CAMPOFRIO FOOD GROUP

UNAUDITED INTERIM SELECTED
CONSOLIDATED FINANCIAL INFORMATION
THREE MONTH PERIOD ENDED
31st MARCH 2016

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INTRODUCTION

In March 2015, CAMPOFRIO FOOD GROUP, S.A.U. ("Campofrío Food Group" or the "Company"), incorporated as a public limited company (*sociedad anónima*) under the laws of Spain, issued €500 million aggregate principal amount of its 3.375% Senior Notes due 2022 (the "Notes") at a price of 100.000%. The Company pays interest on the Notes semi-annually on each March 15 and September 15. At any time on or after March 15, 2018, the Company may redeem all or part of the Notes by paying a specified premium to the holders. If the Company undergoes a change of control or sells certain of its assets, it may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, the Company may redeem all, but not less than all, of the Notes.

The Company may from time to time seek to retire or purchase its outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors.

The Notes are senior debt of Campofrío Food Group and rank *pari passu* in right of payment to all of Campofrío Food Group's existing and future senior indebtedness. The Notes are guaranteed on a senior basis by certain of the Company's subsidiaries.

The Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the ''U.S. Securities Act''). The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the U.S. Securities Act (''Rule 144A'') and to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act (''Regulation S''). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Following the issuance of the new 3.375% Notes maturing in 2022, the Company redeemed all of its outstanding 8.250% Senior Notes due 2016, including applicable premium and accrued and unpaid interest, and paid related fees and expenses in connections with the Offering. The redemption of the outstanding 8.250% Senior Notes due 2016 was executed on April 2, 2015.

This Unaudited Selected Consolidated Financial Information is provided to the holders of the Notes pursuant to Section "Description of the Notes - Reports (2)" of the indenture.

CONSOLIDATED INCOME STATEMENT

Campofrío Food Group

(In Thousands of Euros)

	Three month ended March 31,			
	2016		2015	
	Actual (unaudited)	% of total oper. revenue	**Restated (unaudited)**	% of total oper. revenues
Operating revenues				
Net sales and services	444,255	97.1%	446,414	95.5%
Increase in inventories	12,358	2.7%	18,919	4.0%
Capitalized expenses on Company's work on assets	4	0.0%	1	0.0%
Other operating revenue	952	0.2%	2,080	0.4%
Total operating revenues	**457,569**	**100.0%**	**467,414**	**100.0%**
Operating expenses				
Consumption of goods and other external charges	(249,544)	(54.5%)	(260,553)	(55.7%)
Employee benefits expense	(78,589)	(17.2%)	(79,939)	(17.1%)
Depreciation and amortization	(11,952)	(2.6%)	(16,626)	(3.6%)
Changes in trade provisions	(411)	(0.1%)	(649)	(0.1%)
Other operating expenses	(95,539)	(20.9%)	(103,207)	(22.1%)
Total operating expenses	**(436,035)**	**(95.3%)**	**(460,974)**	**(98.6%)**
Impairment of non - current assets	-	0.0%	-	0.0%
Other income and expenses, net	-	0.0%	4,709	1.0%
Operating profit	**21,534**	**4.7%**	**11.149**	**2.4%**
Financial expenses, net	(5,867)	(1.3%)	(27,710)	(5.9%)
Other results	459	0.1%	(2,673)	(0.6%)
Profit (loss) before tax	**16,126**	**3.5%**	**(19,234)**	**(4.1%)**
Income taxes	(3,995)	(0.9%)	578	0.1%
Profit for the period from continuing operations	**12,131**	**2.7%**	**(18,656)**	**(4.0%)**
Profit (loss) after tax for the period from discontinued operations	-	0.0%	123	0.0%
Profit for the period	**12,131**	**2.7%**	**(18,533)**	**(4.0%)**
Non-controlling interests	-	-	-	-
Attributable to equity holders of the parent company	12,131	2.7%	(18,533)	(4.0%)

The accompanying notes are an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Campofrío Food Group
(*In Thousands of Euros*)

	Consolidated statement of financial position at,	
	Mar 31, 2016	**Mar 31, 2015**
	(Unaudited)	**(Unaudited)**
ASSETS		
Property, plant and equipment	599,965	525,060
Goodwill	460,002	460,437
Other intangible assets	270,999	279,502
Non-current financial assets	3,106	40,596
Investments accounted for under the equity method	32,608	30,909
Deferred tax assets	110,193	144,464
Total non-current assets	**1,476,873**	**1,480,968**
Biological Assets	-	-
Inventories	350,320	364,832
Trade and other receivables	156,694	210,393
Other current financial assets	390	388
Other current assets	8,148	6,545
Cash and cash equivalents	275,458	675,164
Total current assets	**791,010**	**1,257,322**
Assets classified as held for sale and discontinued operations	**-**	**5,399**
TOTAL ASSETS	**2,267,883**	**2,743,689**
EQUITY AND LIABILITES		
Equity attributable to equity holders of the parent	789,909	620,382
Equity	**789,909**	**620,382**
Debentures	493,322	492,551
Interest-bearing loans and borrowings	-	135
Other financial liabilities	11,382	10,950
Deferred tax liabilities	147,904	149,688
Other non-current liabilities	7,845	10,990
Provisions	55,852	118,581
Total non-current liabilities	**716,305**	**782,895**
Debentures	703	519,459
Interest-bearing loans and borrowings	9,100	41,562
Trade and other payables	655,285	681,480
Other financial liabilities	1,665	2,304
Creditor for income tax	2,655	5,181
Provisions	9,692	13,740
Other current liabilities	82,569	76,680
Total current liabilities	**761,669**	**1,340,406**
Liabilities associated to operations on sale or discontinued	**-**	**6**
TOTAL EQUITY AND LIABILITIES	**2,267,883**	**2,743,689**

