CAMPOFRIO FOOD GROUP

UNAUDITED INTERIM SELECTED
CONSOLIDATED FINANCIAL INFORMATION
SIX MONTH PERIOD ENDED
30th JUNE 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)

	Six month ended June 30,			
	2016		2015	
	Actual (unaudited)	% of total oper. revenue	**Actual (unaudited) (restated)**	% of total oper. revenues
Operating revenues				
Net sales and services	916,533	98.4%	920,142	97.2%
Increase in inventories	13,103	1.4%	22,192	2.3%
Capitalized expenses on Company's work on assets	16	0.0%	67	0.0%
Other operating revenue	1,996	0.2%	4,357	0.5%
Total operating revenues	**931,648**	**100.0%**	**946,758**	**100.0%**
Operating expenses				
Consumption of goods and other external charges	(504,287)	(54.1%)	(529,270)	(55.9%)
Employee benefits expense	(162,956)	(17.5%)	(160,073)	(16.9%)
Depreciation and amortization	(23,977)	(2.6%)	(32,955)	(3.5%)
Changes in trade provisions	(1,728)	(0.2%)	(1,757)	(0.2%)
Other operating expenses	(195,787)	(21.0%)	(209,826)	(22.2%)
Total operating expenses	**(888,735)**	**(95.4%)**	**(933,881)**	**(98.6%)**
Impairment of non - current assets	-	0.0%	(321)	(0.0%)
Other extraordinary income and expenses, net	-	0.0%	44,296	4.7%
Operating profit	**42,913**	**4.6%**	**56,852**	**6.0%**
Financial expenses, net	(11,718)	(1.3%)	(33,881)	(3.6%)
Other results	981	0.1%	(25,428)	(2.7%)
Profit (loss) before tax	**32,176**	**3.5%**	**(2,457)**	**(0.3%)**
Income taxes	(11,911)	(1.3%)	(896)	(0.1%)
Profit for the period from continuing operations	**20,265**	**2.2%**	**(3,353)**	**(0.4%)**
Profit (loss) after tax for the period from discontinued operations	-	0.0%	8	0.0%
Profit for the period	**20,265**	**2.2%**	**(3,345)**	**(0.4%)**
Non-controlling interests	-	-	-	-
Attributable to equity holders of the parent company	20,265	2.2%	(3,345)	(0.4%)

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

CONSOLIDATED INCOME STATEMENT

Campofrío Food Group
(In Thousands of Euros)

	Three month ended June 30,			
	2016		2015	
	Actual (unaudited)	% of total oper. revenue	**Actual (unaudited) (restated)**	% of total oper. revenues
Operating revenues				
Net sales and services	472,278	99.6%	473,728	98.8%
Increase in inventories	745	0.2%	3,273	0.7%
Capitalized expenses on Company's work on assets	12	0.0%	66	0.0%
Other operating revenue	1,044	0.2%	2,277	0.5%
Total operating revenues	**474,079**	**100.0%**	**479,344**	**100.0%**
Operating expenses				
Consumption of goods and other external charges	(254,743)	(53.7%)	(268,717)	(56.1%)
Employee benefits expense	(84,367)	(17.8%)	(80,134)	(16.7%)
Depreciation and amortization	(12,025)	(2.5%)	(16,329)	(3.4%)
Changes in trade provisions	(1,317)	(0.3%)	(1,108)	(0.2%)
Other operating expenses	(100,248)	(21.1%)	(106,619)	(22.2%)
Total operating expenses	**(452,700)**	**(95.5%)**	**(472,907)**	**(98.7%)**
Impairment of non - current assets	-	-	(321)	(0.1%)
Other extraordinary income and expenses, net	-	-	39,587	8.3%
Operating profit	**21,379**	**4.5%**	**45,703**	**9.5%**
Financial expenses, net	(5,851)	(1.2%)	(6,171)	(1.3%)
Other results	522	0.1%	(22,755)	(4.7%)
Profit (loss) before tax	**16,050**	**3.4%**	**16,777**	**3.5%**
Income taxes	(7,916)	(1.7%)	(1,474)	(0.3%)
Profit for the period from continuing operations	**8,134**	**1.7%**	**15,303**	**3.2%**
Profit (loss) after tax for the period from discontinued operations	-	-	(115)	(0.0%)
Profit for the period	**8,134**	**1.7%**	**15,188**	**3.2%**
Non-controlling interests	-	-	-	-
Attributable to equity holders of the parent company	8,134	1.7%	15,188	3.2%

