CAMPOFRIO FOOD GROUP

UNAUDITED INTERIM SELECTED
CONSOLIDATED FINANCIAL INFORMATION
NINE MONTHS PERIOD ENDED
30th SEPTEMBER 2014

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INTRODUCTION

In November 2009, CAMPOFRIO FOOD GROUP, S.A. ("Campofrio 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 8.250% Senior Notes due 2016 (the "Notes") at a price of 99.365%. The Company pays interest on the Notes semi-annually on each April 30 and October 31. At any time on or after October 31, 2013, 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 amounts involved may be material.

The Notes are senior debt of Campofrio Food Group and rank *pari passu* in right of payment to all of Campofrio 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 Notes, the Company redeemed all of its U.S Private Placement notes, prepaid all of its LBO facilities (multicurrency credit facilities with a limit of €415 million, arranged by Citigroup Global Markets Ltd and Royal Bank of Scotland plc.) and repaid all short-term borrowings under various lines of credit.

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

Campofrio Food Group
(In Thousands of Euros)

	Nine months period ended September 30,			
	2014		2013	
	Actual (unaudited)	% of total oper. revenue	Actual (unaudited)	% of total oper. revenues
Operating revenues				
Net sales and services	1,408,373	96.5%	1,390,944	97.3%
Increase in inventories of finished goods and WIP	43,042	2.9%	25,677	1.8%
Capitalized expenses on Company's work on assets	400	-	3,960	0.3%
Other operating revenue	8,024	0.5%	8,419	0.6%
Total operating revenues	1,459,839	100.0%	1,429,000	100.0%
Operating expenses				
Consumption of goods and other external charges	(832,783)	(57.0%)	(807,158)	(56.5%)
Employee benefits expense	(240,588)	(16.5%)	(241,908)	(16.9%)
Depreciation and amortization	(52,720)	(3.6%)	(49,223)	(3.4%)
Other operating expenses	(278,787)	(19.1%)	(277,780)	(19.4%)
Changes in trade provisions	(2,964)	(0.2%)	(2,409)	(0.2%)
Total operating expenses	(1,407,842)	(96.4%)	(1,378,478)	(96.5%)
Impairment of assets	-	0.0%	4,505	0.3%
Operating profit	**51,997**	**3.6%**	**55,027**	**3.9%**
Financial expenses, net	(38,690)	(2.7%)	(39,558)	(2.8%)
Other results	(10,252)	(0.7%)	(10,368)	(0.7%)
Profit before tax	**3,055**	**(0.2%)**	**5,101**	**0.4%**
Income taxes	(6,874)	(0.5%)	(3,248)	0.2%
Profit & (loss) for the period from continuing operations	**(3,819)**	**(0.3%)**	**1,853**	**0.1%**
Profit & (loss) after tax for the period from discontinued operations	804	0.1%	(40)	-
Profit & (loss) for the period	**(3,015)**	**(0.2%)**	**1,813**	**0.1%**
Non-controlling interests			-	-
Attributable to equity holders of the parent company	(3,015)	(0.2%)	1,813	0.1%

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

CONSOLIDATED INCOME STATEMENT

Campofrio Food Group
(In Thousands of Euros)

	Three month period ended September 30,			
	2014		2013	
	Actual (unaudited)	% of total oper. Revenue	**Actual (unaudited)**	% of total oper. revenues
Operating revenues				
Net sales and services	497,828	98.2%	487,802	98.9%
Increase in inventories of finished goods and WIP	5,850	1.2%	2,242	0.5%
Capitalized expenses on Company's work on assets	284	0.1%	1,164	0.2%
Other operating revenue	2,861	0.6%	2,102	0.4%
Total operating revenues	506.823	100.0%	493,310	100.0%
Operating expenses				
Consumption of goods and other external charges	(289,536)	(57.1%)	(285,153)	(57.8%)
Employee benefits expense	(77,599)	(15.3%)	(76,539)	(15.5%)
Depreciation and amortization	(17,590)	(3.5%)	(18,258)	(3.7%)
Other operating expenses	(97,049)	(19.1%)	(92,560)	(18.8%)
Changes in trade provisions	(1,171)	(0.2%)	(1,125)	(0.2%)
Total operating expenses	(482,945)	(95.3%)	(473,635)	(96.0%)
Impairment of assets	-	-	-	-
Operating profit	**23,878**	**4.7%**	**19,675**	**4.0%**
Financial expenses, net	(13,149)	(2.6%)	(13,220)	(2.7%)
Other results	(3,590)	(0.7%)	(4,529)	(0.9%)
Profit before tax	**7,139**	**1.4%**	**1,926**	**0.4%**
Income taxes	(5,845)	(1.2%)	(1,163)	0.2%
Profit & (loss) for the period from continuing operations	**1,294**	**0.3%**	**763**	**0.2%**
Profit & (loss) after tax for the period from discontinued operations	(102)	-	(30)	-
Profit & (loss) for the period	**1,192**	**0.2%**	**733**	**0.1%**
Non-controlling interests			-	-
Attributable to equity holders of the parent company	1,192	0.2%	733	0.1%

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Campofrio Food Group
(*In Thousands of Euros*)