The accompanying notes are an integral part of this consolidated financial information.

CONSOLIDATED CASH FLOW STATEMENT

Campofrío Food Group
(*In Thousands of Euros*)

	Three month ended March 31,	
	2016	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Operating flows before changes in working capital	**34,745**	**28,090**
Changes in working capital	(55,303)	(24,239)
Cash flows from operating activities	**(20,558)**	**3,851**
Net interest payments	(9,312)	(1,573)
Provision and pensions payment	(2,939)	(1,680)
Income tax paid	(3,572)	358
Other collection and payments	-	894
Net cash flows from operating activities	**(36,381)**	**1,850**
Investments in property, plant and equipment	(20,882)	(6,695)
Divestment in Joint Ventures	-	-
Other cash flows from investing operations, net	4	132
Net cash flows from investing activities	**(20,878)**	**(6,563)**
Changes in financial assets and liabilities	771	(69)
Repayments of bank debt	-	-
Issuance of debentures and bonds	-	492,511
Repayment of debentures and bonds	-	-
Amortization of capital shares	-	-
Sales of treasury shares	-	--
Net cash flows from financing activities	**771**	**492,442**
Net increase/(decrease) in cash and cash equivalents	**(56,488)**	**487,729**
Cash and cash equivalents at beginning of period	331,946	187,435
Cash and cash equivalents at end of period	275,458	675,164

The accompanying notes are an integral part of this consolidated financial information.

OTHER SELECTED CONSOLIDATED FINANCIAL INFORMATION
Campofrío Food Group
(*In Thousands of Euros*)

Conciliation from Profit for the period to EBITDA normalized

	Three month ended March 31,	
	2016	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Profit for the period attributable to equity holders of the parent company	12,131	(18,533)
Profit (loss) after tax for the period from discontinued operations	-	(123)
Income taxes	3,995	(578)
Other results	(459)	2,673
Financial expenses, net	5,867	27,710
Impairment of assets	-	-
Depreciation and amortization	11,952	16,626
EBITDA	**33,486**	**27,775**
Total adjustments	161	1,119
EBITDA (normalized)	**33,647**	**28,894**

The accompanying notes are an integral part of this consolidated financial information.

EXPLANATORY NOTES TO THE UNAUDITED INTERIM SELECTED CONSOLIDATED FINANCIAL INFORMATION

Corporate Information

Campofrío Food Group, S.A.U. (the "Company"), with registered office at Avda. de Europa, Parque Empresarial La Moraleja in Alcobendas (Madrid), was incorporated as a private limited company in Spain on September 1, 1944, under the registered name Conservera Campofrío, S.A. On September 5, 1996, the Company's name was changed to Campofrío Alimentación, S.A. and on December 30, 2008, it was changed to its current name, Campofrío Food Group, S.A. In 2015 the Company became a sole shareholder company (*sociedad unipersonal*) thus starting to use the acronym "S.A.U".

Campofrío Food Group, S.A.U. is the parent of a group of companies consolidated under the full and equity consolidation methods.

The Company manufactures and sells products mainly for human consumption. The principal activities of the parent company and the group companies are to manufacture, sell and distribute processed and canned meat and derivatives from pork, poultry and beef by-products and other food products.

The Group operates in Spain, France, Belgium, the Netherlands, Portugal, Germany, Italy, United Kingdom, USA and Romania.

Basis of preparation

The amounts of the consolidated income statement, consolidated statement of financial position and consolidated cash flow statement were prepared in accordance with International Financial Reporting Standards, adopted by the European Union (the "IFRS-EU"), in conformity with EU Regulation no. 1606/2002 of the European Parliament and Council. The rest of information and disclosures that are necessary in financial statements elaborated under IFRS-EU are not included since they are not applicable for the purpose of this document.

In any case, this selected financial information here presented and the explanatory notes should be read in conjunction with the Campofrío Food Group, S.A.U and subsidiaries Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2015.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.

The discussion and analysis of our results of operations and financial conditions are based on our consolidated financial statements, which have been prepared in accordance with IFRS-EU. The preparation of our consolidated financial statements requires us to apply accounting methods and policies that are based on difficult or subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.

Detailed information regarding the Company's accounting policies is provided in Note 2 to our Consolidated Financial Statements for the year ended December 31, 2015.

