CAMPOFRIO FOOD GROUP

UNAUDITED INTERIM SELECTED
CONSOLIDATED FINANCIAL INFORMATION
SECOND QUARTER, 30th JUNE 2010

TABLE OF CONTENTS

INTRODUCTION

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

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

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

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

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

This Unaudited Interim Selected Consolidated Financial Information is provided to the holders of the Notes pursuant to Section “Description of the notes - Reports (2)” of the indenture.

CONSOLIDATED INCOME STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Six month ended June 30,			
	2010		**2009**	
	Actual (unaudited)	% of total oper. revenues	**Actual (Restated)**	% of total oper. revenues
Operating revenues				
Net sales and services	863 742	97%	871 587	99%
Increase in inventories of finished goods and work in progress	28 047	3%	1 883	0%
Capitalized expenses on Company's work on assets	86	0%	152	0%
Other operating revenue	2 844	0%	4 269	0%
Total operating revenues	894 719	100%	877 891	100%
Operating expenses				
Consumption of goods and other external charges	-476 499	-53%	-462 180	-53%
Employee benefits expense	-167 144	-19%	-175 535	-20%
Depreciation and amortization	-27 509	-3%	-27 824	-3%
Other operating expenses	-178 044	-20%	-179 258	-20%
Changes in trade provisions	-247	0%	-1 342	0%
Total operating expenses	-849 443	-95%	-846 139	-96%
Operating profit	**45 276**	**5%**	**31 752**	**4%**
Financial expenses, net	-28 317	-3%	-18 165	-2%
Other results	-234	0%	-11	0%
Profit before tax	**16 725**	**2%**	**13 576**	**2%**
Income taxes	-2 734	0%	-2 828	0%
Profit for the period from continuing operations	**13 991**	**2%**	**10 748**	**1%**
Profit & (Loss) after tax for the period from discontinued operations	-3 152	0%	-789	0%
Profit for the period	**10 839**	**1%**	**9 959**	**1%**
Non-controlling interests	116	0%	200	0%
Attributable to equity holders of the parent company	10 723	1%	9 759	1%

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

CONSOLIDATED INCOME STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Three month period ended June 30,			
	2010		2009	
	Actual (unaudited)	% of total oper. revenues	**Actual (Restated)**	% of total oper. revenues
Operating revenues				
Net sales and services	439 737	98%	444 607	100%
Increase in inventories of finished goods and work in progress	8 356	2%	-2 162	0%
Capitalized expenses on Company's work on assets	44	0%	42	0%
Other operating revenue	559	0%	1 896	0%
Total operating revenues	448 696	100%	444 383	100%
Operating expenses				
Consumption of goods and other external charges	-239 102	-53%	-235 296	-53%
Employee benefits expense	-79 253	-18%	-84 803	-19%
Depreciation and amortization	-13 833	-3%	-13 682	-3%
Other operating expenses	-91 489	-20%	-89 993	-20%
Changes in trade provisions	10	0%	-803	0%
Total operating expenses	-423 667	-94%	-424 577	-96%
Operating profit	**25 029**	**6%**	**19 806**	**4%**
Financial expenses, net	-13 631	-3%	-7 462	-2%
Other results	-234	0%		
Profit before tax	**11 164**	**2%**	**12 344**	**3%**
Income taxes	-1 292	0%	-2 884	-1%
Profit for the period from continuing operations	**9 872**	**2%**	**9 460**	**2%**
Profit & (Loss) after tax for the period from discontinued operations	-2 968	-1%	15	0%
Profit for the period	**6 904**	**2%**	**9 475**	**2%**
Non-controlling interests	37	0%	103	0%
Attributable to equity holders of the parent company	6 867	2%	9 372	2%

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

CONSOLIDATED BALANCE SHEET

Campofrio Food Group
(*In Thousands of Euros*)

	Periods ended June 30, 2010 (unaudited)	2009 (unaudited)
ASSETS		
Property, plant and equipment	533 190	570 412
Goodwill	417 857	414 452
Other intangible assets	183 841	181 832
Non-current financial assets	6 233	5 878
Investments accounted for under the equity method	938	939
Deferred tax assets	69 568	64 664
Other non-current assets	155	167
Total non-current assets	**1 211 782**	**1 238 344**
Inventories	304 161	319 005
Trade and other receivables	185 352	216 853
Other current financial assets	1 176	1 171
Other current assets	6 021	5 570
Cash and cash equivalents	167 272	101 632
Total current assets	**663 982**	**644 231**
Assets classified as held for sale and discontinued operations	**20 566**	**1 556**
TOTAL ASSETS	1 896 330	1 884 131
EQUITY AND LIABILITES		
Equity attributable to equity holders of the parent	616 237	613 640
Equity attributable to minority interests	5 815	10 152
TOTAL EQUITY	**622 052**	**623 792**
Debentures	484 067	166 120
Interest-bearing loans and borrowings	0	150 839
Other financial liabilities	60 957	62 014
Deferred tax liabilities	127 727	131 126
Other non-current liabilities	18 742	23 441
Provisions	49 763	39 465
Total non-current liabilities	**741 256**	**573 005**
Debentures	6 990	56 245
Interest-bearing loans and borrowings	6 321	107 397
Trade and other payables	450 733	417 066
Other financial liabilities	556	20 763
Creditor for income tax	957	318
Provisions	6 218	16 056
Other current liabilities	55 879	69 489
Total current liabilities	**527 654**	**687 334**
Liabilities associated to operations on sale or discontinued	**5 368**	**0**
TOTAL EQUITY AND LIABILITIES	1 896 330	1 884 131

