

(in millions of euros)	6/30/17	6/30/16
Executives	329	342
Middle managers	1,819	1,780
Office staff	7,572	8,445
Production staff	15,423	15,196
Short-term contracts	1,299	1,653
Total	**26,442**	**27,416**

The average number of employees is the half-sum of the number of employees at the beginning and the end of the period. The number of executives includes mangers hired and working abroad, whose organizational position is consistent with the classification as executive.

The decrease in the average number of employees is chiefly the result of the integration and reorganization processes launched in Mexico and Brazil in the second half of 2016.

Depreciation, Amortization and Impairment Losses

A breakdown of this item is as follows:

(in millions of euros)	**First half 2017**	**First half 2016**
- Amortization of intangible assets	11.0	9.6
- Depreciation of property, plant and equipment	82.3	70.6
- Impairment losses on non-current assets	-	-
Total depreciation, amortization and impairment losses	**93.3**	**80.2**

The increase in Depreciation, amortization and impairment losses on non-current assets is mainly related to the loss of value of the euro versus the currencies of the main countries where the Group operates and the consolidation of La Vaquita, a Chilean group acquired in 2017

Depreciation, amortization and impairment losses, amounting to 93.3 million euros, are included in cost of sales for 66.7 million euros (58.0 million euros in the first half of 2016), distribution costs for 9.4 million euros (3.6 million euros in the first half of 2016) and administrative expenses for 17.2 million euros (18.6 million euros in the first half of 2016).

Earnings per share

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

(in euros)	**First half 2017**	**First half 2016**
Profit attributable to owners of the parent	*30,373,847*	*44,894,417*
broken down as follows:		
- Profit from continuing operations	*30,373,847*	*44,894,417*
- Profit (Loss) from discontinuing operations	-	-
Weighted average number of shares outstanding determined		
for the purpose of computing earnings per share:		
- basic	1,855,142,422	1,855,082,338
- diluted	1,855,142,422	1,855,082,338
Basic earnings per share	*0.0164*	*0.0242*
broken down as follows:		
- Profit from continuing operations	*0.0164*	*0.0242*
- Profit/(Loss) from discontinuing operations		-
Diluted earnings per share	*0.0164*	*0.0242*
broken down as follows:		
- Profit from continuing operations	*0.0164*	*0.0242*
- Profit/(Loss) from discontinuing operations	-	-

The computation of the weighted average number of shares outstanding, starting with the 1,855,132,916 shares outstanding at January 1, 2017, is based on the following changes that occurred in the reporting period:

- issuance of 16,761 common shares on June 26, 2017.

The computation of diluted earnings per share took into account the 650 warrants allotted during the reporting period, which are governed by the regulation for the "2016-2020 *Parmalat Common Share Warrants."* At this point, these warrants do not meet the requirements for listing.

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, 2017 and the comparable data for 2016. The breakdown by geographic area is consistent with the Group's governance structure and is reflected in the income statement and statement of financial position data provided below. The statement of financial position data are end-of-period data.

(in milions of euros)

