CAMPOFRIO FOOD GROUP

UNAUDITED SELECTED CONSOLIDATED
FINANCIAL INFORMATION
YEAR ENDED 31st DECEMBER 2010

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INTRODUCTION

In November 2009, CAMPOFRIO FOOD GROUP, S.A. (the “Company”), incorporated as a public limited company (*sociedad anonima*) 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 will pay interest on the Notes semi-annually on each April 30 and October 31, commencing April 30, 2010. Prior to October 31, 2013, the Company will be entitled, at its option, to redeem all or a portion of the Notes by paying relevant “make-whole” premium. 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. In addition, prior to October 31, 2013, the Company may redeem at its option up to 35% of the Notes with the net proceeds from certain equity offerings. If the Company undergo a change of control or sell 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 our 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 will 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 our 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 (1)” of the indenture.

CONSOLIDATED INCOME STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Year ended December 31,			
	2010		2009	
	Actual (Audited)	% of total oper. revenues	**Actual (Audited) (Restated)**	% of total oper. revenues
Operating revenues				
Net sales and services	1.830.390	99%	1.823.819	99%
Increase in inventories of finished goods and work in progress	4.938	0%		
Capitalized expenses on Company's work on assets	146	0%	287	0%
Other operating revenue	7.597	0%	10.795	1%
Total operating revenues	1.843.071	100%	1.834.901	100%
Operating expenses				
Consumption of goods and other external charges	-981.948	-53%	-983.514	-54%
Employee benefits expense	-340.979	-19%	-346.469	-19%
Depreciation and amortization	-55.162	-3%	-55.624	-3%
Other operating expenses	-355.856	-19%	-368.226	-20%
Changes in trade provisions	-883	0%	-2.117	0%
Total operating expenses	-1.734.828	-94%	-1.755.950	-96%
Impairment of assets	-1.203	0%		
Operating profit	**107.040**	**6%**	**78.951**	**4%**
Financial expenses, net	-53.378	-3%	-59.064	-3%
Other results	-920	0%	-19	0%
Profit before tax	**52.742**	**3%**	**19.868**	**1%**
Income taxes	-12.203	-1%	-2.036	0%
Profit for the period from continuing operations	**40.539**	**2%**	**17.832**	**1%**
Profit & (Loss) after tax for the period from discontinued operations	-491	0%	-3.484	0%
Profit for the period	**40.048**	**2%**	**14.348**	**1%**
Non-controlling interests			383	0%
Attributable to equity holders of the parent company	40.048	2%	13.965	1%

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

CONSOLIDATED BALANCE SHEET

Campofrio Food Group
(*In Thousands of Euros*)

	Year ended December 31,	
	2010	**2009**
	(Audited)	**(Audited)**
ASSETS		
Property, plant and equipment	551.654	564.407
Goodwill	418.557	419.565
Other intangible assets	189.377	183.010
Non-current financial assets	6.353	6.111
Investments accounted for under the equity method	30.467	941
Deferred tax assets	68.368	65.948
Other non-current assets	131	127
Total non-current assets	**1.264.907**	**1.240.109**
Inventories	283.556	275.607
Trade and other receivables	215.178	231.797
Other current financial assets	1.186	1.173
Other current assets	6.837	3.848
Cash and cash equivalents	169.019	160.159
Total current assets	**675.776**	**672.584**
Assets classified as held for sale and discontinued operations	**5.293**	**1.555**
TOTAL ASSETS	**1.945.976**	**1.914.248**
EQUITY AND LIABILITES		
Equity attributable to equity holders of the parent	644.261	616.017
Equity attributable to minority interests		10.014
TOTAL EQUITY	**644.261**	**626.031**
Debentures	485.664	482.888
Interest-bearing loans and borrowings	1.424	0
Other financial liabilities	22.212	73.009
Deferred tax liabilities	133.747	126.110
Other non-current liabilities	19.118	21.240
Provisions	53.019	51.312
Total non-current liabilities	**715.184**	**754.559**
Debentures	6.875	6.760
Interest-bearing loans and borrowings	3.366	6.783
Trade and other payables	480.751	449.720
Other financial liabilities	6.327	2.105
Creditor for income tax	4.517	462
Provisions	4.378	9.318
Other current liabilities	80.299	58.510
Total current liabilities	**586.513**	**533.658**
Liabilities associated to operations on sale or discontinued	**18**	**0**
TOTAL EQUITY AND LIABILITIES	**1.945.976**	**1.914.248**