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

CONSOLIDATED CASH FLOW STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Six month period ended June 30,	
	2010	**2009**
	Actuals (unaudited)	**Actuals (restated)**
Operating flows before changes in working capital	**72 768**	**63 257**
Changes in working capital	8 095	-13 176
Cash flows from operating activities	**80 863**	**50 081**
Net interest expenses	-23 911	-16 087
Provision and pensions payment	-7 986	-11 381
Receipt of government grants	0	6 642
Income tax paid	-2 741	-4 223
Net cash flows from operating activities	**46 225**	**25 032**
Investments in property, plant and equipment	-12 043	-17 465
Other collections and investments	-3 214	111
Net cash flows from investing activities	**-15 257**	**-17 354**
Changes in financial liabilities	-17 047	25 397
Payments on other debts	-3 000	-3 724
Other payments and Own share transactions	-2 353	-47 521
Net cash flows from financing activities	**-22 400**	**-25 848**
Net increase/(decrease) in cash and cash equivalents	8 568	-18 170
Cash and cash equivalents at beginning of period	160 158	119 801
Cash and cash equivalents at end of period	**168 726**	**101 632**

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

CONSOLIDATED CASH FLOW STATEMENT

Campofrio Food Group
(*In Thousands of Euros*)

	Three month period ended June 30, 2010 Actuals (unaudited)	2009 Actuals (restated)
Operating flows before changes in working capital	**36 425**	**36 251**
Changes in working capital	18 337	44 429
Cash flows from operating activities	**54 763**	**80 680**
Net interest expenses	-19 301	-2 946
Provision and pensions payment	-3 099	-5 128
Receipt of government grants	0	4 192
Income tax paid	-860	-3 222
Net cash flows from operating activities	**31 503**	**73 577**
Investments in property, plant and equipment	-6 683	-9 320
Other collections and investments	-86	-88
Net cash flows from investing activities	**-6 769**	**-9 408**
Changes in financial liabilities	-15 355	28 682
Payments on other debts	0	-724
Dividend cash payments and own share transactions	-1 984	-46 972
Net cash flows from financing activities	**-17 339**	**-19 014**
Net increase/(decrease) in cash and cash equivalents	7 395	45 155
Cash and cash equivalents at beginning of period	161 331	56 476
Cash and cash equivalents at end of period	**168 726**	**101 632**

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

OTHER SELECTED CONSOLIDATED FINANCIAL INFORMATION

Campofrio Food Group
(*In Thousands of Euros*)

Conciliation from Profit for the period to EBITDA normalised	**Six month period ended June 30,**	
	2010	**2009**
	Actuals (unaudited)	**Actuals (restated)**
Profit for the period Attributable to equity holders of the parent company	10 723	9 759
Profit for the period Attributable to Non-controlling interests	116	200
Profit & (Loss) after tax for the period from discontinued operations	3 152	789
Income taxes	2 734	2 828
Other results	234	11
Financial expenses, net	28 317	18 165
Depreciation and amortization	27 509	27 824
EBITDA	**72 785**	**59 576**
Total Adjustments	125	8 326
EBITDA (normalised)	**72 910**	**67 902**

Conciliation from Profit for the period to EBITDA normalised	**Three month period ended June 30,**	
	2010	**2009**
	Actuals (unaudited)	**Actuals (restated)**
Profit for the period Attributable to equity holders of the parent company	6 867	9 372
Profit for the period Attributable to Non-controlling interests	37	103
Profit & (Loss) after tax for the period from discontinued operations	2 968	-15
Income taxes	1 292	2 884
Other results	234	
Financial expenses, net	13 631	7 462
Depreciation and amortization	13 833	13 682
EBITDA	**38 862**	**33 488**
Total Adjustments	125	1 756
EBITDA (normalised)	**38 987**	**35 244**

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

EXPLANATORY NOTES TO THE UNAUDITED INTERIM SELECTED CONSOLIDATED FINANCIAL INFORMATION

Corporate Information

Campofrío Food Group, S.A. (the "Company"), with registered office at Avda. de Europa, Parque Empresarial la Moraleja in Alcobendas (Madrid), was incorporated as a private limited company in Spain on September 1, 1944, under the registered name Conservera Campofrío, S.A. On June 26, 1996, the Company's name was changed to Campofrío Alimentación, S.A. and on December 30, 2008, it changed to its current name, 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 Company manufactures and sells products mainly for human consumption. The principal activities of the parent company and the group companies are to manufacture, sell and distribute processed and canned meat and derivatives from pork and beef by-products and other food products.

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

Basis of preparation

The amounts of the consolidated income, balance sheet and cash flow statement, were prepared in accordance with International Financial Reporting Standards, adopted by the European Union (the "IFRS-EU"), in conformity with EU Regulation no. 1606/2002 of the European Parliament and Council. The rest of information and disclosures that are necessary in financial statements elaborated under IFRS-EU are not included since they are not applicable for the purpose of this document.

