CAMPOFRIO FOOD GROUP

UNAUDITED INTERIM SELECTED CONDENSED
CONSOLIDATED FINANCIAL INFORMATION
3RD QUARTER, 30TH SEPTEMBER 2009

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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 %. We will pay interest on the Notes semi-annually on each April 30 and October 31, commencing April 30, 2010. Prior to October 31, 2013, we will be entitled, at our option, to redeem all or a portion of the Notes by paying the relevant ''make-whole'' premium. At any time on or after October 31, 2013, we may redeem all or part of the Notes by paying a specified premium to the holders. In addition, prior to October 31, 2013, we may redeem at our option up to 35% of the Notes with the net proceeds from certain equity offerings. If we undergo a change of control or sell certain of our assets, we may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, we may redeem all, but not less than all, of the Notes.

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 the U.S Private Placement notes, prepaid all of the 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 its short term borrowings under various lines of credit.

This interim condensed selected financial information is being provided to holders of the notes pursuant to Section "Description of the notes Reports (2)" of the indenture.

UNAUDITED CONSOLIDATED INCOME STATEMENT, QUARTER

Campofrio Food Group, S.A.

(*In Thousands of Euros*)

	Q3, 2009		Q3, 2008	
	Actuals	% of net sales	Proforma	% of net sales
Operating revenues				
Net sales and services	470,554	100%	503,722	100%
Increase in inventories of finished goods and work-in-progress	-3,808	-1%	11,874	2%
Capitalized expenses on Company's work on assets	86	0%	172	0%
Other operating revenue	1,153	0%	1,503	0%
Total operating revenues	467,985	99%	517,271	103%
Operating expenses				
Consumption of goods and other external charges	-253,164	-54%	-300,982	-60%
Employee benefits expense	-79,784	-17%	-86,345	-17%
Depreciation and amortization	-14,211	-3%	-14,436	-3%
Other operating expenses	-97,464	-21%	-94,433	-19%
Changes in trade provisions	-559	0%	-533	0%
Total operating expenses	-445,183	-95%	-496,729	-99%
Consolidated operating profit (EBIT)	**22,802**	**5%**	**20,542**	**4%**
Financial expenses, net	-9,595	-2%	-7,638	-2%
Other income and expenses	-1	0%	-4,365	-1%
Profit before tax	**13,206**	**3%**	**8,539**	**2%**
Income taxes	-5,548	-1%	-2,003	0%
Profit after tax from continuing operations	**7,658**	**2%**	**6,536**	**1%**
Profit for the year from discontinued operations			0	0%
Profit for the year	**7,658**	**2%**	**6,536**	**1%**
Attributable to minority interest	102	0%	182	0%
Attributable to equity holders of the parent company	7,557	2%	6,354	1%

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

UNAUDITED CONSOLIDATED INCOME STATEMENT, YEAR-TO-DATE

Campofrio Food Group, S.A.

(*In Thousands of Euros*)

	Jan to Sep, 2009		Jan to Sep, 2008	
	Actuals	% of net sales	**Proforma**	% of net sales
Operating revenues				
Net sales and services	1,353,035	100%	1,440,097	100%
Increase in inventories of finished goods and work in progress	-1,719	0%	47,184	3%
Capitalized expenses on Company's work on assets	238	0%	474	0%
Other operating revenue	5,585	0%	4,734	0%
Total operating revenues	1,357,139	100%	1,492,490	104%
Operating expenses				
Consumption of goods and other external charges	-721,466	-53%	-836,242	-58%
Employee benefits expense	-257,591	-19%	-270,484	-19%
Depreciation and amortization	-42,679	-3%	-42,382	-3%
Other operating expenses	-278,978	-21%	-281,387	-20%
Changes in trade provisions	-1,901	0%	2,917	0%
Total operating expenses	-1,302,616	-96%	-1,427,578	-99%
Consolidated operating profit (EBIT)	**54,523**	**4%**	**64,911**	**5%**
Financial expenses, net	-28,454	-2%	-26,758	-2%
Other income and expenses	-12	0%	-7,206	-1%
Profit before tax	**26,057**	**2%**	**30,947**	**2%**
Income taxes	-8,439	-1%	-5,119	0%
Profit after tax from continuing operations	**17,618**	**1%**	**25,828**	**2%**
Profit for the year from discontinued operations			-20,945	-1%
Profit for the year	**17,618**	**1%**	**4,883**	**0%**
Attributable to minority interest	302	0%	494	
Attributable to equity holders of the parent company	17,317	1%	4,388	0%

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

UNAUDITED CONSOLIDATED BALANCE SHEET

Campofrio Food Group

(*In Thousands of Euros*)

	30th Sept., 2009 Actuals	30th Sept., 2008 Proforma
ASSETS		
Property, plant and equipment	566,157	576,583
Goodwill	414,452	413,236
Other intangible assets	182,146	181,443
Non-current financial assets	6,002	7,728
Investments accounted for under the equity method	938	18
Deferred tax assets	64,838	39,676
Other non-current assets	170	1,158
Total non-current assets	**1,234,703**	**1,219,842**
Inventories	314,962	373,270
Trade and other receivables	237,430	277,371
Other current financial assets	8,379	2,115
Other current assets	4,514	3,917
Cash and cash equivalents	97,218	131,705
Total current assets	**662,504**	**788,378**
Assets classified as held for sale and discontinued operations	**1,555**	**93,102**
TOTAL ASSETS	**1,898,762**	**2,101,323**
EQUITY AND LIABILITES		
Equity attributable to equity holders of the parent	622,369	709,752
Equity attributable to minority interests	9,934	15,068
TOTAL EQUITY	**632,303**	**724,821**
Debentures	158,627	212,714
Interest-bearing loans and borrowings	150,198	230,713
Other financial liabilities	71,561	74,779
Deferred tax liabilities	133,312	103,301
Other non-current liabilities	22,722	22,141
Provisions	39,409	43,413
Total non-current liabilities	**575,828**	**687,061**
Debentures	52,668	711
Interest-bearing loans and borrowings	120,203	74,266
Trade and other payables	422,986	461,010
Other financial liabilities	18,799	1,808
Provisions	13,284	4,378
Other current liabilities	62,691	67,260
Total current liabilities	**690,631**	**609,434**
Liabilities directly associated with assets classified as held for sale and discontinued operations		**80,006**
TOTAL EQUITY AND LIABILITIES	**1,898,762**	**2,101,322**