	Consolidated statement of financial position at,	
	Sep 30, 2014	**Sep 30, 2013**
	(unaudited)	**(unaudited)**
ASSETS		
Property, plant and equipment	571,371	564,112
Goodwill	459,291	458,829
Other intangible assets	282,764	284,799
Non-current financial assets	40,084	30,907
Investments accounted for under the equity method	31,002	29,948
Deferred tax assets	154,350	142,360
Total non-current assets	**1,538,862**	**1,510,955**
Inventories	387,910	366,039
Trade and other receivables	176,100	193,732
Other current financial assets	390	390
Other current assets	5,463	9,424
Cash and cash equivalents	109,284	138,827
Total current assets	**679,147**	**708,412**
Assets classified as held for sale and discontinued operations	**1,100**	**1.081**
TOTAL ASSETS	**2,219,109**	**2,220,448**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	618,500	587,295
Equity	**618,500**	**587,295**
Debentures	485,562	492,488
Interest-bearing loans and borrowings	15,029	45,043
Other financial liabilities	10,804	4,046
Deferred tax liabilities	163,150	169,511
Other non-current liabilities	12,928	13,860
Provisions	100,710	82,371
Total non-current liabilities	**788,183**	**807,319**
Debentures	16,894	17,188
Interest-bearing loans and borrowings	48,932	49,353
Trade and other payables	667,217	644,087
Other financial liabilities	2,288	4,306
Creditor for income tax	3,410	7,591
Provisions	14,281	40,396
Other current liabilities	59,402	62,907
Total current liabilities	**812,424**	**825,828**
Liabilities associated to operations on sale or discontinued	**2**	**6**
TOTAL EQUITY AND LIABILITIES	**2,219,109**	**2,220,448**

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

CONSOLIDATED CASH FLOW STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Nine months period ended Sep 30,	
	2014	**2013**
	Actual (unaudited)	**Actual (unaudited)**
Operating flows before changes in working capital	**104,462**	**98,865**
Changes in working capital	(40,920)	6,141
Cash flows from operating activities	**63,542**	**105,006**
Net interest expenses	(27,318)	(26,528)
Provision and pensions payment	(28,606)	(28,759)
Income tax paid	880	(7,643)
Other collection and payments	1,493	121
Net cash flows from operating activities	**9,991**	**42,197**
Investments in property, plant and equipment	(39,860)	(46,763)
Investment in Group companies	-	(980)
Other cash flows from investing operations, net	390	2,465
Net cash flows from investing activities	**(39,470)**	**(45,278)**
Changes in financial assets and liabilities	(27,671)	(12,148)
Changes in non-current financial assets and liabilities	-	(15,400)
Purchase of treasury shares and Dividend payments	20,477	(454)
Net cash flows from financing activities	**(7,194)**	**(28,002)**
Net increase/(decrease) in cash and cash equivalents	**(36,673)**	**(31,083)**
Cash and cash equivalents at beginning of period	145,957	169,910
Cash and cash equivalents at end of period	109,284	138,827

	Three month period ended Sep 30,	
	2014	**2013**
	Actual (unaudited)	**Actual (unaudited)**
Operating flows before changes in working capital	**41,258**	**37,075**
Changes in working capital	(11,084)	21,649
Cash flows from operating activities	**30,174**	**58,724**
Net interest expenses	(2,441)	(1,623)
Provision and pensions payment	(3,773)	(12,662)
Income tax paid	1,697	(3,099)
Other collection and payments	10	28
Net cash flows from operating activities	**25,667**	**41,368**
Investments in property, plant and equipment	(15,280)	(12,215)
Investment in Group companies	-	(980)
Other cash flows from investing operations, net	19	2,175
Net cash flows from investing activities	**(15,261)**	**(11,020)**
Changes in financial assets and liabilities	(9,930)	(954)
Changes in non-current financial assets and liabilities	-	(3,400)
Purchase of treasury shares and Dividend payments	-	(2)
Net cash flows from financing activities	**(9,930)**	**(4,356)**
Net increase/(decrease) in cash and cash equivalents	**476**	**25,992**
Cash and cash equivalents at beginning of period	108,808	112,835
Cash and cash equivalents at end of period	109,284	138,827

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

OTHER SELECTED CONSOLIDATED FINANCIAL INFORMATION

Campofrio Food Group
(*In Thousands of Euros*)

Conciliation from Profit for the period to EBITDA normalized	**Nine months period ended September 30,**	
	2014	**2013**
	Actual (unaudited)	**Actual (unaudited)**
Profit for the period Attributable to equity holders of the parent company	(3,015)	1,813
Profit & (loss) after tax for the period from discontinued operations	(804)	40
Income taxes	6,874	3,248
Other results	10,252	10,368
Financial expenses, net	38,690	39,558
Impairment of assets	-	(4,505)
Depreciation and amortization	52,720	49,223
EBITDA	**104,717**	**99,745**
Total Adjustments	132	333
EBITDA (normalized)	**104,849**	**100,078**

Conciliation from Profit for the period to EBITDA normalized	**Three month period ended September 30,**	
	2014	**2013**
	Actual (unaudited)	**Actual (unaudited)**
Profit for the period Attributable to equity holders of the parent company	1,192	733
Profit & (loss) after tax for the period from discontinued operations	102	30
Income taxes	5,845	1,163
Other results	3,590	4,529
Financial expenses, net	13,149	13,220
Impairment of assets	-	-
Depreciation and amortization	17,590	18,258
EBITDA	**41,468**	**37,933**
Total Adjustments	73	287
EBITDA (normalized)	**41,541**	**38,220**

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

EXPLANATORY NOTES TO THE UNAUDITED INTERIM SELECTED CONSOLIDATED FINANCIAL INFORMATION

Corporate Information

Campofrio Food Group, S.A. (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 June 26, 1996, the Company's name was changed to Campofrío Alimentación, S.A. and on December 30, 2008, it was changed to its current name, Campofrio Food Group, S.A.

