CAMPOFRIO FOOD GROUP

UNAUDITED INTERIM SELECTED
CONSOLIDATED FINANCIAL INFORMATION
THIRD QUARTER, 30th SEPTEMBER 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 Interim 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*)

	Notes	Nine-month period ended September 30, 2010 Actual (Unaudited)	2010 % of total oper. revenues	2009 Actual (Unaudited) (Restated)[1]	2009 % of total oper. revenues
Operating revenues					
Net sales and services		1 331 546	97%	1 336 006	100%
Increase in inventories of finished goods and work in progress		30 590	2%	-2 105	0%
Capitalized expenses on Company's work on assets		111	0%	238	0%
Other operating revenue		4 642	0%	5 351	0%
Total operating revenues		1 366 889	100%	1 339 490	100%
Operating expenses					
Consumption of goods and other external charges		-731 762	-54%	-711 493	-53%
Employee benefits expense		-246 348	-18%	-254 100	-19%
Depreciation and amortization		-40 861	-3%	-41 750	-3%
Other operating expenses		-271 913	-20%	-275 861	-21%
Changes in trade provisions		-349	0%	-1 633	0%
Total operating expenses		-1 291 233	-94%	-1 284 837	-96%
Operating profit		**75 656**	**6%**	**54 653**	**4%**
Financial expenses, net		-39 732	-3%	-27 735	-2%
Other results		-278	0%	-12	0%
Profit before tax		**35 646**	**3%**	**26 906**	**2%**
Income taxes		-8 176	-1%	-8 323	-1%
Profit for the period from continuing operations		**27 470**	**2%**	**18 583**	**1%**
Profit & (Loss) after tax for the period from discontinued operations		-382	0%	-964	0%
Profit for the period		**27 088**	**2%**	**17 619**	**1%**
Non-controlling interests		247	0%	302	0%
Attributable to equity holders of the parent company		26 841	2%	17 317	1%

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

[1] Please note that 2009 figures have been restated due to the Romanian transaction.

CONSOLIDATED INCOME STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

		Three-month period ended September 30,			
		2010		2009	
	Notes	Actual (Unaudited)	% of total oper. revenues	Actual (Unaudited) (Restated)[1]	% of total oper. revenues
Operating revenues					
Net sales and services		467 804	99%	464 419	101%
Increase in inventories of finished goods and work in progress		2 543	1%	-3 988	-1%
Capitalized expenses on Company's work on assets		25	0%	86	0%
Other operating revenue		1 798	0%	1 082	0%
Total operating revenues		472 170	100%	461 599	100%
Operating expenses					
Consumption of goods and other external charges		-255 263	-54%	-249 313	-54%
Employee benefits expense		-79 204	-17%	-78 565	-17%
Depreciation and amortization		-13 352	-3%	-13 926	-3%
Other operating expenses		-93 869	-20%	-96 603	-21%
Changes in trade provisions		-102	0%	-291	0%
Total operating expenses		-441 790	-94%	-438 698	-95%
Operating profit		**30 380**	**6%**	**22 901**	**5%**
Financial expenses, net		-11 415	-2%	-9 570	-2%
Other results		-44	0%	-1	0%
Profit before tax		**18 921**	**4%**	**13 330**	**3%**
Income taxes		-5 442	-1%	-5 495	-1%
Profit for the period from continuing operations		**13 479**	**3%**	**7 835**	**2%**
Profit & (Loss) after tax for the period from discontinued operations		2 770	1%	-175	0%
Profit for the period		**16 249**	**3%**	**7 660**	**2%**
Non-controlling interests		131	0%	102	0%
Attributable to equity holders of the parent company		16 118	3%	7 558	2%

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

[1] Please note that 2009 figures have been restated due to the Romanian transaction.

CONSOLIDATED BALANCE SHEET

Campofrio Food Group
(*In Thousands of Euros*)

	Nine-month period ended September 30, 2010 (Unaudited)	2009 (Unaudited)
ASSETS		
Property, plant and equipment	525 711	566 157
Goodwill	417 857	414 452
Other intangible assets	184 454	182 146
Non-current financial assets	14 481	6 002
Investments accounted for under the equity method	30 021	938
Deferred tax assets	66 164	64 838
Other non-current assets	167	170
Total non-current assets	**1 238 855**	**1 234 703**
Inventories	305 763	314 962
Trade and other receivables	178 547	237 430
Other current financial assets	1 182	8 379
Other current assets	5 555	4 514
Cash and cash equivalents	189 033	97 218
Total current assets	**680 080**	**662 503**
Assets classified as held for sale and discontinued operations	**5 895**	**1 555**
TOTAL ASSETS	**1 924 830**	**1 898 761**
EQUITY AND LIABILITES		
Equity attributable to equity holders of the parent	634 811	622 368
Equity attributable to minority interests	5 679	9 934
TOTAL EQUITY	**640 490**	**632 302**
Debentures	484 667	158 627
Interest-bearing loans and borrowings	0	150 198
Other financial liabilities	60 735	71 561
Deferred tax liabilities	128 619	133 312
Other non-current liabilities	18 010	22 722
Provisions	48 773	39 409
Total non-current liabilities	**740 804**	**575 829**
Debentures	17 302	52 668
Interest-bearing loans and borrowings	4 545	120 203
Trade and other payables	460 636	421 872
Other financial liabilities	558	18 799
Creditor for income tax	-480	2 400
Provisions	5 870	13 284
Other current liabilities	53 507	61 404
Total current liabilities	**541 938**	**690 630**
Liabilities directly associated with assets classified as held for sale and discontinued operations		
Liabilities associated to operations on sale or discontinued	**1 598**	**0**
TOTAL EQUITY AND LIABILITIES	**1 924 830**	**1 898 761**

