parmalat finanziaria
spa

Subscribed and paid-in share capital 815,669,721 euros

Directors' Report on Operations for the third quarter of 2003

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Corporate Bodies

Board of Directors
(in office until the approval of the financial statements as of and for the year ended December 31, 2003)

Chairman and Managing Director	**Calisto Tanzi (1)**
Directors	**Enrico Barachini (2)** **Domenico Barili (1) (2)** **Luciano Del Soldato** **Alberto Ferraris (*)** **Francesco Giuffredi (1) (3)** **Piero Mistrangelo** **Paolo Sciumè (2)** **Luciano Silingardi (3)** **Giovanni Tanzi (1)** **Stefano Tanzi (1)** **Fausto Tonna (1) (3)** **Paola Visconti**

(1) Members of the Executive Committee
(2) Members of the Remuneration Committee (Chairman Enrico Barachini)
(3) Members of the Internal Audit Committee (Chairman Luciano Silingardi)
(*) Resigned on November 14, 2003

Board of Statutory Auditors
(in office until the approval of the financial statements as of and for the year ended December 31, 2004)

Chairman	**Mario Brughera**
Statutory Auditors	**Oreste Ferretti** **Massimo Nuti**
Alternate Auditors	**Antonio Bevilacqua** **Fabrizio Carazzai**

Executive Management

General Manager and Company Secretary	**Andrea Petrucci**

Independent auditors for the three-year period 2002/2004:
Deloitte & Touche Spa, registered office in Milan, at Palazzo Carducci, via Olona 2

Directors' Report on Operations
for the third quarter of 2003

Basis of presentation

The Board of Directors has prepared this report in accordance with art. 82, paragraph 1 of Consob resolution 11971 dated May 14, 1999. The report, which has been prepared on a consolidated basis, refers to operations during the third quarter of 2003, covering the period from July 1 to September 30, 2003.

The quarterly report has been prepared in compliance with generally accepted principles for consolidated accounts, which conform to those established by the Italian Accounting Profession and international accounting principles.

The results of operations shown regard the third quarter of the year, from July 1 to September 30, 2003, and the period between the beginning of the year and the end of the third quarter, from January 1 to September 30, 2003.

The results of operations are compared with the data for the same periods of the previous year and with the data reported in the consolidated financial statements for the year ended December 31, 2002.

The net financial position as of the end of the third quarter is compared with the corresponding data reported at the end of the previous quarter, ended June 30, 2003, and in the financial statements for the year ended December 31, 2002.

Consolidated accounts

Consolidated results for the period January 1 (the start of the financial year) – September 30 (the close of the third quarter)

(thousands of euros)	January 1 - September 30, 2003	January 1 - September 30, 2002	Change 2003 - 2002	2002 (Jan. 1 – Dec. 31)
Sales	5,263,477	5,663,454	(399,977)	7,590,014
Other income	113,516	80,912	32,604	131,661
Operating costs excluding amortisation and depreciation	(4,726,489)	(5,054,502)	328,013	(6,790,405)
Gross operating profit (EBITDA)	**650,504**	**689,864**	**(39,360)**	**931,270**
Amortisation, depreciation and write-downs of fixed assets	(211,734)	(236,461)	24,727	(318,121)
Net operating profit (EBIT)	**438,770**	**453,403**	**(14,633)**	**613,149**
Amortisation of goodwill purchased as part of the acquisition of the controlling interest in Parmalat Spa	(13,087)	(13,087)	0	(17,449)
Net interest expense	(121,733)	(103,882)	(17,851)	(157,297)
Profit before adjustments to financial assets, extraordinary items, taxes and minority interests	**303,950**	**336,434**	**(32,484)**	**438,403**
EBITDA margin	12.4%	12.2%		12.3%
EBIT margin	8.3%	8.0%		8.1%

Consolidated results for third quarter 2003

(thousands of euros)	3rd quarter 2003 (July 1 – September 30)	3rd quarter 2002 (July 1 – September 30)	Change 2003 – 2002
Sales	1,837,698	1,806,316	31,382
Other income	47,847	38,306	9,541
Operating costs excluding amortisation and depreciation	(1,647,959)	(1,624,437)	(23,522)
Gross operating profit (EBITDA)	**237,586**	**220,185**	**17,401**
Amortisation, depreciation and write-downs of fixed assets	(68,701)	(63,484)	(5,217)
Net operating profit (EBIT)	**168,885**	**156,701**	**12,184**
Amortisation of goodwill purchased as part of the acquisition of the controlling interest in Parmalat Spa	(4,362)	(4,362)	0
Net interest expense	(56,966)	(29,013)	(27,953)
Profit before adjustments to financial assets, extraordinary items, taxes and minority interests	**107,557**	**123,326**	**(15,769)**
EBITDA margin	12.9%	12.2%	
EBIT margin	9.2%	8.7%	

