Semiannual Financial Report at June 30, 2008

naturally italians

around the world

Parmalat is among the major global players in the production and distribution of food and beverages essential for daily wellness: milk, mainstream dairy products (yoghurt, cream-based white sauces, desserts and cheeses) and fruit-based drinks, which in the first six months of 2008 created revenues for 1.9 billion euros. Approximately 14,500 employees work for Parmalat in Europe, the Americas, Africa and Australia.

Parmalat has always developed leading-edge technologies in UHT milk, Extended Shelf Life milk, functional milks and high-added-value functional fruit drinks.

Parmalat S.p.A., the Parent Company, is a public company listed on the Milan stock exchange since October 2005.

parmalat

Canada

Net revenues € m 637.3

Central and South America

Net revenues € m 202.1

Other Countries in Europe

Net revenues € m 81.8

Africa

Net revenues € m 160.0

Australia

Net revenues € m 223.1

COUNTRIES OF Operation

DIRECT PRESENCE

Europe
Italy, Portugal, Romania and Russia.

Rest of the World
Australia, Botswana, Canada, Colombia, Cuba, Ecuador, Mozambique, Nicaragua, Paraguay, South Africa, Swaziland, Venezuela, Zambia.

PRESENCE THROUGH LICENSEES

Brazil, Chile, China, Dominican Republic, Hungary, Mexico, Spain, United States of America, Uruguay.

Semiannual Financial Report at June 30, 2008

INTERIM REPORT ON OPERATIONS

PARMALAT GROUP

Mission

NUTRITION AND WELLNESS ALL OVER THE WORLD.

The Parmalat Group is an Italian food-industry group with a multinational strategy that seeks to increase the well-being of consumers throughout the world. The ultimate purpose of the Group is to create value for all of its shareholders while adhering to ethical principles of business conduct, to perform a useful social function by fostering the professional development of its employees and associates, and to serve the communities in which it operates by contributing to their economic and social progress.

We intend to establish Parmalat as one of the top players in the global market for functional foods with high value added, which deliver improved nutrition and wellness to consumers, and attain clear leadership in selected product categories and countries with high growth potential for the Group.

Milk and dairy products and fruit beverages, foods that play an essential role in everyone's daily diet, are key categories for the Group.


Biodi
CREMA
Bio
Bio
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Financial Highlights

Income Statement Highlights (in millions of euros)

GROUP			COMPANY	
FIRST HALF 2008	**FIRST HALF 2007**		**FIRST HALF 2008**	**FIRST HALF 2007**
1,902.4	1,810.3	Net revenues	458.3	426.9
141.1	163.2	Ebitda	24.9	34.9
443.0	283.6	Ebit	375.8	190.4
426.9	244.3	Net profit	447.1	198.2
23.1	15.6	Ebit/revenues (%)	79.9	43.4
22.3	13.4	Net Profit/revenues (%)	95.1	45.2

Balance Sheet Highlights (in millions of euros)

GROUP			COMPANY	
6.30.2008	**12.31.2007**		**6.30.2008**	**12.31.2007**
901.0	855.8	Net financial assets	1,324.0	1,231.3
47.6	38.0	ROI (%)[1]	112.2	73.6
31.1	28.5	ROE (%)[1]	34.8	25.1
0.6	0.6	Equity/assets	0.8	0.8
(0.3)	(0.3)	Net financial position/equity	(0.5)	(0.5)
n.s.	n.s.	Operating cash flow per share	n.s.	n.s.

1. Ratios computed using annualized income statement data and average balance sheet data for the first half of the year.

Information about Parmalat's Securities

The securities of Parmalat S.p.A. have been trading on the Milan Online Stock Market since October 6, 2005. The key data for the first half of 2008 are summarized below:

	COMMON SHARES	WARRANTS
Securities outstanding at 6/30/08	1,667,498,324	70,951,665
Closing price on 6/30/08	1.654	0.858
Capitalization	2,758,042,227.896	60,876,528.57
High for the period (in euros)	2.685 January 2, 2008	1.68 January 2, 2008
Low for the period (in euros)	1.585 June 10, 2008	0.842 June 30, 2008
Average price in June (in euros)	1.702	0.925
Highest daily trading volume	211,952,576 April 23, 2008	437,215 May 15, 2008
Lowest daily trading volume	4,190,742 February 18, 2008	17,211 June 20, 2008
Average trading volume in June	14,147,547[1]	45,504

1. 0.85% of the share capital.

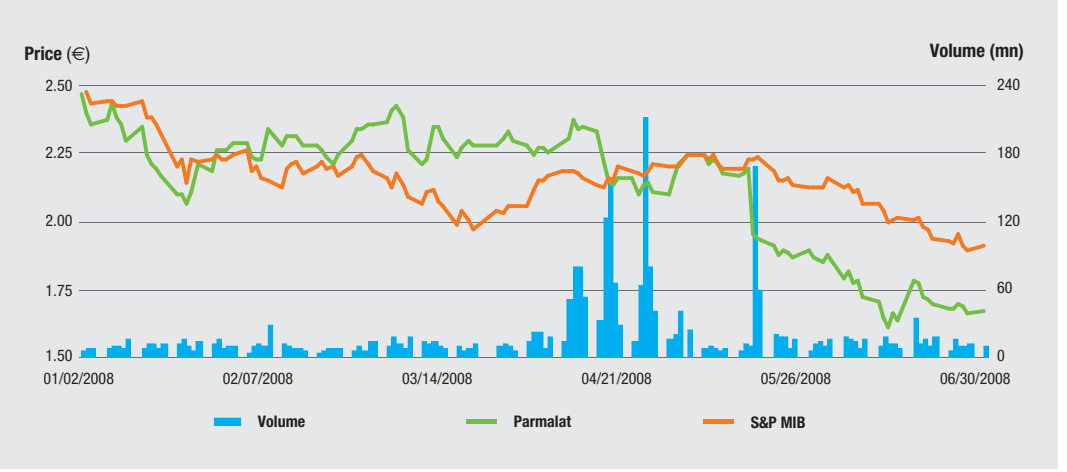
Performance of Parmalat's Shares

The chart that follows compares the performance of the Parmalat shares with that of the main Italian market index: S&P MIB.

Because the market views Parmalat's shares as securities with a volatility component also related to the expected outcome of various legal actions pursued by the Company, any changes in price, while reflecting the overall trend of the market indices, tend to be amplified.

The Parmalat shares have been part of the DJ STOXX 600 Index since March 2006 and were added to the MSCI World Index on June 1, 2007.

Performance of Parmalat's Shares



Shareholder Base

As required under Article 120 of the Uniform Financial Code, the table below lists the shareholders who hold a significant interest in the Company as of August 22, 2008:

	EQUITY INTERESTS COMPUTED ON DEPOSITED SHARE CAPITAL AT 7/11/08			
SHAREHOLDER	**NO. OF SHARES**	**PLEDGED SHARES**		**PERCENTAGE**
		NO. OF SHARES	**PERCENTAGE**	
JDC Management Corp.	51,369,912			3.080%
JP Morgan Chase & Co. Corporation	49,997,275			2.998%
Fir Tree, Inc.	39,595,598			2.374%
Total for the Intesa Sanaolo Group	40,274,358			2.415%
of which: Intesa Sanpaolo S.p.A.	*36,930,518*	*411,658*	*0.00025*	*2.215%*
Other banks of the Sanpaolo Imi Group	*3,343,840*			*0.201%*
Angelo Gordon & Co., L.P.	35,098,362			2.105%
Zenit Asset Management AB	34,024,439			2.040%
Goldman Sachs Asset Management, L.P.	33,605,131			2.015%
Total significant interests	**283,965,075**			**17.028%**

As of August 22, 2008, the Company's share capital amounts to 1,667,640,951 euros, or 142,627 euros more than at May 30, 2008 (1,667,498,324 euros).

28,746,739 shares, equal to 1.7% of the share capital, are still held on deposit by Parmalat S.p.A.. A breakdown of these shares is as follows:

- 13,203,874 shares, equal to 0.8% of the share capital, are owned by creditors who have been identified by name and are held by the Monte Titoli centralized securities clearing system;
- 15,542,865 shares, equal to 0.9% of the share capital, are registered in the name of Fondazione Creditori Parmalat, broken down as follows:
  - 120,000 represent the initial capital of Parmalat S.p.A.;
  - 15,422,865 shares, equal to 0.9% of the share capital, belong to creditors who have not yet claimed them.

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

Characteristics of the Securities

Shares

The shares are common, registered shares, 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 is divided.
The permeability allows to draw the resources needed to convert the claims relating to a different category of creditors.

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.
Consequently, the Company's share capital totals 2,025 million euros, an amount that includes 95 million euros reserved for the exercise 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.

Warrant

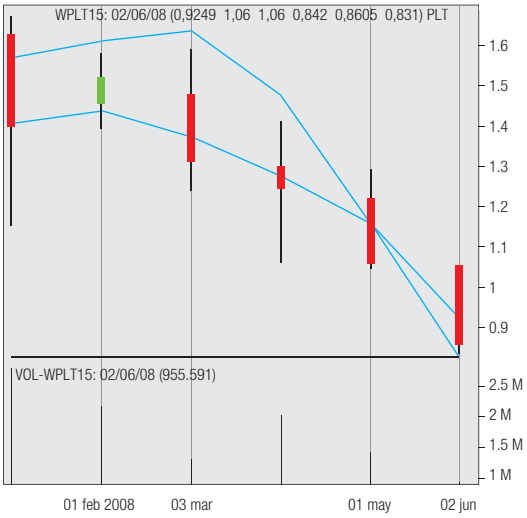
The warrants, which have a par value of 1 euro each, are issued in dematerialized form and have been negotiable on the Online Stock Market since the date of listing (October 28, 2005).

Each warrant conveys the right to subscribe shares at par for cash on a continuous basis, effective on the tenth day of the month following the month when the application to exercise is filed in a given calendar year, from 2005 to 2015.

The terms and conditions for the exercise of the warrants are set forth in the respective regulations, which were approved by the Company's Board of Directors on March 1, 2005 and are available at the Parmalat website (www.parmalat.com).

The additional shares issued through the exercise of the warrants will be issued with regular ranking, i.e., with a valid coupon as of the effective exercise date of the warrants.

Warrant performance



Global Depositary Receipts

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

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

At June 30, 2008, a total of 34,165,386 Global Depositary Receipts and 105,310 Global Depositary Warrants were outstanding.

Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors

Chairman	Raffaele Picella
Chief Executive Officer	Enrico Bondi
Directors	Piergiorgio Alberti (i) Massimo Confortini (i) (3) Marco De Benedetti (i) (2) Andrea Guerra (i) (2) Vittorio Mincato (i) (3) Erder Mingoli (i) Marzio Saà (i) (1) Carlo Secchi (i) (1) (2) Ferdinando Superti Furga (i) (1) (3)

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

Board of Statutory Auditors

Chairman	Alessandro Dolcetti
Statutory Auditors	Enzio Bermani Mario Magenes

Independent Auditors

PricewaterhouseCoopers S.p.A.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Interim Report on Operations

The data are stated in millions of euros. As a result, the figures could reflect apparent differences caused exclusively by the rounding of figures.


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Review of Operating and Financial Results

Parmalat Group

Net revenues totaled 1,902.4 million euros, or 92.1 million euros more (+5.1%) than the 1,810.3 million euros reported at June 30, 2007. Restated to eliminate the impact of the appreciation of the euro versus the other main currencies (72.2 million euros), net revenues show a gain of 9.1%. The higher list prices implemented in response to a sharp rise in the cost of raw milk and a further improvement in the product mix achieved through plans that focus efforts and investments on products with a higher value added account for this positive performance. The Group performed particularly well in the fruit juice area and maintained its share of the functional milk market, especially in Italy.

EBITDA decreased to 141.1 million euros, or 22.1 million euros less (-13.6%) than the 163.2 million euros earned in the first six months of 2007. Restated to eliminate the impact of the appreciation of the euro versus the main currencies (5.2 million euros) and the change in the scope of consolidation caused by the Group's entry into Paraguay (0.4 million euros), EBITDA amount to 145.9 million euros, for a decrease of 17.3 million euros (-10.6%). This reduction is chiefly the result of an increase in the cost of raw milk, lower unit sales caused by a decrease in consumption and strong competition from private labels, and a rise in fixed production costs and marketing expenses attributable almost entirely to inflationary pressure in South Africa and Central and South America.

EBIT grew to 443.0 million euros, up from 283.6 million euros in the first six months of 2007. The improvement in reported EBIT reflects primarily higher proceeds from settlements of lawsuits (437.9 million euros) and the contribution provided by the Group's operations (EBITDA), which amounted to 141.1 million euros. Negative components include depreciation, amortization and writedowns of non-current assets totaling 119.0 million euros and legal costs amounting to 27.1 million euros. Other items for a net positive amount of about 5 million euros account for the balance.

Group interest in net profit totaled 425.0 million euros, or 181.5 million euros more than the 243.5 million euros earned in the first six months of 2007. In addition to what mentioned in the comments to the EBIT (+159.4 million euros), the main reasons for the year over year improvement include higher net financial income (+6.8 million euros), made possible by a reduction in indebtedness and an increase in the liquid assets invested by the Group's Parent Company, a reduction of 47.3 million euros in income taxes and a reduction in profit generated by discontinuing operations (-27.5 million euros).

Net invested capital increased by 73.7 million euros to 1,903.2 million euros (1,829.5 million euros at December 31, 2007). This increase reflects primarily the payment of income taxes totaling 172.6 million euros (including 89.6 million euros on the proceeds generated by actions for damages), offset in part by an increase of 68.5 million euros in writedowns of intangibles recognized as a result of an impairment test and the sale of Newlat S.p.A. (46.5 million euros).

Net financial assets amounted to 901.0 million euros. The increase of 45.2 million euros, compared with net financial assets of 855.8 million euros at December 31, 2007, reflects primarily: the cash flow from operating activities, net of changes in operating working capital and capital expenditures (14.9 million euros); the inflow from non-recurring activities (36.7 million euros), which refers mainly to the sale of Newlat S.p.A. (35.1 million euros); the inflow from litigations (409.1 million euros, as the net result of 437.9 million euros in proceeds from settlements reached during the first half of 2007 and 28.8 million euros in costs incurred to pursue the corresponding legal actions; the outflow for income taxes (172.6 million euros, including 83.0 million euros for operating items and 89.6 million euros owed on proceeds from litigation; the payment of dividends (262.1 million euros, including 260.6 million euros attributable to the Group's Parent Company); and the impact of the translation into euros of the net borrowings of companies that operate outside the euro zone (25.8 million euros).

Group interest in shareholders' equity totaled 2,779.3 million euros, or 119.7 million euros more than the 2,659.6 million euros reported at December 31, 2007. The net profit for the period (425.0 million euros) and a capital increase of 6.4 million euros, offset in part by charges of 265.1 million euros for the distribution of dividends and 46.7 million euros for the translation into euros of the financial statements of companies that operate outside the euro zone.

Parmalat Group

Reclassified Consolidated Income Statement

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
REVENUES	**1,916.0**	**1,823.9**
Net revenues	1,902.4	1,810.3
Other revenues	13.6	13.6
OPERATING EXPENSES	**(1,769.3)**	**(1,654.0)**
Purchases, services and miscellaneous costs	(1,538.6)	(1,435.1)
Labor costs	(230.7)	(218.9)
Subtotal	**146.7**	**169.9**
Writedowns of receivables and other provisions	(5.6)	(6.7)
EBITDA	**141.1**	**163.2**
Depreciation, amortization and writedowns of non-current assets	(119.0)	(45.3)
Other income and expenses:		
- Legal fees for actions to void and actions for damages	(27.1)	(31.9)
- Miscellaneous income and expenses	448.0	197.6
EBIT	**443.0**	**283.6**
Financial income	39.8	31.3
Financial expense	(27.7)	(26.0)
Interest in the result of companies valued by the equity method		
Other income from (charges for) equity investments	(0.8)	2.6
PROFIT BEFORE TAXES	**454.3**	**291.5**
Income taxes	(27.4)	(74.7)
NET PROFIT FROM CONTINUING OPERATIONS	**426.9**	**216.8**
Net profit (loss) from discontinuing operations	-	27.5
NET PROFIT FOR THE PERIOD	**426.9**	**244.3**
Minority interest in net (profit) loss	(1.9)	(0.8)
Group interest in net profit (loss)	425.0	243.5
Continuing operations:		
Basic earnings per share	**0.2558**	**0.1480**
Diluted earnings per share	**0.2491**	**0.1427**

Reclassified Consolidated Balance Sheet

(in millions of euros)

	6.30.2008	12.31.2007
NON-CURRENT ASSETS	**1,799.3**	**1,968.2**
Intangibles	1,097.4	1,233.7
Property, plant and equipment	643.1	678.2
Non-current financial assets	9.3	9.7
Deferred-tax assets	49.5	46.6
HELD-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	**5.1**	**4.7**
NET WORKING CAPITAL	**494.0**	**324.9**
Inventories	396.9	387.4
Trade receivables	492.3	522.4
Other current assets	275.9	243.2
Trade payables (-)	(492.2)	(532.7)
Other current liabilities (-)	(178.9)	(295.4)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**2,298.4**	**2,297.8**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(99.6)**	**(106.8)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(284.1)**	**(338.3)**
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(11.5)**	**(23.2)**
NET INVESTED CAPITAL	**1,903.2**	**1,829.5**
Covered by:		
SHAREHOLDERS' EQUITY [1]	**2,804.2**	**2,685.3**
Share capital	1,667.5	1,652.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	212.8	221.5
Other reserves	259.1	16.2
Previous year's net profit (loss)	214.9	96.1
Profit for the period	425.0	673.4
Minority interest in shareholders' equity	24.9	25.7
NET (FINANCIAL ASSETS) BORROWINGS	**(901.0)**	**(855.8)**
Loans payable to banks and other lenders	509.0	582.8
Loans payable to investee companies	5.8	6.0
Other financial assets (-)	(753.5)	(591.7)
Cash and cash equivalents (-)	(662.3)	(852.9)
TOTAL COVERAGE SOURCES	**1,903.2**	**1,829.5**

1. The schedule that reconciles the result and shareholders' equity at June 30, 2008 of Parmalat S.p.A. and the consolidated result and shareholders' equity is explained in the Notes to the Condensed Consolidated Semiannual Financial Statements.

Parmalat Group

Statement of Changes in Net Financial Position in the First Half of 2008

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Net (financial assets) borrowings at beginning of period	**(855.8)**	**170.0**
Changes during the period:		
- Cash flow from operating activities	(7.6)	(75.7)
- Cash flow from investing activities	63.3	58.5
- Accrued interest	21.5	19.1
- Cash flow from settlements	(319.5)	(237.4)
- Cash flow from divestitures and sundry items	(5.2)	(22.8)
- Dividend payments	262.1	43.4
- Exercise of warrants	(6.4)	(7.0)
- Miscellaneous items	7.5	(9.0)
- Impact of changes in the scope of consolidation	(35.1)	(12.2)
- Currency translation impact	(25.8)	14.2
Total changes during the period	(45.2)	(228.9)
Net (financial assets) borrowings at end of period	**(901.0)**	**(58.9)**

Breakdown of Net Financial Position

(in millions of euros)

	6.30.2008	12.31.2007
Loans payable to banks and other lenders	509.0	582.8
Loans payable to investee companies	5.8	6.0
Other financial assets (-)	(753.5)	(591.7)
Cash and cash equivalents (-)	(662.3)	(852.9)
Net (financial assets) borrowings	**(901.0)**	**(855.8)**

Reconciliation of change in net indebtedness and Cash flow statement (Cash and Cash Equivalents)

(in millions of euros)

	CASH AND CASH EQUIVALENTS	OTHER FINANCIAL ASSETS	GROSS INDEBTEDNESS	NET (FINANCIAL ASSETS) BORROWINGS
Beginning balance	**(852.9)**	**(591.7)**	**588.8**	**(855.8)**
Cash flow from operating activities	(7.6)	-	-	(7.6)
Cash flow from investing activities	63.3	-	-	63.3
New borrowings	(85.5)	-	85.5	-
Loan repayments	114.5	-	(114.5)	-
Accrued interest	-	-	21.5	21.5
Investments in current financial assets and sundry assets	162.1	(162.1)	-	-
Cash flow from settlements	(319.5)	-	-	(319.5)
Cash flow from divestitures and sundry items	(5.2)	-	-	(5.2)
Dividend payments	262.1	-	-	262.1
Exercise of warrants	(6.4)	-	-	(6.4)
Miscellaneous items	-	-	7.5	7.5
Impact of changes in the scope of consolidation	4.3	-	(39.4)	(35.1)
Currency translation impact	8.5	0.3	(34.6)	(25.8)
Ending balance	**(662.3)**	**(753.5)**	**514.8**	**(901.0)**

Parmalat S.p.A.

Net revenues totaled 458.3 million euros, or 7.4% more than the 426.9 million euros reported at June 30, 2007.

EBITDA amounted to 24.9 million euros, for a decrease of 10.0 million euros (-28.7%) from the 34.9 million euros earned in the first six months of 2007. This negative performance is the result of: a) the higher cost of raw milk, reflected only in part in adjustments to list prices; b) higher selling expenses incurred for advertising, sales freight and commissions; and c) an increase of 6.3 million euros in labor costs which is attributable to the release of a portion of the provisions for severance indemnities, recognized in 2007, further to the well-known rule changes; d) these negative items were offset in part by a decrease of over 1 million euros in the amount added to the allowance for doubtful accounts.

EBIT totaled 375.8 million euros, or 185.4 million euros more than the 190.4 million euros reported at June 30, 2007. Settlements reached with Credit Suisse (171.0 million euros), UBS (182.1 million euros) and Monte dei Paschi Siena (79.5 million euros), and sundry items (5.3 million euros) account for this improvement.
The EBIT balance also includes income from reversals of provisions that were no longer needed and charges for impairment losses in the carrying value of equity investments (13.3 million euros) and the Company's goodwill (48.0 million euros).

The net profit for the period grew to 447.1 million euros, or 248.9 million euros more than the 198.2 million euros earned in the first half of 2007. This improvement was made possible primarily by the settlements described above, which, net of applicable taxes, contributed about 426 million euros (about 223 million euros in the first six months of 2007). Virtually all of the additional benefits generated by increases in net financial income earned on financial assets (30.3 million euros) and dividend income from equity investments (45.8 million euros)

was offset by the writedowns of goodwill and equity investments discussed above.

Net invested capital amounted to 1,336.3 million euros. The increase of 95.7 million euros, compared with 1,240.6 million euros at December 31, 2007, reflects primarily the payment of the remaining 2007 tax liability and the first 2008 estimated payment (totaling about 120 million euros), offset in part by a reduction in non-current assets (goodwill) and a decrease in trade receivables.

Net financial assets improved during the first six months of 2008, rising from 1,231.3 million euros at December 31, 2007 to 1,324.0 million euros at June 30, 2008 (92.7 million euros).

This change is net result of the collection of proceeds from settlements (about 438 million euros), the payment of the 2007 dividends (about 261 million euros) and the payment of taxes (about 120 million euros). The operating cash flow and dividends received from subsidiaries account for the balance.

The Company's **shareholders' equity** totaled 2,660.3 million euros. The increase of 188.4 million euros compared with December 31, 2007 (2,471.9 million euros), reflects both the net profit generated during the period and the distribution of the 2007 dividend.

Parmalat S.p.A.

Reclassified Income Statement

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
REVENUES	**470.3**	**438.5**
Net revenues	458.3	426.9
Other revenues	12.0	11.6
OPERATING EXPENSES	**(443.2)**	**(400.1)**
Purchases, services and miscellaneous costs	(386.0)	(349.2)
Labor costs	(57.2)	(50.9)
Subtotal	**27.1**	**38.4**
Writedowns of receivables and other provisions	(2.2)	(3.5)
EBITDA	**24.9**	**34.9**
Depreciation, amortization and writedowns of non-current assets	(65.2)	(15.5)
Other income and expenses:		
- Legal fees for actions to void and actions for damages	(27.1)	(31.9)
- Additions to provision for losses of investee companies	(13.3)	(20.9)
- Miscellaneous income and expenses	456.5	223.8
EBIT	**375.8**	**190.4**
Financial income	31.9	16.6
Financial expense	(1.6)	(1.8)
Other income from (charges for) equity investments	45.8	9.0
PROFIT BEFORE TAXES	**451.9**	**214.2**
Income taxes	(4.8)	(48.1)
NET PROFIT FROM CONTINUING OPERATIONS	**447.1**	**166.1**
Net profit (loss) from discontinuing operations	0.0	32.1
NET PROFIT FOR THE PERIOD	**447.1**	**198.2**

Reclassified Balance Sheet

(in millions of euros)

	6.30.2008	12.31.2007
NON-CURRENT ASSETS	**1,400.5**	**1,454.8**
Intangibles	413.4	468.8
Property, plant and equipment	153.2	154.1
Non-current financial assets	809.6	810.7
Deferred-tax assets	24.3	21.2
HELD-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES	**0.0**	**0.0**
NET WORKING CAPITAL	**181.3**	**70.3**
Inventories	47.8	41.5
Trade receivables	222.9	250.7
Other current assets	213.3	153.1
Trade payables (-)	(224.1)	(218.8)
Other current liabilities (-)	(78.6)	(156.2)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**1,581.8**	**1,525.0**
PROVISIONS FOR EMPLOYEE BENEFITS (-)	**(31.4)**	**(31.9)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(204.6)**	**(231.3)**
PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(9.5)**	**(21.3)**
NET INVESTED CAPITAL	**1,336.3**	**1,240.6**
Covered by:		
SHAREHOLDERS' EQUITY	**2,660.3**	**2,471.9**
Share capital	1,667.5	1,652.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	212.9	221.5
Previous years' net profits (losses) and other reserves	332.8	43.3
Profit for the period	447.1	554.7
NET (FINANCIAL ASSETS) BORROWINGS	**(1,324.0)**	**(1,231.3)**
Loans payable to banks and other lenders	7.5	9.7
Loans payable to investee companies	(16.3)	(1.2)
Other financial assets (-)	(717.8)	(588.9)
Cash and cash equivalents (-)	(597.4)	(650.9)
TOTAL COVERAGE SOURCES	**1,336.3**	**1,240.6**

Revenues and Profitability

Group

In the first half of 2008, consolidated net revenues grew to 1,902.4 million euros, for a gain of 5.1% compared with June 30, 2007. This improvement is the result of an increase in list prices implemented in response to a sharp rise in raw material costs and reflects the impact of a further improvement in the sales mix made possible by programs implemented to focus the Group's efforts and investments on products with a high value added.