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

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

Campofrio Food Group

(*In Thousands of Euros*)

	Q3, 2009	Q3, 2008	Jan to Sep, 2009	Jan to Sep, 2008
	Actuals	Proforma	Actuals	Proforma
Operating flows before changes in working capital	**24,063**	**20,640**	**71,122**	**77,064**
Changes in working capital	-10,231	-19,033	-17,913	-71,508
Cash flows from operating activities	**13,832**	**1,607**	**53,208**	**5,557**
Net interest expenses	-15,480	-11,431	-31,567	-27,526
Income tax paid	-1,286	-3,857	-6,155	-6,021
Other collection	0	32	6,642	932
Net cash flows from operating activities	**-2,934**	**-13,648**	**22,129**	**-27,059**
Investments in property, plant and equipment	-10,943	-20,180	-28,408	-73,325
Other collections and investments	828	-154	794	37,507
Net cash flows from investing activities	**-10,115**	**-20,334**	**-27,614**	**-35,818**
Dividend cash payments	-319	-12,000	-47,469	-12,000
Changes in financial liabilities	8,789	4,991	30,577	-19,379
Own share transactions	165	-2,594	-205	-9,185
Net cash flows from financing activities	**8,635**	**-9,603**	**-17,098**	**-40,564**
Net increase/(decrease) in cash and cash equivalents	-4,414	-43,585	-22,584	-103,441
Cash and cash equivalents at beginning of period	101,632	175,290	119,801	235,146
Cash and cash equivalents at end of period	**97,218**	**131,705**	**97,218**	**131,705**

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

SELECTED UNAUDITED OPERATING SEGMENT INFORMATION
Campofrio Food Group
(*In Thousands of Euros*)

For the nine month period ended September 30, 2009 and September 30, 2008

Net sales and services	**Jan to Sep, 2009**		**Jan to Sep, 2008**	
	Actuals	% of total	**Proforma**	% of total
Southern Europe [1]	618,659	46%	650,862	45%
Northern Europe [2]	725,925	54%	771,550	54%
Others [3]	18,656	1%	20,984	1%
Eliminations [4]	-10,205	-1%	-3,298	0%
Total net sales and services	**1,353,035**	100%	**1,440,097**	100%

EBITDA	**Jan to Sep, 2009**		**Jan to Sep, 2008**	
	Actuals	% of total	**Proforma**	% of total
Southern Europe [1]	61,146	63%	61,577	57%
Northern Europe [2]	47,768	49%	49,693	46%
Others [5]	-11,711	-12%	-3,976	-4%
Total EBITDA	**97,203**	100%	**107,294**	100%

% EBITDA margin over Net Sales		
Southern Europe [1]	9.9%	9.5%
Northern Europe [2]	6.6%	6.4%
Others [5]	n.a.	n.a.
Total EBITDA	**7.2%**	**7.5%**

EBITDA (adjusted)	**Jan to Sep, 2009**		**Jan to Sep, 2008**	
	Actuals	% of total	**Proforma**	% of total
Southern Europe [1]	67,003	63%	61,577	59%
Northern Europe [2]	50,379	48%	46,659	45%
Others [5]	-11,355	-11%	-3,976	-4%
Total EBITDA	**106,027**	100%	**104,260**	100%

% EBITDA adjusted margin over Net Sales		
Southern Europe [1]	10.8%	9.5%
Northern Europe [2]	6.9%	6.0%
Others [5]	n.a.	n.a.
Total EBITDA	**7.8%**	**7.2%**

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

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

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

[3] Includes the operating activities managed primarily in Romania.

[4] Includes intercompany sales, which are eliminated on consolidation.

[5] Includes the operating activities managed primarily in Romania and Headquarter expenses.

For the three month period ended September 30, 2009 and September 30, 2008

Net sales and services	**Q3, 2009**		**Q3, 2008**	
	Actuals	% of total	**Proforma**	% of total
Southern Europe [1]	220,529	47%	237,413	47%
Northern Europe [2]	248,333	53%	259,466	52%
Others [3]	6,507	1%	8,279	2%
Eliminations [4]	-4,815	-1%	-1,436	0%
Total net sales and services	**470,554**	100%	**503,722**	100%

EBITDA	**Q3, 2009**		**Q3, 2008**	
	Actuals	% of total	**Proforma**	% of total
Southern Europe [1]	25,115	68%	21,953	63%
Northern Europe [2]	17,152	46%	13,742	39%
Others [5]	-5,254	-14%	-716	-2%
Total EBITDA	**37,013**	100%	**34,978**	100%
% EBITDA margin over Net Sales				
Southern Europe [1]	11.4%		9.2%	
Northern Europe [2]	6.9%		5.3%	
Others [5]	n.a.		n.a.	
Total EBITDA	**7.9%**		**6.9%**	

EBITDA (adjusted)	**Q3, 2009**		**Q3, 2008**	
	Actuals	% of total	**Proforma**	% of total
Southern Europe [1]	25,115	67%	21,953	63%
Northern Europe [2]	17,649	47%	13,742	39%
Others [5]	-5,253	-14%	-715	-2%
Total EBITDA	**37,511**	100%	**34,979**	100%
% EBITDA adjusted margin over Net Sales				
Southern Europe [1]	11.4%		9.2%	
Northern Europe [2]	7.1%		5.3%	
Others [5]	n.a.		n.a.	
Total EBITDA	**8.0%**		**6.9%**	

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

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

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

[3] Includes the operating activities managed primarily in Romania.