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

CONSOLIDATED CASH FLOW STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Year ended December 31,	
	2010	**2009**
	Actual (Audited)	**Actual (Audited) (Restated)**
Operating flows before changes in working capital	**163.828**	**142.808**
Changes in working capital	54.482	38.738
Cash flows from operating activities	**218.310**	**181.547**
Net interest expenses	-47.955	-33.817
Provision and pensions payment	-13.156	-22.921
Income tax paid	-4.177	-8.456
Other collection	1.552	6.656
Net cash flows from operating activities	**154.574**	**123.008**
Investments in property, plant and equipment	-53.976	-46.303
Purchase of minority interest	-3.163	0
Investment in Group companies	-21.353	-924
Other investment related cash flows, net	3.994	2.788
Net cash flows from investing activities	**-74.498**	**-44.439**
Changes in financial liabilities	-58.127	31.871
Payments related to the refinancing	0	-21.979
Purchase of treasury shares and Dividend payments	-12.834	-48.103
Net cash flows from financing activities	**-70.961**	**-38.211**
Net increase/(decrease) in cash and cash equivalents	9.115	40.358
Cash and cash equivalents at beginning of period	160.158	119.801
Cash and cash equivalents at end of period	**169.273**	**160.159**

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 normalised	**Year ended December 31,**	
	2010	**2009**
	Actual (Unaudited)	**Actual (Unaudited) (Restated)**
Profit for the period Attributable to equity holders of the parent company	40.048	13.965
Profit for the period Attributable to Non-controlling interests		383
Profit & (Loss) after tax for the period from discontinued operations	491	3.484
Income taxes	12.203	2.036
Other results	920	19
Financial expenses, net	53.378	59.064
Impairment of assets	1.203	
Depreciation and amortization	55.162	55.624
EBITDA	**163.405**	**134.575**
Total Adjustments	-296	8.518
EBITDA (normalised)	**163.109**	**143.093**

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 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 Company operates throughout Spain with factories in Burgos, Villaverde (Madrid), Torrijos (Toledo), Ólvega (Soria), Torrente (Valencia) and Trujillo (Cáceres), and through its subsidiaries in Portugal, Belgium, France, Germany, Italy and the Netherlands.

Additionally, on March 4, 2010, the parent signed an agreement with the Romanian Caroli meat processing group, to integrate operations between this group and the Romanian subsidiary of Campofrio Food Group, S.A. (Tabco Campofrío S.A.), and develop its business in that country and surrounding areas. The agreement was formalized between the parties on July 20, 2010.

Basis of preparation

The amounts of the consolidated income, balance sheet 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, 2010 and Campofrío Food Group, S.A. and subsidiaries Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2009.

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, 2010.

Comparison of information

During 2010, the Group's parent classified all assets and liabilities related to its business in Romania as “Non-current assets and liabilities held for sale," due to the agreement to integrate its operations with those of a third party regarding the activity of Tabco Campofrío, S.A. and to its decision to sell the Group's remaining Romanian assets. In compliance with IFRS 5, the results from the activity of the Group in Romania have been reclassified in the separate income statement for the year ended December 31, 2009 to “Net loss for the period from discontinued operations.”

Non-IFRS-EU Financial Measures

This selected financial information could contain non-IFRS-EU measures and ratios, including EBITDA, adjusted 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, adjusted 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.

Discontinued Operations

On March 4, 2010, the parent signed an agreement with the Romanian Caroli meat processing group to integrate operations with the Romanian subsidiary of Campofrio Food Group, S.A. (Tabco Campofrío S.A.), and develop its business in that country and surrounding areas. The parties formalized the agreement on July 20, 2010 (see Note 10 in Campofrio Food Group, S.A. and Subsidiaries Consolidated Financial Statements for the year ended December 31, 2010). By virtue of this agreement, the parent is no longer fully consolidated with Tabco Campofrio S.A., but is accounted for using the equity method and considered a jointly controlled entity. In addition, based on this agreement, the jointly controlled entities Caroli Foods Group BV, Caroli Foods Group SRL, Caroli Prod 2000 SRL, and Caroli Brands SRL, are likewise accounted for using the equity method.

The remaining activities of the Group in Romania carried out by the subsidiaries Degaro S.R.L., S.C. Camporom Productie, S.R.L. and total Meat Marketing, S.L., which are primarily engaged in the breeding and fattening of pigs, have been classified as discontinued operations, as the Group plans to terminate their activities (see Note 15 in Campofrio Food Group, S.A. and Subsidiaries Consolidated Financial Statements for the year ended December 31, 2010).

