Criteria for the Preparation of Pro Forma Financial Statements at June 30, 2005 and Adoption of IAS Principles

General Criteria

The pro forma financial statements of Parmalat S.p.A. and the Parmalat Group at June 30, 2005 have been prepared using the data from the pro forma financial statements at December 31, 2004 contained in the Prospectus as opening balances and adjusting them to reflect the changes that occurred during the first six months of 2005. As explained in greater detail in the section of the Notes to the Consolidated Financial Statements entitled "Scope of Consolidation," the semiannual income statement was prepared by consolidating the income statements of the companies that, in accordance with the Proposal of Composition with Creditors, are included in the Group headed by Parmalat S.p.A. Additional adjustments were made in order to present the pro forma financial statements in accordance with International Financial Reporting Standards (IFRS/IAS). The data contained in the pro forma financial statements represent a simulation of the potential impact of the approval of the Proposal of Composition with Creditors, and are provided solely for illustration purposes. More specifically, since the pro forma data have been developed to retroactively show the effect of transactions that occurred at a later date (even though this was accomplished by following generally accepted practice and using reasonable assumptions), there are limitations inherent in the very nature of pro forma data. The criteria for the preparation of the pro forma reclassified financial statements of Parmalat S.p.A. and of the pro forma reclassified consolidated financial statements in accordance with Consob Communication No. DEM/1052803 del 05/07/2001 are explained in a separate section at the end of this Report. Additional information about the assumptions and basic criteria underlying the presentation of the pro forma financial statements are provided in Chapter IV.1.2 of the Prospectus.

Moreover, since the market value of each acquired asset and liability was not available on the date the pro forma financial statements at June 30, 2005 were prepared, the acquisition price was allocated to these items on a preliminary basis.

Adoption of International Financial Reporting Standards (IFRS/IAS)

Rules for First-time Adoption of IFRS/IAS

The Assumptor (Parmalat S.p.A.) is a company that has already adopted the IFRS/IAS as the accounting standards it applies to the preparation of its consolidated and Company financial statements. The Company began its operations by taking over the assets and liabilities of the 16 Companies Included in the Composition with Creditors.

Accordingly, the pro forma consolidated and Company data at December 31, 2004 that Parmalat S.p.A. prepared in accordance with Italian accounting principles and presented in the Prospectus have been restated in accordance with the IFRS/IAS. The same approach was used to prepare the pro forma data at June 30, 2005 for Parmalat S.p.A. and the consolidated data for the Group.

The format used to present the reclassified balance sheet is the same as that used in the Prospectus, since the Company believes that that format shows the impact of the new accounting principles more clearly.

Consistent with this approach, the following information is also being provided:
• Comments about the rules for first-time adoption of the applicable IFRS/IAS, with disclosure of the assumptions made concerning the IFRS/IAS and their interpretations that are expected to be in force and the accounting policies that the Company expects to adopt at December 31, 2005, when it will prepare its first annual financial statements in accordance with the IFRS/IAS.
• Pro forma IFRS/IAS consolidated balance sheet and Company balance sheet at December 31, 2004 showing a reconciliation of these data to the pro forma consolidated and Company data computed in accordance with the old principles.
• Comments on the reconciliation entries.

The financial statements and the reconciliation entries were prepared solely for the purpose of presenting pro forma consolidated financial statements and pro forma financial statements for Parmalat S.p.A. at June 30, 2005 in accordance with the IFRS/IAS, as approved by the European Commission. These statements do not include comparative data and are not accompanied by the respective notes, which would be required for a complete presentation of the consolidated and Company financial position and operating performance in accordance with the IFRS/IAS.

The restatements were made to conform with the IFRS/IAS that are currently in force. The European Commission is still in the process of approving the IFRS/IAS, and the work carried out by the IASB to update and interpret the standards is ongoing. At December 31, 2005, when the Group will prepare its first annual consolidated financial statements in accordance with the IFRS/IAS, new IFRS/IAS and/or interpretations (IFRIC) could be in effect and it may be possible to adopt these pronouncements retroactively.