[4] Includes intercompany sales, which are eliminated on consolidation.

[5] Includes the operating activities managed primarily in Romania and Headquarter expenses.

OTHER UNAUDITED SELECTED FINANCIAL INFORMATION

Campofrio Food Group

(*In Thousands of Euros*)

Reconciliation from Net Income to EBITDA adjusted	**Jan to Sep, 2009**	**Jan to Sep, 2008**	**Q3, 2009**	**Q3, 2008**
	Actuals	**Proforma**	**Actuals**	**Proforma**
Net income Attributable to equity holders of the parent company	17,317	4,388	7,557	6,354
Net income Attributable to minority interest	302	494	102	182
Profit for the year from discontinued operations		20,945		0
Income taxes	8,439	5,119	5,548	2,003
Other income and expenses	12	7,206	1	4,365
Financial expenses, net	28,454	26,758	9,595	7,638
Depreciation and amortization	42,679	42,382	14,211	14,436
EBITDA	**97,203**	**107,294**	**37,014**	**34,978**
French Tradi Business		-3,034		
Severance	8,824		497	
Total Adjustments	8,824	-3,034	497	
EBITDA adjusted	**106,027**	**104,260**	**37,511**	**34,978**

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

EXPLANATORY NOTES TO THE INTERIM SELECTED CONSOLIDATED FINANCIAL INFORMATION

Corporate Information

Campofrío Food Group, S.A. (the Parent Company), with registered office at Avda. de Europa, Parque Empresarial la Moraleja in Alcobendas (Madrid), was incorporated as a private limited company in Spain on September 1, 1944, under the registered name Conservera Campofrío, S.A. On June 26, 1996, the Company's name was changed to Campofrío Alimentación, S.A. and on December 30, 2008, it was changed to its current name, Campofrío Food Group, S.A.

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

The Parent Company manufactures and sells products for both human and animal 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 Group operates throughout Spain with factories in Burgos, Villaverde (Madrid), Torrijos (Toledo), Ólvega (Soria), Torrente (Valencia) and Trujillo (Cáceres), and through its subsidiaries in Romania and Portugal. In addition, as of December 30, 2008, the Group operates through its subsidiaries in the United Kingdom, Belgium, France, Germany, Italy, Portugal and the Netherlands. Through a takeover merger on December 30, 2008, the Parent Company took control of the Spanish holding entity Groupe Smithfield Holdings, S.L., and all of the assets and liabilities were transferred to the Parent Company. As a result of this merger, the Parent Company acquired Campofrío Food Group Holding, S.L. (formerly Groupe Smithfield, S.L.).

Groupe Smithfield Holdings, S.L. is a Spanish holding entity and the parent company of an international food group, engaged in the production and sale of meat products primarily in the United Kingdom, Belgium, France, Germany, Italy, Portugal and the Netherlands, where it also has industrial facilities. The merger was in response to and based on strategic business criteria, which allowed the Parent Company, as the acquired company, to establish itself as the parent of a pan-European group and a leading manufacturer of processed meats, with a strong presence in Spain, Belgium, France, Portugal, Holland and Romania.

On October 24, 2008, the shareholders of both companies approved the takeover merger. The Parent Company took control of the absorbed company on December 30, 2008, and obtained the power to determine the financial and operating policies governing the acquired business and the related economic benefits from its activities.

As a result of the merger, the Parent Company acquired Groupe Smithfield Holdings, S.L., which was dissolved without liquidation and all its assets and liabilities transferred to the Parent Company. For these purposes, the balance sheet date of the absorbed company was considered to be December 31, 2008, given the negligible difference between that date and the date the business was acquired.

Basis of preparation

The amounts of the unaudited consolidated income, balance sheet and cash flow statement, were prepared in accordance with International Financial Reporting Standards, adopted by the European Union (EU-IFRS), 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 EU-IFRS are not included since they are not applicable for the purpose of this document.

The pro-forma consolidated income statement, consolidated balance sheet statement and cash flow statement for the period ended September 30, 2008 was prepared as if the merger had taken place on January 1, 2008. The consolidated income statement, consolidated balance sheet statement and cash flow statement for the period ended September 30, 2009

The selected consolidated pro-forma financial information was prepared to include the acquisition of Groupe Smithfield Holdings, S.L. by Campofrío Food Group, S.A. as if the acquisition took place on January 1, 2008, so as to provide a comparable Consolidated Balance Sheet, Income Statement, Cash Flow Statement and another Financial Information included in the Campofrío Food Group, S.A. Interim Selected Condensed Consolidated Financial Information, for the period ended September 30, 2009.

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, 2008 and with the Interim Condensed Consolidated Financial Statements for the period ended June 30, 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 condition 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 our accounting policies is provided in Note 2 to our consolidated financial statements for the year ended December 31, 2008.

Non-IFRS-EU Financial Measures

This selected financial information contains 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.

Operating Segment Reporting

We report our results in accordance with the following strategic reporting segments:

- Southern Europe: includes the operating activities managed in Spain & Portugal
- Northern Europe: includes the operating activities managed primarily in France, the Netherlands, Belgium & Germany.
- Others: includes operating activities managed primarily in Romania (with regards to EBITDA this line includes also the Group Headquarters)

Note: Elimination on our Net Sales and Services segment reporting refer 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)

Discontinued Operations

On December 2008 we concluded sell of our Russian subsidiary Campomos. As of September 30, 2008 total assets and liabilities related to our operation in Russia were classified as "Assets held for sales and discontinued operations" and "Liabilities directly related to Assets held for sale and Discontinued Operations". As of September 2008, after tax results from the operations amounted to 20 million of euros. There was no impact related to discontinued operations on the three month period ended September 30, 2008.

