CAMPOFRIO FOOD GROUP

UNAUDITED INTERIM SELECTED
CONSOLIDATED FINANCIAL INFORMATION
NINE MONTH PERIOD ENDED
30th SEPTEMBER 2016

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INTRODUCTION

In March 2015, CAMPOFRIO FOOD GROUP, S.A.U. ("Campofrío Food Group" or the "Company"), incorporated as a public limited company (*sociedad anónima*) under the laws of Spain, issued €500 million aggregate principal amount of its 3.375% Senior Notes due 2022 (the "Notes") at a price of 100.000%. The Company pays interest on the Notes semi-annually on each March 15 and September 15. At any time on or after March 15, 2018, the Company may redeem all or part of the Notes by paying a specified premium to the holders. If the Company undergoes a change of control or sells 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 its 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 Notes are senior debt of Campofrío Food Group and rank *pari passu* in right of payment to all of Campofrío Food Group's existing and future senior indebtedness. The Notes are guaranteed on a senior basis by certain of the Company's 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 new 3.375% Notes maturing in 2022, the Company redeemed all of its outstanding 8.250% Senior Notes due 2016, including applicable premium and accrued and unpaid interest, and paid related fees and expenses in connections with the Offering. The redemption of the outstanding 8.250% Senior Notes due 2016 was executed on April 2, 2015.

This Unaudited 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

Campofrío Food Group
(In Thousands of Euros)

	Nine month ended September 30,			
	2016		2015	
	Actual (unaudited)	% of total oper. revenue	**Actual (unaudited) (restated)**	% of total oper. revenues
Operating revenues				
Net sales and services	1,415,138	97.8%	1,418,391	97.7%
Increase in inventories	29,014	2.0%	26,794	1.8%
Capitalized expenses on Company's work on assets	268	0.0%	87	0.0%
Other operating revenue	3,127	0.2%	5,866	0.4%
Total operating revenues	**1,447,547**	**100.0%**	**1,451,138**	**100.0%**
Operating expenses				
Consumption of goods and other external charges	(801,928)	(55.4%)	(817,909)	(56.4%)
Employee benefits expense	(241,203)	(16.7%)	(237,200)	(16.9%)
Depreciation and amortization	(36,493)	(2.5%)	(49,956)	(3.4%)
Changes in trade provisions	(2,088)	(0.1%)	(1,881)	(0.1%)
Other operating expenses	(297,179)	(20.5%)	(320,658)	(22.1%)
Total operating expenses	**(1,378,891)**	**(95.3%)**	**(1,427,604)**	**(98.4%)**
Impairment of non - current assets	-	0.0%	(321)	(0.0%)
Other extraordinary income and expenses, net	-	0.0%	94,484	6.5%
Operating profit	**68,656**	**4.7%**	**117,697**	**8.1%**
Financial expenses, net	(17,141)	(1.2%)	(40,143)	(2.8%)
Other results	2,159	0.1%	(24,475)	(1.7%)
Profit (loss) before tax	**53,674**	**3.7%**	**53,079**	**3.7%**
Income taxes	(18,151)	(1.3%)	(18,541)	(1.3%)
Profit for the period from continuing operations	**35,523**	**2.5%**	**34,538**	**2.4%**
Profit (loss) after tax for the period from discontinued operations	-	0.0%	103	0.0%
Profit for the period	**35,523**	**2.5%**	**34,641**	**2.4%**
Non-controlling interests	-	-	-	-
Attributable to equity holders of the parent company	35,523	2.5%	34,641	2.4%

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

CONSOLIDATED INCOME STATEMENT

Campofrío Food Group
(In Thousands of Euros)

	Three month ended September 30,			
	2016		2015	
	Actual (unaudited)	% of total oper. revenue	**Actual (unaudited) (restated)**	% of total oper. revenues
Operating revenues				
Net sales and services	498,605	96.6%	498,249	98.8%
Increase in inventories	15,911	3.1%	4,602	0.9%
Capitalized expenses on Company's work on assets	252	0.0%	20	0.0%
Other operating revenue	1,131	0.2%	1,509	0.3%
Total operating revenues	**515,899**	**100.0%**	**504,380**	**100.0%**
Operating expenses				
Consumption of goods and other external charges	(297,641)	(57.7%)	(288,639)	(57.2%)
Employee benefits expense	(78,247)	(15.2%)	(77,127)	(15.3%)
Depreciation and amortization	(12,516)	(2.4%)	(17,001)	(3.4%)
Changes in trade provisions	(360)	(0.1%)	(124)	(0.0%)
Other operating expenses	(101,392)	(19.7%)	(110,832)	(22.0%)
Total operating expenses	**(490,156)**	**(95.0%)**	**(493,723)**	**(97.9%)**
Impairment of non - current assets	-	-	-	-
Other extraordinary income and expenses, net	-	-	50,188	10.0%
Operating profit	**25,743**	**5.0%**	**60,845**	**12.1%**
Financial expenses, net	(5,423)	(1.1%)	(6,262)	(1.2%)
Other results	1,178	0.2%	953	0.2%
Profit (loss) before tax	**21,498**	**4.2%**	**55,536**	**11.0%**
Income taxes	(6,240)	(1.2%)	(17,645)	(3.5%)
Profit for the period from continuing operations	**15,258**	**3.0%**	**37,891**	**7.5%**
Profit (loss) after tax for the period from discontinued operations	-	-	95	0.0%
Profit for the period	**15,258**	**3.0%**	**37,986**	**7.5%**
Non-controlling interests	-	-	-	-
Attributable to equity holders of the parent company	15,258	3.0%	37,986	7.5%