In any case, this selected financial information here presented and the explanatory notes should be read in conjunction with the Campofrío Food Group, S.A. and subsidiaries Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2009, and Campofrio Food Group, S.A and Subsidiaries Non-Audited Interim Condensed Consolidated Financial Statements for the six-month period ended June 30, 2010.

Critical Accounting Policies

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

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

Non-IFRS-EU Financial Measures

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

Discontinued Operations

On March 4, 2010, Campofrio Food Group, S.A. signed an agreement with Caroli Foods Group, a Romanian meat processing company, in order to integrate their operations with the Romanian subsidiary of Campofrio Food Group, S.A. (Tabco Campofrío S.A.), and develop its business in that country and surrounding areas. Campofrío Food Group will hold a 49% of the resulting group in exchange of the contribution of its Romanian subsidiary's meat processing activities, and of the payment of a cash amount subject to final price adjustments.

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

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

Operating Segment Reporting

Results are presented in accordance with following strategic reporting segments:

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

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

Net Financial Debt, Liquidity and Capital Resources

The following charts set forth the Company’s debt position as of June 30, 2010 and June 30, 2009.

NET FINANCIAL DEBT

	Jun 30, 2010	Jun 30, 2009
Non-current financial debt		
Debentures	484.066	167.191
Interest-bearing loans and borrowings	-	149.768
Other financial liabilities	60.956	62.012
Current financial debt		
Debentures	6.990	56.245
Interest-bearing loans and borrowings	6.321	107.397
Other financial liabilities	556	20.764
Current financial assets		

Other current financial assets	-1.176	-1168
Cash and cash equivalents	-167.272	-101631
Total Net Financial Debt	**390.441**	**460.578**

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

The resulting debt structure is primarily comprised of the Notes which account for €484 million significantly reducing the current portion of the total debt, which is, as a result, practically long-term. Besides the Notes, the only remaining financial liabilities are basically the €57.1 million in derivatives classified as held for trading. (See "Description of certain Financing Arrangements" in the Notes Offering Memorandum (OM)).

Net financial debt of €390.4 million as of June 30, 2010 was substantially lower than at the end of June 2009, as a consequence of the EBITDA generated over the period, combined with Working Capital actions and limited Capital Expenditures.

The Company's liquidity position remained very solid and amounted to €409 million at the end of June 2010, consisting of €167 million in cash and cash equivalents and €242 million in undrawn bank lines (€187 million in bilateral facilities and €55 million under the Revolving Credit Facility) versus just €110 million bank lines available at the end of June 2009. Following a successful renegotiation, over 70% of the credit lines are now long-term (i.e. maturing over one year) evidencing the lasting solid support from the Company's banking relationship in spite of the volatile financial markets.

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

Debentures	**Period Ended June 30,**	
	2010	**2009**
Non-current debentures	484.066	167.191
Current debentures	6.990	56.245
Principal	0	53.064
Accrued interest	6.990	3.181
Total debentures	**491.056**	**223.436**

Interest-bearing loans and borrowings	**Period Ended June 30,**	
	2010	**2009**
Bank loans and credit facilities	3.270	252.549
Credit lines	3.270	27.915
Multicurrency credit line	0	224.634
Discounted bills payable	2.079	2.509
Interest payable	972	2.107
Total	**6.321**	**257.165**

The following tables set forth the situation of the Company's current and non-current other financial liabilities as of June 30, 2010 and June 30, 2009.

Other financial liabilities	**Period Ended June 30, 2010**			**Period Ended June 30, 2009**		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Financial leases	1.469	556	2.025	1.089	508	1.597
Other financial liabilities	2.343	0	2.343	1.935	14	1.949
Derivatives	57.144	0	57.144	58.988	20.242	79.230

Total	**60.956**	**556**	**61.512**	**62.012**	**20.764**	**82.776**

The following tables set forth the situation of the Company's financial derivatives as of June 30, 2010 and June 30, 2009.

Fair value situation	FV at Jun, 2010	FV at Jun, 2009	Notional	2010	2013	2015
Cash flow hedge	-416	-46.153	4.454	4.454		
Fair value hedge		-20.960				
Derivatives held for trading						
Swaps	-23.518	-15.990	330.089		293.223	36.866
Reverse swaps	-33.409	3.873	257.906		244.379	13.527
Total	**-57.143**	**-79.230**				

Following the repayment of the underlying indebtedness (USPP Notes and the LBO Facilities) from the Notes issue, the related outstanding derivatives (i.e. €69 million), previously used to hedge the Company's currency and rate exposures, have been reclassified for accounting purposes as held for trading. In order to minimize the mark-to-market volatility in its financial statements and lock in related payment obligations, the Company contracted reverse swaps obligations for €54 million pertaining to its cross-currency interest rate derivatives. Therefore, only €15 million in interest rate derivatives out of the total were initially subject to mark-to-market volatility. The Company has closely monitored these outstanding derivatives, bearing in mind the prevailed volatility in the financial markets, and during the second quarter of 2010 it proceeded to unwind most of them (only €2.6 left outstanding at the end of June) and, although the resulting exposure is minor, the Company continues analyzing the possibility to further reduce this exposure by unwinding wholly the outstanding position.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Campofrio Food Group is the largest European producer of processed meat products based on net sales. Its products, which are sold under well established and leading brands, cover a broad range of processed meat categories, including cooked ham, dry sausages, dry ham, hot dogs, poultry products, cold cuts and pâtés. The Company were founded in 1944 in Burgos, Spain and have expanded to achieve a direct presence in eight European countries, Spain, France, Portugal, the Netherlands, Belgium, Italy, Romania and Germany, and sales in over 80 countries worldwide through independent distributors. The Company's market leading brands include *Campofrío* and *Navidul* in Spain, *Aoste, Justin Bridou* and *Cochonou* in France, *Nobre* in Portugal and *Marcassou* in Belgium. For the six month period ended June 30, 2010, the Company had operating revenues and EBITDA of €894.7 million and €72.9 million, respectively. It generates substantially all of its revenues in Europe. The Company is headquartered in Madrid, Spain and its shares have been listed on the Madrid stock exchange since 1988 and on the Barcelona stock exchange since 1990, and are now traded under the symbol "CFG". As of July 16, 2010, the Company had a market capitalization of €735 million.

