CAMPOFRIO FOOD GROUP

UNAUDITED INTERIM SELECTED
CONSOLIDATED FINANCIAL INFORMATION
TWELVE MONTH PERIOD ENDED
31st DECEMBER 2013

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INTRODUCTION

In November 2009, CAMPOFRIO FOOD GROUP, S.A. (the “Company”), incorporated as a public limited company (*sociedad anónima*) under the laws of Spain, issued € 500 million aggregate principal amount of its 8.250% Senior Notes due 2016 (the “Notes”) at a price of 99.365%. The Company will pay interest on the Notes semi-annually on each April 30 and October 31, commencing April 30, 2010. Prior to October 31, 2013, the Company will be entitled, at its option, to redeem all or a portion of the Notes by paying relevant “make-whole” premium. At any time on or after October 31, 2013, the Company may redeem all or part of the Notes by paying a specified premium to the holders. In addition, prior to October 31, 2013, the Company may redeem at its option up to 35% of the Notes with the net proceeds from certain equity offerings. If the Company undergo a change of control or sell certain of its assets, it may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, the Company may redeem all, but not less than all, of the Notes. The Company may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, the Company’s liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

The Notes are senior debt of Campofrio Food Group and will rank *pari passu* in right of payment to all of Campofrio Food Group’s existing and future senior indebtedness. The Notes are guaranteed on a senior basis by certain of our subsidiaries.

The Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the ‘‘U.S. Securities Act’’). The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the U.S. Securities Act (‘‘Rule 144A’’) and to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act (‘‘Regulation S’’). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Following the issuance of the Notes, the Company redeemed all of its U.S Private Placement notes, prepaid all of its LBO facilities (multicurrency credit facilities with a limit of €415 million, arranged by Citigroup Global Markets Ltd and Royal Bank of Scotland plc.) and repaid all short-term borrowings under various lines of credit.

This Unaudited Selected Consolidated Financial Information is provided to the holders of the Notes pursuant to Section “Description of the notes - Reports (1)” of the indenture.

CONSOLIDATED INCOME STATEMENT

Campofrio Food Group
(In Thousands of Euros)

	Twelve month period ended December 31,			
	2013		2012	
	Actual (audited)	% of total oper. revenue	**Actual (audited)**	% of total oper. revenues
Operating revenues				
Net sales and services	1,907,462	98.9%	1,918,346	99.1%
Capitalized expenses on Company's work on assets	4,314	0.2%	6,584	0.3%
Other operating revenue	17,219	0.9%	10,463	0.5%
Total operating revenues	1,928,995	100.0%	1,935,393	100.0%
Operating expenses				
Consumption of goods and other external charges	(1,078,730)	(55.9%)	(1,067,514)	(55.2%)
Employee benefits expense	(332,428)	(17.2%)	(351,261)	(18.1%)
Depreciation and amortization	(67,300)	(3.5%)	(60,719)	(3.1%)
Other operating expenses	(369,355)	(19.1%)	(369,826)	(19.1%)
Changes in trade provisions	(3,447)	(0.2%)	(4,493)	(0.2%)
Total operating expenses	(1,851,260)	(96.0%)	(1,853,813)	(95.8%)
Impairment of assets	3,697	0.2%	(284)	(0,0%)
Operating profit	**81,432**	**4.2%**	**81,296**	**4.2%**
Financial expenses, net	(51,597)	(2.7%)	(54,435)	(2.8%)
Other results	(32,640)	(1.7%)	(8,321)	(0.4%)
Profit before tax	**(2,805)**	**(0.1%)**	**18,540**	**1.0%**
Income taxes	15,683	0.8%	4,176	0.2%
Profit for the period from continuing operations	**12,878**	**4.2%**	**22,716**	**1.2%**
Profit & (Loss) after tax for the period from discontinued operations	(152)	0.0%	(6,995)	(0.4%)
Profit for the period	**12,726**	**0.7%**	**15,721**	**0.8%**
Non-controlling interests			-	-
Attributable to equity holders of the parent company	12,726	0.7%	15,721	0.8%

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Campofrio Food Group
(*In Thousands of Euros*)