	EUROPE	NORTH AMERICA	LATIN AMERICA	OCEANIA	AFRICA	HOLDING, OTHER NON CORE CO.S AND ELIMINATIONS BETWEEN REGIONS	HYPERINFLATION VENEZUELA	GROUP
2017								
Net segment revenue	550.2	1,229.9	731.1	525.9	219.2	(8.2)	25.8	3,274.0
Net inter-segment revenue	0.0	8.3	0.0	0.0	0.0	(8.3)		0.0
Net revenue from outsiders	550.2	1,221.6	731.1	525.9	219.2	0.1	25.8	3,274.0
EBITDA	49.0	110.3	21.3	12.9	14.6	(6.7)	(16.3)	185.1
% of net revenue	*8.9*	*9.0*	*2.9*	*2.5*	*6.7*	*n.s.*	*ns*	*5.7*
Depreciation, amortization and impairment losses of non-current assets	(13.9)	(26.9)	(31.2)	(14.3)	(4.5)	(2.5)		(93.3)
- Litigation-related expenses								(1.0)
- Miscell. income and expense								(2.9)
EBIT								**87.9**
Financial income								32.6
Financial expense								(32.0)
Other income from (expense for) equity investments								1.6
PROFIT BEFORE TAXES								**90.1**
Income taxes								(59.5)
PROFIT FROM CONTINUING OPERATIONS								**30.6**
Total segment assets	1,413.3	1,597.7	1,191.0	639.5	268.6	17.3		5,127.4
Total non-segment assets								231.0
Total assets								**5,358.4**
Total segment liabilities	433.5	326.2	266.8	148.8	61.7	(11.0)		1,226.0
Total non-segment liabilities								900.4
Total liabilities								**2,126.4**
Capital exp. (prop., plant & equip.)	10.8	36.6	21.0	17.7	8.6	0.0		94.7
Capital expenditures (intangibles)	0.1	0.1	0.2			0.3		0.7
Number of employees	3,305	4,912	12,953	2,403	3,129			26,702

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

More detailed information about the performance of the different segments in the reporting period is provided in the Report on Operations.

(in millions of euros)

	EUROPE	NORTH AMERICA	LATIN AMERICA	OCEANIA	AFRICA	HOLDING, OTHER NON CORE CO.S AND ELIMINATIONS BETWEEN REGIONS	HYPERINFLATION IN VENEZUELA	GROUP
2016								
Net segment revenue	532.1	1,144.3	628.9	496.1	173.6	(7.9)	24.1	2,991.1
Net inter-segment revenue	(0.2)	(7.8)	0.0	0.0	0.0	8.0		
Net revenue from outsiders	531.9	1,136.5	628.9	496.1	173.6	0.1	24.1	2,991.1
EBITDA	54.8	111.8	10.1	10.9	10.7	(8.8)	(17.8)	171.6
% of net revenue	*10.3*	*9.8*	*1.6*	*2.2*	*6.2*	*n.s.*	*n.s.*	*5.7*
Depreciation, amortization and impairment losses of non-current assets	(17.2)	(25.1)	(20.7)	(13.6)	(3.6)			(80.2)
- Litigation-related expenses								(1.2)
- Miscell. income and expense								(6.4)
EBIT								**83.8**
Financial income								34.3
Financial expense								(35.3)
Other income from (expense for) equity investments								0.1
PROFIT BEFORE TAXES								**82.9**
Income taxes								(37.5)
PROFIT FROM CONTINUING OPERATIONS								**45.4**
Total segment assets	1,226.6	1,488.3	1,179.0	626.7	230.2	46.2		4,797.0
Total non-segment assets								209.5
Total assets								**5,006.5**
Total segment liabilities	425.1	307.5	256.3	141.4	63.9	(9.1)		1,185.1
Total non-segment liabilities								640.4
Total liabilities								**1,825.5**
Capital exp. (prop., plant & equip.)	10.3	41.2	16.0	8.1	5.3			80.9
Capital expenditures (intangible assets)	0.5	0.4	0.6	0.0	0.2			1.7
Number of employees	3,401	4,663	13,576	2,419	3,089			27,148

- 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, 2017 and December 31, 2016:

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
6/30/17				
Investments in associates	-	-	61.2	61.2
Other non-current assets	0.2	-	-	0.2
Current financial assets	-	0.3	-	0.3
Total assets	**0.2**	**0.3**	**61.2**	**61.7**
Derivative liabilities	-	35.2	-	35.2
Total liabilities	**-**	**35.2**	**-**	**35.2**

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
12/31/16				
Investments in associates	-	-	55.5	55.5
Other non-current assets	0.2	-	-	0.2
Current financial assets	-	0.2	-	0.2
Total assets	**0.2**	**0.2**	**55.5**	**55.9**
Derivative liabilities	-	65.4	-	65.4
Total liabilities	**-**	**65.4**	**-**	**65.4**

There were no transfers between hierarchical levels of fair value in the first half of 2017.