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Campofrío Food Group
(*In Thousands of Euros*)

	Consolidated statement of financial position at,	
	Sep 30, 2016	**Sep 30, 2015**
	(Unaudited)	**(Unaudited)**
ASSETS		
Property, plant and equipment	640,635	529,779
Goodwill	460,103	460,124
Other intangible assets	265,846	274,932
Non-current financial assets	2,765	3,384
Investments accounted for under the equity method	32,958	32,223
Deferred tax assets	101,605	137,872
Total non-current assets	**1,503,912**	**1,438,314**
Inventories	359,855	371,832
Trade and other receivables	162,393	215,396
Other current financial assets	390	388
Other current assets	8,201	7,471
Cash and cash equivalents	309,428	179,937
Total current assets	**840,267**	**775,024**
Assets classified as held for sale and discontinued operations	**-**	**725**
TOTAL ASSETS	**2,344,179**	**2,214,063**
EQUITY AND LIABILITES		
Equity attributable to equity holders of the parent	813,971	664,076
Equity	**813,971**	**664,076**
Debentures	493,829	492,850
Interest-bearing loans and borrowings	-	83
Other financial liabilities	13,685	11,860
Deferred tax liabilities	144,397	155,187
Other non-current liabilities	7,336	9,994
Provisions	44,669	52,627
Total non-current liabilities	**703,916**	**722,601**
Debentures	703	703
Interest-bearing loans and borrowings	261	19,982
Trade and other payables	713,496	722,556
Other financial liabilities	1,767	2,384
Creditor for income tax	3,885	4,487
Provisions	8,394	10,140
Other current liabilities	97,786	67,134
Total current liabilities	**826,292**	**827,386**
Liabilities associated to operations on sale or discontinued	**-**	**-**
TOTAL EQUITY AND LIABILITIES	**2,344,179**	**2,214,063**

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

CONSOLIDATED CASH FLOW STATEMENT

Campofrío Food Group
(*In Thousands of Euros*)

	Nine month ended September 30,	
	2016	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Operating flows before changes in working capital	**101,087**	**72,419**
Changes in working capital	277	882
Cash flows from operating activities	**101,364**	**73,301**
Net interest payments	(18,991)	(30,028)
Provision and pensions payment	(9,524)	(8,740)
Income tax paid	(9,545)	(6,783)
Other collection and payments	126	73,495
Net cash flows from operating activities	**63,430**	**101,245**
Investments in property, plant and equipment	(81,207)	(41,408)
Divestment in Joint Ventures	-	(33,136)
Other cash flows from investing operations, net	653	4,390
Net cash flows from investing activities	**(80,554)**	**(70,154)**
Changes in financial assets and liabilities	(5,394)	(21,919)
Repayments of debentures and bonds	-	492,330
Issuance of debentures and bonds	-	(501,717)
Amortization of capital shares	-	(7,283)
Net cash flows from financing activities	**(5,394)**	**(38,589)**
Net increase/(decrease) in cash and cash equivalents	**(22,518)**	**(7,498)**
Cash and cash equivalents at beginning of period	331,946	187,435
Cash and cash equivalents at end of period	309,428	179,937

	Three month ended September 30,	
	2016	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Operating flows before changes in working capital	**40,038**	**27,625**
Changes in working capital	42,756	12,242
Cash flows from operating activities	**82,794**	**39,867**
Net interest payments	(8,957)	(9,997)
Provision and pensions payment	(1,129)	(2,373)
Income tax paid	(3,023)	(2,699)
Other collection and payments	126	5,593
Net cash flows from operating activities	**69,811**	**30,391**
Investments in property, plant and equipment	(37,823)	(19,964)
Divestment in Joint Ventures	-	(194)
Other cash flows from investing operations, net	652	(3)
Net cash flows from investing activities	**(37,171)**	**(20,161)**
Changes in financial assets and liabilities	(5,625)	(5,674)
Repayments of debentures and bonds	-	-
Issuance of debentures and bonds	-	(38)
Amortization of capital shares	-	-
Net cash flows from financing activities	**(5,625)**	**(5,712)**
Net increase/(decrease) in cash and cash equivalents	**27,015**	**4,518**
Cash and cash equivalents at beginning of period	282,413	175,419
Cash and cash equivalents at end of period	309,428	179,937

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

OTHER SELECTED CONSOLIDATED FINANCIAL INFORMATION
Campofrío Food Group
(*In Thousands of Euros*)

Conciliation from Profit for the period to EBITDA

	Nine month ended September 30,	
	2016	2015
	Actual (unaudited)	Actual (unaudited)
Profit for the period attributable to equity holders of the parent company	35,523	34,641
Profit (loss) after tax for the period from discontinued operations	-	(103)
Income taxes	18,151	18,541
Other results	(2,159)	24,475
Financial expenses, net	17,141	40,143
Impairment of assets	-	321
Depreciation and amortization	36,493	49,956
EBITDA	**105,149**	**167,974**
Total adjustments	-	(60,455)
EBITDA (normalized)	**105,149**	**107,519**

Conciliation from Profit for the period to EBITDA

	Three month ended September 30,	
	2016	2015
	Actual (unaudited)	Actual (unaudited)
Profit for the period attributable to equity holders of the parent company	15,258	37,986
Profit (loss) after tax for the period from discontinued operations	-	(95)
Income taxes	6,240	17,645
Other results	(1,178)	(953)
Financial expenses, net	5,423	6,262
Impairment of assets	-	-
Depreciation and amortization	12,516	17,001
EBITDA	**38,259**	**77,846**
Total adjustments	-	(37,221)
EBITDA (normalized)	**38,259**	**40,625**

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.U. (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 September 5, 1996, the Company's name was changed to Campofrío Alimentación, S.A. and on December 30, 2008, it was changed to its current name, Campofrío Food Group, S.A.U. In 2015 the Company became a sole shareholder company (*sociedad unipersonal*) thus starting to use the acronym "S.A.U".