EBITDA totaled 141.1 million euros, or 22.1 million euros less than at June 30, 2007. The ratio of EBITDA to revenues was 7.4%. This decrease is the combined result of a reduction in unit sales, caused by lower consumer demand and strong competition from private labels, and a rise in fixed production costs and marketing expenses, attributable almost entirely to inflationary pressure in South Africa and Central and South America.
On the other hand, sales were up for fruit juices and held steady for functional milks.

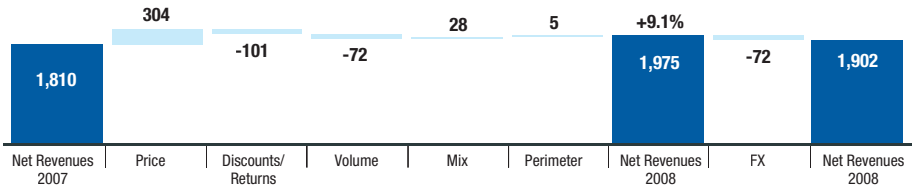
Changes in foreign currency exchange rates used for translation purposes (compared with the average exchange rates for the first half of 2007) reduced net revenues by 72.2 million euros (4% of revenues) and EBITDA by 5.2 million euros (3.2% of EBITDA). The appreciation of the euro versus the Canadian and South African currencies accounts for most of the change.

(in millions of euros)

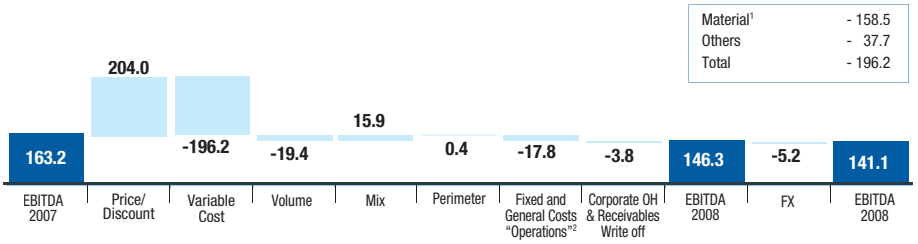
	HY 07	HY 08	VARIANCE	VARIAN. %
Revenues	**1,810.3**	**1,902.4**	**92.1**	*+5.1%*
EBITDA	**163.2**	**141.1**	**(22.1)**	
EBITDA%	*9.0*	*7.4*	*-1.6 ppt*	

Like-for-like
Net Revenues and EBITDA

Net Revenues June 08 vs 07 (€ ml)



EBITDA June 08 vs 07 (€ ml)



1. The data include purchases changes of raw milk for about 124 € ml and of fruit and other ingredients for the remaining amount.

2. The increase in fixed costs and marketing expenses is attributable almost entirely to inflationary pressure in South Africa and Central and South America.

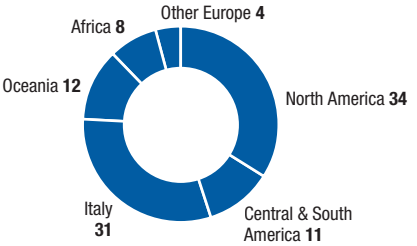
Data by Geographic Region

I HALF 2007			AREAS	I HALF 2008		
REVENUES	**EBITDA**	***EBITDA %***	**€ ML**	**REVENUES**	**EBITDA**	***EBITDA %***
558.9	55.9	*10.0*	Italy	599.9	55.9	*9.3*
72.4	11.1	*15.3*	Other Europe	81.8	10.9	*13.4*
625.1	57.7	*9.2*	North America	637.3	57.3	*9.0*
168.2	17.9	*10.7*	Africa	160.0	8.5	*5.3*
209.2	14.7	*7.0*	Australia	223.1	3.7	*1.6*
179.4	15.5	*8.7*	Central & South America	202.1	20.8	*10.3*
(2.9)	(9.5)	*n.s.*	Others[1]	(1.9)	(16.0)	*n.s.*
1,810.3	**163.2**	***9.0***	**Group**	**1,902.4**	**141.1**	***7.4***

Areas represent the consolidated countries.

1. Include Holding, Other no core Companies, eliminations between Areas.

Revenues by Area (%)



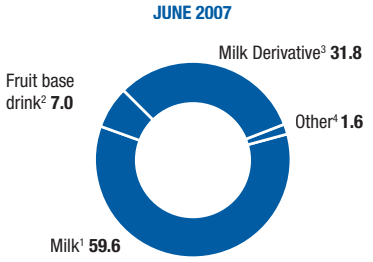
Data by Product Division

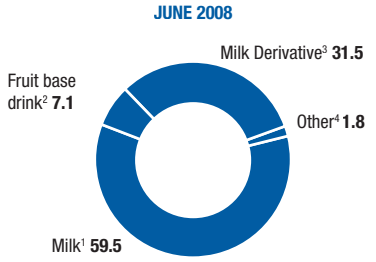
(in millions of euros)

	JUNE 2007			JUNE 2008		
	REVENUES	**EBITDA**	***EBITDA %***	**REVENUES**	**EBITDA**	***EBITDA %***
Milk[1]	1,079.8	82.5	*7.6*	1,132.5	74.5	*6.6*
Fruit Base Drink[2]	127.2	25.7	*20.2*	135.4	25.8	*19.0*
Milk Derivative[3]	574.9	58.0	*10.1*	599.8	53.3	*8.9*
Other[4]	28.4	(2.9)	*(10.3)*	34.8	(12.4)	*(35.8)*
Group	**1,810.3**	**163.2**	***9.0***	**1,902.4**	**141.1**	***7.4***

1. Include Milk, Cream and Bechamel
2. Fruit juices and Tea
3. Include Yogurt, Dessert, Cheese
4. Include Other Products and Holding

Net Revenues by Product Division (%)





1. Include Milk, Cream and Bechamel
2. Fruit juices and Tea
3. Include Yogurt, Dessert, Cheese
4. Include Other Products and Holding

Italy

12
Manufacturing facility

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN. %
Revenues	**558.9**	**599.9**	**41.0**	*+7.3%*
EBITDA	**55.9**	**55.9**	**0.1**	
EBITDA %	*10.0*	*9.3*	*-0.7 ppt*	

Because Newlat was sold in May 2008, in order to provide a more meaningful year-over-year comparison, the table below shows the data of the Italian SBU for the first half of 2007 and 2008 restated without Newlat's contribution.

Italy excluding Newlat

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN. %
Revenues	**517.5**	**556.6**	**39.1**	*+7.6%*
EBITDA	**54.1**	**51.8**	**(2.3)**	
EBITDA %	*10.4*	*9.3*	*-1.1 ppt*	

The main developments that shaped the first half of 2008 included the following:

- Sharply higher prices for milk (+18%), oil and petroleum products and other energy supplies;
- A new competitive scenario caused by price increases and major inroads by private labels and discounters;

Italy

- Decrease in food consumption by households, with a significant shift toward cheaper segments and away from premium brand products.

The impact of the higher cost of raw milk could be offset only in part by raising list prices and through programs to optimize manufacturing and distribution costs and launch new products.

MARKETS AND PRODUCTS [1]

In a general economic environment characterized by a steadily deteriorating GDP trend, a rising rate of inflation that has been hitting basic necessities particularly hard and the lowest level of consumer confidence since 1993, households responded by curtailing consumption and are not expected to change this stance in the second half of the year.
The price variable has become increasingly the decisive factor in consumer buying decisions; faced with an inflation rate of over 5% (*Nielsen*) for the grocery channel as a whole, consumer tend to choose products with the biggest promotional discounts, private label products or products sold by discounters.

The retail price both of UHT milk and fresh milk increased by about 11% during the first half of 2008. However, demand in the UHT milk segment, which is considered a mature market, increased by about 5%, as consumption shifted away from the fresh milk segment, where prices are higher. The entry of private labels in the fresh milk market between February and March produced an increase in demand and curbed price increases. Within the fresh milk market, the Extended Shelf Life (ESL) segment performed particularly well.

1. Data source: Nielsen (S+I+LS) IRI ISS and internal data.

In the UHT milk market, the Parmalat brand grew faster than the market average (+5.6%, based on internal data) during the first six months of 2008, keeping Parmalat firmly in the leadership position.

In the fresh milk segment, Parmalat was able to minimize the reduction in unit sales thanks to a product portfolio that has been expanded to include functional milks (+4.4%) and a strong showing by its Blu Premium line in the ESL segment.

The yogurt market grew less than in the first half of 2007 (+2.5% in volume terms and +8.5% in value terms), reflecting the impact of a 6% average increase in retail prices.
Aggressive promotional programs and the deployment of a brand extension strategy that included the launch of new functional yogurts (Zymil, Omega 3 and Fibresse) enabled Parmalat to report faster volume growth than the market as a whole (+7%, based on internal data) and, consequently, increase its market share.

The market for fruit-based beverage contracted 0.8%, reflecting the negative impact of unfavorable weather conditions in the first six months of 2008. During this period, prices in this market rose by 2%, a rate of increase that was the lower than in any other market in which the Company operates.
Santàl was the only brand that succeeded in bucking the negative market trend, growing at 3.5% rate (internal data) and strengthening its position as the market leader.

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

Value market share by product (%)

UHT MILK	PASTEURIZED MILK[1]	UHT CREAM	BÉCHAMEL	YOGURT	FRUIT BEVERAGES
34.0	28.4	28.1	48.8	6.2	14.6

Source: AC Nielsen - Modern Distribution
1. Company reassessment of Assolatte data

RAW MATERIALS AND PACKAGING

Following a sharp rise in 2007, the price charged by dairy farmers for raw milk is expected to decrease during the second half of 2008 thanks to an increase in the supply available in the international markets.

The price paid by Parmalat for raw milk during the first six months of 2008 was 18.8% higher than in the same period last year (the increase was 21% for milk bought exclusively in Italy).

Energy procurement costs rose by about 10% for electric power and more than 12% for natural gas. These increases also produced a rise in the prices of packaging materials, particularly for corrugated cardboard and HDPE granules.

CAPITAL EXPENDITURES

During the first half of 2008, the SBU invested 13.5 million euros in property, plant and equipment. The main projects included the following:

- UHT milk and derivatives: In Collecchio, construction started on projects to increase milk storage capacity, reduce raw material waste and increase warehousing capacity;
- Fresh milk: End-of-line equipment for bundled PET bottles, a new labeling machine and a bag-in-box packaging machines were installed at the Bergamo plant. In addition, a new bottle blow molding machine and a new microfiltration unit were positioned hooked up.
- Fruit juices: In Collecchio, the updating of a unit of Santàl filling machines was completed.
- Cheese: The restructuring of the Ragusa plant was completed.

Russia

2
Manufacturing facility

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN. %
Revenues	**33.9**	**42.7**	**8.8**	*+26.0%*
EBITDA	**5.4**	**6.2**	**0.7**	
EBITDA %	*16.0*	*14.4*	*-1.6 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN. %
Revenues	**1,174.7**	**1,563.1**	**388.4**	*+33.1%*
EBITDA	**188.3**	**225.2**	**37.0**	
EBITDA %	*16.0*	*14.4*	*-1.6 ppt*	

The Russian ruble lost 5.6% of its value compared with the exchange rate applied in the first half of 2007. The negative impact of this change on revenues and EBITDA was 2.4 million euros and 0.3 million euros, respectively.

Total unit sales were up 3.3% compared with the first six months of 2007. More specifically, shipments of UHT milk, which account for 34% of total unit sales,

increased by 4.7% compared with 2007, while sales of pasteurized milk decreased by 8.7% year over year and those of fruit juices grew by 4.2% compared with the same period last year.

Responding to a market environment characterized by a sharp drop in consumer demand, the government decided to intervene announcing the launch of an advertising campaign to stimulate consumption of milk and dairy products. The dairy product segment was particularly affected by the decrease in consumption, as it came on the heels of the setback suffered at the end of 2007, when it became difficult to secure sufficient raw materials to support sales.

MARKETS AND PRODUCTS

Dairy products are marketed under the Parmalat and Biely Gorod brands, while fruit juices are distributed with the Santàl and 4 Seasons brands. Because Russia is so vast, not all products are distributed on a national basis. More specifically, with the exception of unrefrigerated products, all fresh dairy products are marketed exclusively on a regional basis (Belgorod, Kursk, Varonesh and Sverdlovsk regions).

The table below shows the volume market share of the SBU in the main market segments in which it operates:

Value market share by product (%)

UHT CREAM	UHT MILK	FLAVORED UHT MILK	FRUIT JUICES
4.6	3.2	4.4	1.8

Source: AC Nielsen, YTD March 2008

RAW MATERIALS AND PACKAGING

In the first half of 2008, milk prices were down significantly compared with the average cost for 2007, as a consequence of a decrease in demand and higher availability in the summer months. The market for fruit concentrates was affected by unfavorable external conditions that produced higher prices and, in some cases, procurement problems.

CAPITAL EXPENDITURES

The SBU's capital expenditures, which were included in the modernization plan, were used to improve the efficiency and production capacity of the existing facilities and bring them in compliance with new regulations. Additional investments were used to purchase new motor vehicles used for product distribution.

Portugal

1
Manufacturing facility

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN. %
Revenues	**31.5**	**32.3**	**0.8**	*+2.6%*
EBITDA	**3.7**	**3.7**	**0.1**	
EBITDA %	*11.6*	*11.6*	*0.0 ppt*	

In the first half of 2008, net revenues totaled 32.3 million euros, or 2.6% less than in the previous year, even though unit sales decreased by 9.0% compared with 2007.

Higher sales of flavored milk, béchamel and cream sold under the Parmalat brand offset the impact of a decrease in revenues from Santàl fruit juices compared with 2007.

MARKETS AND PRODUCTS

The Portuguese SBU operates mainly through two main global brands (Parmalat and Santàl) and through a local brand (UCAL).
The strategy that is being pursued is based on expanding sales of high value added items. The main components of the product portfolio include the following:

- Milk: the market is dominated by a competitor, but private labels have been growing rapidly, with a resulting erosion of profit margins. In this market environment, sales of UCAL cocoa-flavored milk (which account for about 29% of total revenues) have been increasing.
- Fruit juices: This segment accounts for about 17% of total revenues. In a contracting market, the SBU's competitive position, which operates with the Santàl brand, has weakened due to the growth of private labels. New Santàl flavors in 250-milliliter bottles for the HoReCa (Hotel, Restaurant and Catering) channel were successfully launched in June.

Value market share by product (%)

MILK	FLAVORED UHT MILK	FRUIT JUICES
1.0	10.3	4.0

Source: AC Nielsen

RAW MATERIALS AND PACKAGING

During the first half of 2008, the price paid to purchase raw milk increased by 26% compared with the same period last year. Packaging costs were also up, rising between 2.5% and 5%.

CAPITAL EXPENDITURES

The Portuguese SBU focused its capital expenditures on upgrading its production and filling lines with the goal of enhancing efficiency and increasing the manufacturing capacity for products with a high value added.

Romania

1
Manufacturing facility

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN. %
Revenues	**7.0**	**6.8**	**(0.2)**	*-3.1%*
EBITDA	**2.0**	**1.1**	**(0.9)**	
EBITDA %	*28.1*	*15.5*	*-12.7 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN. %
Revenues	**23.3**	**24.9**	**1.6**	*+6.8%*
EBITDA	**6.6**	**3.9**	**(2.7)**	
EBITDA %	*28.1*	*15.5*	*-12.7 ppt*	

The local currency (new leu) decreased in value by 10.2% compared with the exchange rate applied in 2007, with a negative impact on revenues and EBITDA of 0.7 million euros and 0.1 million euros, respectively.

Unit sales of fruit juices (94% of total sales) were up 4.8% compared with the first half of 2007.

The profitability of the Romanian SBU decreased reflecting the impact of higher production costs (raw materials, energy and sundry items) and of an increase in adverting investments.

MARKETS AND PRODUCTS

There are four major premium players in the Romanian fruit juice market. With Romania joining the European Union, competitive pressure increased even more due to the entry of new players. The market standing of Parmalat Romania is strengthened by its access to the Santàl global brand, which it uses to market nectars, fruit juices and still drinks, positioning them in the premium-price market segment.
Santàl has a major share of the 100% juice segment (value market leader) and ranks among the top five players in the nectar category. In addition, Santàl TOP branded products have been increasing their penetration of the still drinks category.

Value market share by product (%)

100% JUICES	NECTARS	STILL DRINKS	JUICES-NECTARS-STILL DRINKS
18.8	11.9	1.4	6.1

Source: AC Nielsen Value Market share FM-AM 08 Retail+Horeca

RAW MATERIALS AND PACKAGING

While raw material prices showed the increases discussed above, packaging costs were little changed compared with the first half of 2007 despite the devaluation of the local currency.

Canada

18
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**625.1**	**637.3**	**12.3**	*+2.0%*
EBITDA	**57.7**	**57.3**	**(0.4)**	
EBITDA %	*9.2*	*9.0*	*-0.2 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**942.7**	**981.7**	**39.0**	*+4.1%*
EBITDA	**87.0**	**88.2**	**1.2**	
EBITDA %	*9.2*	*9.0*	*-0.2 ppt*	

Canada

The Canadian dollar decreased in value by 2.1% compared with the exchange rate applied in the fist half of 2007, with a negative impact on revenues and EBITDA of 13.6 million euros and 1.2 million euros, respectively.

Unit sales and revenues were up significantly in the first six months of 2008, but the increase in EBITDA was proportionately smaller, reflecting the impact of the costs incurred to launch new products and support the SBU's entry in the Québec market with fermented products. Higher energy costs were also a negative factor.

MARKETS AND PRODUCTS

As reported by *Agriculture and Agri-Food Canada*, per capita consumption of liquid milk is continuing to shrink. Canada has about 33 million inhabitants and its population has been increasing, albeit slowly, thanks mainly to immigration.
Reflecting the impact of difficult economic conditions in some parts of the country and a growing pessimism, consumers appear to be less inclined to purchase premium products, choosing instead less expensive items.

In this environment, the Canadian SBU reported higher unit sales by its Milk Division and a slight reduction in the yogurt category due to a change in package sizes. Unit sales of cheese were in line with the level achieved in the first six months of 2007.

There are four main players in the Canadian market, with the Parmalat Group subsidiary enjoying a leadership position in some regions.

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

Value market share by product (%)

MILK	YOGURT[1]	NATURAL CHEESE	SNACK CHEESE	BUTTER	MARGARINE
19.7	22.2	15.6	45.0	23.6	12.0

Source: AC Nielsen for 24 weeks ended June 7, 2008
1. English Canada.

RAW MATERIALS AND PACKAGING

The cost of raw milk continued to be very high compared with the level in the world market. The domestic dairy industry is regulated and Canadian milk producers are a strong and effective lobby that has succeeded in protecting its interests. The prices of other production components, particularly petroleum-based products and byproducts, also rose significantly. This situation boosted operating costs, but most of the added charges could not be passed on to consumers. Prices of food commodities were also up due to rising world demand and the growing use of biofuels for transportation.

CAPITAL EXPENDITURES

Capital expenditures totaled 16.2 million euros in the first half of 2008. Consistent with its strategic plan, the Canadian SBU is carrying out a series of extraordinary investment projects designed to modernize its factories and facilities, increase production capacity and efficiency and comply with new regulatory requirements. In addition, the SBU is continuing to invest in the development and organization-wide deployment of a planning and resource management platform (SAP).

Africa

10
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**168.2**	**160.0**	**(8.2)**	*-4.9%*
EBITDA	**17.9**	**8.5**	**(9.4)**	
EBITDA %	*10.7*	*5.3*	*-5.3 ppt*	

The reporting currency of the main African Business Unit (South African rand) decreased in value by 23.2% compared with the exchange rate applied in the first half of 2007. The negative impact of this change on revenues and EBITDA was 32.6 million euros and 1.4 million euros, respectively.

The African SBU reported a 6.5% decrease in unit sales. Shipments of UHT milk, which account for 50% of total sales, were down 6.8%.

Africa

Compared with the first half of 2007, sales shrank by 5.7% for fruit juices (13% of total sales), but increased by 1.4% for cheese (9% of total sales) and 13.4% for yogurt (10% of total sales).

Business conditions in this region were affected by changes in the global economy, which caused growth to slow and forced consumers to drastically cut spending in the second quarter of 2008. This environment affected the performance of the Group's operations in Africa, which reported lower unit sales than in the first half of 2007. When stated in South African rand, revenues show an increase of 16.7% reflecting the impact of strong inflationary pressure. The SBU implemented action plans to protect its market share, reduce costs and increase supply-chain efficiency in all countries.

South Africa

7
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**151.3**	**140.3**	**(11.1)**	*-7.3%*
EBITDA	**14.5**	**5.9**	**(8.6)**	
EBITDA %	*9.6*	*4.2*	*-5.3 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**1,442.3**	**1,647.2**	**204.9**	*+14.2%*
EBITDA	**137.7**	**69.3**	**(68.5)**	
EBITDA %	*9.6*	*4.2*	*-5.3 ppt*	

Total unit sales were 8.2% lower than in the first half of 2007. More specifically, shipments of UHT milk, which account for 54% of total sales, decreased by 7.9% year over year and unit sales of fruit juices were 14.2% lower than in the first six months of 2007. On the other hand, shipments of yogurt increased by 13.3% compared with the same period last year.

The South African economy slowed considerably during the first half of 2008, with high inflation and rising interest rates taking a toll on consumer confidence. Production costs skyrocketed, but only a portion of these increases could be transferred to sales prices.

Africa

MARKETS AND PRODUCTS

The market share of Company-branded UHT milk decreased slightly compared with the first six months of 2007. In response, the SBU has planned increased investments in promotions during the rest of the year to protect its market position.
EasyGest, a functional UHT milk, was launched during the second quarter. Unit sales of other branded functional milks (First Growth, Smart Growth and PhysiCAL) increased compared with the previous year, but their profitability is still relatively low. Investments in special milks is consistent with Group strategy of reducing dependency on basic milk.

Parmalat is South Africa's biggest cheese producer. Its market share was virtually unchanged compared with the first half of 2007, but its profitability decreased slightly due to an increase in supply, which increased competition at the retail price level.
The yogurt market enjoyed healthy growth in volume and value terms both for liquid and spoonable products. The SBU increased sales faster than the market average, thereby increasing its market share compared with the previous year. Profitability was lower than expected due to the level of market prices and some supply-chain inefficiencies. An optimization plan is being prepared to address these issues.

The table below shows the market shares held by Parmalat's South African operations:

Value market share by product (%)

UHT MILK	CHEESE	YOGURT	FRUIT JUICES
28.7	28.2	20.1	7.1

Source: AC Nielsen, YTD March 2008

CAPITAL EXPENDITURES

During the first half of 2008, the SBU used its capital expenditures to increase cheese production capacity at its Bonnievale plant, install new technologies to manufacture melted and spreadable cheese at the Stellenbosch facility and expand storage capacity at the Port Elizabeth factory, while disposing of an external warehouse.

OTHER COUNTRIES IN AFRICA

The other African countries in which the Group operates (Swaziland, Mozambique, Botswana and Zambia) contributed 15% of the sales and 17% of the EBITDA reported by the African SBU, about the same as in the first six months of 2007.

The Zambian operations reported positive results in terms both of unit sales and revenues, which increased by 5.3% and 23%, respectively, compared with last year's first half. Liquid yogurt and ice cream were launched successfully during the second quarter. A new cheese processing plant is now fully operational and is expected to provide a positive contribution to the results for all of 2008.

In Mozambique, results exceeded expectations, following the introduction of a series of locally processed fresh products in the second quarter. The outlook for the rest of the year is positive.

In Botswana, the SBU's position in the UHT milk market was adversely affected by the opening of a new UHT milk processing plant by a competitor, following the imposition of customs duties on imported UHT milk. To offset the impact of this development, the local Parmalat unit has been diversifying its product line, adding a series of locally processed fresh products.

UHT milk accounts for 35% of the SBU's sales in Swaziland. Operations in this country were adversely affected by imports of UHT milk, but are continuing to work on improving local production of raw milk and reducing their dependence on imports.

Australia

6
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**209.2**	**223.1**	**13.9**	*+6.6%*
EBITDA	**14.7**	**3.7**	**(11.0)**	
EBITDA %	*7.0*	*1.6*	*-5.4 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**344.0**	**369.2**	**25.1**	*+7.3%*
EBITDA	**24.1**	**6.1**	**(18.1)**	
EBITDA %	*7.0*	*1.6*	*-5.4 ppt*	

Australia

The value of the local currency (Australian dollar) did not change significantly compared with the first half of 2007.

The results of the Australian SBU were penalized by an increase in the cost of raw milk, caused by mandatory purchase price adjustments in the Australian market, and by strong competition from private labels and the resulting reduction in unit sales.

Unit sales were down 9.7% compared with the first six months of 2007, with a year-over-year decrease of 13.9% for shipments of pasteurized milk, which account for 76% of the overall sales volume. As for other products, shipments contracted by 9.7% for UHT milk, were flat for yogurt and fell by 17.6% for desserts.

In response to the volatility that characterized the prices of raw milk and other raw materials in 2007 and continued during the first half of 2008, exerting pressure on sales volumes and margins, Parmalat Australia focused on carefully managing its operating costs. It also curtailed discretionary spending by all departments and succeeded in significantly reducing overhead. The impact of this cost cutting effort was bolstered by an aggressive program of efficiency boosting initiatives and continuous improvement projects.

MARKETS AND PRODUCTS

The Australian domestic market is highly competitive with three main national producers and numerous small regional players. The retail segment is also fiercely competitive, with a highly concentrated market in which the two largest wholesale chains control 75% of the market. The Australian SBU is focusing its production on items with a high value added, such as flavored milk, functional products and products that address intolerances, with the goal of improving its sales mix.

