

**CAMPOFRÍO FOOD GROUP, S.A.
AND SUBSIDIARIES**

Non-Audited
Interim Condensed Consolidated Financial Statements
for the six-month period ended June 30, 2011,
prepared in accordance with International
Accounting Standard (IAS) 34, Interim Financial Reporting

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES

CONTENTS

- INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

 - Interim consolidated statement of financial position

 - Interim consolidated income statement

 - Interim consolidated statement of comprehensive income

 - Interim consolidated statement of changes in equity

 - Interim consolidated statement of cash flows

 - Notes to the interim condensed consolidated financial statements

 - Appendices:

 - I: Group companies

- INTERIM CONSOLIDATED MANAGEMENT REPORT

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES

Interim consolidated statement of financial position at June 30, 2011 and December 31, 2010
(Thousand euros)

Assets	Note	06.30.11 (Unaudited)	12.31.10 (Audited)	Equity and Liabilities	Note	06.30.11 (Unaudited)	12.31.10 (Audited)
Property, plant and equipment	6	631,943	551,654	Issued capital		102,221	102,221
Goodwill	7	457,937	418,557	Share premium		411,129	411,129
Other intangible assets	8	265,029	189,377	Other reserves		132,633	102,592
Non-current financial assets		6,488	6,353	Translation differences		137	378
Investments accounted under the equity method	9	28,527	30,467	Treasury shares		(12,106)	(12,107)
Biological assets		160	131	Profit (loss) attributable to equity holders of the parent		3,496	40,048
Deferred tax assets	26	81,745	68,368				
				Equity	14	637,510	644,261
Non-current assets		1,471,829	1,264,907				
Biological assets		897	956	Debtures	15	487,229	485,664
Inventories	10	368,683	282,600	Interest-bearing loans and borrowings	16	100,177	1,424
Trade and other receivables	11	214,406	215,178	Other financial liabilities	17	22,223	22,212
Other current financial assets	28	1,285	1,186	Deferred tax liabilities	26	172,787	133,747
Other current assets		6,819	6,837	Other non-current liabilities	18	18,811	19,118
Cash and cash equivalents	12	119,092	169,019	Provisions	19	69,007	53,019
Current assets		711,182	675,776	Non-current liabilities		870,234	715,184
Assets classified as held for sale and discontinued operations	13	777	5,293	Debtures	15	6,875	6,875
				Interest-bearing loans and borrowings	16	11,656	3,366
				Trade and other payables	20	568,683	480,751
				Other financial liabilities	22	1,643	6,327
				Income tax payable	26	2,097	4,517
				Provisions	19	3,816	4,378
				Other current liabilities	21	81,270	80,299
				Current liabilities		676,040	586,513
				Liabilities classified as held for sale and discontinued operations	13	4	18
				Total liabilities		1,546,278	1,301,715
TOTAL ASSETS		2,183,788	1,945,976	TOTAL EQUITY AND LIABILITIES		2,183,788	1,945,976

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES
Interim consolidated income statement
for the six-month periods ended June 30, 2011 and June 30, 2010
(Thousand euros)

	Note	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Operating revenues			
Net sales and services	4	938,648	863,742
Increase in inventories of finished goods and work in progress		23,382	28,047
Capitalized expenses of Company work on assets		1,990	86
Other operating revenues		4,726	2,844
		968,746	894,719
Operating expenses			
Consumption of goods and other external charges		(533,756)	(476,500)
Employee benefits expense		(184,957)	(167,144)
Depreciation and amortization	6 & 8	(31,011)	(27,509)
Changes in trade provisions		(1,633)	(247)
Other operating expenses		(184,314)	(178,043)
		(935,671)	(849,443)
CONSOLIDATED OPERATING PROFIT		33,075	45,276
Finance revenue			
Other interest and similar income		2,564	5,526
Exchange rate gains		50	-
		2,614	5,526
Finance costs			
Interest-bearing loans and borrowings		(21,563)	(30,503)
Other finance costs		(6,698)	(2,241)
Change in fair value of financial instruments		(57)	(1,032)
Exchange losses		(58)	(67)
		(28,376)	(33,843)
NET FINANCE COST		(25,762)	(28,317)
Share of profit (loss) of investments accounted for using the equity method		(1,940)	(3)
Other results		-	(231)
PROFIT BEFORE TAX	4	5,373	16,725
Income taxes	26	(1,682)	(2,734)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		3,691	13,991
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	13	(195)	(3,152)
PROFIT FOR THE PERIOD		3,496	10,839
Attributable to:			
Non-controlling interests		-	116
Equity holders of the parent		3,496	10,723
Earnings per share for continuing operations:			
- basic, for profit for the year attributable to equity holders of the parent		0.037	0.138
- diluted, for profit for the year attributable to equity holders of the parent		0.037	0.138
Earnings per share:			
- basic, for profit for the year attributable to equity holders of the parent		0.035	0.106
- diluted, for profit for the year attributable to equity holders of the parent		0.035	0.106

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES
Interim consolidated statement of comprehensive income
for the six-month periods ended June 30, 2011 and June 30, 2010
(Thousand euros)

	Note	06.30.11 (Unaudited)	06.30.10 (Unaudited)
CONSOLIDATED PROFIT FOR THE PERIOD		3,496	10,839
Exchange differences on translation of foreign operations		(522)	-
Gains (losses) on cash flow hedges	30	286	(435)
Corporate income tax		(100)	147
		186	(288)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(336)	(288)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,160	10,551
Attributable to:			
Non-controlling interests		-	111
Equity holders of the parent		3,160	10,440

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES
Interim consolidated statement of changes in equity
for the six-month period ended June 30, 2011
(Thousand euros)

	Equity attributable to equity holders of the parent							Non-controlling interest	Total equity
	Issued capital (Note 14)	Share premium	Other reserves	Traslation differences	Profit for the period attributable to equity holders of the parent	Treasury shares (Note 14)	Total		
<i>Balance at December 31, 2010 (Audited)</i>	102,221	411,129	102,592	378	40,048	(12,107)	644,261	-	644,261
Profit for the period	-	-	-	-	3,496	-	3,496	-	3,496
Other comprehensive income for the period	-	-	186	(522)	-	-	(336)	-	(336)
Total comprehensive income for the period	-	-	186	(522)	3,496	-	3,160	-	3,160
Distribution of 2010 profit:									
To voluntary reserves	-	-	17,799	-	(17,799)	-	-	-	-
To reserves at consolidated companies	-	-	22,249	-	(22,249)	-	-	-	-
Dividends paid	-	-	(10,222)	-	-	-	(10,222)	-	(10,222)
Other changes in equity	-	-	13	281	-	-	294	-	294
Transactions with treasury shares (net)	-	-	16	-	-	1	17	-	17
<i>Balance at June 30, 2011 (Unaudited)</i>	102,221	411,129	132,633	137	3,496	(12,106)	637,510	-	637,510

CAMPOFRÍO FOOD GROUP, S.A. Y SOCIEDADES DEPENDIENTES
Interim consolidated statement of changes in equity
for the six-month period ended June 30, 2010
(Thousand euros)