	Consolidated statement of financial position at,	
	Dec 31, 2013	**Dec 31, 2012**
	(audited)	**(restated) (audited)**
ASSETS		
Property, plant and equipment	577,067	576,083
Goodwill	458,699	458,978
Other intangible assets	289,271	272,316
Non-current financial assets	39,039	15,019
Investments accounted for under the equity method	30,197	28,921
Deferred tax assets	157,259	136,233
Total non-current assets	**1,551,532**	**1,487,550**
Inventories	339,157	339,962
Trade and other receivables	208,064	217,153
Other current financial assets	390	390
Other current assets	7,192	6,283
Cash and cash equivalents	145,957	169,910
Total current assets	**700,760**	**733,698**
Assets classified as held for sale and discontinued operations	**1,079**	**1,270**
TOTAL ASSETS	**2,253,371**	**2,222,518**
EQUITY AND LIABILITES		
Equity attributable to equity holders of the parent	597,745	586,763
Equity	**597,745**	**586,763**
Debentures	491,969	490,733
Interest-bearing loans and borrowings	30,049	59,819
Other financial liabilities	10,383	4,207
Deferred tax liabilities	164,126	169,154
Other non-current liabilities	13,147	15,524
Provisions	102,020	111,050
Total non-current liabilities	**811,694**	**849,487**
Debentures	6,875	6,875
Interest-bearing loans and borrowings	50,679	42,921
Trade and other payables	681,085	607,765
Other financial liabilities	4,868	7,500
Creditor for income tax	3,044	4,847
Provisions	28,844	36,545
Other current liabilities	68,531	79,724
Total current liabilities	**843,926**	**786,177**
Liabilities associated to operations on sale or discontinued	**6**	**91**
TOTAL EQUITY AND LIABILITIES	**2,253,371**	**2,222,518**

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

CONSOLIDATED CASH FLOW STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Twelve month period ended Dec 31,	
	2013	**2012**
	Actual (audited)	**Actual (audited)**
Operating flows before changes in working capital	**140,491**	**144,055**
Changes in working capital	64,357	64,708
Cash flows from operating activities	**204,848**	**208,763**
Net interest expenses	(49,617)	(51,466)
Provision and pensions payment	(38,404)	(28,276)
Income tax paid	(14,680)	(15,880)
Other collection and payments	121	3,404
Net cash flows from operating activities	**102,268**	**116,545**
Investments in property, plant and equipment	(83,138)	(71,397)
Investment in Group companies	(2,940)	(1,970)
Other cash flows from investing operations, net	2,661	3,675
Net cash flows from investing activities	**(83,417)**	**(69,692)**
Changes in financial assets and liabilities	(19,207)	(8,466)
Changes in non-current financial assets and liabilities	(23,140)	(3,400)
Purchase of treasury shares and Dividend payments	(457)	(4,494)
Net cash flows from financing activities	**(42,804)**	**(16,360)**
Net increase/(decrease) in cash and cash equivalents	**(23,953)**	**30,493**
Cash and cash equivalents at beginning of period	169,910	139,417
Cash and cash equivalents at end of period	145,957	169,910

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

OTHER SELECTED CONSOLIDATED FINANCIAL INFORMATION

Campofrio Food Group
(*In Thousands of Euros*)

Conciliation from Profit for the period to EBITDA normalized	**Twelve month period ended December 31,**	
	2013	**2012**
	Actual (unaudited)	**Actual (unaudited)**
Profit for the period Attributable to equity holders of the parent company	12,726	15,721
Profit & (Loss) after tax for the period from discontinued operations	152	6,995
Income taxes	(15,683)	(4,176)
Other results	32,640	8,321
Financial expenses, net	51,597	54,435
Impairment of assets	(3,697)	284
Depreciation and amortization	67,300	60,719
EBITDA	**145,035**	**142,299**
Total Adjustments	1,094	8,206
EBITDA (normalized)	**146,129**	**150,505**

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

EXPLANATORY NOTES TO THE UNAUDITED INTERIM SELECTED CONSOLIDATED FINANCIAL INFORMATION

Corporate Information

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

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

The Company manufactures and sells products mainly for human consumption. The principal activities of the parent company and the group companies are to manufacture, sell and distribute processed and canned meat and derivatives from pork, poultry and beef by-products and other food products.

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

During the first quarter of 2012, the group signed an agreement to engage, together with Foxlease, in a Joint Venture on which it holds 49% of the share capital. For the constitution of this Joint Venture, the group contributed with its cooked ham business in France, ran by one of its French subsidiaries, Jean Caby SAS. As of March, 2012, the group proceeded to derecognize Jean Caby assets and liabilities from Group consolidated financial statements, and, as part of a Joint Venture, it is now integrated into the consolidated financial statements as an Equity Investee.

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, 2013 and 2012.

Critical Accounting Policies

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

The discussion and analysis of our historical results of operations and financial conditions are based on our consolidated financial statements, which have been prepared in accordance with IFRS-EU. The preparation of our consolidated financial statements requires us to apply accounting methods and policies that are based on difficult or subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.

Detailed information regarding the Company's accounting policies is provided in Note 2 to our Consolidated Financial Statements for the year ended December 31, 2013.