The Company is primarily engaged in the production and sale of processed meat products with a focus on cooked ham, dry sausages, dry ham, hot dogs and poultry products. The Company sources meat primarily from third party suppliers which it monitors on a regular basis to ensure that high-quality and hygienic standards are maintained. The meat is then processed in one, or a combination, of our 30 (including Tabco Romania) 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

	Twelve month ended December 31st		Six month period ended June 30th		% Increase (decrease) over prior period	
Pig carcass average price	**2008**	**2009**	**2009**	**2010**	**2009 vs 2008**	**2010 vs 2009**
	(price in €/kg)					
Spain Mercolleida	1.47	1.41	1.41	1.43	-4.0%	1.6%
France MPB	1.27	1.15	1.32	1.27	-9.4%	-4.0%
Netherlands Monfoort	1.49	1.36	1.36	1.32	-8.9%	-2.9%
Belgium Danis	1.42	1.29	1.30	1.25	-9.2%	-4.0%
Germany AIM	1.57	1.42	1.43	1.39	-9.5%	-2.9%
Denmark DC	1.28	1.21	1.19	1.21	-5.6%	1.7%

During the first semester of 2010, EU pork meat production increased by 0.2% versus 2009 and reached 11.1 million metric tons. Stronger pig slaughter activity in Germany, Poland, the Netherlands, and Belgium was offset by a decrease in Spain and the new member states from Eastern Europe. EU27 pork exports gathered strength with each passing month, boosted by the combination of a favourable Euro - USD exchange rate and record pork prices in the USA, EU27's main competitor in international markets (Russia, Japan, South Korea, and China). January to May 2010 pig meat exports increased 10.1% against the same period last year, reaching 1.03 million tons (9.2% of EU production). On the other hand, EU imports dropped 13% versus 2009. In total, 2010 EU27 pork meat production is forecasted to rise 1.0%, to 22.2 million tons

Pig carcass prices for the main European producers reflected heterogeneous supply and demand situations. In the area composed of Germany, Belgium, Holland, and France, pork carcass prices dropped between 3.0% and 4.0% as slaughter activity pickup up significantly (+4.2%, +5.6%, +3.8% and +0.1%

respectively), a direct consequence of improving farm profitability and increasing breeding herds during the first semester of 2009.

In Spain, January to April 2010 led to a further reduction in production (-2.7%), in line with the evolution of the pig population survey in the Iberian Peninsula. As a result of the lower supplies, carcass prices moved up by 1.6% during the first semester of 2010. The price strength is expected to stabilize as pig supplies increase during the second half of the year.

Danish pig production increased marginally 0.4% during the first semester, following five years of consistently lower output. Export volumes increased 8%, with a surge observed towards Russia (+82%). The Danish quotation rose 1.7% versus year ago levels.

In the European poultry market, chicken production increased 2.4% during the semester. As a result, chicken carcass prices dropped significantly in France and Spain (-13.3% and -15.8% respectively). In Poland and the UK, the other two large producer countries, the situation was less clear as prices decreased 2.2% and 2.0%.

Brazil poultry output rose 4.0% in the same period. The data reflects optimism due to stronger exports and firm domestic demand, and generally positive profit margins because of larger domestic soy and corn crops. While local live chicken quotations dropped 12%, the Brazilian real rose to its highest level in more than 8 years against the Euro, more than offsetting the effect. The Real - USD exchange rate remains the main price risk for European buyers of Brazil poultry.

The above mentioned trends affected Campofrio Food Group raw material costs only indirectly. First, the company purchases pork and poultry cuts in various proportions, each one following different supply and demand dynamics. During the first semester, the average meat price purchased by the Company increased 2.0% 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 meat costs for the first semester of 2010 were lower by 1.6% versus the same period last year.

Results of Operations

Comparison of the Six Month Period Ended June 30, 2010 and the Six Month Period Ended June 30, 2009

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the six month period ended June 30, 2010 and June 30, 2009.