Campofrío Food Group, S.A.U., for this purposes, 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 Group operates in Spain, France, Belgium, the Netherlands, Portugal, Germany, Italy, United Kingdom, USA and Romania.

Basis of preparation

The amounts of the consolidated income statement, consolidated statement of financial position and consolidated 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.U and subsidiaries Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2015.

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 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, 2015.

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.

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).

Note: 2016 segment information is build following a full internal cost allocation model. To allow comparability, prior year information has been restated were appropriate.

Net Financial Debt, Liquidity and Capital Resources

The following chart sets forth the Company's net Financial debt position as of September 30, 2016 and September 30, 2015.

NET FINANCIAL DEBT	**Nine month ended September 30,**	
(*In Thousands of Euros*)	**2016**	**2015**
Non-current financial debt		
Debentures	493,829	492,850
Interest-bearing loans and borrowings	-	83
Other financial liabilities	13,685	11,860
Financial derivatives instruments	-	-
Current financial debt		
Debentures	703	703
Interest-bearing loans and borrowings	261	19,982
Other financial liabilities	1,767	2,384
Current financial assets		
Other current financial assets	(390)	(388)
Cash and cash equivalents	(309,428)	(179,937)
Total Net Financial Debt	**200,427**	**347,537**

As of September 30, 2016, the Company's net financial debt continues being reduced both with respect to the prior quarter by € 36.9 million and by €147.1 million compared to the same period last year. Moreover, Gross Debt has decreased as well given the full repayment of the bank facility club deal in the last quarter of last year but also because the remaining minor local bank lines are being repaid too

Therefore, the total long-term debt consists now of the outstanding Notes issued in 2015 which amount to €494.5 million, including accrued and unpaid interest and net of issuance cost after having successfully completed the refinancing process of the former Notes issued in 2009 in April last year..

As a consequence and in the absence of short-term debt, the Company´s balance sheet is unusually straight-forward and clean, with practically all debt held at parent company level without any refinancing risk concerns. In this sense, subsidiaries are debt-free and only some, whilst only some minor debt items (i.e. leasing, reimbursable grants, etc.) of rather negligible value on a global basis remain for the time being. The Company's liquidity position remains very solid amounting to €581.4million as of September 2016, consisting of €309.4 million in cash and cash equivalents, €263.0 million of fully available bank lines in Euros (€256.0 million committed lines and €7.0 million uncommitted lines) and a credit facility in US Dollars amounting to $10.0 million (equivalent to €9.0 million circa).. In this regard and given our proven ability to raise bank support whenever necessary, the Company together with its shareholders has decided to reduce the total amount of committed bank lines for the sake of saving bank fees and, therefore, some of these bank lines will be either cancelled or reduced in the coming months.

To this extent, it is worth noting the very positive financial evolution of the Company, having significantly improved the resulting leverage ratio, as well as the related interest cover and debt-to-equity ratios even notwithstanding the extraordinary collections pertaining to the insurance compensation.

The following tables set forth the situation of the Company's two main financing sources as of September 30, 2016 and September 30, 2015.

Debentures	**Consolidated position at**	
(*In Thousands of Euros*)	**30/09/2016**	**30/09/2015**
Non-current debentures	493,829	492,850
Current debentures	703	703
Principal	-	-
Accrued interest	703	703
Total debentures	**494,532**	**493,553**

Interest-bearing loans and borrowings	**Consolidated position at**	
(*In Thousands of Euros*)	**30/09/2016**	**30/09/2015**
Bank loans and credit facilities	68	18,770
Senior term loan	68	15,203
Credit lines	-	3,567
Discounted bills payable	-	735
Interest payable	193	560
Total	**261**	**20,065**

The following table sets forth the situation of the Company's current and non-current other financial liabilities as of September 30, 2016 and September 30, 2015.

Other financial liabilities	**Consolidated position at 30/09/2016**			**Consolidated position at 30/09/2015**		
(In thousands of €)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Financial leases	5,516	1,304	6,820	6,263	955	7,218
Other financial liabilities	8,169	463	8,632	5,597	1,429	7,026
Total	**13,685**	**1,767**	**15,452**	**11,860**	**2,384**	**14,244**

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Campofrío Food Group is the largest European producer of packaged meat products based on net sales. Its products, which are sold under well established and leading brands or unbranded products for third parties, cover a broad range of packaged 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 seven European countries (Spain, France, Portugal, The Netherlands, Belgium, Italy and Germany) and in the United States; although we generate sales in approximately 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 nine month period ended September 30, 2016, the Company had Net Sales and Services and Reported EBITDA of €1,415.1 million and €105.1 million, respectively. The Company is headquartered in Madrid, Spain.