Non IFRS-EU Financial Measures

This selected financial information could contain non-IFRS-EU measures and ratios, including EBITDA, normalized EBITDA, net debt and leverage and coverage ratios that are not required by, or presented in accordance with, IFRS-EU. We present non-IFRS-EU measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS-EU measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS-EU. Non-IFRS-EU measures and ratios such as EBITDA, normalized EBITDA, net debt and leverage and coverage ratios are not measurements of our performance or liquidity under IFRS-EU and should not be considered as alternatives to operating profit or profit for the year or any other performance measures derived in accordance with IFRS-EU or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

Discontinued Operations

On December 31, 2011 the parent reclassified all its asset and liabilities related to the French cooked business and its breeding and fattening activities in Spain as "Assets and liabilities held for sales and discontinued operations", following its decision to discontinue those activities. Consequently, on the separate profit and loss statement, operation results from these activities have been classified as "net loss after tax from discontinued operations", both for the period ended in December 31, 2012 (see Corporate Information section regarding cooked ham business in France).

Operating Segment Reporting

Results are presented in accordance with following strategic reporting segments:

- Southern Europe: includes mainly operating activities managed in Spain, Portugal & Italy.
- Northern Europe: includes operating activities managed primarily in France, the Netherlands, Belgium & Germany.
- Other: includes mainly corporate monitoring and supervising activities and operating activities managed in USA.

  Note: Elimination in Net Sales and Services segment reporting refers to the elimination of inter-segment sales (i.e.: sales between Southern and Northern Europe) eliminated at consolidated level. Segment information is presented net of intra-segment sales (i.e.: sales between Spain and Portugal)

Net Financial Debt, Liquidity and Capital Resources

The following chart sets forth the Company's debt position as of December 31, 2013 and December 31, 2012.

NET FINANCIAL DEBT	**Twelve month ended December 31,**	
	2013	**2012**
Non-current financial debt		
Debentures	491,969	490,733
Interest-bearing loans and borrowings	30,049	59,819
Other financial liabilities	10,383	4,207
Financial derivatives instruments	-	-
Current financial debt		
Debentures	6,875	6,875
Interest-bearing loans and borrowings	50,679	42,921
Other financial liabilities	4,868	7,500
Current financial assets		
Other current financial assets	(390)	(390)
Cash and cash equivalents	(145,957)	(169,910)
Total Net Financial Debt	**448,476**	**441,755**

Our present debt structure consists of the Notes issued in 2009 which account for €498.8 million as of December 31, 2013 and a Senior Term Loan Facility amounting to €60 million drawn down in April 2011 to partially refinance the outstanding debt of Cesare Fiorucci S.p.A., our acquired Italian subsidiary, while the rest of its debt and the equity payment were funded out of cash. As a result, a significant part of our total debt remains long-term and it is held at parent company level. The rest of the debt items (i.e. leasing …) are of negligible value in the context of the Company's balance sheet.

Net financial debt as of December 31, 2013 is in line with the one at the end of December 31, 2012 despite the extraordinary cash outs associated to our on-going investments programme, which are being funded out of our positive cash flow generation and existing cash without requiring additional financing.

The Company's liquidity position remained very solid and amounted to €363.2 million circa at the end of December 31, 2013 €23 million more than at the end of 2012, consisting of €146 million in cash and cash equivalents and €217.2 million of fully available and committed bank lines.

The following tables set forth the situation of the Company's two main financing sources as of December 31, 2013 and December 31, 2012.

Debentures	**Consolidated position at**	
	31/12/2013	**31/12/2012**
Non-current debentures	491,969	490,733
Current debentures	6,875	6,875
Principal	-	-
Accrued interest	6,875	6,875
Total debentures	**498,844**	**497,608**

Interest-bearing loans and borrowings	**Consolidated position at**	
	31/12/2013	**31/12/2012**
Bank loans and credit facilities	76,958	99,137
Credit lines	76,958	99,137
Multicurrency credit line	-	-
Discounted bills payable	2,677	2,207
Interest payable	1,093	1,396
Total	**80,728**	**102,740**

The following table sets forth the situation of the Company's current and non-current other financial liabilities as of December 31, 2013 and December 31, 2012.

Other financial liabilities	**Consolidated position at 31/12/2013**			**Consolidated position at 31/12/2012**		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Financial leases	6,999	699	7,698	1,168	693	1,861
Other financial liabilities	3,384	4,169	7,553	3,039	6,807	9,846
Total	**10,383**	**4,868**	**15,251**	**4,207**	**7,500**	**11,707**

