Interim Management Statement

at September 30, 2016

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

Contents

Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors

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

Board of Statutory Auditors

Chairman	Marco Pedretti
Statutory Auditors	Giorgio Loli Alessandra Stabilini

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

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[1] Gabriella Chersicla is a senior officer of the Company, pursuant to implementation criterion 3.C.2 of the Corporate Governance Code approved by the Corporate Governance Committee. Chairperson Gabriella Chersicla is an independent Director pursuant to Article 3 of the Corporate Governance Code.
[2] Independent Director.
[3] Member of the Control and Risk Committee.
[4] Member of the Nominating and Compensation Committee.

Financial Highlights

Income Statement Highlights

(amounts in millions of euros) PARMALAT GROUP	Cumulative at 9/30/16	Cumulative at 9/30/15	Change at current exchange rate & scope of consolid. (including Venezuela)	Change at constant exchange rate & scope of consolid. (excluding Venezuela)	Third quarter 2016	Third quarter 2015	Change at current exchange rate & scope of consolid. (including Venezuela)	Change at constant exchange rate & scope of consolid. (excluding Venezuela)
- NET REVENUE	4,632.1	4,744.5	(2.4%)	2.4%	1,641.0	1,781.9	(7.9%)	2.5%
- EBITDA	313.4	312.2	0.4%	9.6%	141.8	142.8	(0.7%)	6.2%
- EBIT	183.5	194.2	(5.5%)	17.6%	99.7	106.8	(6.6%)	14.0%
- NET PROFIT	107.5	108.1	(0.5%)	24.1%	62.1	69.6	(10,8%)	4.6%
- EBIT/REVENUE (%)	3.9	4.1	(0.2)	0.6	6.0	5.9	0.1	0.6
- NET PROFIT/REVENUE (%)	2.3	2.3	0.0	0.5	3.8	3.9	(0.1)	0.0

Statement of Financial Position Highlights

(amounts in millions of euros)			
PARMALAT GROUP	**9/30/16**	**6/30/16**	**12/31/15[1]**
- NET FINANCIAL ASSETS	119.0	183.2	310.8
- ROI (%)[2]	8.5	6.0	11.5
- ROE (%)[2]	4.6	2.9	4.7
- EQUITY/ASSETS	0.6	0.6	0.6
- NET FINANCIAL POSITION/EQUITY	(0.0)	(0.1)	(0.1)

[1] As required by IFRS 3, following the completion in 2016 of the Purchase Price Allocation process, the statement of financial position balances at December 31, 2015 were restated to reflect, at the date of acquisition, the definitive fair value of the acquired assets and liabilities.

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

Operating Performance

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

Revenue and Profitability

In the first nine months of 2016, the global economy was characterized by moderate growth and an uneven trend that caused the main central banks to continue pursuing, in some cases more aggressively, an expansionary monetary policy.

A particularly significant development for the Group was the global surplus in the supply of raw milk, largely attributable to the elimination of milk quotas in the European Union, which kept milk prices relatively low, albeit with significant regional differences and with indications of a trend reversal in some areas starting at the end of the third quarter.

Among the main countries in which the Group operates, the situation remains highly critical in Venezuela, where all macroeconomic indicators are extremely negative. Economic and political uncertainty combined with high consumer price inflation are the main aspects of a context that remains challenging. Brazil continues to be in a recession, but some positive signs are beginning to appear, with the local currency recovering its value, having reabsorbed in part the significant devaluation it suffered in 2015.

On the foreign exchange front, there continues to be uncertainty regarding the timing and modality of the expected increase in U.S. interest rates.

Group

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

	Cumulative at September 30			
(amounts in millions of euros)	**2016**	**2015**	**Variance**	**Varian.%**
Net Revenue	**4,632.1**	**4,744.5**	**-112.4**	*-2.4%*
EBITDA	**313.4**	**312.2**	**1.2**	*+0.4%*
EBITDA %	*6.8*	*6.6*	*0.2 ppt*	

Net revenue totaled 4,632.1 million euros, down 2.4% compared with the previous year, but EBITDA increased to 313.4 million euros, or 0.4% more than the 312.2 million euros reported in 2015, despite the negative effect of the devaluation of the Venezuelan currency versus the euro.
Compared with the first nine months of 2015, the consolidation of the Venezuelan subsidiary, at current exchange rates and including the effect of hyperinflation, had a negative impact on the Group's revenue and EBITDA of 533.3 million euros and 40.8 million euros, respectively.

The table below shows the Group's results for the third quarter of 2016, at current exchange rates and scope of consolidation, compared with the previous year:

	Third Quarter			
(amounts in millions of euros)	**2016**	**2015**	**Variance**	**Varian.%**
Net Revenue	**1,641.0**	**1,781.9**	**-140.9**	*-7.9%*
EBITDA	**141.8**	**142.8**	**-1.0**	*-0.7%*
EBITDA %	*8.6*	*8.0*	*0.6 ppt*	

For a better understanding of the Group's performance compared with the previous year, and consistent with the presentation adopted in the Semiannual Report, some analyses, in addition to using constant exchange rates and scope of consolidation, exclude the results of the Venezuela subsidiary, given that country's highly problematic situation and the massive devaluation of the local currency.

With data stated at constant exchange rates and comparable scope of consolidation, obtained by excluding the results of the activities acquired in 2015 in Brazil (Elebat), Mexico (Esmeralda Group) and Australia (Longwarry) and in the first quarter of 2016 (Parmalat Australia YD) and excluding the results of the Venezuelan subsidiary, the Group's performance, as shown in the table below, reflects an improvement both in terms of net revenue and profitability:

Constant exchange rates and excluding Venezuela

	Cumulative at September 30			
(amounts in millions of euros)	**2016**	**2015**	**Variance**	**Varian.%**
Net Revenue	**3,908.9**	**3,817.5**	**91.4**	*+2.4%*
EBITDA	**300.8**	**274.4**	**26.4**	*+9.6%*
EBITDA %	*7.7*	*7.2*	*0.5 ppt*	

Constant scope of consolidation, exchange rates and excluding Venezuela

Net revenue grew by 2.4%, with a positive contribution from all of the Group's sales regions, except for Europe, where, despite an increase in unit sales, a stepped up use of sales promotions caused a slight contraction in net revenue.

EBITDA, with data on a comparable basis, grew by 9.6%, thanks mainly to a strong gain reported in the North American sales region.

The increase in profitability reported by the Group in the first nine months of 2016 compared with the previous year reflects the effect of efficiency boosting programs and sales promotions, coupled with the positive impact of a favorable trend in the cost of raw milk.

In Latin America, the sales region's reorganization process launched after the recent acquisitions is continuing, with the data showing improved economic results on a comparable basis.

With data stated at constant exchange rates and scope of consolidation and excluding Venezuela, the Group continued to report a positive performance in the third quarter, with revenue and EBITDA growing by 2.5% and 6.2%, respectively, compared with the previous year.

Constant exchange rates and excluding Venezuela

	Third Quarter			
(amounts in millions of euros)	**2016**	**2015**	**Variance**	**Varian.%**
Net Revenue	**1,284.9**	**1,253.0**	**31.9**	*+2.5%*
EBITDA	**118.7**	**111.8**	**6.9**	*+6.2%*
EBITDA %	*9.2*	*8.9*	*0.3 ppt*	

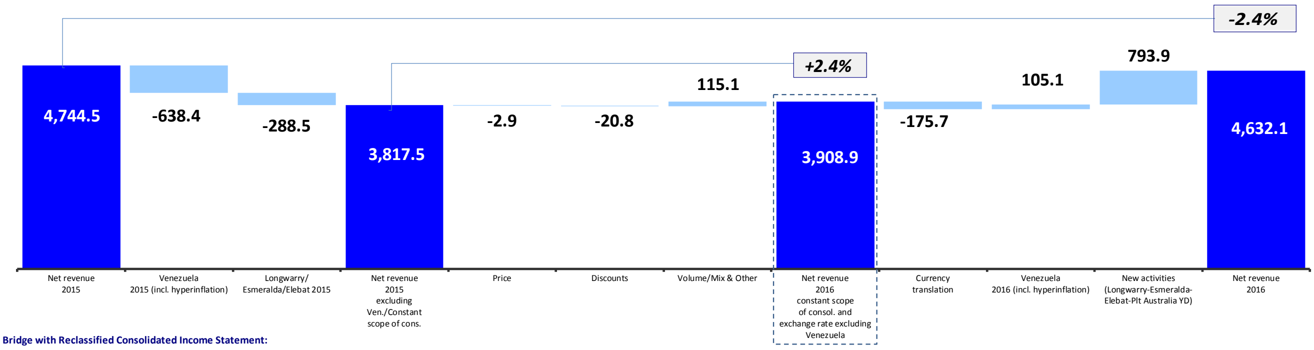
Constant scope of consolidation, exchange rates and excluding Venezuela

Like for Like Net Revenue and EBITDA

The diagram below presents the main variables that determined the evolution of net revenue and EBITDA in the first nine months of 2016, compared with the previous year.