Non IFRS-EU Financial Measures

This selected financial information could contain non-IFRS-EU measures and ratios, including EBITDA, normalized EBITDA, net debt and leverage and coverage ratios that are not required by, or presented in accordance with, IFRS-EU. We present non-IFRS-EU measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS-EU measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS-EU. Non-IFRS-EU measures and ratios such as EBITDA, normalized EBITDA, net debt and leverage and coverage ratios are not measurements of our performance or liquidity under IFRS-EU and should not be considered as alternatives to operating profit or profit for the year or any other performance measures derived in accordance with IFRS-EU or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

Operating Segment Reporting

Results are presented in accordance with following strategic reporting segments:

- Southern Europe: includes mainly operating activities managed in Spain, Portugal & Italy.
- Northern Europe: includes operating activities managed primarily in France, the Netherlands, Belgium & Germany.
- Other: includes mainly corporate monitoring and supervising activities and operating activities managed in USA.

Note: Elimination in Net Sales and Services segment reporting refers to the elimination of inter-segment sales (i.e.: sales between Southern and Northern Europe) eliminated at consolidated level. Segment information is presented net of intra-segment sales (i.e.: sales between Spain and Portugal)

Net Financial Debt, Liquidity and Capital Resources

The following chart sets forth the Company's net Financial debt position as of March 31, 2016 and March 31, 2015.

NET FINANCIAL DEBT	**Three month ended March 31,**	
(*In Thousands of Euros*)	**2016**	**2015**
Non-current financial debt		
Debentures	493,322	492,551
Interest-bearing loans and borrowings	-	135
Other financial liabilities	11,382	10,950
Financial derivatives instruments	-	-
Current financial debt		
Debentures	703	519,459
Interest-bearing loans and borrowings	9,100	41,562
Other financial liabilities	1,665	2,304
Current financial assets		
Other current financial assets	(390)	(388)
Cash and cash equivalents	(275,458)	(675,164)
Total Net Financial Debt	**240,324**	**391,409**

As of March 31, 2016 the Company's debt structure has been further simplified with respect to the same quarter of the prior year given that the new bonds issued in 2015 after completing the refinancing process and the repayment of t the Senior Term Loan Facility club deal.

Therefore, the total long-term debt consists now of the Notes issued in 2015 which amounts to € 494.0 million, including accrued and unpaid interest and net of issuance cost after having successfully completed the refinancing process of the former Notes issued in 2009 on April 2.

As a result, the consolidated balance sheet continues being unusually straightforward, with practically all debt held at parent company level and most of it long-term without any refinancing concerns. In this sense, subsidiaries are typically debt-free with the exception of some minor local credit lines mainly in Italy and a number of other debt items (i.e. leasing, reimbursable grants, etc.) of rather negligible value on a global basis.

Net financial debt as of March 31, 2016 amounted to €240.3 million compared to € 391.4 million as of March 31, 2015. This €151.1 million reduction shows the continuous debt reduction process at company level over time, to this extent, gross bank debt also diminished by more than €33.0million with respect to last year as the bank club deal facility has been fully amortized and other minor bank lines have been further reduced.

However, it is necessary to underline that the comparison between the first quarter of 2016 and the same period last year is distorted given that the net proceeds of the new bonds pertaining to the Notes issued in 2015 had been cashed-in in March, while the redemption of the former Notes issued in 2009 was only completed in April last year. The Company's liquidity position remains very solid amounting to €548.5 million as of March, 31 2016, consisting of €275.5 million in cash and cash equivalents, €273.0 million of fully available bank lines in Euros (€261.0 million committed lines and €3.3 million uncommitted lines) and a credit facility in US Dollars amounting to $10.0 million (€8.7 million according the exchange rate EUR/USD at 31/03/16). The same remark on the specific circumstances in relation to the refinancing process as of March 31, 2016 apply hereby given that the cash position comprised then the net proceeds of the new bonds, while the redemption of the former ones had not been fully completed yet, whilst the actual underlying cash position was around €100.0 million lower than this year once deducted said extraordinary effect.

It is worth noting that the positive financial and liquidity positions, as well as the resulting lower leverage ratio are overall improved compared to the historical performance of the company even after deducing the extraordinary collection pertaining to the insurance compensation last year and are expected to continue so once the pending investments related to the new factory are fully paid.

Thus, the company will keep on putting emphasis on cash and liquidity likewise during previous years. In this sense, the Company continues to benefit from a wide range of diversified banking relationships and it is nowadays taking advantage to further improve the applicable terms and conditions as well of the tenor of our bank lines under a more favourable credit environment and taking advantage of our significantly improved credit profile which may also imply the possibility to reduce and/or cancel some of the existing bank lines in order to rationalize bank fees and to keep on optimizing the overall financing expenses. In addition, new banking relationships are being activated as a consequence of the enhanced financial situation and the new shareholders structure.

The following tables set forth the situation of the Company's two main financing sources as of March 31, 2016 and March 31, 2015.