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 was founded in 1944 in Burgos, Spain and has expanded to achieve a direct presence in eight European countries, Spain, France, Portugal, The Netherlands, Belgium, Italy, Romania Germany and the United States, 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, *Marcassou* in Belgium, *Stegeman* in The Netherlands and *Fiorucci* in Italy. For the Twelve month period ended December 31, 2013, the Company had Net Sales and Services and Reported EBITDA of €1,907.5 million and €145.0 million, respectively. It generates most 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 December 31, 2013, the Company had a market capitalization of €705.3 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 25 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 period ended December 31,			% Increase (decrease) over prior period	
	2011	2012	2013	2012 vs. 2011	2013 vs. 2012
		(price in €/kg)			
Spain Mercolleida	1.56	1.71	1.75	+9.5	+2.8
France MPB	1.45	1.60	1.61	+10.1	+0.7
Netherlands Monfoort	1.48	1.67	1.66	+13.0	-0.4
Belgium Danis	1.37	1.55	1.51	+13.4	-2.6
Germany AIM	1.52	1.71	1.70	+12.2	-0.5
Denmark DC	1.36	1.40	1.41	+11.9	+0.3

For 4 of the last 6 years, rising grain prices have negatively affected meat protein prices. Throughout 2013, grain quotations continued their corrections initiated in the fall 2012, as outlooks pointed to significant improvements in cereals production in both Europe and USA. In addition, South America (Brazil and Argentina) harvested a record soybean crop last winter, for the first time surpassing the output from the United States.

During 2013, European grain prices all traded below their previous year levels (Soft Wheat: -9%, Feed Wheat: -8%, Barley: -13%, Corn: -13% and Soybean: -6%). EU28 cereals production rose significantly to 301 MT (up +8%) and provide the second highest harvest on record. Similarly, US corn and soybean production reached respectively 14.2 (+31%) and 3.4 (+13%) billion bushels, both surpassing their previous historical records. US ethanol generation now consumes about 36% of the North American corn crop. On a global basis, total world grain production rose +9% to 1,946 million MT. Both wheat and corn rose to new all times highs. Consumption was up +5% to 1,904 MT and campaign end stocks up +12% to 379 MT. However, pork, poultry and beef meat production continued to be negatively impacted due to the time lag effect.

The high EU28 grain production of more than 300MT originates from slightly increased plantings, but mostly from high average yields (+8%). Soft wheat yields rose +7% and production reached 134.2 MT, up 8.7MT from the previous year. Corn yields (+15%) contributed the most to the large total EU28 grain output, with good results in all key producing countries (Italy, Hungary, Romania and to a lesser extent France). Barley output increased also 7% to the level of 58.3MT.

Wheat, barley, corn and soybean meal are all key components of the feed ration for pork and poultry production.

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

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

For 2012, EU28 exports to third countries slowed down to a final -2.0% against the previous year. And during 2013, European exports increased by +0.9%, recuperating throughout the year. Overall Asian imports increased +6% with two distinct groups. China, Philippines, Japan volumes rose +9%, +38% and +0.4% while South Korea saw reduced activity (-25%). China consolidates its position as the largest client of EU28 trade bloc with 34% of transacted volumes. European clients decreased their pork meat orders by -7%, mostly due to Ukraine (-24%) and Belarus (-27%). Russia imported 24% of EU pork meat traded volume, up +0.3%.

In general, 2013 EU pig carcass prices traded at or close to their highest levels in the last 15 to 20 years, depending on the country. They rose more than +25.0% in the past three years. Their evolution reflected the heterogeneous supply conditions in the main producer countries. During the January to December 2013 period, the pork quotation rose in Spain (+2.8%), Italy (+1.1%), France (+0.7%), and Denmark (+0.3%). The north European basin composed of Germany, Netherlands and Belgium displayed slight deflationary pressure (-0.5%, -0.4% and -2.6% respectively) due to better than expected pork production (-0.8%), especially in the 2nd half of the year.

Among all pork cuts, the value of hams rose faster than pig carcass quotations (from +6.3% in Germany to +5.7% in France, +4.9% in Spain or +3.2% in Belgium). The ham to pig price ratios rose from their low levels, a sign of consumers gradually returning to higher relative value cuts in parallel with the progress witnessed with economic recovery. Shoulders rose only slightly, from +1.8% in Spain to +1.6% in Italy, and even decreased in Germany by -0.9%. Belly prices dropped all year long but were penalized by their record high starting point during Q1 2013. As a result, they traded up from +1.4% (DE) to +5.2% (ES) against last year. Fat, jowls, trimmings, after surging in the second half of 2012, have dropped significantly and consistently throughout 2013.

European chicken market carcass prices have increased (from +2.1% in France to +8.2% in Spain, or +4.5% in Poland). Fresh European turkey (+15%) rose significantly during first half of 2013.

The pork and chicken meat market trends stated above affected Campofrio Food Group raw material costs only indirectly. First, the Company purchases pork and poultry cuts in different proportions, each one following its own supply and demand dynamics. During 2013, the average pork meat price purchased by the Company increased +1.4% versus year ago levels. Second, and more importantly, the cost of goods sold of long-cycle products (cured products) reflects evolutions in raw material prices with a lag time which can vary between 6 and 24 months. Taking into consideration these factors, the pork meat costs for 2013 rose by 2.1% versus the same period last year.