Analysis of net debt

(thousands of euros)	September 30, 2003	June 30, 2003	December 31, 2002
Bank debt and debenture loans Falling due within 12 months	1,038,186	1,245,768	1,155,685
Falling due between 1 and 5 years	4,047,963	2,852,754	2,980,888
Falling due beyond 5 years	953,844	1,248,636	1,299,237
Total bank debt and debenture loans	6,039,993	5,347,158	5,435,810
Cash and cash equivalents Cash on hand and at banks	1,066,451	866,582	950,620
Short-term financial assets	2,650,981	2,455,610	2,412,945
Other investment securities	503,630	214,885	210,134
Total cash and cash equivalents	4,221,062	3,537,077	3,573,699
Total debt net of cash and cash equivalents	1,818,931	1,810,081	1,862,111

Notes to the consolidated accounts

The accounting principles used have not undergone changes with respect to those applied in the preparation of the consolidated financial statements as of and for the year ended December 31, 2002.
The conversion into euros of account balances expressed in other currencies was carried out by applying closing rates (September 30, 2003) for the conversion of balance sheet data, and average rates for the period January 1 – September 30, 2003 for profit and loss account data, as appropriate.
The following principal exchange rates were used to convert the accounts of the various Group companies into euros (rates are for 1 euro):

Closing exchange rates

Country	Currency	as of September 30, 2003	as of December 31, 2002
Argentina	Argentine peso	3.3849	3.54073
Australia	Australian dollar	1.7101	1.8556
Brazil	Real	3.40779	3.69444
Canada	Canadian dollar	1.5717	1.655
Colombia	Colombian peso	3,430.12	2,954.98
United Kingdom	Pound sterling	0.6986	0.6505
United States	US dollar	1.1652	1.0487
South Africa	Rand	8.1393	9.0094
Venezuela	Bolivar	1,859.65	1,458.57

Average exchange rates

Country	Currency	Jan. 1 – Sept. 30, 2003	Jan. 1 – Sept. 30, 2002	2002
Argentina	Argentine peso	3.28761	2.76666	2.97335
Australia	Australian dollar	1.76417	1.71819	1.73765
Brazil	Real	3.47917	2.48495	2.78829
Canada	Canadian dollar	1.58738	1.45379	1.48381
Colombia	Colombian peso	3,228.81667	2,229.91	2,371.57
United Kingdom	Pound sterling	0.69005	0.62621	0.62883
United States	US dollar	1.1114	0.92644	0.94557
South Africa	Rand	8.70473	9.99298	9.90715
Venezuela	Bolivar	1,806.76333	1,020.70778	1,112.71

Operating review for the first nine months of 2003

During the first nine months of the year the Parmalat Group’s consolidated sales amounted to 5,263 million euros compared with the 5,663 million euros of the same period of 2002.
The performance was positively influenced by organic growth of 4.1% in value terms, whilst being negatively affected (-11.2%) by the performances of almost all the Group’s operating currencies against the euro.
The average exchange rates for such currencies during the first nine months of 2003 reported the following devaluations with respect to their value against the euro of one year earlier:

- Venezuelan bolivar	- 43.5%
- Australian dollar	- 2.6%
- Canadian dollar	- 8.4%
- US dollar	- 16.6%
- Argentine peso	- 15.8%
- Colombian peso	- 30.9%
- Brazilian real	- 28.6%
- Pound sterling	- 9.3%

Organic volume growth during the first nine months of the year amounted to 1.7% (1.1% in the first half of the year) compared with the 2.5% of the same period of the previous year.
During the first nine months of the year, 37.5% of sales were generated in Europe (34.2% during the first nine months of 2002), 33.1% in North and Central America (35.0%), 19.7% in South America (22.2%) and 9.7% in other geographical areas (8.6%).