Other Information

On July 31, 2010, the Company completed the acquisition by its French operating company, Groupe Aoste, of Salaisons Moroni, the market leader in chorizo sausage with 3.800 tons produced in 2009. By expanding its activities to this new segment, Groupe Aoste will be further consolidating its leading position in the dry sausage category, and offer to the French consumers an even more attractive portfolio of quality products under strong national brands as well as under the retail brands of its major customers.

Operating Segment Reporting

Results are presented in accordance with following strategic reporting segments:

- Southern Europe: includes operating activities managed in Spain & Portugal
- Northern Europe: includes operating activities managed primarily in France, the Netherlands, Belgium & Germany.
- Others: includes mainly corporate activities

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 December 31, 2010 and December 31, 2009.

NET FINANCIAL DEBT	Year ended December 31,	
	2010	2009
Non-current financial debt		
Debentures	485.664	482.888
Interest-bearing loans and borrowings	1.424	0
Other financial liabilities	22.212	73.009
Current financial debt		
Debentures	6.875	6.760
Interest-bearing loans and borrowings	3.366	6.783
Other financial liabilities	6.327	2.105
Current financial assets		
Other current financial assets	-1.186	-1.173
Cash and cash equivalents	-169.019	-160.159
Total Net Financial Debt	**355.663**	**410.213**

The Company's debt structure has significantly changed during the last quarter of 2009 with the completion of the issue of the Notes, whose proceeds were mainly used to repay both the USPP Notes and the LBO Facilities.

As a consequence, the resulting debt structure is primarily comprised of the Notes which account for €485.6 million significantly reducing the current portion of the total debt, which is, therefore, practically long-term. Besides the Notes, the only remaining financial liabilities are basically the €18.4 million in derivatives classified as held for trading. (See "Description of certain Financing Arrangements" in the Notes Offering Memorandum (OM)) after having unwound the rest of the derivatives worth €53 million that were outstanding at the end of 2009 during 2010.

Net financial debt of €355.6 million as of December 31, 2010 was substantially lower than at the end of December 2009, as a result of the significant cash flow generation stemming from EBITDA generated over the period, combined with Working Capital improvements, enhanced cash management and rationalization of Capital Expenditures and the undertaken debt reduction.

The Company's liquidity position remained very solid and amounted to € 432 million at the end of December 2010, consisting of €169 million in cash and cash equivalents and €263 million in undrawn bank lines versus just €232 million bank lines available at the end of December 2009. Borrowing facilities for €184 million were renewed in the course of 2010, 84% of these renewals were extended to tenors between 18 and 24 months evidencing the long-standing solid support from the Company's banking relationship in spite of the still prevailing volatility in the financial markets.

The Company keeps focused on enhancing its cash management and working capital operations and it has put in place a cash pooling system at corporate level, which is operative since November 2010.

The following tables set forth the situation of the Company's two main financing sources as of December 31, 2010 and December 31, 2009.

Debentures	Year ended December 31,	
	2010	2009

Non-current debentures	485.664	482.888
Current debentures	6.875	6.760
Principal		
Accrued interest	6.875	6.760
Total debentures	**492.539**	**489.648**

Interest-bearing loans and borrowings	**Year ended December 31,**	
	2010	**2009**
Bank loans and credit facilities	1.836	4.771
Credit lines	1.836	4.771
Multicurrency credit line	0	
Discounted bills payable	2.551	1.431
Interest payable	403	581
Total	**4.790**	**6.783**

The following table sets forth the situation of the Company's current and non-current other financial liabilities as of December 31, 2010 and December 31, 2009.

Other financial liabilities	**Period ended Dec 31, 2010**			**Period ended Dec 31, 2009**		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Financial leases	1.450	572	2.022	1.763	516	2.279
Other financial liabilities	2.508	5.755	8.263	2.363	-	2.363
Derivatives	18.254		18.254	68.883	1.589	70.472
Total	**22.212**	**6.327**	**28.539**	**73.009**	**2.105**	**75.114**

The following table sets forth the situation of the Company's financial derivatives as of December 31, 2010 and December 31, 2009.