	Equity attributable to equity holders of the parent						Non-controlling interest	Total equity	
	Issued capital (Note 14)	Share premium	Other reserves	Translation differences	Profit for the period attributable to equity holders of the parent	Treasury shares (Note 14)			Total
<i>Balance at December 31, 2009 (Audited)</i>	102,221	424,967	83,020	(1,420)	13,965	(6,736)	616,017	10,014	626,031
Profit for the period	-	-	-	-	10,723	-	10,723	116	10,839
Other comprehensive income for the period	-	-	(288)	5	-	-	(283)	(5)	(288)
Total comprehensive income for the period	-	-	(288)	5	10,723	-	10,440	111	10,551
Distribution of 2009 profit:					(13,965)	-	(13,965)		(13,965)
To voluntary reserves	-	-	(5,236)	-	-	-	(5,236)	-	(5,236)
To reserves at consolidated companies	-	-	19,201	-	-	-	19,201	-	19,201
Dividends paid	-	(7,000)	-	-	-	-	(7,000)	-	(7,000)
Other changes in equity	-	(6,838)	6,838	-	-	-	-	-	-
Transactions with treasury shares (net)	-	-	(160)	-	-	(2,194)	(2,354)	-	(2,354)
Dividends of subsidiaries	-	-	-	-	-	-	-	(308)	(308)
Acquisition of non-controlling interests	-	-	(866)	-	-	-	(866)	(4,002)	(4,868)
<i>Balance at June 30, 2010 (Unaudited)</i>	102,221	411,129	102,509	(1,415)	10,723	(8,930)	616,237	5,815	622,052

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES
Interim consolidated statement of cash flows
for the six-month periods ended June 30, 2011 and June 30, 2010
(Thousand euros)

	Note	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Profit before tax from continuing operations		5,373	16,725
Loss before tax from discontinued operations		(285)	(5,051)
Depreciation/amortization of assets	6 & 8	31,011	28,140
Impairment of assets		-	144
Financial results		25,762	28,805
Investments accounted for under the equity method		1,940	3
Government grants		(1,483)	(1,652)
Adjustment to reconcile profit before tax to net cash flows		4,198	5,654
Operating profit before changes in working capital		66,516	72,768
Changes in working capital		28,990	8,095
Cash flows from operating activities		95,506	80,863
Net interest paid		(23,737)	(23,911)
Other collections/ (payments) from operating activities		94	(7,986)
Income tax paid		(5,372)	(2,741)
Net cash flows from operating activities		66,491	46,225
Purchase of property, plant and equipment and other intangible assets		(22,482)	(12,043)
Proceeds from sale of property, plant and equipment		336	-
Acquisition of subsidiaries	7	(153,061)	-
Proceeds from and payments on investments in other financial assets		(645)	(51)
Non-controlling interests acquisitions	22	(5,755)	(3,163)
Proceeds from other assets		3,878	-
Net cash flows used in investing activities		(177,729)	(15,257)
Proceed from borrowings	16	98,790	-
Change in financial liabilities		(37,413)	(17,020)
Purchases and sales of treasury shares		17	(2,353)
Financial assets investments		(338)	(28)
Payments on other debts		-	(3,000)
Net cash flows used in financing activities		61,056	(22,401)
		(50,182)	8,567
Net variation in cash and cash equivalents			
Cash and cash equivalents at January 1		169,274	160,159
Cash and cash equivalents at June 30	12	119,092	168,726
		(50,182)	8,567

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements for the six-month period ended June 30, 2011

1. CORPORATE INFORMATION

Campofrío Food Group, S.A. (the parent), with registered office at Avda. de Europa, 24, Parque Empresarial la Moraleja in Alcobendas (Madrid), was incorporated as a 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 Food Group, S.A. and on December 30, 2008, it was changed to its current name, Campofrío Food Group, S.A.

Campofrío Food Group, S.A. (hereinafter the Group or Campofrío Food Group) is the parent of a Group of companies consolidated under the full and equity consolidation methods. Appendix I provides the breakdown of the companies included in the Group consolidation scope, along with their activities, registered addresses and the percentage of ownership.

The principal activity of the parent and the Group companies are to manufacture, sell and distribute processed and canned meat and derivatives from pork and beef and other food products.

The Group operates throughout Spain from factories in Burgos, Villaverde (Madrid), Torrijos (Toledo), Ólvega (Soria), Torrente (Valencia) and Trujillo (Cáceres) and through its subsidiaries in France, Belgium, the Netherlands, Portugal, Germany, Italy, United Kingdom, USA and Romania (Note 7).

Additionally, on March 4, 2010, the parent signed an agreement with Caroli Foods Group, a Romanian meat processing company, to integrate operations between this group and the Romanian subsidiary of Campofrío Food Group, S.A. (Tabco Campofrío S.A.), and develop its business in that country and surrounding areas. The agreement was formalized between the parties on July 20, 2010 (Note 13).

On January 13, 2011, the Parent signed a share purchase-sale agreement with the entities holding 100% of the share capital of the Italian company Cesare Fiorucci S.p.A, which is the parent of several companies, all of which make up the "Cesare Fiorucci Group". The transaction was subject to meeting certain suspensive conditions, which included, amongst others, approval or failure to oppose the agreement by the Competition Authorities. Finally, on April 4, 2011 the transaction was signed by the parties after obtaining authorization from the Competition Authorities for its execution and after fulfilling agreed conditions (Note 7).

2. BASIS OF PRESENTATION AND COMPARABILITY OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

a) *Basis of presentation*

The directors of the parent have prepared the interim condensed consolidated financial statements for the six-month period ended June 30, 2011 in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007.

The interim condensed consolidated financial statements for the six-month period ended June 30, 2011 do not include all the information and disclosures required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying interim condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2010. In addition, these interim condensed consolidated financial statements have been prepared from the accounting records of the parent and its subsidiaries, applying all required accounting principles and standards and measurement bases which have a significant effect on the interim condensed consolidated financial statements, as well as allowable alternatives, which have been specified in the condensed explanatory notes.

The figures contained in the documents which make up the interim condensed consolidated financial statements are expressed in thousands of euros, unless otherwise indicated.

b) Comparison of information

For comparative purposes, the figures contained in the interim condensed consolidated financial statements for the six-month period ended June 30, 2011 are presented together with the figures from the consolidated statement of financial position for 2010, whereas the comparative figures from the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash-flows are presented with the figures from the same interim period of the previous year.

In addition, the condensed explanatory notes relating to the interim consolidated statement of financial position include comparative figures from 2010. However, the condensed explanatory notes relating to interim consolidated income statement items include comparative figures from the same interim period of the previous year. The condensed explanatory notes which provide figures relating to movements in balances of interim consolidated statement of financial position headings include comparative figures for the same six-month interim period of the previous year.

c) Accounting policies

The accompanying interim condensed consolidated financial statements for the six-month period ended June 30, 2011 consist of the interim consolidated statement of financial position, the interim consolidated income statement, the interim consolidated statement of comprehensive income and expense, the interim consolidated statement of changes in equity the interim consolidated statement of cash flows, and the notes, which form an integral part of the interim condensed consolidated financial statements. These condensed interim consolidated financial statements are presented in accordance with historical cost principles except for financial instruments held for trading and available-for-sale financial assets that have been measured at fair value.

c.1) Standards and interpretations adopted by the European Union applicable in this period

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the six-month period ended June 30, 2011 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2010, except for the following amendments and interpretations:

- IAS 32 "Classification of Rights Issues."
- IAS 24 "Related Party Disclosures".
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".