The table below shows the changes that occurred within Level 3 in the first half of 2017:

(in millions of euros)	**Investments in associates**
Balance at 12/31/16	**55.5**
(Gains)/Losses recognized in the statement of comprehensive income	5.7
Transfers from and to Level 3	-
Balance at 6/30/17	**61.2**

The fair value of investments in associates refers exclusively to the percentage interest held in Bonatti S.p.A., which is not a publicly traded company. Absent quoted prices, fair value was determined, as required by IFRS 13 (Level 3), based on the book value of the company's equity at December 31, 2016, using the latest available data for this company.

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 "Enterprise Risk Management."

Exchange Rates Used to Translate Financial Statements

Source: Banca d'Italia

LOCAL CURRENCY FOR 1 EURO	ISO CODE	6/30/17 (end of period rate)	12/31/16 (end of period rate)	% change (end of period rate)	6/30/17 (average rate)	6/30/16 (average rate)	% change (average rate)
PESO – ARGENTINA	ARS	18.8851	16.7488	12.75%	17.0173	15.9980	6.37%
DOLLAR – AUSTRALIA	AUD	1.48510	1.45960	1.75%	1.43642	1.52198	-5.62%
BOLIVIANO – BOLIVIA	BOB	7.88569	7.28383	8.26%	7.48369	7.71113	-2.95%
REAL – BRAZIL	BRL	3.76000	3.43050	9.61%	3.44311	4.12955	-16.62%
PULA – BOTSWANA	BWP	11.6779	11.2437	3.86%	11.2720	12.4063	-9.14%
DOLLAR – CANADA	CAD	1.47850	1.41880	4.21%	1.44529	1.48444	-2.64%
FRANC – SWITZERLAND	CHF	1.09300	1.07390	1.78%	1.07664	1.09605	-1.77%
PESO – CHILE	CLP	758.214	704.945	7.56%	714.890	769.129	-7.05%
PESO – COLOMBIA	COP	3,478.65	3,169.49	9.75%	3,165.93	3,482.98	-9.10%
QUETZAL – GUATEMALA	GTQ	8.37163	7.93375	5.52%	7.99998	8.56680	-6.62%
DOLLAR – HONG KONG	HKD	8.90680	8.1751	8.95%	8.41993	8.66840	-2.87%
PESO – MEXICO	MXN	20.5839	21.7719	-5.46%	21.0441	20.1731	4.32%
NEW METICAL – MOZAMBIQUE	MZM	69.0027	75.1995	-8.24%	71.7650	57.9081	23.93%
DOLLAR – NEW ZEALAND	NZD	1.55540	1.51580	2.61%	1.52971	1.64804	-7.18%
NUEVO SOL – PERU	PEN	3.70976	3.54020	4.79%	3.54834	3.77474	-6.00%
GUARANI – PARAGUAY	PYG	6,369.79	6,078.92	4.78%	6,081.28	6,360.51	-4.39%
NEW LEU – ROMANIA	RON	4.55230	4.53900	0.29%	4.53704	4.49555	0.92%
RUBLE – RUSSIA	RUB	67.5449	64.3000	5.05%	62.8057	78.2968	-19.79%
DOLLAR – SINGAPORE	SGD	1.57100	1.52340	3.12%	1.52076	1.53997	-1.25%
LILANGENI – SWAZILAND	SZL	14.9200	14.4570	3.20%	14.3063	17.1983	-16.82%
U.S.A. – DOLLAR[1]	USD	1.14120	1.05410	8.26%	1.08302	1.11594	-2.95%
PESO – URUGUAY	UYU	32.4295	30.9568	4.76%	30.7632	35.0395	-12.20%
BOLIVAR FUERTE – VENEZUELA[2]	VEF	3,255.13	710.212[2]	358.33%	2,123.25	384.320	452.47%
RAND – SOUTH AFRICA	ZAR	14.9200	14.4570	3.20%	14.3063	17.1983	-16.82%
KWACHA – ZAMBIA	ZMW	10.5483	10.4327	1.11%	10.3312	11.9325	-13.42%

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

[2] Additional information about the exchange rate used is provided in the "Venezuela" section of these notes.