Campofrio Food Group, S.A. 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 and USA.

Basis of preparation

The amounts of the consolidated income, statement of financial position and 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. and subsidiaries Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2013 and 2012 and the Interim Condensed Consolidated Financial Statements and Interim Consolidated Management Report for the nine-month period ended September 30, 2014 and 2013.

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 historical 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, 2013.

Non IFRS-EU Financial Measures

The selected financial information contains non-IFRS-EU measures and ratios, including EBITDA normalized EBITDA and total net financial debt 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 and total net financial debt 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, the United Kingdom & 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 debt position as of September 30, 2014 and September 30, 2013.

NET FINANCIAL DEBT	**Nine months ended September 30,**	
	2014	**2013**
	(in thousands of €, except percentages)	
Non-current financial debt		
Debentures	485,562	492,488
Interest-bearing loans and borrowings	15,029	45,043
Other financial liabilities	10,804	4,046
Current financial debt		
Debentures	16,894	17,188
Interest-bearing loans and borrowings	48,933	49,353
Other financial liabilities	2,288	4,306
Current financial assets		
Other current financial assets	(390)	(390)
Cash and cash equivalents	(109,284)	(138,827)
Total Net Financial Debt	**469,836**	**473,207**

Our present debt structure consists of the Notes issued in 2009 which amount to € 502.4 million as of September 30, 2014. Following the recent take-over bid that triggered a Change of Control event on June, 10, 2014 and pursuant to Section 4.14 of the Indenture, a redemption offer was made at a price of 101% plus any accrued and unpaid interest to purchase any or all of a Holder's Notes. At the Expiration Time only €8,4 million of our outstanding €500 Senior Notes equivalent to 1.7% had accepted the offer.

In addition to the Notes, the Senior Term Loan Facility closed in April 2011 under a club deal facility scheme with 9 different banks to partially refinance the outstanding debt of Cesare Fiorucci S.p.A. our acquired Italian subsidiary, has €45M outstanding under a semi-annually amortization schedule (€15M every six month and finally maturing in October 2015).

As a result, the consolidated balance sheet is unusually straight-forward for a company of our size, whereas practically our total debt is held at parent company level and most of it long-term without any refinancing concerns. In this sense, our subsidiaries are typically debt-free with the exception of some local lines in Italy and a number of other debt items (i.e. leasing, subsidies, grants, etc.) of rather negligible value in this context.

Net financial debt as of September 30, 2014 is below the one at the end of September 30, 2013 despite the extraordinary cash outs associated to our on-going investments programme, which are being funded out of our positive cash flow generation and existing cash without requiring additional financing.

The Company's liquidity position remained very solid and amounted to € 337.2 million at the end of September 30, 2014, consisting of € 109.3 million in cash and cash equivalents and € 227.9 million of fully available and committed bank lines provided by a number of different international banks. In this, sense it is worth pointing out that the Company has benefitted from a wide range of diversified banking relationships over the last years even during the most acute turmoil in the financial markets, while it is nowadays taking advantage to further improve the applicable terms and condition under a more favourable credit environment.

The following tables set forth the situation of the Company's two main financing sources as of September 30, 2014 and September 30, 2013.

Debentures	**Consolidated position at**	
	30/09/2014	**30/09/2013**
	(in thousands of €, except percentages)	
Non-current debentures	485,562	492,488
Current debentures	16,894	17,188
Principal	-	-
Accrued interest	16,894	17,188
Total debentures	**502,456**	**509,676**

Interest-bearing loans and borrowings	**Consolidated position at**	
	30/09/2014	**30/09/2013**
	(in thousands of €, except percentages)	
Bank loans and credit facilities	60,204	90,099
Credit lines	60,204	90,099
Discounted bills payable	2,506	2,810
Interest payable	1,252	1,487
Total	**63,962**	**94,396**

The following table sets forth the situation of the Company's current and non-current other financial liabilities as of September 30, 2014 and September 30, 2013.

Other financial liabilities	**Consolidated position at 30/09/2014**			**Consolidated position at 30/09/2013**		
	(in thousands of €, except percentages)					
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Financial leases	6,681	392	7,073	726	627	1,353
Other financial liabilities	4,123	1,896	6,019	3,320	3,679	6,999
Total	**10,804**	**2,288**	**13,092**	**4,046**	**4,306**	**8,352**

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Campofrio Food Group is the largest European producer of processed 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 processed 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 nine months period ended September 30, 2014, the Company had Net Sales and Services and Reported EBITDA of €1,408.4 million and €104.7 million, respectively. The Company is headquartered in Madrid, Spain.