Operating revenues	**Six month ended June 30,**			
	2010		**2009**	
	Actuals (unaudited)	% of total oper. revenues	**Actuals (restated)**	% of total oper. revenues
Net sales and services	863 742	97%	871 587	99%
% increase in Net Sales and Services	*-0.9%*			
Increase in inventories of finished goods and work in progress	28 047	3%	1 883	0%
Capitalized expenses on Company's work on assets	86	0%	152	0%
Other operating revenue	2 844	0%	4 269	0%
Total operating revenues	**894 719**	**100%**	**877 891**	**100%**
% increase in total operating revenues	*1.9%*			

Operating revenues increased by 2% to €894.7 million for the six-month period ended June 30, 2010 from €877.9 million for the same period in 2009 due primarily to an increase in the inventories of finished goods and work in progress. This increase in inventories is seasonal as we build up dry ham inventories in anticipation of the year-end Christmas campaign. It should be noted however that inventories at the end of the first semester of 2010 remained lower than in the first semester of 2009 by €14.8 million. Net sales decreased by 1%, to €863.7 million for the six month period ended June 30, 2010 from €871.6 million for the six month period ended June 30, 2009. The 1% decline in Net sales is the result of a volume increase of 1%, a negative 1% business mix associated with stronger growth in the Fresh Meat operations, and a 1% reduction in average selling price.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the six-month period ended June 30, 2010 and June 30, 2009.

Operating expenses	**Six month ended June 30,**			
	2010		**2009**	
	Actuals (unaudited)	% of total oper. revenues	**Actuals (restated)**	% of total oper. revenues
Decrease in inventories of finished goods and work in progress	-	0%	-	0%
Consumption of goods and other external charges	-476 499	-53%	-462 180	-53%
Employee benefits expense	-167 144	-19%	-175 535	-20%
Depreciation and amortization	-27 509	-3%	-27 824	-3%
Other operating expenses	-178 044	-20%	-179 331	-20%
Changes in trade provisions	-247	0%	-1 269	0%
Total operating expenses	**-849 443**	**-94.9%**	**-846 139**	**-96.4%**

Operating expenses increased by 0.4% to €849.4 million for the six month period ended June 30, 2010 from €846.1 million for the six month period ended June 30, 2009. Operating expenses constituted 94.9% and 96.4% as a percentage of total operating revenues for the first semesters of 2010 and 2009, respectively. The increase in operating expenses was primarily attributable to a 3.1% increase in consumption of goods, and offset by a decrease in employee benefits. Overall, employee benefits expenses decreased by 4.8% primarily attributable to the restructuring costs incurred in 2009, which amounted to €8.3 million.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges increased by 3.1% to €476.5 million for the six-month period ended June 30, 2010 from €462.2 million for the same period in 2009. Consumption of goods and other external charges constituted 53% as a percentage of total revenue for both six-month periods ended June 30, 2010 and June 30, 2009, respectively. This increase in consumption was offset by an increase in Inventories of finished goods and work in progress in Operating Revenues. The Consumption of goods and other external charges, net of Increases in Inventories of finished goods and work in progress, decreased by 2.6% for the first half-year, compared to the same period in 2009. The decrease in consumption of goods and other external charges was derived from sourcing synergies and a slightly favourable meat cost performance, and was sufficient to offset a 1% increase in volume.

Employee Benefits Expenses

Employee benefits expenses decreased by 4.8% to €167.1 million for the first half-year of 2010 from €175.5 million for the same period in 2009. Employee benefits expenses constituted 19% and 20% of the total revenues for the six-month period ended June 30, 2010 and 2009, respectively. The decrease was largely due to dismissal indemnities expenses related to restructuring projects, primarily in Spain in 2009, which amounted to €8.3 million.

Depreciation and Amortization

Depreciation and amortization remained stable at €27.6 million for the six-month period ended June 30, 2010, compared to €27.8 million for the same period in 2009. Depreciation and amortization constituted 3% as a percentage of total revenue for both the six-month periods ended June 30, 2010 and June 30, 2009.

Other Operating Expenses

Other operating expenses, on an absolute basis, remained stable, showing a 0.7% decrease to €178 million for the six-month period ended June 30, 2010 from €179.3 million for the same period of prior year.

Finance and Tax Expenses

Finance Revenue and Finance Costs

Net finance cost increased by €10.2 million in the six-month period ended June, 2010 from €18.2 million in 2009 to €28.3 million in 2010. Net finance cost in the period was affected by a €5.6 million non-recurring charge, related to fair value changes in the open derivatives under rather volatile financial market conditions. As mentioned previously, in order to curtail this above-mentioned impact, the Company has proceeded to unwind most of the open derivatives during the second quarter of 2010.

Income Tax

Income tax expenses amounted to €2.7 million for the six-month period ended June 30, 2010 and were €2.8million for the same period in 2009. For the six-month period ended June 30, 2010 the effective tax rate was 16%, and 20% in 2009. The decrease was primarily attributable to a capitalisation of negative operating loses.

Result from Discontinued Operations

Results from discontinued operations was a loss of €3,2 million for the six month period ended June 30, 2010 and €0.8 million loss for the six month period ended June 30, 2009.Both related to the subsidiaries in Romania. (See Note 12 in Campofrio Food Group, S.A and Subsidiaries Non-Audited Interim Condensed Consolidated Financial Statements for the Six-Month period ended June 30, 2010)

Profit for the Period

For the six month period ended June 30, 2010, profit increased by 9%, amounting to €10.8 million, compared to €10 million for the six month period ended June 30, 2009.