The table that follows shows the market share of the Australian SBU in the main segments in which it operates:

Value market share by product (%)

PASTEURI-ZED MILK	FLAVORED MILK	YOGURT	DESSERTS
17.4	21.3	13.3	16.8

Source: Aztec

RAW MATERIALS AND PACKAGING

In the first six months of 2008, the average cost of raw milk increased sharply due to the problems that occurred during the second half of 2007 (drought and scarcity of dairy products) and, more directly, mandatory price adjustments (step up process) that were also applied to milk purchased the previous year. Increases in the prices of other production materials (other ingredients and packaging materials) were offset by improving efficiency with projects focused specifically on purchasing.

CAPITAL EXPENDITURES

In the first half of 2008, capital expenditures totaled 6.8 million euros. During this period, faced with significant pressure on its operating results, the Australian SBU took the conservative approach of concentrating its investments on its more critical projects, which included:

- Increasing efficiency to cut packaging costs (Darwin plant);
- Modernizing dairy product facilities (Bendigo plant);
- Improving distribution efficiency in the Melbourne suburbs by building a distribution center.

Venezuela

6
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**103.2**	**118.6**	**15.4**	*+14.9%*
EBITDA	**6.4**	**13.1**	**6.6**	
EBITDA %	*6.2*	*11.0*	*4.8 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**294.7**	**390.0**	**95.3**	*+32.3%*
EBITDA	**18.3**	**43.0**	**24.6**	
EBITDA %	*6.2*	*11.0*	*4.8 ppt*	

The local currency (bolivar) decreased in value by 15.2% compared with the exchange rate applied in the first half of 2007. The negative impact of this change on revenues and EBITDA was 18.0 million euros and 2.0 million euros, respectively.

Overall, unit sales decreased by 11.5% compared with the first six months of 2007, with reductions affecting virtually all of the main product categories. Fruit juices, which are the SBU's main product, were the only exception, with the sales volume holding at about the same level as in 2007. EBITDA improved considerably, even though inflationary pressure drove manufacturing costs and overhead sharply higher.

MARKETS AND PRODUCTS

Even though the Venezuelan SBU operates in a complex political, economic and financial environment characterized by a high degree of uncertainty, it is continuing to pursue its commitment to growth through the development of new products. During the first half of 2008, the markets for products that are not subject to government price controls, such as juices, tea, yogurt and dairy products, enjoyed strong growth in value terms, but growth was much more modest for pasteurized milk and powdered milk.

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

Value market share by product (%)

JUICES	CONDEN-SED MILK	PASTEURI-ZED MILK	DAIRY PRODUCTS	POWDE-RED MILK	YOGURT
22.5	N.D.	N.D.	33.6	6.8	24.2

Source: AC Nielsen

RAW MATERIALS AND PACKAGING

The increase in the cost of raw milk compared with the first half of 2007 is chiefly the result of increased competition in the local market, mainly from cheese producers who are not constrained by controlled consumer prices for their products and, consequently, had an inflationary effect on the price of raw milk. Overall, the same inflationary trend characterized the prices of all packaging products and imported raw materials. This was due mainly to the restrictions placed by the central government on purchases of foreign currency.

CAPITAL EXPENDITURES

In the first half of 2008, the largest capital expenditures were earmarked for plants in Miranda (juices, tea, yogurt and fermented milk) and Quenaca (cheese), focusing in particular on improving manufacturing processes at both factories. Accordingly, new fruit juice and yogurt packaging machines were added to enable these facilities to meet future demand increases in these market segments for products with a high value added.

Colombia

6
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**58.8**	**62.7**	**3.9**	*+6.6%*
EBITDA	**7.2**	**6.7**	**(0.4)**	
EBITDA %	*12.2*	*10.8*	*-1.5 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**165,805**	**176,078**	**10,273**	*+6.2%*
EBITDA	**20,263**	**18,936**	**(1,327)**	
EBITDA %	*12.2*	*10.8*	*-1.5 ppt*	

The value of the local currency (peso) did not change significantly compared with the first half of 2007.

Overall, unit sales decreased by 18.1% compared with the first six months of 2007, with shipments of pasteurized milk, which account for 76% of the total sales volume, down 23.9%. Unit sales of UHT milk and powdered milk increased year over year. As revenues grew at a pace consistent with the rate of inflation, higher raw material costs and the advertising expenses incurred to position new functional products had a negative impact on the SBU's profitability.

MARKETS AND PRODUCTS

In the Colombian market for pasteurized milk, the sales price is a key factor for consumers. Drastic price cuts implemented by the main competitors during the first six months of 2008 had a negative impact on the profitability of the Group's Colombian operations. The table below shows the SBU's market share in the main segments in which it operates:

Value market share by product (%)

PASTEURIZED MILK	APP (UHT MILK–BAG FORMAT)	UHT MILK (T. BRICK FORMAT)	POWDERED MILK	YOGURT	DESSERTS
9.0	8.0	12.0	15.0	3.0	2.0

Source: AC Nielsen + Federgan

RAW MATERIALS AND PACKAGING

The price of raw milk was up significantly compared with 2007, due mainly to new market regulations and an increase in demand caused by the arrival of new competitors. Packaging material costs were also up, reflecting a rise in the price of oil and petroleum derivatives.

CAPITAL EXPENDITURES

Capital expenditures were used to increase the production capacity of the SBU's facilities and improve their efficiency.

Nicaragua

1
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**12.3**	**12.2**	**(0.1)**	*-0.5%*
EBITDA	**1.0**	**0.8**	**(0.2)**	
EBITDA %	*8.3*	*6.3*	*-1.9 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**298.1**	**358.6**	**60.5**	*+20.3%*
EBITDA	**24.6**	**22.7**	**(1.9)**	
EBITDA %	*8.3*	*6.3*	*-1.9 ppt*	

The local currency (cordoba) decreased in value by 20.9% compared with the exchange rate applied in the first half of 2007. The negative impact of this change on revenues and EBITDA was 2.6 million euros and 0.2 million euros, respectively.

The overall sales volume was down 15.9% compared with the previous year. More specifically, shipments of pasteurized milk, which accounts for 62% of the SBU's total sales, were 23.2% lower than in 2007. Unit sales of pasteurized cream, which is the product with the highest profit margin, increased by 21.9%, while those of fruit juices decreased by 20%.

Ecuador

2
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**2.9**	**3.9**	**1.0**	*+33.9%*
EBITDA	**0.2**	**(0.1)**	**(0.3)**	
EBITDA %	*6.1*	*(3.0)*	*-9.1 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**3.9**	**6.0**	**2.1**	*+54.2%*
EBITDA	**0.2**	**(0.2)**	**(0.4)**	
EBITDA %	*6.1*	*(3.0)*	*-9.1ppt*	

The Ecuadorian dairy market is fairly stable, with two dominant players.

Production activity is concentrated almost exclusively in the area of pasteurized milk. Starting in the second half of 2007, the Ecuadorian SBU shifted the focus of its production effort toward items with greater value added, such as yogurt, powdered milk, condensed milk (imported from Colombia) and Zymil.

The Ecuadorian SBU operates through a factory in Lasso. A second production facility in Cuenca was put back into service, resuming production of powdered milk in August 2007.

Cuba

1
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**2.1**	**1.3**	**(0.7)**	*-35.2%*
EBITDA	**0.7**	**(0.1)**	**(0.8)**	
EBITDA %	*34.4*	*(5.9)*	*-40.3 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues	**2.8**	**2.1**	**(0.7)**	*-25.4%*
EBITDA	**0.9**	**(0.1)**	**(1.1)**	
EBITDA %	*34.4*	*(5.9)*	*-40.3 ppt*	

The reporting currency of the Cuban operations (U.S. dollar) decreased in value by 15.2% compared with the exchange rate applied in the first half of 2007. This impact of this change was not significant.

Citrus International Corporation S.A. engages in the production of citrus juices and essential oils. Its principal products are grapefruit juice and orange juice concentrate, fresh juice and essential oils of oranges and grapefruits. Citrus International Corporation S.A. sells primarily to its shareholders (Parmalat S.p.A. and Citricos) and its target markets are Italy (white grapefruit and orange concentrate), Europe in general (pink grapefruit concentrate sold through a Dutch company in which Citricos has an interest) and Mexico (essential oils).

Paraguay

1
Manufacturing facilities

Business Unit Result

(in millions of euros)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues		**4.5**	**4.5**	
EBITDA		**0.4**	**0.4**	
EBITDA %		*9.0*	*9.0 ppt*	

Local Currency Figures

(Local Currency ml)

	HY 07	HY 08	VARIANCE	VARIAN.%
Revenues		**30,251**	**30,251**	
EBITDA		**2,736**	**2,736**	
EBITDA %		*9.0*	*9.0 ppt*	

Having resumed its business activity, this SBU is being consolidated into the Group as of September 2007. Consequently, a comparison with the previous year would not be meaningful. Overall, the Paraguayan dairy market is relatively stable. Parmalat-branded milk is viewed as a premium product in the ultra-pasteurized market segment.

Human Resources

Group Staffing

The table below provides a breakdown by geographic region of the employees of Group companies that were consolidated line by line at June 30, 2008 and a comparison with the data at December 31, 2007.

Total payroll by geographic region[1]

GEOGRAPHIC REGION	JUNE 30, 2008	DECEMBER 31, 2007
Central and South America	3,699	3,755
Canada	3,040	2,974
Italy	2,381	2,940
Africa	2,340	2,237
Australia	1,423	1,432
Europe excluding Italy	1,372	1,383
Total	**14,255**	**14,721**

1. Employees of companies consolidated line by line.

During the first six months of 2008, the Group's staff shrank by about 3% compared with December 31, 2007.
Most of this decrease is attributable to the Italian SBU, due to the restructuring programs implemented during the first half of 2008 and the sale of Newlat S.p.A. (completed on May 28, 2008).
These reductions were offset in part by staff expansions at Parmalat Canada Inc., which hired employees only with short-term contracts, and Parmalat South Africa.

Management and Development of Human resources

The policies implemented to recruit, hire, train and motivate human resources both at the Group level and locally in the various countries are the focus of the activities currently carried out by the Group's Human Resource Committee.
Training programs continue to be implemented taking into account the needs that exist different countries.

Capital Expenditures

I HALF 2007		AREAS	I HALF 2008	
VALUE	***% ON TOTAL***	**€ ML**	**VALUE**	***% ON TOTAL***
14.4	*34.8%*	Italy	13.5	*25.4%*
3.1	*7.5%*	Other Europe	3.6	*6.7%*
7.5	*18.1%*	North America	16.2	*30.5%*
3.8	*9.2%*	Africa	6.5	*12.3%*
8.3	*20.2%*	Australia	6.8	*12.9%*
3.6	*8.6%*	Central & South America	6.4	*12.1%*
0.7	*1.6%*	Other	0.0	*0.0%*
41.3	***100%***	**Group**	**53.0**	***100%***

Summary of technical investments of Parmalat Group at June 30, 2008 (excluding lands and buildings)

In the first six months of 2008, the Group invested 53.0 million euros, or 28% more than in the same period last year, confirming its strong commitment to improving quality, growing organically and increasing efficiency and safety.

The main investment projects are discussed in the sections of this Report that review the performance of the individual SBUs.

Research and Development

During the first half of 2008, the Group's research and development activities, which focused on developing new products, working in some instance with universities and research institutions, were supported by investments totaling several million euros.

Consistent with the Company's Mission, the main R&D projects addressed issues concerning cardiac health, intestinal regularity, metabolism activation and weight control, functional products with reduced sugar and low calorie content and regenerative-stimulant beverages. In addition, work continued to secure accreditation of the Parmalat central Laboratory with SINAL, the Italian laboratory accreditation system.

Financial Performance

Financial Position of the Group and Its Main Companies

The Group's net financial position continued to improve during the first half of 2008, with net financial assets increasing from 855.8 million euros to 901.0 million euros. The Group's Parent Company continued to hold most of the liquidity, with some of the subsidiaries still holding some debt positions.

The objective pursued with the financial transactions executed during the first six month of 2008 was to provide the Group with the financial flexibility needed to meet its operating needs and implement its growth strategy.
The conditions under which the Group is being provided financing are consistent with market terms, in terms both of interest paid and interest earned.

The Group's liquid assets totaled 1,415.8 million euros (1,315.2 million euros held by Parmalat S.p.A.). As the Group's Parent Company holds no lines of credit, this high level of liquidity serves the purpose of protecting the Group's financial health. This liquidity has been invested primarily in time bank deposits. The liquid assets not held by Parmalat S.p.A. are held by individual Group companies, which invest them in the same instruments as the Parent Company. At the consolidated level, income from securities and bank interest totaled 31.9 million euros, 28.1 million euros of which were attributable to Parmalat S.p.A. The increase in financial income, compared with the first six months of 2007, is attributable in roughly equal parts to a volume effect (increase in liquid assets) and, to a lesser extent, to a rate effect (higher reference interest rates in the euro zone).

Indebtedness owed to banks and other lenders decreased from 588.8 million euros at December 31, 2007 to 514.8 million euros at June 30, 2008, owing in part to the deconsolidation of the Newlat S.p.A. subsidiary. In February 2008, the Australian subsidiary refinanced its maturing syndicated loan, replacing it with a new three-year syndicated facility in the amount of 150 million Australian dollars, 120 million Australian dollars

of which had been drawn down at June 30, 2008. The Group is not experiencing any financial difficulties and is fully qualified to increase its indebtedness to support growth initiatives.

Change in Net Financial Position

At June 30, 2008, the Group's net financial position showed an improvement of 45.2 million euros, with net financial assets increasing to 901.0 million euros, up from 855.8 million euros at December 31, 2007, including a positive foreign exchange effect of 25.8 million euros. The net financial position balance includes the net indebtedness of the Venezuelan subsidiaries, which totaled 141.6 million euros at December 31, 2007 and 141.9 million euros at June 30, 2008.

The cash flow from operations, net of changes in net operating working capital and capital expenditures, amounted to 14.9 million euros.

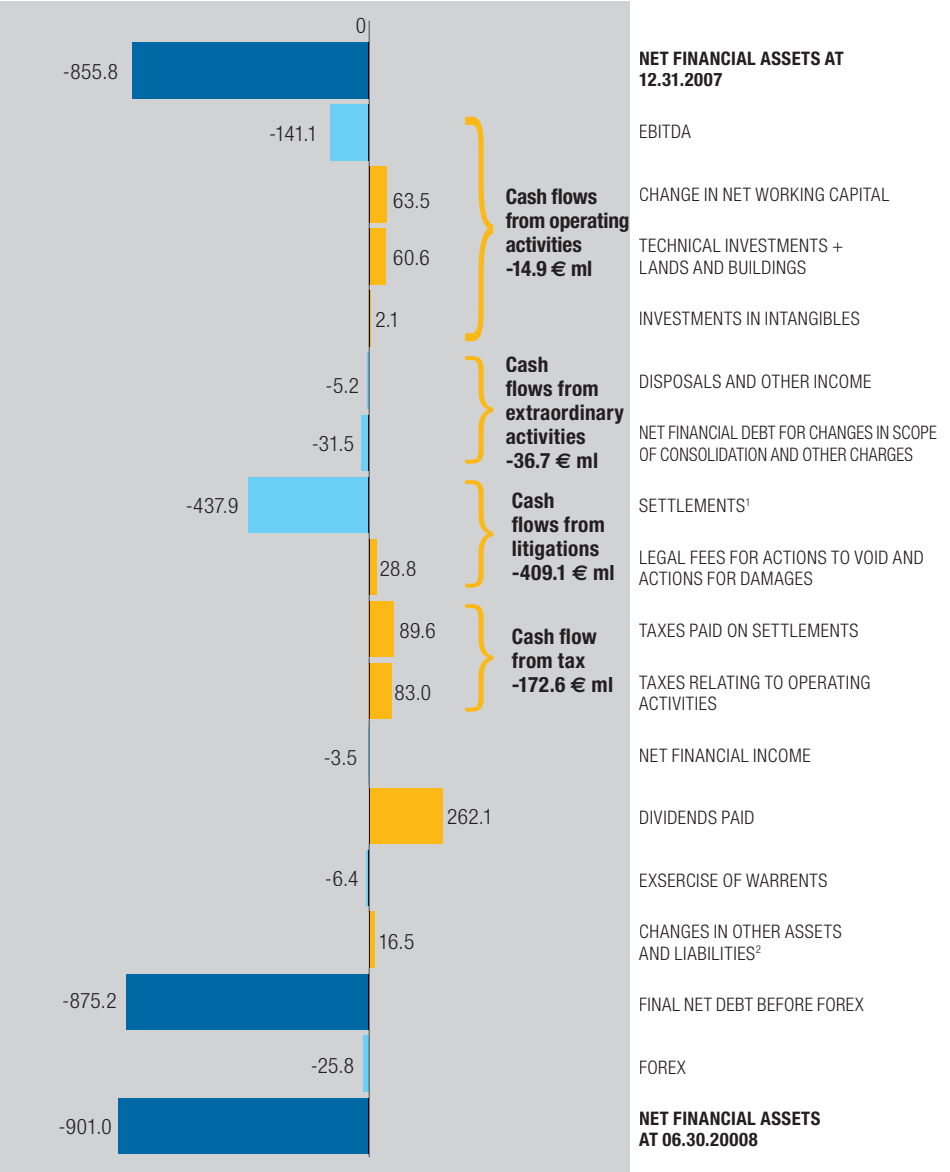
Net cash flow from non-recurring transactions totaled 36.7 million euros. This amount refers primarily to the deconsolidation of Newlat S.p.A.

Cash flows from litigation settlements totaled 409.1 million euros, which is the net result of legal costs amounting to 28.8 million euros and proceeds of 437.9 million euros generated by settlements reached during the first half of 2008 with Banca Monte dei Paschi di Siena S.p.A. (79.5 million euros), Fortis Bank (2.8 million euros), Banca Italease Group (2.5 million euros), Credit Suisse (182.1 million euros) and UBS (171.0 million euros).

The cash flow required for income tax payments totaled 172.6 million euros, including 83.0 million euros attributable to operating activities and 89.6 million euros attributable to litigation results.

In addition to the positive foreign exchange effect of 25.8 million euros mentioned above, other items affecting the net financial position included net financial income of 3.5 million euros, dividend payments totaling 262.1 million euros, proceeds of 6.4 million euros from the exercise of warrants and a net negative change of 16.5 million euros in other assets and liabilities.

Consolidated Cash Flow Jan 1 - Jun 30, 2008



1. Settlements UBS for 182,1 ml, Credit Suisse for 171 ml, Monte dei Paschi di Siena Group for 79,5 ml, Fortis Bank for 2,8 ml, Italease for 2,5 ml.
2. Includes increased VAT receivables net cash in for € 8.1 ml and Newlat closing for € 8.0 ml.

Managing Business Risks

In the normal course of its business operations, the Group is exposed to the following financial and operating risks:

- Market risk, which is the risk inherent in the exposure to changes in interest rates, foreign exchange rates and commodity prices;
- Credit risk, which is the risk that a counterparty may become insolvent;
- Liquidity risk, which is the risk that it may not be able to perform obligations associated with financial liabilities;
- Operating risk, which is the risk that arises from the possible occurrence of accidents, malfunctions and breakdowns causing damages to persons, product quality or the environment, which could have an impact on the income statement.

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

Market Risk

a) Foreign Exchange Risk

Because of the nature of its business, according to which most purchases and sales are denominated in local currencies, the Group has a limited exposure to foreign exchange risk. This limited exposure to commercial foreign exchange risk is hedged with simple hedging instruments, such as forward contracts.

From a more purely financial stand point, the Group's policy requires that any bank credit lines and investments of liquid assets be denominated in the local currency, except for special needs, which require the approval of the Parent Company. The risk of foreign exchange fluctuations with an impact on the income statement, which is related to the translation into the local currency (and then into euros) of indebtedness denominated in U.S. dollars, affects primarily the Venezuelan companies. The impact of such transactions was marginal during the first half of 2008. In any case, it would be impossible to hedge this risk at this point, since

the indebtedness of the Venezuelan companies has still not been restructured.

b) Interest Rate Risk

The Parmalat Group manages the interest rate risk by balancing a portion of its fixed-rate debt exposure with variable-rate debt positions. The Australian and Canadian subsidiaries hedge their positions with interest rate swaps, which they executed when they refinanced their indebtedness. The hedge used by the Canadian companies is a cross-currency interest rate swap, which provides a currency hedge for the portion of the debt denominated in U.S. dollars. The South African subsidiary used a cross-currency interest rate swap to hedge a loan it received from the Parent Company.

c) Price Risk

The group is not exposed to the risk related to changes in the price of equity financial instruments because its investment policy forbids investments in such instruments.

The price risk related to commodities is managed as part of the procurement process, but no financial hedging instruments are used.

Credit Risk

The Group is not exposed to significant credit risk with regard to its cash and cash equivalents, since all of its liquidity is deposited with banks that are rated “investment grade” in the countries where this is possible. A portion of the liquidity held by Parmalat S.p.A. is invested with an unrated credit institution in Italy, with which a settlement was reached recently.

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.

In any case, because the Group’s customer portfolio is diversified over different countries and within each country, the Group’s exposure to commercial credit risk is limited.

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.

The Group's Parent Company is kept constantly informed about changes in outlook concerning the financial position of its subsidiaries, so that it may help them identify timely solutions to prevent the occurrence of financing problems.
The sharp reduction in unit sales and revenues experienced by the Group's South African subsidiary, in addition to causing the deterioration in profitability discussed earlier in this Report, weakened its financial position placing it in default with regard to two financial covenants of a loan agreement governing a financing facility of about 12 million euros.

The Parent Company took action to relieve this subsidiary's financial strain, providing it with a 10-million-euro loan. The lender bank indicated that it will officially announce its position once it has reviewed the company's three-year financial plan, which is currently being drafted.

Operating Risk

The quality of its products, the protection of the health of its customers and their full satisfaction are the Group's primary objectives. To guarantee the quality of its products, the Group adopted a system of procedures and controls (the Parmalat Quality Management System) that are applied throughout the production process, from the procurement of raw materials to the distribution of finished products.
The Parmalat Quality Management System is based on the continuous identification, assessment and mitigation of risk.
However, as is the case for all processes in the food industry, the Group's manufacturing processes are exposed to the risk of contamination both for products and packaging materials. This risk could result in the Group having to carry out a costly product recall, which could seriously damage the quality image of Parmalat products and the Group's reputation.
The Product Recall procedures that the Group adopts throughout the world, which are based on its Consumer Safety and Health Protection guidelines, require that all activities be carried out in compliance with the applicable statutory requirements and in accordance with principles, standards and solutions that are consistent with best industry practices.

Consistent with a policy of monitoring, reducing and transferring the operating risks that are inherent in its industrial and commercial activities, the Group has established an insurance system based on master policies that are negotiated and exe-

cuted at the headquarters level and primary risk local policies. The latter provide immediate coverage, which is supplemented with master policies when the magnitude of the damage exceeds the local coverage.

* * *

Neither the Parent Company nor its subsidiaries own any Parmalat S.p.A. shares.

* * *

Transactions among Group companies or with related parties were neither atypical nor unusual and were conducted in the normal course of business.
These transactions were carried out on market terms, i.e., on the same terms as those that would be applied by unrelated parties.
Details about individual positions are provided in the notes to the financial statements.

Tax Issues

The Group's effective tax rate for the first half of 2008 was about 5%.
If taxable income is restated to exclude the proceeds from settlements of lawsuits, which include proceeds from actions to void not subject to the corporate income tax (IRES), the standardized effective tax rate increases to about 24.2%.

During the first half of 2008, the Group paid about 172.6 million euros in corporate income taxes and about 6.6 million euros in local taxes (for a total of 179.2 million euros), broken down as follows:

- 120.6 million euros in Italy. The largest items were the balance due for 2007 and the first estimated payment for 2008. Parmalat S.p.A. paid 119.5 million euros, mostly on the taxable portion of proceeds from settlements of lawsuits (actions for damages).
- 36.7 million euros in Canada. This amount includes the 2008 estimated income tax payment (9.5 millions) and the balance due for 2007 (27.2 millions).
- About 7 million euros in Australia, counting about 4.5 millions as the balance due for 2007 and the remaining 2.5 millions as 2008 estimated payments.
- 2.8 million euros in South Africa, counting both the balance due for 2007 (1.4 millions) and 2008 estimate payments (1.4 millions).
- The remaining 12.1 million euros represent tax payments made in other countries, including Venezuela (3.6 million euros), Colombia (4.6 million euros), Portugal (1.3 million euros) and Russia (1 million euros).

Corporate Governance

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

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

Insofar as compliance with Legislative Decree No. 231/01 is concerned, after adopting its own Organization, Management and Control Model in November 2006, Parmalat S.p.A. promoted the adoption of individual organizational models by its Italian subsidiaries and developed conduct guidelines for the Group's main foreign subsidiaries. As part of the work carried out with regard to Organizational Models, both Parmalat S.p.A. and its Italian subsidiaries defined and are in the process of implementing programs to verify whether the protocols that are an integral part of the Models are being effectively and adequately implemented.

In addition, on July 25, 2007, the Company appointed a Corporate Accounting Documents Officer, as required by Law No. 262/05, as amended. Also in this area, the Company is implementing a project that specifically addresses the need of defining, when applicable, the special operating procedures required pursuant to Article 154-bis, Section 5, of the Uniform Financial Code. A plan specifically designed to test compliance with these procedures is currently being carried out at the Group's main companies in Italy and abroad.

Key Events of the First Half of 2008

Settlements

During the first half of 2008, Parmalat and some credit institutions reached the settlements listed below:

- On February 7, 2008, Fortis Bank agreed to a settlement for a total amount of 2.8 million euros;
- On February 21, 2008, Banca Monte dei Paschi di Siena S.p.A. agreed to a settlement for a total amount of 79.5 million euros;
- On April 22, 2008, Factorit S.p.A and Banca Italease S.p.A agreed to a settlement for a total amount of 2.5 million euros and turned over to Parmalat any uncollected receivables;
- On June 13, 2008, UBS agreed to a settlement for a total amount of 182.1 million euros;
- On June 13, 2008, Credit Suisse agreed to a settlement for a total amount of 171.0 million euros.