- IFRIC 14 “Prepayments of a Minimum Funding Requirement.”
- Improvements to IFRSs issued May 2010

Adopting these standards, interpretations, and modifications had no significant impact on the interim condensed consolidated financial statements for the six-month period ended June 30, 2011.

c.2) Standards and interpretations issued by the IASB and not yet approved by the European Union

At the date of publication of these consolidated financial statements, the following IFRSs and amendments had been issued by the IASB but not were neither mandatory nor approved by the European Union:

- Amendment to IFRS 7 “Disclosures – Transfers of financial assets”: Effective from years beginning July 01, 2011.
- Amendment to IAS 12 “Deferred taxes – Recovery of underlying assets”: Effective from years beginning January 1, 2012.
- Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”: Effective from years beginning July 01, 2012.
- IFRS 9 “Financial Instruments”: Effective from years beginning January 1, 2013.
- IFRS 10 “Consolidated Financial Statements”: Effective from years beginning, January 01, 2013.
- IFRS 11 “Joint Arrangements”: Effective from years beginning January 01, 2013.
- IFRS 12 “Disclosure of Interests in Other Entities”: Effective from years beginning January 01, 2013.
- IFRS 13 “Fair Value Measurement”: Effective from years beginning January 01, 2013.
- IAS 19 revised “Employee Benefits”: Standards applicable for annual periods beginning on January 1, 2013
- Amendment to IAS 27: “Separate financial statements”: Effective from years beginning January 01, 2013.
- Amendment to IAS 28: “Investments in Associates and Joint Ventures”: Effective from years beginning January 01, 2013.

The Group is currently analyzing the impact of applying these standards and amendments.

d) Responsibility for information and estimates

The information contained in the interim condensed consolidated financial statements is the responsibility of the directors of the Parent.

The preparation of the interim condensed consolidated financial statements under EU-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. The related estimates and assumptions are consistent with those used by the parent’s directors in the preparation of the 2010 consolidated financial statements which were described in the notes to the 2010 consolidated financial statements.

e) *Basis of consolidation*

The interim condensed consolidated financial statements encompass the interim financial statements of Campofrío Food Group, S.A. and subsidiaries. The interim financial statements of subsidiaries have been prepared for the same accounting period as for the parent using the same accounting standards. Any restatements necessary due to differences in accounting criteria have been made.

The information of subsidiaries and associates is given in accompanying Appendix 1 (Breakdown of Group Companies), which is an integral part of this note.

The consolidation bases used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the 2010 consolidated financial statements which were described in the notes to 2010 consolidated financial statements.

f) *Changes in consolidation perimeter*

The following changes were made in the six-month period ended June 30, 2011:

- On April 4, 2011, once the Competition Authorities granted their approval and the agreed suspensive conditions were met, the acquisition of the Cesare Fiorucci Group was formalized. This Group complying the following companies: Cesare Fiorucci, S.p.A., Fiorucci Foodservices, S.r.l., Fiorucci Foods, Inc., Fiorucci UK, Ltd., Fiorucci S.A.M., Luigi Ugolotti, S.r.l., Fiorucci Deutschland GMBH, Cucina Facile, S.r.l., Saponi d'Abruzzo and Nuova Mondial, S.p.A.
- During 2011, Tenki International Holding, B.V. and Euragral, B.V. were liquidated.
- On June 29, 2011 Degaro S.R.L. Tulcea was sold (Note 13)

The following changes were made in the six-month period ended June 30, 2010:

- On June 17, 2010, the subsidiary Campofrío International Finance S.A.R.L was liquidated.

3. SEASONALITY OF OPERATIONS

Due to the seasonal nature of the Group's operations, higher revenues and profit are expected in the second half of the year. Higher sales in the last quarter of the year are principally due to the increase in demand for the Group's products during the Christmas holiday season.

4. SEGMENT INFORMATION

As regards segment reporting, the Group is organized into the following operating segments:

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

The Group made this classification based on the following factors:

- Group management policy.
- Similar economic features of the businesses.

The Group classified the products producing ordinary income within its operating segments in the following categories:

- Short cycle products: Includes processed meat products such as sausage, cooked ham, bacon and other innovative products, all based on the Group's guiding principle of *"Health, Flavor and Convenience."* These products combine a global vision with adaptation to local specificities and customs in the countries where the Group operates. These types of products are included in all of the Group's operating segments.
- Long cycle products: This category includes mainly cured ham, adapted to various local characteristics in Spain, with varieties ranging from white bodega-style cured ham to the excellence of acorn-cured ham including the highly selective Lamprifio brand cured hams, as well the excellence of French cured hams.

Group management monitors operating results from operating segments separately for the purpose of making decisions related to resource distribution and the evaluation of profits and performance. The evaluation of operating segments is based on operating profits.

The following tables present interim consolidated income statement information regarding the Group's operating segments for the six-month periods ended June 30, 2011 and 2010 (thousand euros):

Six-month period ended June 30, 2011 (Unaudited)	Continuing operations				
	Southern Europe	Northern Europe	Rest	Adjustments and eliminations	Total
Revenue					
Sales to external customers	461,942	476,706	-	-	938,648
Inter-segment sales (1)	10,622	1,594	-	(12,216)	-
	472,564	478,300	-	(12,216)	938,648
Profit (Loss)					
Segment profit/(loss) before tax	5,491	13,126	(13,244)	-	5,373

Six-month period ended June 30, 2010 (Unaudited)	Continuing operations				
	Southern Europe	Northern Europe	Rest	Adjustments and eliminations	Total
Revenue					
Sales to external customers	393,219	470,523	-	-	863,742
Inter-segment sales (1)	6,358	1,724	-	(8,082)	-
	399,577	472,247	-	(8,082)	863,742
Profit (Loss)					
Segment profit/(loss) before tax	7,519	20,004	(10,798)	-	16,725

(1) Inter-segment revenues are eliminated on consolidation

There were no external customers in the six-month periods ended June 30, 2011 and 2010 with which the Group conducted transactions that represented 10% or more of its operating revenue.

The following table provides a breakdown of assets relating to the Group's business segments at June 30, 2011 and December 31, 2010 (thousand euros):

	Continuing operations			
	Southern Europe	Northern Europe	Other regions	Total
Assets				
At June 30, 2011	1,379,910	752,229	50,872	2,183,011
At December 31, 2010	1,011,508	886,950	43,680	1,942,138

5. DIVIDENDS PAID AND PROPOSED

During their general meeting on June 22, 2010, the shareholders agreed, inter alia, to distribute a cash dividend amounting to 7 million euro (0.0684 euro per share), with a charge to the share premium arising from the 49,577,099 nominal capital increase, approved by the shareholders in general meeting on October 24, 2008, and notarized on December 17, 2008. This amount will be subject to any adjustment required for the increase in the amount attributable to any treasury shares held at the time of payment (Note 14). On July 14, 2010, this dividend was paid in full.

In their general meeting held on June 28, 2011, the shareholders agreed, inter alia, to distribute an extraordinary cash dividend amounting to 10,222,082 euros (0.10 euros per share), to be charged against results for the year and subject to any adjustment required for the increase in the amount attributable to any treasury shares held. On July 7, 2011, this dividend was fully paid.

6. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended June 30, 2011 investments were made in property, plant and equipment amounting to 15,498 thousand euros (six-month period ended June 30, 2010: 9,560 thousand euros) and net disposals totaled 213 thousand euros (six-month period ended June 30, 2010: 2,609 thousand euros). At June 30, 2011, additions to the consolidation scope amounting to 94,735 thousand euros were recognized (six-month period ended June 30, 2010: nil).

In addition, there were not transfers to "Assets classified as held for sale and from discontinued operations" (six-month period ended June 30, 2010: 10,185 thousand euro).

Depreciation for the six-month period ended June 30, 2011 amounted to 29,026 thousand euros (six-month period ended June 30, 2010: 26,277 thousand euro).