The Company is primarily engaged in the production and sale of processed 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	Nine months period ended September 30,			% Increase (decrease) over prior period	
	2012	2013	2014	2013 vs. 2012	2014 vs. 2013
		(price in €/kg)			
Spain Mercolleida	1.69	1.78	1.70	+5.3	-4.5
France MPB	1.58	1.63	1.54	+3.2	-5.5
Netherlands Monfoort	1.64	1.67	1.55	+1.8	-7.2
Belgium Danis	1.53	1.53	1.42	+0.0	-7.2
Germany AIM	1.68	1.71	1.60	+1.8	-6.4
Denmark DC	1.48	1.52	1.42	+2.7	-6.6
Italy	1.35	1.41	1.41	+4.4	+0.0

For 4 of the last 6 years, rising grain prices have resulted in increased meat protein prices. However, record consecutive grain and oilseed crops worldwide during 2013 and most likely 2014 are allowing the return of profitability to meat production and its supply to increase again.

Throughout 2013, grain quotations continued their corrections initiated in the fall 2012, as outlooks pointed to significant improvements in cereals production in both Europe and USA. In addition, South America (Brazil and Argentina) harvested a record soybean crop last winter, for the first time surpassing the output from the United States.

During 2013, European grain prices all traded below their previous year levels (Soft Wheat: -9%, Feed Wheat: -8%, Barley: -13%, Corn: -13% and Soybean: -6%). EU28 cereals production rose significantly to 302.3 MT (up +9%) and provide the second largest harvest on record. Similarly, US corn and soybean production reached respectively 14.2 (+31%) and 3.4 (+13%) billion bushels, both surpassing their previous historical records. US ethanol generation now consumes about 37% of the North American corn crop. On a global basis, total world grain production rose +9% to 1946 million MT. Both wheat and corn rose to new all time highs. Consumption was up +5% to 1904 MT and campaign end stocks up +12% to 379 MT. However, pork, poultry and beef meat production continued to be negatively impacted due to the time lag effect.

The high EU28 grain production of more than 300 MT originates from slightly increased plantings, but mostly from high average yields (+8%). Soft wheat yields rose +7% and production reached 135.2 MT, up 8.7 MT from the previous year. Corn yields (+15%) contributed the most to the large total EU28 grain output, with good results in all key producing countries (Italy, Hungary, Romania and to a lesser extent France). Barley output increased also 7% to the level of 59.6 MT.

2014 European grain production is expected to increase by+3% to 311 MT, the second largest level on record. Precipitation and temperature conditions have been optimal in most EU28 countries. The wheat crop will reach 144 MT, up +6% on both larger plantings and yields. For corn, the significant yield increase (+8% at 7.1T/ha) will more than offset the lower plantings (-2%). Total output will be up +6% at 86 MT.

Similarly, the forecast for grain production in USA is outstanding going into the fall harvest season (corn and soybean). Both crops are expected to see all time high levels (14.4 and 3.9 billion bushels respectively). As a result, their prices have dropped sharply since mid-May (respectively -65% and -36%).

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

Overall, EU28 grain prices still trade significantly above their 5 year average, and as a result continue to impact the profitability of pig producers. EU pork farmers managed their losses by further lowering sow herds (-3.4% in December 2011 survey, -4.5% in December 2012). However, during Spring 2013, a combination of lower cereals and 15 to 20 year high pork carcass prices led to a return of profitability. This pattern continued during H1 2014, due to further drops in cereals price levels. And despite the implementation of the new EU legislation on sow stall barns, sow populations stabilized somewhat with the December survey showing a decrease of only -0.9%. Results from several countries of the winter 2013 surveys show similar patterns of decreased breeding populations, but with lesser amplitude than the trend initiated more than 3 years ago. Several key EU28 pork meat producer countries show additional cuts (Germany: -3.0%, Spain: -1.5%, France: -3.1%, Poland: -5.6%, Italy: -5.0%) while 2 countries show stability to slight increase (Denmark: +2.4%, Netherlands: +1.3%). Eastern Europe (-3.4%) continues to be more affected than the EU28 average (-1.6%). As a result, it is expected that sow and pig herds will stabilize and start to increase starting Q4 2014. These decisions impact pork meat output with a 10 to 12 months delayed effect.

During 2013, EU28 pork production displayed heterogeneous, and slightly better than expected results, with estimated output down slightly -0.1% to 21.9 million MT. On one hand, the total production rose in Germany (+0.3%), Belgium (+2.1%), Italy (+0.3%), and United Kingdom (+1.0%). On the other hand, the opposite occurred in France (-0.9%), the Netherlands (-3.7%), Denmark (-0.9%), Spain (-0.8%) and Poland (-0.6%). As a result, prices have risen less than anticipated on a full year basis.

On one hand, during the first 9 months of 2014, EU28 pork meat production decreased (-0.7%), with significant differences by country: Germany (-1.3%), Netherlands (+2.8%), Denmark (-2.3%), France (-1.3%), Spain (+2.4%), Poland (+7.7%). On the other hand, pig prices decreased due to the ban of Russia pork meat imports from EU28, a consequence of a few cases of African Swine Fever in Eastern Europe. Russia was historically Europe’s largest export destination, representing 4% of total production. Prices dropped from January to March as a result of sudden excess supply. Since then, in early August 2014, Russia has extended its ban for another year. In parallel, pig slaughter numbers are starting to rise above year ago levels. Both effects are pushing EU28 pig prices significantly below last year since the summer.

During the same period, USA pork carcass prices rose to record levels due to PED (Porcine Epidemic Diarrhea), affecting dramatically the current and future supply. Estimates are that USA production could drop between -6% to -8% on a yearly basis, a substantial decrease compared to previous year. Lower grain prices have allowed pork farmers to offset a significant part of the drop with higher slaughter weights.