Fair value situation	FV at Dec, 2010	FV at Dec, 2009	Notional	2011	2013	2015
Cash flow hedge	226	-46	8.336	8.336		
Derivatives held for trading						
Swaps	-10.441	-68.587	73.767		73.767	
Reverse swaps	-8.039	-1.839	54.164		54.164	
Total	**-18.254**	**-70.472**				

Following the repayment of the underlying indebtedness (USPP Notes and the LBO Facilities) from the Notes issue, the related outstanding derivatives (i.e. €69 million), previously used to hedge the Company's currency and rate exposures, have been reclassified for accounting purposes as held for trading. In order to minimize the mark-to-market volatility in its financial statements and lock in related payment obligations, the Company contracted reverse swaps obligations for €54 million pertaining to its cross-currency interest rate derivatives. Therefore, only €15 million in interest rate derivatives out of the total were initially subject to mark-to-market volatility. During 2010 the Company has closely monitored its derivatives and taking advantage of its high liquidity has proceeded to cancelled them before maturity except for a swap that has been kept with the corresponding reverse swap to minimize the mark-to-market volatility amounting altogether to €18.4 million. Although the resulting exposure has been substantially reduced with respect to the prior year, the Company continues analyzing the possibility to further reduce this exposure by wholly unwinding the remaining derivative outstanding.

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, 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 were founded in 1944 in Burgos, Spain and have expanded to achieve a direct presence in eight European countries, Spain, France, Portugal, the Netherlands, Belgium, Italy, Romania and Germany, and sales in over 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 and *Marcassou* in Belgium. For the year ended December 31, 2010, the Company had operating revenues and EBITDA of €1,843.1 million and €163.4 million, respectively. It generates substantially all of its revenues in Europe. The Company is headquartered in Madrid, Spain and its shares have been listed on the Madrid stock exchange since 1988 and on the Barcelona stock exchange since 1990, and are now traded under the symbol "CFG". Since January 3, 2011, CFG is included in IBEX Medium CAP®. As of March 22, 2010, the Company had a market capitalization of €793 million.

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 30 facilities and the final products are sold directly to customers, which include some of the largest retailers in Europe, including Carrefour, Ahold, Auchan, Delhaize, Casino 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	Twelve month ended December 31st			% Increase (decrease) over prior period	
	2008	2009	2010	2009 vs 2008	2010 vs 2009
		(price in €/kg)			
Spain Mercolleida	1.47	1.41	1.42	-4.1%	1.2%
France MPB	1.41	1.29	1.29	-8.5%	-0.4%
Netherlands Monfoort	1.49	1.36	1.35	-8.7%	-0.6%
Belgium Danis	1.43	1.29	1.26	-9.8%	-2.2%
Germany AIM	1.57	1.42	1.41	-9.6%	-0.9%
Denmark DC	1.28	1.21	1.24	-5.5%	3.2%

During 2010, EU pork meat production increased 1.4% and reached 22.4 million metric tons. Slaughter activity increased significantly in Germany, Denmark and Poland. It was offset partially by lower production in Spain and Eastern Europe. EU27 pork exports to third countries attained the record level of 2.7 million tons product weight, rising 12.5% against 2009, due to a combination of strong demand from Russia and Asia (Japan, South Korea and China), a favourable Euro-USD exchange rate on average and more importantly record pig prices in USA, EU27's main competitor in foreign markets. Internal EU27 pork consumption rose 0.6% during the same time interval.

Overall, pig carcass prices for the main European producers were stable during 2010, even though the small price variations among countries reflected slightly heterogeneous supply and demand situations. Pork carcass prices decreased in Germany (-0.9%), Belgium (-2.2%), The Netherlands (-0.6%), France (-0.4%) and Poland (-6.1%), a consequence of increased local production. On the other hand, pig prices increased 1.2% in Spain, as pork output dropped -0.9% versus last year. In Denmark, the quotation rose 3.2%, supported by significantly higher export demand due to the lower value of the Euro against the dollar and record pig prices in the USA.

The value of hams rose in their relative weight in the pork carcass, a reflection of the increasing purchasing power of consumers and economic recovery in many geographies of Europe. Shoulders were steady for the year, while the other cuts and pork products displayed lower prices against the previous year.

In the European poultry market, 2010 production increased 2.3%. Although chicken carcass prices were significantly lower during the first semester against 2009, they rallied rapidly in the second half of the year, directly impacted by the record grain prices. Poultry producers reacted to lower margins by decreasing production, thus pushing prices upward. For the year, chicken carcass quotations decreased from -1.0% to -3.5% in the main producer countries of the EU27.

Brazil poultry output rose 4.6% during the same period. The data reflects optimism due to robust exports and firm domestic demand, and generally positive profit margins because of larger domestic soy and corn crops. The initial drop in live chicken prices was offset by surging quotations since September, in parallel with higher production costs. The Real - Euro exchange rate remains at 8-year high in accordance with the strong GDP performance of the Brazilian economy.

The pork and chicken meat market trends stated above affected Campofrio 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 2010, the average meat price purchased by the Company increased 1.8% versus prior year 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 meat costs from January to December 2010 were lower by -0.4% versus the same period last year.