Debentures	**Consolidated position at**	
(*In Thousands of Euros*)	**31/03/2016**	**31/03/2015**
Non-current debentures	493,322	492,551
Current debentures	703	519,459
Principal	-	501,717
Accrued interest	703	17,742
Total debentures	**494,025**	**1,012,010**

Interest-bearing loans and borrowings	**Consolidated position at**	
(*In Thousands of Euros*)	**31/03/2016**	**31/03/2015**
Bank loans and credit facilities	8,844	40,273
Senior term loan	133	30,179
Credit lines	8,711	10,094
Discounted bills payable	155	1,012
Interest payable	101	411
Total	**9,100**	**41,696**

The following table sets forth the situation of the Company's current and non-current other financial liabilities as of March 31, 2016 and March 31, 2015.

Other financial liabilities	**Consolidated position at 31/03/2016**			**Consolidated position at 31/03/2015**		
(In thousands of €)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Financial leases	5,733	1,343	7,076	6,530	303	6,833
Other financial liabilities	5,649	322	5,971	4,420	2,001	6,421
Total	**11,382**	**1,665**	**13,047**	**10,950**	**2.304**	**13,254**

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Campofrío Food Group is the largest European producer of packaged meat products based on net sales. Its products, which are sold under well established and leading brands or unbranded products for third parties, cover a broad range of packaged meat categories, including cooked ham, dry sausages, dry ham, hot dogs, poultry products, cold cuts and pâtés. The Company was founded in 1944 in Burgos, Spain and has expanded to achieve a direct presence in seven European countries (Spain, France, Portugal, The Netherlands, Belgium, Italy and Germany) and in the United States; although we generate sales in approximately 80 countries worldwide through independent distributors. The Company's market leading brands include *Campofrío* and *Navidul* in Spain, *Aoste, Justin Bridou* and *Cochonou* in France, *Nobre* in Portugal, *Marcassou* in Belgium, *Stegeman* in The Netherlands and *Fiorucci* in Italy. For the three month period ended March 31, 2016, the Company had Net Sales and Services and Reported EBITDA of €444,3 million and €33,5 million, respectively. The Company is headquartered in Madrid, Spain.

The Company is primarily engaged in the production and sale of packaged meat products with a focus on cooked ham, dry sausages, dry ham, hot dogs and poultry products. The Company sources meat primarily from third party suppliers which it monitors on a regular basis to ensure that high-quality and hygienic standards are maintained. The meat is then processed in one, or a combination, of our 27 facilities and the final products are sold directly to customers, which include some of the largest retailers in Europe, including Carrefour, Ahold, Auchan, Delhaize and Lidl, as well as directly or through wholesalers to a large number of food service specialists and traditional retail outlets. As a result of its strong relationships with retail and food specialist customers, the Company has also developed a strong private label or retailer brand business.

Factors Affecting Our Results of Operations

Raw Material Prices

Pig carcass average price	Three month period ended March 31,			% Increase (decrease) over prior period	
	2014	2015	2016	2015 vs. 2014	2016 vs. 2015
		(price in €/kg)			
Spain Mercolleida	1.57	1.40	1.23	-10.7	-12.1
France MPB	1.46	1.30	1.25	-10.9	-3.8
Netherlands Monfoort	1.49	1.29	1.21	-13.6	-5.8
Belgium Danis	1.35	1.19	1.09	-11.5	-8.7
Germany AIM	1.55	1.39	1.31	-10.6	-5.2
Denmark DC	1.50	1.28	1.28	-14.6	-2.2

For 4 of the last 7 years, rising grain prices had negatively affected meat protein prices. During 2013 and 2014, record consecutive grain and oilseed crops worldwide have brought the return of profitability back to EU28 pork meat production and caused its supply to increase significantly since the fall of 2014. Production pursued its growth during Q1 2016.

During 2015, grain quotations continued their corrections initiated in the fall 2012, although at a lesser pace. EU28 grain prices decreased 10 euro/ton below their year ago levels (Soft Wheat: -7%, Corn: -2% and Soybean: -9%). EU28 cereals production decreased to 309 MT (down -6%) but still provided the second largest harvest on record after last year. On one hand, soft wheat rose to another consecutive record (+2% at 150,2 MT) due to large crops in the key producing countries (France, UK, Germany and Poland). The barley harvest is steady at 60,1 MT. On the other hand, the corn harvest decreased -24% from 75.9MT to 57.4MT on lower yields (6,2 T/ha) in France, Romania, Hungary and Italy. Year to date 2016, EU cereals prices stand at -21% for Soft Wheat, -4% for Corn, -18% for Feed Wheat and -10% for Soybean, against the same period last year.

US corn and soybean production reached respectively 13,6 (-4,6%) and 3,9 (-1%) billion bushels, slightly below the historical records of 2014. However, stock to use ratios are at a decade high, pressuring prices lower. US ethanol generation now consumes 39% of the North American corn crop. In addition, South America (Brazil: 100MT and Argentina: 59MT) is forecasted to harvest new a record soybean crop next winter, for the third consecutive time surpassing the output from the United States. On a global basis, total world grain production is expected to be marginally lower at 1997 MT, down -1% from the record 2017 MT reached last year. Wheat output will surpass year ago levels to a new all-time high (727MT, up +1%) and corn will decrease to 967MT due to lower US production. Global cereals consumption is forecasted to rise slightly +1% to 1986 MT and campaign end stocks will be up +2% to 456 MT.