The Company is primarily engaged in the production and sale of packaged 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 27 facilities and the final products are sold directly to customers, which include some of the largest retailers in Europe, including Carrefour, Ahold, Auchan, Delhaize 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	Nine month period ended September 30,			% Increase (decrease) over prior period	
	2014	2015	2016	2015 vs. 2014	2016 vs. 2015
		(price in €/kg)			
Spain Mercolleida	1.72	1.51	1.46	-11.9	-3.8
France MPB	1.55	1.42	1.42	-8.5	+0.6
Netherlands Monfoort	1.55	1.33	1.38	-14.2	+4.0
Belgium Danis	1.42	1.22	1.26	-14.2	+3.2
Germany AIM	1.62	1.43	1.49	-11.9	+4.1
Denmark DC	1.51	1.33	1.37	-12.1	+2.9

For 4 of the last 7 years, rising grain prices had negatively affected meat protein prices. During 2013 and 2014, record consecutive grain and oilseed crops worldwide have brought the return of profitability back to EU28 pork meat production and caused its supply to increase significantly since the fall of 2014.

During 2015 and 2016, grain quotations continued their corrections initiated in the fall 2012, although at a lesser pace. EU28 2016 cereals production rose slightly to 311 MT (up +0.4%), providing the second largest harvest on record after 2014. On one hand, soft wheat output dropped -4% (145MT) below last year's record, due to poor yields in key producing countries (France, UK, Germany and Poland). On the other hand, the barley and corn harvests rose to 62.1 and 61.7 MT, up 2% and 8% respectively. As a consequence, year to date 2016, EU28 soft wheat, barley and corn prices respectively decreased by -15%, -22%, -1%.

2016 US corn and soybean production rose significantly to 15.1 (+11%) and 4.2 (+7%) billion bushels, surpassing the previous historical records of 2014. Stock to use ratios continued their rise to decade high levels, pressuring prices lower. US ethanol generation now consumes 39% of the North American corn crop. In addition, South America (Brazil [103MT] and Argentina [57MT]) harvested a record soybean crop last winter, for the third consecutive time surpassing the output from the United States.

On a global basis for 2016, total world grain production is expected to rise to 2026 MT, up +1% versus last year, amounting the second largest crop ever. With increases for food, feed and industrial uses, consumption will likely be at an all-time high. And campaign end stocks will be up +3% to 482 MT. Wheat output dropped slightly from year ago levels to a 729MT, down -1% and corn will reach 1003MT (+4%) due to a rebound of the US production.

Wheat, barley, corn and soybean meal are all key components of the feed ration for pork and poultry production. Their lower prices widened the margins for both meat production, leading to the current growth in output.

From 2010 to summer 2014, EU pork farmers responded to the lack of profitability by reducing sow herds (-3.9% in December 2012 survey, -1.8% in December 2013). However, during the Spring 2013, a combination of lower cereals prices, and 15 to 20 year high pork carcass quotations led to a return of profitability. This pattern continued during 2014, due to further drops in cereals price levels. And despite the implementation of the new EU legislation on sow stall barns, sow populations rebounded with the Spring 2014 survey showing a trend reversal and small increase of +0.8%. Additionally, the December 2014 EU28 sow population survey consolidated the trend by increasing +0.4%.

During H1 2015, this trend has been reversed again due to a combination of sharply lower pork prices and stable grain quotations. As a result, the May-June survey showed a small decrease of -0,8% in sow herds. In a continuation of this pattern, the December 2015 population estimation resulted in +0.4% for total swine, but -2.0% for total sows, and -2.4% for covered sows. Breeding population results from individual countries varied widely: Germany: -4.0%, France: -2.3%, Poland: -14.8%, Netherlands: -4.8% were the most important contributors to the new recent trend. On the other hand, Spain (+4.6%), Italy (+0.9%), UK (+1.3%) and Romania (+1,5%) pushed ahead. These decisions impact pork meat output with a 10 to 12 months delayed effect.

During 2015, EU28 pork production rose significantly, in particular during the first half of the year (+5.3%). Total yearly output rose +3,6% to 22.9 million MT, with both Q1 and Q2 displaying strong result +5.5% and +5.1% respectively. The production increased in all the key EU28 countries: Germany (+1.0%), Netherlands (+6.2%), Spain (+7.6%), United Kingdom (+4.2%), France (+1.2%), Poland (+5.8%), Denmark (+0.3%), Italy (+11.9%) and Belgium (+0.5%). After dropping sharply during Q4 2014, prices remained at 8 year lows throughout 2015.

During the spring 2015, the EU agricultural commission financed a private storage initiative for frozen pork meat, reaching only 48100 MT. Last July 2015, the Russian ban was extended again well into 2016, and continues to affect North Europe export oriented countries and slaughter companies. Widespread farmer discontent over low commodity prices in EU28 led to the establishment of political prices and financial support measures last summer.

The rising output trend slowed during the first half of 2016 (+0.7%) as pork meat production in the following countries reached: DE: -1.0%, ES: +6.0%, NL: +0.9%, UK: +1.8%, IT: +2.8%, FR: +1.1%, DK: -5.2%, PO: +5.8%, BE: -4.3%. Also contributing during the same period, the carcass weights have been at or slightly above year ago levels (France, Spain, Holland) due to lower feed prices. EU28 2016 output is expected to rose by 0.3% to reach 23.1 MT, the largest level on record.

During Q1 2016, a new private storage was financed by the EU commission amounting to 91,000 metric tons. By the end of May , it was consumed entirely. In addition, the EU announced the renewal of it trade restrictions towards Russia until 2017, removing the possibility of the lifting of the Russian import ban for EU28 pork meat.

China’s pig and sow population estimated decrease of 95 and 9.5 million head respectively have led to a loss of -6% in pork meat production, triggering a record import demand of pork from Europe, Canada and USA. 2016 Chinese imports are expected to more than double , and reach 2.3 million tons by year end, to cover the 3% gap in its internal supply-demand balance sheet.