At June 30, 2011 property, plant and equipment is presented net of impairment of 3,241 thousand euros (December 31, 2010: 3,234 thousand euros).

7. GOODWILL AND BUSINESS COMBINATIONS

Goodwill

The breakdown of the movement in goodwill by Cash-Generating Unit or group of cash-generating units to which goodwill is allocated for the six-month periods ended June 30, 2011 and 2010 is as follows:

a) For the six-month period ended June 30, 2011:

	Thousand euros		
	12.31.10	Business combinations	06.30.11
	(Audited)		(Unaudited)
Portugal	28,847	-	28,847
Spain	268,599	-	268,599
France	700	-	700
Belgium	98,463	-	98,463
The Netherlands	14,289	-	14,289
Germany	7,659	-	7,659
Italy	-	39,380	39,380
	418,557	39,380	457,937

b) For the six-month period ended June 30, 2010:

	Thousand euros		
	12.31.09	Discontinued operations (Note12)	06.30.10
	(Audited)		(Unaudited)
Portugal	28,847	-	28,847
Romania	1,708	(1,708)	-
Spain	268,599	-	268,599
Belgium	98,463	-	98,463
The Netherlands	14,289	-	14,289
Germany	7,659	-	7,659
	419,565	(1,708)	417,857

On April 4, 2011 the Italian Group Cesare Fiorucci was purchased. As a result of the transaction, 39,380 thousand euros in provisional goodwill were recognized.

Parent management assess goodwill and assets with indefinite useful lives for any excess of cost over recoverable amount. This assessment is carried out for each of the cash-generating units to which the goodwill or the assets with indefinite useful lives is allocated. The recoverable amount is the price at which the cash-generating units could be sold to independent parties less any related transaction costs provided fair value can be estimated reliably. When fair value cannot be estimated reliably or there is indication of an impairment loss, the carrying amount of the cash-generating units is compared to the value in use obtained from discounted cash flow analysis.

For all the cash-generating units these calculations are made using cash flow projections for the cash-generating units based on current operating results and business plans covering a five-year period. The main assumptions used in these calculations were disclosed in the notes to the 2010 consolidated financial statements.

According to the judgments and estimates made by the parent's directors, the expected future cash flows attributable to each cash-generating units or groups of cash-generating units to which goodwill is allocated indicate that the carrying amount of each goodwill allocated at December 31, 2010 and June 30, 2011 may be recovered.

In addition, a sensitivity analysis is performed for all goodwill, especially to the discount and terminal growth rates used, in order to ensure that any changes in these estimates do not affect the recoverability of the goodwill recognized. At June 30, 2011 there were no significant changes in respect of the sensitivity analysis performed at December 31, 2010, the disclosure of which can be found in the notes to the 2010 consolidated financial statements.

Based on the outcome of the analyses performed in 2010, parent management considered that in no case was the carrying amount of the goodwill and the remaining assets of each cash-generating unit identified higher than the amount of the valuation made.

Business combinations

a) For the six-month period ended June 30, 2011:

On January 13, 2011, the Parent signed a share purchase-sale agreement with the entities holding 100% of the share capital of the Italian company Cesare Fiorucci S.p.A, which is the parent of several companies, all of which make up the "Cesare Fiorucci Group." The transaction was subject to meeting certain suspensive conditions, which included, amongst others, approval or failure to oppose the agreement by the Competition Authorities. Finally, on April 4, 2011, the transaction between the parties was finalized, once the approval of the Competition Authorities had been granted and the previously-agreed upon conditions had been met. Cesare Fiorucci leads the Italian meat processing sector, which will enable the Campofrio Food Group to rank in first-place position in Italy; it also incorporates a brand which is consolidated in other key countries, such as the US and the UK, in which Fiorucci's market penetration is excellent.

The acquisition of the business combination took place on April 4, 2011, and therefore, its initial recognition at June 30, 2011 was made on a provisional basis, since at the date these interim condensed consolidated financial statements were issued, the Group was immersed in the process of valuing certain of the Fiorucci Group's assets (primarily brands and items of property, plant, and equipment). The above was recognized as follows:

	Thousand euro
	Fair value recognised on acquisition
Non-current assets	173,767
Current assets	144,496
Non-current liabilities	(219,793)
Current liabilities	(92,850)
Fair value of net assets acquired	5,620
Price-paid	45,000
Goodwill arising on acquisition	39,380

Provisional goodwill recognized as a result of the transaction was initially assigned to the Italian cash-generating unit.

Net cash used in the transaction was as follows:

	Thousand of euros
Cash and cash equivalents acquired	16,259
Cash paid in the business combination	
100% of the Cesare Fiorucci shares	(45,000)
Cancellation of debt on behalf of Cesare Fiorucci	(124,320)
Net cash used	(153,061)

As of the acquisition date, ordinary income and results of the acquired company are included in the consolidated statement of comprehensive income.

The acquired company contributed 61,227 thousand euros to consolidated turnover. Had the acquisition taken place on January 1, 2011, the amount of the contribution would have totaled 123,833 thousand euros.

b) For the six-month period ended June 30, 2010:

No business combinations occurred in the six-month periods ended June 30, 2010

8. OTHER INTANGIBLE ASSETS

During the six-month period ended June 30, 2011 investments were made in intangible assets amounting to 6,984 thousand euros (six-month period ended June 30, 2010: 2,371 thousand euros) and no disposals have occurred (six-month period ended June 30, 2010: null). At June 30, 2011 additions to the scope of consolidation amounted to 70,190 thousand euros (six-month period ended June 30, 2010: null).

In addition, during the six-month period ended June 30, 2011 transfers to "Assets classified as held for sale and from discontinued operations" were not made (six-month period ended June 30, 2010: 55 thousand euro).

Depreciation for the six-month period ended June 30, 2011 amounted to 1,985 thousand euros (six-month period ended June 30, 2010: 1,485 thousand euros).

9. INVESTMENT ACCOUNTED UNDER THE EQUITY METHOD

The breakdown of Investment accounted for using the equity method at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11 (Unaudited)	12.31.10 (Unaudited)
Navidul Congeneración, S.A.	1	1
Congeneradora Burgalesa, S.L.	13	13
Desarrollos Porcinos de Castilla y León, S.L.	892	892
Caroli Foods Group, B.V.	27,621	29,561
	28,527	30,467

10. INVENTORIES

The breakdown of Inventories at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Goods for resale	5,323	1,010
Raw materials and other consumables	81,583	60,297
Work in progress	214,263	166,083
Finished goods	73,939	60,381
Provisions	(6,425)	(5,171)
	368,683	282,600

11. TRADE AND OTHER RECEIVABLES

The breakdown of this heading at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Trade receivables	169,667	170,394
Associates (Note 28)	1,480	2,906
Other accounts receivable	20,341	17,641
Tax receivables (Note 26)	35,788	35,027
	227,276	225,968
Provisions	(12,870)	(10,790)
	214,406	215,178

a) Trade receivables

At June 30, 2011 Trade receivables includes 1,875 thousand euros in bills discounted at banks pending maturity (December 31, 2010: 2,551 thousand euros).

Under certain non-recourse factoring agreements arranged with different Spanish financial entities, the Parent transferred receivables amounting to 82,916 thousand euros at June 30, 2011 (December 31, 2010: 68,644 thousand euros). In addition, various Group companies in France, Belgium, Portugal and Italy signed non-recourse factoring agreements with financial entities; the total transferred receivables amounted to 79,163 thousand euros at June 30, 2011 (December 31, 2010: 47,336 thousand euros).