Net Revenue Cumulative at September 30 2016 vs 2015

(€ m)



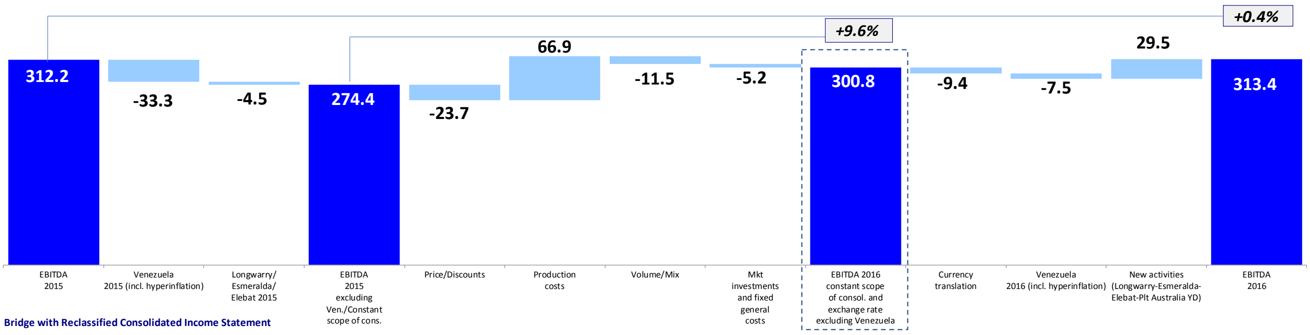
Bridge with Reclassified Consolidated Income Statement:

Net Revenue 2015	**4,744.5**
D Perimeter	505.4
D Venezuela	(533.3)
D Business	91.4
Curr. translation 16	(175.7)
Net Revenue 2016	**4,632.1**

Difference between result of new activities 2016 (793.9 mln euros) and Longwarry/Esmeralda/Elebat 2015 (299 mln euros)
Difference between result of Venezuela 2016 incl. hyperinflatin (105.1 mln euros) and result 2015 (638.4 mln euros)

EBITDA Cumulative at September 30 2016 vs 2015

(€ m)



Bridge with Reclassified Consolidated Income Statement

EBITDA 2015	**312.2**
D Perimeter	25.0
D Venezuela	(40.8)
D Business	26.4
Curr. translation 16	(9.4)
EBITDA 2016	**313.4**

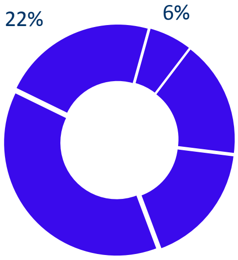
Difference between result of new activities 2016 (29.5 mln euros) and Longwarry/Esmeralda/Elebat 2015 (4.5 mln euros)
Difference between result of Venezuela 2016 incl. hyperinflatin (-7.5 mln euros) and result 2015 (33.3 mln euros)

Data by Geographic Region

(amounts in millions of euros)	Cumulative at September 30, 2016	Cumulative at September 30, 2015	Delta %
Region	**Net Revenue**	**Net Revenue**	***Net Revenue***
Europe	797.4	813.9	*-2.0%*
North America	1,746.0	1,754.0	*-0.5%*
Latin America	1,015.9	1,027.7	*-1.1%*
Africa	280.1	316.5	*-11.5%*
Oceania	762.3	734.8	*+3.8%*
Other[1]	(13.4)	(13.7)	*n.s.*
Group excl. hyperinflation	**4,588.3**	**4,633.2**	***-1.0%***
Hyperinflation in Venezuela	43.8	111.3	*n.s.*
Group	**4,632.1**	**4,744.5**	***-2.4%***

Regions represent the consolidated countries.
1. Includes other non-core companies, eliminations between regions and Group's Parent Company costs.

Net Revenue by Geographic Region



In order to improve comparability with the 2015 data, the table below presents the Group's results at constant exchange rates and comparable scope of consolidation and excluding Venezuela:

(amounts in millions of euros)	Cumulative at September 30, 2016	Cumulative at September 30, 2015	Delta %
Region	**Net Revenue**	**Net Revenue**	***Net Revenue***
Europe	806.4	813.9	*-0.9%*
North America	1,800.6	1,754.0	*+2.7%*
Latin America	244.1	227.1	*+7.5%*
Africa	345.5	316.5	*+9.2%*
Oceania	725.8	719.7	*+0.8%*
Other[1]	(13.5)	(13.7)	*n.s.*
Group (constant exch. rates/ scope of consolidation) [2]	**3,908.9**	**3,817.5**	***+2.4%***

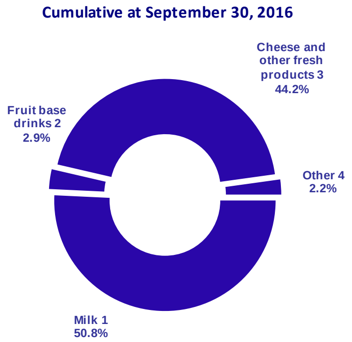
Regions represent the consolidated countries.
1. Includes other non-core companies, eliminations between regions and Group's Parent Company costs.
2. Excluding Venezuela and new activities consolidated in 2015 (Longwarry, Esmeralda and Elebat) and in 2016 (Parmalat Australia YD)

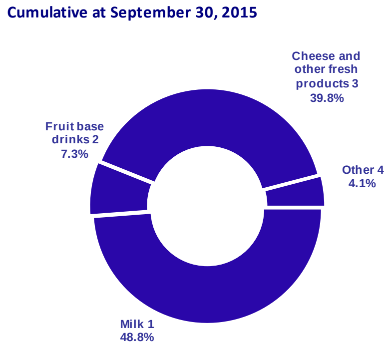
Data by Product Division

(amounts in millions of euros)	Cumulative at September 30, 2016	Cumulative at September 30, 2015	*Delta %*
Division	**Net Revenue**	**Net Revenue**	***Net Revenue***
Milk [1]	2,328.7	2,260.6	*+3.0%*
Fruit base drinks [2]	131.9	337.5	*-60.9%*
Cheese and other fresh products [3]	2,026.9	1,845.8	*+9.8%*
Other [4]	100.8	189.2	*-46.7%*
Group excl. hyperinflation	**4,588.3**	**4,633.2**	***-1.0%***
Hyperinflation in Venezuela	43.8	111.3	*n.s.*
Group	**4,632.1**	**4,744.5**	***-2.4%***

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

Net Revenue by Product Division





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

In order to improve comparability with the 2015 data, the table below presents the Group's results at constant exchange rates and comparable scope of consolidation and excluding Venezuela:

(amounts in millions of euros)	Cumulative at September 30, 2016	Cumulative at September 30, 2015	*Delta %*
Division	**Net Revenue**	**Net Revenue**	***Net Revenue***
Milk [1]	2,025.9	1,971.8	*+2.7%*
Fruit base drinks [2]	114.5	115.9	*-1.2%*
Cheese and other fresh products [3]	1,679.3	1,590.1	*+5.6%*
Other [4]	89.2	139.8	*-36.2%*
Group (constant exch. rates/ scope of consolidation) [2]	**3,908.9**	**3,817.5**	***+2.4%***

1 Includes milk, cream and béchamel
2 Includes fruit base drinks and tea
3 Includes yogurt, dessert, cheese
4 Includes other products, whey and Group's Parent Company costs
5. Excluding Venezuela and new activities consolidated in 2015 (Longwarry, Esmeralda and Elebat) and in 2016 (Parmalat Australia YD)

Europe

	Net Revenue			
(amounts in millions of euros)	**2016**	**2015**	**Variance**	**Varian.%**
Cumulative at September 30	**797.4**	**813.9**	**-16.4**	*-2.0%*
Third Quarter	**265.3**	**270.7**	**-5.3**	*-2.0%*

The Europe sales region includes the subsidiaries that operate in Italy, Russia, Portugal and Romania. Italy accounts for about 90% of the net revenue. Results with data at constant exchange rates show slightly lower revenue than the previous year. The significant devaluation of the ruble versus the euro had a negative impact on revenue amounting to about 8.9 million euros.

Italy

The Italian economy is being affected by a slowing of the pace of recovery, which became apparent in the closing months of 2015 and continued in 2016. The effects of the competitiveness produced by a weak euro are being offset by low internal demand.

Market and Products

The milk market continued to experience a challenging period, characterized by a highly negative consumption trend. Both in the UHT Milk and Pasteurized Milk segments, the downward trend that began in 2015 persisted during first nine months of the year.
Parmalat retained the leadership position in the UHT Milk and Pasteurized Milk segments (counting all channels) and actually increased its value market share for UHT Milk.

Even though the consumption trend was down significantly in the Cream market, particularly in the last few month due to weakness in the Whipping Cream segment, Parmalat strengthened its leadership position in the UHT Cream category, thanks to a strong performance by its *Chef* brand.

In the Yogurt segment, consumption was basically in line with the level in the same period of 2015. In a competitive environment characterized by nine months of intense promotional pressure by the category leader, Parmalat reported a modest reduction of its value market share.

The crisis conditions that have been prevailing in the Fruit Beverage sector for several quarter are continuing, with the negative trend affecting all distribution channels in the first nine months of the year. In this challenging environment, Parmalat suffered a slight decrease in its value market share but retained its third-place market position.

Volumes sold increased compared with the previous year, driven by higher sales of UHT Milk, achieved despite a market contraction thanks to rising sales of *Zymil* brand milk.