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

CONSOLIDATED CASH FLOW STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Nine-month period ended September 30,	
	2010	**2009**
	Actuals (Unaudited)	**Actuals (Unaudited)**
Operating flows before changes in working capital	**117 116**	**99 810**
Changes in working capital	27 916	-31 367
Cash flows from operating activities	**145 032**	**68 444**
Net interest expenses	-24 608	-31 567
Provision and pensions payment	-11 654	-15 912
Receipt of government grants		6 642
Income tax paid	-4 175	-5 508
Other collection		
Net cash flows from operating activities	**104 594**	**22 099**
Investments in property, plant and equipment	-18 645	-28 408
Other collections and investments	-24 558	868
Net cash flows from investing activities	**-43 203**	**-27 541**
Changes in financial liabilities	-18 704	32 755
Payments on other debts	-3 000	-2 222
Other payments and Own share transactions	-9 849	-47 674
Net cash flows from financing activities	**-31 553**	**-17 141**
Net increase/(decrease) in cash and cash equivalents	29 839	-22 584
Cash and cash equivalents at beginning of period	160 158	119 801
Cash and cash equivalents at end of period	**189 997**	**97 218**

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

CONSOLIDATED CASH FLOW STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Three-month period ended September 30,	
	2010	2009
	Actuals (Unaudited)	Actuals (Unaudited)
Operating flows before changes in working capital	**44 348**	**36 553**
Changes in working capital	19 821	-18 190
Cash flows from operating activities	**64 168**	**18 363**
Net interest expenses	-697	-15 480
Provision and pensions payment	-3 668	-4 531
Receipt of government grants	0	0
Income tax paid	-1 434	-1 286
Other collection		
Net cash flows from operating activities	**58 369**	**-2 934**
Investments in property, plant and equipment	-6 602	-10 943
Other collections and investments	-21 344	756
Net cash flows from investing activities	**-27 945**	**-10 187**
Changes in financial liabilities	-1 657	7 358
Payments on other debts	0	1 503
Dividend cash payments and own share transactions	-7 496	-154
Net cash flows from financing activities	**-9 153**	**8 707**
Net increase/(decrease) in cash and cash equivalents	21 271	-4 414
Cash and cash equivalents at beginning of period	168 726	101 632
Cash and cash equivalents at end of period	**189 997**	**97 218**

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

	Nine-month period ended September 30,	
	2010	2009
	Actuals (Unaudited)	Actuals (Unaudited) (Restated)[1]
Profit for the period Attributable to equity holders of the parent company	26 841	17 317
Profit for the period Attributable to Non-controlling interests	247	302
Profit & (Loss) after tax for the period from discontinued operations	382	964
Income taxes	8 176	8 323
Other results	278	12
Financial expenses, net	39 732	27 735
Depreciation and amortization	40 861	41 750
EBITDA	**116 517**	**96 403**
Total Adjustments	545	8 823
EBITDA (normalised)	**117 062**	**105 226**

Conciliation from Profit for the period to EBITDA normalised

	Three-month period ended September 30,	
	2010	2009
	Actuals (Unaudited)	Actuals (Unaudited) (Restated)[1]
Profit for the period Attributable to equity holders of the parent company	16 118	7 558
Profit for the period Attributable to Non-controlling interests	131	102
Profit & (Loss) after tax for the period from discontinued operations	-2 770	175
Income taxes	5 442	5 495
Other results	44	1
Financial expenses, net	11 415	9 570
Depreciation and amortization	13 352	13 926
EBITDA	**43 732**	**36 827**
Total Adjustments	420	497
EBITDA (normalised)	**44 152**	**37 324**

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

[1] Please note that 2009 figures have been restated due to the Romanian transaction.

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 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, Portugal and the Netherlands.

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, 2009, and Campofrio Food Group, S.A and Subsidiaries Non-Audited Interim Condensed Consolidated Financial Statements for the six-month period ended June 30, 2010.