Wheat, barley, corn and soybean meal are all key components of the feed ration for pork and poultry production. Their lower prices widened the margins for both meat production, leading to the current growth in output.

From 2010 to summer 2014, EU pork farmers responded to the lack of profitability by reducing sow herds (-3,9% in December 2012 survey, -1.8% in December 2013). However, during the Spring 2013, a combination of lower cereals prices, and 15 to 20 year high pork carcass quotations led to a return of profitability. This pattern continued during 2014, due to further drops in cereals price levels. And despite the implementation of the new EU legislation on sow stall barns, sow populations rebounded with the Spring 2014 survey showing a trend reversal and small increase of +0.8%. Additionally, the December 2014 EU28 sow population survey consolidated the trend by increasing +0.4%. During H1 2015, this trend has been reversed again due to a combination of sharply lower pork prices and stable grain quotations. As a result, the May-June survey showed a small decrease of -0,8% in sow herds.

In line with the recent trend, the December 2015 survey provided an additional drop of -2.0% in sow herd. Population results from individual countries varied considerably. Germany: -4,0%, France: -2,3%, Poland: -14,8%, Holland: -4,8% and Denmark: -0,6% were the most important contributors to the new trend. On the other hand, Spain (+4,6%), UK (+1,3%), Italy (+0,9%) and Austria (+1,1%) powered forward. These decisions impact pork meat output with a 10 to 12 months delayed effect.

During 2014, EU28 pork production rose significantly, in particular during the second half of the year. Total estimated output rose +1.5% to 22.2 million MT, with both Q3 and Q4 displaying strong result +2.8% and +3.4% respectively. On one hand, the production increased in Germany (+0.3%), Netherlands (+4.5%), Spain (+3.3%), United Kingdom (+3.5%), France (+0.2%) and Poland (+7.6%). On the other hand, the opposite occurred in Denmark (-0.5%), Italy (-7.3%) and Belgium (-0.9%). As a result, prices rose less than anticipated during H1, and dropped sharply during Q4.

That trend accelerated during 2015 as estimated pig slaughter in the following countries reached: DE: +0.9%, ES: +6,9%, NL: +2.2%, UK: +3,7%, Italy: +3.2%. In addition, the carcass weights have been at or far above year ago levels (France, Spain, Holland) due to lower feed prices. Total output is forecasted to have risen by 3,0%.

Last July 2015, the Russian ban was extended again well into 2016, and continues to affect North Europe export oriented countries and slaughter companies. Widespread farmer discontent over low commodity prices in EU28 led to the establishment of political prices and financial support measures last summer. During the early 2016, the EU agricultural commission financed another private storage initiative for frozen pork meat, reaching about 90,000 MT but with limited impact on market prices.

China's pig and sow population estimated decrease of 100 and 10 million head respectively have led to a loss of -5% to -6% in pork meat production, with limited impact on export of USA, Canada and Europe.

In USA, the PED (Porcine Epidemic Diarrhea) event that so affected the 2014 pork supply and prices is clearly behind. After dropping -5.2% last year, a substantial production increase has followed in 2015 with slaughter activity up +8,0% year to date. Pork prices have responded accordingly, dropping sharply -31% below 2014, and further weakness occurred during Q4. Prices have remained weak during Q1 2016.

For the period of January to December 2015, EU28 pork exports to third countries increased +7,4% against last year, supported by a weaker euro and strong demand from Asia. European clients decreased their pork orders by -38%, with Russia lower by -81%, Belarus (-89%) and Ukraine (-8.5%). The large drop was more than offset by rising Asian imports (+13%) with two distinct groups. On one hand, China and South Korea traded volumes rose +24% and +1,1%. On the other hand, Philippines and Japan dropped by -6,4% and -4,9% respectively. China consolidates its position as the largest client of EU28 trade bloc with 44% of transacted volumes.

Due to increased pork meat production and the persistence of the ban on European export of pork meat to Russia, EU28 pork carcass prices were sharply lower than year ago levels. Their evolution reflected the heterogeneous supply and demand conditions in each production basin. Compared to year ago levels, 2015 pork quotations decreased significantly in all key producing countries: Spain (-12,1%), France (-3,8%), Netherlands (-5,8%), Germany (-5,2%), Belgium (-8,7%), Denmark (-2,2%).