Results of Operations

Comparison of the twelve month period ended December 31, 2013 and the twelve month period ended December, 2012

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the twelve month period ended December 31, 2013 and December 31, 2012.

Operating revenues	**Twelve month period ended December 31,**			
	2013		**2012**	
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. revenues
Net sales and services	1,907,462	98.9%	1,918,346	99.1%
% increase in Net Sales and Services	*(0.6%)*			
Capitalized expenses on Company's fixed assets	4,314	0.2%	6,584	0.3%
Other operating revenue	17,219	0.9%	10,463	0.5%
Total operating revenues	**1,928,995**	**100,0%**	**1,935,393**	**100.0%**
% increase in total operating revenues	*(0.3%)*			

Operating revenues decreased by 0.3% to €1,929.0 million for the twelve month period ended December 31, 2013 from €1,935.4 million for the same period of 2012. Net sales decrease by 0.6% to €1,907.5 million for the twelve month period ended December, 2013 compared with €1,918.3 million in the same period of 2012. This variation reflects stability in group strategic markets and value enhancing efforts by means of a redefined top line strategy in the context of challenging market conditions.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the twelve month period ended December 31, 2013 and December 31, 2012.

Operating expenses	**Twelve month period ended December 31,**			
	2013		**2012**	
	Actual (audited)	% of total oper. revenues	**Actual (audited)**	% of total oper. revenues
Consumption of goods and other external charges	(1,078,730)	(55.9%)	(1,067,514)	(55.2%)
Employee benefits expense	(332,428)	(17.2%)	(351,261)	(18.1%)
Depreciation and amortization	(67,300)	(3.5%)	(60,719)	(3.1%)
Other operating expenses	(369,355)	(19.1%)	(369,826)	(19.1%)
Changes in trade provisions	(3,447)	(0.2%)	(4,493)	(0.2%)
Total operating expenses	**(1,851,260)**	**(96.0%)**	**(1,853,813)**	**(95.8%)**
% increase in total operating expenses	*(0.1%)*			

Operating expenses remained stable at €1,851.3 million for the twelve month period ended December 31, 2013 compared with €1,853.8 million for the same period of 2012. Operating expenses constituted 96.0% and 95.8% of total operating revenues for the twelve month period ended December 31, 2013 and 2012, respectively.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges increased by 1.1% to €1,078.7 million for the twelve month period ended December 31, 2013 from €1,067.5 million for the same period of 2012. Consumption of goods and other external charges constituted 55.9% and 55.2% in percentage of total operating revenues for the twelve month period ended December 31, 2013 and 2012, respectively. The increased was derived from higher cost of goods sold unitary prices during the twelve month period ended December 31, 2013 versus the same period of 2012.

Employee Benefits Expenses

Employee benefits expenses decreased by 5.4% to €332.4 million for the twelve month period ended December 31, 2013 from €351.3 million for the same period of 2012, reflecting our efforts to gain competitiveness. Employee benefits expenses constituted 17.2% and 18.1% in percentage total operating revenues, respectively.

Depreciation and Amortization

Depreciation and amortization increased by 10.8% to €67.3 million for the twelve month period ended December 31, 2013 from €60.7 million for the same period of 2012. Depreciation and amortization represented 3.5% and 3.1% of total operating revenues for the twelve month period ended December 31, 2013 and 2012, respectively. The increase is mainly related to the depreciation charge of the new ERP system, which roll-out phases has ended up in 2013.

Other Operating Expenses

Other operating expenses decreased by 0.1% to €369.4 million for the twelve month period ended December 31, 2013 from €369.8 million for the same period of 2012.

Other Results

For the twelve month period ended December 31, 2013 and 2012, Other Results amounted to €32.6 million loss and €8.3 million loss, respectively. Other Results are comprised of our share of profit / (loss) of investments accounted for using the equity method as well as accrued provision to cover risk associated to those investments.

Finance and Tax Expenses

Finance Revenue and Finance Costs

Net finance cost decreased by €2.8 million to €51.6 million for the twelve month period ended December 31, 2013, from €54.4 million in the same period 2012 mainly due to the lower total bank debt including amortization under the Fiorucci club deal facility.

Income Tax Expenses

Income tax amounted to €15.7 million income for the twelve month period ended December 31, 2013, compared to €4.2 million income in the same period of 2012, whilst the comparison between both years is hardly meaningful due to a number of one-offs and non-recurrent items.

Result from Discontinued Operations

For the twelve month period ended December 31, 2013 and 2012, Results from Discontinued Operations amounted to €0.02 million loss and €7.0 million loss, respectively.

Profit (Loss) for the Period

Profit (Loss) for the Period amounted to €12.7 million gain in the twelve month period ended December 31, 2013, compared to a €15.7 million loss in the same period of 2012.