Net Financial Debt, Liquidity and Capital Resources

The following charts set our debt position as of September 30th, 2009 and proforma September 30th, 2008.

NET FINANCIAL DEBT	30th Sept., 2009	30th Sept., 2008
	Actual	Proforma
Non-current financial debt		
Debentures	158,627	212,714
Interest-bearing loans and borrowings	150,198	230,713
Other financial liabilities	71,561	74,779
Current financial debt		
Debentures	52,668	711
Interest-bearing loans and borrowings	120,203	74,266
Other financial liabilities	18,799	1,808
Current financial assets		
Other current financial assets	-8,379	-2,115
Cash and cash equivalents	-97,218	-131,705
Total Net Financial Debt	**466,459**	**461,172**

The company´s debt structure is substantially the same comparing the respective 3rd quarters of 2008 and 2009 and largely consists of the outstanding balances of the two main financing sources of the company (i.e. USPP Notes and LBO Facilities widely described in the OM) except for the €75M prepayment of the latter at the end of 2008 and the corresponding movement from non-current to current debentures of certain maturities. As described in the bond OM, both debentures were either early redeemed or prepaid by means of the proceeds of the bond issue on closing that took place on November 2nd, 2009 (please refer to the "Use of Proceeds" and "Capitalization" sections under the bond OM).

In spite of the €47.1 million extraordinary dividend payment associated to our merger process, our cash and cash equivalents were €97.1 million at September 30, 2009. In addition, we had approximately €90 million of undrawn lines under our credit facilities maturing between six months and one year, net of draw-downs amounting to €52 million which were fully repaid by means of the bond proceeds on closing. (Please refer to the "Description of certain Financing Arrangements in the bond OM).

The following tables set forth the situation of our two main financing sources as of September 30, 2009 and proforma September 30, 2008.

Debentures	**Sep, 2009**	**Sep, 2008**
Non-current debentures	158,627	212,715
Current debentures	52,668	711
Principal	51,219	0
Accrued interest	1,449	711
Total debentures	**211,295**	**213,426**

Interest-bearing loans and borrowings	**Sep, 2009**	**Sep, 2008**
Bank loans and credit facilities	266,673	301,398
Credit lines	59,539	1,864
Multicurrency credit line	207,134	299,534
Discounted bills payable	3,232	3,038
Interest payable	495	543
Total	**270,400**	**304,979**

The following tables set forth the situation of our current and non-current other financial liabilities as of September 30, 2009 and proforma September 30, 2008.

Other non-current financial liabilities	**Sep, 2009**	**Sep, 2008**
Financial leases	1,441	2,244
Financial assets measured at fair value	109	109
Other non current financial liabilities	1,935	109
Total	**3,484**	**2,462**

Other current financial liabilities	**Sep, 2009**	**Sep, 2008**
Financial leases	339	589
Financial assets measured at fair value	18,446	0
Other	14	1,219
Total	**18,799**	**1,808**

The following tables set forth the situation of our financial derivatives as of September 30, 2009 and proforma September 30, 2008

Fair value situation at Sep, 2008 and 2009	FV at Sep, 2009	FV at Sep, 2008	Notional	2,009	2,010	2,013	2,015
Cash flow hedge	-46,331	-41,729	365,098	103,774	169,124	73,767	18,433
Fair value hedge	-23,574	-26,942	109,728			109,728	
Derivatives held for trading	-10,937	-6,689	179,728			179,728	
Total	**-80,842**	**-75,360**					

As a consequence of our hedging strategy and the use of derivatives, part of our debt is subject to fluctuations in the mark to market value of said instruments as represented in the above chart, although the resulting impact of the related evolution from the respective 3rd quarters of 2008 and 2009 may be considered limited.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are the largest European producer of processed meat products based on net sales. Our 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. We 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. Our 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 months ended September 30, 2009, we had operating revenues and adjusted EBITDA of €1,357.1 million and €106.0 million, respectively. For the nine months ended September 30, 2009, we generated substantially all of our revenues in Europe. We are headquartered in Madrid, Spain and our shares have been listed on the Madrid stock exchange since 1988 and on the Barcelona stock exchange since 1990, and now trade under the symbol ''CFG.'' As of September 30, 2009, we had a market capitalization of €730 million.

We are 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. We source meat primarily from third party suppliers which we monitor 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 our 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 our strong relationships with our retail and food specialist customers, we have also developed a strong private label or retailer brand business.

Factors Affecting Our Results of Operations

Raw Material Prices

Pig carcass average price	Q 3		% Increase (decrease) over prior period	Nine months ended September 30,		% Increase (decrease) over prior period
	2008	2009		2008	2009	
	(price in €/kg)			(price in €/kg)		
Spain Mercolleida	1.64	1.54	*(6.3)*	1.51	1.45	*(4.0)*
France MPB	1.44	1.23	*(14.8)*	1.28	1.19	*(7.0)*
Netherlands Monfoort	1.69	1.47	*(13.0)*	1.50	1.39	*(7.3)*
Belgium Danis	1.29	1.10	*(14.8)*	1.45	1.32	*(9.0)*
Germany AIM	1.77	1.51	*(14.4)*	1.58	1.45	*(8.2)*
Denmark DC	1.41	1.30	*(8.2)*	1.28	1.23	*(3.9)*

During the first 9 months in 2009, pig carcass quotations moved lower in all the main European pig producing countries, with significant weakness observed in Germany, Benelux and France. EU 27 pork meat production in 2009 decreased by 2.8% versus prior year. The decrease in pig meat prices is mainly driven by lower demand for pork, in particular in the export markets of Eastern Europe and Asia (-15.5%). The demand effect is outweighing any potential price increase that would normally result from lower supplies. In addition, pig farming costs of production have settled back to acceptable levels with the normalization of grain and feed input prices, allowing carcass prices to drift and settle lower in 2009.