The Business Unit reported a slight decrease in net revenue compared with the previous year, due mainly to a greater use of promotional programs, especially in the UHT Milk category.
A positive trend for *Chef* brand UHT Cream and an outstanding performance by the *Zymil* brand in the UHT Milk and Microfiltered Pasteurized Milk categories is continuing, bolstered by investments in advertising.

Russia

Internal consumption continued to be adversely affected by international sanctions, the slowing of the Russian economy caused by the slide in oil prices and a contraction in real wages. Recent indications of an upswing in oil prices helped boost both Russia’s currency and its economy.

The data for the first nine months of 2016 show an increase in market value for the three main segments in which the local subsidiary operates, UHT Milk, Flavored Milk and UHT Cream. On the other hand, the Fruit Beverage segment continued to experience a challenging period, characterized by a sharp drop in consumption. Nevertheless, Parmalat held unchanged its competitive position in all of the markets in which it operates.

The local subsidiary reported an 8.9% net revenue gains compared with the previous year, with data in the local currency, thanks to higher sales volumes and the price list increases implemented in the main categories in which the Business Unit operates.

Portugal

Since mid-2015, there has been a weakening of the positive signals that, on the contrary, characterized the Portuguese economy in recent years. A high unemployment rate and the deleveraging of Portuguese households continues to constrains internal demand by consumers.

In this context, the local subsidiary reported higher sales volumes than the previous year but net revenue decreased slightly, due to a greater use of sales promotions

Romania

The economic recovery that got under way in the past two years is continuing, as are the indications of a robust increase in internal demand, which is now benefitting from a reduction of the VAT on food items.

In continuity with the performance reported last year, the local subsidiary’s operating results for the first nine months of 2016 show an overall improvement compared with the previous year, made possible by a strong increase in sales volumes, effective promotional programs and a significant revenue increase.

North America

	Net Revenue			
(amounts in millions of euros)	**2016**	**2015**	**Variance**	**Varian.%**
Cumulative at September 30	**1,746.0**	**1,754.0**	**-8.1**	*-0.5%*
Third Quarter	**601.7**	**581.5**	**20.2**	*+3.5%*

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

The loss of value of the Canadian dollar versus the euro had a negative impact on the sales region's revenue amounting to about 55 million euros; on average, the U.S. dollar followed a steady trend during the two periods under comparison.
In the first nine months of 2016, with data at constant exchange rates, the net revenue of the North America sales region increased by 2.7%.

Canada

Despite the disinvestments in the energy sector that occurred last year, the Canadian economy experienced a rise in GDP mainly driven by government spending. The high level of household debt continues to be a source of weakness affecting the economy in general and consumption in particular.

Market and Products

The milk market, while showing a slight contraction on a volume basis, held steady on a value basis thanks to modest sales price increases. Within this category, a shortfall in the *Base Milk* segment, was offset by strong growth in the *Premium Milk* category; in this context, Parmalat confirmed its third-place competitive position.

Consumption was up in the Yogurt market in the second half of the year, due mainly to a positive results in the *Greek Yogurt* and *Drinkable Yogurt* segments, which performed particularly well, both on a volume and value basis. Thanks to its *Astro* brand, Parmalat retained its market position in a highly competitive market scenario.

The Cheese market benefitted from a moderately positive consumption trend, thanks to the *Natural* segment, reversing in the last two quarters the negative trend experienced at the beginning of the year; in this context, the local subsidiary retained its second-place competitive position.

Parmalat reported higher sales volumes compared with the previous year, with positive performances in the Cheese and Pasteurized Milk segments.
The year-over-year gain in net revenue is chiefly the result of an increase in sales volumes, particularly in the two categories mentioned above.

United States of America

During the reporting period, the main macroeconomic indicators confirmed that an economic recovery is under way, strengthening expectation of an increase in interest rate in the near future. The upcoming November election represent an important development, due also to the particularly acrimonious tone of the campaigns.

Market and Products

In the first nine months of 2016, the Cheese market, considering the categories in which the local subsidiary operates, witnessed a steady increase in consumption thanks mainly to positive performances in the *Snack Cheese* and *Ricotta* categories; in this context, Parmalat held unchanged its competitive position.

The *Chunk Mozzarella, Soft Ripened Cheese* and *Ricotta* segments enjoyed increases in consumption and the local subsidiary significantly strengthened its leadership position in all categories.

The *Fresh Mozzarella* and *Snack Cheese* categories were the most dynamic segments during the first nine months of the year, enjoying significant growth both on a volume and value basis; in a particularly competitive context, the local subsidiary held unchanged its competitive position.

The *Feta Cheese, Gourmet Cheddar Cheese* and *Gourmet Spreadable Cheese* segments also showed positive trends and Parmalat significantly increased its value market share in all categories.

The sales volumes reported by the U.S. subsidiary increased significantly compared with the previous year, driven by a positive performance in the Cheese category, which accounts for about 80% of the total volume, and to higher sales in the Ingredients category.

As a result, net revenue stated in the local currency increased by 4.3% despite an increase in promotional pressure, in a context in which raw milk prices continue to hold at low levels.

Latin America

(amounts in millions of euros)	Net Revenue 2016	2015	Variance	Varian.%
Cumulative at September 30	**1,015.9**	**1,027.7**	**-11.8**	*-1.1%*
Third Quarter	**387.1**	**559.1**	**-172.1**	*-30.8%*

The Latin America sales region includes the subsidiaries that operate in Brazil, Mexico, Venezuela, Colombia, Ecuador and Paraguay. The Group strengthened its presence in Brazil, with the acquisitions of LBR (January 2015) and Elebat (July 2015), as well as in Mexico, Uruguay and Argentina, with the acquisition of the Esmeralda Group in the second quarter of 2015; in addition, commercial companies operate in Uruguay, Peru and Bolivia.

With data at constant exchange rates and comparable scope of consolidation, excluding Elebat and Esmeralda and the contribution of the Venezuelan operations, revenue grew by 7.5% compared with the first nine months of 2015.

Brazil

The economy continues to be in a recession, but some positive signs are becoming apparent, also providing support for the local currency, which reabsorbed in part the major devaluation experienced in 2015.
In a development particularly significant for the Group that contrasted with the trend prevailing in most of the countries where Parmalat operates, milk production decreased, with a contraction estimated at about 3% for the full year in 2016, coming on the heels of a shortfall of 2.9% in 2015: the significant devaluation of the local currency in 2015 produced an increase in the price of animal feed, which, in turn, forced numerous farmers to reduce the size of their herds, resulting in a decrease in production and an increase in the price of milk.

The Group carried out some important acquisitions in 2015.

In January, 2015, it closed the acquisition of some production units, complete with the respective trademarks, personnel and administrative offices, of Lácteos Brasil S.A. – Em Recuperação Judicial (LBR), which also enabled the Parmalat Group to regain full title to the exclusive license to use the *Parmalat* brand throughout Brazil.

In July 2015, it completed the acquisition of Elebat Alimentos S.A., the dairy division of BRF S.A. ("BRF"), one of Brazil's top food companies. Concurrently with this transaction, the Group also closed the acquisition of Nutrifont Alimentos S.A., a company active in the market for nutritional supplements with a high value added.

As a result of these transaction, Parmalat operates in Brazil primarily in the two largest segments of the region's diary market, Cheese and UHT Milk; both market segments continued to enjoy a positive consumption trend. In each competitive arena, Parmalat held unchanged its respective market positions.

While still engaged in an ongoing reorganization process, the local subsidiary did show a significant increase, even if the growth rate is expected to slow already in the coming months.

Mexico

The Mexican economy was adversely affected by foreign disinvestments motivated by a desire to rebalance portfolios with a greater focus on more nature economies, less exposed to the effect of oil prices. A large trade deficit contributed to the continuing pressure on the Mexican peso, the performance of which, combined with a more restrictive tax policy, hampered growth in domestic consumer spending. In 2016, the Central Bank implemented a significant increase of 150 basis points in the benchmark interest rate, with the aim of providing support for the local currency and limiting inflationary risks.

During the year, the Cheese market category, which is the main segment in which the local subsidiary operates, expanded on a volume basis.

The Group strengthened its presence in Mexico thanks to the acquisition of an organization that operates in the Cheese market (Esmeralda). A reorganization of the production activities, with better utilization of local production facilities, and of the sales organization, aimed at establishing a greater presence in the target markets, is currently under way.

Venezuela

Economic and political uncertainty, combined with consumer price inflation, are the main elements of a picture that remains volatile and which, for domestic and foreign businesses, is complicated by the scarcity of foreign currency.

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

Colombia

Economic expansion has been hampered by the trend in commodity prices, with the growth rate for 2016 now projected at about 2%, the lowest since 2010. On the other hand, a series of macroeconomic indicators, such as a strengthening of the exchange rate and a reduction of the inflation rate, improved in the course of the year, due in part to the end of the negative effects of El Niño suffered in the first half of the year.

The UHT Milk market was relatively stable in 2016 as a result of opposing trends in its two main segments, with "classic milk" growing and "functional milk" contracting. In a competitive arena in which private labels and small low-price producers are steadily gaining importance, Parmalat held unchanged its competitive position.