Gross operating profit (EBITDA) amounted to 650.5 million euros, down 5.7% on the 689.9 million of the first nine months of the previous year. The EBITDA margin stood at 12.4% compared with the 12.2% of the same period of 2002 and the 12.3% for 2002 as a whole.
Net operating profit (EBIT) amounted to 438.8 million euros, down 3.2% compared with the 453.4 million euros of the first nine months of 2002. The Group reports an EBIT margin of 8.3% compared with the 8% of the same period of 2002 and the 8.1% of 2002 as a whole.
Amortisation and depreciation accounted for 4% of sales during the first nine months of the year compared with 4.2% for the same period of 2002 and for 2002 as a whole. Amortisation and depreciation were calculated on the basis of the same criteria and rates applied in the preparation of the financial statements for the year ended December 31, 2002 and the quarterly accounts for the corresponding period of the previous year.

As in 2002, during the first nine months of the year the Group operated in 30 countries, employing an average of 34,835 personnel compared with an average of 37,668 for the same period of the previous year.

Total interest expense for the period, including gains and losses deriving from exchange differences, amounted to 121.7 million euros, compared with the 103.9 million of the same period of 2002.
The increase of 17.8 million euros compared with the first nine months of 2002 is due to a different method of taking unrealised negative exchange differences, relating to the Brazilian real, to the profit and loss account.
It should be noted that exchange rate losses of 26.1 million euros, deriving from the application of closing rates as of September 30, 2002, were posted to extraordinary expense for the first nine months of 2002. As described in the report for third quarter 2002, this was done to reflect the poor performance of the Brazilian currency, due to uncertainty surrounding the approaching presidential election. It was also done because we expected such losses to be absorbed by the end of the year, as a result of the stabilisation of the relevant exchange rate, following an end to the above uncertainty once the election had been decided.
The impact of interest expense on sales, excluding exchange differences, remained unchanged at around 1.5%, as in 2002.

Operating review for third quarter 2003
Consolidated sales for the third quarter of 2003 amounted to 1,838 million euros, compared with the 1,806 million euros of the same period of the previous year.
Gross operating profit (EBITDA) for the third quarter of 2003 totalled 237.6 million euros, compared with the 220.2 million of the third quarter of the previous year, whilst net operating profit (EBIT) amounted to 168.9 million euros, compared with the 156.7 million of the same period of 2002.

The EBITDA margin stood at 12.9% compared with the 12.2% of the same period of 2002 and the 12.3% of 2002 as a whole. The EBIT margin stands at 9.2%, compared with the 8.7% of the same period of 2002 and the 8.1% of 2002 as a whole.
The increase in sales and operating margins was due to the positive cycle linked to high value added seasonal products, such as fruit juices and other drinks, in addition to the different impact of exchange rates on the quarter under consideration.
The increase in interest expense compared with the same period of the previous year is explained above with regard to the first nine months of 2003. This relates to the different method of taking unrealised negative exchange differences, relating to the Brazilian real, to the profit and loss account.

Financial review

Net debt has shifted from the 1,810 million euros of June 30, 2003 to 1,819 million euros as of September 30, 2003 (1,862 million euros as of December 31, 2002). Operating cash flow was used to cover the cost of investment and working capital requirements.
The increase in total gross debt (from 5,347 million euros as of June 30, 2003 to 6,040 million euros as of September 30, 2003) and the rise in cash and cash equivalents (from 3,537 million euros to 4,221 million euros) is due to the bond issues described in more detail in the following paragraph, "Significant events during the third quarter". The cash raised as a result of the issues had only been partly used as of September 30, 2003.

Bank debt and debenture loans include:

(thousands of euros)	September 30, 2003	June 30, 2003	December 31, 2002
Debt represented by bonds issued by Parmalat Finanziaria Spa	258,229	258,229	361,520
Debt represented by bonds convertible into Parmalat Finanziaria ordinary shares	1,184,400	1,184,400	938,000
Debt represented by bonds issued by overseas-registered subsidiaries	5,526,918	4,465,985	4,753,487 *
Bonds bought back and/or subscribed by consolidated subsidiaries * *	(2,911,000)	(2,911,000)	(2,811,000)
Total debt represented by debentures and bonds	4,058,547	2,997,614	3,242,007
Bank debt or debt to other lenders	1,981,446	2,349,544	2,193,803
Total bank debt and debenture loans	6,039,993	5,347,158	5,435,810

* Includes the Parmalat Soparfi Sa 2002/2022 246.4 million euro guaranteed zero coupon equity linked bonds classified to "Convertible bonds" as of June 30 and September 30, 2003 following the resolution passed by the Extraordinary General Meeting of April 30, 2003 regarding a capital increase of 80 million euros, to take place via the issue of up to a maximum of 80 million ordinary shares with a par value of 1 euro each, at an issue price to be set at 3.08 euros per share, and to be used exclusively to redeem the above Parmalat Soparfi 2002/2022 bonds, which are redeemable, at the issuer's discretion, via their conversion into ordinary shares of Parmalat Finanziaria.