Results of Operations

Comparison of the Year Ended December 31, 2010 and the Year Ended December 31, 2009

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the year ended December 31, 2010 and December 31, 2009.

Operating revenues	**Year ended December 31,**			
	2010		**2009**	
	Actual (Audited)	% of total oper. revenues	**Actual (Audited) (Restated)**	% of total oper. revenues
Net sales and services	1.830.390	99%	1.823.819	99%
% increase in Net Sales and Services	*0,4%*			
Increase in inventories of finished goods and work in progress	4.938	0%	0	0%
Capitalized expenses on Company's work on assets	146	0%	287	0%
Other operating revenue	7.597	0%	10.795	1%
Total operating revenues	**1.843.071**	**100%**	**1.834.901**	**100%**
% increase in total operating revenues	*0,4%*			

Operating revenues showed a 0.4% growth ending up at €1,843.1 million for the year ended December 31, 2010 comparing to €1,834.9 million for the same period in 2009. Net sales increased 0.4% to €1,830.4 million for the year ended December 31, 2010 from €1,823.8 million for the period in 2009.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the year ended December 31, 2010 and December 31, 2009.

Operating expenses	**Year ended December 31,**			
	2010		**2009**	
	Actual (Audited)	% of total oper. revenues	**Actual (Audited) (Restated)**	% of total oper. revenues
Consumption of goods and other external charges	-981.948	-53%	-983.514	-54%
Employee benefits expense	-340.979	-19%	-346.469	-19%
Depreciation and amortization	-55.162	-3%	-55.624	-3%
Other operating expenses	-355.856	-19%	-368.226	-20%
Changes in trade provisions	-883	0%	-2.117	0%
Total operating expenses	**-1.734.828**	**-94,1%**	**-1.755.950**	**-95,7%**
% increase in total operating expenses	-1,2%			

Operating expenses decreased by 1.2% to €1,734.8 million for the year ended December 31, 2010 from €1,756.0 million for the same period in 2009. Operating expenses constituted 94.1% and 95.7% of total operating revenues for 2010 and 2009, respectively. The decrease in operating expenses was primarily attributable to a 1.6% decrease in Employee benefits expense and a 3.4% decrease in Other operating expenses.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges decreased by 0.2% to €981.9 million for the year ended December 31, 2010 from €983.5 million for the same period in 2009. Consumption of goods and other external charges constituted 53% and 54% in percentage of total operating revenues for 2010 and 2009, respectively. If considered together with the Increase in inventories of finished goods and work in progress in Operating Revenues, net Consumptions of goods and other external charges decreased by 0.7%. This decrease was derived from sourcing synergies and a slightly favourable meat cost performance, and was sufficient to offset a 1.9% increase in volume.

Employee Benefits Expenses

Employee benefits expenses decreased by 1.6% to €341.0 million for the year ended December 31, 2010 from €346.5 million for the same period in 2009. Employee benefits expenses constituted 19% in both periods under comparison. The decrease was largely due to dismissal indemnities expenses related to restructuring projects, primarily in Spain in 2009, which amounted to €8.5 million.

Depreciation and Amortization

Depreciation and amortization remained stable at €55.2 million for the year ended December 31, 2010, compared to €55.6 million for the same period in 2009. Depreciation and amortization represented 3% of total operating revenues for both periods.

Other Operating Expenses

Other operating expenses decreased by 3.4% to €355.9 million for the year ended December 31, 2010 from €368.2 million for the same period of prior year. This was the mixed impact of higher investments on marketing to sustain branded business growth, offset by savings from improved manufacturing efficiency in France and Spain.

Finance and Tax Expenses

Finance Revenue and Finance Costs

Net finance cost decreased by €5.6 million during the year ended December 31, 2010 from €59 million in 2009 to € 53.3 million in the year ended December 31, 2010. In 2009, net finance cost was affected by the refinancing of our USPP Notes and LBO facilities. Whilst the Company has had a negative impact of €6.2 million, which is obviously a non-recurring charge, related to the mark-to-market fair value changes in the open derivatives under rather volatile financial market conditions. As mentioned previously, in order to curtail this fluctuation, the Company has proceeded to unwind all of the open derivatives keeping only one swap at December 31, 2010, with the corresponding reverse swap amounting to €18.4 million to minimize the mark-to-market volatility as referred above.

Income Tax

Income tax expenses amounted to €12.3 million for the year ended December 31, 2010 and were €2.0 million for the same period in 2009. For the year ended December 31, the effective tax rates were 23% in 2010 and 10% in 2009. The increase was primarily attributable to the merger of our Portuguese divisions in 2009.