The local subsidiary reported a 5.4% reduction in sales volumes compared with the previous year, but also a revenue increase generated by adjustments made to sales prices to reflect the higher purchase cost of raw milk

Other Countries in Latin America

In **Ecuador,** with data in the local currency, net revenue increased slightly compared with the previous year.

In **Paraguay,** sales volumes rebounded sharply compared with the previous year, with an attendant increase in net revenue, mainly due to gains in the UHT Milk category, which accounts for almost 90% of total sales volumes.

The acquisition of the Esmeralda Group strengthened the Group's position not only in Mexico but also in **Uruguay** and **Argentina** with manufacturing organizations that operate mainly in the Cheese market.

Africa

(amounts in millions of euros)	Net Revenue 2016	2015	Variance	Varian.%
Cumulative at September 30	**280.1**	**316.5**	**-36.4**	*-11.5%*
Third Quarter	**106.5**	**99.5**	**7.0**	*+7.1%*

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

The devaluation versus the euros of all of the local currencies, the South African rand in particular, had a negative translation effect on the data for the first nine months of the year, reducing net revenue by about 65 million euros; with data stated at constant exchange rates, the region's results for the first nine months of the year show a year-over-year revenue increase of 9.2%.

South Africa

The South African economy is continuing to expands at a sluggish pace, estimated at less than 1% for 2016. The effects of weakness in the mining sector were exacerbated by a severe drought that not only magnified the structural problems existing with the supply of electric power but, associated with the rand's weakness, triggered high inflation despite a lack of GDP growth.

Market and Products

The UHT Milk market continued to perform extremely well both in the White Milk and Flavored Milk segments. Parmalat strengthened its leadership position in the Flavored Milk category and confirmed its second-place competitive position in the White Milk area.

Parmalat retained the leadership position in the rapidly growing Cheese market, thanks to a positive performance by the *Parmalat* brand in the *Processed Cheese* and *Hard Cheese* segments, and confirmed its leadership position in the highly profitable *Cheese Slices* market.

Consumption was up strongly in the Yogurt market during the first nine months of the 2016, which helped boost its size also on a value basis. Thanks to a positive performance, Parmalat strengthened its second-place competitive position, significantly eroding the market leader's market share.

The local subsidiary's net revenue grew by 9.9%, with data in the local currency, thanks to higher sales volumes, particularly in the Cheese and Yogurt categories, and price list adjustments.

Zambia

In Zambia, the second largest market in the Africa sales region, volumes decreased compared with the previous year mainly due to the country's negative economic environment; however, net revenue grew, with data stated in the local currency, due to price list increases implemented to reflect the country's rising inflation.

Other Countries in Africa

With data at constant exchange rates, the net revenue reported in the other African countries (Swaziland, Mozambique and Botswana) increased overall compared with the previous year, thanks mainly to positive performances in Swaziland and Botswana determined by an increase in sales volumes.

Oceania

In Australia, the rebalancing of the economy with a greater focus on internal demand and the exporting of services continued in response to a reduction of investments in infrastructures in the mining sector, adversely affected by the slowing of exports of mineral resources to China.

Market and Products

The Pasteurized Milk segment showed modest growth, both on a volume and value basis and, in this context, Parmalat improved slightly its market share, retaining the leadership position in this category. Despite a drop in consumption in the UHT Milk segment, the local subsidiary strengthened its market share and second-place competitive position, thanks to higher sales in the export channel.

During the first nine months of 2016, the Flavored Milk market was the most dynamic of the entire dairy sector, with a double-digit growth rate; Parmalat maintained its second-place market position.

The Yogurt market enjoyed growth both on a volume and a value basis, thanks mainly to a strong performance in the *Greek* segment, which showed no sign of slowing. In this context, the local subsidiary maintained its second-place competitive position.

In the Dessert market the negative trend continued in the first nine months of 2016, but Parmalat bucked this trend reporting important gains and confirming its position as the market leader.

The table below shows the results for the first nine months and the third quarter of 2016 compared with the previous year; the data include the contribution of the new activities acquired in the first quarter of 2015 (Longwarry) and the first quarter of 2016 (Parmalat Australia YD):

	Net Revenue			
(amounts in millions of euros)	**2016**	**2015**	**Variance**	**Varian.%**
Cumulative at September 30	**762.3**	**734.8**	**27.6**	*+3.8%*
Third Quarter	**266.2**	**230.3**	**35.9**	*+15.6%*

The devaluation of the Australian dollar versus the euro had a negative translation effect of about 20 million euros on net revenue.
With data at constant exchange rates and comparable scope of consolidation, the region’s net revenue increased by 0.8% compared with the first nine months of the previous year mainly due to higher sales volumes in the Yogurt and UHT Milk categories.

The Australian operations are in the process of reorganizing their activities, focusing specifically on a program of acquisitions with the aim of expanding its presence in its target markets, improving the procurement of production components and achieving greater efficiency and the rationalization of production facilities.

In the first quarter of 2015, the Group acquired Longwarry Food Park, a company that operates mainly in the ingredients business, including Whole Powdered Milk, which enabled it to achieve benefits in the procurement of raw milk for the entire Australia sales region.

In the first quarter of 2016, the Group acquired Fonterra’s Yogurt and Dessert operations. It also signed agreements with Nestlé through which it obtained, limited to the territory of Australia, the Ski trademark and was licensed to use some other confectionary brands.
Thanks to this acquisition, Parmalat consolidated its leadership position in the Dessert market and strengthened its second-place competitive position in the Yogurt market.

Financial Performance

Financial Results

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

The Group's liquid assets totaled 850.4 million euros, including 539.6 million euros held by Parmalat S.p.A. At September 30, 2016, most of this liquidity was invested in sight and short-term bank deposits and always with counterparties belonging to top banking groups. The remaining liquid assets are held by individual Group companies, which invest them in the same instruments as the Parent Company. At the Group level, bank interest income totaled 4.9 million euros, including 1.9 million euros attributable to Parmalat S.p.A. A reduction in available liquidity, combined with a reduction in interest rates, was the main reasons for the decrease compared with the previous year.

On July 27, which was the date when the availability of the credit line was due to expire, Parmalat S.p.A., the Group's Parent Company, drew down an additional 320 million euros against the medium/long-term facility available under an agreement executed on April 28, 2015, thereby fully utilizing the 500-million-euro credit line.

Change in Net Financial Position

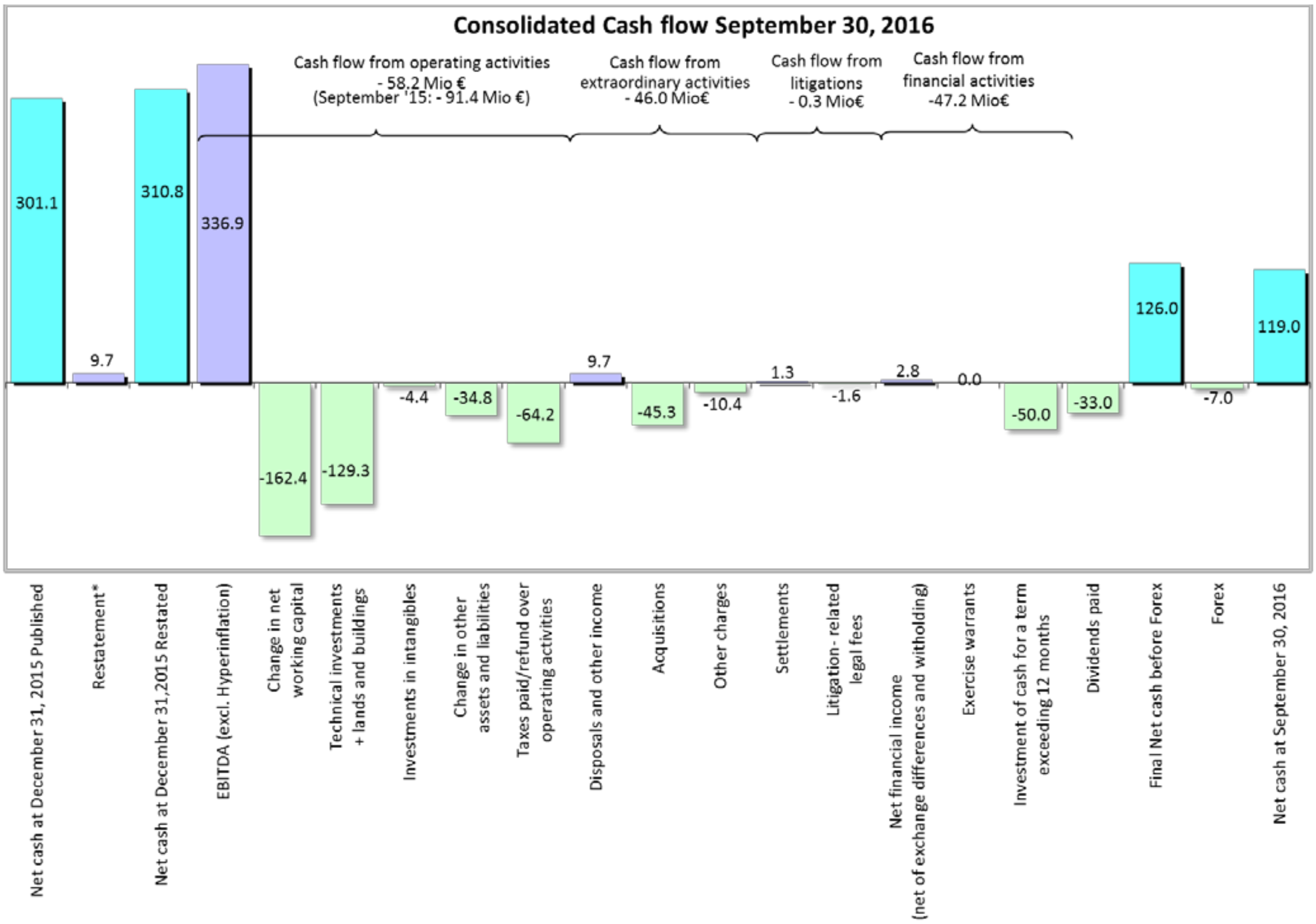
The Group's net financial position decreased from 310.8 million euros at December 31, 2015 to 119.0 million euros at September 30, 2016, after a negative translation effect of 7.0 million euros and a dividend payment of 33.0 million euros. The balance at the beginning of the year included the amount corresponding to the price adjustment for the Esmeralda (Mexico) acquisition, paid in 2016.