Administrative Proceedings Against the Italian Ministry of Agricultural, Nutritional and Forestry Policies Regarding Financing Provided Pursuant to Legislative Decree No. 173/1998

- In February 2008, Parmalat S.p.A. challenged before the Regional Administrative Court of Emilia Romagna, Parma Section, Decree File No. 351/2007 by which the Italian Ministry of Agricultural, Nutritional and Forestry Policies reduced the contribution granted earlier to Parmalat S.p.A. as part of the support system established pursuant to Article 13, Section 1, of Legislative Decree No. 173/1998, lowering the abovementioned contribution from 50.34% to 40% of the allowed expenditures (thereby cutting the contribution by 4,750,254.73 euros). In its complaint, Parmalat S.p.A. asked that the abovementioned Decree be stayed and the Decree be voided in part because it is unlawful and contradictory, lacks motivation and an adequate investigative process, and constitutes an abuse of power.
- On February 5, 2008, the Regional Administrative Court heard oral arguments with regard to the motion to stay the Decree. At that hearing, Parmalat S.p.A. also asked for a merit hearing on its motion to stay the Decree and was allowed to file a motivated motion to receive the funds in question. A merit hearing has not yet been scheduled, but should be held early in 2009.

Bankruptcy of PPL Participações Ltda (formerly Parmalat Participações do Brasil Ltda.)

By a Decree issued on March 13, 2008, the Bankruptcy Court of São Paulo (Brazil), having learned that the Creditors' Committee failed to approve the recovery plan ("recuperação judicial") put forth by PPL Participações Ltda in receivership, declared PPL Participações Ltda bankrupt.

Challenge to the Decision Handed Down by the Bologna Court of Appeals

By a ruling handed down on January 16, 2008, the Bologna Court of Appeals rejected the appeal filed by a group of bondholders against the lower court's decision approving Parmalat's composition with creditors. On March 21, 2008, the Company was served with a notice that the party whose motion had been denied by the Bologna Court of Appeals was now appealing before the Italian Supreme Court (Corte di Cassazione). The decision by the Court of Parma approving Parmalat's composition with creditors is provisionally enforceable and is effective vis-à-vis all creditors who may have a claim based on a title, fact or cause that predates the beginning of the extraordinary administration proceedings.

Sale of Production Facilities in Taranto

On April 29, 2008, Parmalat S.p.A. sold to Jonicalatte S.p.A. the business operations comprised of the Taranto milk bottling center for a total price of 1,063,263.96 euros. Concurrently with the abovementioned sale, Parmalat S.p.A. acquired through subscription an 18% interest in the share capital of Jonicalatte, a Group licensee.

Settlement of the Class Action Lawsuit in the United States

Under a settlement reached on May 2, 2008 in the U.S. class action pending before the New York Federal Court, Parmalat agreed to transfer to the class plaintiffs 10.5 million of its shares in full satisfaction of any and all claims asserted against it in the class action worldwide. Parmalat further agreed to contribute up to 1 million euros toward the costs required to inform all class members of the settlement.
The settlement is subject to approval by the court.

The Citigroup Lawsuit Proceeds to Trial in the United States

On April 15, 2008, the Court of New Jersey handed down a decision denying Citigroup's motion for summary judgment.

While the Court narrowed Parmalat's claims and the measure of damages, it ruled that Parmalat may proceed to trial with regard to the claims against Citigroup for aiding and abetting in the breach of fiduciary duty by past Parmalat managers who are charged with larceny against Parmalat. Oral arguments began on May 5, 2008 and are still ongoing.
The Court also denied Parmalat's motion for summary judgment denying Citigroup's counterclaims.

Antitrust Proceedings Concerning Newlat

By Resolution No. 16282 of December 21, 2006, the Italian Antitrust Authority ordered Parmalat S.p.A. to sell its controlling interest in Newlat S.p.A. by October 30, 2007. On May 21, 2008, at the conclusion of proceedings that began on November 15, 2007 in response to Parmalat's alleged failure to comply with the abovementioned Resolution No. 16282, the Italian Antitrust Authority ordered Parmalat S.p.A. to pay an administrative fine of 2,226,000 euros.
Parmalat, having complied fully with the Italian Antitrust Authority's Resolution No. 16282 on April 18, 2008 (date when the contract to sell the shares of Newlat S.p.A. to TMT Finance SA was executed) and believing that the reasons that prevent it from complying with the October 30, 2007 deadline were entirely beyond its control, challenged the Italian Antitrust Authority's decision of May 21, 2008 before the Regional Administrative Court of Latium, asking that it be set aside.

Sale of 100% of Newlat S.p.A. to TMT Finance SA

On May 28, 2008, subsequent to signing a sales agreement and obtaining the transaction's approval by the Italian Antitrust Authority, Parmalat S.p.A. closed the sale of 100% of Newlat S.p.A. to TMT Finance SA.
Newlat was sold for the nominal price of 1 euro and Parmalat transferred to the buyer, also for the nominal price of 1 euro, claims against Newlat of up to 8 million euros.
Intra-Group positions totaling about 4.6 million euros were settled, generating a positive cash flow for the Parmalat Group of the same amount.
This transaction enabled the Group to deconsolidate loans payable and obligations under finance leases totaling 35.1 million euros.

Events Occurring after June 30, 2008

Class Action Lawsuit in the United States - Decision by the Court of Appeals for the Second Circuit

On July 22, 2008, the New York Court of Appeals for the Second Circuit ruled that:

- having been informed of the settlement between the class plaintiffs and Parmalat, rejected the appeal filed by Parmalat, concluding that, absent the abovementioned settlement, Parmalat would have continued to be a party to the proceedings;
- any decision handed down in the United States against Parmalat in connection with its bankruptcy will still have to be submitted to the Italian Bankruptcy Court for final disposition.

Agreement Between Parmalat and Unicredit Group

On August 1, 2008, Parmalat S.p.A. reached agreements concerning all of its pending disputes with the Unicredit Group and settling all transactions and claims between the parties related to the period prior to the date when the Parmalat Group was declared insolvent (December 2003). As a result of these agreements:

- Parmalat S.p.A. abandoned all actions to void and actions for damages that it has filed or could possibly file in the future against the Unicredit Group;
- the Unicredit Group paid Parmalat S.p.A. a total of 229.7 million euros;
- the Unicredit Group waived all claims put forth in actions filed against companies under extraordinary administration challenging or demanding the verification of claims and, more in general, any and all claims for damages, thereby minimizing the impact of the remaining disputes;
- the Extraordinary Commissioner waived any further claims or actions to void or actions for damages filed against the Unicredit Group for aiding and abetting in bringing about and/or aggravating the financial collapse of various companies. The Extraordinary Commissioner further agreed to refrain from joining as plaintiff seeking damages in any of the pending criminal proceedings.

Similar settlement agreements were executed by the Unicredit Group, on the one hand, and the Companies Under Extraordinary Administration not included in the scope of the Composition with Creditors, on the other hand. Pursuant to these agreements, the Unicredit Group paid 42 million euros and waived all verified claims it may hold against the abovementioned companies.

Parmalat Securities Litigation - class certified only with respect to domestic purchasers of Parmalat shares, certification denied with respect to foreign purchasers and all purchasers of debt

On August 20, 2008, the district court of the Southern District of New York, where the class action "Parmalat Securities Litigation" is pending, has certified the class with respect to domestic plaintiffs who have purchased shares of (old) Parmalat in the period January 5, 1999 -December 18, 2003. The court has excluded foreign purchasers considering the substantial likelihood that motions to dismiss their claims would be granted. The court also noted that the class representatives who have moved for certification have bought only Parmalat ordinary shares, not debt. Accordingly, the court further modified the class to include only domestic investors who purchased or otherwise acquired Parmalat ordinary shares during the class period. The ruling is without prejudice to the pending application to approve a settlement with (new) Parmalat on behalf of a broader class, and a renewed motion to expand the class to include foreign purchasers.

Business Outlook

The deepening of the economic and financial crisis has affected the economic trend of Parmalat Australia and Parmalat South Africa more than originally anticipated this past May.

To this situation a major decline of the Italian market must be added. Damages suffered by the above mentioned markets have been only partially compensated by the positive trend of other subsidiaries and by the operational actions already implemented and in course of implementation.

Given the environment outlined above and in absence of extraordinary events, the new "guidance" for the Group presents an increase in revenues of 3% compared with 2007, while EBITDA of the Group, for this period, is expected to be approximately 350 million euro, or about 5% less than in 2007.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Consolidated Financial Statements at June 30, 2008


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Consolidated Balance Sheet

ASSETS

NOTE	(in millions of euros)	06.30.2008	12.31.2007
	NON-CURRENT ASSETS	**1,799.3**	**1,968.2**
(1)	Goodwill	464.8	539.9
(2)	Trademarks with an indefinite useful life	570.4	612.1
	Other intangibles	62.2	81.7
(3)	Property, plant and equipment	643.1	678.2
	Investments in associates	3.8	3.6
	Other non-current financial assets	5.5	6.1
	Deferred-tax assets	49.5	46.6
	CURRENT ASSETS	**2,580.9**	**2,597.6**
(4)	Inventories	396.9	387.4
(5)	Trade receivables	492.3	522.4
	amount from transactions with related parties	*0.1*	*0.1*
(6)	Other current assets	275.9	243.2
(7)	Cash and cash equivalents	662.3	852.9
(8)	Current financial assets	753.5	591.7
	HELD-FOR-SALE ASSETS	**5.7**	**5.1**
TOTAL ASSETS		**4,385.9**	**4,570.9**

LIABILITIES

NOTE	(in millions of euros)	06.30.2008	12.31.2007
	SHAREHOLDERS' EQUITY	**2,804.2**	**2,685.3**
(9)	Share capital	1,667.5	1,652.4
(10)	Reserve for creditor challenges and claims of late-filing creditors convertible exclusively into share capital	212.8	221.5
	Other reserves:		
(11)	*- Reserve for currency translation differences*	(73.9)	(27.2)
	- Cash-flow hedge reserve	0.3	0.2
(12)	*- Miscellaneous reserves*	547.6	139.3
(13)	Profit for the period	425.0	673.4
	Group interest in shareholders' equity	**2,779.3**	**2,659.6**
(14)	**Minority interest in shareholders' equity**	**24.9**	**25.7**
	NON-CURRENT LIABILITIES	**679.2**	**805.6**
(15)	Long-term borrowings	284.0	337.3
	amount from transactions with related parties	*1.0*	*1.1*
(16)	Deferred-tax liabilities	162.5	189.1
	Provisions for employee benefits	99.6	106.8
(17)	Provisions for risks and charges	121.6	149.2
ds	Provision for contested preferential and prededuction claims	11.5	23.2
	CURRENT LIABILITIES	**901.9**	**1,079.6**
(15)	Short-term borrowings	230.8	251.5
	amount from transactions with related parties	*4.8*	*4.9*
(18)	Trade payables	492.2	532.7
(19)	Other current liabilities	143.2	154.6
	amount from transactions with related parties	*0.3*	
(20)	Income taxes payable	35.7	140.8
	LIABILITIES DIRECTLY ATTRIBUTABLE TO HELD-FOR-SALE ASSETS	**0.6**	**0.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,385.9**	**4,570.9**

Consolidated Income Statement

NOTE	(in millions of euros)	First half 2008	First half 2007 [1]
(21)	**REVENUES**	**1,916.0**	**1,823.9**
	Net sales revenues	1,902.4	1,810.3
	amount from transactions with related parties		
	Other revenues	13.6	13.6
	amount from transactions with related parties		
(22)	Cost of sales	(1,564.8)	(1,387.5)
	amount from transactions with related parties		
(22)	Distribution costs	(212.4)	(204.3)
	amount from transactions with related parties	*0.1*	*0.1*
(22)	Administrative expenses	(116.7)	(114.2)
	Other income (expense):		
(23)	- Legal fees paid in actions to void and actions for damages	(27.1)	(31.9)
(24)	- Miscellaneous income and expense	448.0	197.6
EBIT		**443.0**	**283.6**
(25	Financial income	39.8	31.3
	amount from transactions with related parties		
(25)	Financial expense	(27.7)	(26.0)
	Other income from (Expense for) equity investments	(0.8)	2.6
PROFIT BEFORE TAXES		**454.3**	**291.5**
(26)	Income taxes	(27.4)	(74.7)
PROFIT FROM CONTINUING OPERATIONS		**426.9**	**216.8**
	Profit (Loss) from discontinuing operations	-	27.5
	amount from transactions with related parties		
NET PROFIT		**426.9**	**244.3**
	Minority interest in (profit) loss	(1.9)	(0.8)
	Group interest in profit (loss)	425.0	243.5
Continuing operations:			
Basic earnings per share		**0.2558**	**0.1480**
Diluted earnings per share		**0.2491**	**0.1427**

1. Some of the data in the income statement for the first half of 2007 have been reclassified to provide a better overall presentation, but without affecting the end result.

Consolidated Cash Flow Statement

(in millions of euros)	First half 2008	First half 2007
OPERATING ACTIVITIES		
Profit from operating activities	426.9	216.8
Depreciation, amortization and writedowns of non-current assets	119.0	45.3
Additions to provisions	70.6	114.0
Interest and other financial expense	22.5	17.0
Non-cash (income) expense items	(33.4)	(7.1)
(Gains) Losses on divestitures	(0.8)	(3.8)
Dividends received	-	(0.1)
Proceeds from actions to void and actions for damages	(437.9)	(222.6)
Legal expenses incurred in connection with actions to void and actions for damages	27.1	31.9
Cash flow from operating activities before change in working capital	**194.0**	**191.4**
Changes in net working capital and provisions:		
Operating working capital	(63.5)	(45.2)
Payment of claims owed by companies under extraordinary administration	-	(4.5)
Payments of income taxes on operating results	(83.0)	(35.2)
Other assets/Other liabilities and provisions	(39.9)	(30.8)
Total change in net working capital and provisions	**(186.4)**	**(115.7)**
CASH FLOWS FROM OPERATING ACTIVITIES	**7.6**	**75.7**
INVESTING ACTIVITIES		
Investments:		
- Intangibles	(2.1)	(2.5)
- Property, plant and equipment	(60.6)	(43.2)
- Non-current financial assets	(0.1)	(1.6)
- Investments in associates	(0.2)	(0.5)
Purchase of minority interest	(0.3)	(10.7)
CASH FLOWS FROM INVESTING ACTIVITIES	**(63.3)**	**(58.5)**
PROCEEDS FROM SETTLEMENTS	**437.9**	**278.3**
LEGAL COSTS TO PURSUE ACTIONS FOR DAMAGES AND ACTIONS TO VOID	**(28.8)**	**(40.9)**
INCOME TAXES PAID ON SETTLEMENTS[1]	**(89.6)**	**-**
PROCEEDS FROM DIVESTITURES AND SUNDRY ITEMS	**5.2**	**22.8**
FINANCING ACTIVITIES		
New loans and finance leases	85.5	16.5
Repayment of principal and accrued interest of loans and finance leases	(114.5)	(90.0)
Investments in other current assets that mature later than three months after the date of purchase	(162.1)	(265.7)
Dividends paid	(262.1)	(43.4)
Exercise of warrants	6.4	7.0
CASH FLOWS FROM FINANCING ACTIVITIES	**(446.8)**	**(375.6)**
Impact of changes in the scope of consolidation	(4.3)	(0.7)
IINCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM JANUARY 1 TO JUNE 30	**(182.1)**	**(98.9)**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**852.9**	**321.8**
Increase (decrease) in cash and cash equivalents from January 1 to June 30	(182.1)	(98.9)
Net impact of the translation of cash and cash equivalents denominated in foreign currencies	(8.5)	3.4
CASH AND CASH EQUIVALENTS AT JUNE 30	**662.3**	**226.3**

"Net interest income" amounted to 12.1 million euros.

1. Includes 11.1 million euros in 2008 advances.

The cash flow statement for the first half of 2007 is being presented with the same format used for the first half of 2008.

Changes in Shareholders' Equity

	SHARE CAPITAL	RESERVE CONVERTIBLE INTO SHARE CAPITAL[1]	OTHER RESERVES		
			STATU-TORY RESERVE	RES. FOR DIVIDENDS TO CHALLENGES AND CONDIT. CLAIMS	RES. FOR LATE-FILING AND CONTESTED CREDITORS[2]
Balance at January 1, 2007	**1,641.5**	**224.9**	**-**	**-**	**-**
Share capital incr. from convertible reserves	0.9	(0.9)			
Allocation of shares to subscribers of warrants in 2006	0.1				
Exercise of warrants	6.9				
Appropriation of the 2006 result			4.2	3.9	35.1
Difference from the translation of financial statements in foreign currencies					
Dividends					
Purchase of minority interest					
Companies removed from the scope of consolidation					
Profit for the period					
Balance at June 30, 2007	**1,649.4**	**224.0**	**4.2**	**3.9**	**35.1**
Balance at January 1, 2008	**1,652.4**	**221.5**	**4.2**	**3.9**	**35.1**
Share capital incr. from convertible reserves	8.7	(8.7)			
Allocation of shares to subscribers of warrants in 2007					
Exercise of warrants	6.4				
Appropriation of the 2007 result			27.7	21.7	240.1
Difference from the translation of financial statements in foreign currencies					
Change in fair value of derivatives					
Dividends					
Purchase of minority interest					
Profit for the period					
Balance at June 30, 2008	**1,667.5**	**212.8**	**31.9**	**25.6**	**275.2**

1. For creditors challenging exclusions and late-filing creditors.
2. The reserve can also be used to satisfy late-filing creditors or creditors with contested claims if and when their claims are verified, limited to the amounts of 35,141 thousand euros (resolution of the Shareholders' Meeting dated April 29, 2007) and 30,582 thousand euros (resolution of the Shareholders' Meeting dated April 9, 2008).

(in millions of euros)

RESERVE FOR TRANSLATION DIFFERENCES	SHARES SUBSCRIBED THROUGH EXERCISE OF WARRANTS	CASH-FLOW HEDGE RESERVE	SUNDRY RESERVES	PROFIT (LOSS) FOR THE PERIOD	GROUP INTEREST IN SHAREHOLD. EQUITY	MINORITY INTEREST IN SHAREHOLD. EQUITY	TOTAL SHAREHOLD. EQUITY
(33.2)	**0.1**	**0.3**	**(12.0)**	**192.5**	**2,014.1**	**37.6**	**2,051.7**
					-	-	-
	(0.1)				-	-	-
	0.1				7.0	-	7.0
			108.1	(151.3)	-	-	-
25.7					25.7	-	25.7
				(41.2)	(41.2)	(2.2)	(43.4)
					-	(7.2)	(7.2)
					-	0.3	0.3
				243.5	243.5	0.8	244.3
(7.5)	**0.1**	**0.3**	**96.1**	**243.5**	**2,249.1**	**29.3**	**2,278.4**
(27.2)	**-**	**0.2**	**96.1**	**673.4**	**2,659.6**	**25.7**	**2,685.3**
					-	-	-
					-	-	-
					6.4	-	6.4
			118.8	(408.3)	-	-	-
(46.7)					(46.7)	(0.4)	(47.1)
		0.1			0.1	-	0.1
				(265.1)	(265.1)	(2.1)	(267.2)
					-	(0.2)	(0.2)
				425.0	425.0	1.9	426.9
(73.9)	**-**	**0.3**	**214.9**	**425.0**	**2,779.3**	**24.9**	**2,804.2**

Notes to the Condensed Consolidated Semiannual Financial Statements

FOREWORD

The registered office of Parmalat S.p.A. is located in Italy, at 4 Via delle Nazioni Unite, in Collecchio (province of Parma). Its shares are traded on the Online Stock Market operated by Borsa Italiana. Parmalat S.p.A. and its subsidiaries are organized into a food industry group that pursues a multinational strategy. The Group operates in 17 countries worldwide divided into five geographic regions: Europe, North America, Central and South America, Africa and Australia. The Group has an extensive and well structured product portfolio organized into three segments: *Milk* (UHT, fresh, condensed, powdered and flavored milk; cream and béchamel), *Fresh Dairy* (yogurt, fermented milk, desserts, cheese, butter and special mixes) and *Fruit Beverage* (fruit juices, nectars and tea).

The condensed consolidated semiannual financial statements at June 30, 2008 are denominated in euros, which is the reporting currency of Parmalat S.p.A., the Group's Parent Company. They consist of a balance sheet, an income statement, a cash flow statement, a statement of changes in shareholders' equity and the accompanying notes. All of the amounts listed in these notes are in millions of euros, except as noted.

The presentation format used for the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity is the same as the one used for the annual financial statements.

The condensed consolidated semiannual financial statements at June 30, 2008 were the subject of a limited audit by PricewaterhouseCoopers S.p.A. in accordance with an assignment it received for the 2008-2013 period pursuant to a resolution approved by the Shareholders' Meeting on April 28, 2007. A limited audit entails a significantly smaller scope of auditing work than a full audit performed in accordance with statutory auditing principles.

The publication of these condensed consolidated semiannual financial statements at June 30, 2008 was authorized by the Board of Directors on August 28, 2008.

PRINCIPLES FOR THE PREPARATION OF THE CONDENSED SEMIANNUAL FINANCIAL STATEMENTS

The condensed consolidated semiannual financial statements at June 30, 2008 of the Parmalat Group was prepared in accordance with the provisions of Article 154-ter *"Financial Reporting"* of the Uniform Financial Code introduced with Legislative Decree No. 195 of November 6, 2007, by which the Italian legislature implemented Directive 2004/109/CE (so-called Transparency Directive) on regular financial reporting.

The condensed consolidated semiannual financial statements were prepared in accordance with IAS 34 - *Interim Financial Reporting*. The accounting principles applied are the same as those used to prepare the consolidated Annual Report at December 31, 2007. Consequently, the former should be read concurrently with the latter.

The adoption of recently published accounting principles and interpretations that became effective on January 1, 2008 (IFRIC 11 - IFRS 2 - *Group and Treasury Share Transactions*) had no impact on the Group's Parent Company because they concern situations and concrete cases that are not applicable. Moreover, none of the principles approved by the European Community that will go into effect after June 30, 2008 have been adopted in advance.

As part of the process of preparing the condensed consolidated semiannual financial statements, Directors are required to use accounting principles and methods that, in some instances, require the use of difficult and subjective valuations and estimates based on historical data and assumptions that, in each case, are deemed to be reasonable and realistic under the circumstances existing at that time. The use of these estimates and assumptions has an impact on the amounts reported on the financial statements, which include the balance sheet and the income statement, and affects the disclosures provided therein. The final amounts shown for the financial statement items for which the abovementioned estimates and assumptions were used may differ from the amounts shown on the financial statements due to the uncertainty that is inherent in all assumptions and the conditions upon which the estimates were based. The financial statement items that require more than others a subjective input by the Directors in the development of estimates are those concerning goodwill, depreciation and amortization, deferred taxes, the provisions for risks and the reserves for creditor challenges and claims of late-filing creditors.

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

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

SEASONALITY OF THE GROUP'S BUSINESSES

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

SCOPE OF CONSOLIDATION

The equity investments of the Parmalat Group are listed in the schedules provided in the Annex. The guidelines followed in consolidating these equity investments are reviewed below. The scope of consolidation at June 30, 2008 includes the financial statements of the Group's Parent Company and those of the Italian and foreign companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares. Control also exists when the Group's Parent Company holds 50% or less of the votes that may be exercised at a Shareholders' Meeting if:

- It controls more than 50% of the voting rights by virtue of an agreement with other investors;
- It has the power to determine the financial and operating policies of the investee company pursuant to a clause in the Bylaws of the investee company or a contract;
- It has the power to appoint or remove a majority of the members of the Board of Directors or equivalent corporate governance body and said Board or body controls the investee company;
- It has the power to exercise a majority of the votes at meetings of the Board of Directors or equivalent corporate governance body.

Because the Group's Parent Company no longer has the power to determine their financial and operating policies nor benefits from their operations, the following companies are no longer consolidated line by line:

- Companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares but are now parties to separate bankruptcy proceedings under local laws and their subsidiaries. These companies include:
  - Companies that have become eligible for extraordinary administration proceedings: Parmalat Mölkerei Gmbh in A.S. (Germany), Deutsche Parmalat Gmbh in A.S. (Germany), Dairies Holding International BV in A.S. (Netherlands) and Olex sa in A.S. (Luxembourg). The extraordinary administration proceedings applicable to these companies are nearing completion, pursuant to law.
  - Other smaller companies and their subsidiaries that were forced to file for bankruptcy protection under local laws as a result of the financial collapse of the Parmalat Finanziaria Group. They are: 9161-5849 Quebec Inc. (formerly Eaux Vives Hurricana Inc.), Parmalat France SA (France) and Societè Fromagère D'Athis SA (France).

These companies have been included in the list of the Group's equity investments because the Group owns their capital stock. However, at present, there is no expectation of a full or partial recovery of the investments in these companies upon completion of the individual bankruptcy proceedings. There is also no expectation that Parmalat S.p.A. will incur any liability in connection with these investments and there is no commitment or desire on the Company's part to cover the negative equity of these companies.

On March 13, 2008, the Court of São Paulo declared PPL Participações do Brasil Ltda bankrupt and appointed Capital Consultoria Assessoria Ltda as receiver. Upon being declared bankrupt, PPL Participações do Brasil Ltda was automatically dissolved and its rights and obligations constitute a separate bankrupt estate. The rights of Parmalat S.p.A. as a shareholder have been suspended and will not be exercisable even after the bankruptcy is closed, unless all of the creditors are paid in full. All powers of ordinary and extraordinary administration (including the power to sell assets) have been transferred to the receiver.