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. Milan	PC	EUR	1,855,149,677					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
DALMATA S.P.A.	C	EUR	120,000	120,000	Parmalat S.p.A.	120,000	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
SILAC COMMERCIALE SRL	LLP	EUR	10,000	1	Parmalat S.p.A.	1	100.000	
Collecchio							100.000	100.0000
BELGIUM								
PARMALAT BELGIUM SA	F	EUR	101,318,775	4,052,751	Parmalat S.p.A.	4,052,750	100.000	
Anderlecht					Dalmata S.p.A.	1	0.000	
							100.000	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	2	Parmalat S.p.A.	1	99.990	
					Dalmata S.p.A.	1	0.010	
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								
AO 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	210,734,160	1	Parmalat S.p.A.	1	100.000	
Moscow							100.000	100.0000
SWITZERLAND								
A.D. BRANDS S.A.	F	CHF	3,600,000	3,600	Parmalat S.p.A	3,600	100.000	
Kuessnacht am Rigi							100.000	100.0000

* See the information provided in the section of the Report on Operations entitled “Legal Disputes and Contingent Liabilities at June 30, 2017.”

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) Company in liquidation and subsidiaries.
(3) Company in composition with creditors proceedings.

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								
UNITED 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	140,000,000	11,400	Lag Holding Inc.	11,400	100.000	
Wilmington							100.000	100.0000
LACTALIS RETAIL DAIRY INC.	F	USD	4,500	4,500	Sorrento Lactalis Inc.	4,500	100.000	
Midvale							100.000	100.0000
LACTALIS DELI INC.	F	USD	2,500	100	Lactalis American Group Inc.	60	60.000	
Wilmington					Lactalis USA Inc.	40	40.000	
							100.000	100.0000
LACTALIS USA INC.	F	USD		600	Lactalis American Group Inc.	600	100.000	
Madison							100.000	100.0000
SORRENTO LACTALIS INC.	F	USD	3,000	300,000	Lactalis American Group Inc.	300,000	100.000	
Wilmington							100.000	100.0000
SCC PROPERTIES INC.	F	USD		200	Sorrento Lactalis Inc.	200	100.000	
New York							100.000	100.0000
MOZZARELLA FRESCA INC.	F	USD		274,033	Lactalis American Group Inc.	274,033	100.000	
Los Angeles							100.000	100.0000
KAROUN DAIRIES PROPERTIES LLC	F	USD	100	100	Lag Holding Inc.	100	100.000	
Wilmington							100.000	100.0000
KAROUN DAIRIES LLC	F	USD	100,000	100,000	Lag Holding Inc.	100,000	100.000	
Los Angeles							100.000	100.0000
CENTRAL VALLEY CHEESE INC.	F	USD	2,000	2,000	Lag Holding Inc.	2,000	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
12 SHAFTSBURY LANE HOLDINGS INC.	F	CAD	3,491,984	3,491,984	Parmalat Canada Inc.	3,491,984	100.000	
Toronto							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
MEXICO								
LACTALIS ALIMENTOS MEXICO S. DE R.L.	F	MXN	2,075,609,418	2	Parmalat Belgium SA	1	100.000	
Mexico City					Dalmata S.p.A.	1	0.000	
							100.000	100.0000
DERIVADOS DE LECHE LA ESMERALDA S.A. DE C.V.	F	MXN	196,027,135	196,027,135	Lactalis Alimentos Mexico S. de R.L.	196,027,134	100.000	
Guanajuato					Dalmata S.p.A.	1	0.000	
							100.000	100.0000
DISTRIBUIDORA ALGIL S.A. DE C.V.	F	MXN	17,600,000	375	Lactalis Alimentos Mexico S. de R.L.	374	99.733	
Guadalajara					Dalmata S.p.A.	1	0.267	
							100.000	100.0000
IMPULSORA DE VENTAS ALIMENTICIAS S.A. DE C.V.	F	MXN	2,580,040	300,225	Lactalis Alimentos Mexico S. de R.L.	300,224	100.000	
Mexico City					Dalmata S.p.A.	1	0.000	
							100.000	100.0000