In the first nine months of 2016, the operating activities absorbed cash totaling 58.2 million euros, compared with a utilization of 91.4 million euros in the first nine months of 2015. The 2015 amount was adjusted upwards by 52.7 million euros compared with the figure shown in the 2015 Quarterly Financial Report to take into account the impact of hyperinflation accounting in Venezuela, which involves entries of an accounting and not financial nature.
The cash absorption that normally occurs in the first half of the year, attributable to seasonal factors that affect different operations of the Group, particularly regarding inventories, was significantly lower than in the corresponding period last year. Also in comparison with the first nine months of 2015, the absorption of resources required for the important investments made during the year was offset in part by a reduction in tax related outlays.

The cash absorbed by non-recurring activities, which amounted to 46.0 million euros, is mainly attributable to the acquisitions of Nestlé trademarks for use in Australia and Fonterra's trademarks and other assets also in Australia, as well as the payment of the price adjustment for the Elebat acquisition in Brazil. These transaction are described in detail in the "Acquisitions" section of this Report.

The cash flow from litigation settlements absorbed a net amount of 0.3 million euros.

Net of the investment by the Group's Parent Company of 50 million euros in financial instruments maturing after one year, the cash flow from financing activities was positive by 2.8 million euros.



* This amount was restated to reflect the settlement, in 2016, of the price adjustment for the acquisition of Esmeralda (Mexico).

Acquisitions

Australia: Yogurt and Dairy Dessert Operations

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

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

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

The consideration paid for the acquisition was 40.8 million Australian dollars (26.7 million euros).

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

Price Adjustments for the Esmeralda (Mexico) and Elebat (Brazil) Acquisitions

In 2016, with regard to the Esmeralda (Mexico) acquisition carried out in 2015, the parties reached an agreement that calls for the payment to the Parmalat Group of an adjustment to the purchase price amounting to 9.5 million euros. The final price agreed to by the parties was thus 79.9 million euros.

In 2016, with regard to the Elebat (Brazil) acquisition carried out in 2015, the parties reached an agreement about the amount of the price adjustment based on the company's net financial position and working capital on the closing date. This adjustment, which in the 2015 financial statements was estimated at 60.8 million reais (17.7 million euros) in favor of the seller, was set by the parties at 61.1 million reais (17.8 million euros). The final price agreed to by the parties was thus increased by 0.1 million euros, rising from 617.8 million euros to 617.9 million euros.

Economic Effect of Acquisitions on the Consolidated Financial Statements at September 30, 2016

In order to allow a better understanding of the consolidated financial statements at September 30, 2016, the schedule that follows presents the income statement at September 30, 2016 of the Group and the acquired entities, which created a discontinuity between first nine months of 2016 and the comparative period. They include Longwarry (acquired at the end of January 2015), a group of companies operating mainly in Mexico (acquired at the end of April 2015), Elebat and Nutrifont (acquired in July 2015) and yogurt and dairy dessert operations in Australia (acquired on February 22, 2016):

(in millions of euros)	Parmalat Group Cumulative at 9/30/16	Amount from				Acquired companies Cumulative at 9/30/16
		Longwarry[1] (January 2016)	Group of companies operating mainly in Mexico[2] (January-April 2016)	Elebat and Nutrifont[3] (January-June 2016)	Yogurt and dairy dessert operations acquired in Australia (March-Sept. 2016)	
Revenue	**4,657.7**	**2.0**	**50.2**	**401.1**	**52.8**	**506.1**
Net revenue	4,632.1	2.0	49.9	401.1	52.8	505.8
Other revenue	25.6	0.0	0.3	0.0	0.0	0.3
OPERATING EXPENSES	**(4,338.1)**	**(2.1)**	**(51.3)**	**(393.4)**	**(50.9)**	**(497.7)**
Raw material purchased, outside services and miscellaneous costs	(3,735.5)	(1.7)	(40.0)	(354.9)	(41.7)	(438.3)
Personnel expense	(602.6)	(0.4)	(11.3)	(38.5)	(9.2)	(59.4)
Subtotal	**319.6**	**(0.1)**	**(1.1)**	**7.7**	**1.9**	**8.4**
Impairment losses on receivables and other accruals	(6.2)	0.0	0.0	(0.6)	0.0	(0.6)
EBITDA	**313.4**	**(0.1)**	**(1.1)**	**7.1**	**1.9**	**7.8**

[1] *Australian company acquired on January 30, 2015.*
[2] *Group of companies acquired on April 30, 2015.*
[3] *Brazilian companies acquired on July 1, 2015.*

With regard to Longwarry (acquired at the end of January 2015), the group of companies that operate mainly in Mexico (acquired at the end of April 2015), Elebat and Nutrifont (acquired in July 2015), the source of discontinuity is the inclusion of the data for these companies for the first nine months of 2016, on a non-comparable scope of consolidation basis, for comparative purposes with the previous period.

Human Resources

Group Staffing

The table below provides a breakdown by geographic region of the employees of the companies consolidated line by line at September 30, 2016 and a comparison with the data at December 31, 2015.

Total payroll by geographic region

Region	**September 30, 2016**	**December 31, 2015**	**Δ**	**Notes *(acquisitions in 2016)***	
Europe	3,286	3,350	-1.9%		
North America	4,680	4,630	1.1%		
Latin America	13,050	14,220	- 8.2%		
Africa	3,049	3,194	- 4.5%		
Oceania	2,368	2,202	7.5%	*Yogurt and dairy dessert operations in Australia*	221
Total	**26,433**	**27,596**	**- 4.2%**		

At September 30, 2016, the Group's staff decreased, with 1,163 fewer employees than at the end of the previous year, due mainly to the integration and reorganization of the companies acquired in 2015 in Latin America: Esmeralda (3,871 employees, 508 fewer than at December 31, 2015) in Mexico, LBR (959 employees, 298 fewer than at December 31, 2015) and Elebat (5,037 employees, 216 fewer than at December 31, 2015) in Brazil.
In the Africa region, the Group's staff decreased by 4.5% (145 fewer employees than at December 31, 2015) mainly due to the expiration of temporary employment contracts.
The staff expanded in the Oceania region, by a total of 166 employees, due to the acquisition of yogurt and dairy dessert operation in Australia.
Staffing levels were relatively stable in Europe (slight decrease, 64 fewer employees than at December 31, 2015) and North America (50 more employees than at December 31, 2015).

Capital Expenditures

Overview of the capital expenditures of the Parmalat Group at September 30, 2016

(in millions of euros)	September 2016		September 2015		% change
Region	**Amount**	**% of the total**	**Amount**	**% of the total**	
Europe	15.8	12.2%	20.4	21.6%	-22.8%
North America	64.1	49.6%	40.9	43.2%	56.8%
Latin America	27.2	21.0%	9.4	9.9%	189.0%
Africa	8.6	6.6%	9.4	15.4%	-8.8%
Oceania	13.7	10.6%	14.5	9.9%	-5.2%
Group	**129.3**	**100.0%**	**94.7**	**100.0%**	**36.6%**
Group *(constant scope of consolidation[1] and exchange rate)*	**130.5**		**94.7**		**37.8%**

[1] *Excluding Longwarry (1 month), Esmeralda (4 months), Elebat (6 months), Nutrifont (6 months) and Parmalat Australia YD (7 months).*

In the first nine months of 2016, the Group's capital expenditures totaled 123.9 million euros, or 36.6% more than the previous year. With data at constant scope of consolidation and exchange rates, capital expenditures show an increase of 37.8% compared with the previous period.

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

The most significant investment projects included the following:

- Expansion of the automated warehouse for handling finished products in Collecchio (Italy)
- Implementation of a new mozzarella line in Victoriaville (Canada) and introduction of new and more efficient production processes;
- Start of construction of a new factory in Winnipeg (Canada)
- Optimization of the purification plant in Montreal (Canada)
- Installation of an automated palletizing system in Port Elizabeth (South Africa)
- New facility for the production of processed cheese in Bonnievale (South Africa)
- Optimization of the milk pasteurization process in Ijui (Brazil).