Year to June 2014, EU28 exports to third countries decreased -9.0% against the same period last year, mainly due to the ban of exports to Russia and geopolitical tensions in Ukraine. European clients decreased their pork orders by -76%, with Russia lower by -84%, Ukraine (-33%) and Belarus (-89%). Overall Asian imports increased +18% with two distinct groups. On one hand, South Korea, Japan, Philippines, Japan volumes rose +85%, +48% and +78%. On the other hand, China consolidates its position as the largest client of EU28 trade bloc with 38% of transacted volumes, despite a slight drop in volume (-1%).

Due to the African Swine Fever and the consequent ban on European export of pork meat to Russia, EU28 pork carcass prices dropped in all countries. Their evolution reflected the heterogeneous supply conditions in each production basin. During the period January to September 2014, the pork quotations decreased in

Spain (-4.7%), France (-5.8%), Netherlands (-7.1%), Germany (-6.5%), Belgium (-6.8%). Italy (-0.1%) prices were unchanged due to sharply lower slaughter volumes (-14.7% YTD).

Among all pork cuts, the year to date value of hams rose in France (+2.6%) and Spain (+3.2%), but dropped in the Northern countries most penalized by the Russian ban (-2.5% in Germany). The ham to pig price ratios rose from their low levels, a sign of consumers gradually returning to higher relative value cuts in parallel with the progress witnessed with economic recovery in EU28. Shoulders decreased everywhere, from –0.1% in Spain, -3.4% in France, to -6.9% in Germany. After dropping all last year, belly prices continued their fall in Spain (-1.3%), France (-1.5%), Belgium (-5.7%), Germany (-13.3%). Fat, jowls, trimmings all traded below their year ago levels.

European chicken market carcass prices have decreased in the first 6 months of 2014 (from -3.6% in France to -1.6% in Spain, or -3.2% in Poland). Fresh European turkey (-7.5%) was also lower during the same period.

The pork and chicken meat market trends stated above affected Campofrío Food Group 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 2014, the average pork meat price purchased by the Company decreased -0.2% 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 2014 dropped by -0.3% versus the same period last year.

Results of Operations

Comparison of the nine months period ended September 30, 2014 and the nine months period ended September 30, 2013

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the nine months period ended September 30, 2014 and September 30, 2013.

Operating revenues	**Nine months period ended September 30,**			
	2014		**2013**	
	(in thousands of €, except percentages)			
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. Revenues
Net sales and services	1,408,373	96.5%	1,390,944	97.3%
% increase in Net Sales and Services	*1.3%*			
Increase in inventories of finished goods and WIP	43,042	2,9%	25,677	1,8%
Capitalized expenses on Company's work on assets	400	0.0%	3,960	0.3%
Other operating revenue	8,025	0.5%	8,419	0.6%
Total operating revenues	**1,459,840**	**100,0%**	**1,429,000**	**100.0%**
% increase in total operating revenues	*2.2%*			

Operating revenues increased by 2.2% to €1,459.8 million in the nine months ended September 30, 2014 from €1,429.0 million for the nine months ended September 30, 2013. The increase in operating revenue was due primarily to an increase in net sales and services, an increase in inventory of finished products and work-in-progress, offset by lower expenses capitalized on assets after the finalization of our Enterprise Resource Planning (ERP) project. Net sales and services increased by 1.3% to €1,408.4 million in the nine months ended September 30, 2014 compared with €1,390.9 million in the nine months ended September 30, 2013. The increase in net sales and services was due primarily to an increase in net sales in Southern Europe and the U.S., partially offset by a decrease in net sales in Northern Europe, as discussed in further detail in the Operating Segment Reporting section.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the nine month period ended September 30, 2014 and September 30, 2013.

Operating expenses

	Nine months period ended September 30,			
	2014		2013	
	(in thousands of €, except percentages)			
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. revenues
Consumption of goods and other external charges	(832,783)	(57.0%)	(807,158)	(56.5%)
Employee benefits expense	(240,588)	(16.5%)	(241,908)	(16.9%)
Depreciation and amortization	(52,720)	(3.6%)	(49,223)	(3.4%)
Other operating expenses	(278,788)	(19.1%)	(277,780)	(19.4%)
Changes in trade provisions	(2,964)	(0.2%)	(2,409)	(0.2%)
Total operating expenses	**(1,407,843)**	**(96.4%)**	**(1,378,478)**	**(96.5%)**
% increase in total operating expenses	*2.1%*			

Operating expenses increased by 2.1% to €1,407.8 million for the nine months ended September 30, 2014 compared to €1,378.5 million for the same period in 2013. The increase in operating expenses was primarily attributable to an increase in consumption of goods and other external charges and depreciation and amortization. Operating expenses remained relatively stable, constituting 96.4% and 96.5% of total operating revenues for the nine months ended September 30, 2014 and 2013, respectively.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges increased by 3.2% to €832.8 million for the nine months ended September 30, 2014 compared to €807.2 million for the corresponding period in 2013. If considered together with the increase of inventories commented above, net consumption of goods increased by 1.1% motivated mainly by higher volume sold. Consumption of goods and other external charges constituted 57.0% and 56.5% of total operating revenues for the nine months ended September 30, 2014 and 2013, respectively.