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(2) Company in liquidation and subsidiaries.
(3) Company in composition with creditors proceedings.

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
DISTRIBUIDORA DE LACTEOS ALGIL S.A. DE C.V. Guanajuato	F	MXN	390,316,710	390,316,710	Lactalis Alimentos Mexico S. de R.L.	390,316,709	100.000	
					Dalmata S.p.A.	1	0.000	
							100.000	100.0000
OPERADORA DE PRODUCTOS REFRIGERADOS S.A. DE C.V. Guadalajara	F	MXN	8,500,000	375,094	Lactalis Alimentos Mexico S. de R.L.	375,093	100.000	
					Dalmata S.p.A.	1	0.000	
							100.000	100.0000
PROMOTORA TECNICA Y PROFESIONAL S.A. DE C.V. Mexico CIty	F	MXN	12,060,000	12,060,000	Lactalis Alimentos Mexico S. de R.L.	12,059,999	100.000	
					Dalmata S.p.A.	1	0.000	
							100.000	100.0000
SOUTH AMERICA								
ARGENTINA								
LA MUCCA S.A. Buenos Aires	F	ARS	9,500,000	95,000	Parmalat Belgium SA	78,345	82.468	
					Derivados de Leches La Esmeralda	16,050	16.895	
					Dalmata S.p.A.	605	0.637	
							100.000	100.0000
BOLIVIA								
PARMALAT BOLIVIA SRL Santa Cruz	F	BOB	2,401,000	2,401	Parmalat Belgium SA	2,383	99.250	
					Dalmata S.p.A.	18	0.750	
							100.000	100.0000
BRAZIL								
LACTALIS DO BRAZIL COMERCIO IMPORTACAO E EXPORTACAO DE LATICINOS LTDA Porto Alegre	F	BRL	2,950,937,280	9,221,680	Parmalat Belgium SA	9,221,679	100.000	
					Dalmata S.p.A.	1	0.000	
							100.000	100.0000
NUTRIFONT ALIMENTOS S.A. Cidade de Tres de Maio	F	BRL	110,490,255	110,490,255	Lactalis do Brazil Comercio Importacao e Exportacao de Laticinios Ltda	110,490,255	100.000	
							100.000	100.0000
CHILE								
LA VAQUITA HOLDING SPA	F	CLP	61,390,900,000	6,139,090	Parmalat Belgium SA	6,139,090	100.000	
							100.000	100.0000
AGROINDUSTRIAL CODIGUA SPA Santiago	F	CLP	1,541,621,517	1,541,622	La Vaquita Holding SpA	1,541,622	100.000	
							100.000	100.0000
LACTEOS KUMEY SPA Rio Negro	F	CLP	711,000,000	1,000,000	La Vaquita Holding SpA	1,000,000	100.000	
							100.000	100.0000
INMOBILIARIA E INDUSTRIAL CODIGUA II SPA Santiago	F	CLP	590,282,383	590,282,383	La Vaquita Holding SpA	590,282,383	100.000	
							100.000	100.0000
AGROCOMERCIAL CODIGUA SPA Santiago	F	CLP	5,318,943,818	5,318,944	La Vaquita Holding SpA	5,318,944	100.000	
							100.000	100.0000
LACTEOS DEL SUR S.A. Rancagua	F	CLP	4,998,998,633	1,800,000	La Vaquita Holding SpA	1,799,999	100.000	
					Agrocomercial Codigua SpA	1	0.000	
							100.000	100.0000
TRANSPORTES KUMEY SPA Rio Negro	F	CLP	31,000,000	1,000,000	La Vaquita Holding SpA	1,000,000	100.000	
							100.000	100.0000
TRANSPORTES CODIGUA SPA	F	CLP	113,373,328	113,373	La Vaquita Holding SpA	113,373	100.000	
							100.000	100.0000
COLOMBIA								
PARMALAT COLOMBIA LTDA Bogota	F	COP	37,439,676,000	37,439,676	Parmalat S.p.A.	37,437,999	99.996	
					Dalmata S.p.A.	1,677	0.004	
							100.000	100.0000