** As required by consolidation principles, intercompany creditors and debtors are eliminated in the preparation of the consolidated financial statements.

The aging schedule for debt represented by bonds is shown below (thousands of euros):

Maturity	Bonds issue by Parmalat Finanziaria	Bonds convertible into Parmalat Finanziaria ordinary shares	Bonds issued by subsidiaries	Total
Within December 31, 2003			150,000	150,000
2004		246,400 *	400,000	646,400
2005		281,200	1,397,519	1,678,719
2006		350,000 **	500,000	850,000
2007	206,583		450,000	656,583
2008			1,649,111	1,649,111
2009			515,000	515,000
2010	51,646		350,000	401,646
2026			14,661	14,661
2028			100,627	100,627
2032		306,800		306,800
Total bonds	258,229	1,184,000	5,526,918	6,969,547
Parmalat bonds owned by consolidated companies	0	0	(2,911,000)	(2,911,000)
Net value of the bonds	258,229	1,184,400	2,615,918	4,058,547

* loan maturing December 12, 2022, redeemable at the option of the bondholders in December 2004
** loan maturing June 30, 2021, redeemable at the option of the bondholders in June 2006

Information regarding bonds maturing by December 31, 2004 is given below:

- the sum of 246.4 million euros posted to convertible bonds regards zero coupon equity-linked bonds, with an annual yield to maturity of 2.75%, payable from December 12, 2002 and maturing December 12, 2022, issued by the Luxembourg-registered subsidiary, Parmalat Soparfi Sa; the holders have the option to effect early redemption of the bonds at par value plus the annual yield of 2.75% in the months of December 2004, 2006, 2008, 2010, 2012 and 2017; the redemption value of each bond with a par value of 1,000 euros as of December 12, 2004 will be 1,055.76 euros;
- a part of the bonds issued by subsidiaries maturing in 2003 and 2004, totalling 550 million euros, has been bought back by another consolidated company. The buy-back amounts to a total par value of 360 million euros.

Bonds maturing in 2003 and 2004:

Issuing company	Maturity	Annual interest (%)	Issue amount (thousands of euros)
Parmalat Finance Corporation Bv	December 8, 2003	6.000	150,000
Parmalat Finance Corporation Bv	June 23, 2004	4.625	100,000
Parmalat Finance Corporation Bv	September 20, 2004	5.125	150,000
Parmalat Finance Corporation Bv	December 13, 2004	5.250	150,000
Total bonds			550,000
Value of bonds held by consolidated companies			(360,000)
Total to be redeemed			190,000

As of September 30, 2003, therefore, the cash required by the Parmalat Group in order to repay debt maturing by December 31, 2004 totals 190 million euros. An additional 246.4 million euros, increased by the related yield, may be necessary should all the holders of Parmalat Soparfi Sa equity linked bonds 2002/2022 exercise their early redemption rights in December 2004, as permitted by the relevant regulations.

In relation to short-term financial commitments, it should be noted that the Parmalat Group could be obliged to acquire the 18.18% of its Brazilian subsidiary, Parmalat Empreendimentos e Administracao Ltda, owned by North American institutional investors, should the planned listing of the company’s shares not take place by the end of 2003. The acquisition will require an investment of approximately 400 million US dollars.
At the present time we believe that it is unlikely that the listing of Parmalat Empreendimentos e Administracao Ltda will take place within the agreed deadline. Unless we are able to renegotiate the conditions agreed with the North American institutional investors, Parmalat will therefore be required to honour its commitment to buy out the minority holding in the Brazilian company.
Both the bonds maturing within 2004 and the above financial commitments will be met by using liquidity.

Current financial assets break down as follows:

(thousands of euros)	September 30, 2003	June 30, 2003	December 31, 2002
Other equity investments	0	4	4
Bonds	1,576,935	1,315,173	853,198
Investment funds	496,533	477,807	504,855
Promissory notes / Commercial paper	571,686	655,880	1,052,586
Other	5,827	6,746	2,302
Total	2,650,981	2,455,610	2,412,945

Current financial assets include 61 million euros regarding subordinated securities purchased and/or subscribed as part of certain financial transactions.