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,	
	Jun 30, 2016	Jun 30, 2015
	(Unaudited)	(Unaudited)
ASSETS		
Property, plant and equipment	613,284	524,274
Goodwill	460,193	460,133
Other intangible assets	268,640	277,628
Non-current financial assets	3,088	3,406
Investments accounted for under the equity method	33,004	31,180
Deferred tax assets	108,862	145,140
Total non-current assets	**1,487,071**	**1,441,761**
Biological Assets	-	-
Inventories	355,545	369,734
Trade and other receivables	154,572	178,440
Other current financial assets	389	388
Other current assets	8,798	7,160
Cash and cash equivalents	282,413	175,419
Total current assets	**801,717**	**731,141**
Assets classified as held for sale and discontinued operations	**-**	**1,006**
TOTAL ASSETS	**2,288,788**	**2,173,908**
EQUITY AND LIABILITES		
Equity attributable to equity holders of the parent	799,533	626,498
Equity	**799,533**	**626,498**
Debentures	493,576	492,644
Interest-bearing loans and borrowings	-	67
Other financial liabilities	11,208	12,065
Deferred tax liabilities	147,599	148,460
Other non-current liabilities	7,824	10,467
Provisions	45,357	52,900
Total non-current liabilities	**705,564**	**716,603**
Debentures	4,922	5,063
Interest-bearing loans and borrowings	8,714	25,613
Trade and other payables	679,429	716,190
Other financial liabilities	1,738	1,578
Creditor for income tax	3,125	3,083
Provisions	7,663	11,765
Other current liabilities	78,100	67,513
Total current liabilities	**783,691**	**830,805**
Liabilities associated to operations on sale or discontinued	**-**	**2**
TOTAL EQUITY AND LIABILITIES	**2,288,788**	**2,173,908**

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

CONSOLIDATED CASH FLOW STATEMENT

Campofrío Food Group
(*In Thousands of Euros*)

	Six month ended June 30,	
	2016	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Operating flows before changes in working capital	**61,049**	**44,794**
Changes in working capital	(42,479)	(11,360)
Cash flows from operating activities	**18,570**	**33,434**
Net interest payments	(10,034)	(20,031)
Provision and pensions payment	(8,395)	(6,367)
Income tax paid	(6,522)	(4,084)
Other collection and payments	-	67,902
Net cash flows from operating activities	**(6,381)**	**70,854**
Investments in property, plant and equipment	(43,384)	(21,444)
Divestment in Joint Ventures	-	(32,942)
Other cash flows from investing operations, net	1	4,393
Net cash flows from investing activities	**(43,383)**	**(49,993)**
Changes in financial assets and liabilities	231	(16,245)
Repayments of debentures and bonds	-	(501,717)
Issuance of debentures and bonds	-	492,368
Amortization of capital shares	-	(7,283)
Net cash flows from financing activities	**231**	**(32,877)**
Net increase/(decrease) in cash and cash equivalents	**(49,533)**	**(12,016)**
Cash and cash equivalents at beginning of period	331,946	187,435
Cash and cash equivalents at end of period	282,413	175,419

	Three month ended June 30,	
	2016	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Operating flows before changes in working capital	**26,304**	**21,725**
Changes in working capital	12,824	10,117
Cash flows from operating activities	**39,128**	**31,842**
Net interest payments	(722)	(18,458)
Provision and pensions payment	(5,456)	(4,688)
Income tax paid	(2,950)	(4,442)
Other collection and payments	-	64,750
Net cash flows from operating activities	**30,000**	**69,004**
Investments in property, plant and equipment	(22,502)	(14,749)
Divestment in Joint Ventures	-	(32,942)
Other cash flows from investing operations, net	(3)	4,261
Net cash flows from investing activities	**(22,505)**	**(43,430)**
Changes in financial assets and liabilities	(540)	(16,176)
Repayments of debentures and bonds	-	(501,717)
Issuance of debentures and bonds	-	(143)
Amortization of capital shares	-	(7,283)
Net cash flows from financing activities	**(540)**	**(525,319)**
Net increase/(decrease) in cash and cash equivalents	**6,955**	**(499,745)**
Cash and cash equivalents at beginning of period	275,458	675,164
Cash and cash equivalents at end of period	282,413	175,419