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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
PROCESADORA DE LECHES SA (Proleche sa) Bogotá	F	COP	173,062,136	138,102,792	Parmalat S.p.A.	131,212,931	94.773	
					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 (già Leche Cotopaxi Lecocem SA) Quito	F	USD	13,389,910.76	323,018,972	Parmalat S.p.A.	323,018,972	96.496	
							96.496	96.4962
LACTEOSMILK SA (già Parmalat del Ecuador sa) Quito	F	USD	345,344	8,633,599	Parmalat S.p.A.	8,633,598	100.000	
					Parmalat Colombia Ltda	1	0.000	
							100.000	100.0000
GUATEMALA								
LACTEOS ALGIL GUATEMALA S.A. Guatemala	F	GTQ	6,000	60	Parmalat Belgium SA	59	98.333	
					Dalmata S.p.A.	1	1.667	
							100.000	100.0000
PARAGUAY								
PARMALAT PARAGUAY SA San Lorenzo	F	PYG	9,730,000,000	9,632	Parmalat S.p.A.	9,632	98.993	
							98.993	98.993
PERU								
PARMALAT PERU SAC Lima	F	PEN	2,526,132	2,526,132	Parmalat Belgium SA	2,525,232	99.964	
					Dalmata S.p.A.	900	0.036	
							100.000	100.0000
URUGUAY								
INDUSTRIA LACTEA SALTENA S.A. Salto	F	UYU	970,668,068.51	970,668,068.51	Parmalat Belgium SA	970,668,061,26	100.000	
					Dalmata S.p.A.	7.25	0.000	
							100.000	100.0000
PARMALAT URUGUAY SRL Montevideo	F	UYU	6,997,529	6,997,529	Parmalat Belgium SA	6,927,554	99.000	
					Dalmata S.p.A.	69,975	1.000	
							100.000	100.0000
SADEFOX S.A. Montevideo	F	UYU	840,000	840,000	Parmalat Belgium SA	839,999	100.000	
					Dalmata S.p.A.	1	0.000	
							100.000	100.0000
VENEZUELA								
INDUSTRIA LACTEA VENEZOLANA CA (INDULAC) Caracas	F	VEF	34,720,471.6	343,108,495	Parmalat S.p.A.	343,108,495	98.820	
							98.820	98.8202
QUESOS NACIONALES CA QUENACA Caracas	F	VEF	3,000,000	3,000,000	Indu.Lac.Venezol. ca-Indulac	3,000,000	100.000	
							100.000	98.8202
AFRICA								
BOTSWANA								
PARMALAT BOTSWANA (PTY) LTD Gaborone	F	BWP	80,019,618	22,814	Dalmata S.p.A.	22,814	100.000	
							100.000	100.0000
MOZAMBIQUE								
PARMALAT PRODUTOS ALIMENTARES SARL Matola	F	MZM	57,841,500	536,415	Dalmata S.p.A.	536,415	92.739	
							92.739	92.7390
SOUTH AFRICA								
PARMALAT SOUTH AFRICA (PTY) LTD Stellenbosch	F	ZAR	1,368,288.73	122,010,000	Dalmata S.p.A.	122,010,000	89.170	
				14,818,873	Parmalat S.p.A.	14,818,873	10.830	
							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 in composition with creditors proceedings.