In USA, the PED (Porcine Epidemic Diarrhea) event that so affected the 2014 pork supply and prices is history. After dropping -5.2%, a substantial production increase has followed in 2015 with slaughter activity up +8.0%. Pork prices have responded accordingly, dropping sharply -31% below 2014, and further weakness occurred during Q4. 2016 production year to date rose +1.4%, leading to prices lower by -1.1% versus last year. In past 3 months, prices have traded -10% below year ago levels, on large rise in pork meat production during the summer.

During 2015, EU28 pork exports to third countries increased +7.4% against the previous year, supported by a weaker euro and strong demand from Asia. European clients decreased their pork orders by -38%, with Russia lower by -81%, Belarus (-89%) and Ukraine (-8.5%) following the ban. The large drop was more than offset by rising Asian imports (+13%) with two distinct groups. On one hand, China and South Korea traded volumes rose +24% and +1.2%. On the other hand, Philippines and Japan dropped by -4.9%

and -6.4% respectively. China consolidated its position as the largest client of EU28 trade bloc with 44% of transacted volumes.

From January to July 2016, EU28 pork exports rose an additional +37% and reached 2.4 million tons. China imports from EU28 surged +91% to 1.3 million metric tons (cwe), and now accounts to 57% of European pork trade. Japan (+8%) and The Philippines (+25%) also contributed to the robust performance. EU28 trade with neighbouring countries (Russia, Belarus, Ukraine) now amounts to just 3% of total volumes, in sharp contrast to 2 years ago.

During the first 4 months of 2016, EU28 pork carcass prices were significantly lower than year ago levels due to surplus production and the persistence of the Russian ban on pork imports. However, the trend reversed sharply during May and June, boosted by the record demand from Chinese imports. Year to date, the prices evolution reflected the heterogeneous supply and demand conditions in each production basin. Compared to year ago levels, 2016 year to date pork quotations increased in all key producing countries: France (+0.6%), Netherlands (+4.0%), Germany (+4.1%), Belgium (+3.2%), Denmark (+2.9%), Poland (+2.0%). Spain was the sole exception (-3.8%), a consequence of another strong performance in pork meat production (+6.0%).

In line with the pork carcass prices, all pieces have surged since late May 2016, to surpass their year ago levels in most countries, supported by the record China demand during the spring months. With the exception of Spain (-7.5%), YTD 2016 public market value of hams increased in the main countries: France (+6.7%), Germany (2.2%), Belgium (+3.4%). The ham to pig price ratios have rebounded from their lowest historical levels during 2015. Shoulders prices rose from +0.4% in Spain, to +3.3% in Belgium +3.4% in Germany, to +11% in France. After dropping all last year, belly prices rebounded sharply in North EU: Germany (+10.0%), Belgium (+6.5%), France (+6.1%). South Korea imports of bellies contributed mostly to the trend. Fat, jowls, trimmings all traded above their year ago levels as well.

Also positively affected by lower feeding costs, European chicken carcass prices have decreased during the Q1 to Q3 2016 period (from -7.7% in Spain, or -7.0% in Poland). While French turkey is mostly unchanged YTD, the trend displays a gradual decrease since January on higher production.

The pork and chicken meat market trends stated above affected the Company’s 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. From January to September 2016, the average pork meat price purchased by the Company decreased -2.3% 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 2016 dropped by -3.3% versus the same period last year.

Results of Operations

Comparison of the nine month period ended September 30, 2016 and the nine month period ended September 30, 2015

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the nine month period ended September 30, 2016 and September 30, 2015.

Operating revenues *(in thousands of €)*	**Nine month ended September 30,**			
	2016		**2015**	
	Actual (unaudited)	% of total oper. Revenues	**Actual (unaudited)**	% of total oper. revenues
Net sales and services	1,415,138	97.8%	1,418,391	97.7%
% increase in Net sales and services	*(0.2%)*			
Increase in inventories of finished products and work-in-progress	29,014	2.0%	26,794	1.8%
Capitalized expenses on Company's work on assets	268	0.0%	87	0.0%
Other operating revenue	3,127	0.2%	5,866	0.4%
Total operating revenues	**1,447,547**	**100.0%**	**1,451,138**	**100.0%**
% increase in total operating revenues	*(0.2%)*			

Operating revenues decreased by 0.2% to €1,447.5 million for the nine month period ended September 30, 2016 compared to €1,451.1 million for the nine month period ended September 30, 2015. This result reflects a decrease in net sales and services of 0.2% to €1,415.1 million for the nine month period ended September 30, 2016 compared to €1,418.4 million for the nine month period ended September 30, 2015. The decrease in total operating revenue was due to a decrease in net sales in the Northern Europe segment offset by an increase in net sales in the Southern segment.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the nine month period ended September 30, 2016 and September 30, 2015.