Operating Segment Reporting

Net sales and services	**Six month ended June 30, 2010**		**Six month ended June 30, 2009**	
	Actuals (unaudited)	% of total	**Actuals (unaudited)**	% of total
Southern Europe [1]	399 577	46%	397 802	46%
Northern Europe [2]	472 247	55%	478 303	55%
Eliminations [3]	-8 082	-1%	-4 517	-1%
Total net sales and services	**863 742**	100%	**871 587**	100%

EBITDA	**Six month ended June 30, 2010**		**Six month ended June 30, 2009**	
	Actuals (unaudited)	% of total	**Actuals (unaudited)**	% of total
Southern Europe [1]	43 226	59%	36 031	60%
Northern Europe [2]	40 032	55%	30 545	51%
Others [4]	-10 473	-14%	-7 001	-12%
Total EBITDA	**72 785**	100%	**59 576**	100%
% EBITDA margin over Net Sales				
Southern Europe	10.8%		9.1%	
Northern Europe	8.5%		6.4%	
Others	n.a.		n.a.	
Total EBITDA	**8.4%**		**6.8%**	

EBITDA (normalised)	**Six month ended June 30, 2010**		**Six month ended June 30, 2009**	
	Actuals (unaudited)	% of total	**Actuals (unaudited)**	% of total
Southern Europe [1]	43 226	59%	41 888	62%
Northern Europe [2]	40 157	55%	32 730	48%
Others [4]	-10 473	-14%	-6 716	-10%
Total EBITDA	**72 910**	100%	**67 902**	100%
% EBITDA normalised margin over Net Sales				
Southern Europe	10.8%		10.5%	
Northern Europe	8.5%		6.8%	
Others	n.a.		n.a.	
Total EBITDA	**8.4%**		**7.8%**	

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

[4] Other includes mainly corporate activities.

Southern Europe

Net sales in the Southern Europe remained flat for the six month period ended June 30, 2010 from €397.8 million for the six month period ended June 30, 2009 to €399.6 million. Volumes in Southern Europe increased by 3% for the six month period ended June 30, 2010 as the Company recorded solid growth in Spain for the branded processed meat in modern retail channel and fresh meat business by 4% and 6% respectively. Average prices in Southern Europe were down 3% driven by business mix for 1% associated with stronger volume growth in the Fresh Meat operations, and a 2% average price reduction in Processed Meats operations in Spain and Portugal.

EBITDA in Southern Europe increased by €7.2 million to 43.2 €million, primarily due to the severance indemnities of €5.9 million taken mainly in Spain in the first quarter of 2009. Excluding this effect, EBITDA in Southern Europe still increased by €1.4 million to €43.2 million for the six-month period ended June 30, 2010 from €41.9 million for the six month period ended June 30, due to volume increase and savings achieved in sourcing and manufacturing, partially offset by lower average pricing.

Northern Europe

Net sales in the Northern Europe segment decreased by 1% to €472.2 million for the six month period ended June 30, 2010 from €478.3 million for the six month period ended June 30, 2009. The decrease was driven by lower volume which was down 2% for the six month period ended June 30, 2010 as compared to the six month period ended June 30, 2009 and an average price increase by 1%, mainly coming from positive mix effect in France.

Despite the lower volume, EBITDA in Northern Europe increased significantly to €40.0 million for the six month period ended June 30, 2010 from €30.5 million for the six month period ended June 30, 2009 mainly driven by lower manufacturing costs in France and Holland, sourcing productivity and better mix. Restructuring programs taken in 2009 in France and the Netherlands amounting to €2.2 million also contributed to the increase in EBITDA and margins in the Northern Europe segment.

Others

The EBITDA for Others decreased overall to a negative €10.5 million for the six month period ended June 30, 2010 from a negative €7.0 million for the six month period ended June 30, 2009 primarily due to Headquarters costs.

Cash Flow

Cash Flows from Operating Activities

For the six-month period ended June 30, 2010, cash flow from operating activities amounted to €46.2 million compared to a €25.1 million for the same period in 2009. This €21.2 million improvement was primarily attributable to a better performance in EBITDA, improved working capital and lower restructuring payments, and was offset by higher net interest payment and lower government grants received. In the first semester of 2009, the Company's working capital had been negatively impacted by a change in legal payment terms in France. The cash out for interest expenses for the period ended June 30, 2010 reflects the payment related mainly to the coupons of the bond.

Cash Used in Investing Activities

For the six-month period ended June 30, 2010, cash flow from investing activities amounted to a negative €15.3 million, compared to a negative €17.5 million for the six month period ended June 30, 2009. Capital Expenditures amounted to €12.3 million in the six month period ended June 30, 2010 and €17.5 million in the same period last year. During the six month period ended June 30, 2010, the Company purchased the remaining minority interests in Navidul Extremadura (Spain) for €3.1 million.

Cash Flow from Financing Activities

For the six month period ended June 30, 2010, cash flow from financing activities amounted to a negative €22.4 million compared to a negative €25.7 million for the six month period ended June 30, 2009. The cash flow from financing activities for the six month period ended June 30, 2010 includes the merger-related Earn-Out payment to Smithfield Foods and payments related to the cancellation of derivatives amounting to €14.3 million. The cash flow from financing activities for the six month period ended June 30, 2009 includes the settlement of a €3 million purchase price adjustment with Atria related to the sale of the Russian subsidiary CampoMos and payments related to the €47.2 million extraordinary dividend approved on October 24, 2008. This dividend was paid in full and significantly impacted the cash flow of the second quarter of 2009.