Year to date, turkey and chicken filet prices decreased from 5% and to 15% depending on the product. Poultry quotations initiated the year 2009 at very low levels due to overproduction in the industry. They remained low in the first 4 months, and have progressively but steadily increased throughout the year.

Results of Operations

Comparison of Three Month Period Ended September 30, 2009 and the proforma Three Month Period Ended September 30, 2008

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the third quarter ended September 30, 2008 and September 30, 2009.

Operating revenues	**Q3, 2009**		**Q3, 2008**	
	Actuals	% of net sales	**Proforma**	% of net sales
Net sales and services	470,554	101%	503,722	97%
% increase in Net Sales and Services	*-7%*	0%		0%
Increase in inventories of finished goods and work in progress	-3,808	-1%	11,874	2%
Capitalized expenses on Company's work on assets	86	0%	172	0%
Other operating revenue	1,153	0%	1,503	0%
Total operating revenues	467,985	100%	517,271	100%
% increase in total operating revenues	*-10%*			

Operating revenues decreased by 10% to €467.9 million in the third quarter ended September 30, 2009 from €517.2 million for the proforma operations for the third quarter ended September 30, 2008 due primarily to a decrease in net sales. Net sales decreased by 7%, to €470.5 million for the third quarter ended September 30, 2009 from €503.7 million for the third quarter ended September 30, 2008. Volume decreased 4.3% in the third quarter of 2009, driven by lower sales in Southern Europe segment where sales volume in Spain was the primary driven behind the fall, in line with the local market conditions and economic crisis.

Operating Expenses

The following table sets forth a detailed breakdown of our operating expenses for the proforma operations in the third quarter ended September 30, 2008 and September 30, 2009.

Operating expenses	**Q3, 2009**		**Q3, 2008**	
	Actuals	% of net sales	**Proforma**	% of net sales
Consumption of goods and other external charges	-253,164	-54%	-300,982	-60%
Employee benefits expense	-79,784	-17%	-86,345	-17%
Depreciation and amortization	-14,211	-3%	-14,436	-3%
Other operating expenses	-97,464	-21%	-94,433	-19%
Changes in trade provisions	-559	0%	-533	0%
Total operating expenses	-445,183	-95%	-496,729	-99%

Operating expenses for the proforma operations decreased by 10% to €445.2 million in the third quarter ended September 30, 2009 from €496.7 million in the third quarter ended September 30, 2008. Operating expenses constituted 95% and 99% as a percentage of total revenue for each of the third quarters ended September 30, 2009 and September 30, 2008, respectively. The decrease in operating expenses was primarily attributable to a 16% decrease in consumption of goods equivalent to €47.8 million. Employee benefits expenses decreased by 8% stemming from the impact of the restructuring programs in France and Spain.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges for the proforma operations decreased by 16% to €253.2 million in the third quarter ended September 30, 2009 from €300.9 million in the third quarter ended September 30, 2008. Consumption of goods and other external charges constituted 54.1% and 58.2% as a percentage of total revenue for the third quarter ended September 30, 2009 and September 30, 2008, respectively. The decrease in consumption of goods and other external charges was attributable to lower volume, a 4% reduction in meat price and the realization of raw material sourcing synergies resulting from volume purchasing and sourcing rationalization across all of our business segments.

Employee Benefits Expenses

Employee benefits expenses for the proforma operations decreased by 8% to €79.8 million in the third quarter ended September 30, 2009 from €86.3 million in the third quarter ended September 30, 2008. Employee benefits expenses constituted 17% and 16.7% as a percentage of total revenue for the third quarter ended September 30, 2009 and September 30, 2008, respectively. The decrease equivalent to €6.6 million on an absolute basis was primarily related to a decrease in wages and salaries due to lower volumes and restructuring related savings in the first semester of 2009 in France , Spain and the Netherlands.

Depreciation and Amortization

Depreciation and amortization for the proforma operations decreased by 2% to €14.2 million in the third quarter ended September 30, 2009 from €14.4 million in the third quarter ended September 30, 2008. Depreciation and amortization constituted 3% as a percentage of total revenue for each of the third quarter ended September 30, 2009 and September 30, 2008.

Other Operating Expenses

Other operating expenses for the proforma operations increased by 3% to €97.5 million in the third quarter ended September 30, 2009 from €94.4 million for the third quarter ended September 30, 2008. Other operating expenses constituted 21% and 19% as a percentage of total revenue for each of the third quarter ended September 30, 2009 and September 30, 2008, respectively.

Finance Revenue and Finance Costs

Net finance cost increased by 26% to €9,5 million in the three months ending September 30, 2009 from €7,6 in the three months ending September 30, 2008 due to an increase in the coupon rate of the USPP Notes following the Merger-related step-up. Additionally the terms of our debenture were modified in the third quarter of 2009 so that as from July 31, 2009 the interest rate increases to 1,5%-3%, depending on certain financial ratios. At the same time as most of our long term indebtedness has a fixed interest rate after hedging our Company did not fully benefit from lower interest rates in 2009 in comparison with 2008. As known, both the USPP Notes and the LBO Facilities were fully prepaid on November 2, 2009 from the proceeds of the new bond issuance that was funded on that same date as described in the "Capitalization" and "Use of Proceeds" sections under the bond OM.

Other Income and Expenses

Other income and expenses was nil in the three month ended September 30, 2009 and was a €4.4 million expense in the proforma three month ended September 30, 2008. The main components are expenses related to St. Etienne plant closure.