12. CASH AND CASH EQUIVALENTS

The breakdown of this heading at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Assets acquired under repurchase agreements	88,483	146,800
Bank deposits	14,794	17,469
Cash at banks and in hand	15,815	4,750
	119,092	169,019

At June 30, 2011 and December 31, 2010, the balance of "Assets acquired under repurchase agreements" mainly includes investments with maturities of less than three months from the arrangement date. The average annual interest rate on these assets in the six-month period ended June 30, 2011 ranges from 0.93 to 4.15% (2010: from 1.45% to 5.90%).

"Bank deposits" at June 30, 2011 and December 31, 2010 basically includes deposits at financial institutions which mature in three months from the date arranged. The average interest rate earned by the deposits in the six-month period ended June 30, 2011 is 1.25% (2010: 0.56%).

On the interim consolidated statement of cash flows, "Cash and cash equivalents" includes:

	Thousand euros	
	06.30.11	06.30.10
	(Unaudited)	(Unaudited)
Assets acquired under repurchase agreements	88,483	62,497
Bank deposits	14,794	56,701
Cash at banks and in hand	15,815	48,074
	119,092	167,272
Cash at banks and in hand from discontinued operations	-	1,454
	119,092	168,726

13. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Changes in this heading for the interim periods ended June 30, 2010 and 2011 are as follows:

a) *For the six-month period ended June 30, 2010:*

On March 4, 2010, the parent 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 Campofrio S.A.). At June 30, 2010, the transaction was subject to the termination of associated processes, as well as fulfillment of certain conditions customary in this type of transaction. On July 20, 2010, the parent Company and Caroli Foods Group have formalized this agreement (Note 7). In addition, the Group 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.

As a result of this transaction, the Group reclassified all 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" as of June 30, 2011.

b) For the six-month period ended June 30, 2011:

In 2009, the Group reclassified one of the buildings of a subsidiary in Holland (Stegeman CV) under "Assets classified as held for sale" and transferring the 1,555 thousand euro net carrying amount of said assets, which did not vary significantly from the market value, from "Property, plant and equipment." In 2010 the Company reached an agreement to sell the building for 1,455 thousand euros. The transaction was formalized in March 2011. Consequently, the disposal as asset classified as held for sale was made at June 30, 2010.

Also, on June 29, 2011 Degaro S.R.L. Tulcea was sold; therefore, all the related assets and liabilities have been derecognized from the June 30, 2011 statement of financial position.

The results of the Group's business in Romania, classified as discontinued operations, for the six-month periods ended June 30, 2011 and 2010 are as follows:

	Thousand euros	
	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Operating revenues	465	10,599
Operating expenses (1)	(560)	(13,443)
OPERATING LOSS	(95)	(2,844)
Finance revenue	104	304
Finance costs (2)	(416)	(764)
NET FINANCE COST	(312)	(460)
Impairment loss recognized on the remeasurement to fair value less costs to sell (3)	-	(1,747)
Results proceeds from sale of property, plant and equipment	122	-
LOSS BEFORE TAX	(285)	(5,051)
Income taxes	90	1,899
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	(195)	(3,152)

(1) Includes operating expenses for transactions with the Group amounting to 0 thousand euros (2010: 1,503 thousand euros) .

(2) Includes finance expenses for transactions with the Group amounting to 315 thousand euros (2010: 202 thousand euros).

(3) At June 30, 2010, this impairment loss mainly corresponded to the aforementioned discontinued breeding and fattening activities in Romania. No impairment losses are expected at the date of preparation of these interim financial statements.

(4) Includes exchange differences amounting to (281) thousand euros.

The major classes of assets and liabilities of the Group's business in Romania classified as held for sale as at June 30, 2011 and December 31, 2010 are as follows:

ASSETS	Thousand euros	
	06.30.11 (Unaudited)	12.31.10 (Audited)
Non-current assets	770	4,018
Current assets	7	1,304
TOTAL ASSETS	777	5,322
Impairment	-	(1,484)
ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS	777	3,838
<i>LIABILITIES</i>		
Current liabilities	4	18
LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS	4	18

The cumulative income or expense recognized in other comprehensive income relating to the Group's business in Romania as of June 30, 2011 is as follows:

	Thousand euros	
	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Exchange differences on translation of foreign operations	401	(1,633)
RESERVES FOR DISCONTINUED OPERATIONS	401	(1,633)

The net cash flow statements of the Group's business in Romania for the six-month periods ended June 30, 2011 and 2010, are as follows:

	Thousand euros	
	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Net cash flows used in / from operating activities	224	(340)
Net cash flows used in / from investing activities	-	(50)
Net cash flows used in / from financing activities	(473)	908
TOTAL NET CASH FLOWS	(249)	518

The basic and diluted loss per share from discontinued activities, for the six-month periods ended June 30, 2011 and 2010 are:

	Thousand euros	
	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Basic earnings per share, for profit for the period attributable to equity holders of the parent	(0,002)	(0,031)
Diluted earnings per share, for profit for the period attributable to equity holders of the parent	(0,002)	(0,031)

14. EQUITY

The breakdown of the movement in capital and reserves for the six-month periods ended June 30, 2011 and 2010 is given in the "Interim Consolidated Statement of Changes in Equity."

a) Issued capital

At June 30, 2011 and December 31, 2010, share capital consists of 102,220,823 ordinary shares with a par value of one euro each. All shares are subscribed, fully paid and bear the same rights and obligations. All are represented by book entries and are listed on the Madrid and Barcelona stock exchanges.

Direct or indirect shareholdings equal to 10% or more in the share capital held by corporate investors at June 30, 2011 and December 31, 2010 are as follows:

Company	Percentage of shareholding	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Carbal, S.A. (*)	12.836%	12.836%
Smithfield Foods, Inc (**)	36.990%	36.990%
OCM European Principal Opportunities Fund LP (***)	16.641%	16.641%

(*) 5.704% of this shareholding is held by Carbal S.A. through Bitonce, S.L.

(**) 24.25% of this shareholding is held by SDFS Global Holdings BV, 11.371% through Cold Field Investments, LLC and 1.369% through Smithfield Insurance Co. Ltd.

(***) 16.641% is held by OCM European Principal Opportunities Fund LP through OCM Luxembourg Epof Meats Holdings Sarl.

Share capital increase:

At their general meeting held on June 24, 2009, the shareholders resolved to delegate to the Company's Board of Directors, for a period of five years and under the terms of the Board report dated March 27, 2009, the power to increase capital, once or several times, up to a nominal maximum amount of 51,110,411 euros.

So authorized, the Board of Directors became empowered to increase the Company's share capital as and when deem appropriate up to the aforementioned limit, without the need for additional shareholder approval and subject to the terms, limits and conditions provided for in article 297.1.b) of the Spanish Corporation Law.

b) Treasury shares

At the general shareholders' meeting of June 22, 2010, the shareholders approved several motions which included authorizing the Company or its subsidiaries to acquire, during a period of five years, shares of Campofrío Food Group, S.A. for treasury shares representing up to 10% of the share capital at a price no greater than 5% of the share price.

At June 30, 2011, the Group had 1,757,499 treasury shares, equivalent to 1.72% of share capital. At December 31, 2010, the Group held 1,705,623 treasury shares, equivalent to 1.67% of share capital.

For the six-month period ended June 30, 2011, the Company bought and sold treasury shares amounting to 197 and 214 thousand euros, respectively. In the same period in 2010, the Company bought and sold treasury shares amounting to 3,122 and 928 thousand euros, respectively.