- Companies earmarked for liquidation in the best available manner. The only company in this category is Wishaw Trading Sa (Uruguay). It is unlikely that the Group will incur any liability in connection with these investments and there is no commitment or desire on the Group's part to cover the negative equity of these companies. At January 1, 2004, Wishaw Trading SA had liabilities that amounted to 338.3 million euros. Unsecured claims amounting to 47.4 million euros have been verified and claims totaling 253.6 million euros have been excluded, but creditors have challenged these exclusions. Parmalat S.p.A. believes that it is probable that some of these challenges will be upheld. Net of the claim reduction, these claims could total 17.6 million euros and the Company has added this amount to its "Reserve for creditor challenges and claims of late-filing creditors convertible exclusively into share capital." Based on information provided by counsel, Parmalat S.p.A. has learned that, in accordance with current Uruguayan law, the shareholders of a local limited liability company may be held personally responsible under certain conditions. More specifically, the principle of limited liability can be overridden when a company has been used (i) fraudulently to circumvent a law, (ii) to violate public order, (iii) fraudulently to injure the rights of shareholders or outsiders. While it is possible that the conduct of the previous management could result in an extension of liability to other companies of the Parmalat Group, Parmalat S.p.A. - in view of the provisions of Article 4-bis, Section 10 of the Marzano Law, which reaffirms the general principle set forth in Article 135 of the Bankruptcy Law that an approved composition with creditors is binding on all creditors with claims that predate the start of the composition with creditors proceedings and is also binding on all creditors who did not file for claim verification - believes that even if the existence and amount of any claims against it that are related to Wishaw Trading SA should ever be verified, the creditors would be unsecured creditors with claims the title and/or cause of which predates the start of the extraordinary administration proceedings for the companies that are parties to the Proposal of Composition with Creditors and, consequently, would only be entitled to receive shares and warrants of Parmalat S.p.A. based on an amount decreased by the claim reduction, in accordance with Section 7.8 of the Proposal of Composition with Creditors.

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

- Giglio S.r.l. (Italy);
- Parmalat International SA (Switzerland);
- PRM Administraçao e Participaçao do Brasil (Brazil);
- Parmalat Asia Ewp Limited (Thailand);
- Parmaleche de Costarica SA (Costa Rica);
- Lacteos San Miguel SA (El Salvador);
- Swojas Energy Foods Limited (India).

- Companies in which the Parent Company holds, either directly or indirectly, an interest equal to more than 50% of the voting shares (and their subsidiaries) but with regard to which it no longer has the power to determine their financial and operating policies and does not benefit from their operations. These companies, which are not large in size and operate in several countries, are:
  - Airetcal SA (Uruguay);
  - Lacteos Americanos Lactam SA (Costa Rica);
  - Parmalat Chile SA (Chile);
  - Parmalat (Zhaodong) Dairy Corp. Ltd (China);
  - Satalux sa (Luxembourg);
  - Dalmata Due S.r.l. (Italy).

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

- The carrying value of the investments was written off, except for 0.3 million euros (0.2 million euros for Parmalat International SA and 0.1 million euros for Dalmata Due S.r.l.);
- The receivables owed by these companies to other Group companies were written off, except for 0.1 million euros due by Dalmata Due S.r.l.;
- A provision for risks in connection with indebtedness guaranteed by Group companies was recognized;
- The receivables owed to the companies listed above by Group companies continued to be included in the indebtedness of Group companies.

Transactions Between Group Companies and with Related Parties

Transactions between Group companies and with related parties are neither atypical nor unusual and were carried by the Company in the normal course of business. Currently, the Group executes transactions with the following related parties:

- Companies in which the Group has a majority equity stake but over which it no longer has control and, consequently, have been excluded from the scope of consolidation as explained in the Scope of Consolidation section of this Report.

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

(in millions of euros)

COMPANY	06.30.08						
	COUNTRY	TRADE RECEIVABLES[1]	FINANCIAL RECEIVABLES[1]	OTHER RECEIVABLES[1]	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
Dalmata Due Srl	Italy	0.1					
PPL Participações Ltda	Brazil					3.5	0.3
Wishaw Trading sa	Uruguay					2.3	
Sundry items (less than €1 million)							
Total		**0.1**	**-**	**-**	**-**	**5.8**	**0.3**

1. Net of the allowance for doubtful accounts.

(in millions of euros)

COMPANY	12.31.07						
	COUNTRY	TRADE RECEIVABLES[1]	FINANCIAL RECEIVABLES[1]	OTHER RECEIVABLES[1]	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
Dalmata Due S.r.l.	Italy	0.1					
PPL Participações Ltda	Brazil					3.7	
Wishaw Trading sa	Uruguay					2.3	
Sundry items (less than €1 million)							
Total		**0.1**	**-**	**-**	**-**	**6.0**	**-**

1. Net of the allowance for doubtful accounts.

The table below provides a breakdown of revenues and expenses by type and shows the writedowns of receivables booked during the period:

(in millions of euros)

COMPANY	FIRST HALF 2008					
	COUNTRY	NET SALES REVENUES AND OTHER REVENUES	PROFIT (LOSS) FROM DISCONTINUING OPERATIONS	FINANCIAL INCOME	COST OF MATERIALS AND SERVICES USED	WRITEDOWNS OF RECEIVABLES
Sundry items						0.1
Total		**-**	**-**	**-**	**-**	**0.1**

(in millions of euros)

COMPANY	FIRST HALF 2007					
	COUNTRY	NET SALES REVENUES AND OTHER REVENUES	PROFIT (LOSS) FROM DISCONTINUING OPERATIONS	FINANCIAL INCOME	COST OF MATERIALS AND SERVICES USED	WRITEDOWNS OF RECEIVABLES
Sundry items						0.1
Total		**-**	**-**	**-**	**-**	**0.1**

- Companies that are currently included in the investment portfolios of Parmalat Finanziaria S.p.A. in A.S. and Parmalat S.p.A. in A.S.

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

(in millions of euros)

COMPANY	06.30.2008						
	COUNTRY	TRADE RECEIVABLES[1]	FINANCIAL RECEIVABLES[1]	OTHER RECEIVABLES[1]	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
Eliair S.r.l. in A.S.	Italy		4.6	0.3			
Parma A.C. S.p.A. in A.S.	Italy		60.4				
Parmalat Capital Finance Ltd	Cayman		3,466.6[2]			1.6	
Bonlat Financing Corporation	Cayman		1,131.9[2]			1.6	
Parmalat S.p.A. in A.S.	Italy			2.2			
Sundry items (less than €1 million)							
Total		**-**	**4,663.5**	**2.5**	**-**	**3.2**	**-**

1. Before allowance for doubtful accounts.

2. Amounts written off.

(in millions of euros)

COMPANY		12.31.2007					
	COUNTRY	TRADE RECEIVABLES[1]	FINANCIAL RECEIVABLES[1]	OTHER RECEIVABLES[1]	TRADE PAYABLES	FINANCIAL PAYABLES	OTHER PAYABLES
Eliair S.r.l. in A.S.	Italy		4.6	0.3			
Parma A.C. S.p.A. in A.S.	Italy		60.4				
Parmalat Capital Finance Ltd	Cayman		3,466.6[2]			1.7	
Bonlat Financing Corporation	Cayman		1,131.9[2]			1.7	
Parmalat S.p.A. in A.S.	Italy			1.1			
Total		**-**	**4,663.5**	**1.4**	**-**	**3.4**	**-**

1. Before allowance for doubtful accounts.

2. Amounts written off.

While not required to do so pursuant to law, the Group discloses that, considering who will be the shareholders of Parmalat S.p.A. following the approval of the Composition with Creditors, the Group engages in commercial and financial transactions with numerous former creditors of its member companies.
The transactions executed with these counterparties are neither atypical nor unusual and are carried out by the Company in the normal course of business.

These transactions are executed on market terms, i.e., on terms that would have been agreed to by independent parties, and were carried out in the interest of the Group headed by Parmalat S.p.A.

Lastly, the Group has filed a series of legal actions against former creditors of companies under extraordinary administration. These lawsuits are discussed in detail in the section of the Semiannual Report on Operations entitled Legal Disputes and Contingent Liabilities at June 30, 2008.

Percentage of Total Amounts Attributable to Transactions with Related Parties

(in millions of euros)

	CONSOLIDATED ASSETS	CONSOLIDATED LIABILITIES	NET FINANCIAL ASSETS	DISTRIBUTION COSTS
Total consolidated amount	**4,385.9**	**1,581.7**	**901.0**	**212.4**
Amount with related parties	0.1	6.1	(5.8)	0.1
Percentage of the total	*n.s.*	*0.4*	*n.s.*	*n.s.*

Notes to the Balance Sheet - Assets

(1) GOODWILL

Goodwill amounted to 464.8 million euros. The changes that occurred in the first half of 2007 and 2008 are listed below:

(in millions of euros)

	GOODWILL
Balance at January 1, 2007	**543.8**
- Companies added to the scope of consolidation	0.4
- Companies removed from the scope of consolidation (-)	(1.7)
- Acquisitions	1.1
- Writedowns (-)	(0.8)
- Currency translation differences	10.1
Balance at June 30, 2007	**552.9**
Balance at January 1, 2008	**539.9**
- Writedowns (-)	(61.4)
- Currency translation differences	(13.7)
Balance at June 30, 2008	**464.8**

Goodwill is allocated to the corresponding cash generating units, which, consistent with the Group's strategic guidelines, are the same as its geographic regions, while complying with the limitation on the scope of data aggregation, which may not exceed a business segment, as identified in accordance with IAS 14.

The recoverable value of goodwill is determined based on its value in use, which is the present value of the estimated expected operating cash flows.

As a rule, a 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 the Group prepares its strategic plan for the next three years.

However, changed conditions in the markets in which the Group operates (higher prices for oil and grains, rising inflation rates, lower household propensity to spend and reduction of the growth rate) created difficult conditions in some countries (Italy, Australia and South Africa).

The impact of these factors was compounded by a rise in interest rates, with a resulting increase of the discount rates used to compute the value in use of assets. These rates, net of taxes, range between 8.2% and 8.5%.

Consequently, working as usual with the support of an independent advisor, the Group estimated for the abovementioned cash generating units the impact of the changes in operating conditions on expected operating cash flows, as set forth in the 2008-2010 strategic plan developed by the Group, and on the implied projections (growth rate between 0.5% and 1%).

These computations showed that goodwill needed to be written down for Parmalat S.p.A by 48.0 million euros, for the Australian SBU by 7.4 million euros and for the South African SBU by 2.1 million euros. In addition, the non-current intangible assets of Latte Sole S.p.A. were written down by 11.0 million euros (15.2 million euros before taxes, with 4.0 million euros and 11.2 million euros deducted, respectively, from goodwill and assets with an indefinite useful life).

A breakdown of goodwill is as follows:

(in millions of euros)

	06.30.08	**12.31.07**
Parmalat S.p.A.	185.8	233.8
Parmalat Canada Inc.	113.4	125.2
Parmalat Australia Ltd	60.9	66.7
Centrale del Latte di Roma S.p.A.	41.7	41.7
Parmalat South Africa pty Ltd	15.7	21.1
Parmalat Portugal Produtos Alimentares Ltda	34.2	34.2
Latte Sole S.p.A.	-	4.0
Other smaller companies	13.1	13.2
Total	**464.8**	**539.9**

(2) TRADEMARKS WITH AN INDEFINITE USEFUL LIFE

Trademarks with an indefinite useful life totaled 570.4 million euros. The following changes occurred in the first half of 2008 and 2007:

(in millions of euros)

	TRADEMARKS WITH AN INDEFINITE USEFUL LIFE
Balance at January 1, 2007	**642.1**
- Companies removed from the scope of consolidation (-)	(32.4)
- Currency translation differences	17.9
Balance at June 30, 2007	**627.6**
Balance at January 1, 2008	**612.1**
- Writedowns (-)	(11.2)
- Currency translation differences	(30.5)
Balance at June 30, 2008	**570.4**

Trademarks with an indefinite useful life were valued at 570.4 million euros. A breakdown is as follows:

(in millions of euros)

	06.30.08	12.31.07
Parmalat	173.4	180.0
Beatrice (Canada)	74.0	81.7
Lactantia (Canada)	61.0	67.4
Santàl	40.9	41.0
Pauls (Australia)	42.6	41.7
Centrale del Latte di Roma (Italy)	26.1	26.1
Black Diamond (Canada)	27.7	30.6
Astro (Canada)	20.5	22.6
Bonnita (South Africa)	11.4	14.1
Chef (Italy)	16.2	16.2
Sundry trademarks	76.6	90.7
Total	**570.4**	**612.1**

(3) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment totaled 643.1 million euros. The table below provides a breakdown of this item and shows the changes that occurred in the first half of 2007 and 2008:

(in millions of euros)

	LAND	BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL EQUIPMENT	OTHER ASSETS	CONSTRUCTION IN PROGRESS	TOTAL
Balance at January 1, 2007	**132.6**	**253.2**	**260.5**	**11.1**	**36.9**	**33.8**	**728.1**
- Cos. added to the scope of consolidation					0.6		0.6
- Cos. removed from the scope of consolidation (-)	(33.8)	(33.9)	(21.7)		(4.6)	(3.1)	(97.1)
- Additions		1.9	11.9	0.5	4.9	24.0	43.2
- Disposals (-)	(0.9)	(1.5)	(0.7)	(0.1)	(1.0)		(4.2)
- Depreciation (-)		(5.9)	(22.1)	(1.3)	(5.2)		(34.5)
- Other changes		1.7	8.6	0.3	4.6	(15.3)	(0.1)
- Reclassifications to held-for-sale assets	(2.5)	(6.9)	(14.7)	(0.1)	(0.1)		(24.3)
- Currency translation differences	1.9	3.5	6.4	0.2	0.5	1.3	13.8
Balance at June 30, 2007	**97.3**	**212.1**	**228.2**	**10.6**	**36.6**	**40.7**	**625.5**
Balance at January 1, 2008	**117.9**	**218.8**	**233.1**	**10.7**	**36.6**	**61.1**	**678.2**
- Cos. added to the scope of consolidation							
- Cos. removed from the scope of consolidation (-)	(11.7)	(7.7)	(10.2)	(0.3)	(0.5)		(30.4)
- Additions	0.9	6.7	15.4	0.6	5.1	31.9	60.6
- Disposals (-)	(0.7)	(1.3)	(1.2)	(0.1)	(0.7)		(4.0)
- Depreciation (-)		(6.2)	(21.9)	(1.5)	(6.1)		(35.7)
- Other changes	1.5	10.3	23.9	0.9	2.7	(40.0)	(0.7)
- Currency translation differences	(1.5)	(5.6)	(12.2)		(2.2)	(3.4)	(24.9)
Balance at June 30, 2008	**106.4**	**215.0**	**226.9**	**10.3**	**34.9**	**49.6**	**643.1**

The amount shown for companies removed from the scope of consolidation (30.4 million euros) refers to Newlat S.p.A., which was sold during the first half of 2008.

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

Disposals of 4.0 million euros refers mainly to the sale by Parmalat S.p.A. of business operations located in Taranto that produce and distribute dairy products and to two equipment returned to the lessors.

A breakdown of property, plant and equipment held under finance leases totaling 14.7 million euros is as follows:

(in millions of euros)

	06.30.08	**12.31.07**
Land	-	11.0
Buildings	1.2	8.0
Plant and machinery	6.4	6.8
Other assets	7.1	5.5
Construction in progress and advances	-	2.1
Total property, plant and equipment held under finance leases	**14.7**	**33.4**

The deconsolidation of Newlat S.p.A. accounts for most of the decrease of 18.7 million euros in property, plant and equipment held under finance leases.

(4) INVENTORIES

Inventories totaled 396.9 million euros, or 9.5 million euros more than at December 31, 2007.

(in millions of euros)

	06.30.08	12.31.07
Raw materials, auxiliaries and supplies	115.6	105.6
Semifinished goods	16.0	16.9
Finished goods and merchandise	269.0	268.7
Advances	1.1	0.7
Provision for inventory writedowns	(4.8)	(4.5)
Total inventories	**396.9**	**387.4**

The main positive changes include:

- 19.3 million euros in higher inventories of cheese and other finished goods held by the Canadian subsidiary due to the seasonal nature of its business, which is characterized by increased milk production during the first six months of the year and increased sales during the second half. About 11.8 million euros of the increase is attributable to butter and powdered milk sold to the Canadian Dairy Commission (CDC) with a forward buyback commitment. In Canada, the CDC (the Government agency that oversees and manages the allocation of milk quotas to processors), in order to mitigate the abovementioned seasonality issues, agrees to absorb temporary surpluses held by processors. This increase in inventory is matched by a trade payable of the same amount booked to recognize the abovementioned buyback commitment.
- 18.0 million euros for higher imports of powdered milk carried out by the Venezuelan subsidiary in June in anticipation of difficulties in securing milk supplies in the subsequent months.

These increases were offset in part by the following item:

- 30.8 million euros for the appreciation of the euro versus other currencies.

(5) TRADE RECEIVABLES

Trade receivables totaled 492.3 million euros, or 30.1 million euros less than at December 31, 2007.

(in millions of euros)

	06.30.08	12.31.07
Trade receivables:		
- owed by customers	492.2	522.3
- owed by investee companies[1]	0.1	0.1
Total trade receivables	**492.3**	**522.4**

1. Companies the share capital of which is owned by the Group but are not under the Group's control.

The deconsolidation of Newlat S.p.A (29.1 million euros) accounts for most of the decrease.

The amount of 492.2 million euros shown for Trade receivables owed by customers is net of an Allowance for doubtful accounts amounting to 162.6 million euros. The table that follows shows the changes that occurred in this allowance in the first half of 2008 and 2007:

(in millions of euros)

Balance at January 1, 2007	**164.6**
- Companies removed from the scope of consolidation (-)	(3.7)
- Additions	4.3
- Utilizations (-)	(1.2)
- Currency translation differences	0.3
Balance at June 30, 2007	**164.3**
Balance at January 1, 2008	**162.8**
- Companies removed from the scope of consolidation (-)	(3.7)
- Additions	3.5
- Utilizations (-)	(3.4)
- Other changes	4.2
- Currency translation differences	(0.8)
Balance at June 30, 2008	**162.6**

(6) OTHER CURRENT ASSETS

Other current assets totaled 275.9 million euros, or 32.7 million euros more than at December 31, 2007:

(in millions of euros)

	06.30.08	12.31.07
Receivables for settlements in connection with actions to void in bankruptcy and actions for damages	1.3	1.4
Amount receivable from the tax authorities for VAT	106.4	98.3
Advance tax payments	63.6	33.3
Dividend tax credits	38.2	38.2
Other amounts receivable from the tax authorities	15.2	13.7
Sundry receivables	34.2	42.8
Accrued income and prepaid expenses	17.0	15.5
Total	**275.9**	**243.2**

The main positive changes include:

- 35.2 million euros for the advance income tax payments made in June by Italian Group companies (including 11.1 million euros for the estimated tax liability on proceeds from actions for damages);
- 8.1 million euros for VAT credits accrued during the period in excess of the VAT collected.

These increases were offset in part by the following items:

- 6.8 million euros for the deconsolidation of Newlat S.p.A.;
- 3.6 million euros for the collection of a receivable owed by Brisbane City Council for a plot of land it had seized under eminent domain the previous year.

(7) CASH AND CASH EQUIVALENTS

Cash and cash equivalents and investments in financial assets the original maturity of which was three months or less on the date they were purchased amounted to 662.3 million euros, for a decrease of 190.6 million euros compared with December 31, 2007:

(in millions of euros)

	06.30.08	12.31.07
- Bank and postal accounts	659.7	850.7
- Checks in transit	0.1	-
- Cash and securities on hand	1.4	1.6
- Financial assets	1.1	0.6
Total cash and cash equivalents	**662.3**	**852.9**

Bank and postal accounts of 659.7 million euros represent deposits held at top banking and financial institutions with a high credit rating.

Financial assets of 1.1 million euros consist entirely of term deposits.

The decrease of 190.6 million euros in cash and cash equivalents reflects mainly payments of dividends (262.1 million euros) and income taxes (172.6 million euros, including 89.6 million euros in taxes on proceeds from actions for damages), offset in part by the investment in highly liquid, short-term income-producing assets of the proceeds collected during the first six months of 2008 upon settlements of actions to void and actions for damages.

There are no circumstances under which the available cash and cash equivalents would not be fully utilizable by the Group.

(8) CURRENT FINANCIAL ASSETS

Current financial assets totaled 753.5 million euros, or 161.8 million euros more than at December 31, 2007:

(in millions of euros)

	06.30.08	12.31.07
- Italian treasury bills	-	63.8
- Bank time deposits	748.8	524.2
- Accrued interest	-	1.0
- Derivatives	1.0	0.9
- Financial assets with an original maturity of more than three months but less than 12 months	3.7	1.8
Total current financial assets	**753.5**	**591.7**

The increase of 161.8 million euros reflects primarily the investment in income-producing assets of the proceeds collected during the first half of 2008 upon settlements of actions to void and actions for damages.

A list of the main financial assets, broken down by interest rate and maturity, is provided below:

(in millions of euros)

	AMOUNT	PURCHASE DATE	MATURITY	ANNUALIZED RATE
Bank time deposits	31.0	02.22.08	07.22.08	4.32%
	10.0	04.21.08	07.25.08	4.81%
	90.0	03.25.08	07.25.08	4.68%
	60.0	04.02.08	09.02.08	4.76%
	300.0	05.05.08	09.05.08	4.93%
	20.0	04.21.08	09.22.08	4.85%
	40.0	05.26.08	09.22.08	4.93%
	80.0	05.29.08	09.29.08	4.88%
	65.0	06.03.08	10.03.08	4.93%
	22.8	06.11.08	10.13.08	5.08%
	30.0	06.30.08	10.30.08	5.06%
	748.8			

Notes to the Balance Sheet - Shareholders' Equity

At June 30, 2008, the Group's interest in shareholders' equity totaled 2,779.3 million euros.

(9) SHARE CAPITAL

The Company's share capital amounted to 1,667,498,324 euros. The change that occurred compared with December 31, 2007 is the result of the following items: (i) the amount of the claims of late-filing creditors and/or of creditors who challenged successfully the exclusion of their claims (charged against reserves established for this purpose), which totaled 8,684,596 euros; and (ii) the amount generated by the exercise of warrants, which totaled 6,393,883 euros.

The table below provides a reconciliation between the number of shares outstanding at December 31, 2007 and the number of shares outstanding at June 30, 2008:

06.30.08	NUMBER OF SHARES
Shares outstanding at January 1, 2008 - par value 1 euro each	**1,652,419,845**
Shares issued for claims of late-filing creditors and/or upon the settlement of challenges (using reserves established for this purpose) - par value 1 euro each	8,684,596
Shares issued upon the conversion of warrants - par value 1 euro each	6,393,883
Shares outstanding at June 30, 2008 - par value 1 euro each	**1,667,498,324**

Maximum Share Capital Amount

In accordance with the resolutions approved on March 1, 2005, September 19, 2005 and April 28, 2007, the Company's share capital may reach a maximum of 2,025 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	238.9
- Increase reserved for late-filing creditors	150.0
Total increases reserved for creditors	**1,930.0**
- Shares available for the conversion of warrants	95.0
Total capital increase	**2,025.0**

As explained above, the Company's share capital amounted to 1,667.5 million euros at June 30, 2008. As of the writing of these Notes, it had increased by 0.1 million euros to a total of 1,667.6 million euros. The Company, having carried out a detailed analysis of the challenges filed by creditors excluded from the sum of liabilities and of the claims of late-filing creditors, believes that the equity reserves it has established in connection with these claims are adequate. Any additional claims of late-filing creditors that may arise in the future and are verified by a final court decision can be satisfied using the 2007 retained earnings.

(10) RESERVE FOR CREDITOR CHALLENGES AND CLAIMS OF LATE-FILING CREDITORS CONVERTIBLE INTO SHARE CAPITAL

At June 30, 2008, this reserve convertible into share capital amounted to 212.8 million euros. Utilizations for the period totaled 8.7 million euros, causing the share capital to increase by the same amount.

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. The remainder of the reserve, equal to the amount of the rejected claims, will become a freely available reserve. As explained previously, Parmalat S.p.A. has already approved a capital increase in an amount equal to the balance in this reserve.

(11) RESERVE FOR CURRENCY TRANSLATION DIFFERENCES

The Reserve for currency translation differences, negative by 73.9 million euros, is used to recognize differences generated by the conversion into euros of the financial statements of companies that operate in countries using a currency other than the euro.

(12) OTHER RESERVES

Other reserves, which at December 31, 2007 had an aggregate positive balance of 139.3 million euros, included the following (i) retained earnings of 96.1 million euros; (ii) a statutory reserve of 4.2 million euros; (iii) a reserve of 3.9 million euros for creditors challenging the rejection of their claim or with conditional claims who are later found to be entitled to receive Company shares; (iv) a reserve of 35.1 million euros to satisfy late-filing creditors or creditors with contested claims if and when their claims are verified.

The Ordinary Shareholders' Meeting of April 9, 2008 approved motions to: (i) set aside in a statutory reserve 5% of the net profit earned in 2007, which amounted to 27,733,319 euros; (ii) to appropriate the balance of the net profit earned in 2007 that remained after the addition to the statutory reserve referred to in section (i) above, which amounted to 526,933,061 euros, as follows: (a) as a dividend of 0.159 euros on each of the 1,667,496,728 common shares outstanding at March 28, 2008 for a total of 265,131,980 euros; (b) to a reserve 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 may be entitled to receive Company shares, for a total of 21,668,493 euros; (c) the balance of 240,132,588 euros to a reserve that will also be used to satisfy any additional claims of late-filing creditors or creditors with contested claims that are verified by a final court decision. In any case, the amount by which this reserve may be utilized may not exceed that of the approved capital increases (1,930 million euros) and, consequently, the amount of 30,581,980 euros.

As a result of this resolution, consolidated retained earnings of 769.5 million euros were reduced by a deduction for dividend distributions (265.1 million euros) and additions to the reserve for claims of late-filing creditors and creditors with contested claims (21.7 million euros), to the statutory reserve (27.7 million euros) and to the reserve for claims of creditors who challenged the exclusion of their claims and creditors with conditional claims (240.1 million euros). The remaining balance is 214.9 million euros.

At June 30, 2008, Other reserves, which totaled 547.6 million euros, included the following: (i) retained earnings totaling 214.9 million euros; (ii) the statutory reserve of 31.9 million euros; (iii) a reserve for claims of creditors who challenged the exclusion of their claims and creditors with conditional claims who may be entitled to receive Company shares, amounting to 25.6 million euros; and (iv) a reserve for claims of late-filing creditors or creditors with contested claims, if and when such claims are verified by a final court decision, amounting to 275.2 million euros.

(13) PROFIT FOR THE PERIOD

The Group's interest in the profit for the period amounted to 425.0 million euros.