Critical Accounting Policies

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

Detailed information regarding the Company's accounting policies is provided in Note 2 to our consolidated financial statements for the year ended December 31, 2009.

Non-IFRS-EU Financial Measures

This unaudited interim selected consolidated financial information could contain non-IFRS-EU measures and ratios, including EBITDA, EBITDA (normalised), net debt, leverage and coverage ratios that are not required by, or presented in accordance with, IFRS-EU. The non-IFRS-EU measures are presented because the Company believes 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 the Company's operating results as reported under IFRS-EU. The non-IFRS-EU measures and ratios such as EBITDA, EBITDA (normalised), net debt, leverage and coverage ratios are not measurements of the Company's performance or liquidity under IFRS-EU and should not be considered as alternatives to operating profit or profit for the period 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, Campofrio Food Group, S.A. signed an agreement with Caroli Foods Group, a Romanian meat processing company, in order to integrate their 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. Campofrío Food Group will hold a 49% of the resulting group in exchange of the contribution of its Romanian subsidiary's meat processing activities, and of the payment of a cash amount subject to final price adjustments.

The parties have agreed that, once the transaction has finalized, the relevant resolution of the General Shareholders Meeting shall go into effect to regulate the aspects related to the governance of the emerging company, including the establishment of majorities necessary for adopting certain resolutions, as well as the regulation of certain of the parties' rights and obligations regarding the transfer of their respective shares.

On July 20, 2010, the Company and Caroli Foods Group have executed the agreement. Pursuant to the transaction, Campofrio Food Group, S.A. has transferred all of the assets and liabilities related to its business in Romania to “Assets classified as held for sale and from discontinued operations” and “Liabilities directly associated with the assets classified as held for sale and from discontinued operations”. In addition, the Company decided to discontinue the activities of the remaining group companies in Romania (Total Meat Marketing S.R.L., Degaro S.R.L. Tulcea and S.C. Camporom Productie S.R.L.), which are primarily engaged in the breeding and fattening of pigs. (See Note 12 in Campofrio Food Group, S.A and Subsidiaries Non-Audited Interim Condensed Consolidated Financial Statements for the Six-Month period ended June 30, 2010)

Other Information

On July 30, 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 September 30, 2010 and September 30, 2009.

NET FINANCIAL DEBT	**Nine-month period ended Sep 30,**	
	2010	**2009**
Non-current financial debt		
Debentures	484 667	158 627
Interest-bearing loans and borrowings	-	150 198
Other financial liabilities	60 735	71 561
Current financial debt		
Debentures	17 302	52 668

Interest-bearing loans and borrowings	4 545	120 203
Other financial liabilities	558	18 799
Current financial assets		
Other current financial assets	-1 182	-8 379
Cash and cash equivalents	-189 033	-97 218
Total Net Financial Debt	**377 592**	**466 459**

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.

The resulting debt structure is primarily comprised of the Notes which account for €484 million significantly reducing the current portion of the total debt, which is, as a result, practically long-term. Besides the Notes, the only remaining financial liabilities are basically the €56.4 million in derivatives classified as held for trading. (See "Description of certain Financing Arrangements" in the Notes Offering Memorandum (OM)).

Net financial debt of € 377.6 million as of September30, 2010 was substantially lower than at the end of September 2009, as a result of the EBITDA generated over the period, combined with Working Capital improvements, enhanced cash management and rationalization of Capital Expenditures.

The Company's liquidity position remained very solid and amounted to € 433 million at the end of September 2010, consisting of € 189 million in cash and cash equivalents and € 244 million in undrawn bank lines (€ 189 million in bilateral facilities and €55 million under the Revolving Credit Facility) versus just € 90 million bank lines available at the end of September 2009. Following a successful renegotiation with the involved banks, over 70% of the credit lines are now long-term (i.e. maturing over one year) evidencing the lasting solid support from the Company's banking relationship in spite of the still prevailing volatility in the financial markets.

The following tables set forth the situation of the Company's two main financing sources as of September 30, 2010 and September 30, 2009..

Debentures	**Nine-month period ended Sep 30,**	
	2010	**2009**
Non-current debentures	484 667	158 627
Current debentures	17 302	52 668
Principal	0	51 219
Accrued interest	17 302	1 449
Total debentures	**501 969**	**211 295**

Interest-bearing loans and borrowings	**Nine-month period ended Sep 30,**	
	2010	**2009**
Bank loans and credit facilities	1 367	266 673
Credit lines	1 367	59 539
Multicurrency credit line	0	207 134
Discounted bills payable	1 977	3 232
Interest payable	1 200	495
Total	**4 544**	**270 400**

The following table sets forth the situation of the Company's current and non-current other financial liabilities as of September 30, 2010 and September 30, 2009.