The capital expenditures described above do not include the cost of licensing and implementing information systems, which amounted to 4.3 million euros in 2016, mainly for projects carried out in Brazil, Colombia, Italy and Canada.

Review of Operating and Financial Performance

In order to allow a better understanding of the developments that characterized the first nine months of the year, the economic data for 2016 are presented showing specific sources of discontinuity, including:

- the change in scope of consolidation caused by acquisitions;
- the change related to Venezuela;
- data on a comparable scope of consolidation and excluding Venezuela.

Parmalat Group

Net revenue decreased to 4,632.1 million euros, down 112.4 million euros (-2.4%) compared with 4,744.5 million euros in the first nine months of 2015. With data at constant exchange rates and scope of consolidation and excluding the Venezuelan subsidiaries, net revenue increased by 91.4 million euros (+2.4%). More specifically, in the first nine months of 2016, net revenue grew in North America, Africa, Latin America and Australia.

EBITDA totaled 313.4 million euros, or 1.2 million euros more (+0.4%) than the 312.2 million euros earned in the first nine months of 2015. With data at constant exchange rates and scope of consolidation and excluding the Venezuelan subsidiaries, the EBITDA increase amounts to 26.4 million euros (+9.6%). This gain was made possible by a steady improvement in operating efficiency, the optimization of promotional programs and the containment of overheads.

EBIT amounted to 183.5 million euros, down 10.7 million euros compared with the 194.2 million euros reported in the first nine months of 2015. With data at constant scope of consolidation and excluding the Venezuelan subsidiaries, EBIT increased by 28.9 million euros. This improvement is chiefly the result of a better performance by the industrial operations.
Depreciation and amortization of non-current assets totaled 122.5 million euros (115.2 million euros in the first nine months of 2015). The increase compared with the previous year is chiefly due to the difference in scope of consolidation, caused by acquisitions, between the first nine months of 2016 and the comparative period.

The **profit attributable to owners of the parent** totaled 106.8 million euros, in line with the amount earned in the first nine months of 2015. With data at constant scope of consolidation and excluding the Venezuelan subsidiaries, this item shows an increase of 23.6 million euros.
This gain is mainly attributable to the improvement in EBIT and to a lower net financial expense.

Operating working capital grew to 557.0 million euros, or 185.9 million euros more than the 371.1 million euros reported at December 31 2015. This increase is chiefly the result of the higher inventory of finished goods held by the Canadian subsidiary, due to seasonal factors that characterize its business, involving an increase in cheese production earlier in the year, in anticipation of higher sales in the later months, and the consolidation of the yogurt and dairy dessert activities acquired in Australia in 2016.

Net invested capital totaled 3,128.6 million euros, for a gain of 410.3 million euros compared with 2,718.3 million euros at December 31, 2015. The increase in operating working capital, the consolidation of the Australian yogurt activities purchased in 2016 and positive translation differences mainly attributable to the recovery of the Brazilian real versus the euros account for most of this improvement.

The **net financial position** amounted to 119.0 million euros, down 191.8 million euros compared with 310.8 million euros at December 31, 2015. The main reasons for this decrease include the cash absorbed by operating activities for 58.2 million euros, mainly attributable to seasonal factors (91.4 million euros in the first nine months of 2015); the cash absorbed by non-recurring transactions for 46.0 million euros, mainly in connection with the acquisition of yogurt and dairy dessert activities in Australia, and the payment to BRF S.A. of the price adjustment on the net financial position and working capital of Elebat Alimentos S.A.; the cash absorbed by financing activities for 47.2 million euros mainly attributable to the use of a portion of the Parent Company's liquid assets in investments maturing in more than one year; the payment of dividends for 33.0 million euros; and a negative translation effect of 7.0 million euros.

The **equity attributable to owners of the parent** increased to 3,228.4 million euros, for a gain of 218.8 million euros compared with 3,009.6 million euros at December 31, 2015, mainly due to the effect of translating into euros the financial statements of companies operating outside the Eurozone for 155.1 million euros and the profit for the period attributable to owners of the parent for 106.8 million euros.
This increase was partially offset by the distribution of the 2015 dividend declared by the Shareholders' Meeting on April 29,2016 amounting to 31.5 million euros.

Parmalat Group

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in millions of euros)	**Cumulative at 9/30/16 (A)**	*Δ scope of consolidation (Sept. 2016 vs Sept. 2015) (B)*	*Δ Venezuela (Sept. 2016 vs Sept. 2015) (C)*	***Cumulative at 9/30/16 pro forma at current exchange rates (D=A-B-C)***	***Cumulative at 9/30/15***
REVENUE	**4,657.7**	***506.1***	***(540.0)***	***4,691.6***	**4,776.3**
Net revenue	4,632.1	*505.8*	*(533.3)*	*4,659.6*	4,744.5
Other revenue	25.6	*0.3*	*(6.7)*	*32.0*	31.8
OPERATING EXPENSES	**(4,338.1)**	***(497.7)***	***498.4***	***(4,338.8)***	**(4,457.7)**
Purchases, services and miscellaneous costs	(3,735.5)	*(438.3)*	*410.8*	*(3,708.0)*	(3,826.0)
Personnel expense	(602.6)	*(59.4)*	*87.6*	*(630.8)*	(631.7)
Sub total	**319.6**	***8.4***	***(41.6)***	***352.8***	**318.6**
Impairment losses on receivables and other provisions	(6.2)	*(0.6)*	*0.8*	*(6.4)*	(6.4)
EBITDA	**313.4**	***7.8***	***(40.8)***	***346.4***	**312.2**
Depreciation, amortization and impairment losses on non-current assets	(122.5)	*(14.0)*	*7.3*	*(115.8)*	(115.2)
Other income and expense:					
- Litigation-related legal expenses	(1.8)	*0.0*	*0.0*	*(1.8)*	(2.5)
- Miscellaneous income and expenses	(5.6)	*0.0*	*0.1*	*(5.7)*	(0.3)
EBIT	**183.5**	***(6.2)***	***(33.4)***	***223.1***	**194.2**
Net financial income/(expense)	(5.6)	*(4.4)*	*12.7*	*(13.9)*	(20.3)
Other income from (Charges for) equity invest.	0.1	*0.0*	*0.0*	*0.1*	1.2
PROFIT BEFORE TAXES	**178.0**	***(10.6)***	***(20.7)***	***209.3***	**175.1**
Income taxes	(70.5)	*(1.5)*	*9.1*	*(78.1)*	(67.0)
PROFIT FOR THE PERIOD	**107.5**	***(12.1)***	***(11.6)***	***131.2***	**108.1**

(Profit)/Loss attributable to non-controlling interests	(0.7)	0.0	0.1	(0.8)	(1.3)
Profit/(Loss) attributable to owners of the parent	106.8	(12.1)	(11.5)	130.4	106.8

Continuing operations:

Basic earnings per share (in euros)	**0.0575**	**0.0582**
Diluted earnings per share (in euros)	**0.0575**	**0.0577**

Parmalat Group

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	**9/30/16**	**12/31/15** *restated* [1]
NON-CURRENT ASSETS	**3,006.9**	**2,797.3**
Intangible assets	1,380.0	1,333.9
Property, plant and equipment	1,405.5	1,303.8
Non-current financial assets	148.1	86.1
Deferred tax assets	73.3	73.5
NON-CURRENT ASSETS HELD FOR SALE, NET OF CORRESPONDING LIABILITIES	**9.4**	**9.2**
NET WORKING CAPITAL	**598.8**	**368.0**
Inventories	685.9	587.7
Trade receivables	617.5	539.9
Trade payables (-)	(746.4)	(756.5)
Operating working capital	**557.0**	**371.1**
Other assets	231.5	175.7
Other liabilities (-)	(189.7)	(178.8)
INVESTED CAPITAL NET OF OPERATING LIABILITIES	**3,615.1**	**3,174.5**
EMPLOYEE BENEFITS (-)	**(115.2)**	**(93.1)**
PROVISIONS FOR RISKS AND CHARGES (-)	**(361.3)**	**(352.8)**
PROVISION FOR LIABILITIES FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(10.0)**	**(10.3)**
NET INVESTED CAPITAL	**3,128.6**	**2,718.3**
Covered by:		
EQUITY	**3,247.6**	**3,029.1**
Share capital	1,855.1	1,855.1
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	52.9	52.9
Other reserves and retained earnings	1,213.6	957.3
Profit for the period	106.8	144.3
Non-controlling interests	19.2	19.5
NET FINANCIAL POSITION	**(119.0)**	**(310.8)**
Loans payable to banks and other lenders	731.4	398.3
Other financial assets (-)	(287.3)	(175.6)
Cash and cash equivalents(-)	(563.1)	(533.5)
TOTAL COVERAGE SOURCES	**3,128.6**	**2,718.3**

[1] As required by IFRS 3, following the completion in 2016 of the Purchase Price Allocation process, the statement of financial position balances at December 31, 2015 were restated to reflect, at the date of acquisition, the definitive fair value of the acquired assets and liabilities.