Among all pork cuts, with the exception of France (+8.4%), Q1 2016 public market value of hams decreased in the main countries: Spain (-13,1%) and Germany (-6.2%). They dropped more significantly in the Northern countries most penalized by the Russian ban (Germany, Denmark and Netherlands) and Spain due to the large rise in pork meat production. The ham to pig price ratios traded during the summer at their lowest historical levels, a confirmation of the oversupply plaguing the internal EU28 market. Shoulders decreased in most countries, from -9,8% in Spain, -18% in Italy, -5,4% in Germany and also -3,3% in Belgium. After dropping all last year, belly prices continued their fall in Spain (-14,2%), Germany (-11,6%). Fat, jowls, trimmings all traded significantly below their year ago levels as well, but saw a recent uptick due to China demand.

Also positively affected by lower feeding costs, European chicken carcass prices have decreased during Q1 2016 (from -6,2% in Spain, or -6,3% in Poland). While French turkey (-3,4%) was also lower during the same period on higher production, breast meat decreased by almost 1 euro/kg from Spain to Poland, supported by the end of the Avian flu episode in Midwestern US.

The pork and chicken meat market trends stated above affected the Company's raw material costs only indirectly. First, the Company purchases pork and poultry cuts in different proportions, each one following its own supply and demand dynamics. During Q1 2016, the average pork meat price purchased by the Company decreased -7,2% versus year ago levels. Second, and more importantly, the cost of goods sold of long-cycle products (cured products) reflects evolutions in raw material prices with a lag time which can vary between 6 and 24 months. Taking into consideration these factors, the pork meat costs for 2015 dropped by -4,8% versus the same period last year.

Results of Operations

Comparison of the three month period ended March 31, 2016 and the three month period ended March 31, 2015

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the three month period ended March 31, 2016 and March 31, 2015.

Operating revenues *(in thousands of €)*	**Three month ended March 31,**			
	2016		**2015**	
	Actual (unaudited)	% of total oper. Revenues	**Actual (unaudited)**	% of total oper. revenues
Net sales and services	444,255	97.1%	446,414	95.5%
% increase in Net sales and services	*(0.5%)*			
Increase in inventories of finished products and work in progress	12,358	2.7%	18,919	4.0%
Capitalized expenses on Company's work on assets	4	0.0%	1	0.0%
Other operating revenue	952	0.2%	2,080	0.6%
Total operating revenues	**457,569**	**100.0%**	**467,414**	**100.0%**
% increase in total operating revenues	*(2.1%)*			

Operating revenues decreased by 2.1% to €457.6 million for the three month period ended March 31, 2016 compared to €467.4 million for the three month period ended March 31, 2015. This result reflects a decrease in net sales and services of 0.5% to €444.3 million for the three month period ended March 31, 2016 compared to €446.4 million for three month period ended March 31, 2015. The decrease in total operating revenue was due to a decrease in net sales in the Northern Europe segment offset by an increase in net sales in the Southern segment and U.S.A and to a lower increase in inventories.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the three month period ended March 31, 2016 and March 31, 2015.

Operating expenses *(In thousands of €)*	**Three month ended March 31,**			
	2016		**2015**	
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. revenues
Consumption of goods and other external charges	(249,544)	(54.5%)	(260,553)	(55.7%)
Employee benefits expense	(78,589)	(17.2%)	(79,939)	(17.1%)
Depreciation and amortization	(11,952)	(2.6%)	(16,626)	(3.6%)
Changes in trade provisions	(411)	(0.1%)	(649)	(0.1%)
Other operating expenses	(95,539)	(20.9%)	(103,207)	(22.1%)
Total operating expenses	**(436,035)**	**(95.3%)**	**(460,974)**	**(98.6%)**
% increase in total operating expenses	*(5.4%)*			

Total operating expenses decreased by 5.4% to €436.0 million for the three month period ended March 31, 2016 from €461.0 million for the three month period ended December 31, 2015. The decrease in total operating expenses was primarily attributable to a decrease in consumption of goods, lower depreciation and amortization charges and a decrease in other operating expenses. Operating expenses constituted 95.3% and 98.6% of Total operating revenues for the three month period ended March 31, 2016 and 2015, respectively.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges decreased by 4.2% to €249.5 million for the three month period ended March 31, 2016 from €260.6 million for the three month period ended March 31, 2015. Consumption of goods and other external charges constituted 54.5% and 55.7% of total operating revenues for the three month period ended March 31, 2016 and 2015, respectively. Considered together with the increase in inventories of finished products and work-in-progress presented above, consumption of goods and other external charges decreased by 5.0% the three month period ended March 31, 2016 compared to the same period of 2015.

Employee Benefits Expenses

Employee benefits expenses decreased by 1.7% to €78.6 million for the three month period ended March 31, 2016 from €79.9 million for the three month period ended March 31, 2015. Employee benefits expenses constituted 17.2% and 17.1% of total operating revenues for the three month period ended March 31, 2016 and 2015, respectively.

Depreciation and Amortization

Depreciation and amortization decreased by 28.1% to €12.0 million for the three month period ended March 31, 2016 from €16.6 million for the three month period ended March 31, 2015. Depreciation and amortization represented 2.6% and 3.6% of total operating revenues for the three month period ended March 31, 2016 and 2015, respectively. The reduction of Depreciation and amortization was mainly explained due to a an extension of the useful life of fixed asset carried out during 2015.