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

	Six month ended June 30,	
	2016	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Profit for the period attributable to equity holders of the parent company	20,265	(3,345)
Profit (loss) after tax for the period from discontinued operations	-	(8)
Income taxes	11,911	896
Other results	(981)	25,428
Financial expenses, net	11,718	33,881
Impairment of assets	-	321
Depreciation and amortization	23,977	32,955
EBITDA	**66,890**	**90,128**
Total adjustments	-	(23,235)
EBITDA (normalized)	**66,890**	**66,893**

Conciliation from Profit for the period to EBITDA

	Three month ended June 30,	
	2016	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Profit for the period attributable to equity holders of the parent company	8,134	15,188
Profit (loss) after tax for the period from discontinued operations	-	115
Income taxes	7,916	1,474
Other results	(522)	22,755
Financial expenses, net	5,851	6,171
Impairment of assets	-	321
Depreciation and amortization	12,025	16,329
EBITDA	**33,404**	**62,353**
Total adjustments	-	(24,354)
EBITDA (normalized)	**33,404**	**37,999**

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.U. 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).

Note: 2016 segment information is build following a full internal cost allocation model. To allow comparability, prior year information has been restated were appropriate.

Net Financial Debt, Liquidity and Capital Resources

The following chart sets forth the Company's net Financial debt position as of June 30, 2016 and June 30, 2015.

NET FINANCIAL DEBT	**Six month ended June 30,**	
(*In Thousands of Euros*)	**2016**	**2015**
Non-current financial debt		
Debentures	493,576	492,644
Interest-bearing loans and borrowings	-	67
Other financial liabilities	11,208	12,065
Financial derivatives instruments	-	-
Current financial debt		
Debentures	4,922	5,063
Interest-bearing loans and borrowings	8,714	25,613
Other financial liabilities	1,738	1,578
Current financial assets		
Other current financial assets	(389)	(388)
Cash and cash equivalents	(282,413)	(175,419)
Total Net Financial Debt	**237,356**	**361,223**

As of June 30, 2016, the Company's net financial debt has been further reduced with respect to the prior quarter by €3.0 million and is €123.9 million lower than in the same period last year, while also Gross Debt has diminished as a consequence of the full repayment of the bank facility club deal in the second half of last year.

Therefore, the total long-term debt consists now of the Notes issued in 2015 which amounts to €498.5 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 minor debt items (i.e. leasing, reimbursable grants, etc.) of rather negligible value on a global basis. It is worth underlying The Company´s financial evolution is positive indeed, having substantially improved the resulting leverage ratio, as well as the related interest cover and debt to equity ratios even accounting for the extraordinary collection pertaining to the insurance compensation last year.

The Company's liquidity position remains very solid amounting to €555.9 million as of June 2016, 2015 consisting of €282.4 million in cash and cash equivalents, €264.5 million of fully available bank lines in

Euros (€261.0 million committed lines and €3.5 million uncommitted lines) and a credit facility in US Dollars amounting to $10.0 million (€9.0 million according the exchange rate EUR/USD at 30/06/2016).

In the context of the new shareholder structure and enhanced credit profile, as well as relatively better conditions in the financial markets, the Company is improving the applicable prices of the already long-standing and diversified banking relationships, whereas some of the existing lines are likely to be reduced and/or cancelled going forward, which is expected to keep on having a positive impact in terms of financial costs and bank fees.

The following tables set forth the situation of the Company's two main financing sources as of June 30, 2016 and June 30, 2015.

Debentures	**Consolidated position at**	
(*In Thousands of Euros*)	**30/06/2016**	**30/06/2015**
Non-current debentures	493,576	492,644
Current debentures	4,922	5,063
Principal	-	-
Accrued interest	4,922	5,063
Total debentures	**498,498**	**497,707**

Interest-bearing loans and borrowings	**Consolidated position at**	
(*In Thousands of Euros*)	**30/06/2016**	**30/06/2015**
Bank loans and credit facilities	8,575	23,944
Senior term loan	67	15,155
Credit lines	8,508	8,789
Discounted bills payable	-	1,136
Interest payable	139	600
Total	**8,714**	**25,680**

The following table sets forth the situation of the Company's current and non-current other financial liabilities as of June 30, 2016 and June 30, 2015.