Consequently, the data shown in the financial statements and reconciliation entries could change, making them unsuitable for use as comparative data in the first annual financial statements prepared in accordance with the IFRS/IAS.

Consistent with the provisions of IFRS 3, which governs the accounting treatment of business combinations, the Company carried out an initial allocation of the purchase prices and will complete item valuations within 12 months of the date of acquisition.

The main accounting treatments and rules selected among the options available under the IFRS/IAS are reviewed below.

- Inventories: Under IAS 2, the cost of inventories must be determined by either the FIFO method or the weighted average cost formula. The Group chose the weighted average cost formula.

- Valuation of intangibles and property, plant and equipment: Following initial recognition at cost, IAS 16 and IAS 38 offer the option of valuing these assets either at cost (and amortizing and depreciating them, respectively) or at fair value. The Group chose to value them at cost.

- Borrowing costs: With regard to the recognition of borrowing costs that are directly attributable to the purchase, construction or production of capitalized assets, IAS 32 provides the option of either applying the standard accounting treatment, by which borrowing costs are charged directly to income, or an alternative accounting treatment that, under certain conditions, requires that borrowing costs be capitalized. The Group has chosen to charge borrowing costs directly to income.

- Valuation in the consolidated financial statements of equity investments in joint ventures: IAS 31 allows companies to value these investments by the equity method or, alternatively, to consolidate them by the proportional method. The Group has chosen to value them by the equity method.

- Presentation of the financial statements: The balance sheet is presented in accordance with the "current/non-current" format (which is the one generally used by industrial and commercial enterprises); the income statement follows a format that classifies costs by destination. This approach required the reclassification of historical financial statements prepared in accordance with Legislative Decree No. 127/1991.

Parmalat S.p.A.

Pro Forma Balance Sheet at December 31, 2004

	(in millions of euros)	12/31/04	Restate-ments	Reclassi-ficationd	IFRS/IAS
A	NON-CURRENT ASSETS				
	Intangibles	472.8	(0.4)		472.4
	Property, plant and equipment	125.4	8.3	(21.6)	112.1
	Non-current financial assets	1,026.3	(29.1)		997.2
	Total	**1,624.5**	**(21.2)**	**(21.6)**	**1,581.7**
B	AVAILABLE-FOR-SALE ASSETS, NET OF RELATED LIABILITIES			**17.2**	**17.2**
C	NET WORKING CAPITAL				
	Inventories	47.4		(4.1)	43.3
	Trade receivables	226.5			226.5
	Other assets	190.4	(5.7)		184.7
	Trade payables	(305.9)			(305.9)
	Other liabilities	(95.4)		1.2	(94.2)
	Total	**63.0**	**(5.7)**	**(2.9)**	**54.4**
D	INVESTED CAPITAL, NET OF OPERATING LIABILITIES	**1,687.5**	**(26.9)**	**(7.3)**	**1,653.3**
E	PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	**(47.3)**	**1.1**	**7.4**	**(38.8)**
	PROVISIONS FOR RISKS AND CHARGES	**(219.4)**	**(7.5)**	**(0.1)**	**(227.0)**
	PROVISIONS FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS	**(46.2)**			**(46.2)**
F	NET INVESTED CAPITAL	**1,374.6**	**(33.3)**	**0.0**	**1,341.3**
	Covered by:				
G	SHAREHOLDERS' EQUITY				
	Share capital	1,541.2			1,541.2
	Other reserves		(5.7)		(5.7)
	Reserve for contested liabilities convertible exclusively into share capital			238.9	238.9
	Retained earnings (Loss carryforward)		(32.6)		(32.6)
	Loss for the period	(166.8)			(166.8)
	Total	**1,374.4**	**(38.3)**	**238.9**	**1,575.0**
H	CONTESTED LIABILITIES CONVERTIBLE EXCLUSIVELY INTO SHARE CAPITAL	**238.9**		**(238.9)**	**0.0**
I	NET FINANCIAL ASSETS				
	Loans payable to banks and other lenders	10.5	5.0		15.5
	Cash and cash equivalents	(249.2)			(249.2)
	Total	**(238.7)**	**5.0**		**(233.7)**
L	TOTAL COVERAGE SOURCES	**1,374.6**	**(33.3)**	**0.0**	**1,341.3**