Results of Operations

Comparison of the Three-Month Period Ended June 30, 2010 and the Three-Month Period Ended June 30, 2009

Operating Revenues

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

Operating revenues	**Q2, 2010**		**Q2, 2009**	
	Actuals (unaudited)	% of total oper. revenues	**Actuals (restated)**	% of total oper. revenues
Net sales and services	439 737	98%	444 607	100%
% increase in Net Sales and Services	*-1%*	0%		0%
Increase in inventories of finished goods and work in progress	8 356	2%	-2 162	0%
Capitalized expenses on Company's work on assets	44	0%	42	0%
Other operating revenue	559	0%	1 896	0%
<u>Total operating revenues</u>	<u>448 696</u>	<u>100%</u>	<u>444 383</u>	<u>100%</u>
% increase in total operating revenues	*1%*			

Operating revenues increased by 1% to €448.7 million for the three month period ended June 30, 2010 from €444.4 million for the three month period ended June 30, 2009 due primarily to an increase in the inventories of finished goods and work in progress. This increase in inventories is seasonal as we build up dry ham inventories in anticipation of the year-end Christmas campaign. It should be noted however that inventories at the end of the second quarter of 2010 remained lower than in the second quarter of 2009 by €14.8 million. Net sales decreased by 1%, to €439.7 million for the three month period ended June 30, 2010 from €444.6 million for the three month period ended June 30, 2009. The 1% decline in Net sales was the result of a reduction in average selling price of 1% as volumes were flat in the period.

Operating Expenses

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

Operating expenses	**Q2, 2010**		**Q2, 2009**	
	Actuals (unaudited)	% of total oper. Revenues	**Actuals (restated)**	% of total oper. Revenues
Consumption of goods and other external charges	-239 102	-54%	-235 296	-53%
Employee benefits expense	-79 253	-18%	-84 803	-19%
Depreciation and amortization	-13 833	-3%	-13 682	-3%
Other operating expenses	-91 489	-21%	-90 066	-20%
Changes in trade provisions	10	0%	-730	0%
Total operating expenses	-423 667	-96%	-424 577	-95%

Operating expenses decreased by 0.2% to €423.7 million for the three month period ended June 30, 2010 from €424.6 million for the three month period ended June 30, 2009. Operating expenses constituted 96.3% and 95.5% as a percentage of total operating revenues for three month period ended June 30, 2010 and June 30, 2009, respectively. The decrease in operating expenses was primarily attributable to a 6.5% decrease in employee benefits expense, which was offset by a moderate increase in consumption of goods and other external charges. This increase in consumption is offset by an increase in Inventories of finished goods and work in progress in Operating Revenues. The Consumption of goods and other external charges, net of Increases in Inventories of finished goods and work in progress, decreased by 2.8% for the second quarter, compared to same period in 2009. The decrease in consumption of goods and other external charges was derived from sourcing synergies and a slightly favourable meat costs.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges increased by 1.6% to €239.1million for the three month period ended June 30, 2010 from €235.3 million for the three month period ended June 30, 2009. Consumption of goods and other external charges constituted 54% and 53% as a percentage of total revenue for the three month period ended June 30, 2010 and June 30, 2009, respectively. The increase in Consumption of goods and other external charges, net of Increases in Inventories of finished goods and work in progress, decreased by 2.8%. The decrease in consumption of goods and other external charges was derived from sourcing synergies and slightly favourable meat price.

Employee Benefits Expenses

Employee benefits expenses decreased by 6.5% to €79.3 million for the three month period ended June 30, 2010 from €84.8 million for the three month period ended June 30, 2009. Employee benefits expenses constituted 18% and 19% of total revenue for the three month periods ended June 30, 2010 and 2009, respectively. The decrease was largely related to dismissal indemnities expenses relating to the restructuring projects, primarily in Spain during 2009, and which amounted to €1.8 million for the second quarter.

Depreciation and Amortization

Depreciation and amortization was stable at €13.8 million for the second quarter ended June 30, 2010 compared to €13.7 million the same period in 2009. Depreciation and amortization constituted 3% as a percentage of total revenue for each of the three month period ended June 30, 2010 and June 30, 2009.

Other Operating Expenses

Other operating expenses increased by 1.6% to €91.5 million for the three month period ended June 30, 2010 from €90.1 million for the three month period ended June 30, 2009.

Finance and Tax Expenses

Finance Revenue and Finance Costs

Net finance cost increased by €6.2 million in the three month period ended June, 2010 from €7.5 million in 2009 to €13.6million in the three month period in 2010. Net finance cost in the period was affected by a €1.6 million non-recurring charge, related to fair value changes in the open derivatives under rather volatile financial market conditions. As mentioned previously, in order to minimize this above-mentioned impact, the Company has proceeded to unwind most of the open derivatives during the second quarter of 2010.

Income Tax

Income tax expenses amounted €1.3 million for the three month period ended June 30, 2010 and were €2.9 million for the three month period ended June 30, 2009. For the three month period ended June 30, 2010 the effective tax rate was 16%, and 20% in 2009. The decrease was primarily attributable to a capitalisation of negative operating loses..

Profit for the Period

For the three month period ended June 30, 2010, profit decreased to €6.9 million compared to €9.5 million for the three month period ended June 30, 2009.