Other financial liabilities	**Consolidated position at 30/06/2016**			**Consolidated position at 30/06/2015**		
(In thousands of €)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Financial leases	5,563	1,417	6,980	6,469	303	6,772
Other financial liabilities	5,645	321	5,966	5,596	1,275	6,871
Total	**11,208**	**1,738**	**12,946**	**12,065**	**1,578**	**13,643**

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 June 30, 2016, the Company had Net Sales and Services and Reported EBITDA of €916.5 million and €66.9 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	Six month period ended June 30,			% Increase (decrease) over prior period	
	2014	2015	2016	2015 vs. 2014	2016 vs. 2015
		(price in €/kg)			
Spain Mercolleida	1.68	1.47	1.33	-12.2	-9.6
France MPB	1.54	1.36	1.32	-11.9	-2.8
Netherlands Monfoort	1.56	1.33	1.28	-14.6	-3.6
Belgium Danis	1.42	1.22	1.16	-14.0	-5.0
Germany AIM	1.61	1.43	1.39	-11.5	-2.9
Denmark DC	1.51	1.33	1.30	-12.5	-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.

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 2014. 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 was 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.

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 landed at a decade high, pressuring prices lower. US ethanol generation now consumes 39% of the North American corn crop. In addition, South America (Brazil [101MT] and Argentina [57MT]) harvested a record soybean crop last winter, for the third consecutive time surpassing the output from the United States. On a global basis for 2016, total world grain production is expected to rise to 2026 MT, up +1% versus last year, amounting the second largest crop ever. With increases for food, feed and industrial uses, consumption will likely be at an all-time high. And campaign end stocks will be up +3% to 482 MT. Wheat output will drop slightly from year ago levels to a 729MT, down -1% and corn will reach 1003MT (+4%) due to a rebound for US production.

EU28 cereals production is expected to reach 310.7 million tons, slightly above year ago levels. While the wheat output would drop -4% at 145MT, the rise in corn (+8% at 62MT) will compensate fully the gap. As a result, year to date EU28 wheat, corn and soybean meal prices decreased -20%, -3% and -8% against year ago levels.

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 a continuation of this pattern, the December population estimation resulted in +0.4% for total swine, -2.0% for total sows, and -2.4% for covered sows. Breeding population results from individual countries varied . Germany: -4.0%, France: -2.3%, Poland: -14.8%, Netherlands: -4.8% were the most important contributors to the new recent trend. On the other hand, Spain (+4.6%), Italy (+0.9%), and UK (+1.3%) and Romania (+1,5%) pushed ahead. 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 output rose +0,7% to 22.1 million MT, with both Q3 and Q4 displaying strong result +3.4% and +1.6% 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.

The rising trend accelerated during 2015 as pork meat production in the following countries reached: DE: +1.0%, ES: +7.6%, NL: +6.2%, UK: +4.2%, IT: +11.8%, FR: +1.2%, DK: +0.3%. Contributing also, the carcass weights have been at or far above year ago levels (France, Spain, Holland) due to lower feed prices. EU28 output rose by 3,6% to reach 22.9 MT, the largest level on record.

During the spring 2015, the EU agricultural commission financed a private storage initiative for frozen pork meat, reaching only 48100 MT. 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 2016, a new private storage was financed by the EU commission amounting to 90,000 metric tons. By the end of May , it was consumed entirely. In addition, the EU announced the renewal of it trade restrictions towards Russia until 2017, removing the possibility of the lifting of the Russian import ban for EU28 pork meat.

China's pig and sow population estimated decrease of 100 and 10 million head respectively have led to a loss of -3% in pork meat production, leading to record import demand of pork from Europe, Canada and USA. 2016 imports are estimated to almost double , and reach 2 million tons by year end.

In USA, the PED (Porcine Epidemic Diarrhea) event that so affected the 2014 pork supply and prices is clearly behind. After dropping -5.2%, a substantial production increase has followed in 2015 with slaughter activity up +8.0%. Pork prices have responded accordingly, dropping sharply -31% below 2014, and further weakness occurred during Q4. 2016 production year to date rose +0.9%, with prices down -1.1% versus last year.

During 2015, EU28 pork exports to third countries increased +7.4% against the previous 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%) following the ban. 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 +1.2%. On the other hand, Philippines and Japan dropped by -4.9% and -6.4% respectively. China consolidates its position as the largest client of EU28 trade bloc with 44% of transacted volumes.

From January to April 2016, EU28 pork exports rose +35%. China surged +83% to 689kT, and now accounts to 55% of European pork trade. Japan (+22%) and The Philippines (+34%) also contributed to the robust performance.