Key Events in the Third Quarter of 2016

Parmalat confirms its adoption of the Corporate Governance Code for Listed Companies

On July 12, 2016, the Board of Directors of Parmalat S.p.A. confirmed its adoption of the Corporate Governance Code for Listed Companies, as updated in July 2015 by the Corporate Governance Committee sponsored by Borsa Italiana S.p.A. In addition, further to and consistent with the amendments to Article 18 of the Bylaws approved by the Shareholders' Meeting on April 29, 2016, the Board of Directors approved a resolution voiding the Corporate Governance Code adopted by Parmalat in 2005, as amended.
This decision is part of the process of updating the Company's governance model, which also affects Parmalat's Corporate Governance Code, originally adopted on a self-regulating basis in connection with the Composition with Creditors, with the aim of incorporating the specific provisions previously included in the Company Bylaws.

LAG Acquisition

On July 29, 2016, the Board of Directors reviewed the opinion provided by the Committee for Related Party Transactions (the "Committee") on July 19, 2016 (the "Opinion") on whether (or not) the rights provided under the clause stipulated in Article 5.24.3 of the contract to buy LAG (the "Contract") should be exercised.
The Committee, finding that it concurred with the conclusions reached in their opinions by Professors Giorgio De Nova, Paolo Montalenti and Mario Massari (see in this regard the press release of April 14, 2016), rendered unanimously the opinion that there was no basis for exercising the rights provided under the clause set forth in Article 5.24.3 of the Contract, since the analyses performed showed that the prospective information supplied by the seller B.S.A. S.A., which, through Sofil S.A., holds an 87.63% interest in Parmalat S.p.A., were not unreasonable.
The Committee specified that the "negative" assessment contained in the Opinion derived from the belief that there was no basis, from a technical legal standpoint, for activating the contractual guarantee clause.
Consequently, the Board of Directors, based on the Committee's Opinion, resolved by a majority vote not to put forth any compensation or indemnification claim for damages caused by prospective information that was unreasonable pursuant to and for the purposes of Article 5.24.3 of the Contract, there being no basis for exercising the rights provided under the abovementioned clause and the resulting activation of the corresponding contractual guarantee clause.
The exercise (or not) of the rights arising from the relevant clause of Article 5.24.3 of the Contract was qualified as a highly material related-party transaction and, consequently, was the subject of a resolution that the Board of Directors adopted after receiving the Opinion unanimously approved by the Committee.

The Information Memorandum and the Committee's Opinion (with annexed the opinions rendered by Professors De Nova, Montalenti and Massari) are available at the Company's registered office, through the authorized storage mechanism 1Info (www.1Info.it) and on the Company website at the address: www.parmalat.com/it/investor_relations/acquisizioni_dismissioni/acquisizione_LAG/.

Issuance of Warrants

As disclosed in the "2015 Annual Report," an Extraordinary Shareholders' Meeting held on February 27, 2015 resolved to extend the deadline for subscribing to the share capital increase referred to in Article 5, Letter b) of the Company Bylaws, reserved for challenging and late-filing creditors, delegate to the Board of Directors the powers necessary for its implementation and delegate to the Board of Directors the powers necessary to regulate the allotment of warrants after January 1, 2016, all of the above being carried out to comply with the provisions of the Parmalat Composition with Creditors regarding the allotment of shares and warrants. A total of 650 new warrants governed by the Regulation for the "2016 - 2020 Parmalat S.p.A. Common Share Warrants" were allotted during the third quarter. At this point these warrants do not meet the requirements for listing.

Events Occurring After September 30, 2016

No significant events requiring disclosure occurred after September 30, 2016.

Principles for the Preparation of the Interim Management Statement at September 30, 2016

As a result of the changes introduced with Legislative Decree No. 25 of February 15, 2016, in implementation of Directive No. 2013/50/EU of the European Parliament and Council of October 22, 2013, the obligation to publish interim reports on operations was abolished as of March 18, 2016.
However, Parmalat's Board of Directors, in continuity with past practice and in a context in which the regulatory framework changed very recently and is potentially not yet settled, decided to publish on a voluntary basis an Interim Management Statement at September 30, 2016. In any event, this decision is not binding on the Company for the future and, consequently, could change in response to changes in the regulatory framework. The Company will be sure to provide adequate disclosures about subsequent decisions in this area.

This Interim Management Statement at September 30, 2016 was prepared in accordance with the same consolidation principles and valuation criteria applied to prepare the financial statements at December 31, 2015, which should be read for additional information, and with new IFRS pronouncements in effect as of January 1, 2016, which are reviewed below.

The following recently published accounting principles, amendments and interpretations went into effect on January 1, 2016, as adopted by the European Commission:

Amendments to IAS 19 – Defined-Benefit Plans: Employee Contributions (applicable to accounting periods beginning on or after February 1, 2015). These amendments simplify the accounting treatment of contributions to defined-benefit plans by employees or third parties in specific cases. These amendments are effective retroactively for annual periods beginning on or after February 1, 2015.

Amendments to IFRSs – Annual Improvements to IFRSs 2010-2012 Cycle (applicable to accounting periods beginning on or after February 1, 2015). The main issues addressed by these amendments include: the definition of vesting conditions in *IFRS 2 – Share Based Payments,* the disclosure about the estimates and judgment decisions used to aggregate operating segments in *IFRS 8 – Operating Segments,* the identification and disclosure of the related-party transaction that arises when a service company provides the service of managing executives with strategic responsibilities to the company that prepares the financial statements in *IAS 24 – Related-Party Disclosures.*

Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants (applicable to accounting periods beginning on or after January 1, 2016).
According to this amendment, plants that are used exclusively for the cultivation of agricultural products over multiple years, known as bearer plants, should be accounted for in the same way as property, plant and equipment in IAS 16 because their "operation" is similar to that of manufacturing. Consequently, in accordance with IAS 16, these biological assets should be valued at cost and no longer mandatorily measured at fair value less cost to sell, in accordance with IAS 41.

Amendments to IFRS 11 – Accounting for the Acquisition of an Interest in a Joint Operation (applicable to accounting periods beginning on or after January 1, 2016).
This amendment provides guidance on accounting for the acquisition of an interest in a joint operation the activity of which constitutes a business as defined in IFRS 3. Pursuant to this amendment, the principles of IFRS 3 should be applied in this case.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization (applicable to accounting periods beginning on or after January 1, 2016).
According to the amendments to IAS 16, a depreciation method that is based on revenue is not appropriate because, according to the amendments, revenue generated by an activity that includes the use of the asset that is being depreciated generally reflect factors other than the mere consumption of an asset's economic benefits.

The amendments to IAS 38 introduce a rebuttable presumption that a revenue based amortization method is considered as a rule inappropriate for the same reasons as in IAS 16. In the case of intangible assets, this presumption can be overcome, but only in limited and specific circumstances.

Amendments to IFRSs – Annual Improvements to IFRSs 2012-2014 Cycle (applicable to accounting periods beginning on or after January 1, 2016).
The main issues addressed by these amendments include:

- in IAS 19, the amendment clarifies that the discount rate applied to an obligation for a defined-benefit plan must be determined based on “high-quality corporate bonds or government bonds” denominated in the same currency used to pay the benefits;
- in IFRS7, the amendment clarifies that, insofar as the offsetting of financial assets and liabilities is concerned, additional disclosures are required only with the annual financial statements.
  It also clarifies that an entity that transferred financial assets and derecognized them from its statement of financial position is required to provide additional disclosures regarding its residual involvement, if it entered into service contracts that provide evidence of the entity’s interest in the future performance of the transferred financial assets;
- In IFRS 5 , the amendment clarifies that there is no accounting impact if an entity, changing its disposal plan, reclassifies an assets or a disposal group from/to “held for sale” to/from “held for distribution.” The change in the disposal plan is deemed to be a continuation of the original plan.

Amendments to IAS 1 – Disclosure Initiative (applicable to accounting periods beginning on or after January 1, 2016).
The amendment provides guidance regarding disclosures that could be perceived as impediments to a clear and intelligible presentation of financial statements.

Amendments to IAS 27 – Equity Method in Separate Financial Statements (applicable to accounting periods beginning on or after January 1, 2016).
This amendment introduces the option of using the equity method in an entity’s financial statements to value investments in subsidiaries, joint ventures and associated companies. Consequently, further to the introduction of this amendment, an entity may recognize the abovementioned investments in its separate financial statements alternatively at cost or, as allowed by IFRS 9, using the equity method.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception (applicable to accounting periods beginning on or after January 1, 2016).
This amendment provides clarifications regarding the applicability of the consolidation exception available for investment entities under IFRS 10.

The adoption of these new principles, amendments and interpretations did not have any impact on this Interim Management Statement at September 30, 2016.