Other Operating Expenses

Other operating expenses decreased by 7.4% to €95.5 million for the three month period ended March 31, 2016 compared to €103.2 million for the three month period ended March 31, 2015. Other operating expenses constituted 20.9% and 22.1% of total operating revenue for the three month period ended March 31, 2016 and 2015, respectively.

Changes in Trade Provisions

Changes in trade provisions decreased by 36.7% to €0.4 million for the three month period ended March 31, 2016from €0.6 million for the three month period ended March 31, 2015.

Other income and expenses net

Other income and expenses net recognized an income of €5.0 million related to the Business Interruption insurance compensation and other expenses related to.

Results of Companies Accounted for Using the Equity Method

For the three month period ended March 31, 2016 and 2015, results of companies accounted for using the equity method amounted to a €0.5 million gain and a €2.7 million loss, respectively. Results of companies accounted for using the equity method are comprised of our share of profit / (loss) of investments accounted for using the equity method as well as accrued provision to cover risk associated to those investments.

Finance Revenue and Finance Costs

Net finance cost decreased to €5.9 million for the three month period ended March 31, 2016, compared to €27.7 million in the same period 2015 evidencing the substantial reduction of the company´s cost of debt going forward after completing the refinancing process last year. Nonetheless, it is necessary to refer to the extraordinary costs pertaining to said transaction that were accounted for in the first quarter of 2015.Besides the lower coupon savings of the new bonds versus the former ones, (3.375% versus 8.25% given that the 2009 Notes had been issued at a discount with a resulting yield of 8.375%) the financial costs decrease is also to do with the bank debt reduction after fully repaying the bank facility club deal last year, as well as to an overall reduction of interest rates and bank fees benefitting from the enhanced credit profile of the company and improved financial markets conditions.

As a consequence, the resulting debt cost of the company has more than halved bringing about recurrent interest costs savings amounting to around €25.0 million per year are expected to be accrued over time implying a positive material impact in the Income Statement, as well as in the Cash Flow.

Income Tax Expenses

An income tax charge of €4.0 million was recognized for the three month period ended March 31, 2016 compared to a €0.6 million gain in the same period of 2015. The effective tax rate was hardly comparable due to the different taxable income across different jurisdictions.

	Three month ended March 31,	
(In thousands of €)	**2016**	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Profit before tax	16,126	(19,234)
Income tax	459	(2,673)
Profit for the year from continuing operations	12,131	(18,656)

Profit (Loss) for the Period

Profit for the period amounted to €12,1 million gain for the three month period ended March 31, 2016, compared to €18.5 million loss in the same period of 2015.

Operating Segment Reporting

Net sales and services	Three month ended March 31, 2016		2015	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	254,041	57.2%	251,471	56.3%
Northern Europe	183,129	41.2%	194,230	43.5%
Other	21,405	4.8%	20,619	4.6%
Eliminations	(14,320)	(3.2%)	(19,906)	(4.5%)
Total net sales and services	**444,255**	**100.0%**	**446,414**	**100.0%**

EBITDA (normalized)	Three month ended March 31, 2016		2015	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	15,171	45.1%	9,434	32.7%
Northern Europe	14,756	43.9%	16,003	55.4%
Other	3,720	11.1%	3,457	12.0%
Total EBITDA	**33,647**	**100.0%**	**28,894**	**100.0%**
% EBITDA normalized margin over Net Sales				
Southern Europe	6.0%		3.8%	
Northern Europe	8.1%		8.2%	
Other	17.4%		16.8%	
Total EBITDA	**7.6%**		**6.5%**	

Southern Europe

Net sales and services in Southern Europe increased by 1.0% to €254.0 million for the three month period ended March 31, 2016 from €251.5 million for the same period of 2015. All the countries performing better than last year, with the exception of Italy is still suffering from weak market conditions.

Northern Europe

Net Sales in Northern Europe decrease by 5.7% to €183.1 million in the three month period ended March 31, 2016 compared to €194.2 million for the same period of 2015. The decrease was attributable to lower net sales in Netherlands, partially offset by higher net sales in France, Belgium and Germany.

Other

The Other segment mainly refers our business in U.S.A., which, during the three month period ended March 31, 2016, continued to outperform in both volume and net sales value due to improved top line strategy together with a positive exchange rate impact.

Cash Flow

Cash Flows from Operating Activities

For the three month period ended March 31, 2016, the Company generated net negative cash flows from operating activities amounting to €36.4 million cash out compared to €1.9 million cash in for the three month period ended March 31, 2015. This decrease was primarily attributable to a higher working capital deterioration, higher interest payments, higher income tax payments and higher provision payments offset by higher gross operating cash flow.

Cash Used in Investing Activities

For the three month period ended March 31, 2016, net cash used in investing activities amounted to €20.9 million cash out, compared to €6.6 million cash out for the same period in 2015. Capital expenditures amounted to €20.9 million for the three month period ended March 31, 2016 and €6.7 million for the year ended March 31, 2015. Capital expenditures increase is mainly due to the building of the "La Bureba" new factory.