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
SWAZILAND								
PARMALAT SWAZILAND (PTY) LTD	F	SZL	100	60	Dalmata S.p.A.	60	60.000	
Matsapha							60.000	60.0000
ZAMBIA								
PARMALAT ZAMBIA LIMITED	F	ZMK	27,281	19,506	Dalmata S.p.A.	19,506	71.500	
Lusaka							71.500	71.5000
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
QUANTUM DISTRIBUTION SERV. PTY LTD	F	AUD	10,000,000	10,000,000	Parmalat Australia Pty Ltd	10,000,000	100.000	
South Brisbane							100.000	100.0000
HARVEY FRESH JUICE PTY LTD	F	AUD	20,000,100	20,000,100	Harvey Fresh (1994) Ltd	20,000,100	100.000	
West Perth							100.000	100.0000
HARVEY FRESH (1994) LTD	F	AUD	54,205,001	103,000,000	Parmalat Australia Pty Ltd	103,000,000	100.000	
West Perth							100.000	100.0000
LONGWARRY FOOD PARK PTY LTD	F	AUD	4,620,004	100	Parmalat Australia Pty Ltd	100	100.000	
South Brisbane							100.000	100.0000
PARMALAT AUSTRALIA YD PTY LTD	F	AUD	2	2	Parmalat Australia Pty Ltd	2	100.000	
South Brisbane							100.000	100.0000
HONG KONG								
PARMALAT HONG KONG LIMITED	F	HKD	1,000	1,000	Parmalat International Pte Ltd	1,000	100.000	
Mongkok KLN							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
SINGAPORE								
PARMALAT INTERNATIONAL PTE LTD	F	SGD	1,000	2	Parmalat Australia Pty Ltd	2	100.000	
Singapore							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 in composition with creditors proceedings.

Companies that are majority owned but are not subsidiaries

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
SOUTH AMERICA							
BRAZIL							
PRM ADMIN E PART DO BRASIL LTDA[2]	E	BRL	1,000,000	810,348	Parmalat S.p.A.	810,348	81.035
São Paulo							81.035
PPL PARTICIPACOES DO BRASIL LTDA[3]	E	BRL	1,271,257,235	1,260,921,807	Parmalat S.p.A.	1,260,921,807	99.187
São Paulo							99.187

For these companies, which are not consolidated line by line, the following actions were taken:

- the carrying value of the equity investments was eliminated;
- receivables that these companies owe to other Group companies were written off;
- a provision for risks was recognized for the debt guaranteed by Group companies;
- financial debt continues to include the indebtedness of other Group companies owed to these companies.

(1) C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
(2) Company in liquidation and subsidiaries.
(3) Company in composition with creditors proceedings.