During the first 4.5 months of 2016, EU28 pork carcass prices were significantly lower than year ago levels due to surplus production and the persistence of the Russian ban on pork imports. However, the trend reversed sharply during May and June, boosted by the record demand from Chinese imports. Year to date, the prices evolution reflected the heterogeneous supply and demand conditions in each production basin. Compared to year ago levels, 2016 year to date pork quotations decreased notably in all key producing countries: Spain (-9.6%), France (-2.8%), Netherlands (-3.6%), Germany (-5.0%), Belgium (-2.9%), Denmark (-2.2%). Most EU countries show pork carcass prices above last year levels since the end of June 2016.

Among all pork cuts, with the exception of France (+6.2%), YTD 2016 public market value of hams decreased in the main countries: Spain (-12.8%) and Germany (-4.5%). 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 have rebounded from their lowest historical levels during 2015. Shoulders decreased from –7.7% in Spain, to -14.7% in Italy and -0.7% in Belgium. After dropping all last year, belly prices continued their fall in Spain (-6.6%), Germany (-3.6%). Fat, jowls, trimmings all traded significantly below their year ago levels as well, but saw a recent uptick due to China demand. In line with the pork carcass prices, all pieces have surged since late May 2016, to surpass their year ago levels in most countries.

Also positively affected by lower feeding costs, European chicken carcass prices have decreased during H1 2016 (from -6.4% in Spain, or -6.3% in Poland). While French turkey is mostly unchanged YTD, the trend displays a gradual decrease since January on higher production.

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 H1 2016, the average pork meat price purchased by the Company decreased -4.6% 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 -6.3% versus the same period last year.

Results of Operations

Comparison of the six month period ended June 30, 2016 and the six month period ended June 30, 2015

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the six month period ended June 30, 2016 and June 30, 2015.

Operating revenues *(in thousands of €)*	**Six month ended June 30,**			
	2016		**2015**	
	Actual (unaudited)	% of total oper. Revenues	**Actual (unaudited)**	% of total oper. revenues
Net sales and services	916,533	98.4%	920,142	97.2%
% increase in Net sales and services	*(0.4%)*			
Increase in inventories of finished products and work-in-progress	13,103	1.4%	22,192	2.3%
Capitalized expenses on Company's work on assets	16	0.0%	67	0.0%
Other operating revenue	1,996	0.2%	4,357	0.5%
Total operating revenues	**931,648**	**100.0%**	**946,758**	**100.0%**
% increase in total operating revenues	*(1.6%)*			

Operating revenues decreased by 1.6% to €931.6 million for the six month period ended June 30, 2016 compared to €946.8 million for the six month period ended June 30, 2015. This result reflects a decrease in net sales and services of 0.4% to €916.5 million for the six month period ended June 30, 2016 compared to €920.1 million for six month period ended June 30, 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 to a lower increase in inventories of finished products and work-in-progress.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the six month period ended June 30, 2016 and June 30, 2015.

Operating expenses *(In thousands of €)*	**Six month ended June 30,**			
	2016		**2015**	
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. revenues
Consumption of goods and other external charges	(504,287)	(54.1%)	(529,270)	(55.9%)
Employee benefits expense	(162,956)	(17.5%)	(160,073)	(16.9%)
Depreciation and amortization	(23,977)	(2.6%)	(32,955)	(3.5%)
Changes in trade provisions	(1,728)	(0.2%)	(1,757)	(0.2%)
Other operating expenses	(195,787)	(21.0%)	(209,826)	(22.2%)
Total operating expenses	**(888,735)**	**(95.4%)**	**(933,881)**	**(98.6%)**
% increase in total operating expenses	*(4.8%)*			

Total operating expenses decreased by 4.8% to €888.7 million for the six month period ended June 30, 2016 from €933,9 million for the six month period ended June 30, 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 95.4% and 98.6% of total operating revenues for the six month period ended June 30, 2016 and 2015, respectively.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges decreased by 4.7% to €504.3 million for the six month period ended June 30, 2016 from €529.3 million for the six month period ended June 30, 2015. Consumption of goods and other external charges constituted 54.1% and 55.9% of total operating revenues for the six month period ended June 30, 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 3.1% the six month period ended June 30, 2016 compared to the same period of 2015.

Employee Benefits Expenses

Employee benefits expenses increased by 1.8% to €163.0 million for the six month period ended June 30, 2016 from €160.1 million for the six month period ended June 30, 2015. Employee benefits expenses constituted 17.5% and 16.9% of total operating revenues for the six month period ended June 30, 2016 and 2015, respectively. The increase was primarily attributable to a compensation paid to Directors offset by an adjustment in restructuring provision.