All the bonds posted to current assets, amounting to 1,576.9 million euros, have a minimum single A rating, with the exception of the investment in Sires Star bonds, subscribed as part of a financial transaction with a leading international bank, amounting to 34.2 million euros and maturing in December 2017.
The payment of interest on the Sires Star bonds is guaranteed by a leading international bank via a swap agreement that guarantees a fixed yield. Moreover, in the event of default on repayment of the principal by the issuer, Parmalat has the right to “call” the bonds and the above leading international bank will be obliged to transfer to Parmalat an amount corresponding to the securities issued by Parmalat Group companies.

The securities posted among current asset investments include shares in an overseas-registered, open-ended mutual investment fund denominated Epicurum, established at the end of September 2002. The securities are recorded at a book value of 496.5 million euros, equivalent therefore to their historical cost.
This fund, which invests in listed and unlisted financial instruments, derivatives and shares in other funds, will publish its first balance sheet at the end of its first full year of operation, namely as of December 31, 2003, in compliance with the applicable legislation and accounting principles and the relevant regulatory and statutory provisions.
The investment was made in order to assign the management of a portion of the Group’s liquidity to professional fund managers, partly based on an expected return in excess of the average returns provided by the securities currently in portfolio. The projected duration of the investment is short term, but will in any event be based on the realised and/or expected return.
Following a number of articles in the press and the circulation of information from a variety of sources, on November 12 the Epicurum fund recommended that Parmalat agree to liquidate its investment in the fund, in order to avoid damage to both parties.

As a result of this request Parmalat decided to liquidate its investment in the fund. The liquidation will take place according to the fund's statutory terms and conditions. The amount to be liquidated will be in the region of 600 million US dollars and liquidation will be completed within 15 days.
A consolidated Group company entered into a currency swap contract with the Epicurum fund in March of this year, involving a notional amount of 850 million euros. The parties agreed to effect quarterly payments to each other of the exchange rate differences accruing between the US dollar and the euro, compared to an agreed initial exchange rate, up to 2007. The contract was entered into, in view of the high degree of volatility of the US dollar/euro exchange rate, in order to hedge exchange rate risk linked to the Parmalat Group's existing investments in "the dollar area".
In view of recent events, we cannot exclude the early termination or renegotiation of the contract entered into with the Epicurum fund.

The value of promissory notes posted to current assets has declined from 1,052.6 million euros as of December 31, 2002 to 571.7 million euros as of September 30, 2003. The above securities are linked to financial transactions relating to the Group's commercial and industrial development in certain countries. Most of the promissory notes are guaranteed by leading banks.

The classification of the above securities among current assets was based on the fact that they mature and will be liquidated in the short term.

Relations with subsidiaries and associated companies
"Participation agreement" transactions are carried out within the Parmalat Group.
These are financial transactions between Group companies by which a Group company makes available a certain sum of money at a bank, which in turn uses the money to finance another Group company registered in another country.
The total value of such participation agreement transactions as of September 30, 2003 is 819 million US dollars, as shown in the following table:

Beneficiary company	Financing company	Currency	Amounts in millions
Parmalat de Mexico Sacv	Parmalat Soparfi Sa	USD	25
Parmalat Netherlands Bv	Bonlat Financing Corporation	USD	129
Parmalat Partecipacoes do Brasil Ltda	Eurofood Ifsc Limited	USD	100
Parmalat de Venezuela Ca	Eurofood Ifsc Limited	USD	80
Parmalat Partecipacoes do Brasil Ltda	Bonlat Financing Corporation	USD	75
Wishaw Trading Sa	Bonlat Financing Corporation	USD	213
Parmalat Capital Finance Limited	Bonlat Financing Corporation	USD	115
Parmalat Partecipacoes do Brasil Ltda	Bonlat Financing Corporation	USD	62
Parmalat Partecipacoes do Brasil Ltda	Bonlat Financing Corporation	USD	20

This type of transaction results in operational advantages, in that Group companies thus have readier access to lines of credit in the various countries in which the Group operates. In most cases, for example, the Group benefits from not having to run the risks associated with bringing money back into a country. The overseas Group company that has received the financing is required to repay the loan to the local bank that released it and not to a Group company located in another country.