Operating Segment Reporting

	Twelve month period ended December 31,			
Net sales and services	**2013**		**2012**	
	Actual (audited)	% of total	**Actual (audited)**	% of total
Southern Europe	1,100,443	57,7%	1,114,577	58,1%
Northern Europe	808,008	42.4%	816,032	42,5%
Other	59.662	3.1%	57,811	3,0%
Eliminations	(60,651)	(3.2%)	(70,074)	(3.7%)
Total net sales and services	**1,907,462**	**100,0%**	**1,918,346**	**100,0%**

EBITDA (normalized)	Twelve month period ended December 31,			
	2013		2012	
	Actual (unaudited)	% of total	Actual (unaudited)	% of total
Southern Europe	76,038	52.0%	83,045	55.2%
Northern Europe	65,083	44.5%	64,919	43,1%
Other	5,008	3.4%	2,542	1.7%
Total EBITDA	**146,129**	**100,0%**	**150,506**	**100,0%**
% EBITDA normalized margin over Net Sales				
Southern Europe	6.9%		7.5%	
Northern Europe	8.1%		8.0%	
Other	8.4%		4.4%	
Total EBITDA	**7.7%**		**7.8%**	

Southern Europe

Net sales in Southern Europe decreased by 1.3% to €1,100.4 million for the twelve month period ended December 31, 2013 from €1,114.6 million for the same period of 2012. While net sales in Spain, are higher than previous year figures, net sales in Italy and Portugal decrease due to tough market conditions and strategic portfolio reshaping to increase profitability.

Normalized EBITDA amounted to €76.0 million for the twelve month period ended December 31, 2013 compared to €83.0 million for the same period of 2012. Normalized EBITDA margin over net sales for the twelve month period ended December 31, 2013 reached 6.9% showing a decrease over previous period of 54 basis points. Lower EBITDA is due to change in consumer preferences (mix), materials inflation, and in Italy volume together with increased Marketing, Advertising and Promotions expenses. The latter aimed to successfully re-launch and reposition the Italian product portfolio and therefore to ensure margin improvements in the medium/long-term. These negative impacts are counterbalanced by fixed cost savings in the region.

Northern Europe

Net Sales in Northern Europe decreased by 1.3% to €808.0 million in the twelve month period ended December 31, 2013 from €816.0 million in the same period of 2012 ,mainly due to strategic portfolio reshaping to increase profitability in France.

The Normalized EBITDA for twelve month period ended December 31, 2013 reached €65.1 million compared with €64.9 million for the same period of 2012. Margin over net sales for the Twelve month period ended December 31, 2013 was 8.1% showing an increase over previous period of 10 basis points. EBITDA improvement is due to the successful fixed cost efficiency program throughout the region.

Other

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

Cash Flow

Cash Flows from Operating Activities

For the twelve month period ended December 31, 2013, cash flow from operating activities amounted to €102.3 million cash in compared to €116.5 million cash in for the same period of 2012. This variance was primarily attributable to higher provision and pension in the context of the strategic redefinition project implementation.

Cash Used in Investing Activities

For the twelve month period ended December 31, 2013, cash flow from investing activities amounted to €83,4 million cash out, compared to €69.7 million cash out for the same period of 2012. Capital Expenditures amounted to €83.1 million in the twelve month period ended December 31, 2013 and €71.4 million in the same period last year. Investment in Group companies, both in 2013 and 2012, refer to the capital investment in the Joint Venture with Foxlease in France.

Cash Flow from Financing Activities

For the twelve month period ended December 31, 2013, cash flow from financing activities amounted to €42.8 million cash out compared to €16.4 million cash in for the same period last year. The cash flow from financing activities for the twelve month period ended December 31, 2013 and 2012, include the changes in our short-term bank debt, changes in non-current financial assets, changes in capital lease financial debt and the cash involved in the purchase of treasury shares.

RECENT DEVELOPMENTS

As made public by the CNMV relevant fact nº 193226, in September 26th 2013 Shuanghui has acquired all shares capital of Smithfield Foods Inc. By means of this transaction, Shuanghui indirectly controls 36.990% of Campofrio Food Group, S.A. Following Spanish law, Shuanghui was obliged to do an offer for the 100% outstanding capital shares, or reduce the number of shares it holds so as to reduce the participation below 30%. After the transaction has been confirmed, Shuanghui has communicated its intention to reduce its ownership below 30%. Also, until this reduction takes place, Shuanghui has confirmed its intention not to make use of its voting rights above the 30% limit.

On November 14th, 2013 Sigma Alimentos Exterior, S.L.U., after acquiring 44.5% of Campofrio Food Group, S.A. shares, announced its request made at the CNMV to launch a takeover bid over the remaining 55.5%. Sigma Alimentos Exterior, S.L.U. is a subsidiary of Sigma México.