Depreciation and Amortization

Depreciation and amortization decreased by 27.2% to €24.0 million for the six month period ended June 30, 2016 from €33.0 million for the six month period ended June 30, 2015. Depreciation and amortization represented 2.6% and 3.5% of total operating revenues for the six month period ended June 30, 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.

Changes in Trade Provisions

Changes in trade provisions decreased by 1.7% to €1.7 million for the six month period ended June 30, 2016from €1.8 million for the three month period ended March 31, 2015.

Other Operating Expenses

Other operating expenses decreased by 6.7% to €195.8 million for the six month period ended June 30, 2016 compared to €209.8 million for the six month period ended June 30, 2015. Other operating expenses constituted 21.0% and 22.2% of total operating revenue for the six month period ended June 30, 2016 and 2015, respectively.

Other Extraordinary income and expenses

Other extraordinary income and expenses amounted €44.3 million income in the six month period ended June 30, 2015 and it include the accrued income from the relevant insurance companies and losses recognized as a result of the fire at the Burgos plant on November 16, 2014.

Results of Companies Accounted for Using the Equity Method

For the six month period ended June 30, 2016 and 2015, results of companies accounted for using the equity method amounted to a €1.0 million gain and a €25.4 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 €11.7 million for the six month period ended June 30, 2016, compared to €33.9 million in the same period 2015. This decrease is mainly due to the lower coupon savings after the refinancing process (i.e.3.375% versus 8.25% given that the 2009 Notes had been issued at a discount with a resulting yield of 8.375%), as well as to lower interest rates and spreads under the bank lines and a reduction of bank fees taking advantage of the Company´s enhanced credit profile and overall financial markets improved conditions. As a consequence, the resulting total cost of capital of the Company has more than halved compared to last year.

Income Tax Expenses

An income tax charge of €11.9 million was recognized for the six month period ended June 30, 2016 compared to a €0.9 million loss in the same period of 2015. The effective tax rate was hardly comparable due to the different taxable income across different jurisdictions.

	Six month ended June 30,	
(In thousands of €)	**2016**	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Profit before tax	32,176	(2,457)
Income tax	(11,911)	(896)
Profit for the year from continuing operations	20,265	(3,353)

Profit (Loss) for the Period

Profit for the period amounted to €20,3 million gain for the six month period ended June 30, 2016, compared to €3.4 million loss in the same period of 2015.

Operating Segment Reporting

Net sales and services	Six month ended June 30, 2016		2015	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	528,932	57.7%	517,804	56.3%
Northern Europe	370,682	40.4%	399,799	43.4%
Other	45,450	5.0%	43,404	4.7%
Eliminations	(28,531)	(3.1%)	(40,865)	(4.4%)
Total net sales and services	**916,533**	**100.0%**	**920,142**	**100.0%**

EBITDA	Six month ended June 30, 2016		2015	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	29,647	44.3%	24,861	37.2%
Northern Europe	29,776	44.5%	31,929	47.7%
Other	7,467	11.2%	10,103	15.1%
Total EBITDA	**66,890**	**100.0%**	**66,893**	**100.0%**
% EBITDA margin over Net Sales				
Southern Europe	5.6%		4.8%	
Northern Europe	8.0%		8.0%	
Other	16.4%		23.3%	
Total EBITDA	**7.3%**		**7.3%**	

Southern Europe

Net sales and services in Southern Europe increased by 2.1% to €528.9 million for the six month period ended June 30, 2016 from €517.8 million for the same period of 2015. The increase was due to the higher Net sales in Spain (both Packaged and Fresh meat) and Portugal, partially offset by Italy, still suffering from weak market conditions.

Northern Europe

Net Sales in Northern Europe decreased by 7.3% to €370.7 million in the six month period ended June 30, 2016 compared to €399.8 million for the same period of 2015. The decrease was attributable to France, The Netherlands and Belgium, partially offset by higher Net sales in Germany.

Other

The Other segment mainly refers our business in U.S., which, during the six month period ended June 30, 2016, continued to outperform in both volume and Net sales value due to improved top line strategy.

Cash Flow

Cash Flows from Operating Activities

For the six month period ended June 30, 2016, the Company generated net cash flows from operating activities amounting to €6.4 million cash out compared to €70.9 million cash in for the six month period ended June 30, 2015. This decrease was primarily attributable a decrease in other collections related to the insurance and lower change in working capital, impacts offset by higher gross operating cash flow and lower interest payments.