15. DEBENTURES

The breakdown of debentures issued at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Non-current debentures	487,229	485,664
Current debentures		
Unmatured accrued interest	6,875	6,875
	6,875	6,875
	494,104	492,539

On November 2, 2009, the Company issued non-convertible bonds for the nominal value of 500,000 thousand euros. The bonds earn an 8.250% interest rate and mature on October 31, 2016. They are quoted on the Luxembourg stock exchange.

As a result of this issue, the Company is required to comply with standard restrictions for these types of transactions in order to assume senior debt above certain limits. It must also stay within the standard limits established for such transactions when granting guaranties, making certain disbursements, paying dividends, disposing of assets, conducting transactions with subsidiaries and effecting changes in the control of shareholders, up to certain levels and with certain exceptions.

16. CURRENT AND NON-CURRENT INTEREST-BEARING LOANS AND BORROWINGS

The breakdown of these heading at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Bank loans and credit facilities	107,863	1,836
Discounted bills payable	1,875	2,551
Interest payable	2,095	403
	111,833	4,790

As a result of the acquisition of Fiorucci S.p.a. in Italy, the Parent signed a 100,000 thousand euro loan agreement under a "club deal" arrangement with nine banks, each with the same percentage, which was drawn down in its entirety on April 4, 2011 during the closing of the transaction. The financing was partially used to cancel the acquired company's long-term financial debt under less-than-favorable conditions, thereby liberating the pledged package of guarantees (the remaining investment was financed using the Parent's cash available at March 31, 2011). The Parent's new financing is completely unsecured, with a 4.5 year amortization schedule which includes an 18-month grace period at Euribor plus 275 bp, with a series of financial covenants and standard clauses in transactions of this nature which are fully compatible with the company's equity and cash-generation capacities.

At June 30, 2011, the Parent had no other bank borrowings, apart from credit lines totaling 239,000 thousand euros, of which 109,000 thousand euros matured during 2011. These credit lines had not been drawn down at June 30, 2011 or December 31, 2010. The Group also had other additional unused credit lines amounting to 23,000 thousand euros at June 30, 2011.

17. OTHER NON-CURRENT FINANCIAL LIABILITIES

The breakdown of this heading at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Finance leases	1,712	1,450
Other non current financial liabilities	2,487	2,508
Financial assets measured at fair value (Note 24)	18,024	18,254
	22,223	22,212

18. OTHER NON-CURRENT LIABILITIES

The breakdown of "Other non-current liabilities" at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Non-repayable grants	16,772	16,941
Contingent consideration Moroni	1,564	1,564
Other liabilities	475	613
	18,811	19,118

"Non-repayable grants" mainly includes non-refundable government grants given by Public Institutions to various group companies related to specific property, plant and equipment investment projects. The parent's directors consider that all the requirements of the capital grants received are being met.

During the six-month period ended June 30, 2011, the Group has received additional grants amounted to 900 thousand euro (six-month period ended June 30, 2010: null).

19. CURRENT AND NON-CURRENT PROVISIONS

The breakdown of these headings at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Non-current		
Commitments with employees	19,502	9,699
Pension obligations	24,263	23,947
Non-current financial assets	188	188
Taxes (Note 26)	16,802	14,593
Provision for share-based payment transactions	1,468	1,468
Other	6,784	3,124
	69,007	53,019
Current		
Other	2,817	2,582
Restucturing	999	1,796
	3,816	4,378

The information relating to the above provisions is provided in the notes to the 2010 consolidated financial statements.

Commitments with employees

At December 31, 2010 the balance of "Commitments with employees" mainly included the provision corresponding to the long-term incentive plan approved by the Board of Directors on May 14, 2009.

Additions during the six-month period ended June 30, 2011 mainly correspond to personnel commitments in compliance with Italian legislation, of the companies acquired from the Italian Fiorucci Group, which are known as TFR (*Trattamento Fine Rapporto*).

Pension obligations

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Commitments for defined benefit pension plans	12,785	12,878
Other pension commitments	544	633
Profit-sharing plan	10,934	10,436
	24,263	23,947

a) Commitments for defined benefit pension plans

The Group has pension plan commitments to complete retirement benefit payments for certain employees in the Netherlands, France, Belgium and Italy.

The information relating to these commitments is provided in the notes to the 2010 consolidated financial statements.

b) Other pension commitments

The Group participates in two multi-employer defined benefit funds in the Netherlands and also has other pension commitments in Italy.

c) Profit-sharing plan

In accordance with prevailing French legislation, the subsidiaries of the Aoste Group have a profit-sharing plan to which they contribute proportionately according to their profit after tax to a fund to be distributed among the employees. The amounts payable from the plan will be available for distribution among the employees after a five-year period, unless a particular event has occurred affecting the life of an employee. The consolidated amounts deposited with the Group bear higher than market interest, as negotiated with the employees.

Provision for restructuring

This provision mainly corresponds to the costs related to the closing of the Saint-Etienne (France) cooked products manufacturing plant. Costs yet to be incurred for the plan at December 31, 2010 amounted to 1.6 million euros. At June 30, 2011, incurred expenses charged to the provision amounted to 560 thousand euros. In addition, at June 30, 2011, the costs yet to be incurred for the plan were re-estimated and the provision decreased by 48 thousand euros. Consequently, outstanding commitments provided for at June 30, 2011 amount to 964 thousand euros.

Provision for share-based payment transactions

At the general meeting held on June 24, 2009 the parent's shareholders resolved, inter alia, to authorize the Board of Directors to carry out the derivative acquisition of treasury shares and deliver up to 1,300,000 share options under the long-term incentive plan for executive directors and executive management of the Parent and consolidated Group companies. The information relating to the principal terms and conditions of this plan is included in the notes to the 2010 consolidated financial statements.

The number of options and movements for the six-month period ended June 30, 2010 are as follows:

	12.31.10	Granted	Returned	06.30.11
Incentive plans	1,132,265	9,670	(17,000)	1,124,935

With regard to the assumptions and hypotheses used in their measurement, no significant variations arose with respect to the information disclosed in the notes to the 2010 consolidated financial statements.

Provisions for transactions with payments based on equity instruments amounted to 1,468 thousand euros at June 30, 2011.

20. TRADE AND OTHER PAYABLES

The breakdown of these headings at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Public bodies (Note 26)	44,707	44,882
Payable to related companies (Note 28)	951	1,372
Trade payables	523,025	434,497
	568,683	480,751

21. OTHER CURRENT LIABILITIES

The breakdown of this heading at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Payable to suppliers of property, plant and equipment	18,229	34,285
Wages and salaries payable	48,229	43,942
Other liabilities	4,590	2,072
Interim dividend payable (Note 5)	10,222	-
	81,270	80,299

In relation to the claim arising from a fire which occurred in October of 2001 in the Group's Rivas (Madrid) production plant, on October 15, 2010, the Madrid Provincial Court of Justice ruled that the defendants (the builders of the Group's burned plant) were responsible for the fire and hence also for payment of several amounts to Zurich and the Campofrío Group subsidiary Gecalial. The information relating to the above lawsuit is provided in the notes to the 2010 consolidated financial statements.

At June 30, 2011, "Other financial liabilities" includes, among other figures, a provision recognized by the Group due to the ongoing lawsuit related to such claim for material damages. As the lawsuit is currently underway, its outcome is uncertain until the final ruling has been handed down; therefore, the Group has decided to provision a portion of the indemnity received.