Operating expenses	**Nine month ended September 30,**			
(In thousands of €)	**2016**		**2015**	
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. revenues
Consumption of goods and other external charges	(801,928)	(55.4%)	(817,909)	(56.4%)
Employee benefits expense	(241,203)	(16.7%)	(237,200)	(16.3%)
Depreciation and amortization	(36,493)	(2.5%)	(49,956)	(3.4%)
Changes in trade provisions	(2,088)	(0.1%)	(1,881)	(0.1%)
Other operating expenses	(297,179)	(20.5%)	(320,658)	(22.1%)
Total operating expenses	**(1,378,891)**	**(95.3%)**	**(1,427,604)**	**(98.4%)**
% increase in total operating expenses	*(3.4%)*			

Total operating expenses decreased by 3.4% to €1,378.9 million for the nine month period ended September 30, 2016 from €1,427.6 million for the nine month period ended September 30, 2015. The decrease in total operating expenses was primarily attributable to a decrease in consumption of goods, lower depreciation and amortization charges and a decrease in other operating expenses. Operating expenses constituted 95.3% and 98.4% of total operating revenues for the nine month period ended September 30, 2016 and 2015, respectively.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges decreased by 2.0% to €801.9 million for the nine month period ended September, 2016 from €817.9 million for the nine month period ended September 30, 2015. Consumption of goods and other external charges constituted 55.4% and 56.4% of total operating revenues for the nine month period ended September 30, 2016 and 2015, respectively. Considered together with the increase in inventories of finished products and work-in-progress presented above, consumption of goods and other external charges decreased by 2.3% the nine month period ended September 30, 2016 compared to the same period of 2015.

Employee Benefits Expenses

Employee benefits expenses increased by 1.7% to €241.2 million for the nine month period ended September 30, 2016 from €237.2 million for the nine month period ended September 30, 2015. Employee benefits expenses constituted 16.7% and 16.3% of total operating revenues for the nine month period ended September 30, 2016 and 2015, respectively.

Depreciation and Amortization

Depreciation and amortization decreased by 26.9% to €36.5 million for the nine month period ended September 30, 2016 from €50.0 million for the nine month period ended September 30, 2015. Depreciation and amortization represented 2.5% and 3.4% of total operating revenues for the nine month period ended September 30, 2016 and 2015, respectively. The reduction of depreciation and amortization was mainly explained due to a an extension of the useful life of fixed asset carried out during 2015.

Changes in Trade Provisions

Changes in trade provisions increased by 11.0% to €2.1 million for the nine month period ended September 30, 2016from €1.9 million the nine month period ended September 30, 2015.

Other Operating Expenses

Other operating expenses decreased by 7.3% to €297.2 million for the nine month period ended September 30, 2016 compared to €320.7 million for the nine month period ended September 30, 2015. Other operating expenses constituted 20.5% and 22.1% of total operating revenue for the nine month period ended September 30, 2016 and 2015, respectively.

Other Extraordinary income and expenses

Other extraordinary income and expenses amounted €94.5 million income in the nine month period ended September 30, 2015 and it include the accrued income from the relevant insurance companies and losses recognized as a result of the fire at the Burgos plant on November 16, 2014.

Results of Companies Accounted for Using the Equity Method

For the nine month period ended September 30, 2016 and 2015, results of companies accounted for using the equity method amounted to a €2.2 million gain and a €24.5 million loss, respectively. The loss in September 30, 2015 was primarily attributable to the disposal of our stake in the joint venture with Foxlease S.A. Results of companies accounted for using the equity method 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 Revenue and Finance Costs

Net finance cost decreased to €17.1 million for the nine month period ended September 30, 2016, compared to €40.1 million in the same period 2015. This decrease is mainly due to the lower coupon savings after the refinancing process (i.e.3.375% versus 8.25% given that the 2009 Notes had been issued at a discount with a resulting yield of 8.375%), as well as to lower interest rates and spreads under the bank lines and a reduction of bank fees taking advantage of the Company´s enhanced credit profile and overall financial markets improved conditions. As a consequence, the resulting total cost of capital of the Company has more than halved compared to last year.

Income Tax Expenses

An income tax charge of €18.2 million was recognized for the nine month period ended September 30, 2016 compared to a €18.5 million loss in the same period of 2015. The effective tax rate was hardly comparable due to the different taxable income across different jurisdictions.

	Nine month ended September 30,	
(In thousands of €)	**2016**	**2015**
	Actual (unaudited)	**Actual (unaudited)**
Profit before tax	53,674	53,079
Income tax	(18,151)	(18,541)
Profit for the year from continuing operations	35,523	34,538

Profit (Loss) for the Period

Profit for the period amounted to €35.5 million gain for the nine month period ended September, 2016, compared to €34.5 million gain in the same period of 2015.

Operating Segment Reporting

Net sales and services	Nine month ended September 30,			
	2016		2015	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	819,453	57.9%	804,180	56.7%
Northern Europe	568,200	40.2%	609,387	43.0%
Other	71,044	5.0%	67,394	4.8%
Eliminations	(43,559)	(3.1%)	(62,570)	(4.4%)
Total net sales and services	**1,415,138**	**100.0%**	**1,418,391**	**100.0%**

EBITDA	Nine month ended September 30,			
	2016		2015	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	46,471	44.2%	40,874	38.0%
Northern Europe	46,476	44.2%	52,995	49.3%
Other	12,202	11.6%	13,650	12.7%
Total EBITDA	**105,149**	**100.0%**	**107,519**	**100.0%**
% EBITDA margin over Net Sales				
Southern Europe	5.7%		5.1%	
Northern Europe	8.2%		8.7%	
Other	17.2%		20.3%	
Total EBITDA	**7.4%**		**7.6%**	

Southern Europe

Net sales and services in Southern Europe increased by 1.9% to €819.5 million for the nine month period ended September 30, 2016 from €804.2 million for the same period of 2015. The increase was due to the higher Net sales in Spain (both Packaged and Fresh meat) and Portugal, partially offset by Italy, still suffering from weak market conditions.