In the context of the above to, on December 23th, 2013, Shuanghui has decided to withdraw its decision to reduce its participation in Campofrio Food Group, S.A. below 30% and reached an agreement with Sigma under which both parties become partners in the takeover bid. After the conclusion of the transaction, Shuanghui indirect participation in Campofrio Food Group will be 36.99% while Sigma indirect participation will be 44.72%, adding in this case the shares acquired during the bid. The agreement is described in the CNMV relevant fact nº 197462. The takeover bid is still pending CNMV approval.

ANNEXE A – EXPLANATION OF INCOME STATEMENT ITEMS

Operating Revenues

Operating revenues consist of net sales and services, increases in inventories of finished goods and work in progress, capitalized expenses of company work on assets and other operating revenues.

Net Sales and Services

Our net sales and services consists primarily of the sales of dry, cooked and other meats products, after deduction of rebates and off invoice discounts.

Increase in Inventories of Finished Goods and Work in Progress

Increase in inventories of finished goods and work in progress includes the positive variation between the closing and opening value of finished products and work in progress.

Capitalized Expenses of Company Work on Assets

Capitalized expenses of Company work on assets includes personnel costs for staff engaged in facility development and construction and personnel expenses in connection with tangible and intangible assets. Capitalized staff costs are added to the carrying amount for the related asset in property, plant and equipment and amortized over their useful life.

Other Operating Revenues

Other operating revenues include other income not related to our core activities, such as capital grants release and operating grants.

Operating Expenses

Operating expenses consist of decrease in inventories of finished goods and work in progress, consumption of goods and other external charges, employee benefits expense, depreciation and amortization, changes in trade provisions and other operating expenses.

Decrease in Inventories of Finished Goods and Work in Progress

Decrease in inventories of finished goods and work in progress includes the negative variation between the closing and opening value of finished products and work in progress.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges includes primary purchases of raw material, mainly meats, and other product components such as packaging, spices and other auxiliary materials. This item also includes the stock variation of such materials.

Employee Benefits Expense

Employee benefits expense includes wages and salaries, dismissal indemnities, social security costs and other employee benefits such as health and life insurance.

Depreciation and Amortization

Depreciation and amortization includes property, plant and equipment depreciation charges, amortization of other intangible assets with definitive useful life, such as operating software. Costs of property, plant and equipment in use are depreciated on a straight-line basis at annual rates based on the estimated useful life of the assets.

Changes in Trade Provisions

Changes in trade provisions include mainly changes in trade allowances and reversal from doubtful debtors. Also accounted for in this line item generally, are specific, non-recurring items that are not related to our ordinary business activities.

Other Operating Expenses

Other operating expenses include all other operating expenses, including services expenses, transport cost, utilities, energies, advertising, marketing and general expenses.

EBIT

EBIT is equal to operating revenues less operating expenses.

Net Finance Cost

Net finance cost includes finance revenue and finance costs. Finance revenue consists of income on loans and other marketable securities, other interest and similar income, exchange rate gains and changes in fair value of financial instruments. Finance cost consists of interest bearing loans and borrowings, other finance costs and exchange losses.

Income on Loans and other Marketable Securities

Income on loans and other marketable securities consists principally of interest from deposits.

Exchange Rate Gains and Losses

This item includes gains and losses from the variation on financial liabilities denominated in US dollars, which is partially offset by the existing cash flow hedge accounting, and also includes, to a lesser extent gains and losses from the trading generated by accounts payable and receivables denominated in currencies other than euro.

Change in Fair Value of Financial Instruments

Change in fair value of financial instruments includes gains and losses from the variation in the fair value of financial instruments that do not qualify for cash flow hedge accounting.

Impairment of Assets

Impairment of assets includes losses recognized when the recoverable amount of non current-assets is lower than their carrying value. The recoverable value is defined as the higher of the net fair market value or the value in use of each non-current asset.

Share of Profit (Losses) of Investments Accounted for Using the Equity Method

Results of companies accounted for using the equity method include investments in associates over which we exercise significant influence but which are neither subsidiaries nor jointly controlled entities. Investments are measured initially at acquisition cost, subsequently adjusted for changes to each company's equity, taking into consideration the percentage of ownership and any impairment.