22. OTHER CURRENT FINANCIAL LIABILITIES

The breakdown of this heading at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Other current financial liabilities	917	5,755
Finance leases	726	572
	1,643	6,327

At December 31, 2010, "Other current financial liabilities" included an amount payable related to the exercise of a purchase option for the entirety of all the treasury shares of Jamones Burgaleses, S.A. (Note 29). The Group exercised this option during January, 2011.

23. RISK MANAGEMENT POLICY

a) Risk management policy

The Group's business activities and transactions expose it to foreign currency, interest rate and other risks, which are managed by head office. The Group's transactions are exposed to different basic financial risks: credit risk, market risk and liquidity risk.

The Management policies relating to these risks have been disclosed in the notes to the 2010 consolidated financial statements.

b) Capital management policy

The primary objective of the Group's capital management policy is to safeguard its capacity to continue managing its on-going activities and continue growing through new projects, while maintaining an optimal debt to equity ratio to create value for its owners.

The Group finances growth through:

- Internally generated cash flows from ongoing business activities.
- A financial leverage rate which enables it to rely on the generation of cash flows as well as alternative financing methods which may be used at any time to meet its investment needs.

In this regard, the Group endeavors to maintain moderate indebtedness as its optimum indebtedness level.

24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's does not generally use financial instruments that expose it to negative market contingencies that could undermine its equity.

Only where the risk warrants, the Group uses derivatives or similar instruments in an attempt to achieve maximum effectiveness in the hedging relationship. It avoids speculative positions in the domestic and international financial markets.

The Group has designated the fair value, cash flow and other similar hedging relationships to which it wishes to apply hedge accounting, having complied with the documentation and other content required under IAS 32 and 39.

The breakdown of derivative financial instruments and related information at December 31, 2010 are provided in the notes to the 2010 consolidated financial statements.

The Group's outstanding derivatives, fair value and maturities at June 30, 2011 and December 31, 2010 are as follows (Thousand euros):

Situation at 12.31.10 and 06.30.11	Fair value at 06.30.11 (Unaudited)	Fair value at 12.31.10 (Audited)	Notional	Outstanding notional principle		
				2011	2012	2013
Cash flow hedges	512	226	(*) 7,336	5,955	2,381	-
Derivatives held for trading						
Swaps	(15,391)	(10,441)	73,767	-	-	73,767
Reverse swaps	(3,145)	(8,039)	54,164	-	-	54,164
TOTAL (Notes 17)	18,024	(18,254)				

(*) The notional amount of these derivatives at December 31, 2010 was 136,267 thousand euros.

During the first half of 2011 no new derivative contracts were signed.

The notional amount of derivative contracts entered into relates to the amount at which future settlement of the derivative is made.

Nature of risks hedged

- Cash flow hedges: The risk hedged is the foreign currency risk on the EUR/GBP exchange rate associated with the Group's trade receivables, and interest rate risk on the multicurrency borrowing facility.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group used the three following fair value hierarchies, based on the relevance of the variables used, to measure the fair value of its financial instruments:

- Level 1: Unadjusted quoted price for identical assets or liabilities in active markets
- Level 2: Variables which are observably different from the prices quoted in Level 1, either directly (price), or indirectly (derived from the price)
- Level 3: Variables which are not based on observable market data (non-observable variables)

	Thousand euros			
	Level 1	Level 2	Level 3	Total at 06.30.11
• Financial assets carried at fair value:	-	-	-	-
	-	-	-	-
• Financial liabilities carried at fair value:				
Hedging derivatives	-	512	-	512
Derivatives held for trading	-	(18,536)	-	(18,536)
	-	(18,024)	-	(18,024)

For the six-month period ended June 30, 2011, no transfers took place between the fair value hierarchy levels.

26. TAX SITUATION

The breakdown of amounts due from public bodies at June 30, 2011 and December 31, 2010 is as follows:

Current	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Sundry taxes receivable from the Treasury	2,073	762
Recoverable VAT	33,715	34,265
Taxes receivable (Note 11)	35,788	35,027

Deferred tax assets	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Deferred tax assets	81,745	68,368

The breakdown of credit balances with public bodies is as follows:

Current	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Taxes payable to the Treasury	15,795	16,035
Amounts payable to Social Security Agencies	23,357	24,682
Other	5,555	4,165
Taxes payable (Note 20)	44,707	44,882
Current tax liabilities	2,097	4,517

Deferred tax liabilities	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
Deferred tax liabilities	172,787	133,747

Taxable profits, determined in keeping with prevailing tax legislation, are subject to a 30% tax for companies located in Spain and a tax that varies from 16% to 34% for foreign subsidiaries. Nevertheless, the resulting taxable income may be reduced by certain allowable deductions.

Campofrío Food Group, S.A, files taxes under the consolidated tax scheme, as the parent of Group 54/97 and Gecalial, S.L.U, Valpro Alimentación, S.A.U., La Montanera, S.A.U., Carnes Selectas 2000, S.A.U., Campofrío Food Group Holding, S.L., Navidul Extremadura, S.A., Aoste España, S.A. and Industrias de Desarrollo y Alimentación, S.L., as subsidiaries.

Company income tax expense for the six-month periods ended June 30, 2011 and 2010 is as follows:

	Thousand euros	
	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Income tax for the period	(4,911)	2,492
Deferred taxes (Income and expenses)	3,229	242
Income tax expense	1,682	2,734
Effective tax rate	31.3%	16.3%

In accordance with current Spanish legislation, taxes cannot be considered definitive until they have been inspected by the tax authorities or the inspection period of four years has elapsed. At June 30, 2011 the Group companies' tax situation has not changed from that reported in the consolidated financial statements for 2010.

In addition, several tax assessments were issued to the parent. The information relating to these assessments is provided in the notes to the 2010 consolidated financial statements.

In relation to the tax assessments signed in disagreement and appealed by the parent due generally to varying interpretations of tax legislation, notwithstanding the uncertainty inherent to all administrative or judicial processes, the parent's external advisors consider that the final outcome of the appeals filed will be favorable for the Group. Although the parent's Directors are confident that the ruling on the appeals will be in the Group's favor, they have decided to record a provision in the statement of financial position in order to cover the risk of an adverse ruling (Note 19).

In addition, on January 25, 2011, the Company's consolidated tax Group was notified that it would undergo a tax inspection. The Company's directors and tax advisors consider that, in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Company's transactions.

The notes to the 2010 consolidated financial statements include information on the tax credit deductions for reinvestment of extraordinary profit and other prior year reinvestment tax credits, as well as the Group's unused tax loss carryforwards.

27. AVERAGE NUMBER OF GROUP EMPLOYEES

The average number of employees in the Group in the six-month periods ended June 30, 2011 and 2010, by professional category, is as follows:

	06.30.11	06.30.10
	(Unaudited)	(Unaudited)
Senior executives	14	15
Directors, engineers and technical staff	751	795
Administrative staff	646	546
Production staff	6,484	6,205
Sales and distribution staff	898	1,080
	8,793	8,641

The breakdown of the Group's workforce by gender at June 30, 2011 is as follows: 6,005 men (2010: 5,755) and 2,785 women (2010: 2,888).

28. RELATED-PARTY TRANSACTIONS AND BALANCES

Transactions between the parent and its subsidiaries, which are related parties, have been carried out in the ordinary course of business and have been eliminated on consolidation. The breakdown is not disclosed in this note.