Result from Discontinued Operations

Results from discontinued operations were a loss of €0.5 million for the year ended December 31, 2010 and a loss of €3.5 million for the same period in 2009. Our Romanian subsidiaries results amounted €0.5 million loss for the year ended December 31, 2010 and €1.1 million loss for the same period in 2009. During 2009, the group recorded an increase in the long-term provision commitment acquired as a result of disinvestment in prior year, amounting €2.4 millions. (See Note 15 in Campofrio Food Group, S.A and Subsidiaries Consolidated Financial Statements for the year ended December 31, 2010)

Profit for the Period

For the year ended December 31, 2010, profit increased by 187% to €40 million, compared to €14 million for the same period in 2009.

Operating Segment Reporting

Net sales and services	**Year ended Dec 31, 2010**		**Year ended Dec 31, 2019**	
	Actual (Unaudited)	% of total	**Actual (Restated)**	% of total
Southern Europe [1]	864.642	47%	852.225	47%
Northern Europe [2]	984.014	54%	986.193	54%
Eliminations [3]	-18.267	-1%	-14.598	-1%
Total net sales and services	**1.830.390**	100%	**1.823.820**	100%

EBITDA	**Year ended Dec 31, 2010**		**Year ended Dec 31, 2019**	
	Actual (Unaudited)	% of total	**Actual (Restated)**	% of total
Southern Europe [1]	102.815	63%	88.078	65%
Northern Europe [2]	85.641	52%	69.804	52%
Others [4]	-25.051	-15%	-23.307	-17%
Total EBITDA	**163.405**	100%	**134.575**	100%
% EBITDA margin over Net Sales				
Southern Europe	11,9%		10,3%	
Northern Europe	8,7%		7,1%	
Others	n.a.		n.a.	
Total EBITDA	**8,9%**		**7,4%**	

EBITDA (normalised)	**Year ended Dec 31, 2010**		**Year ended Dec 31, 2019**	
	Actual (Unaudited)	% of total	**Actual (Restated)**	% of total
Southern Europe [1]	102.815	63%	93.935	66%

Northern Europe [2]	84.797	52%	72.293	51%
Others [4]	-24.503	-15%	-23.136	-16%
Total EBITDA	**163.109**	100%	**143.092**	100%
% EBITDA normalised margin over Net Sales				
Southern Europe	11,9%		11,0%	
Northern Europe	8,6%		7,3%	
Others	n.a.		n.a.	
Total EBITDA	**8,9%**		**7,8%**	

[1] Southern Europe includes operating activities managed in Spain and Portugal, which includes our fresh meat operations.

[2] Northern Europe includes operating activities managed primarily in France, the Netherlands, Belgium and Germany.

[3] Intercompany sales, which are eliminated at consolidation level.

[4] Other includes mainly corporate activities.

Southern Europe

Net sales in Southern Europe increased 1.5% to €864.6 million in the year ended December 31, 2010 from €852.2 million in the same period last year. Top line growth was attributable to a 3.5% solid volume growth in net sales to external costumers. In Spain, the average processed meat net sales per kg remains stable and good performance in the branded modern retail channel should be highlighted. Branded modern retail channel contribution to net sales increased 4.1% in the year ended December 31, 2011 compared to the same period last year, increase explained by both higher volume and selling price.

EBITDA in Southern Europe increased €14.7 million to €102.8 million during the year ended December 31, 2010 from €88.1 in the same period last year. Margin over net sales for the year ended December 31, 2010 was 11.9% showing an increase over previous period of 156 basic points. This increase was not only explained by a good top line performance and volume growth, but also to cost efficiencies and savings achieved in sourcing, manufacturing and general expenses. Moreover, EBITDA in the period ended December 31, 2009, includes restructuring expenses amounting €5.9 million, impact adjusted in normalized EBITDA above.

Northern Europe

Net Sale in Northern Europe decreased by €2.2 million, representing a 0.2% decrease, to €984.0 million in the period ended December 31, 2010 from €986.2 million in the year ended December 2009. This decrease was mainly explained due to a decrease in volumes of 1.2% driven by the removal of certain non profitable products from the product offering in France and the consequent focus on the branded part of the business, an initiative that had contributed to significant improvements in margins in this country. The rest of Northern Europe increased volumes sold in 2010.

