



ANNEX TO THE 2012 ANNUAL FINANCIAL REPORT

Clarification requested by the Consob on June 7, 2013 regarding the impact on the consolidated financial statements at December 31, 2012 of the decision handed down by the Court of Rome on April 18, 2013 regarding the subsidiary Centrale del Latte di Roma S.p.A.

At the Consob's request, the Company discloses information regarding the following:

- i. analyses and overviews of the main conclusions in the opinions rendered by the Company's consultants regarding the accounting methods adopted and an estimate of the expense required to settle the liability;
- ii. update about additional actions undertaken.

Please find below an overview of the opinion rendered by Professor Alberto Giussani regarding the accounting treatment, in the separate and consolidated financial statements at December 31, 2012, of the effects of a decision handed down on April 18, 2013 by which the Court of Rome ruled that Roma Capitale (formerly the City of Rome) is the current and sole owner of 75% of the share capital of Centrale del Latte di Roma, ordering Parmalat to immediately return the shares in question.

The opinion emphasizes that the decision by the lower Court represents an evolution of the lawsuit but does not close the dispute between Parmalat and Roma Capitale, as Parmalat has appealed the decision by the Court of Rome with the aim of defending its position. Nevertheless, the Court's decision adversely altered the possibility that Parmalat be awarded, at the end of the various stages of the proceedings, full title to the shares of Centrale del Latte di Roma.

As a result, the risk of loss of ownership of the investment, or smaller or different liabilities (such as those resulting from potential obligations from an out-of-court settlement) must be carefully assessed to reflect them in the financial statements by means of a special provision for risks.

The opinion states that the process of accounting for and disclosing in the financial statements liabilities for future risks and charges is governed by IAS 37.

According to IAS 37, a provision should be recognized under the following circumstances:

- (a) when an entity has a legal or constructive obligation;
- (b) when it is probable that an outflow of resources will be required to settle the obligation;
- (c) when a reliable estimate can be made of the amount of the obligation.

The standard specifies that "probable" means the expectation that the occurrence of an event is more likely than not; legal disputes are cited as typical examples of situations to which IAS 37 is applicable.

The amount of the liability should be the best estimate of the expenditure required to extinguish the obligation, taking into account all risk factors about the occurrence of future events.



Consequently, in Professor Giussani's view, since there is a present legal obligation, meaning as such Parmalat's obligation to comply with the potential negative final outcome of the dispute, the Company was required to recognize a provision to reflect its estimate of the final liability.

The opinion concludes by pointing out that IAS 37 specifies that, under certain circumstances, the liability can be offset in whole or in part by a right to a reimbursement, which, however, can be recognized in the financial statements only when it is virtually certain that reimbursement will be received. Even if, in the case in point, one were to envision as probable a scenario in which Parmalat would be required to return the shares and obtain some measure of reimbursement, the liability would still be for the full amount of the investment, because the reimbursement cannot be deemed to be virtually certain.

Based on this opinion and considering the current negative outcome of the proceedings before the lower Court and the risk entailed by the Court's decision, Parmalat's Board of Directors agreed to recognize, in Parmalat's separate financial statement and the consolidated financial statements at December 31, 2012, a provision for risks in the amount of 95.1 million euros, equal to the value of the Group's interest in Centrale del Latte di Roma.

The recognition of this provision shall not be construed in any way as an acknowledgment of defeat in the legal proceedings currently pending, arising instead from the implementation of the accounting principles in response to an unfavorable decision by the lower Court.

No additional actions have been undertaken.