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

(in millions of euros)

	SHAREHOLDERS' EQUITY BEFORE RESULT FOR THE PERIOD	RESULT FOR THE PERIOD	SHAREHOLDERS' EQUITY
Shareholders' equity of Parmalat S.p.A. at 06.30.08	**2,213.2**	**447.1**	**2,660.3**
Elimination of the carrying value of consolidated investments in subsidiaries			
- Difference between the carrying amount and the pro rata interest in the underlying shareholders' equity	199.2	-	199.2
- Pro rata interest in the results of investee companies	-	22.1	22.1
- Reserve for currency translation differences	(73.9)	-	(73.9)
Other adjustments:			
- Elimination of writedowns of subsidiaries	-	1.4	1.4
- Elimination of losses by subsidiaries	5.0	1.0	6.0
- Elimination of writedowns of receivables owed by subsidiaries	10.8	(0.9)	9.9
- Elimination of dividends	-	(45.7)	(45.7)
Group Interest in Shareholders' Equity at 06.30.08	**2,354.3**	**425.0**	**2,779.3**
Minority interest in shareholders' equity and result for the period	23.0	1.9	24.9
Consolidated shareholders' equity at 06.30.08	**2,377.3**	**426.9**	**2,804.2**

(14) MINORITY INTEREST IN SHAREHOLDER'S EQUITY

At June 30, 2008, the Minority interest in shareholders' equity totaled 24.9 million euros. This amount is represented almost entirely by the interest held by minority shareholders in the following companies:

(in millions of euros)

	06.30.08	12.31.07
Centrale del Latte di Roma S.p.A.	11.8	12.2
Citrus International SA	4.3	4.7
Parmalat Centroamerica SA	2.5	2.5
Sundry companies	6.3	6.3
Total	**24.9**	**25.7**

Notes to the Balance Sheet - Liabilities

(15) LONG-TERM BORROWINGS

Long-term borrowings totaled 284.0 million euros. The table below shows the changes that occurred in the first half of 2007 and 2008:

(in millions of euros)

	DUE TO BANKS	DUE TO OTHER LENDERS	OBLIGATIONS UNDER FINANCE LEASES	DUE TO SUBSIDIARIES	TOTAL
Balance at January 1, 2007	**358.4**	**40.4**	**29.0**	**0.1**	**427.9**
- Companies deconsolidated (-)	(0.6)	-	(1.5)	-	(2.1)
- New borrowings	0.8	-	2.1	-	2.9
- Redemptions (principal and interest) (-)	(54.4)	(0.3)	(3.4)	-	(58.1)
- Accrued interest	7.1	1.6	0.8	-	9.5
- Discounting to present value	0.9	-	-	-	0.9
- Foreign exchange differences on borrowings in foreign currencies	(0.8)	(3.0)	-	(0.1)	(3.9)
- Reclassifications from non-current to current (-)	(17.8)	(2.2)	(1.5)	-	(21.5)
- Other changes	0.9	-	-	0.8	1.7
- Currency translation differences	17.9	2.3	-	-	20.2
Balance at June 30, 2007	**312.4**	**38.8**	**25.5**	**0.8**	**377.5**
Balance at January 1, 2008	**276.9**	**33.9**	**25.4**	**1.1**	**337.3**
- Companies deconsolidated (-)	(1.4)	-	(18.2)	-	(19.6)
- New borrowings	77.7	-	0.6	-	78.3
- Redemptions (principal and interest) (-)	(76.4)	-	(2.7)	-	(79.1)
- Accrued interest	3.7	1.4	0.6	-	5.7
- Discounting to present value	0.2	-	-	-	0.2
- Foreign exchange differences on borrowings in foreign currencies	0.2	0.8	-	(0.2)	0.8
- Reclassifications from non-current to current (-)	(19.5)	-	(1.2)	-	(20.7)
- Currency translation differences	(15.8)	(3.2)	-	0.1	(18.9)
Balance at June 30, 2008	**245.6**	**32.9**	**4.5**	**1.0**	**284.0**

The decrease of 19.6 million euros from changes in scope of consolidation refers to the sale of Newlat S.p.A.

New borrowings of 78.3 million euros include the following:

- 120 million Australian dollars drawn from a new three-year, syndicated facility in the amount of 150 million Australian dollars received in February 2008 to refinance a maturing facility;
- The non-current portion (64 million rand) of an 80-million-rand facility maturing in 2013, which was provided by Standard Bank to finance the purchase of the Gauteng distribution center.

Redemptions of 79.1 million euros refer mainly to the following item:

- repayment of a syndicated loan of 120 million Australian dollars due in February 2008, plus accrued interest of 3.6 million Australian dollars.

Short-term borrowings totaled 230.8 million euros. The following changes occurred in the first half of 2007 and 2008:

(in millions of euros)

	DUE TO BANKS	DUE TO OTHER LENDERS	OBLIGATIONS UNDER FINANCE LEASES	DUE TO ASSOCIATES	LIABILITIES REPRESENTED BY CREDIT INSTRUMENTS	LIABILITIES FROM DERIVATIVES	TOTAL
Balance at January 1, 2007	**237.2**	**21.4**	**6.5**	**5.3**	**1.3**	**-**	**271.7**
- Companies deconsolidated (-)	(10.0)	-	(0.9)	-	-	-	(10.9)
- New borrowings	8.0	8.7	-	-	-	-	16.7
- Redemptions (principal and interest) (-)	(26.2)	(2.9)	(2.4)	-	(0.4)	-	(31.9)
- Accrued interest	8.9	0.5	0.2	-	-	-	9.6
- Repayment of debt owed to Parmalat Capital Finance in liquidation	-	(7.2)	-	-	-	-	(7.2)
- Mark-to-market effect	-	-	-	-	-	0.8	0.8
- Reclassifications from non-current to current (-)	17.8	2.2	1.5	-	-	-	21.5
- Other changes	(1.5)	0.9	-	(0.8)	-	-	(1.4)
- Reclassifications to held-for-sale liabilities	-	-	(1.0)	-	-	-	(1.0)
- Currency translation differences	(2.7)	(0.1)	-	-	-	-	(2.8)
Balance at June 30, 2007	**231.5**	**23.5**	**3.9**	**4.5**	**0.9**	**0.8**	**265.1**
Balance at January 1, 2008	**229.7**	**6.0**	**5.8**	**4.9**	**0.5**	**4.6**	**251.5**
- Companies deconsolidated (-)	(11.2)	-	(0.5)	-	-	-	(11.7)
- New borrowings	4.3	-	2.9	-	-	-	7.2
- Redemptions (principal and interest) (-)	(32.2)	-	(3.2)	-	-	-	(35.4)
- Accrued interest	12.4	-	0.4	-	-	-	12.8
- Mark-to-market effect	-	-	-	-	-	1.4	1.4
- Foreign exchange differences on borrowings in foreign currencies	0.1	(0.1)	0.1	(0.1)	-	-	-
- Reclassifications from non-current to current (-)	19.5	-	1.2	-	-	-	20.7
- Currency translation differences	(14.8)	(0.3)	(0.1)	-	-	(0.5)	(15.7)
Balance at June 30, 2008	**207.8**	**5.6**	**6.6**	**4.8**	**0.5**	**5.5**	**230.8**

The decrease of 11.7 million euros from changes in scope of consolidation refers to the sale of Newlat S.p.A. during the first half of 2008.

New borrowings of 7.2 million euros include the following:

- New finance leases for equipment and machinery totaling 2.9 million euros executed by the Canadian subsidiary;
- The current portion (16 million rand) of an 80-million-rand facility maturing in 2013. which was provided by Standard Bank to finance the purchase of the Gauteng distribution center.
- 1.6 million euros drawn by an Italian subsidiary against a short-term credit line.

Redemptions of 35.4 million euros refer mainly to the following item:

- Repayment of the current portion (17 million Canadian dollars) of a syndicated facility that matures in July 2011;
- Repayment of the current portion (26.6 million rand) of a Standard Bank loan due in September 2009;
- Repayment of the current portion (2.4 million euros) of a syndicated loan owed by the Portuguese subsidiary;
- Repayment of the current portion (1.1 million euros) of a loan provided by IRFIS – Mediocredito Regionale della Sicilia that matures in December 2010.

The amount due to banks includes US$170 million in principal owed by the Group's Venezuelan companies. These liabilities, which were incurred prior to the financial crisis of the Parmalat Finanziaria Group, are being contested in the United States before the courts with jurisdiction over such issues.

The table below provides a breakdown by interest rate intervals of the Group's gross indebtedness. taking into account the impact of any derivative hedges:

(in millions of euros)

	DUE TO BANKS	DUE TO OTHER LENDERS	OBLIGATIONS UNDER FINANCE LEASES	DUE TO SUBSIDIARIES	LIABILITIES REPRESENTED BY CREDIT INSTRUMENTS	LIABILITIES FROM DERIVATIVES	TOTAL
Up to 5%	13.5	5.9	0.6	5.8	0.5	5.5	31.8
From 5% to 6%	190.1	32.5	1.9	-	-	-	224.5
From 6% to 7%	-	-	7.6	-	-	-	7.6
From 7% to 8%	78.1	0.1	-	-	-	-	78.2
From 8% to 9%	155.8	-	-	-	-	-	155.8
Over 9%	15.9	-	1.0	-	-	-	16.9
Total current and non-current financial liabilities	**453.4**	**38.5**	**11.1**	**5.8**	**0.5**	**5.5**	**514.8**

(The interest rate includes the credit spread charged over the base rate)

A breakdown by maturity of the Group's gross indebtedness is as follows:

(in millions of euros)

	06.30.08				12.31.07			
	DUE WITHIN ONE YEAR	DUE BETWEEN ONE AND FIVE YEARS	DUE AFTER FIVE YEARS	TOTAL	DUE WITHIN ONE YEAR	DUE BETWEEN ONE AND FIVE YEARS	DUE AFTER FIVE YEARS	TOTAL
Due to banks	207.8	237.7	7.9	453.4	229.7	268.7	8.2	506.6
Due to other lenders	5.6	32.5	0.4	38.5	6.0	33.4	0.5	39.9
Obligations under finance leases	6.6	3.7	0.8	11.1	5.8	7.1	18.3	31.2
Due to subsidiaries	4.8	-	1.0	5.8	4.9	-	1.1	6.0
Liabilities represented by credit instruments	0.5	-	-	0.5	0.5	-	-	0.5
Liabilities from derivatives	5.5	-	-	5.5	4.6	-	-	4.6
Total current and non-current financial liabilities	**230.8**	**273.9**	**10.1**	**514.8**	**251.5**	**309.2**	**28.1**	**588.8**

The table below provides a breakdown of gross indebtedness based on the original transaction currency:

(in millions of euros)

		INTEREST RATE						TOTAL
		UP TO 5%	FROM 5% TO 6%	FROM 6% TO 7%	FROM 7% TO 8%	FROM 8% TO 9%	OVER 9%	
Country	**Currency**							
Canada	CAD	5.5	166.3	2.6	-	-	-	174.4
	USD	8.1	30.2	-	-	-	-	38.3
Australia	AUD	-	-	-	77.6	-	-	77.6
Venezuela	US$	-	-	-	-	155.8	-	155.8
South Africa	ZAR	-	-	-	-	-	11.9	11.9
Portugal	€	-	14.5	-	-	-	-	14.5
Nicaragua	US$	3.2	-	-	-	-	3.7	6.9
	€	-	-	0.1	-	-	-	0.1
Russia	US$	-	-	-	0.6	-	-	0.6
	RUB	-	-	-	-	-	0.7	0.7
	€	-	-	2.0	-	-	-	2.0
Italy	€	8.5	13.5	2.9	-	-	-	24.9
Other countries		6.5	-	-	-	-	0.6	7.1
Total current and non-current financial liabilities		**31.8**	**224.5**	**7.6**	**78.2**	**155.8**	**16.9**	**514.8**

In the first half of 2008, the average cost of long-term borrowings was about 7.19%, slightly less than the 7.37% rate paid in 2007, as the impact of higher reference rates in South Africa and Australia was more than offset by a reduction of interest rates in Canada.

Some of the financing facilities provided to Group companies have been collateralized with corporate assets. More specifically, collateralized loans include: 164.1 million euros received by the Canadian subsidiaries, 73.3 million euros received by the Australian subsidiaries, 11.7 million euros received by Parmalat Portugal, 11.9 million euros received by Parmalat South Africa, 5.6 million euros received by Parmalat S.p.A. and 5.4 million euros received by the Russian and Nicaraguan subsidiaries.

At June 30, 2008, the South African subsidiary was in default with regard to two financial covenants. These covenants were related to the company's profitability profile, which, as explained earlier in this Report, had significantly deteriorated. The Parent Company took action to relieve this subsidiary's financial strain, providing it with a 10-million-euro loan.

The lender bank indicated that it will officially announce its position once it has reviewed the company's three-year financial plan, which is currently being drafted. Consequently, the entire amount of this facility was classified as current indebtedness.

(16) DEFERRED-TAX LIABILITIES

Deferred-tax liabilities of 162.5 million euros are shown net of offsettable deferred-tax assets. The table below shows the changes that occurred in this account in the first half of 2007 and 2008:

(in millions of euros)

Balance at January 1, 2007	**235.2**
- Companies removed from the scope of consolidation (-)	(47.6)
- Increases	10.0
- Utilizations (-)	(1.2)
- Reclassifications to held-for-sale liabilities	(2.0)
- Currency translation differences	7.5
Balance at June 30, 2007	**201.9**
Balance at January 1, 2008	**189.1**
- Increases	2.2
- Utilizations (-)	(18.1)
- Currency translation differences	(10.7)
Balance at June 30, 2008	**162.5**

Utilizations of 18.1 million euros reflect reversals of deferred-tax liabilities made possible by a reduction in the goodwill allocated to Parmalat S.p.A. (13.0 million euros) and the Sole brand (4.2 million euros) as a result of the corresponding impairment test.

The Deferred-tax liabilities account reflects the amounts set aside for deferred taxes on temporary differences between reported and taxable asset and liability amounts involving mainly the following items:

(in millions of euros)

	06.30.08	**12.31.07**
- Trademarks and other intangibles	123.9	149.1
- Land	7.9	8.0
- Buildings	7.7	7.9
- Plant and machinery	6.3	6.3
- Present value of subordinated debt	14.6	16.8
- Other items	2.1	1.0
Total	**162.5**	**189.1**

(17) PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges totaled 121.6 million euros. The changes that occurred in the first half of 2007 and 2008 are shown below:

(in millions of euros)

	PROVISION FOR TAX-RELATED RISKS AND CHARGES	PROVISION FOR OTHER RISKS AND CHARGES	TOTAL
Balance at January 1, 2007	**62.9**	**61.4**	**124.3**
- Companies removed from the scope of consolidation (-)	(7.8)	(2.0)	(9.8)
- Increases	1.9	18.5	20.4
- Decreases (-)	(1.0)	(6.6)	(7.6)
- Reversals (-)	(0.3)	(2.4)	(2.7)
- Other changes	-	(0.6)	(0.6)
- Reclassifications to liabilities directly attributable to held-for-sale assets (-)	-	(2.1)	(2.1)
- Currency translation differences	(0.5)	(0.2)	(0.7)
Balance at June 30, 2007	**55.2**	**66.0**	**121.2**
Balance at January 1, 2008	**75.6**	**73.6**	**149.2**
- Companies removed from the scope of consolidation (-)	-	(11.2)	(11.2)
- Increases	18.5	2.6	21.1
- Decreases (-)	(1.6)	(9.4)	(11.0)
- Reversals (-)	(11.9)	(5.8)	(17.7)
- Other changes	-	(4.9)	(4.9)
- Reclassifications to liabilities directly attributable to held-for-sale assets (-)	-	(0.3)	(0.3)
- Currency translation differences	(3.0)	(0.6)	(3.6)
Balance at June 30, 2008	**77.6**	**44.0**	**121.6**

Provision for Tax-related Risks and Charges

The Provision for tax-related risks and charges refers mainly to tax risks affecting the Central and South American companies (44.1 million euros). Parmalat S.p.A. (27.7 million euros) and companies in Canada (3.9 million euros).

The change recognized in the first half of 2008 reflects primarily an updated estimate of the probable tax liability of the Venezuelan company.

An analysis of the main tax positions involving Group companies is provided in the chapter entitled “Legal Disputes and Contingent Liabilities at June 30. 2008”.

Provision for Other Risks and Charges

The Provision for other risks and charges of 44.0 million euros covers the following:

(in millions of euros)

	06.30.08	12.31.07
Risks on investee companies	7.0	25.2
Staff downsizing programs	9.8	14.5
Risks on divestitures of business operations	7.0	11.2
Supplemental sales agent benefits	7.6	7.2
Legal disputes with employees	5.3	5.5
Litigation	2.1	2.7
Disputes with former Group companies	0.2	0.5
INPS installment payments	0.4	0.4
Miscellaneous	4.6	6.4
Total provision for other risks and charges	**44.0**	**73.6**

The decrease of 29.6 million euros in the Provision for other risks and charges that occurred in the first half of 2008 reflects the utilization (18.4 million euros) of a provision set aside for Newlat S.p.A. the previous year to cover risks entailed by the divestiture process, which took place on May 28, 2008 with the approval of the antitrust authorities, and the utilization of the provision for staff downsizing programs (4.7 million euros).

An analysis of the most significant legal disputes involving Group companies is provided in the chapter of this Report entitled “Legal Disputes and Contingent Liabilities at June 30, 2008.”

(18) TRADE PAYABLES

Trade payables totaled 492.2 million euros, or 40.5 million euros less than at December 31, 2007. A breakdown is as follows:

(in millions of euros)

	06.30.08	12.31.07
- Trade payables to suppliers	491.3	531.9
- Trade payables to subsidiaries [1]	-	-
- Advances	0.9	0.8
Total	**492.2**	**532.7**

1. Companies the share capital of which is owned by the Group but are not under the Group's control.

The decrease is mainly the result of the following changes:

- 27.9 million euros for the deconsolidation of Newlat S.p.A.;
- 17.9 million euros for the appreciation of the euro versus other currencies.

Offset in part by:

- 10.1 million euros in increased purchases of raw materials. packaging materials and finished goods by Parmalat S.p.A. in anticipation of the higher demand for fruit juices expected in the summer months.

(19) OTHER CURRENT LIABILITIES

Other current liabilities totaled 143.2 million euros with a decrease compared with December 2007 of 11.4 million euros:

(in million of euros)

	06.30.08	**12.31.07**
- Taxes payable	23.5	33.0
- Contributions to pension and social security institutions	12.4	11.4
- Other payables	64.7	64.2
- Payables to subsidiaries[1]	0.3	-
- Accrued expenses and deferred income	42.3	46.0
Total	**143.2**	**154.6**

1. Companies the share capital of which is owned by the Group but are not under the Group's control.

The decrease is mainly due to the reversal in earnings of provisions for potential tax liabilities (11.0 millions).

(20) INCOME TAXES PAYABLE

Income taxes payable totaled 35.7 million euros. The decrease of 105.1 million euros compared with December 31. 2007 is mainly the net result of the following items:

- An addition of 47.4 million euros to recognize the liability for the period. including the tax liability on the proceeds from settlements of actions for damages collected in the first half of 2008 (11.1 million euros);
- Payments of 137.4 million euros. including 84.1 million euros by Parmalat S.p.A. (78.5 million euros as the balance due for the previous year on the proceeds from settlements of actions for damages). 36.2 million euros by the Canadian subsidiary. 4.7 million euros by the Australian subsidiaries. 3.7 million euros by the Colombian subsidiaries. 3.2 million euros by the Venezuelan subsidiaries and 2.8 million euros by the South African subsidiary. with sundry payments accounting for the balance;
- The offsetting of tax assets against tax liabilities for 4.5 million euros.

Guarantees and Commitments

GUARANTEES

(in millions of euros)

	06.30.08			12.31.07		
	SURETIES	COLLATERAL	TOTAL	SURETIES	COLLATERAL	TOTAL
provided on behalf of Group companies	-	0.5	0.5	-	0.6	**0.6**
provided by outsiders on behalf of the Group	391.5	271.5	663.0	389.6	301.7	**691.3**
Total guarantees	**391.5**	**272.0**	**663.5**	**389.6**	**302.3**	**691.9**

The sureties provided by outsiders on behalf of the Group (391.5 million euros) refer mainly to guarantees provided by banks and/or insurance companies to government agencies in connection with VAT refunds and with prize contests.

Collateral of 272.0 million euros was provided to banks and other credit institutions to secure financing facilities and consists of assets of the companies receiving the financing facilities or their subsidiaries. A breakdown by country is as follows:

(in millions of euros)

	06.30.08	12.31.07
Country		
Canada	164.1	193.8
Australia	73.3	71.6
Portugal	11.7	14.0
South Africa	11.9	9.3
Italy	5.6	6.7
Russia	1.5	2.0
Nicaragua	3.9	4.9
Total collateral	**272.0**	**302.3**

OTHER COMMITMENTS

(in millions of euros)

	06.30.2008	12.31.2007
Commitments:		
- Operating leases	67.8	93.9
within 1 year	*10.3*	*14.7*
from 1 to 5 years	*27.4*	*38.3*
after 5 years	*30.1*	*40.9*
- Miscellaneous commitments	41.6	62.2
Total other commitments	**109.4**	**156.1**

Commitments under operating leases apply mainly to the Group companies in Canada (38.7 million euros). Australia (15.0 million euros) and South Africa (14.1 million euros).

Miscellaneous commitments of 41.6 million euros refer mainly to short-term contracts to purchase raw materials. packaging materials and non-current assets signed by Parmalat Canada Inc. (33.1 million euros). Group companies in South Africa (7.0 million euros) and Parmalat Australia (1.5 million euros).

In 2004. Parmalat Dairy and Bakery (PDBI) signed a loan agreement. the terms of which included an obligation to pay the lenders an amount equal to 10% of PDBI's equity value. should there be a change of control for PDBI or its Parent Company. Parmalat S.p.A. On January 1. 2008. PDBI and Parmalat Canada Inc. carried out an amalgamation transaction. The amalgamated company operates under the name Parmalat Canada Inc. However. this process has no impact on the change-of-control clause.

The Group believes that there is only a remote possibility that the events referred to in the loan agreement may occur. Accordingly. it recognized only a nominal amount in its memorandum accounts to reflect the impact of this clause.

Legal Disputes and Contingent Liabilities at June 30, 2008

The Group is defendant in civil and administrative proceedings that, based on the information currently available and in view of the provisions that have already been set aside, are not expected to have a material negative impact on the financial statements.
The Company is also a plaintiff in a number of actions for damages, liability actions (both civil and criminal) and actions to void in bankruptcy that could have a positive financial impact of significant magnitude on its income statement and balance sheet.

Challenge to the Composition with Creditors

By a decision dated January 16, 2008, the Bologna Court of Appeals rejected the appeal filed against the decision approving the proposal of composition with creditors. The party whose appeal motion was denied is now petitioning the Italian Supreme Court (Corte di Cassazione). The decision by the Court of Parma approving Parmalat's composition with creditors is provisionally enforceable and is effective vis-à-vis all creditors who may have a claim based on a title, fact or cause that predates the beginning of the extraordinary administration proceedings.

* * *

Information about main proceedings involving the Parmalat Group, updated as of June 30, 2008, is provided below.

CRIMINAL PROCEEDINGS

As far as criminal proceedings are concerned, in Milan, Parmalat has joined as a plaintiff the proceeding (hearing) against former Directors, former Statutory Auditors, former employees and other parties charged with stock manipulation (and other imputations). In Parma, Parmalat also joined as a plaintiff the proceedings against several individuals charged with fraudolent bankruptcy (hearing) and the proceeding against several employees (and former employees) of Citigroup, bank being held civilly liable for fraudolent bankruptcy (preliminary hearing).

CIVIL LAWSUITS IN THE UNITED STATES OF AMERICA

The following lawsuits filed by Parmalat against certain banks and independent auditors are pending in the United States:

Parmalat vs Bank of America et al.

It is currently in the discovery phase before the New York Federal Court.

Parmalat vs Grant Thornton Int'l et al.

It is currently in the discovery phase before the New York Federal Court.

Parmalat vs Citigroup, Inc. et al.

On April 15, 2008, the Court of New Jersey handed down a decision denying Citigroup's motion for summary judgment. While the Court narrowed Parmalat's claims and the measure of damages, he ruled that Parmalat may proceed to trial with regard to the claims against Citigroup for aiding and abetting in the breach of fiduciary duty by past Parmalat managers who are charged with larceny against Parmalat. Oral arguments began on May 5, 2008 and are still ongoing.

The Court also denied Parmalat's motion for summary judgment dismissing Citigroup's counterclaims. On July 25, 2008, the Court denied a motion for summary judgment filed by Citigroup. On July 31, 2008, the hearings were adjourned to September 8, 2008.

Parmalat Securities Litigation

Under a settlement reached on May 2, 2008 in connection with the Parmalat Securities Litigation, Parmalat agreed to transfer to the class plaintiffs 10.5 million of its shares in full satisfaction of any and all claims asserted against it in the class action by any plaintiff worldwide. The settlement is subject to approval by the Court, which provided provisional approval and is expected to grant final approval between the end of 2008 and the beginning of 2009.

CIVIL PROCEEDINGS FILED AGAINST THE GROUP

Insurance Companies vs. Parmalat Finanziaria S.p.A. in A.S.

By decisions filed on September 25, 2007, the Court of Milan denied motions filed by some insurance companies asking that insurance policies taken out by the previous management of the Parmalat Group that provided protection from the risks inherent in the exercise of the offices of Director, Statutory Auditor and General Manager be declared null and void. An appeal filed by the insurance companies is currently pending before the Milan Court of Appeals.

Eurofood IFSC Limited

By a decision handed down on February 28, 2008, the Bologna Court of Appeals granted the appeal filed by the liquidator of Eurofood IFSC Limited. In the second lawsuit, the parties provided rebuttals and conclusions at a hearing held on October 23, 2007 before the Court of Parma. Subsequently, the Court of Parma issued an order staying the proceedings pursuant to Article 295 of the Code of Civil Procedure (pending the outcome of the proceedings pending before the Italian Supreme Court in which a decision by the Council of State is being challenged). A decision by the lower court is pending.