EBITDA in Northern Europe increased €15.8 million to €85.6 million during the year ended December 31, 2010 from €69.8 in the same period last year. Margin over net sales for the year ended December 31, 2010 was 8.7% showing an increase over previous period of 163 basic points. This improvement was attributable to cost efficiencies and savings in sourcing, manufacturing and general expenses, and in the case of France, where the EBITDA margin increased 175 basic point due to the success of the realignment of the product mix mentioned above. Also, in the period ended December 31, 2009, restructuring expenses amounted €2.6 million, impact adjusted in the normalized EBITDA above.

Others

The Others segment mainly refers to corporate costs in the headquarters.

Cash Flow

Cash Flows from Operating Activities

For the year ended December 31, 2010, cash flow from operating activities increased to €154.5 million versus €123.0 million for the same period in 2009. This €31.5 million improvement was primarily attributable to a better performance in EBITDA, improved working capital, lower restructuring payments, lower income tax paid and was partially offset by lower various collection (government grants and similar operating compensations) and net interest paid. In the year ended December 31, 2009, the Company's working capital had been negatively impacted by a change in legal payment terms in France. The cash out for interest expenses for the period ended December 31, 2010 reflects the payment related to the coupons of the bond and interest on our derivatives.

Cash Used in Investing Activities

For the year ended December 31, 2010, cash flow from investing activities amounted to a negative €74.5 million, compared to a negative €44.4 million for the same period in 2009. Capital Expenditures amounted to €54.0 million in the year ended December 31, 2010 and €43.3 million in the same period last year. During the year ended December 31, 2010, the Company purchased the remaining minority interests in Navidul Extremadura (Spain), acquired Salaison Moroni (a French operating company. See explanatory notes section) and executed the agreement with Caroli Foods Group (See explanatory notes section). The cash flow from investing activities includes in the period ended in December 31, 2010, the €3.0 million merger-related Earn-Out payment to Smithfield Foods, proceeds from fixed assets and the compensation related to the Arganda fire which was collected in the last quarter of 2010.

Cash Flow from Financing Activities

For the year ended December 31, 2010, cash flow from financing activities amounted to a negative €70.9 million compared to a negative €38.2 million for the same period last year. The cash flow from financing activities for the year ended December 31, 2010 includes, payments related to the cancellation of derivatives amounting to €53.0 million and dividends paid amounting to €7.3 million. The cash flow from financing activities for the period in 2009 includes the cash flows related to the refinancing of the USPP and the LBO, together with related expenses payments, the settlement of a €3 million purchase price adjustment with Atria related to the sale of the Russian subsidiary CampoMos and payments related to the €47.2 million extraordinary dividend approved on October 24, 2008. This dividend was paid in full and significantly impacted the cash flow of the second quarter of 2009.

RECENT DEVELOPMENT

On January 13, 2011, the parent signed a share purchase-sale agreement with the entities holding 100% of the share capital of the Italian company Cesare Fiorucci S.p.A, which is the parent of several companies, all of which make up the Cesare Fiorucci Group. The price of the shares amounted to €45 million. The transaction is subject to meeting certain suspensive conditions, which include, amongst others, approval or failure to oppose the agreement by the Competition Authorities.

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.

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.

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.

ANNEXE B – FOURTH QUARTER SELECTED FINANCIAL INFORMATION

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THREE MONTH PERIOD ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009.

Campofrio Food Group
(*In Thousands of Euros*)

	Three month period ended December 31,			
	2010		2009	
	Actual (Audited)	% of total oper. revenues	**Actual (Audited) (Restated)**	% of total oper. revenues
Operating revenues				
Net sales and services	498.844	105%	487.813	98%
Increase in inventories of finished goods and work in progress	-25.652	-5%	2.105	0%
Capitalized expenses on Company's work on assets	35	0%	49	0%
Other operating revenue	2.955	1%	5.444	1%
Total operating revenues	476.182	100%	495.411	100%
Operating expenses				
Consumption of goods and other external charges	-250.186	-53%	-272.021	-55%
Employee benefits expense	-94.631	-20%	-92.369	-19%
Depreciation and amortization	-14.301	-3%	-13.874	-3%
Other operating expenses	-83.943	-18%	-92.365	-19%
Changes in trade provisions	-534	0%	-484	0%
Total operating expenses	-443.595	-93%	-471.113	-95%
Impairment of assets	-1.203	0%		
Operating profit	**31.384**	**7%**	**24.298**	**5%**
Financial expenses, net	-13.646	-3%	-31.329	-6%
Other results	-642	0%	-7	0%
Profit before tax	**17.096**	**4%**	**-7.038**	**-1%**
Income taxes	-4.027	-1%	6.287	1%
Profit for the period from continuing operations	**13.069**	**3%**	**-751**	**0%**
Profit & (Loss) after tax for the period from discontinued operations	-109	0%	-2.520	-1%
Profit for the period	**12.960**	**3%**	**-3.271**	**-1%**
Non-controlling interests	-247	0%	81	0%
Attributable to equity holders of the parent company	13.207	3%	-3.352	-1%

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

UNAUDITED CONSOLIDATED CASH FLOW STATMENT FOR THREE MONTH PERIOD ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009.