Income Tax

Income tax expenses for the amounted €5.0 million in three month period ended September 30 2009 compared to €2.0 million in the same period of 2008. For the three month period ended September 2009, the effective tax rate was 42% mainly due to a change in the profitable income across the group on countries with different nominal tax rate. For the three month period ended September 2008, the effective tax rate was 23% mainly impacted by France tax losses capitalization.

Profit (Loss) for the Year

Profit for the three month period ended September 30, 2009 profit for the year amounted to €7.6 million compared to the €6.4 million for the same period of 2008.

Operating Segment Reporting

Net sales and services	Q3, 2009		Q3, 2008	
	Actuals	% of total	Proforma	% of total
Southern Europe	220,529	47%	237,413	47%
Northern Europe	248,333	53%	259,466	52%
Others	6,507	1%	8,279	2%
Eliminations	-4,815	-1%	-1,436	0%
Total net sales and services	**470,554**	100%	**503,722**	100%

EBITDA	Q3, 2009		Q3, 2008	
	Actuals	% of total	Proforma	% of total
Southern Europe	25,115	68%	21,953	63%
Northern Europe	17,152	46%	13,742	39%
Others	-5,254	-14%	-716	-2%
Total EBITDA	**37,013**	100%	**34,978**	100%
% EBITDA margin over Net Sales				
Southern Europe	11.4%		9.2%	
Northern Europe	6.9%		5.3%	
Others	n.a.		n.a.	
Total EBITDA	**7.9%**		**6.9%**	

Southern Europe

Net sales in the Southern Europe segment for the proforma operations decreased by 8% to €220.5 million in the third quarter ended September 30, 2009 from €237.4 million in the third quarter ended September 30, 2008. The decrease comes mainly from Spain processed meat business where volumes in the quarter decreased by 8.2%, primarily attributable to lower processed meat sales volumes in the Spanish market, in particular the decision by the Spanish retailer, Mercadona, to focus on private label products. Lower overall customer demand stemming from the general economic climate as well as well as a decrease in the demand for branded products by customers and consumers have also contributed to the downturn.

The EBITDA in Southern Europe increased overall by 14.4% to €25.1 million in the third quarter ended September 30, 2009 from €22 million for the third quarter ended September 30, 2008. This achievement is driven primarily by cost reduction programs, lower raw material prices through ongoing initiatives started in 2009 and a reclassification of cost from Spain to Headquarters of approximately €4 million.

Northern Europe

Net sales in the Northern Europe segment for the proforma operations decreased by 4.9% to €248.3 million in the third quarter ended September 30, 2009 from €259.5 million in the third quarter ended September 30, 2008. The decrease in net sales was primarily driven by lower sales volumes for the first third quarter of 2009 as compared to the third quarter of 2008.

The EBITDA in Northern Europe increased by 24.8% to €17.2 million in the third quarter ended September 30, 2009, from €13.7 million in the third quarter ended September 30, 2008. The increase in EBITDA was primarily driven by France where EBITDA increased €3.1 million.

Others

Net sales in the Others business segment for the proforma operations decreased to €6.5 million in the third quarter ended September 30, 2009 from €8.3 million in the third quarter ended September 30, 2008. The decrease was primarily driven by the slow down of the economy in Romania.

The EBITDA for Other business segment decreased to a €5.3 million loss in the third quarter ended September 30, 2009 from a €0.7 million loss for the third quarter ended September 30, 2008 mainly attributable to the allocation of Headquarters cost

Cash Flow

Cash Flows from Operating Activities

For the three months ended September 30, 2009, our cash flow from operating activities amounted to a negative €2.9 million compared to a loss of €13.6 million for the three months period ended September 30, 2008. This €10.7 million improvement over the same period last year was primarily attributable to the higher EBITDA, a better performance in changes in working capital, and lower income taxes paid, this movements being partially offset by non-recurrent payments related to restructuring plans and the merger and higher interest expenses paid. The variation in working capital is explained by an inventory tight management policy implemented in 2009.

Cash Used in Investing Activities

For the three months ended September 30, 2009 our cash flow from investing activities amounted to a negative €10.1 million, compared to a negative €20.3 million for the same period last year. The reduction in Capital Expenditures reflects the completion of major investments in 2008 and in the first semester of 2009 and the return to a steady-state investment level.

Cash Flow from Financing Activities

For the three months ended September 30, 2009, our cash flow from financing activities amounted to €8.6 million compared to a negative €9.6 million for the same period last year. The improvement is mainly related to lower share repurchases and the absence of ordinary dividends paid in the quarter offsetting changes in short-term liabilities and the payment of the USPP amendment fee.

Comparison of Nine Month Period Ended September 30, 2009 and the proforma Nine Month Period Ended September 30, 2008

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the nine months ended September 30, 2008 and September 30, 2009.

Operating revenues	**Jan to Sep, 2009**		**Jan to Sep, 2008**	
	Actuals	% of net sales	**Proforma**	% of net sales
Net sales and services	1,353,035	100%	1,440,097	96%
% increase in Net Sales and Services	*-6%*			
Increase in inventories of finished goods and work in progress	-1,719	0%	47,184	3%
Capitalized expenses on Company's work on assets	238	0%	474	0%
Other operating revenue	5,585	0%	4,734	0%
Total operating revenues	1,357,139	100%	1,492,490	100%
% increase in total operating revenues	*-9%*			

Operating revenues decreased by 9% to €1.357.1 million in the nine months ended September 30, 2009 from €1.492.5 million for the proforma operations for the nine months ended September 30, 2008 due primarily to a decrease in net sales together with a decrease in inventories of finished good and work-in-progress. Net sales decreased by 6%, to €1.353 million for the nine months ended September 30, 2009 from €1.440 million for the nine months ended September 30, 2008. The decreased by €87 million was driven by a 3% decrease in like-for-like sales and a 2% decrease in average selling price.