Employee Benefits Expenses

Employee benefits remained relatively stable at €240.6 million for the nine months ended September 30, 2014 compared to €241.9 million for the nine months ended September 30, 2013. This decrease was predominantly due to increased efficiency as a result of the implementation of productivity plans. Employee benefits expenses constituted 16.5% and 16.9% of total operating revenues for the nine months ended September 30, 2014 and 2013, respectively.

Depreciation and Amortization

Depreciation and amortization increased by 7.1% to €52.7 million for the nine months ended September 30, 2014 compared to €49.2 million for the same period in 2013. Depreciation and amortization represented 3.6% and 3.4% of total operating revenues for the nine months ended September 30, 2014 and 2013, respectively. This increase is primarily attributable to the amortization charge of our new ERP system, the roll-out phase of which ended in 2013.

Other Operating Expenses

Other operating expenses remained relatively stable at €278.8 million for the nine months ended September 30, 2014 compared to €277.8 million for the same period of 2013. Amounts under comparison remained relatively flat for the periods under comparison. Other operating expenses constituted 19.1% and 19.4% of total operating revenues for the nine months ended September 30, 2014 and 2013, respectively.

Changes in Trade Provisions

Changes in trade provisions increased by 23% to €3.0 million in the nine months ended September 30, 2014 compared to €2.4 million in the nine months ended September 30, 2013. The increase in changes in trade provisions was primarily attributable to a bad trade provision in Spain.

Other Results

For the nine months period ended September 30, 2014 and 2013, other results amounted to €10.3 million loss and €10.4 million loss, respectively. Other Results are comprised of our share of profit / (loss) of investments in the joint ventures accounted for using the equity method as well as accrued provision to cover risk associated to those investments. The loss accounted for was primarily attributable to the provision to cover our financial risk exposure related to the joint venture with Foxlease Food, S.A. in France.

Finance and Tax Expenses

Finance Revenue and Finance Costs

Net finance cost decreased by 2.3% to €38.7 million for the nine months ended September 30, 2014 compared to €39.6 million in the same period 2013 mainly due to combination of reduced bank debt and lower interest rates.

Income Tax Expenses

An income tax charge of €6.9 million was recognized for the nine months ended September 30, 2014 compared to a €3.2 million charge for the nine months ended September 30, 2013. Income tax for the nine months ended September 30, 2013 was impacted by the capitalization of tax losses for €2.3 million.

Profit (Loss) for the Period

Profit (loss) for the nine months ended September 30, 2014 decreased to a €3.0 million loss compared to a gain of €1.8 million in the nine months ended September 30, 2013.

Operating Segment Reporting

	Nine month period ended September 30,			
Net sales and services	**2014**		**2013**	
	(in thousands of €, except percentages)			
	Actual (unaudited)	% of total	**Actual (unaudited)**	% of total
Southern Europe	816,837	58.0%	796,578	57.3%
Northern Europe	590,575	41.9%	596,568	42.9%
Other	46,661	3.3%	41,970	3.0%
Eliminations	(45,700)	(3.2%)	(44,173)	(3.2%)
Total net sales and services	**1,408,373**	**100.0%**	**1,390,943**	**100.0%**

	Nine month period ended September 30,			
EBITDA (normalized)	**2014**		**2013**	
	(in thousands of €, except percentages)			
	Actual (unaudited)	% of total	**Actual (unaudited)**	% of total
Southern Europe	52,254	49.8%	47,357	47.3%
Northern Europe	49,360	47.1%	46,641	46.6%
Other	3,235	3.1%	6,080	6.1%
Total EBITDA	**104,849**	**100.0%**	**100,078**	**100.0%**
% EBITDA normalized margin over Net Sales				
Southern Europe	6.4%		5.9%	
Northern Europe	8.4%		7.8%	
Other	6.9%		14.5%	
Total EBITDA	**7.4%**		**7.2%**	

Southern Europe

Net sales in Southern Europe increased by 2.5% to €816.8 million for the nine months ended September 30, 2014 from €796.6 million for the corresponding period in 2013. This increase was due to higher net sales in Spain and Portugal resulting from an increase in volumes sold motivated by the implementation of volume recovery plans.

Normalized EBITDA amounted to €52.3 million for the nine months period ended September 30, 2014 compared with €47.4 million for the same period of 2013. Normalized EBITDA margin over net sales for the nine months period ended September 30, 2014 reached 6.4% showing an increase over previous period of 50 basis points. EBITDA improvement is found in all countries, due to top line growth in Spain and Portugal together with good cost performance and productivity initiatives in all countries.

Northern Europe

Net sales in Northern Europe decreased by 1.0% to €590.6 million for the nine months ended September 30, 2014 from €596.6 million for the same period of 2013. This decrease was due to lower net sales in Belgium and Germany due to market price pressure and growth in discount retail sector, partially offset by increased net sales in France and The Netherlands.

The Normalized EBITDA for nine months period ended September 30, 2014 reached €49.4 million compared with €46.6 million for the same period of 2013. Margin over net sales for the nine months period ended September 30, 2014 was 8.4% showing an increase over previous period of 60 basis points. Despite EBITDA in the first three months of 2014 being lower than the same period in 2013, now in September, the nine months period is exceeding 2013 thanks to top line efforts along with productivity successes in the second and third quarters of the year.

Other

The "Other" segment mainly refers to our business in the U.S., where, despite growth in net sales, adjusted EBITDA for the nine months ended September 30, 2014, was impacted by significant meat price.