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 Albano Laziale (Rome)	SRL	EUR	20,000	100	Sata S.r.l.	100	0.500 0.500
BONATTI S.P.A.* Parma	A	EUR	35,696,792.28	1,837,082	Parmalat S.p.A.	1,837,082	26.555 26.555
CE.PI.M S.P.A. Parma	A	EUR	6,642,928	464,193	Parmalat S.p.A.	464,193	0.840 0.840
CONSORZIO PER LA TUTELA DEL FORMAGGIO MONTASIO Codroipo		EUR	84,498.96		Parmalat S.p.A.		16.02 16.02
COOPERFACTOR S.P.A. Bologna	A	EUR	11,000,000	10,329	Parmalat S.p.A.	10,329	0.094 0.094
HORUS SRL[3]	SRL	EUR	n.d.	n.d.	Sata S.r.l.	n.d.	1.000 1.000
NUOVA HOLDING S.P.A. in A.S. [3] Parma	A	EUR	25,410,000	100	Sata S.r.l.	100	0.0003 0.0003
SO.GE.AP S.P.A. Parma	A	EUR	19,454,528	526	Parmalat S.p.A.	526	0.092 0.092
TECNOALIMENTI SCPA Milan	A	EUR	780,000	33,800	Parmalat S.p.A.	33,800	4.330 4.330
VENCHIAREDO SPA Sesto al Reghena	A	EUR	6,737,000	225,000	Parmalat S.p.A.	225,000	3.340 3.340
PORTUGAL							
EMBOPAR Lisbon	E	EUR	241,500	70	Parmalat Portugal	70	1.449 1.449
CNE – Centro Nacional de Embalagem Lisbon	E	EUR	488,871.88	897	Parmalat Portugal	1	0.111 0.111
L.P.L.V. ACE Sintra	E	EUR	-		Parmalat Portugal Prod. Alim. Lda		33.333 33.333
ASIA							
SINGAPORE							
LACTALIS SINGAPORE PTE LTD	E	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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(2) Company in liquidation and subsidiaries.
(3) Company in composition with creditors proceedings.

Companies removed from the Parmalat Group in the first half of 2017

Company	Country	Reason
Elebat Alimentos S.A.	Brazil	Merger
Tralgil S.A. de C.V.	Mexico	Merger
OOO Urallat	Russia	Merger

Companies added to the Parmalat Group in the first half of 2017

Company	Country	Reason
Parmalat Hong Kong Limited	Hong Kong	Establishment
La Vaquita Holding SpA	Chile	Establishment
Agroindustrial Codigua SpA	Chile	Acquisition
Lácteos Kümey SpA	Chile	Acquisition
Inmobiliaria e Industrial Codigua II SpA	Chile	Acquisition
Agrocomercial Codigua SpA	Chile	Acquisition
Lácteos del Sur S.A.	Chile	Acquisition
Transportes Codigua SpA	Chile	Acquisition
Transportes Kümey SpA	Chile	Acquisition
Silac Commerciale Srl	Italy	Establishment
Karoun Dairies Properties LLC[1]	USA	Establishment
Karoun Dairies LLC[1]	USA	Acquisition
Central Valley Cheese Inc.[1]	USA	Acquisition

[1] Because the size of the acquired group was not significant (net annual revenue of about 55 million U.S. dollars in 2016), only the statement of financial position balances at the acquisition date of May 1 were consolidated, thereby excluding the economic and financial effects recorded in May and June.

Signed: Gabriella Chersicla
Chairperson

Signed: Yvon Guérin
Chief Executive Officer and
General Manager

Certification of the Condensed Consolidated Semiannual Financial Statements Pursuant to Article 81-*ter* of Consob Regulation No. 11971 of May 14, 1999, as Amended

1. We, the undersigned, Yvon Guérin, in my capacity as Chief Executive Officer and General Manager, 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

- that the administrative and accounting procedures for the preparation of the condensed consolidated semiannual financial statements for the first half of 2017 are adequate in light of the characteristics of the business enterprise and were effectively applied; and that

- The process of assessing the adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated semiannual financial statements at June 30, 2017 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. We further certify that:

2.1 the condensed consolidated semiannual financial statements:

a) were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and the statutes enacted to implement Legislative Decree No. 38/2005;

b) are consistent with the data in the Group's books of accounts and other accounting records;

c) 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.

2.2 The Interim Report on Operations provides information about material events that occurred during the first half of 2015 and their impact on the condensed consolidated semiannual 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.

September 12, 2017

The Chief Executive Officer
and General Manager

The Corporate Accounting
Documents Officer

Parmalat Group – Report of the Independent Auditors

KPMG

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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Parmalat S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Parmalat Group, comprising the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six months ended 30 June 2017. 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 express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

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. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as adopted in Italy (Italian-ISA) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

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 2017 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 12 September 2017

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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parmalat

GROUPE LACTALIS