Operating Expenses

The following table sets forth a detailed breakdown of our operating expenses for the proforma operations in the nine months ended September 30, 2008 and September 30, 2009.

Operating expenses	**Jan to Sep, 2009**		**Jan to Sep, 2008**	
	Actuals	% of net sales	**Proforma**	% of net sales
Consumption of goods and other external charges	-721,466	-53%	-836,242	-58%
Employee benefits expense	-257,591	-19%	-270,484	-19%
Depreciation and amortization	-42,679	-3%	-42,382	-3%
Other operating expenses	-278,978	-21%	-281,387	-20%
Changes in trade provisions	-1,901	0%	2,917	0%
Total operating expenses	-1,302,616	-96.3%	-1,427,578	-99.1%

Operating expenses for the proforma operations decreased by 9% to €1.302.6 million in the nine months ended September 30, 2009 from €1.427.6 million in the nine months ended September 30, 2008. Operating expenses constituted 96% and 99% as a percentage of total revenue for each of the nine months ended September 30, 2009 and September 30, 2008, respectively. The decrease in operating expenses was primarily attributable to a 14% decrease in consumption of goods and other external charges, resulting from the disposal of the French Traditional Business, the decrease in sales volumes, as well as the realization of sourcing synergies following the Merger with Groupe Smithfield. Meat costs declined by 1% in the first nine-months of 2009 as compared to the first nine-months of 2008. Employee benefits expenses decreased by 5% due to the disposal of the French Traditional Business together with a reduction in headcount stemming from restructuring programs in France, Spain and the Netherlands, which were partially offset by restructuring costs incurred in 2009.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges for the proforma operations decreased by 14% to €721.5 million in the nine months ended September 30, 2009 from €836.3 million in the nine months ended September 30, 2008. Consumption of goods and other external charges constituted 53% and 55% as a percentage of total revenue for the nine months ended September 30, 2009 and September 30, 2008, respectively. The decrease in consumption of goods and other external charges was primarily attributable to a reduction in sales volumes as explained above and the disposal of the French Traditional Business as well as the realization of certain raw material sourcing synergies resulting from volume purchasing and sourcing rationalization across Europe. Although the price of hogs were lower in the first nine months of 2009 as compared to the first nine months of 2008, due to our long cycle products and the variations in the cost of different cuts, our meat costs were relatively stable in the first nine months of 2009 as compared to the same period in 2008.

Employee Benefits Expenses

Employee benefits expenses for the proforma operations decreased by 3% to €257.6 million in the nine months ended September 30, 2009 from €270.5 million in the nine months ended September 30, 2008. Employee benefits expenses constituted 20% and 19% as a percentage of total revenue for the nine months ended September 30, 2009 and September 30, 2008, respectively. The decrease on an absolute basis was partially related to the sale of our French Traditional Business in April 2008 which accounted for €5.4 million of employee benefits expenses in the nine months ended September 30, 2009. Lower wages and salaries were partially offset by an increase in dismissal indemnities expenses relating to the restructuring projects in Spain and France. Excluding dismissal indemnities, employee benefits expenses constituted 19% as a percentage of total revenue for both the nine months ended September 30, 2009 and September 30, 2008.

Depreciation and Amortization

Depreciation and amortization for the proforma operations increased by 1% to €42.7 million in the nine months ended September 30, 2009 from €42.3 million in the nine months ended September 30,

2008. Depreciation and amortization constituted 3% as a percentage of total revenue for each of the nine months ended September 30, 2009 and September 30, 2008.

Other Operating Expenses

Other operating expenses for the proforma operations decreased by 1% to €279 million in the nine months ended September 30, 2009 from €281.4 million for the nine months ended September 30, 2008. Other operating expenses constituted 20% and 19% as a percentage of total revenue for each of the nine months ended September 30, 2009 and September 30, 2008, respectively. The slight decrease in other operating expenses on an absolute basis was primarily attributable to the disposal of our French Traditional Business in April 2008 which accounted for € 7.4 million of other operating expenses in the nine months ended September 20, 2008. Excluding the impact of the French Traditional Business, other operating expenses increased by €5 million.

Finance Revenue and Finance Costs

Net finance costs for the combined operations increased by 6% to €28.4 million in the nine months ending September 30, 2009 from €26.7 million in the nine months ending September 30, 2008 due to an increase in the coupon rate of the USPP Notes following an amendments signed in August, offset by a reduction in net financial expenses following the prepayment and cancellation of €75 million under the LBO Facilities. At the same time, as most of our long term indebtedness has an after hedging fixed interest rate we did not fully benefit from lower interest rates in 2009 in comparison with 2008. As known, both the USPP Notes and the LBO Facilities were fully prepaid on November 2, 2009 by means of the bond issue proceeds that was funded on that same date as described in the "Use of Proceeds" and "Capitalization" sections under the bond OM.

Other Income and Expenses

Other income and expenses for the nine month period ended September 30, 2009 only includes consolidation results of Equity Investees which where nil for the considered period. For the nine month period ended September 30, 2008 Other income and expenses amounted to €7.2 million expenses. The components of this item for the nine months ended September 30, 2008 were severance cost in Netherland and France.

Income Tax

Income tax expenses amounted €8.4 million expenses for the nine month period ending September 30, 2009 and €5.1 million expenses for the nine month period ended September 30, 2008. The effective tax rate for the nine months ended September 30, 2009 was 32% compared to 17% for the nine months ended September 30, 2008. This increase in the effective tax rate was mainly driven by the favorable tax treatment on the gain on the sale of the French Traditional Business during 2008 together with the application of tax deduction in Spain for 2009 income tax.