Comments on the Main IFRS/IAS Restatements Made to the Items in the Pro Forma Balance Sheet of Parmalat S.p.A. at December 31, 2004

The nature of the main restatements and reclassifications made to the pro forma balance sheet of Parmalat S.p.A. at December 31, 2004 is explained below.

Intangibles

The main reason for the restatement of 0.4 million euros is the derecognition of start-up and expansion costs and expenses incurred for research, advertising and packaging studies, which were deducted from shareholders' equity.

Property, Plant and Equipment

The restatement of 8.3 million euros reflects the recognition under this heading of assets held under finance leases. The reclassification of 21.6 million euros refers to items of property, plant and equipment held by the Bakery Division of Parmalat S.p.A. that have been earmarked as available for sale.

Non-current Financial Assets

The restatement of 29.1 million euros was booked to adjust the carrying value of the investment in Parmalat Holding Ltd. This adjustment was made to recognize the present value of future benefits under defined-benefit plans of the Group's Canadian subsidiaries, which caused a reduction in their shareholders' equity.

Available-for-sale Assets, Net of Related Liabilities

The reclassifications refer mainly to the non-current assets and inventories of the Bakery Division of Parmalat S.p.A., which totaled 21.6 million euros and 4.1 million euros, respectively. These amounts are net of the related liabilities, which include 1.2 million euros owed to employees and a provision for employee severance indemnities totaling 7.4 million euros.

Inventories

No restatements were required, as the valuation criteria used are consistent with IFRS guidelines. The main reclassification (4.1 million euros) concerns the inventories of the Bakery Division of Parmalat S.p.A.

Other Assets

This restatement refers to the costs incurred by Parmalat S.p.A. to list its shares (originally recognized as a prepaid expense). These costs were deducted from shareholders' equity by posting them to a negative reserve (other reserves).

Other Liabilities

The reclassification of 1.2 million euros represents indebtedness owed to employees of the Bakery Division of Parmalat S.p.A.

Provision for Employee Severance Indemnities

This restatement reflects the positive impact of the adoption of IAS 19 (1.1 million euros). Reclassifications of 7.4 million euros refer to the provision for employee severance indemnities of the Bakery Division of Parmalat S.p.A.

Provisions for Risks and Charges

The restatement of 7.5 million euros was made to account for the deferred-tax liability generated by the recognition of assets held under finance leases (1.2 million euros) and the establishment of a 6.3-million-euro provision booked to indirectly adjust the value of the investment in Parmalat Belgium. This provision was established to reflect a change in the value of the investment in Parmalat Pacific Holding, a subsidiary of Parmalat Belgium that leads the Group's Australian operations. The adoption of IAS 19, which requires recognition of the present value of future benefits under defined-benefit plans, caused a decrease in the shareholders' equity of the Australian subsidiary and, consequently, of that of Parmalat Belgium.

Shareholders' Equity

Shareholders' equity was restated by 38.3 million euros. A breakdown is as follows:

- A positive restatement of 2.8 million euros, which is the net result of a charge of 0.4 million euros for the derecognition of property, plant and equipment that offset in part the positive impact of the recognition of leased assets (2.1 million euros) and of the present value of future employee benefits (1.1 million euros);
- A negative reserve amounting to 5.7 million euros established to recognize the costs incurred by Parmalat S.p.A. to list its shares (originally recognized as a prepaid expense);
- A deduction of 35.4 million euros to adjust the value of the investment in Parmalat Holding Ltd. (29.1 million euros) and to establish a provision that indirectly restates the value of the investment in Parmalat Belgium (see comments on Non-current Financial Assets and Provisions for Risks and Charges).