Cash Flow

Cash Flows from Operating Activities

For the nine months period ended September 30, 2014, cash flow from operating activities amounted to €10.0 million cash in compared to €42.2 million cash in for the same period of 2013. This variance was primarily attributable to an increase in working capital.

Cash Used in Investing Activities

For the nine months period ended September 30, 2014, cash flow from investing activities amounted to €39.5 million cash out, compared to €45.3 million cash out for the same period of 2013. Capital Expenditures amounted to €39.9 million in the nine months period ended September 30, 2014 and €46.8 million in the same period last year.

Cash Flow from Financing Activities

For the nine months ended September 30, 2014, net cash flow used in financing activities was €7.2 million, compared to €28.0 million for the same period of 2013. This decrease in net cash flow is due to a €27.7 million change in financial assets and liabilities, offset by a €20.5 million purchase of treasury shares.

Comparison of the three month period ended September 30, 2014 and the three month period ended September, 2013

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the three month period ended September 30, 2014 and September 30, 2013.

Operating revenues	**Three month period ended September 30,**			
	2014		**2013**	
	(in thousands of €, except percentages)			
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. revenues
Net sales and services	497,828	98.2%	487,802	98.9%
% increase in Net Sales and Services	*2.1%*			
Increase in inventories of finished goods and WIP	5,850	1,2%	2,242	0,5%
Capitalized expenses on Company's work on assets	284	0.1%	1,164	0.2%
Other operating revenue	2,861	0.6%	2,102	0.4%
Total operating revenues	**506.823**	**100.0%**	**493,310**	**100.0%**
% increase in total operating revenues	*2.8%*			

Operating revenues increased by 2.8% to €506.8 million for the three month period ended September 30, 2014 from €493.3 million for the same period of 2013. The increase in operating revenue was due primarily to an increase in net sales and services, an increase in inventory of finished products and work-in-progress. Net sales increase by 2.1% to €497.8 million for the three months period ended September, 2014 compared with €487.8 million in the same period of 2013. The increase in net sales and services was due primarily to an increase in net sales in Southern Europe and the U.S., partially offset by a decrease in net sales in Northern Europe, as discussed in further detail in the Operating Segment Reporting section.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the three month period ended September 30, 2014 and September 30, 2013.

Operating expenses	**Three month period ended September 30,**			
	2014		**2013**	
	(in thousands of €, except percentages)			
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. revenues
Consumption of goods and other external charges	(289,536)	(57.1%)	(285,153)	(57.8%)
Employee benefits expense	(77,599)	(15.3%)	(76,539)	(15.5%)
Depreciation and amortization	(17,590)	(3.5%)	(18,258)	(3.7%)
Other operating expenses	(97,049)	(19.1%)	(92,560)	(18.8%)
Changes in trade provisions	(1,171)	(0.2%)	(1,125)	(0.2%)
Total operating expenses	**(482,945)**	**(95.3%)**	**(473,635)**	**(96.0%)**
% increase in total operating expenses	*3.3%*			

Operating expenses increased by 3.3% to €482.9 million for the three month period ended September 30, 2014 compared with €473.6 million for the same period of 2013. The increase in operating expenses was primarily attributable to an increase in consumption of goods and other external. Operating expenses constituted 95.3% and 96.0% of total operating revenues for the nine months period ended September 30, 2014 and 2013, respectively.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges increased by 1.5% to €289.5 million for the three month period ended September 30, 2014 from €285.2 million for the same period of 2013. If consider together with the increase of inventories, net consumption of goods increased by 0.3% motivated by higher volume sold. Consumption of goods and other external charges constituted 57.1% and 57.8% in percentage of total operating revenues for the three months period ended September 30, 2014 and 2013, respectively.

Employee Benefits Expenses

Employee benefits expenses increased by 3.1% to €77.6 million for the three month period ended September 30, 2014 from €76.5 million for the same period of 2013. Employee benefits expenses constituted 15.5% and 15.6% in percentage total operating revenues, respectively.

Depreciation and Amortization

Depreciation and amortization decreased by 3.7% to €17.6 million for the three month period ended September 30, 2014 from €18.3 million for the same period of 2013. Depreciation and amortization represented 3.5% and 3.7% of total operating revenues for the three months period ended September 30, 2014 and 2013, respectively.

Other Operating Expenses

Other operating expenses increased by 4.8% to €97.0 million for the three month period ended September 30, 2014 from €92.6 million for the same period of 2013.

Changes in Trade Provisions

Changes in trade provisions increased by 4.1% to €1.2 million in the three months ended September 30, 2014 compared to €1.1 million in the three months ended September 30, 2013.

Other Results

For the three month period ended September 30, 2014 and 2013, Other Results amounted to €3.6 million loss and €4.5 million loss, respectively. Other Results are comprised of our share of profit / (loss) of investments in the joint ventures accounted for using the equity method as well as accrued provision to cover risk associated to those investments. The loss accounted for was primarily attributable to the provision to cover our financial risk exposure related to the joint venture with Foxlease Food, S.A. in France.

Finance and Tax Expenses

Finance Revenue and Finance Costs

Net finance cost decreased by €0.1 million to €13.1 million for the three month period ended September 30, 2014, from €13.2 million in the same period 2013.

Income Tax Expenses

Income tax amounted to €5.8 million loss for the three month period ended September 30, 2014, compared to €1.2 million loss in the same period of 2013.