Northern Europe

Net Sales in Northern Europe decreased by 6.8% to €568.2 million in the nine month period ended September 30, 2016 compared to €609.4 million for the same period of 2015. The decrease was attributable to France, The Netherlands and Belgium, partially offset by higher Net sales in Germany.

Other

The Other segment mainly refers our business in U.S., which, during the nine month period ended September 30, 2016, continued to outperform in both volume and Net sales value due to improved top line strategy.

Cash Flow

Cash Flows from Operating Activities

For the nine month period ended September 30, 2016, the Company generated net cash flows from operating activities amounting to €63.4 million cash in compared to €101.2 million cash in for the nine month period ended September 30, 2015. This decrease was primarily attributable a decrease in other collections related to the insurances company offset by higher gross operating cash flow and lower interest payments and lower net interest payments.

Cash Used in Investing Activities

For the nine month period ended September 30, 2016, net cash used in investing activities amounted to €80.6 million cash out, compared to €70.2 million cash out for the same period in 2015. Capital expenditures amounted to €81.2 million for the nine month period ended September 30, 2016 and €41.4

million for the nine month period ended September 30, 2015. The increase in cash out is mainly related to an increase in capital expenditures mainly due to the building of the "La Bureba" new factory during the current period offset by the cash out in relation with the divestment in the joint venture with Foxlease, S.A. in France in 2015.

Cash Flow from Financing Activities

For the nine month period ended September 30, 2016, net cash flow used in financing activities was €5.4 million cash out, compared to €38.6 million cash out for the same period of 2015. The cash flow from financing operations for the nine month period ended September 30, 2015 includes the net cash proceed related to the 2015 Notes issuance and the 2009 Notes redemption occurred on April 2, 2015, the Senior Term Loan Facility under a club deal scheme payment and a €7.3 million cash out related to the capital redemption.

Comparison of the three month period ended September 30, 2016 and the three month period ended September 30, 2015

Operating Revenues

The following table sets forth a detailed breakdown of our operating revenues for the three month period ended September 30, 2016 and September 30, 2015.

Operating revenues *(in thousands of €)*	**Three month ended September 30,**			
	2016		**2015**	
	Actual (unaudited)	% of total oper. Revenues	**Actual (unaudited)**	% of total oper. revenues
Net sales and services	498,605	96.6%	498,249	98.8%
% increase in Net sales and services	*0.1%*			
Increase in inventories of finished products and work in progress	15,911	3.1%	4,602	0.9%
Capitalized expenses on Company's work on assets	252	0.0%	20	0.0%
Other operating revenue	1,131	0.2%	1,509	0.3%
Total operating revenues	**515,899**	**100.0%**	**504,380**	**100.0%**
% increase in total operating revenues	*2.2%*			

Operating revenues increased by 2.2% to €515.9 million for the three month period ended September 30, 2016 compared to €504.4 million for the three month period ended September 30, 2015. This result reflects an increase in net sales and services of 0.1% to €498.6 million for the three month period ended September 30, 2016 compared to €498.2 million for three month period ended September 30, 2015. The increase in total operating revenue was due to an increase in net sales in the Southern segment offset by a decrease in net sales in the Northern Europe segment and a higher increase in inventories.

Operating Expenses

The following table sets forth a detailed breakdown of operating expenses for the three month period ended September 30, 2016 and September 30, 2015.

Operating expenses *(In thousands of €)*	**Three month ended September 30,**			
	2016		**2015**	
	Actual (unaudited)	% of total oper. revenues	**Actual (unaudited)**	% of total oper. revenues
Consumption of goods and other external charges	(297,641)	(57.7%)	(288,639)	(57.2%)
Employee benefits expense	(78,247)	(15.2%)	(77,127)	(15.3%)
Depreciation and amortization	(12,516)	(2.4%)	(17,001)	(3.4%)
Changes in trade provisions	(360)	(0.1%)	(124)	(0.0%)
Other operating expenses	(101,392)	(19.7%)	(110,832)	(22.0%)
Total operating expenses	**(490,156)**	**(95.0%)**	**(493,723)**	**(97.9%)**
% increase in total operating expenses	*(0.7%)*			

Total operating expenses decreased by 0.7% to €490.2 million for the three month period ended September 30, 2016 from €493.7 million for the three month period ended September 30, 2015. The decrease in total operating expenses was primarily attributable to a lower depreciation and amortization charges and a decrease in other operating expenses offset by an increase in consumption of goods. Operating expenses constituted 95.0% and 97.9% of total operating revenues for the three month period ended September 30, 2016 and 2015, respectively.

Consumption of Goods and Other External Charges

Consumption of goods and other external charges increased by 3.1% to €297.6 million for the three month period ended September 30, 2016 from €288.6 million for the three month period ended September 30, 2015. Consumption of goods and other external charges constituted 57.7% and 57.2% of total operating revenues for the three month period ended September 30, 2016 and 2015, respectively. Considered together with the increase in inventories of finished products and work-in-progress presented above, consumption of goods and other external charges decreased by 0.8% the three month period ended September 30, 2016 compared to the same period of 2015.

Employee Benefits Expenses

Employee benefits expenses increased by 1.5% to €78.2 million for the three month period ended September 30, 2016 from €77.1 million for the three month period ended September 30, 2015. Employee benefits expenses constituted 15.2% and 15.3% of total operating revenues for the three month period ended September 30, 2016 and 2015, respectively.

Depreciation and Amortization

Depreciation and amortization decreased by 26.4% to €12.5 million for the three month period ended September 30, 2016 from €17.0 million for the three month period ended September 30, 2015. Depreciation and amortization represented 2.4% and 3.4% of total operating revenues for the three month period ended September 30, 2016 and 2015, respectively. The reduction of depreciation and amortization was mainly explained due to a an extension of the useful life of fixed asset carried out during 2015.