Other financial liabilities	**Period ended Sep 30, 2010**	**Period ended Sep 30, 2009**

	Non-current	Current	Total	Non-current	Current	Total
Financial leases	1 409	558	1 967	1 441	339	1 780
Other financial liabilities	2 843	-	2 843	1 935	14	1 949
Derivatives	56 483	-	56 483	68 186	18 446	86 632
Total	**60 735**	**558**	**61 293**	**71 562**	**18 799**	**90 361**

The following table sets forth the situation of the Company's financial derivatives as of September 30, 2010 and September 30, 2009.

Fair value situation	FV at Mar, 2010	FV at Mar, 2009	Notional	2010	2013	2015
Cash flow hedge	-170	-46 331	4 454	4 454	-	-
Fair value hedge	-	-23 574	-	-	-	-
Derivatives held for trading						
Swaps	-41 077	-15 201	330 089	-	293 223	36 866
Reverse swaps	-15 235	4 264	257 906	-	244 379	13 527
Total	**-56 483**	**-80 842**				

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. The Company has closely monitored these outstanding derivatives, bearing in mind the volatility in the financial markets, and during the second quarter of 2010 it proceeded to unwind most of them (only €2.4 left outstanding at the end of September) and, although the resulting exposure is minor, the Company continues analyzing the possibility to further reduce this exposure by unwinding wholly the outstanding position.

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 nine-month period ended September 30, 2010, the Company had operating revenues and EBITDA of €1 366.9 million and €116.5 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". As of September 30, 2010, the Company had a market capitalization of €750 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		Nine month period ended September 30th		% Increase (decrease) over prior period	
	2008	2009	2009	2010	2009 vs 2008	2010 vs 2009
	(price in €/kg)					
Spain Mercolleida	1.47	1.41	1.45	1.46	-4.0%	0.8%
France MPB	1.27	1.15	1.33	1.30	-9.4%	-2.9%
Netherlands Monfoort	1.49	1.36	1.40	1.35	-8.9%	-3.1%
Belgium Danis	1.42	1.29	1.32	1.26	-9.2%	-4.4%
Germany AIM	1.57	1.42	1.45	1.41	-9.5%	-3.3%
Denmark DC	1.28	1.21	1.23	1.25	-5.6%	1.6%

During the first 9 months in 2010, EU pork meat production increased 0.8% against 2009 and reached 16.6 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 stabilized during the summer, after growing at more than 10.0% growth rate during the first semester, due to a less favourable Euro-USD exchange rate since July. They have settled at 1.86 million tons product weight, up 10.8% versus last year on strong performance in Russia and Asia. In total, 2010 EU27 pork meat production is forecasted to rise 1.2%, to 22.2 million tons.

Pig carcass prices for the main European producers reflected heterogeneous supply and demand situations. Pork carcass prices in Europe decreased in Germany (-3.3%), Belgium (-4.4%), The Netherlands (-3.1%), France (-2.9%) and Poland (-8.1%), on the backside of increased production. On the other hand, pig prices increased 0.8% in Spain, as pork production dropped 2.0% versus last year. In Denmark, the quotation rose 1.6% during the first 3 quarters, supported by significantly higher exports due to the lower value of the Euro against the dollar and record pig prices in the USA.

In the European poultry market, chicken production increased 2.6% from January to September. As a result, chicken carcass prices dropped significantly in France and Spain (-10.4% and -5.8% respectively). However, the impact of record grain prices is being felt since September. Poultry producers are reacting to lower margins by decreasing production, thus pushing prices upward.

Brazil poultry output rose 4.2% during the same period. The data reflects optimism due to stronger exports and firm domestic demand, and generally positive profit margins because of larger domestic soy and corn crops. While live chicken prices decreased 6% year-to-date, grain prices are also significantly impacting the production levels. During August and September, chicken quotation surged along with production costs. The Real - Euro exchange rate remains at 8-year high in accordance with the strong GDP performance of the Brazilian economy.

The 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 the first 9 months in 2010, the average meat price purchased by the Company increased 0.9% 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 September 2010 were lower by 0.7% versus the same period last year.

Results of Operations

Comparison of the Nine-Month Period ended September 30, 2010 and the Nine-Month Period ended September 30, 2009

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the nine-month periods ended September 30, 2010 and September 30, 2009.

Operating revenues	**Nine-month period ended Sep 30,**			
	2010		**2009**	
	Actuals (Unaudited)	% of total oper. revenues	**Actuals (Restated)**	% of total oper. revenues
Net sales and services	1 331 546	97%	1 336 006	100%
% increase in Net Sales and Services	*-0.3%*			
Increase in inventories of finished goods and work in progress	30 590	2%	-2 105	0%
Capitalized expenses on Company's work on assets	111	0%	238	0%
Other operating revenue	4 642	0%	5 351	0%
Total operating revenues	**1 366 889**	**100%**	**1 339 490**	**100%**

Operating revenues increased 2% to €1 366.9 million for the nine-month period ended September 30, 2010 from €1 339.5 million for the same period in 2009 primarily due to an increase in the variance of inventories of finished goods and work in progress. This increase in inventories is seasonal as we build up dry ham inventories in anticipation of the year-end Christmas campaign. It should be noted however that inventories at the end of the third quarter of 2010 remained lower than in the same period in 2009 by €9.2 million. Net sales remained stable at €1 332 million for the first three quarters, comparing to €1 336 million for the same nine-month period in 2009. The stabilisation of net sales is the result of a volume increase of 1.2%, and a 1.9% reduction in average selling price.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the nine-month periods ended September 30, 2010 and September 30, 2009.