Cash Flow from Financing Activities

For the three month period ended March 31, 2016, net cash flow used in financing activities was €0.8 million cash in, compared to €492.4 million cash in for the same period of 2015. The cash flow from financing operations for the three month period ended March 31, 2015 includes the net cash proceed related to the 2015 Notes issuance that were received in March 2015, whilst the refinancing process was actually closed in April as it has been referred above.

RECENT DEVELOPMENTS

“La Bureba” new factory

The new factory construction project to be built in the same location is underway and the corresponding milestones are being accomplished according to the time-schedule. To this extent, the foundation stone ceremony took place on September 16, 2015, and the project is expected to finalize by the end of 2016.

ANNEXE A – EXPLANATION OF INCOME STATEMENT ITEMS

Operating Revenues

Operating revenues consist of net sales and services, increases in inventories of finished goods and work in progress, capitalized expenses of company work on assets and other operating revenues.

Net Sales and Services

Our net sales and services consists primarily of the sales of dry, cooked and other meats products, after deduction of rebates and off invoice discounts.

Increase in Inventories of Finished Goods and Work in Progress

Increase in inventories of finished goods and work in progress includes the positive variation between the closing and opening value of finished products and work in progress.

Capitalized Expenses of Company Work on Assets

Capitalized expenses of Company work on assets includes personnel costs for staff engaged in facility development and construction and personnel expenses in connection with tangible and intangible assets. Capitalized staff costs are added to the carrying amount for the related asset in property, plant and equipment and amortized over their useful life.

Other Operating Revenues

Other operating revenues include other income not related to our core activities, such as capital grants release and operating grants.

Operating Expenses

Operating expenses consist of decrease in inventories of finished goods and work in progress, consumption of goods and other external charges, employee benefits expense, depreciation and amortization, changes in trade provisions and other operating expenses.

Decrease in Inventories of Finished Goods and Work in Progress

Decrease in inventories of finished goods and work in progress includes the negative variation between the closing and opening value of finished products and work in progress.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges includes primary purchases of raw material, mainly meats, and other product components such as packaging, spices and other auxiliary materials. This item also includes the stock variation of such materials.

Employee Benefits Expense

Employee benefits expense includes wages and salaries, dismissal indemnities, social security costs and other employee benefits such as health and life insurance.

Depreciation and Amortization

Depreciation and amortization includes property, plant and equipment depreciation charges, amortization of other intangible assets with definitive useful life, such as operating software. Costs of property, plant and equipment in use are depreciated on a straight-line basis at annual rates based on the estimated useful life of the assets.

Changes in Trade Provisions

Changes in trade provisions include mainly changes in trade allowances and reversal from doubtful debtors. Also accounted for in this line item generally, are specific, non-recurring items that are not related to our ordinary business activities.

Other Operating Expenses

Other operating expenses include all other operating expenses, including services expenses, transport cost, utilities, energies, advertising, marketing and general expenses.

Impairment of Assets

Impairment of assets includes losses recognized when the recoverable amount of non-current assets is lower than their carrying value. The recoverable value is defined as the higher of the net fair market value or the value in use of each non-current asset.

Other income and expenses, net

Other income and expenses—net includes the income received and to be received from the relevant insurance companies and losses recognized as a result of the fire at the Burgos plant on November 16, 2014.

EBIT

EBIT is equal to operating revenues less operating expenses.

Net Finance Cost

Net finance cost includes finance revenue and finance costs. Finance revenue consists of income on loans and other marketable securities, other interest and similar income, exchange rate gains and changes in fair value of financial instruments. Finance cost consists of interest bearing loans and borrowings, other finance costs and exchange losses.

Income on Loans and other Marketable Securities

Income on loans and other marketable securities consists principally of interest from deposits.

Exchange Rate Gains and Losses

This item includes gains and losses from the variation on financial liabilities denominated in US dollars, which is partially offset by the existing cash flow hedge accounting, and also includes, to a lesser extent gains and losses from the trading generated by accounts payable and receivables denominated in currencies other than euro.

Change in Fair Value of Financial Instruments

Change in fair value of financial instruments includes gains and losses from the variation in the fair value of financial instruments that do not qualify for cash flow hedge accounting.

Interest Bearing Loans and Borrowings

Interest bearing loans and borrowings includes amounts outstanding under the Company's bank loans, credit lines, payables for discounted bills and interest payable.

Share of Profit (Losses) of Investments Accounted for Using the Equity Method

Results of companies accounted for using the equity method include investments in associates over which we exercise significant influence but which are neither subsidiaries nor jointly controlled entities. Investments are measured initially at acquisition cost, subsequently adjusted for changes to each company's equity, taking into consideration the percentage of ownership and any impairment.

Income Taxes

Income taxes consists of current tax payable on the taxable profit for the year and deferred tax. The corporate tax rate in Spain is 28% in 2015 and will be 25% in 2016.

Profit (loss) from Discontinued Operations

Profit (loss) from discontinued operations represents profit or loss for the year attributable to discontinued operations.