Official Liquidation Parmalat Capital Finance Ltd. (Cayman Islands)

On November 9, 2006, on the occasion of the first meeting of the creditors, the liquidators of PCF Ltd. rejected all of the claims filed by the companies under extraordinary administration, allowing them only for the purpose of voting at meetings of the creditors' committee. The same treatment was reserved for claims filed by other Group companies that are not included in the composition with creditors. These companies are Parmalat Holdings Ltd, Curcastle and Parmalat Africa.

Court Decision to Liquidate Parmalat Capital Finance Ltd. (PCFL) and Appoint the Official Liquidators

By a decision dated April 9, 2008, the Privy Council officially placed Parmalat Capital Finance Ltd in liquidation and appointed the liquidators.

Giovanni Bonici vs Industria Lactea Venezolana

In February 2005, Giovanni Bonici, the former President of Industria Lactea Venezolana C.A., served a summons on the abovementioned company challenging his dismissal, of which he was informed in 2004. The plaintiff is asking that his dismissal be declared invalid and that Industria Lactea Venezolana C.A. be ordered to pay damages totaling US$20 million (equal to about 14.7 million euros).

Wishaw Trading SA

Five civil actions have been filed against Wishaw Trading SA, an offshore company based in Montevideo, Uruguay. All actions are related to the defendant's failure to repay its promissory notes which were guaranteed by Parmalat S.p.A. Four cases are pending before a New York court and a fifth case is pending before the Motevideo Court of Appeals.

It is important to keep in mind that Wishaw Trading SA is not under the Group's control and, as explained in the Scope of Consolidation section of this Report, it is not included in the Group's scope of consolidation.

Bankruptcy of PPL Participações Ltda (formerly Parmalat Participações do Brasil Ltda.)

By a Decree issued on March 13, 2008, the Bankruptcy Court of São Paulo (Brazil), having learned that the Creditors' Committee failed to approve the recovery plan ("recuperação judicial") put forth by PPL Participações Ltda in receivership, declared PPL Participações Ltda bankrupt.

CIVIL PROCEEDINGS FILED BY THE GROUP AND SETTLEMENTS

Bank Hapoalim (Switzerland) - Order of Attachment Against Parmalat International SA

On March 13, 2006, Bank Hapoalim AG notified Parmalat International SA in liquidation, a company incorporated under Swiss law, an order of attachment issued by the Lower Court Judge of the District of Lugano. The order of attachment covered the receivables owed to Parmalat S.p.A. by Parmalat International SA in liquidation.

Parmalat S.p.A. is challenging the order of attachment. On April 24, 2007, the Enforcements and Bankruptcy Chamber of the Court of Appeals of Lugano found in favor of Parmalat, upholding the court decision that approved the Parmalat composition with creditors, which is thus enforceable throughout Switzerland. Bank Hapoalim AG has appealed this decision. The appeal is still pending.

Protective Attachments, Prior to the Start of the Proceedings, Against Former Directors and Liability Actions

Acting within the statutory deadlines, Parmalat S.p.A. filed civil lawsuits against those defendants in the criminal proceedings that agreed to a plea bargaining arrangement. At a hearing held on June 4, 2008, the Court confirmed the dismissal of the lawsuit filed by Parmalat Finanziaria S.p.A. in A.S. and Parmalat S.p.A. in A.S. but ruled that the Assumptor could proceed to trial against the parties with regard to whom the proceedings were reinstated.

Protection Under Section 304 of the U.S. Bankruptcy Code

On June 21, 2007, the U.S. Federal Court granted Parmalat motion to make permanent the order of protection granted pursuant to Section 304 of the U.S. Bankruptcy Law, An appeal by ABN AMRO is currently pending.

Actions for Damages

The initiatives taken to identify the possible liability of other parties, in addition to the individuals and companies sued in the actions described on earlier occasions, included the filing of additional civil actions with Italian courts. These actions are described in the table provided on the following page. The purpose of these actions is to determine the existence of liability (based on contractual obligations or, when applicable, other obligations) of the defendants who are presumed to have contributed to or aggravated the financial collapse of the plaintiff companies. The purpose of the actions listed in the abovementioned table is to have the courts order the defendants to pay for the damages they caused to the plaintiff companies. The yardstick used to quantify those damages is the magnitude of impairment loss suffered by the plaintiff companies, as well as the part that the plaintiffs played in causing and/or aggravating the impairment loss.

The following additional clarifications are also in order.

As a rule, the defendants have been deemed to be jointly liable, in different manners and with different conditions in the various instances.

It is also important to note that, while the purpose of actions for damages is to effectively restore a plaintiff's assets through the payment of monetary compensation, the payments received as a result of actions for damages reduce the amount of the overall damage suffered by the companies under extraordinary administration based on the principles of joint liability.

Lastly, it is important to keep in mind that by virtue of the court approval of the composition with creditors, the actions for damages filed by the companies under extraordinary administration that were included in the composition with creditors and the right to pursue additional actions have been transferred to Parmalat S.p.A..

ACTIONS FOR DAMAGES FILED BY THE COMPANY THAT ARE CURRENTLY PENDING

(in millions of euros)

PLAINTIFFS	DEFENDANTS	COURT WHERE FILED	PRINCIPAL CLAIM
Parmalat S.p.A. in A.S.; Parmalat Finanziaria S.p.A. in A.S.; Parmalat Finance Corporation BV in A.S.; Parmalat Capital Netherlands BV in A.S.; Parmalat Netherland BV in A.S.; Parmalat Soparfi SA in A.S.	Deutsche Bank AG; Deutsche Bank AG London	Parma	The amount determined in the course of the proceedings, but not less than 2,199. [1, 2]
Parmalat S.p.A. in A.S.; Parmalat Finanziaria S.p.A. in A.S.; Parmalat Finance Corporation BV in A.S.; Parmalat Soparfi SA in A.S.; Parmalat Netherlands BV in A.S.; Parmalat Capital Netherlands BV in A.S.;	JPMorgan Europe Limited; JPMorgan Securities Ltd;	Parma	4,400 plus financial expenses for the bond issues in question (to be quantified in the course of the proceedings) or any other amount awarded by the court.
Parmalat S.p.A. in A.S.	The McGraw-Hill Companies (Standard & Poor's Market Services S.r.l.); The McGraw-Hill Companies (Standard & Poor's Rating Services) SA	Milan	4,074 plus an amount corresponding to the liability for contributing to the financial collapse, which will be determined in the course of the proceeding.
Parmalat S.p.A. in A.S.	Deutsche Bank AG, J.P. Morgan Chase Bank NA	Parma	2,006.3 or any other amount determined in the course of the proceedings.[3]

Notes:
1. Subordinated claim: 1,210.9 million euros.
2. Supplemental claim: 420 million euros UBS; 350 million euros Deutsche Bank.
3. The Investigative Judge set for November 26, 2008 the hearing for rebuttals to final arguments limited to the preliminary merit issues of whether the Extraordinary Commissioner has standing to sue.

ACTIONS TO VOID IN BANKRUPTCY

Actions to void in bankruptcy valued at less than 1 billion euros are still pending (in the preliminary phase).

Boschi Luigi & Figli S.p.A. Liability Action

Due the death of Paolo Boschi, one of the defendants, the lawsuit was interrupted at a hearing held on February 8, 2006. The lawsuit has since resumed and at the hearing held on December 12, 2007, the Court of Parma adjourned the proceedings to March 12, 2008. At the hearing held on that date, the Court dismissed the lawsuit against one of the defendants , the parties involved having reached a settlement. The lawsuit will continue against the remaining defendants at a hearing scheduled for September 17, 2008.

OTHER ACTIONS

PLAINTIFFS	DEFENDANTS	COURT WHERE FILED	PRINCIPAL CLAIM
Parmalat S.p.A.	Parmalat Capital Finance Limited	Parma	An order of protective attachment of the Parmalat shares for up to 22,000,000 euros to secure a receivable of US$25,905,425.00 formerly owed to Parmalat Soparfi SA by Parmalat Capital Finance Limited (an order of attachment was issued with the defendant being absent on 03.30.06 and confirmed with an order dated 07.05.06; a merit action has been filed and a summons has been served).

SETTLEMENTS

Some of the most significant settlements achieved in 2008 are reviewed below:

SETTLEMENT	DATE	TOTAL AMOUNT	REMARKS
Fortis Bank	Feb. 7, 2008	2.8 million euros	Waived the right to file a certified claim for the settlement amount
Gruppo Monte dei Paschi di Siena	Feb. 21, 2008	79.5 million euros	Waived the right to file a certified claim for the settlement amount
Gruppo Banca Italease	April 22, 2008	2.5 million euros	Turned over to Parmalat any uncollected receivables and waived the right to file certified claims
UBS	June 13, 2008	182.1 million euros	Waived the right to file a certified claim for the settlement amount
Credit Suisse	June 13, 2008	171.0 million euros	Waived the right to file a certified claim for the settlement amount
Gruppo UniCredit	August 1, 2008	229.7 million euros	Waived the right to file a certified claim for the settlement amount

ADMINISTRATIVE PROCEEDINGS FILED AGAINST THE GROUP

Centrale del Latte di Roma S.p.A.

By a decision dated June 4, 2007 and published on July 31, 2007, the Regional Administrative Court of Latium upheld the complaint filed by Ariete Fattoria voiding the sales contract between the City of Rome and Cirio (and all subsequent sales instruments) and the settlement between the parties. Parmalat S.p.A. challenged the decisions of the Regional Administrative Court of Latium before the Council of State. A hearing has been set for November 11, 2008.

DECISIONS AND INVESTIGATIVE PROCEEDINGS BY THE ITALIAN ANTITRUST AUTHORITIES

Antitrust Proceedings Involving Newlat S.p.A.

On May 21, 2008, the Italian Antitrust Authority ordered Parmalat S.p.A. to pay an administrative fine of 2,226,000 euros.

Parmalat, having complied fully with the Italian Antitrust Authority's Resolution No. 16282 on April 18, 2008 (date when the contract to sell the shares of Newlat S.p.A. to TMT Finance SA was executed) and believing that the reasons that prevented it from complying with the October 30, 2007 deadline originally set by Italian Antitrust Authority were beyond its control, challenged the Italian Antitrust Authority's decision of May 21, 2008 before the Regional Administrative Court of Latium, asking that it be set aside.

DISPUTES INVOLVING CHALLENGES TO THE COMPOSITION OF THE LISTS OF LIABILITIES

Challenges and Oppositions

At June 30, 2008, disputes 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 205 lawsuits filed before the Court of Parma and 36 lawsuits filed before the Bologna Court of Appeals. A significant portion of these disputes (over 100 lawsuits) involves issues related to Article 2362 of the Italian Civil Code for the period during which Parmalat Finanziaria S.p.A. was the sole shareholder of Parmalat S.p.A.

As of June 30, 2008, a total of 490 lawsuits have been adjudicated (the deadline for filing an appeal has not yet expired for 105 of these lawsuits).

* * *

Information about the tax status of Parmalat S.p.A., the Group's Parent Company, and of the main Italian and foreign subsidiaries of the Parmalat Group is provided below.

Parmalat S.p.A.

At June 30, 2008, the Provision for tax-related risks and charges totaled 27.8 million euros, about the same as at the end of 2007, when it amounted to 27.7 million euros.

Changes affecting the filing of the national consolidated tax return include the exclusion of Newlat S.p.A. and Impianti Sportivi Parma S.p.A. from the consolidated return and the inclusion, as of the 2008 tax year, of Sata Srl and Pisorno Agricola Srl.

Canada

As a result of an amalgamation transaction effective from January 1, 2008 (procedure similar to an Italian merger by absorption), Parmalat Canada Ltd and Parmalat Dairy & Bakery Inc. were combined into one company called Parmalat Canada Inc. The primary benefit of this transaction was to shorten the chain of control and facilitate the flow of dividends toward the Group's Parent Company. In addition, it will help reduce administrative expenses and will make it possible to utilize the tax loss carryforward of Parmalat Canada Ltd.
This Canadian company is not a party to disputes pending with the tax administration.
Starting in 2008, the corporate income tax rate (federal + provincial) will decrease gradually as shown below:

2007	2008	2009	2010	2011	2012
33.96%	31.73%	31.32%	30.30%	28.79%	27.29%

Central and South America

Companies in this region are handling certain tax related risk areas and tax disputes. Provisions totaling about 38.5 million euros have been recognized in the financial statements of the affected companies.

Effective as of the 2008 tax year, the Colombian income tax rate has been reduced from 34% to 33%.

* * *

A discussion of all of the risk areas to which the Group is exposed is provided in the Financial Performance chapter of the Report on Operations.

Notes to the Income Statement

(21) REVENUES

A breakdown of revenues is as follows:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Net sales revenues	1,902.4	1,810.3
Other revenues	13.6	13.6
Total revenues	**1,916.0**	**1,823.9**

A geographic breakdown of net sales revenues is as follows:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Italy	599.9	558.9
Other countries in Europe	81.8	72.4
Canada	637.3	625.1
Central and South America	202.1	179.4
Australia	223.1	209.2
Africa	160.0	168.2
Other items[1]	(1.9)	(2.9)
Total net sales revenues	**1,902.4**	**1,810.3**

1. Includes holding companies, other minor companies and inter-area eliminations.

Other revenues include the following:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Rebilling of advertising expenses	3.0	3.8
Out-of-period income and restatements	2.4	2.6
Gains on the sale of non-current assets	1.1	1.8
Royalties	1.0	0.8
Rent	0.7	0.6
Operating grants	0.4	0.3
Insurance settlements	0.3	0.1
Expense reimbursements	0.1	0.1
Miscellaneous items	4.6	3.5
Total other revenues	**13.6**	**13.6**

(22) COSTS

A breakdown of the costs incurred in the first half of 2008 is provided below:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Cost of sales	1,564.8	1,387.5
Distribution costs	212.4	204.3
Administrative expenses	116.7	114.2
Total costs	**1,893.9**	**1,706.0**

A breakdown by type of the costs incurred in the first six months of 2008 is as follows:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Raw materials and finished goods	1,056.0	968.9
Labor costs	230.7	218.9
Packaging materials	157.9	159.3
Freight	85.9	79.3
Other services	35.1	39.8
Depreciation, amortization and writedowns of non-current assets	119.0	45.3
Sales commissions	55.2	43.2
Energy, water and gas	40.4	37.9
Advertising and sales promotions	39.3	36.8
Supplies	23.9	28.9
Maintenance and repairs	23.3	24.7
Storage, handling and outside processing services	19.6	19.0
Use of property not owned	16.2	17.5
Postage, telephone and insurance	10.4	10.5
Miscellaneous charges	10.5	8.4
Consulting services	8.5	8.7
Writedowns of receivables and additions to provisions	5.7	6.7
Auditing services	1.9	1.5
Fees to Chairman and Directors	0.9	0.7
Fees to Statutory Auditors	0.3	0.4
Change in inventories of raw materials and finished goods	(46.8)	(50.4)
Total cost of sales, distribution costs and administrative expenses	**1,893.9**	**1,706.0**

(23) LEGAL FEES PAID IN ACTIONS TO VOID AND ACTIONS FOR DAMAGES

The balance in this account reflects the fees paid to law firms (27.1 million euros) 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.

(24) MISCELLANEOUS INCOME AND EXPENSE

Net miscellaneous income totaled 448.0 million euros. A breakdown is as follows:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Proceeds from actions to void and actions for damages	437.9	222.6
Charges for tax risks	(6.6)	(1.6)
Restructuring costs	(0.3)	(4.9)
Expenses related to investee companies	-	(9.9)
Expenses related to the verification of claims	-	(0.4)
Sundry income (expense)	17.0	(8.2)
Total miscellaneous income and expense	**448.0**	**197.6**

Proceeds from settlements and actions to void include the amounts paid by UBS (182.1 million euros), Credit Suisse (171.0 million euros), the Monte dei Paschi di Siena Group (79.5 million euros), Fortis Bank (2.8 million euros) and Italease (2.5 million euros) to settle pending disputes. These settlements, which included 40.5 million euros in compensatory damages, were approved by the Litigation Committee, as required by the Bylaws.

Charges for tax risks reflect an updated estimate of the probable tax liability of a Central and South American subsidiary.

Sundry income of 17.0 million euros refer to the reversal in earnings of provisions for potential tax liabilities (11 million euros), the reversal of provisions for prededuction and preferential claims that were no longer payable (11.7 million euros) and other minor costs for the difference.

(25) FINANCIAL INCOME (EXPENSE)

Net financial income amounted to 12.1 million euros, broken down as follows:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Interest earned on accounts with banks and other financial institutions	31.0	11.3
Foreign exchange translation gains	6.5	9.2
Income from cash-equivalent securities	0.9	3.1
Cancellation of the indebtedness with Parmalat Capital Finance in liquidation	-	7.2
Interest received from the tax authorities	1.0	-
Other financial income	0.4	0.5
Total financial income	**39.8**	**31.3**
Interest paid on loans	(21.5)	(19.1)
Foreign exchange translation losses	(4.6)	(5.6)
Bank fees	(0.9)	(1.0)
Actuarial charges	(0.2)	(0.9)
Restatement of writedowns of financial assets to reflect amounts collected	-	1.5
Other financial expense	(0.5)	(0.9)
Total financial expense	**(27.7)**	**(26.0)**
Net financial income (expense)	**12.1**	**5.3**

(26) INCOME TAXES

Income taxes totaled 27.4 million euros, broken down as follows:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Current taxes		
- Italian companies	23.9	46.5
- Foreign companies	23.5	21.4
Deferred and prepaid taxes, net		
- Italian companies	(20.4)	5.3
- Foreign companies	0.4	1.5
Total	**27.4**	**74.7**

Current taxes of Italian companies totaled 23.9 million euros, including 1.7 million euros in local taxes (IRAP) and 22.2 million euros in corporate income taxes (IRES).

Net deferred and prepaid taxes of 20.0 million euros were computed on the temporary differences between the values assigned to assets and liabilities for reporting purposes and tax purposes.

Other Information

SIGNIFICANT NON-RECURRING TRANSACTIONS

The Group did not execute significant non-recurring transactions or transactions that were atypical or unusual.

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, 2008 is provided below:

(in millions of euros)

	06.30.08	**12.31.07**
A) Cash	1.5	1.6
B) Cash equivalents and readily available financial assets:		
- Bank and postal accounts	659.7	850.7
- Treasury securities	-	64.8
- Reverse repurchase agreements	-	-
- Time deposits	748.8	524.2
C) Negotiable securities	5.8	3.3
D) Liquid assets (A+B+C)	**1,415.8**	**1,444.6**
E) Current loans receivable	-	-
F) Current bank debt	188.3	187.8
G) Current portion of non-current indebtedness	19.5	41.9
H) Other current borrowings	23.0	21.8
I) Current indebtedness (F+G+H)	**230.8**	**251.5**
J) Net current indebtedness (I-E-D)	**(1,185.0)**	**(1,193.1)**
K) Non-current bank debt	245.6	276.9
L) Debt securities outstanding	-	-
M) Other non-current borrowings	38.4	60.4
N) Non-current indebtedness (K+L+M)	**284.0**	**337.3**
O) Net borrowings (J+N)	**(901.0)**	**(855.8)**

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

BREAKDOWN OF LABOR COSTS BY TYPE

A breakdown is as follows:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
Wages and salaries	163.5	158.7
Social security contributions	30.8	32.0
Severance benefits	20.4	14.0
Other labor costs	16.0	14.2
Total labor costs of continuing operations	**230.7**	**218.9**
Wages and salaries	-	4.2
Social security contributions	-	1.5
Severance benefits	-	0.3
Other labor costs	**-**	**-**
Total labor costs of discontinuing operations	**-**	**6.0**
Total labor costs	**230.7**	**224.9**

DEPRECIATION, AMORTIZATION AND WRITEDOWNS

A breakdown is as follows:

(in millions of euros)

	FIRST HALF 2008	FIRST HALF 2007
- Amortization of intangibles	10.6	11.9
- Depreciation of property, plant and equipment	35.7	32.3
- Writedowns of non-current assets	72.7	1.1
Total depreciation, amortization and writedowns of non-current assets of continuing operations	**119.0**	**45.3**
- Amortization of intangibles	-	-
- Depreciation of property, plant and equipment	-	2.2
- Writedowns of non-current assets	-	-
Total depreciation, amortization and writedowns of non-current assets of discontinuing operations	**-**	**2.2**
Total depreciation, amortization and writedowns of non-current assets	**119.0**	**47.5**

EARNINGS PER SHARE

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

(in euros)

	FIRST HALF 2008	FIRST HALF 2007
- Group interest in profit for the period	424,999,238	243,522,427
broken down as follows:		
- Profit from continuing operations	424,999,238	215,995,163
- Profit (Loss) from discontinuing operations	-	27,527,264
Weighted average number of shares outstanding determined for the purpose of computing earnings per share:		
- basic	1,661,568,948	1,645,842,647
- diluted	1,705,999,390	1,706,474,890
Basic earnings per share	0.2558	0.1480
broken down as follows:		
- Profit from continuing operations	0.2558	0.1312
- Profit (Loss) from discontinuing operations	-	0.0167
Diluted earnings per share	0.2491	0.1427
broken down as follows:		
- Profit from continuing operations	0.2491	0.1266
- Profit (Loss) from discontinuing operations	-	0.0161

The number of common shares outstanding changed subsequent to the balance sheet date due to the approval of resolutions authorizing the following capital increases:

- July 10, 2008: 142,627 euros

The computation of the weighted average number of shares outstanding (starting with 1,652,419,845 shares outstanding at January 1, 2008) took into account the following changes that occurred during the first half of 2008:

- Issuance of 46,169 common shares on January 21, 2008
- Issuance of 8,741,676 common shares on February 29, 2008
- Issuance of 6,289,038 common shares on March 28, 2008
- Issuance of 1,596 common shares on May 30, 2008

The computation of diluted earnings per share also takes into account the maximum number of issuable warrants (15 million), as set forth in a motion submitted to the Shareholders' Meeting of April 28, 2007.

SEGMENT INFORMATION

The table below, which is prepared in accordance with the disclosure requirements of IAS 14, provides segment information about the Group's operations at June 30, 2008 and the comparable data for 2007. The breakdown by geographic region is consistent with the Group's governance structure and is reflected on the income statement and balance sheet data provided below. The balance sheet data are end-of-period data.

(in millions of euros)

	ITALY	OTHER COUNTRIES IN EUROPE	CANADA	CENTRAL AND SOUTH AMERICA	AUSTRALIA	AFRICA	CONTINUING NON-CORE AND OTHER GROUP OPERATIONS	HOLDING CO.S, ADJSTM. AND ELIMINAT.	TOTAL FOR THE GROUP
2008									
Total net sales revenues	599.9	81.8	637.3	202.1	223.1	160.0	-	(1.9)	1,902.4
Intra-Group net revenues	(0.8)	-	-	(1.1)	-	-	-	1.9	-
Net sales revenues	599.1	81.8	637.3	201.0	223.1	160.0	-	-	1,902.4
EBITDA	55.9	10.9	57.3	20.8	3.7	8.5	0.3	(16.3)	141.1
as a % of net revenues	9.3	13.4	9.0	10.3	1.6	5.3	n.s.	n.s	7.4
Depreciation, amortization and writedowns of non-current assets	(86.7)	(2.0)	(8.4)	(4.5)	(12.2)	(5.2)	-	-	(119.0)
Other income and expense:									
- Legal fees paid in actions for damages and actions to void									(27.1)
- Miscellaneous income and expense									448.0
EBIT									**443.0**
Financial income (expense), net									12.1
Other income from (Expense for) equity investments									(0.8)
PROFIT BEFORE TAXES									**454.3**
Income taxes									(27.4)
PROFIT FROM CONTINUING OPERATIONS									**426.9**
Profit (Loss) from discontinuing operations									-
PROFIT FOR THE PERIOD									**426.9**
Total operating assets	2,531.2	159.6	745.5	206.1	317.6	226.5	89.2	(12.2)	4,263.5
Total non-operating assets									122.4
Total assets									**4,385.9**
Total operating liabilities	417.5	26.6	174.1	96.9	96.1	47.2	22.5	(12.2)	868.7
Total non-operating liabilities									713.0
Total liabilities									**1,581.7**
Capital expenditures (property, plant and equipment)[1]	15.2	3.6	16.3	6.8	6.8	11.9	-	-	60.6
Capital expenditures (intangibles)	1.7	-	-	0.1	-	0.3	-	-	2.1
Number of employees	2,381	1,372	3,040	3,699	1,423	2,340			14,255

1. Capital expenditures for property, plant and equipment include land and buildings.

Additional information about the performance of the different segments in the first half of 2008 is provided in the Interim Report on Operations.