Changes in Trade Provisions

Changes in trade provisions increased to €0.4 million for the three month period ended September 30, 2016 from €0.1 million for the three month period ended September 30, 2015.

Other Operating Expenses

Other operating expenses decreased by 8.5% to €101.4 million for the three month period ended September 30, 2016 compared to €110.8 million for the three month period ended September 30, 2015. Other operating expenses constituted 19.7% and 22.0% of total operating revenue for the three month period ended September 30, 2016 and 2015, respectively.

Other Extraordinary income and expenses

Other extraordinary income and expenses amounted €50.2 million income in the three month period ended September 30, 2015 and it include the accrued income from the relevant insurance companies and losses recognized as a result of the fire at the Burgos plant on November 16, 2014.

Results of Companies Accounted for Using the Equity Method

For the three month period ended September 30, 2016 and 2015, results of companies accounted for using the equity method amounted to a €1.2 million gain and a €1.0 million gain, respectively. Results of companies accounted for using the equity method 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 Revenue and Finance Costs

Net finance cost decreased to €5.4 million for the three month period ended September 30, 2016, compared to €6.3 million in the same period 2015. This decrease is partially due to the lower coupon savings after the refinancing process, as well as lower interest rates and spreads under the bank lines and a reduction of bank fees.

Income Tax Expenses

An income tax charge of €6.2 million was recognized for the three month period ended September 30, 2016 compared to a €17.6 million loss in the same period of 2015. The effective tax rate was hardly comparable due to the different taxable income across different jurisdictions.

(In thousands of €)	Three month ended September 30, 2016 Actual (unaudited)	2015 Actual (unaudited)
Profit before tax	21,498	55,536
Income tax	(6,240)	(17,645)
Profit for the year from continuing operations	15,258	37,891

Profit (Loss) for the Period

Profit for the period amounted to €15.3 million gain for the three month period ended September 30, 2016, compared to €38.0 million gan in the same period of 2015.

Operating Segment Reporting

Net sales and services	Three month ended September 30,			
	2016		**2015**	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	290,521	58.3%	286,376	57.5%
Northern Europe	197,519	39.6%	209,588	42.1%
Other	25,594	5.1%	23,990	4.8%
Eliminations	(15,029)	(3.0%)	(21,705)	(4.4%)
Total net sales and services	**498,605**	**100.0%**	**498,249**	**100.0%**

EBITDA	Three month ended September 30,			
	2016		**2015**	
(In thousands of €)	**Actual (unaudited)**	% of total	**Actual (unaudited)**	% of total
Southern Europe	16,824	44.0%	16,013	39.4%
Northern Europe	16,701	43.7%	21,068	51.9%
Other	4,734	12.4%	3,544	8.7%
Total EBITDA	**38,259**	**100.0%**	**40,625**	**100.0%**
% EBITDA margin over Net Sales				
Southern Europe	5.8%		5.6%	
Northern Europe	8.5%		10.1%	
Other	18.5%		14.8%	
Total EBITDA	**7.7%**		**8.2%**	

Southern Europe

Net sales and services in Southern Europe increased by 1.4% to €290.5 million for the three month period ended September 30, 2016 from €286.4 million for the same period of 2015. The increase was due to the higher Net sales in Spain (both Packaged and Fresh meat) and Portugal, partially offset by Italy, still suffering from weak market conditions.

Northern Europe

Net Sales in Northern Europe decreased by 5.8% to €197.5 million in the three month period ended September 30, 2016 compared to €209.6 million for the same period of 2015. The decrease was attributable to France, The Netherlands and Belgium, partially offset by higher Net sales in Germany.

Other

The Other segment mainly refers our business in U.S., which, during the three month period ended September 30, 2016, continued to outperform in both volume and Net sales value due to improved top line strategy.

Cash Flow

Cash Flows from Operating Activities

For the three month period ended September 30, 2016, the Company generated net cash flows from operating activities amounting to €69.8 million cash in compared to €30.4 million cash in for the three month period ended September 30, 2015. This increase was primarily attributable to a higher gross operating cash flow before changes in working capital, higher changes in working capital, offset by a decrease in other collections related to the insurance company.

Cash Used in Investing Activities

For the three month period ended September 30, 2016, net cash used in investing activities amounted to €37.2 million cash out, compared to €20.2 million cash out for the same period in 2015. Capital expenditures amounted to €37.8 million for the three month period ended September 30, 2016 and €20.0 million for the three month period ended September 30, 2015. This increase in cash out is mainly related to an increase in capital expenditure due to the building of the "La Bureba" new factory during the current period.

Cash Flow from Financing Activities

For the three month period ended September 30, 2016, net cash flow used in financing activities was €5.6 million cash out, compared to €5.7 million cash out for the same period of 2015.

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.

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.

Other extraordinary income and expenses, net

Other extraordinary income and expenses—net includes the income received and to be received from the relevant insurance companies and losses recognized as a result of the fire at the Burgos plant on November 16, 2014.

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.

Interest Bearing Loans and Borrowings

Interest bearing loans and borrowings includes amounts outstanding under the Company's bank loans, credit lines, payables for discounted bills and interest payable.

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 consists of current tax payable on the taxable profit for the year and deferred tax. The corporate tax rate in Spain is 28% in 2015 and will be 25% in 2016.

Profit (loss) from Discontinued Operations

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