Operating expenses

	Nine-month period ended Sep 30,			
	2010		**2009**	
	Actuals (Unaudited)	% of total oper. revenues	**Actuals (Restated)**	% of total oper. revenues
Decrease in inventories of finished goods and work in progress	-	0%	-	0%
Consumption of goods and other external charges	-731 762	-54%	-711 493	-53%
Employee benefits expense	-246 348	-18%	-254 100	-19%
Depreciation and amortization	-40 861	-3%	-41 750	-3%
Other operating expenses	-271 913	-20%	-275 861	-21%
Changes in trade provisions	-349	0%	-1 633	0%
Total operating expenses	**-1 291 233**	**-94.5%**	**-1 284 837**	**-95.9%**

Operating expenses increased by 0.5% to €1 291 million for the nine-month period ended September 30, 2010 from €1 284 million for the same period in 2009. Operating expenses constituted 94.5% and 95.9% of total operating revenues for the first 9 months of 2010 and 2009, respectively. The increase in operating expenses was primarily attributable to a 2.8% increase in consumption of goods, which was mainly offset by decreases in employee benefits and other operating expenses.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges increased by 2.8% to €731.8 million for the nine-month period ended September 30, 2010 from €711.5 million for the same period in 2009. Consumption of goods and other external charges constituted 54% in percentage of total operating revenues for both nine-month periods. This increase in consumption was offset by an increase in Inventories of finished goods and work in progress in Operating Revenues. The Consumption of goods and other external charges, net of Increases in Inventories of finished goods and work in progress, decreased by 1.7% for the first 9 months, compared to the same period in 2009. This increase was derived from sourcing synergies and a slightly favourable meat cost performance, and was sufficient to offset a 1.2% increase in volume.

Employee Benefits Expenses

Employee benefits expenses decreased by 3.1% to €246.3 million for the first three quarters of 2010 from €254.1 million for the same period in 2009. Employee benefits expenses constituted 19% and 20% of the total revenues for the nine-month periods ended September 30, 2010 and September 30, 2009, respectively. The decrease was largely due to dismissal indemnities expenses related to restructuring projects, primarily in Spain in 2009, which amounted to €8.3 million.

Depreciation and Amortization

Depreciation and amortization decreased to €40.9 million for the nine-month period ended June 30, 2010, compared to €41.8 million for the same period in 2009. Depreciation and amortization represented 3% of total operating revenues for both nine-month periods.

Other Operating Expenses

Other operating expenses decreased by 1.4% to €272 million for the nine-month period ended September 30, 2010 from €276 million for the same period of prior year. This was the mixed impact of higher marketing expense offset by savings from improved manufacturing efficiency.

Finance and Tax Expenses

Finance Revenue and Finance Costs

Net finance cost increased by €12 million during the nine-month period ended September, 2010 from €27.7 million in 2009 to €39.7 million in 2010. Net finance cost in the period was affected by a €5.7 million non-recurring charge, related to fair value changes in the open derivatives under rather volatile financial market conditions. As mentioned previously, in order to curtail this above-mentioned impact, the Company has proceeded to unwind most of the open derivatives during the second quarter of 2010.

Income Tax

Income tax expenses amounted to €8.2 million for the nine-month period ended September 30, 2010 and were €8.3 million for the same period in 2009. For the nine-month periods ended September 30, the effective tax rates were 23% in 2010 and 31% in 2009. The decrease was primarily attributable to a capitalisation of negative operating losses.

Result from Discontinued Operations

Results from discontinued operations were a loss of €0.4 million for the nine-month period ended September 30, 2010 and a loss of €1 million loss for the same period in 2009.Both related to the subsidiaries in Romania. (See Note 12 in Campofrio Food Group, S.A and Subsidiaries Non-Audited Interim Condensed Consolidated Financial Statements for the Six-Month period ended June 30, 2010)

Profit for the Period

For the first 9 months of 2010, profit increased by 53.7% to €27 million, compared to €17.6 million for the same period in 2009.