The reclassification of 238.9 million euros refers exclusively to the establishment of a positive reserve of 238.9 million euros, called the Reserve for contested liabilities convertible exclusively into share capital, to which liabilities of that type were transferred.

Contested Liabilities Convertible Exclusively into Share Capital

These liabilities, totaling 238.9 million euros, were reclassified to shareholders' equity.

Loans Payable to Banks and Other Lenders

This restatement refers to finance leases totaling 5 million euros.

Parmalat Group

Pro Forma Consolidated Balance Sheet at December 31, 2004

	(in millions of euros)	12/31/04	Restate-ments	Reclassi-ficationd	IFRS/IAS
A	NON-CURRENT ASSETS				
	Intangibles	1,517.3	(0.3)		1,517.0
	Property, plant and equipment	593.2	17.2	(44.6)	565.8
	Non-current financial assets	58.5	(1.0)	8.3	65.8
	Total	**2,169.0**	**15.9**	**(36.3)**	**2,148.6**
B	AVAILABLE-FOR-SALE ASSETS, NET OF RELATED LIABILITIES			**40.1**	**40.1**
C	NET WORKING CAPITAL				
	Inventories	303.6		(4.1)	299.5
	Trade receivables	485.7			485.7
	Other assets	296.2	(6.0)	(8.3)	281.9
	Trade payables	(532.4)			(532.4)
	Other liabilities	(215.4)	(1.4)	1.2	(215.6)
	Total	**337.7**	**(7.4)**	**(11.2)**	**319.1**
D	INVESTED CAPITAL, NET OF OPERATING LIABILITIES	**2,506.7**	**8.5**	**(7.4)**	**2,507.8**
E	PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	**(53.6)**	**(32.9)**	**(2.9)**	**(89.4)**
	Provisions for risks and charges	**(224.2)**	**(10.4)**	**10.3**	**(224.3)**
	Provisions for contested preferential and prededuction claims	**(46.2)**			**(46.2)**
F	NET INVESTED CAPITAL	**2,182.7**	**(34.8)**	**0.0**	**2,147.9**
	Covered by:				
G	SHAREHOLDERS' EQUITY				
	Share capital	1,541.2			1,541.2
	Reserve for contested liabilities convertible exclusively into share capital			238.9	238.9
	Other reserves		(5.7)		(5.7)
	Retained earnings (Loss carryforward)		(41.4)		(41.4)
	Loss for the period	(185.0)			(185.0)
	Minority interest in shareholders' equity	58.0			58.0
	Total	**1,414.2**	**(47.1)**	**238.9**	**1,606.0**
H	CONTESTED LIABILITIES CONVERTIBLE EXCLUSIVELY INTO SHARE CAPITAL	**238.9**		**(238.9)**	**0.0**
I	NET BORROWINGS				
	Loans payable to banks and other lenders	940.1	12.3		952.4
	Loans payable to Group companies	20.4			20.4
	Other financial assets	(0.4)			(0.4)
	Financial accrued income and prepaid expenses	(65.6)			(65.6)
	Cash and cash equivalents and financial accrued income and prepaid expenses	(364.9)			(364.9)
	Total	**529.6**	**12.3**	**0.0**	**541.9**
L	TOTAL COVERAGE SOURCES	**2,182.7**	**(34.8)**	**0.0**	**2,147.9**

Comments on the Main IFRS/IAS Restatements Made to the Items in the Pro Forma Consolidated Balance Sheet at December 31, 2004

The nature of the main restatements and reclassifications made to the pro forma consolidated balance sheet at December 31, 2004 is explained below.