Profit (Loss) for the Period

Profit (Loss) for the Period amounted to €1.2 million gain in the three month period ended September 30, 2014, compared to a €0.7 million gain in the same period of 2013.

Operating Segment Reporting

	Three month period ended September 30,			
	(in thousands of €, except percentages)			
Net sales and services	**2014**		**2013**	
	Actual (unaudited)	% of total	**Actual (unaudited)**	% of total
Southern Europe	293,314	58,9%	284,547	58,3%
Northern Europe	203,591	40.9%	205,676	42,2%
Other	17,887	3.6%	14,248	2,9%
Eliminations	(16,964)	(3.4%)	(16,670)	(3.4%)
Total net sales and services	**497,828**	**100,0%**	**487,801**	**100,0%**

EBITDA (normalized)	Three month period ended September 30, (in thousands of €, except percentages)			
	2014		2013	
	Actual (unaudited)	% of total	Actual (unaudited)	% of total
Southern Europe	20,093	48.4%	19,997	52.3%
Northern Europe	18,784	45.2%	16,228	42,5%
Other	2,666	6.4%	1,995	5.2%
Total EBITDA	**41,543**	**100,0%**	**38,220**	**100,0%**
% EBITDA normalized margin over Net Sales				
Southern Europe	6.9%		7.0%	
Northern Europe	9.2%		7.9%	
Other	14.9%		14.0%	
Total EBITDA	**8.3%**		**7.8%**	

Southern Europe

Net sales in Southern Europe increased by 3.1% to €293.3 million for the three month period ended September 30, 2014 from €284.5 million for the same period of 2013. Net sales in Spain and Portugal, are higher than previous year figures due to increase volumes driven by recovery plans.

Normalized EBITDA amounted to €20.1 million for the three month period ended September 30, 2014 compared to €20.0 million for the same period of 2013. Normalized EBITDA margin over net sales for the three month period ended September 30, 2014 reached 6.9%. In spite of net sales situation in Italy, good net sales performance in Fresh Meat and Portugal, together with good cost performance and productivities throughout, means that 2013 EBITDA levels are maintained.

Northern Europe

Net Sales in Northern Europe decreased by 1.0% to €203.6 million in the three month period ended September 30, 2014 from €205.7 million in the same period of 2013. Overall net sales decrease is the combination of growth in France and Netherlands thanks to successful recovery plan implementation, cancelled out by decrease Belgium and Germany due to market price pressure and growth in discounter retail.

The Normalized EBITDA for three month period ended September 30, 2014 reached €18.8 million compared with €16.2 million for the same period of 2013. Margin over net sales for the three month period ended September 30, 2014 was 9.2% showing an increase over previous period of 134 basis points. In spite of lower Net Sales overall in Northern Europe, thanks to good cost performance and productivity EBITDA is €2.6 million higher than the same period in 2013.

Other

The “Other” segment mainly refers to corporate costs in the headquarters and business in USA which outperforms in both sales value and EBITDA.

Cash Flow

Cash Flows from Operating Activities

For the three month period ended September 30, 2014, cash flow from operating activities amounted to €25.7 million cash in compared to €41.4 million cash in for the same period of 2013. The variation is mainly attributable to a higher working capital offset by lower pension and income tax payments and higher EBITDA.

Cash Used in Investing Activities

For the three month period ended September 30, 2014, cash flow from investing activities amounted to €15.3 million cash out, compared to €11.0 million cash out for the same period of 2013. Capital Expenditures amounted to €15.3 million in the three months period ended September 30, 2014 and €12.2 million in the same period last year.

Cash Flow from Financing Activities

For the three month period ended September 30, 2014, cash flow from financing activities amounted to €9.9 million cash out compared to €4.4 million cash out for the same period last year. The variation of cash flow from financing activities is mainly attributable to the payment regarding the partial redemption of Campofrio Food Group Notes due to the change of control.

RECENT DEVELOPMENTS

On December 23, 2013, the two principal shareholders of Campofrío Food Group, Sigma Alimentos, S.A. de C.V. (“Sigma”) and WH Group Ltd. (“WH Group”) reached an agreement whereby WH Group joined Sigma in the takeover bid for shares presented by Sigma on November 14, 2013. Sigma Europa would thus hold approximately 81.71% of Campofrío Food Group’s share capital prior to or on completion of the bid. Following bid completion, WH Group's indirect ownership in Campofrío would be 36.99% and Sigma's indirect ownership in Campofrío will be 44.72%, plus the shares acquired in the bid.

On June 09, 2014, the National Securities Market Commission (CNMV) announced the success of the takeover bid jointly offered by Sigma and WH Group, through Sigma & WH Food Europe, S.L.U. (formerly known as Alimentos Europa, S.L.U.).

On September 19, 2014, Campofrío Food Group’s shares were delisted on the stock exchanges of Madrid and Barcelona and the electronic trading system in Spain.

The Directors are evaluating various alternatives for refinancing the Debentures. Any decision regarding the refinancing will depend on the Company achieving significant financial costs savings through a reduction of the Company’s cost of capital.

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.

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.

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.

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 consist of current tax payable on the taxable profit for the year and deferred tax. The corporate tax rate in Spain was 35% in 2006, 32.5% in 2007 and 30% in 2008.

Profit (loss) from Discontinued Operations

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