Operating Segment Reporting

Net sales and services	Nine month ended Sep 30, 2010 Actuals (Unaudited)	% of total	Nine month ended Sep 30, 2009 Actuals (Restated)	% of total
Southern Europe [1]	624 033	47%	618 079	46%
Northern Europe [2]	719 929	54%	725 925	54%
Eliminations [3]	-12 416	-1%	-7 998	-1%
Total net sales and services	**1 331 546**	100%	**1 336 006**	100%

EBITDA	Nine month ended Sep 30, 2010 Actuals (Unaudited)	% of total	Nine month ended Sep 30, 2009 Actuals (Restated)	% of total
Southern Europe [1]	71 822	62%	62 366	65%
Northern Europe [2]	59 684	51%	46 910	49%
Others [4]	-14 988	-13%	-12 874	-13%
Total EBITDA	**116 518**	100%	**96 402**	100%
% EBITDA margin over Net Sales				
Southern Europe	11.5%		10.1%	
Northern Europe	8.3%		6.5%	
Others	n.a.		n.a.	
Total EBITDA	**8.8%**		**7.2%**	

EBITDA (normalised)	Nine month ended Sep 30, 2010 Actuals (Unaudited)	% of total	Nine month ended Sep 30, 2009 Actuals (Restated)	% of total
Southern Europe [1]	71 822	61%	68 223	65%
Northern Europe [2]	60 229	51%	49 521	47%
Others [4]	-14 988	-13%	-12 518	-12%
Total EBITDA	**117 063**	100%	**105 226**	100%
% EBITDA normalised margin over Net Sales				
Southern Europe	11.5%		11.0%	
Northern Europe	8.4%		6.8%	
Others	n.a.		n.a.	
Total EBITDA	**8.8%**		**7.9%**	

[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 the Southern Europe segment grew 1% to €624.0 million in the nine-month period ended September 30, 2010 from €618.1 million for the same period in 2009. Volumes in Southern Europe increased by 4% for the first 9 months of 2010 as the Company recorded solid growth in Spain for branded processed meat in modern retail channel by 4% and fresh meat business by 5%. Average prices in Southern Europe were down 2.5% driven by business mix for 1.5% associated with stronger volume growth in the Fresh Meat operations, and a 1% average price reduction in Processed Meats operations in Spain and Portugal.

EBITDA in Southern Europe increased €9.4 million to 71.8 €million, primarily due to the severance indemnities of €5.9 million taken mainly in Spain in the first 9 months of 2009. Despite this impact, EBITDA in Southern Europe still increased €3.6 million to €71.8 million for the nine-month period ended September 30, 2010 from €68.2 million for the same period last year, due to volume increase and savings achieved in sourcing and manufacturing, which were partially offset by lower average pricing.

Northern Europe

Net sales in the Northern Europe segment decreased by 1% to €719.9 million for the nine-month period ended September 30, 2010 from €725.9 million for the same period last year. The decrease was driven by lower volume which was down 1.4% for the nine-month period ended in September comparing to the same period last year and an average price increased only 1%, mainly coming from France.

Despite the lower volume, EBITDA in Northern Europe increased significantly to €59.7 million for the nine-month period ended September 30, 2010 from €46.9 million for the first 9 months in 2009 mainly driven by lower manufacturing costs and sourcing productivity. Restructuring programs, which took place in 2009 in France and the Netherlands amounting to €2.6 million, also contributed to the increase in EBITDA and margins in the Northern Europe segment.

Others

The EBITDA for Others segment decreased overall to a negative €15.0 million for the nine-month period ended September 30, 2010 from negative €12.9 million for the same period last year primarily due to Headquarters costs.

Cash Flow

Cash Flows from Operating Activities

For the nine-month period ended September30, 2010, cash flow from operating activities increased to € 104.6 million versus €22 million for the same period in 2009. This €82.6million improvement was primarily attributable to a better performance in EBITDA, improved working capital, lower interest payment and lower restructuring payments, and was offset by lower government grants received. In the first 9 months of 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 September 30, 2010 reflects the payment related mainly to the coupons of the bond..

Cash Used in Investing Activities

For the nine-month period ended September 30, 2010, cash flow from investing activities amounted to a negative €43.2 million, compared to a negative €27.5 million for the same period in 2009. Capital Expenditures amounted to €18.6 million in the nine-month period ended September 30, 2010 and €28.4 million in the same period last year. During the first 9 months of 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).

Cash Flow from Financing Activities

For the nine-month period ended September 30, 2010, cash flow from financing activities amounted to a negative €43.2 million compared to a negative €27.5 million for the same period last year. The cash flow from financing activities for the nine-month period ended September 30, 2010 includes the merger-related Earn-Out payment to Smithfield Foods, payments related to the cancellation of derivatives amounting to €14.3 million and dividends paid amounting to €7.3 million . The cash flow from financing activities for the same nine-month period in 2009 includes 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.