Cash Used in Investing Activities

For the six month period ended June 30, 2016, net cash used in investing activities amounted to €43.4 million cash out, compared to €50.0 million cash out for the same period in 2015. Capital expenditures amounted to €43.4 million for the six month period ended June 30, 2016 and €21.4 million for the six month period ended June 30, 2015. The decrease in cash out is mainly related to a €32.9 million cash out in relation with the divestment in the joint venture with Foxlease, S.A. in France in 2015 offset by the increase in capital expenditures mainly due to the building of the "La Bureba" new factory during the current period.

Cash Flow from Financing Activities

For the six month period ended June 30, 2016, net cash flow used in financing activities was €0.2 million cash in, compared to €32.9 million cash out for the same period of 2015. The cash flow from financing operations for the six month period ended June 30, 2015 includes the net cash proceed related to the 2015 Notes issuance and the 2009 Notes redemption occurred on April 2, 2015, and a €7.2 million cash out related to the capital redemption.

Comparison of the three month period ended June 30, 2016 and the three month period ended June 30, 2015

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the three month period ended June 30, 2016 and June 30, 2015.

Operating revenues *(in thousands of €)*	**Three month ended June 30,**			
	2016		**2015**	
	Actual (unaudited)	% of total oper. Revenues	**Actual (unaudited)**	% of total oper. revenues
Net sales and services	472,278	99.6%	473,728	98.8%
% increase in Net sales and services	*(0.3%)*			
Increase in inventories of finished products and work in progress	745	0.2%	3,273	0.7%
Capitalized expenses on Company's work on assets	12	0.0%	66	0.0%
Other operating revenue	1,044	0.2%	2,277	0.5%
Total operating revenues	**474,079**	**100.0%**	**479,344**	**100.0%**
% increase in total operating revenues	*(1.1%)*			

Operating revenues decreased by 1.1% to €474.1 million for the three month period ended June 30, 2016 compared to €479.3 million for the three month period ended June 30, 2015. This result reflects a decrease in net sales and services of 0.3% to €472.3 million for the three month period ended June 30, 2016 compared to €473.7 million for three month period ended June 30, 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 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 June 30, 2016 and June 30, 2015.

Operating expenses *(In thousands of €)*	**Three month ended June 30,**			
	2016		**2015**	
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. revenues
Consumption of goods and other external charges	(254,743)	(53.7%)	(268,717)	(56.1%)
Employee benefits expense	(84,367)	(17.8%)	(80,134)	(16.7%)
Depreciation and amortization	(12,025)	(2.5%)	(16,329)	(3.4%)
Changes in trade provisions	(1,317)	(0.3%)	(1,108)	(0.2%)
Other operating expenses	(100,248)	(21.1%)	(106,619)	(22.2%)
Total operating expenses	**(452,700)**	**(95.5%)**	**(472,907)**	**(98.7%)**
% increase in total operating expenses	*(4.3%)*			

Total operating expenses decreased by 4.3% to €452.7 million for the three month period ended June 30, 2016 from €472.9 million for the three month period ended June 30, 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 95.5%

and 98.7% of total operating revenues for the three month period ended June 30, 2016 and 2015, respectively.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges decreased by 5.2% to €254.7 million for the three month period ended June 30, 2016 from €268.7 million for the three month period ended June 30, 2015. Consumption of goods and other external charges constituted 53.7% and 56.1% of total operating revenues for the three month period ended June 30, 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 4.3% the three month period ended June 30, 2016 compared to the same period of 2015.

Employee Benefits Expenses

Employee benefits expenses increased by 5.3% to €84.4 million for the three month period ended June 30, 2016 from €80.1 million for the three month period ended June 30, 2015. Employee benefits expenses constituted 17.8% and 16.7% of total operating revenues for the three month period ended June 30, 2016 and 2015, respectively. The increase was primarily attributable to a compensation paid to Directors offset by an adjustment in restructuring provision.

Depreciation and Amortization

Depreciation and amortization decreased by 26.4% to €12.0 million for the three month period ended June 30, 2016 from €16.3 million for the three month period ended June 30, 2015. Depreciation and amortization represented 2.5% and 3.4% of total operating revenues for the three month period ended June 30, 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.

Changes in Trade Provisions

Changes in trade provisions increased by 18.9% to €1.3 million for the three month period ended June 30, 2016 from €1.1 million for the three month period ended June 30, 2015.