Income Taxes

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

Profit (loss) from Discontinued Operations

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

ANNEXE B – FOURTH QUARTER SELECTED FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

Campofrio Food Group
(In Thousands of Euros)

	Three month period ended December 31,			
	2013		2012	
	Actual (unaudited)	% of total oper. revenue	**Actual (unaudited)**	% of total oper. revenues
Operating revenues				
Net sales and services	516,518	98.5%	525,019	99.4%
Capitalized expenses on Company's work on assets	354	0.1%	1,730	0.3%
Other operating revenue	7,573	1.4%	1,297	0.2%
Total operating revenues	524,445	100.0%	528,046	100.0%
Operating expenses				
Consumption of goods and other external charges	(297,249)	(56.7%)	(304,951)	(57.8%)
Employee benefits expense	(90,520)	(17.3%)	(92,956)	(17.6%)
Depreciation and amortization	(18,077)	(3.4%)	(15,664)	(3.0%)
Other operating expenses	(90,348)	(17.2%)	(90,390)	(17.1%)
Changes in trade provisions	(1,038)	(0.2%)	(2,818)	(0.5%)
Total operating expenses	(497,232)	(94.8%)	(506,779)	(96.0%)
Impairment of assets	(808)	(0.2%)	(284)	(0,1%)
Operating profit	**26,405**	**5.0%**	**20,983**	**4.0%**
Financial expenses, net	(12,039)	(2.3%)	(12,334)	(2.3%)
Other results	(22,272)	(4.2%)	(2,781)	(0.5%)
Profit before tax	**(7,906)**	**(1.5%)**	**5,868**	**1.1%**
Income taxes	18,931	3.6%	9,066	1.7%
Profit for the period from continuing operations	**11,025**	**2.1%**	**14,934**	**2.8%**
Profit & (Loss) after tax for the period from discontinued operations	(112)	0.0%	(3,943)	(0.7%)
Profit for the period	**10,913**	**2.1%**	**10,991**	**2.1%**
Non-controlling interests	-	-	-	-
Attributable to equity holders of the parent company	10,913	2.1%	10,991	2.1%

CONSOLIDATED CASH FLOW STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Three month period ended Dec 31,	
	2013	**2012**
	Actual (unaudited)	**Actual (unaudited)**
Operating flows before changes in working capital	**41,626**	**42,285**
Changes in working capital	58,216	62,629
Cash flows from operating activities	**99,842**	**104,914**
Net interest expenses	(23,089)	(23,191)
Provision and pensions payment	(9,645)	(9,861)
Income tax paid	(7,037)	(6,271)
Other collection and payments	-	19
Net cash flows from operating activities	**60,071**	**65,610**
Investments in property, plant and equipment	(36,375)	(34,080)
Investment in Group companies	(1,960)	-
Other cash flows from investing operations, net	196	(179)
Net cash flows from investing activities	**(38,139)**	**(34,259)**
Changes in financial assets and liabilities	(7,059)	(18,640)
Changes in non-current financial assets and liabilities	(7,740)	100
Purchase of treasury shares and Dividend payments	(3)	(649)
Net cash flows from financing activities	**(14,802)**	**(19,189)**
Net increase/(decrease) in cash and cash equivalents	**7,130**	**12,162**
Cash and cash equivalents at beginning of period	138.827	157,748
Cash and cash equivalents at end of period	145,957	169,910

OTHER SELECTED CONSOLIDATED FINANCIAL INFORMATION

Campofrio Food Group
(*In Thousands of Euros*)

Conciliation from Profit for the period to EBITDA normalized	**Three month period ended December 31,**	
	2013	**2012**
	Actual (unaudited)	**Actual (unaudited)**
Profit for the period Attributable to equity holders of the parent company	10,913	10,991
Profit & (Loss) after tax for the period from discontinued operations	112	3,943
Income taxes	(18,931)	(9,066)
Other results	22,272	2,781
Financial expenses, net	12,039	12,334
Impairment of assets	808	284
Depreciation and amortization	18,077	15,664
EBITDA	**45,290**	**36,931**
Total Adjustments	761	9,643
EBITDA (normalized)	**46,051**	**46,574**

CONSOLIDATED SEGMENT INFORMATION

Campofrio Food Group
(*In Thousands of Euros*)

Net sales and services	Three month period ended December 31, 2013 Actual (audited)	% of total	2012 Actual (audited)	% of total
Southern Europe	303,865	58,8%	299,568	57,1%
Northern Europe	211,440	40.9%	224,833	42.8%
Other	17,693	3.4%	18,105	3.4%
Eliminations	(16,480)	(3.2%)	(17,487)	(3.3%)
Total net sales and services	**516,518**	**100,0%**	**525,019**	**100,0%**

EBITDA (normalized)	Three month period ended December 31, 2013 Actual (unaudited)	% of total	2012 Actual (unaudited)	% of total
Southern Europe	28,681	62.3%	26,857	57.7%
Northern Europe	18,443	40.0%	21,274	45.7%
Other	(1,073)	(2.3%)	(1,557)	(3.3%)
Total EBITDA	**46,051**	**100,0%**	**46,574**	**100,0%**
% EBITDA normalized margin over Net Sales				
Southern Europe	9.4%		9.0%	
Northern Europe	8.7%		9.5%	
Other	(6.1%)		(8.6%)	
Total EBITDA	**8.9%**		**8.9%**	