(in millions of euros)

	ITALY	OTHER COUNTRIES IN EUROPE	CANADA	CENTRAL AND SOUTH AMERICA	AUSTRALIA	AFRICA	CONTINUING NON-CORE AND OTHER GROUP OPERATIONS	HOLDING CO.S, ADJSTM. AND ELIMINAT.	TOTAL FOR THE GROUP
2007									
Total net sales revenues	558.9	72.4	625.1	179.4	209.2	168.2	0.5	0.9	1,814.6
Intra-Group net revenues	(0.7)	(0.2)	-	(2.0)	-	-	(0.5)	(0.9)	(4.3)
Net sales revenues	558.2	72.2	625.1	177.4	209.2	168.2	-	-	1,810.3
EBITDA	55.9	11.1	57.7	15.5	14.7	17.9	0.2	(9.8)	163.2
as a % of net revenues	10.0	15.3	9.2	8.6	7.0	10.6	n.s.	n.s.	9.0
Depreciation, amortization and writedowns of non-current assets	(21.9)	(1.9)	(9.4)	(4.3)	(4.7)	(3.1)	-	-	(45.3)
Other income and expense:									
- Legal fees paid in actions for damages and actions to void									(31.9)
- Miscellaneous income and expense									197.6
EBIT									**283.6**
Financial income (expense), net									5.3
Other income from (Expense for) equity investments									2.6
PROFIT BEFORE TAXES									**291.5**
Income taxes									(74.7)
PROFIT FROM CONTINUING OPERATIONS									**216.8**
Profit (Loss) from discontinuing operations									27.5
PROFIT FOR THE PERIOD									**244.3**
Total operating assets	2,197.7	166.8	813.9	214.5	323.3	250.3	93.6	(17.0)	4,043.1
Total non-operating assets									112.4
Total assets									**4,155.5**
Total operating liabilities	489.2	29.5	185.6	89.1	74.3	51.6	68.8	(17.0)	971.1
Total non-operating liabilities									906.0
Total liabilities									**1,877.1**
Capital expenditures (property, plant and equipment)[1]	15.2	3.1	8.0	3.7	8.3	4.0	0.9	-	43.2
Capital expenditures (intangibles)	2.3	-	0.1	-	-	0.1	-	-	2.5
Number of employees	3,032	1,377	3,008	3,699	1,475	2,180	-	-	14,771

1. Capital expenditures for property, plant and equipment include land and buildings.

EXCHANGE RATES USED TO TRANSLATE FINANCIAL STATEMENTS

LOCAL CURRENCY FOR 1 EURO	ISO CODE	06.30.08 (END OF PERIOD RATE)	12.31.07 (END OF PERIOD RATE)	% CHANGE (END OF PERIOD RATE)	06.30.08 (AVERAGE RATE)	06.30.07 (AVERAGE RATE)	% CHANGE (AVERAGE RATE)
DOLLAR - AUSTRALIA	AUD	1.63710	1.67570	-2.30%	1.65452	1.64432	0.62%
PULA - BOTSWANA	BWP	10.33800	8.88614	16.34%	9.86143	8.23938	19.69%
DOLLAR - CANADA	CAD	1.59420	1.44490	10.33%	1.54030	1.50816	2.13%
PESO - COLOMBIA	COP	2,993.82000	2,969.59000	0.82%	2,809.24667	2,818.83833	-0.34%
PESO - MEXICO	MXN	16.22980	16.05470	1.09%	16.24550	14.55633	11.60%
METICAL - MOZAMBIQUE	MZM	37.73900	34.82250	8.38%	36.88488	34.31603	7.49%
CORDOBA ORO - NICARAGUA	NIO	30.53050	27.82710	9.71%	29.29943	24.22525	20.95%
GUARANI - PARAGUAY	PYG	6,195.25000	7,139.69000	-13.23%	6,681.38000	6,786.77333	-1.55%
NEW LEU - ROMANIA	RON	3.64150	3.60770	0.94%	3.67092	3.33089	10.21%
RUBLE - RUSSIA	RUB	36.94770	35.98600	2.67%	36.61958	34.66850	5.63%
LILANGENI - SWAZILAND	SZL	12.34260	10.02980	23.06%	11.74340	9.52994	23.23%
U.S. DOLLAR[1]	USD	1.57640	1.47210	7.09%	1.53089	1.32935	15.16%
BOLIVAR - VENEZUELA	VEF	3.38500	3.16104	7.09%	3.28727	2.85451	15.16%
RAND - SOUTH AFRICA	ZAR	12.34260	10.02980	23.06%	11.74340	9.52994	23.23%
KWACHA - ZAMBIA	ZMK	5,054.70000	5,668.67000	-10.83%	5,457.79500	5,495.67833	-0.69%

Source: Italian Foreign Exchange Bureau

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

INVESTMENTS IN SUBSIDIARIES OF THE PARMALAT GROUP

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR.	 AMOUNT
GROUP'S PARENT COMPANY			
PARMALAT S.p.A. Collecchio	PC	EUR	1,667,498,324
EUROPE			
ITALY			
ALBALAT SRL Albano Laziale (Rome)	LLP	EUR	20,000
BONATTI S.p.A. Parma	C	EUR	28,813,404
BOSCHI LUIGI & FIGLI S.p.A. Collecchio	C	EUR	10,140,000
CARNINI S.p.A. Villa Guardia (CO)	C	EUR	3,300,000
CE.PI.M S.p.A. Parma	C	EUR	6,642,928
CENTRALE DEL LATTE DI ROMA S.p.A. Rome	C	EUR	37,736,000
COMPAGNIA FINANZIARIA ALIMENTI SRL in liquidation[3] Collecchio	LLP	EUR	10,000
COMPAGNIA FINANZIARIA REGGIANA SRL Reggio Emilia	LLP	EUR	600,000
DALMATA SRL Collecchio	LLP	EUR	10,000
DALMATA DUE SRL Collecchio	LLP	EUR	10,000
FIORDILATTE SRL in liquidation[3] Collecchio	LLP	EUR	10,000
FOOD RECEIVABLES CORPORATION SRL in liquidation[3] Parma	LLP	EUR	41,339
GIGLIO SRL in liquidation[3] Reggio Emilia	LLP	EUR	10,000
HORUS SRL[5]	LLP	EUR	n.a.
JONICALATTE S.p.A. Taranto	C	EUR	1,350,000

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CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/ CAP. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD 2
				100.0000	L
100	Sata S.r.l.	100	0.500 0.500	-	C
572,674	Parmalat S.p.A.	572,674	10.256 10.256	-	C
10,089,020	Parmalat S.p.A.	10,089,020	99.497 99.497	99.4972	L
600	Parmalat S.p.A.	600	100.000 100.000	100.0000	L
464,193	Parmalat S.p.A.	464,193	0.840 0.840	-	C
5,661,400	Parmalat S.p.A.	5,661,400	75.013 75.013	75.0130	L
10,000	Dalmata S.r.l.	10,000	100.000 100.000	100.0000	L
10,329	Parmalat S.p.A.	10,329	1.722 1.722	-	C
1	Dalmata S.r.l.	1	100.000 100.000	100.0000	L
1	Dalmata Srl	1	100.000 100.000	-	C
4,000	Dalmata S.r.l.	4,000	40.000 40.000	-	EM
41,339	Dalmata Due S.r.l.	41,339	100.000 100.000	-	C
10,000	Parmalat S.p.A.	10,000	100.000 100.000	-	C
n.a.	Sata S.r.l.	n.a.	1.000 1.000	-	C
250,000	Parmalat S.p.A.	250,000	18.520 18.520	-	C

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR.	AMOUNT
LATTE SOLE S.p.A. Collecchio	C	EUR	13,230,073
NUOVA HOLDING S.p.A. in E.A.[5] Parma	C	EUR	25,410,000
PARMACQUA SRL Sestri Levante	LLP	EUR	10,000
PARMAFACTOR S.p.A. in liquidation[3] Milan	C	EUR	5,160,000
PARMALAT DISTRIBUZIONE ALIMENTI SRL Collecchio	LLP	EUR	1,000,000
PISORNO AGRICOLA SRL Collecchio	LLP	EUR	516,400
SATA SRL Collecchio	LLP	EUR	500,000
Soc. Trasp. Extraurb. Cons. Alessandro Volta Como		EUR	742,97
SO.GE.AP S.p.A. Parma	C	EUR	3,631,561,64
TECNOALIMENTI SCPA Milan	C	EUR	780,000
AUSTRIA			
PARMALAT AUSTRIA GMBH Vienna	F	EUR	36,337
BELGIUM			
PARMALAT BELGIUM SA Brussels	F	EUR	1,000,000
NETHERLANDS			
DAIRIES HOLDING INTERNATIONAL BV in E.A.[4] Rotterdam	F	EUR	244,264,623.05
FRANCE			
PARMALAT FRANCE SA in liquidation[3] Bretteville-Caen	F	EUR	6,539,200
SOCIETE FROMAGERE D'ATHIS SA[3] Athis de l'Orne	F	EUR	60,000

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CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/ CAP. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD 2
13,230,073	Parmalat S.p.A.	13,230,073	100.000 100.000	100.0000	L
100	Sata S.r.l.	100	0.0003 0.0003	-	C
4,900	Dalmata S.r.l.	4,900	49.000 49.000	-	EM
154,800	Parmalat S.p.A.	154,800	30.000 30.000	-	C
1	Parmalat S.p.A.	1	100.000 100.000	100.0000	L
511,236	Sata Srl Parmalat S.p.A.	511,236 5,164	99.000 1.000 100.000	100.0000	L
500,000	Parmalat S.p.A.	500,000	100.000 100.000	100.0000	L
	Carnini S.p.A.		0.710 0.710	-	C
1,975	Parmalat S.p.A.	1,975	0.725 0.725	-	C
	Parmalat S.p.A.		4.330 4.330	-	C
1	Parmalat S.p.A.	1	100.000 100.000	100.0000	L
40,000	Parmalat S.p.A.	40,000	100.000 100.000	100.0000	L
40 ord. 542,765,829 pref.	Dalmata Srl Dalmata Srl	40 542,765,829	0.008 99.992 100.000	-	C
8,173,940	Parmalat S.p.A.	8,173,940	99.999 99.999	-	C
3,800	Parmalat France Sa in liq.	3,800	95.000 95.000	-	C

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR.	AMOUNT
GERMANY			
DEUTSCHE PARMALAT GMBH in E.A.[4] Weissenhorn	F	EUR	4,400,000
PARMALAT MOLKEREI GMBH in E.A.[4] Gransee	F	EUR	600,000
LUXEMBOURG			
OLEX SA in E.A.[4] Luxembourg	F	EUR	578,125
SATALUX SA Luxembourg	F	EUR	31,000
PORTUGAL			
PARMALAT PORTUGAL PROD. ALIMENT. LDA Sintra	F	EUR	11,651,450,04
EMBOPAR Lisbon	F	EUR	241,500
CNE – Centro Nacional de Embalagem Lisbon	F	EUR	488,871,88
ROMANIA			
LA SANTAMARA SRL Baia Mare	F	RON	6,667,50
PARMALAT ROMANIA SA Comuna Tunari	F	RON	26,089,760
RUSSIA			
OAO BELGORODSKIJ MOLOCNIJ KOMBINAT Belgorod	F	RUB	67,123,000
OOO DEKALAT Saint Petersburg	F	RUB	100,000
OOO PARMALAT EAST Moscow	F	RUB	42,147,000
OOO PARMALAT MK Moscow	F	RUB	81,015,950
OOO PARMALAT SNG Moscow	F	RUB	152,750
OOO URALLAT Berezovsky	F	RUB	129,618,210
OOO FORUM Severovo	F	RUB	10,000

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CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/ CAP. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD 2
4,400,000	Dalmata Srl	4,400,000	100.000 100.000	-	C
540,000	Deutsche Parmalat Gmbh in E.A.	540,000	90.000 90.000	-	C
22,894	Dairies Holding Int.l Bv in E.A.	22,894	99.001 99.001	-	C
15,500	Sata Srl	15,500	100.000 100.000	-	C
11,651,450,04	Parmalat S.p.A. Parmalat Distribuz. Alim. Srl Latte Sole S.p.A.	11,646,450 1,500 3,500	99.957 0.013 0.030 100.000	100.0000	L
4,830	Parmalat Portugal	70	1.449 1.449	-	C
897	Parmalat Portugal	1	0.111 0.111	-	C
635	Parmalat S.p.A. Parmalat Romania sa	535 100	84.252 15.748 100.000	98.9062	L
2,427,765	Parmalat S.p.A.	2,427,765	93.054 93.054	93.0543	L
66,958,000	Parmalat S.p.A.	66,958,000	99.754 99.754	99.7542	L
1	Parmalat S.p.A.	1	100.000 100.000	100.0000	L
2	Parmalat S.p.A.	2	100.000 100.000	100.0000	L
1	Parmalat S.p.A.	1	100.000 100.000	100.0000	L
2	Parmalat S.p.A.	2	100.000 100.000	100.0000	L
1	Parmalat S.p.A.	1	100.000 100.000	100.0000	L
10,000	OOO Parmalat MK	10,000	100.000 100.000	100.0000	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR.	AMOUNT
S.P.A.IN			
ARILCA SA Madrid	F	EUR	270,455
SWITZERLAND			
PARMALAT INTERNATIONAL SA[3] Lugano	F	CHF	150,000
NORTH AMERICA			
CANADA			
2975483 CANADA INC. Toronto	F	CAD	100
9161–5849 QUEBEC INC. (former Eaux Vives Hurricana)[5] St Matthieu d'Hurricana	F	CAD	17,910,400
LACTANTIA LIMITED Victoriaville	F	CAD	5
PARMALAT CANADA INC. Toronto	F	CAD	982,479,550
MEXICO			
PARMALAT DE MEXICO S.A. de C.V. [3] Jalisco	F	MXN	390,261,812
CENTRAL AMERICA			
BRITISH VIRGIN ISLANDS			
ECUADORIAN FOODS COMPANY INC Tortola	E	USD	50,000
COSTA RICA			
LACTEOS AMERICANOS LACTAM SA[4] San Ramon	F	CRC	12,000
PARMALECHE DE COSTARICA SA[3] San Ramon	F	CRC	10,000
CUBA			
CITRUS INTERNATIONAL CORPORATION SA La Habana	F	USD	11,400,000

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CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/ CAP. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD 2
450	Parmalat S.p.A.	450	100.000 100.000	100.0000	L
150	Parmalat S.p.A.	150	100.000 100.000	-	C
100	Parmalat Canada Inc.	100	100.000 100.000	100.0000	L
Ord. 600,000 Priv. 1	Parmalat Canada Inc. Parmalat Canada Inc.	600,000	60.000 0.000 60.000	-	C
89,259	Parmalat Canada Inc.	89,259	100.000 100.000	100.0000	L
848,019 Class A 134,460 Class B	Parmalat S.p.A. Parmalat S.p.A.	848,019 134,460	86.314 13.685 100.000	100.0000	L
390,261,812	Parmalat S.p.A.	390,261,812	100.000 100.000	100.0000	L
25,500	Parmalat S.p.A.	25,500	51.000 51.000	51.0000	L
12	Parmalat Centroamerica sa	12	100.000 100.000	-	C
10	Parmalat S.p.A.	10	100.000 100.000	-	C
627	Parmalat S.p.A.	627	55.000 55.000	55.0000	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR.	AMOUNT
EL SALVADOR			
LACTEOS SAN MIGUEL S.A. DE C.V.[3] San Salvador	F	SVC	100,000
NICARAGUA			
PARMALAT NICARAGUA SA Managua	F	NIO	2,000,000
PARMALAT CENTROAMERICA SA Managua	F	NIO	4,000,000
SOUTH AMERICA			
NETHERLANDS ANTILLES			
CURCASTLE CORPORATION NV Willemstad	F	USD	6,000
BRAZIL			
PRM ADMIN E PART DO BRASIL LTDA[3] São Paulo	F	BRL	1,000,000
CHILE			
PARMALAT CHILE SA[5] Santiago	F	CLP	13,267,315,372
COLOMBIA			
PARMALAT COLOMBIA LTDA Santafè de Bogotá	F	COP	20,466,360,000
PROCESADORA DE LECHES SA (Proleche sa) Medellin	F	COP	173,062,136
ECUADOR			
LECHE COTOPAXI COMPANIA.DE ECONOMIA MIXTA LECOCEM Latacunga	F	USD	6,167,720
LACTEOSMILK SA (former PARMALAT DEL ECUADOR SA) Quito	F	USD	345,344
PRODUCTOS LACTEOS CUENCA SA PROLACEM Cuenca	F	USD	35,920
PARAGUAY			
PARMALAT PARAGUAY SA Asuncion	F	PYG	9,730,000,000

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CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/ CAP. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD 2
1,000	Parmalat Centroamerica sa	999	99.900		
	Lacteos Americanos sa	1	0.100		
			100.000	-	C
2,000	Parmalat S.p.A.	57	2.850		
	Curcastle Corporation nv	1,943	97.150		
			100.000	100.0000	L
2,040	Parmalat Nicaragua sa	2,040	51.000		
			51.000	51.0000	L
6,000	Parmalat Austria gmbh	6,000	100.000		
			100.000	100.0000	L
810,348	Parmalat S.p.A.	810,348	81.035		
			81.035	-	C
2,096,083	Parmalat S.p.A.	2,096,083	99.999		
			99.999	-	C
20,466,360	Parmalat S.p.A.	18,621,581	90.986		
			90.986	90.9860	L
138,083,984	Parmalat S.p.A.	131,212,931	94.773		
	Dalmata Srl	4,101,258	2.962		
	Parmalat Colombia Ltda	2,773,644	2.003		
			99.738	99.5578	L
154,021,745	Parmalat del Ecuador sa	154,021,745	99.889		
			99.889	99.8889	L
8,633,599	Parmalat S.p.A.	8,633,599	100.000		
	Parmalat Colombia Ltda	1	0.000		
			100.000	100.0000	L
872,732	Ecuadorian Foods Co. Inc	872,732	97.185		
			97.185	49.5643	L
9,632	Parmalat S.p.A.	9,632	98.993		
			98.993	98.993	L

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR.	AMOUNT
URUGUAY			
AIRETCAL SA[5] Montevideo	F	UYU	9,198,000
WISHAW TRADING SA[4] Montevideo	F	USD	30,000
VENEZUELA			
DISTRIBUIDORA MIXTA DE ALIMENTOS CA (DISMALCA) Caracas	F	VEF	3,300
INDUSTRIA LACTEA VENEZOLANA CA (INDULAC) Caracas	F	VEF	34,720,471.6
PARMALAT DE VENEZUELA CA Caracas	F	VEF	2,324,134
QUESOS NACIONALES CA QUENACA Caracas	F	VEF	3,000,000
AFRICA			
BOTSWANA			
PARMALAT BOTSWANA (PTY) LTD Gaborone	F	BWP	3,000
MAURITIUS			
PARMALAT AFRICA LIMITED Port Louis	F	USD	55,982,304
MOZAMBIQUE			
PARMALAT PRODUTOS ALIMENTARES SARL Matola	F	MZM	57,841,500,000
SOUTH AFRICA			
ANDIAMO AFRIKA (PTY) LTD Stellenbosch	F	ZAR	100
PARMALAT FOOD INDUSTRIES SOUTH AFRICA (PTY) LTD Stellenbosch	F	ZAR	4,000
PARMALAT SOUTH AFRICA (PTY) LTD Stellenbosch	F	ZAR	1,220,100
NEW FARMERS DEVELOPMENT CO LTD Durbanville	F	ZAR	51,420,173

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CONTINUED

EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/ CAP. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALUATION METHOD 2
9,198,000	Parmalat S.p.A.	9,198,000	100.000 100.000	-	C
230	Parmalat S.p.A. Parmalat Paraguay sa Parmalat de Venezuela ca	50 90 90	16.667 30.000 30.000 76.667	-	C
3,300	Indu.Lac.Venezol. calndulac	3,300	100.000 100.000	98.8202	L
343,108,495	Parmalat de Venezuela ca	343,108,495	98.820 98.820	98.8202	L
2,324,134	Parmalat S.p.A.	2,324,134	100.000 100.000	100.0000	L
3,000,000	Indu.Lac.Venezol. calndulac	3,000,000	100.000 100.000	98.8202	L
2,900	Parmalat Africa Ltd	2,900	96.667 96.667	96.6670	L
55,982,304	Parmalat Austria gmbh Parmalat S.p.A.	53,560,373 2,421,931	95.674 4.326 100.000	100.0000	L
536,415	Parmalat Africa Ltd	536,415	92.739 92.739	92.7390	L
51	Parmalat South Africa (Pty) Ltd	51	51.000 51.000	51.0000	L
4,000	Parmalat Austria gmbh	4,000	100.000 100.000	100.0000	L
122,010,000	Parmalat Africa Ltd	122,010,000	100.000 100.000	100.0000	L
150,000	Parmalat South Africa (Pty) Ltd	150,000	0.292 0.292	-	C

COMPANY NAME HEAD OFFICE	TYPE (1)	SHARE CAPITAL CURR.	AMOUNT
SWAZILAND			
PARMALAT SWAZILAND (PTY) LTD Mbabane	F	SZL	100
ZAMBIA			
PARMALAT ZAMBIA LIMITED Lusaka	F	ZMK	27,280,000
ASIA			
CHINA			
PARMALAT (ZHAODONG) DAIRY CORP. LTD[5] Zhaodong	F	CNY	56,517,260
INDIA			
SWOJAS ENERGY FOODS LIMITED in liquidation[3] Shivajinagar	F	INR	309,626,500
THAILAND			
PARMALAT ASIA (EWP) LIMITED[3] Bangkok	F	THB	30,850,000
PATTANA MILK CO LTD Bangkok	F	THB	50,000,000
SINGAPORE			
QBB SINGAPORE PTE LTD	F	SGD	1,000
OCEANIA			
AUSTRALIA			
MONTAGUE MOULDERS PTY LTD South Brisbane	F	AUD	200
PARMALAT AUSTRALIA LTD South Brisbane	F	AUD	122,519,504
PARMALAT PACIFIC LTD South Brisbane	F	AUD	522,932,237
PORT CURTIS MOULDERS PTY LTD South Brisbane	F	AUD	200
QUANTUM DISTRIBUTION SERV. PTY LTD South Brisbane	F	AUD	8,000,000

1 C = Corporation; PC = Publicly traded corporation; LLP = Limited liability partnership; F = Foreign company
2 L = Company consolidated line by line; C = Company valued at cost; EM = Company valued by the equity method
3 co. in liquidation and subsidiaries
4 co. party to local composition-with-creditors proceedings and subsidiaries
5 co. under e. a. or noncore co.

EQUITY INVESTMENT					
TOT. NUMBER OF VOTING SHARES/ CAP. INTERESTS HELD	HELD BY	NUMBER OF SHARES/CAP. INTERESTS	% (BASED ON NO. OF SHARES/ CAP. INT.)	GROUP INTEREST	CONSOLID. OR VALU-ATION METHOD 2
60	Parmalat Africa Ltd	60	60.000 60.000	60.0000	L
19,505,200	Parmalat Africa Ltd	19,505,200	71.500 71.500	71.5000	L
53,301,760	Parmalat S.p.A.	53,301,760	94.311 94.311	-	C
21,624,311	Parmalat S.p.A.	21,624,311	69.840 69.840	-	C
308,495	Parmalat Australia Ltd Parmalat Pacific Ltd	308,494 1	99.998 0.000 99.998	-	C
2,500,000	Parmalat Australia Ltd	2,500,000	5.000 5.000	-	C
232	Parmalat Australia Ltd	232	23.200 23.200	-	C
200	Parmalat Australia Ltd	200	100.000 100.000	100.0000	L
82,345,352	Parmalat Pacific Ltd	82,345,352	100.000 100.000	100.0000	L
322,618,866 ord. 200,313,371 pr.	Parmalat Belgium sa Parmalat S.p.A.	322,618,866 200,313,371	100.000 0.000 100.000	100.0000	L
200	Parmalat Australia Ltd	200	100.000 100.000	100.0000	L
8,000,000	Parmalat Australia Ltd	8,000,000	100.000 100.000	100.0000	L

COMPANIES ADDED TO THE PARMALAT GROUP IN THE FIRST HALF OF 2008

COMPANY	COUNTRY	REASON	CONSOLIDATION METHOD
Jonicalatte S.p.A.	Italy	Acquisition	Cost

COMPANIES REMOVED FROM THE PARMALAT GROUP IN THE FIRST HALF OF 2008

COMPANY	COUNTRY	REASON	CONSOLIDATION METHOD
Airon S.r.l. in liquidation	Italy	Sold	Cost
F.lli Strini Costruzioni Meccaniche Srl in A.S.	Italy	Dissolved	Cost
Impianti Sportivi S.r.l.	Italy	Merged into Dalmata Due S.r.l.	Cost
Newlat S.p.A.	Italy	Sold	Line by line
OOO Farm	Russia	Merged into OOO Parmalat MK	Line by line
Parmalat Dairy & Bakery Inc.	Canada	Merged into Parmalat Canada Inc.	Line by line
Parmalat Trading South America	Uruguay	Sold	Cost
PPL Participações do Brasil Ltda	Brazil	Bankruptcy	Cost

Signed: Raffaele Picella
Chairman

Signed: Enrico Bondi
Chief Executive Officer


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Certification of the Interim Report
for the first six months of 2008 pursuant to Article 154-bis, paragraph 5 TUF, of the Legislative Decree 58/98, as amended

The undersigned Enrico Bondi, in his capacity as Managing Director and Luigi De Angelis in his capacity as Dirigente Preposto alla redazione dei documenti contabili (manager responsible for drawing up the financial reports) of Parmalat S.p.A., taking also into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, as amended:

ATTEST

1. the adequacy in relation to the company's characteristics and the effective application of the accounting and administrative procedures used for the formation of the interim report for the first six months of 2008. The valuation of the accuracy of the accounting and administrative procedures for the formation of the interim report as at June 30, 2008 has been performed coherently to the model *Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission* which represents the reference scheme at international level that is generally accepted;
2. in addition, it is certified that the interim report as at June 30, 2008:

a) corresponds to the books and accounting records;

b) is drawn up in accordance with the *International Financial Reporting Standards* adopted by the European Union and with the provisions of Legislative Decree no. 38/2005 provides a true and fair representation of the assets and liabilities and financial situation of the issuer and of the group of companies included in the consolidation;

c) the interim report on management contains a reliable analysis of both the significant events which took place in the first six months of the accounting year and their relevant impact on the interim report, and of the primary risks and uncertainties for the remaining six months of the accounting year, and of the information on relevant transaction with the related parties, as pertaining to paragraph 4 of article 154-ter of the legislative decree dated 24 February 1998, no. 58.

August 28, 2008

Signed: The CEO

Signed: The Dirigente Preposto
(Manager responsible for drawing up the financial reports)

Report of the Independent Auditors


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PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE REVIEW OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

To the Shareholders of
Parmalat SpA

1 We have reviewed the consolidated condensed interim financial statements of Parmalat SpA and subsidiaries (Parmalat Group) as of 30 June 2008 and for the six months then ended, comprising the balance sheet, the income statement, statements of changes in shareholders' equity and cash flows and related explanatory notes. Parmalat SpA's Directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

3 Regarding the amounts of the consolidated financial statements of the prior year and the consolidated interim financial statements of the prior year presented for comparative purposes, reference should be made to our reports dated 18 March 2008 and dated 13 September 2007, respectively.

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4 Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Parmalat Group as at 30 June 2008 have not been prepared, in all material respects, in accordance with the international accounting standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union.

Milan, 28 August 2008

PricewaterhouseCoopers SpA

Elena Cogliati
(Partner)

This report has been translated into the English language solely for the convenience of international readers.

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