When preparing the Interim Management Statement, Directors apply accounting principles and methods that, in some cases, are based on complex and subjective valuations and estimates, which are based on historical data and assumptions that, in each individual case, are deemed to be reasonable and realistic in light of the relevant circumstances. The use of these estimates and assumptions has an impact on the amounts reported in the financial statement schedules and in additional disclosures. The amounts shown for those components of the financial statements for which the abovementioned estimates and assumptions were used could differ from the amounts actually realized, due to the uncertainty that characterizes all assumptions and the conditions upon which the estimates were based. Estimates and assumptions are revised on a regular basis and the impact of any resulting change is recognized in the period when a revision of estimates occurred, if the revision affects only the current period, and is also applied to future periods, when the revision has an impact both on the current period and on future periods. The financial statement items that require the most use of subjective judgment by Directors in developing estimates and with respect to which a change in the underlying assumptions used could have a material impact on the Interim Management Statement are those concerning goodwill, trademarks with an indefinite useful life, depreciation and amortization of non-current assets, current and deferred taxes, the allowance for doubtful accounts, the provisions for risks and charges (specifically with regard to pending litigation), the provisions for employee benefits, the reserves for creditor challenges and claims of late-filing creditors, business combinations and derivatives. Information about the main assumptions and the sources used to develop estimates is provided in the relevant notes to the consolidated financial statements at December 31, 2015.

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

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

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

This Interim Management Statement at September 30, 2016 was not audited.

The publication of this Interim Management Statement was authorized by the Board of Directors on November 10, 2016.

Scope of Consolidation

In the third quarter of 2016, there were no significant changes in the scope of consolidation compared with the information provided in the Semiannual Financial Report at June 30, 2016.

Venezuela

The income statement and statement of financial position data of the Venezuelan subsidiaries, when stated in the local currency, are affected by a rate of inflation that, over the past three years, exceeded the cumulative threshold of 100%, which triggered the adoption of the adjustments required by IAS 29 – Financial Reporting in Hyperinflationary Economies. According to this principle, the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current on the date of the financial statements. All statement of financial position amounts that are not stated in terms of the measuring unit current on the date of the financial statements must be restated by applying a general price index. All income statement components must be stated in terms of the measuring unit current on the date of the financial statements, applying the change in the general price index that occurred since the date when revenue and expense were originally recognized in the financial statements.
At December 31, 2015, the amounts shown in the financial statement that were not stated in terms of the current measuring unit were restated using a rate of inflation that approximated the national consumer price index (INPC) published by Banco Central de Venezuela on February 18, 2016. On the date of preparation of this Interim Management Statement, absent data published by Banco Central de Venezuela, the inflation index for the first nine months of 2016 was estimated using as a reference highly respected international studies. The estimated index at the reference date of this Interim Management Statement was 9,961.2 with a change of 556.0% compared with the corresponding period the previous year (109.3% in 2015). The change in the index compared with December 31, 2015 was 313.1% (82.5% in the first nine months of 2015).

The following changes to the foreign exchange system were published in Venezuela's Official Gazette on March 9, 2016 and went into effect the next day, March 10:

– the *"cambio protegido"* (also called "*DIPRO"*), reserved for basic necessities, including food products**,** was increased from 6.30 VEF/USD to 10.00 VEF/USD;

- the *SICAD* system, based on auctions scheduled by the central bank is being retained. The last SICAD auction held in August 2015 and reserved for the agricultural sector set an exchange rate of 13.50 VEF/USD, effective as of September 1, 2015, which is still in effect;

- a *"cambio complementario flotante de mercado"* (also called *DICOM*) was introduced. It will replace the existing *SIMADI* as a system in which individuals and companies can exchange foreign currency through authorized international institutions. The *DICOM*/*SIMADI* exchange rate was set at 215.30 VEF/USD on March 10, 2016. By September 30, 2016, this exchange rate had risen to 658.9 VEF/USD.

The Venezuelan subsidiaries, while continuing to have access to purchasing foreign currency at the preferential DIPRO rate (a total of 789,000 U.S. dollars allotted in the first half of 2016), purchased an additional 1,100,000 U.S. dollars at the *DICOM* exchange rate. These additional purchases, while executed at a less favorable rate, made it possible to settle more quickly transactions with commercial counterparties and preserving the operational ability of the local companies.

Based on available documented evidence and in a context of significant uncertainty characterized by constant changes to the foreign exchange system, it was deemed appropriate to translate the statement of financial position and income statement balances of the Venezuelan subsidiaries at the *DICOM/SIMADI* rate, because it is thought to be more representative of operating conditions during the reporting period.
At September 30, 2016, this rate was the exchange rate applicable to future dividend payments and repatriation of capital.

However, it is possible that significant changes in exchange rates and in the exchange rate system, and other related developments affecting Venezuela, could have an additional impact on the future activities of the subsidiaries, with an effect also on Parmalat's consolidated financial statements.

Redetermination of Balances at December 31, 2015 Subsequent to the Purchase Price Allocation

In 2015, the Group, with the aim of further strengthening its position in the markets in which it operates acquired control of the following companies and business operations: Latterie Friulane in Italy, LBR, Elebat and Nutrifont in Brazil, Longwarry in Australia and Esmeralda in Mexico.
For some of them, Longwarry, Esmeralda, Elebat and Nutrifont specifically, the fair value of the acquired assets and assumed liabilities and contingent liabilities was determined on a provisional basis in the consolidated financial statements at December 31, 2015, as allowed by IFRS 3. The short period of time between the date of acquisition and the preparation of the consolidated financial statements at December 31, 2015 did not allow the completion of all of the fair value measurements required by IFRS 3.
In 2016, upon completions of the abovementioned measurement activities, the fair value of some assets, liabilities and contingent liabilities recognized in the consolidated financial statements for the previous year were restated to reflect more accurate information obtained subsequently. In accordance with the provisions of IFRS 3, the restatement of the fair value amounts was recognized effective as of the date of acquisition and, consequently, all restatements were reflected in the statements of financial position of the acquired companies at that date. The balances included in the consolidated financial statements at December 31, 2015 were restated to take into account the new amounts. Likewise, the goodwill resulting from the acquisition, the determination of which in the 2015 consolidated financial statements was also provisional, is shown for its definitive amount starting in the Semiannual Financial Report, which should be consulted for additional information.

More specifically, the changes that occurred in the fair value of the acquired assets and assumed liabilities and contingent liabilities previously recognized required the following restatements:

			At December 31, 2015
(in millions of euros)	**Amounts previously reported**	**Effects from the determination of the definitive fair value of the acquired assets and liabilities**	**Restated amounts**
Effects on the consolidated statement of financial position			
Goodwill	655.4	(37.9)	617.5
Other intangible assets	159.8	33.7	193.5
Property, plant and equipment	1,298.1	5.7	1,303.8
Deferred tax assets	72.9	0.6	73.5
Current financial assets	165.9	9.7	175.6
Deferred tax liabilities	207.8	11.9	219.7
Trade payables	756.4	0.1	756.5
Other current liabilities	154.2	1.2	155.4
SHAREHOLDERS' EQUITY	**3,030.5**	**(1.4)**	**3,029.1**
Equity attributable to owners of the parent	3,011.0	(1.4)	3,009.6
Equity attributable to non-controlling interest	19.5		19.5

The determination of the definitive fair value amounts did not have a material impact on the consolidated income statement at September 30, 2015

Business Outlook

In the early months of 2016, the dairy market was characterized by a low cost of raw milk, due mainly to a demand and supply imbalance. Starting in the third quarter, there was a reversal of this trend, with raw milk prices beginning to increase in some areas.

In this context, the Group remains focused on implementing a careful pricing policy in response to changes in the scenario.

For the operations recently acquired in Latin America and Australia, which are affected by problems specific to the markets in which they operate, the main focus is on the implementation of reorganization processes aimed at their integration and alignment with the Group's quality standards, and the achievement of the expected results.

2016 Guidance

The growth originally projected for the second half of the year, proved to be, in terms of net revenue, lower than expected, due mainly to a smaller increase in the cost of raw milk than originally anticipated.

For 2016, at constant exchange rates, considering pro forma 2015 comparative data for the new acquisitions and excluding the Venezuelan subsidiary, given the situation of uncertainty, the high level of inflation and the massive devaluation of the local currency, Parmalat estimates call for growth of about 2-3% for net revenue and more than 10% for EBITDA.

There continue to be uncertainties in the Latin America area, specifically regarding Brazil, due to a challenging macroeconomic context. These uncertainties are not expected to have a significant impact on the consolidated net revenue and EBITDA growth estimates provided above for the current year. However, these uncertainties could affect the area's growth estimates for future years, requiring a revisions of existing projections in connection with the preparation of the industrial plan, and have an impact on the asset valuation process.

Disclaimer

This document contains forward looking statements, particularly in the section entitled "Business Outlook." Projections for the fourth quarter of 2016 are based, inter alia, on the Group's performance in the third quarter of 2016 and take into account trends in subsequent periods. The Group's performance is affected by exogenous variables that could have unforeseen consequences in terms of its results: these variables, which reflect the peculiarities of the different countries where the Group operates, are related to weather conditions and to economic, socio-political and regulatory factors.

Certification Pursuant to Article 154 *bis,* Section 2, of Legislative Decree No. 58/98, as Amended

As required by Article 154 *bis*, Section 2, of the Italian Uniform Financial Code (Legislative Decree No. 58/1998), the Corporate Accounting Documents Officer, Pierluigi Bonavita, hereby declares that the accounting disclosures provided in this Report are consistent with the data in the supporting documents and in the Company's books of accounts and other accounting records.

Signed: Pierluigi Bonavita
Corporate Accounting Documents Officer

Parmalat S.p.A.

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Milan Register of Companies n. 04030970968
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parmalat

GROUPE LACTALIS