Other Operating Expenses

Other operating expenses decreased by 6.0% to €100.2 million for the three month period ended June 30, 2016 compared to €106.6 million for the three month period ended June 30, 2015. Other operating expenses constituted 21.1% and 22.2% of total operating revenue for the three month period ended June 30, 2016 and 2015, respectively.

Other Extraordinary income and expenses

Other extraordinary income and expenses amounted €39.6 million income in the three month period ended June 30, 2015 and it include the accrued income from the relevant insurance companies and losses recognized as a result of the fire at the Burgos plant on November 16, 2014.

Results of Companies Accounted for Using the Equity Method

For the three month period ended June 30, 2016 and 2015, results of companies accounted for using the equity method amounted to a €0.5 million gain and a €22.8 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 June 30, 2016, compared to €6.2 million in the same period 2015. This decrease is partially due to the lower coupon savings after the refinancing process, as well as lower interest rates and spreads under the bank lines and a reduction of bank fees.

Income Tax Expenses

An income tax charge of €7.9 million was recognized for the three month period ended June 30, 2016 compared to a €1.5 million loss in the same period of 2015. The effective tax rate was hardly comparable due to the different taxable income across different jurisdictions.

(In thousands of €)	Three month ended June 30, 2016 Actual (unaudited)	2015 Actual (unaudited)
Profit before tax	16,050	16,777
Income tax	(7,916)	(1,474)
Profit for the year from continuing operations	8,134	15,303

Profit (Loss) for the Period

Profit for the period amounted to €8,1 million gain for the three month period ended June 30, 2016, compared to €15.2 million loss in the same period of 2015.

Operating Segment Reporting

Net sales and services	Three month ended June 30,			
	2016		**2015**	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	274,891	58.2%	266,333	56.2%
Northern Europe	187,552	39.7%	205,569	43.4%
Other	24,046	5.1%	22,785	4.8%
Eliminations	(14,211)	(3.0%)	(20,959)	(4.4%)
Total net sales and services	**472,278**	**100.0%**	**473,728**	**100.0%**

EBITDA	Three month ended June 30,			
	2016		**2015**	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	15,703	47.0%	16,708	44.0%
Northern Europe	16,185	48.5%	17,132	45.1%
Other	1,516	4.5%	4,159	10.9%
Total EBITDA	**33,404**	**100.0%**	**37,999**	**100.0%**
% EBITDA margin over Net Sales				
Southern Europe	5.7%		6.3%	
Northern Europe	8.6%		8.3%	
Other	6.3%		18.3%	
Total EBITDA	**7.1%**		**8.0%**	

Southern Europe

Net sales and services in Southern Europe increased by 3.2% to €274.9 million for the three month period ended June 30, 2016 from €266.3 million for the same period of 2015. The increase was due to the higher Net sales in Spain (both Packaged and Fresh meat) and Portugal, partially offset by Italy, still suffering from weak market conditions.

Northern Europe

Net Sales in Northern Europe decreased by 8.8% to €187.6 million in the three month period ended June 30, 2016 compared to €205.7 million for the same period of 2015. The decrease was attributable to France, The Netherlands and Belgium, partially offset by higher Net sales in Germany.

Other

The Other segment mainly refers our business in U.S., which, during the three month period ended June 30, 2016, continued to outperform in both volume and Net sales value due to improved top line strategy.

Cash Flow

Cash Flows from Operating Activities

For the three month period ended June 30, 2016, the Company generated net cash flows from operating activities amounting to €30.0 million cash in compared to €69.0 million cash in for the three month period ended June 30, 2015. This decrease was primarily attributable a decrease in other collections related to the insurance offset by higher gross operating cash flow and lower interest payments.

Cash Used in Investing Activities

For the three month period ended June 30, 2016, net cash used in investing activities amounted to €22.5 million cash out, compared to €43.4 million cash out for the same period in 2015. Capital expenditures amounted to €22.5 million for the three month period ended June 30, 2016 and €14.7 million for the year ended June 30, 2015. The decrease in cash out is mainly related to a €32.9 million cash out in relation with the divestment in the joint venture with Foxlease, S.A. in France during 2015 offset by the increase in capital expenditures mainly due to the building of the "La Bureba" new factory in the current period.

Cash Flow from Financing Activities

For the three month period ended June 30, 2016, net cash flow used in financing activities was €0.5 million cash out, compared to €525.3 million cash out for the same period of 2015. The cash out for the three month period ended June 30, 2015 includes the 2009 Notes redemption and the capital shares redemption.

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 extraordinary income and expenses, net

Other extraordinary 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.