Results from Discontinued Operations

Results from discontinued operations was a loss of €20.9 million for the nine months ended September 30, 2008 related to the disposal of our Russian subsidiary Campomos.

Profit (Loss) for the Year

Profit for the year increased to €17.3 million in the nine months ended September 30, 2009 from €4.4 million in the nine months ended September 30, 2008.

Operating Segment Reporting

Net sales and services	Jan to Sep, 2009		Jan to Sep, 2008	
	Actuals	% of total	**Proforma**	% of total
Southern Europe	618,659	46%	650,862	45%
Northern Europe	725,925	54%	771,550	54%
Others	18,656	1%	20,984	1%
Eliminations	-10,205	-1%	-3,298	0%
Total net sales and services	**1,353,035**	100%	**1,440,097**	100%

EBITDA	Jan to Sep, 2009		Jan to Sep, 2008	
	Actuals	% of total	**Proforma**	% of total
Southern Europe	61,146	63%	61,577	57%
Northern Europe	47,768	49%	49,693	46%
Others	-11,711	-12%	-3,976	-4%
Total EBITDA	**97,203**	100%	**107,294**	100%
% EBITDA margin over Net Sales				
Southern Europe	9.9%		9.5%	
Northern Europe	6.6%		6.4%	
Others	n.a.		n.a.	
Total EBITDA	**7.2%**		**7.5%**	

Southern Europe

Net sales in the Southern Europe segment for the proforma operations decreased by 4.9% to €618.7 million in the nine months ended September 30, 2009 from €650.9 million in the nine months ended September 30, 2008. The decrease comes mainly from Spain processed meat business where volumes decreased by 9%, primarily attributable to lower processed meat sales volumes in the Spanish market and lower overall customer demand stemming from the general economic climate as well as well as a decrease in the demand for branded products by customers and consumers. In particular, the decision of the Spanish retailer, Mercadona, to increase focus on private label products contributed to the decline in net sales for the nine months ended September 30, 2009. Average prices remained stable during the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008.

Despite the volume decline, the EBITDA in Southern Europe remained stable to €61.1 million in the nine months ended September 30, 2009 from €61.6 million for the nine months ended September 30, 2008, due to cost reduction programs as the reallocation of Headquarter costs, which was offset by restructuring costs in Spain in the period.

Northern Europe

Net sales in the Northern Europe segment for the proforma operations decreased by 5.9% to €725.9 million in the nine months ended September 30, 2009 from €771.6 million in the nine months ended September 30, 2008. The sale in April 2008 of the French Traditional Business accounted for €22.3 million of net sales in the nine months ended September 30, 2008. Excluding the effect of the sale of the French Traditional Business, net sales decreased by 3%, with average prices remaining stable, the decrease in net sales was driven by a 3% decrease in sales volumes for the first nine months of 2009 as compared to the first nine months of 2008.

The EBITDA in Northern Europe decreased overall by 4% to €47.8 million in the nine months ended September 30, 2009 from €49.7 million for the nine months ended September 30, 2008. The decrease is primarily attributable to the disposal of the French tradi business as the volume decline was offset by cost reduction programs and the benefits from plant closures in France and the Netherlands.

Others

Net sales in the Others business segment for the proforma operations decreased to €18.7 million in the nine months ended September 30, 2009 from €21 million in the nine months ended September 30, 2008. The decrease was primarily driven by the slowdown of the Romanian Economy during 2009 and the exchange rate devaluation of the Romanian Lei by up to 15%..

The EBITDA for Others decrease overall to €11.7 million loss in the nine months ended September 30, 2009 from €(4) million for the nine months ended September 30, 2008.

Cash Flow

Cash Flows from Operating Activities

For the nine months ended September 30, 2009 our cash flow from operating activities amounted to €22.1 million compared to a negative €27.1 million in the same period last year. The €49.2 million improvement over the same period last year was primarily attributable to a better performance in changes in working capital, the disposal of CampoMos which contributed a loss of €12.7 in the nine month ended September 30, 2008 and capital grant received mainly related to the Fresh Meat slicing plant offset by non-recurrent payments related to restructuring plans and the merger and higher interest expenses paid and a lower EBITDA. The variation in working capital is explained by an inventory tight management policy implemented in 2009.

Cash Used in Investing Activities

For the nine month ended September 30, 2009 our cash flow from investing activities amounted to €27.6 million cash out compared to €35.5 million cash out for the same period last year. The variation is mainly explained by the proceeds from the sale of our French Traditional Business in April 2008 amounting to €36.7 million and with the reduction in Capital Expenditures. This reduction in Capital Expenditures reflects the completion of major investments in 2008 and the return to a steady-state investment level in 2009.

Cash Flow from Financing Activities

For the nine month ended September 30, 2009, our cash flow from financing activities amounted to negative €17.1 million compared to a negative €40.6 million for the same period last year. The improvement is mainly related to lower share repurchases, the extraordinary dividend of 47.1 million in 2009 compared to the €12 million as an ordinary dividend in 2008 and higher withdrawn on our short-term credit facilities in 2009 compared to 2008.

RECENT DEVELOPMENT

Operating Performance for the quarter ended December 2009

We will issue our Annual Accounts for the period ended December 31, 2009 by the end of February. Although our December Management accounts are not yet available, for the fourth quarter, we expect to report results reflecting similar trends as those experienced during the first three quarters of 2009. The information above is based on certain preliminary financial information. This information is subject to change as our financial statements are finalized.

The processed meats business is seasonal in that, traditionally, the period of higher sales for dry hams and cocktail sausages is the Christmas holiday season while the peak sales period for sausages, cooked ham and hot dogs is in 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 2009 in line with current trends.

Refinancing and Use of Proceeds

In the month of November 2009 we have received EUR500 million in the context of the refinancing project. The cost of the refinancing will impact the Net Income that we will report for the fourth quarter.

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.