Operating Segment Reporting

Net sales and services	**Q2, 2010**		**Q2, 2009**	
	Actuals (unaudited)	% of total	**Actuals (unaudited)**	% of total
Southern Europe [1]	206 043	47%	207 488	47%
Northern Europe [2]	237 723	54%	240 544	54%
Eliminations [3]	-4 029	-1%	-3 425	-1%
Total net sales and services	**439 737**	100%	**444 608**	100%

EBITDA	**Q2, 2010**		**Q2, 2009**	
	Actuals (unaudited)	% of total	**Actuals (unaudited)**	% of total
Southern Europe [1]	23 487	60%	20 811	62%
Northern Europe [2]	20 688	53%	16 568	49%
Others [4]	-5 314	-14%	-3 892	-12%
Total EBITDA	**38 862**	100%	**33 488**	100%
% EBITDA margin over Net Sales				
Southern Europe	11.4%		10.0%	
Northern Europe	8.7%		6.9%	
Others	n.a.		n.a.	
Total EBITDA	**8.8%**		**7.5%**	

EBITDA (normalised)	**Q2, 2010**		**Q2, 2009**	
	Actuals (unaudited)	% of total	**Actuals (unaudited)**	% of total
Southern Europe [1]	23 487	60%	20 968	59%
Northern Europe [2]	20 813	53%	18 024	51%

Others [4]	-5 314	-14%	-3 748	-11%
Total EBITDA	**38 987**	100%	**35 244**	100%
% EBITDA normalised margin over Net Sales				
Southern Europe	11.4%		10.1%	
Northern Europe	8.8%		7.5%	
Others	n.a.		n.a.	
Total EBITDA	**8.9%**		**7.9%**	

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

[4] Includes mainly corporate activities.

Southern Europe

Net sales in the Southern Europe segment decrease by 1% to €206.0 million for the three month period ended June 30, 2010 from €207.5 million for the three month period ended June 30, 2009. Volumes in Southern Europe increased by 2% for the three month period ended June 30, 2010 driven by a 7% growth in Spain fresh meat business by 7%. Average prices in Southern Europe were down 2% driven by a 1% lower average price in Processed Meats in Spain and Portugal, and a 1% negative business mix effect related to the stronger growth in Fresh Meat.

EBITDA in Southern Europe increased by €2.7 million to €23.5 million for the three month period ended June 30, 2010 from €20.8 million for the three month period ended June 30, primarily driven by savings achieved in sourcing and manufacturing partially offset by lower pricing and mix.

Northern Europe

Net sales in the Northern Europe segment decreased by 1% to €237.7 million for the three month period ended June 30, 2010 from €240.5 million for the three month period ended June 30, 2009. The decrease was driven by lower volume which was down 3% for the three month period ended June 30, 2010 compared to the three month period ended June 30, 2009 and an 1% average price increase

Despite the lower volume, EBITDA in Northern Europe increased significantly to €20.7 million for the three month period ended June 30, 2010 from €16.6 million for the three month period ended June 30, 2009 mainly driven by lower manufacturing costs, sourcing productivity and better mix. Restructuring programs taken in 2009 in France and the Netherlands amounting to €1.5 million also contributed to the increase in EBITDA and margins in the Northern Europe segment.

Others

The EBITDA for Others decreased overall to a negative €5.3 million for the three month period ended June 30, 2010 from a negative €3.9 million for the three month period ended June 30, 2009 primarily due to Headquarters costs.

Cash Flow

Cash Flows from Operating Activities

For the three month period ended June 30, 2010, our cash flow from operating activities amounted to €54.7 million compared to €80.6 million for three month period ended June 30, 2009. This decrease was primarily attributable changes in working capital, higher net interest payment and lower receipt of government grants, offset by lower income tax paid. The decrease in changes in working capital was mainly explained by the strong reduction of inventories which took place in the second quarter of 2009 and favourably impacted the cash flow from operations in that same period. With respect to interest expenses, the increase was related to the change in timing of interest payments, which under the USPP occurred in the months of February and August, whilst under the Notes, occurs in April and October.

Cash Used in Investing Activities

For the three month period ended June 30, 2010, cash flow from investing activities amounted to a negative €6.8 million, compared to a negative €9.4 million for the three month period ended June 30, 2009 mainly related to capital expenditures.

Cash Flow from Financing Activities

For the three month period ended June 30, 2010, cash flow from financing activities amounted to a negative €17.3 million compared to a negative €19 million for the three month period ended June 30, 2009. The cash flow from financing activities for the three month period ended June 30, 2010 included the payment related to the cancellation of derivates for an amount of €14.3 million. The cash flow from financing activities for the three month period ended June 30, 2009 included the payment of the €47.2 million extraordinary dividend approved on October 24, 2008. This dividend was paid in full in June 2009 and significantly impacted the cash flow of the second quarter of 2009.

RECENT DEVELOPMENT

Operating Performance for the quarter ends September 30, 2010

We expect to publish our third quarter report by mid-November. Despite challenging economic conditions in Southern Europe in particular, we expect trends to remain in line with the first semester.

On July 30, 2010, the Company completed the acquisition by its French operating company, Groupe Aoste, of Salaisons Moroni, the market leader in chorizo sausage with 3.800 tons produced in 2009. By expanding its activities to this new segment, Groupe Aoste will be further consolidating its leading position in the dry sausage category, and offer to the French consumers an even more attractive portfolio of quality products under strong national brands as well as under the retail brands of its major customers.

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 and thereafter.

Profit (loss) from Discontinued Operations

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