Shareholders' equity

The consolidated balance sheet of Parmalat Finanziaria as of September 30, 2003 shows total consolidated shareholders' equity, including pre-tax profit for the period January 1 – September 30, 2003, of 2,074 million euros, compared with the 2,100 million euros of June 30, 2003 and the 2,250 million euros of December 31, 2002.

It should be noted that the decrease in consolidated shareholders' equity is due to the negative performance of a number of key operating currencies. During the consolidation process, the effects of using a different exchange rate for the period, with respect to the rate used in the previous period, for the translation of the assets and liabilities relating to each country into euros are posted to the consolidation reserve.

Operating performance and significant events during the third quarter of 2003 and significant subsequent events

Operating performance
Sales volumes rose 2.8% in the third quarter of 2003, compared to an increase of 1.1% during the first half of the year.

Significant events during the third quarter
In accordance with our debt management policy and during a period of favourable market conditions, the following bond issues were carried out during the quarter, as part of the Group's Medium Term Notes Programme, to which Standard & Poor's has assigned a BBB- rating:

- bonds worth 300 million euros issued in July by Parmalat Finance Corporation Bv (subscribed by a sole Italian institutional investor) maturing July 2008 indexed to Euribor plus 305 basis points;
- bonds issued in July by Parmalat Finance Corporation Bv maturing July 2008, arranged and underwritten by UBS for 420 million euros, which generated net proceeds of 130 million euros; the structure determined allows for a net cost below Euribor;
- bonds worth 350 million euros issued in September by Parmalat Finance Corporation Bv, fully underwritten by Deutsche Bank, maturing September 2010 and subject to a fixed annual rate of 6.125%.

In view of their form, duration and applicable conditions, the above bond issues are held to be in line with the Group's financial strategies. Such issues have enabled us to raise new funds at advantageous conditions to be used to refinance a part of our short-term debt over the medium to long term, and to give us greater flexibility in meeting our short-term financial commitments.

In September the subsidiary, Parmalat Spa, distributed an extraordinary dividend of 58 million euros, of which 51.7 million euros was paid to Parmalat Finanziaria Spa and the remainder to the subsidiary, Dalmata Srl.

In July, an agreement was reached for the acquisition of the cheese division of Unilever Bestfoods Robertsons South Africa (hereafter "UBR"), for a price of 65 million rands, corresponding to around 8 million euros at the current exchange rate.
The agreement regards the debt-free acquisition of two of South Africa's leading cheese brands, Simonsberg and Melrose, and the Stellenbosch production plant.
UBR's cheese division reported turnover of 138 million rands for the last financial year (almost 17 million euros at the current exchange rate). Parmalat has also undertaken to purchase UBR's cheese warehouse for a regular market price, currently estimated at around 15 million rands (1.8 million euros).
The agreement received approval from the local antitrust authority on November 3, 2003.
The acquisition will enable Parmalat to improve the profitability of its South African businesses, thanks to the resulting distribution synergies, and to expand the range of cheese products on offer to consumers.

Significant subsequent events
Following the end of the third quarter, the Group has generally maintained its position in its various markets, whilst sales volumes appear to be growing at a faster rate than reported for the first nine months of the year.

The Board of Directors of the subsidiary, Parmalat Spa, which is wholly owned via a direct interest of 89.2% and an indirect interest of 10.8% held by Dalmata Srl, has called an Extraordinary General Meeting of shareholders for November 24, 2003. The Meeting will be asked to approve a capital increase from 400 to 500 million euros via the issue of new ordinary shares with a par value of 1 euro, to be offered at an issue price of 4 euros each. The total value of the transaction, including the share premium, is 400 million euros.
The capital increase, which is designed to strengthen the balance sheet of the Group's principal operating company, will be subscribed by Parmalat Finanziaria Spa via the conversion of amounts due from Parmalat Spa into share capital.

Parmalat has agreed to sell a part of its French businesses for a price of 400 thousand euros, represented by its mozzarella production in Normandy for the hotels, restaurants and catering channel. The agreement includes the transfer of all related personnel to the buyer. As a result of this sale, Parmalat has, in France, exited from a sector that no longer fits with the Group's global strategy, enabling it to rationalise its production units with consequent costs savings.

Operating outlook
Organic volume growth should exceed the increase seen in the first nine months of the year, whilst it is not possible to predict the performance of consolidated revenues, expressed in euros, given that this will depend on exchange rates over the final quarter.
The operating performance should enable the Group to maintain consolidated operating profit margins in line with the figures for the first nine months of the year.

The Board of Directors
Collecchio (Parma), November 14, 2003