Campofrio Food Group
(*In Thousands of Euros*)

	Quarter ended December 31,	
	2010	**2009**
	Actual (Unaudited)	**Actual (Unaudited)**
Operating flows before changes in working capital	**46.712**	**42.998**
Changes in working capital	26.566	70.105
Cash flows from operating activities	**73.278**	**113.103**
Net interest expenses	-23.346	-2.250
Provision and pensions payment	-1.502	-7.009
Income tax paid	-1	-2.948
Other collection	1.552	14
Net cash flows from operating activities	**49.980**	**100.910**
Investments in property, plant and equipment	-35.331	-17.895
Purchase of minority interest	0	0
Investment in Group companies	0	0
Other investment related cash flows, net	7.036	996
Net cash flows from investing activities	**-28.295**	**-16.898**
Changes in financial liabilities	-39.423	-884
Payments on other debts	0	-19.757
Dividend cash payments and own share transactions	-2.985	-429
Net cash flows from financing activities	**-42.408**	**-21.070**
Net increase/(decrease) in cash and cash equivalents	-20.723	62.941
Cash and cash equivalents at beginning of period	189.997	97.218
Cash and cash equivalents at end of period	**169.273**	**160.159**

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

UNAUDITED SELECTED OPERATING SEGMENT INFORMATION FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009.

Net sales and services	**Q4, 2010**		**Q4, 2009**	
	Actual (Unaudited)	% of total	**Actual (Restated)**	% of total
Southern Europe [1]	240.610	48%	234.146	48%
Northern Europe [2]	264.085	53%	260.268	53%
Eliminations [3]	-5.851	-1%	-6.599	-1%
Total net sales and services	**498.844**	100%	**487.814**	100%

EBITDA	**Q4, 2010**		**Q4, 2009**	
	Actual (Unaudited)	% of total	**Actual (Restated)**	% of total
Southern Europe [1]	30.993	66%	25.711	67%
Northern Europe [2]	25.957	55%	22.894	60%
Others [4]	-10.063	-21%	-10.433	-27%
Total EBITDA	**46.887**	100%	**38.172**	100%
% EBITDA margin over Net Sales				
Southern Europe	12,9%		11,0%	
Northern Europe	9,8%		8,8%	
Others	n.a.		n.a.	
Total EBITDA	**9,4%**		**7,8%**	

EBITDA (normalised)	**Q4, 2010**		**Q4, 2009**	
	Actual (Unaudited)	% of total	**Actual (Restated)**	% of total
Southern Europe [1]	30.993	67%	25.712	68%
Northern Europe [2]	24.569	53%	22.773	60%
Others [4]	-9.515	-21%	-10.618	-28%
Total EBITDA	**46.046**	100%	**37.867**	100%
% EBITDA normalised margin over Net Sales				
Southern Europe	12,9%		11,0%	
Northern Europe	9,3%		8,7%	
Others	n.a.		n.a.	
Total EBITDA	**9,2%**		**7,8%**	

[1] Southern Europe includes operating activities managed in Spain and Portugal, which includes our fresh meat operations.

[2] Northern Europe includes operating activities managed primarily in France, the Netherlands, Belgium and Germany.

[3] Intercompany sales, which are eliminated at consolidation level.

[4] Other includes mainly corporate activities.

OTHER UNAUDITED SELECTED CONSOLIDATED FINANCIAL INFORMATION FOR THREE MONTH PERIOD ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009.

Campofrio Food Group
(*In Thousands of Euros*)

Conciliation from Profit for the period to EBITDA normalised	**Three-month period ended December 30,**	
	2010	**2009**
	Actual (Unaudited)	**Actual (Unaudited) (Restated)**
Profit for the period Attributable to equity holders of the parent company	13.207	-3.352
Profit for the period Attributable to Non-controlling interests	-247	81
Profit & (Loss) after tax for the period from discontinued operations	109	2.520
Income taxes	4.027	-6.287
Other results	642	7
Financial expenses, net	13.646	31.329
Impairment of assets	1.203	
Depreciation and amortization	14.301	13.874
EBITDA	**46.888**	**38.172**
Total Adjustments	-841	-305
EBITDA (normalised)	**46.047**	**37.867**

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