Results of Operations

Comparison of the Three-Month Period ended September 30, 2010 and the Three-Month Period ended September 30, 2009

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the three-month periods ended September 30, 2010 and September 30, 2009

Operating revenues	**Q3, 2010**		**Q3, 2009**	
	Actuals (Unaudited)	% of total oper. revenues	**Actuals (Restated)**	% of total oper. revenues
Net sales and services	467 804	99%	464 419	101%
% increase in Net Sales and Services	*1%*	0%		0%
Increase in inventories of finished goods and work in progress	2 543	1%	-3 988	-1%
Capitalized expenses on Company's work on assets	25	0%	86	0%
Other operating revenue	1 798	0%	1 082	0%
Total operating revenues	472 170	100%	461 599	100%

Operating revenues increased by 2% to €472.2 million for the three-month period ended September 30, 2010 from €461.6 million for the same period in 2009 primarily due to an increase in the inventories of finished goods and work in progress. This increase in inventories is seasonal as we build up dry ham inventories in anticipation of the year-end Christmas campaign. It should be noted however that inventories at the end of the third quarter of 2010 remained lower than in the third quarter of 2009 by €9.2 million. Net sales increased by 1%, to €467.8 million for the third quarter of 2010 from €464.4 million for the same quarter in 2009. The stabilisation of net sales was the result of a reduction in average selling price of 1.9%, which was offset by a 2.1% increase in volumes in the period.

Operating Expenses

The following table sets forth a detailed breakdown of our operating expenses for the three-month periods ended September 30, 2010 and September 30, 2009.

Operating expenses	**Q3, 2010**		**Q3, 2009**	
	Actuals (Unaudited)	% of total oper. revenues	**Actuals (Restated)**	% of total oper. revenues
Consumption of goods and other external charges	-255 263	-55%	-249 313	-54%
Employee benefits expense	-79 204	-17%	-78 565	-17%

Depreciation and amortization	-13 352	-3%	-13 926	-3%
Other operating expenses	-93 869	-20%	-96 603	-21%
Changes in trade provisions	-102	0%	-291	0%
Total operating expenses	-441 790	-94%	-438 698	-94%

Operating expenses increased by 0.7% to €441.8 million for the third quarter of 2010 from €438.7 million for the same period in 2009. Operating expenses constituted 94% of total operating revenues for both three-month periods in 2010 and 2009. The increase in operating expenses was primarily attributable to a 2.4% increase in consumption of goods and other external charges, which was partially offset by decrease in other operating expenses. This increase in consumption was offset by an increase in Inventories of finished goods and work in progress in Operating Revenues. The Consumption of goods and other external charges, net of Increases in Inventories of finished goods and work in progress, remained stable in absolute terms, comparing to same period in 2009, despite increase in volume.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges increased by 2.4% to €255.3 million for the three-month period ended June 30, 2010 from €249.3 million for the same period in 2009. Consumption of goods and other external charges constituted 55% and 54% of total operating revenues for the three-month periods ended September 30, 2010 and September 30, 2009, respectively. The Consumption of goods and other external charges, net of Increases in Inventories of finished goods and work in progress, remained stable.

Employee Benefits Expenses

Employee benefits expenses remained stable at €79.2 million for the third quarter of 2010 compared to €78.6 million for the same quarter in 2009. Employee benefits expenses constituted 17% of total operating revenues for the same three-month periods of 2010 and 2009, respectively.

Depreciation and Amortization

Depreciation and amortization was stable at €13.4 million for the third quarter of 2010 compared to €13.9 million for the same period in 2009. Depreciation and amortization constituted 3% of total operating revenues for both three-month periods.

Other Operating Expenses

Other operating expenses decreased by 2.8% to €93.9 million for the three-month period ended September 30, 2010 from €96.6 million for the same period in 2009.

Finance and Tax Expenses

Finance Revenue and Finance Costs

Net finance cost increased by €1.8 million in the third quarter from €9.6 million in 2009 to €11.4 million in the same period in 2010.

Income Tax

Income tax expenses amounted to €2.8 million for the three-month period ended September 30, 2010, comparing to €2.9 million for the same period in 2009. For the three-month periods ended September 30, the effective tax rate was 29% in 2010 and 41% in 2009. The decrease was primarily attributable to a capitalisation of negative operating losses.

Result from Discontinued Operations

Results from discontinued operations were a gain of €2.8 million for the third quarter 2010 and a loss of €0.2 million loss for the same period in 2009. (See Note 12 in Campofrio Food Group, S.A and Subsidiaries Non-Audited Interim Condensed Consolidated Financial Statements for the Six-Month period ended June 30, 2010)

Profit for the Period

For the three-month period ended September 30, 2010, profit increased to €16.2 million from €7.7 million for the same period in 2009.