Intangibles

The main reason for the restatement of 0.3 million euros is the derecognition of start-up and expansion costs and expenses incurred for research, advertising and packaging studies, which were deducted from shareholders' equity.

Property, Plant and Equipment

The restatement of 17.2 million euros reflects primarily the recognition of property, plant and equipment held under finance leases by Italian (15.4 million euros) and foreign (1.8 million euros) Group companies, with the offsetting entry posted to shareholders' equity.

The reclassification from Property, plant and equipment to Available-for-sale assets refers to certain items of property, plant and equipment held by the Venezuelan operations and by Clesa SA (23.0 million euros) and by the Bakery Division of Parmalat S.p.A. (21.6 million euros).

Non-current Financial Assets

The negative restatement of 1.0 million euros was required by the valuation at fair value of hedging financial instruments held by Parmalat Australia Pty (0.7 million euros) and the derecognition of actuarial gains on defined-benefit plans of Parmalat Dairy & Bakery (1.7 million euros). The offsetting entry was posted to shareholders' equity.

The reclassification of 8.3 million euros from Other assets to Non-current financial assets refers to the deferred-tax assets of the Australian subsidiary Parmalat Australia Ltd.

Available-for-sale Non-current Assets, Net of Related Liabilities

Reclassifications refer to assets held by the Venezuelan operations and by Clesa (23.0 million euros) and to non-current assets and the inventories of the Bakery Division of Parmalat S.p.A. (25.7 million euros), net of the liabilities of the Bakery Division of Parmalat S.p.A. (8.6 million euros), the amounts owed by this Division to its employees (1.2 million euros) and the Division's provision for severance indemnities (7.4 million euros).

Inventories

The reclassification of 4.1 million euros from Inventories to Available-for-sale non-current assets concerns the inventories held by the Bakery Division of Parmalat S.p.A.

Other Assets

The restatement reflects a decrease in the deferred-tax assets held by Latte Sole caused by a change in the method by which finance leases are recognized (0.3 million euros) and a different treatment of capitalized costs incurred to list the Company's shares (5.7 million euros). The listing costs were deducted from shareholders' equity.

The reclassification of 8.3 million euros concerns the deferred-tax assets of the Australian subsidiary Parmalat Australia Ltd.

Other Liabilities

The restatement of 1.4 million euros refers to the recognition of the actuarial loss incurred upon the termination of the employees of the Bakery Division, which was sold in 2005. The offsetting entry was posted to shareholders' equity.

The reclassification of 1.2 million euros represents indebtedness owed to employees of the Bakery Division of Parmalat S.p.A.

Provision for Employee Severance Indemnities

Reclassifications refer to held-for-sale liabilities of Parmalat S.p.A. (7.4 million euros) and include the reclassification from Provisions for risks and charges of provisions for pensions totaling 10.3 million euros.

The restatement of 32.9 million euros reflects the recognition of the present value of future benefits under defined-benefit plans. The offsetting entry was posted to shareholders' equity.

Provisions for Risks and Charges

Restatements comprise two items. The first refers to the recognition of deferred-tax liabilities that arise from a difference in the treatment of finance leases (1.4 million euros) and from the derecognition of actuarial gains on defined-benefit plans of the Canadian subsidiary Parmalat Dairy & Bakery (1.0 million euros). The offsetting entry was posted to shareholders' equity.

The second restatement reflects the foreign exchange translation losses attributable to Parmalat Africa Ltd (about 10 million euros). The offsetting entry was posted to shareholders' equity.

Reclassifications of 10.3 million euros refer to the reserves for pensions.

Contested Liabilities Convertible Exclusively into Share Capital

These liabilities, totaling 238.9 million euros, were reclassified to shareholders' equity.

Loans Payable to Banks and Other Lenders

Restatements totaling 12.3 million euros refer to the recognition of liabilities incurred under finance leases by Italian Group companies and, to a lesser extent, by foreign companies.