Operating Segment Reporting

Net sales and services	**Q3, 2010** Actuals (Unaudited)	% of total	**Q3, 2009** Actuals (Restated)	% of total
Southern Europe [1]	224 456	48%	220 277	47%
Northern Europe [2]	247 682	53%	247 622	53%
Eliminations [3]	-4 334	-1%	-3 481	-1%
Total net sales and services	**467 804**	100%	**464 418**	100%

EBITDA	**Q3, 2010** Actuals (Unaudited)	% of total	**Q3, 2009** Actuals (Restated)	% of total
Southern Europe [1]	28 615	65%	25 480	69%
Northern Europe [2]	19 651	45%	16 982	46%
Others [4]	-4 534	-10%	-5 636	-15%
Total EBITDA	**43 733**	100%	**36 826**	100%
% EBITDA margin over Net Sales				
Southern Europe	12.7%		11.6%	
Northern Europe	7.9%		6.9%	
Others	n.a.		n.a.	
Total EBITDA	**9.3%**		**7.9%**	

EBITDA (normalised)	**Q3, 2010** Actuals (Unaudited)	% of total	**Q3, 2009** Actuals (Restated)	% of total
Southern Europe [1]	28 615	65%	25 480	68%
Northern Europe [2]	20 071	45%	17 408	47%
Others [4]	-4 534	-10%	-5 565	-15%
Total EBITDA	**44 153**	100%	**37 323**	100%
% EBITDA normalised margin over Net Sales				
Southern Europe	12.7%		11.6%	
Northern Europe	8.1%		7.0%	
Others	n.a.		n.a.	
Total EBITDA	**9.4%**		**8.0%**	

[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] Includes mainly corporate activities.

Southern Europe

Net sales in the Southern Europe segment increased by 2% to €224.5 million for the three-month period ended September 30, 2010 from €220.3 million for the same period last year. Volumes in Southern Europe increased by 4% for the third quarter 2010 driven by a 3.4% growth rate in fresh meat business in Spain. Average prices in Southern Europe were down 2% driven by negative business mix effect related to the stronger growth in fresh meat business.

EBITDA in Southern Europe increased €3.1 million to €28.6 million for the third quarter 2010 from €25.5 million for the third quarter in 2009 primarily driven by savings achieved in sourcing and manufacturing, which were partially offset by lower pricing.

Northern Europe

Net sales in the Northern Europe segment remained flat for the three-month period ended September 30, 2010, comparing the €247.6 million for the same period in 2009 to the €247.7 million in 2010. The slight increase in volume of 0.3% in the third quarter 2010, against the same quarter in 2009, was offset by a 0.1% reduction in the average price.

Despite the flat volume, EBITDA in Northern Europe increased significantly to €19.7 million for the three-month period ended September 30, 2010 from €17.0 million for the same period in 2009, mainly driven by lower manufacturing costs and improved sourcing productivity. Restructuring programmes, which took place in 2009 in France and the Netherlands amounting to €0.4 million, also contributed to the increase in EBITDA and margins in the Northern Europe segment.

Others

The EBITDA for the Others segment increased overall to a negative €4.5 million for the three-month period ended September 30, 2010 from the negative €5.6 million for the third quarter last year, primarily due to a €1 million reduction in Headquarters costs.

Cash Flow

Cash Flows from Operating Activities

For the three-month period ended September 30, 2010, cash flow from operating activities amounted to €58.4 million, comparing to a negative €2.9 million for the third quarter in 2009. This increase was primarily attributable to better performance in EBITDA, improved working capital, and lower interest payment. The decrease in changes in working capital was mainly explained by a tight cash management. With respect to interest payment, the decrease was related to the change in timing of interest payments, which under the USPP occurred in the months of February and August, whilst under the Notes, occurs in April and October.

Cash Used in Investing Activities

For the three-month period ended September 30, 2010, cash flow from investing activities amounted to a negative €27.8 million, comparing to a negative €10.1 million for the same period last year. This increase was primarily attributable to the execution of transactions in France and Romania in the third quarter of 2010 (See explanatory notes section) and was offset by a decrease in operating capital expenditure.

Cash Flow from Financing Activities

For the three-month period ended September 30, 2010, cash flow from financing activities amounted to a negative €9.1 million compared to a positive €8.7 million for the same period last year. The cash flow from financing activities for the third quarter 2010 included the payment related to the dividend payment for an amount of €7.3 million. The cash flow from financing activities for the same period in 2009 reflected the net cash movements related to short-term borrowing.

RECENT DEVELOPMENT

Operating Performance for the quarter ends December 31, 2010

We will issue our Annual Accounts for the year ends December 31, 2010 by the end of February. For the fourth quarter, we expect to report results reflecting similar trends as during the first three quarters of 2010.

The processed meats business is seasonal. Traditionally, the period of higher sales for dry hams and cocktail sausages is the Christmas holiday season, and the peak sales period for sausages, cooked ham and hot dogs is the summer months. Early results from the Christmas ham campaign in Spain confirm our expectation that we will report results for the fourth quarter of 2010 in line with current trends.

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.