Significant shareholders

Transactions carried out in the six-month periods ended June 30, 2011 and 2010 with significant shareholders, all on an arms' length basis, were the following:

Significant shareholder	Group company	Contractual Relationship with	Type of transaction	Thousand euros	
				06.30.11 (Unaudited)	06.30.10 (Unaudited)
Pedro Ballvé Lantero	Campofrío Food Group, S.A.	Grupo Telepizza	Sale of raw materials	735	-
Pedro Ballvé Lantero	Campofrío Food Group, S.A.	Carbal	Sale of PP&E	44	-
Smithfield Foods, Inc.	Campofrío Food Group, S.A.	Smithfield Food Ltd	Purchase of goods	183	-
Luis Serrano Martín	Campofrío Food Group, S.A.	Agroibéricos Deraza, S.L.	Purchase of goods	423	7,101
Luis Serrano Martín	Campofrío Food Group, S.A.	Agroibéricos Deraza, S.L.	Sale of goods	-	81
Luis Serrano Martín	Campofrío Food Group, S.A.	Agroibéricos Deraza, S.L.	Services received	-	54
Luis Serrano Martín	Campofrío Food Group, S.A.	Deraza Ibéricos, S.L.	Services received	39	-
Luis Serrano Martín	Campofrío Food Group, S.A.	Deraza Ibéricos, S.L.	Purchase of goods	3,439	-
Luis Serrano Martín	Campofrío Food Group, S.A.	Deraza Ibéricos, S.L.	Services rendered	13	-
Luis Serrano Martín	Campofrío Food Group, S.A.	Deraza Ibéricos, S.L.	Sale of goods	818	-
Caja de Burgos	Campofrío Food Group, S.A.	Contractual	Sale of goods	-	1
Pedro Ballvé Lantero y Fernando Ballvé Lantero	Campofrío Food Group, S.A.	Desarrollo Ganadero Español, S.A.	Purchase of goods	-	209
Luis Serrano Martín	Campofrío Food Group, S.A.	Casa del Arminiño, S.A.	Leases	-	36
Juan José Guibelalde Iñurritegui	Campofrío Food Group, S.A.	AECOC	Services received	12	18
Alfredo Sanfeliz Mezquita	Campofrío Food Group, S.A.	Fullstep	Services received	1	12
Alfredo Sanfeliz Mezquita	Campofrío Food Group, S.A.	Fullstep	Purchase or assets	-	1
Luis Serrano Martín	Campofrío Food Group, S.A.	Grupo Leche Pascual	Services received	3	4
Luis Serrano Martín	Campofrío Food Group, S.A.	Grupo Leche Pascual	Purchase of goods	6	3
Luis Serrano Martín	Campofrío Food Group, S.A.	Grupo Leche Pascual	Sale of goods	18	28
Caja Burgos	Campofrío Food Group, S.A.	Centro Regional de Servicios Avanzados	Services received	2	1
Caja Burgos	Campofrío Food Group, S.A.	Centro Regional de Servicios Avanzados	Purchase or assets	-	3
Campofrío Food Group, S.A.	Campofrío Food Group, S.A.	SC Tabco Campofrío, S.A.	Services rendered	9	423
Campofrío Food Group, S.A.	Campofrío Food Group, S.A.	SC Tabco Campofrío, S.A.	Sale of goods	180	1,013

Significant shareholder	Group company	Contractual Relationship with	Type of transaction	Thousand euros	
				06.30.11	06.30.10
Juan José Guibelalde Iñurritegui	Campofrío Food Group Holding, S.L.	AECOC	Services received	1	-
Alfredo Sanfeliz Mezquita	Campofrío Food Group Holding, S.L.	Fullstep	Services received	13	-
Smithfield Foods, Inc.	Campofrío Food Group Holding, S.L.	Smithfield Foods Inc	Services received	434	-
Smithfield Foods, Inc.	Groupe Aoste	Smithfield Global Products Inc	Services received	-	59
Smithfield Foods, Inc.	Groupe Aoste	Smithfield Global Products Inc	Sale of goods	-	1,280
Smithfield Foods, Inc.	Groupe Aoste	Contractual	Sale of goods	-	-
Campofrío Food Group, S.A.	Groupe Aoste	SC Tabco Campofrío, S.A.	Sale of goods	--	17
Smithfield Foods, Inc.	Groupe Aoste	Smithfield Foods Inc	Purchase of goods	7	55
Smithfield Foods, Inc.	Groupe Aoste	Smithfield Foods Inc	Services rendered	246	105
Smithfield Foods, Inc.	Groupe Aoste	Smithfield Foods Limited	Services received	28	96
Smithfield Foods, Inc.	Groupe Aoste	Smithfield Foods Limited	Purchase of goods	-	62
Smithfield Foods, Inc.	Groupe Aoste	Smithfield Foods Limited	Services rendered	22	-
Smithfield Foods, Inc.	Groupe Aoste	Smithfield Foods Limited	Sale of goods	1,011	-
Smithfield Foods, Inc.	Imperial Meat Products VOF	Smithfield Foods Limited	Sale of goods	5,013	4,333
Smithfield Foods, Inc.	Imperial Meat Products VOF	Animex	Purchase of goods	-	-
Pedro Ballvé Lantero	Industrias de Carnes Nobre, S.A.	Grupo Telepizza	Sale of goods	31	15
Smithfield Foods, Inc.	Industrias de Carnes Nobre, S.A.	Smithfield Food Limited	Sale of goods	-	1
Caja Burgos	Industrias de Carnes Nobre, S.A.	Centro Regional de Servicios Avanzados	Services received	-	6
Campofrío Food Group, S.A.	Industrias de Carnes Nobre, S.A.	SC Tabco Campofrío, S.A.	Sale of goods	-	50
Luis Serrano Martín	La Montanera, S.A.	Agroibéricos de Raza, S.L.	Sale of raw materials	1,843	2,607
Luis Serrano Martín	La Montanera, S.A.	Bañuste	Sale of raw materials	476	356
Luis Serrano Martín	La Montanera, S.A.	Agroibéricos de Raza, S.L.	Services received	5	8
Luis Serrano Martín	La Montanera, S.A.	Agroibéricos de Raza, S.L.	Purchase of goods	437	1,131
Luis Serrano Martín	La Montanera, S.A.	Deraza Ibéricos, S.L.	Services received	6	-
Smithfield Foods, Inc.	SC Tabco Campofrío, S.A.	Agroalim Distribución, S.R.L.	Purchase of goods	3	1
Smithfield Foods, Inc.	SC Tabco Campofrío, S.A.	Agroalim Distribución, S.R.L.	Services received	18	56
Smithfield Foods, Inc.	SC Tabco Campofrío, S.A.	Agroalim Distribución, S.R.L.	Sale of goods	23	46
Smithfield Foods, Inc.	SC Tabco Campofrío, S.A.	Smithfield Products, SRL	Sale of goods	3	4
Smithfield Foods, Inc.	SC Tabco Campofrío, S.A.	Smithfield Products, SRL	Services rendered	-	5
Smithfield Foods, Inc.	SC Tabco Campofrío, S.A.	Smithfield Products, SRL	Purchase of goods	1.876	5
Smithfield Foods, Inc.	SC Tabco Campofrío, S.A.	Animex	Purchase of goods	-	-

Significant shareholder	Group company	Contractual Relationship with	Type of transaction	Thousand euros	
				06.30.11	06.30.10
Smithfield Foods, Inc.	SC Tabco Campofrío, S.A.	Smithfield Procesare, SRL	Purchase of goods	-	353
Smithfield Foods, Inc.	SC Tabco Campofrío, S.A.	Frigorifer, S.A.	Services received	-	3

Associates

Transactions carried out with associates at June 30, 2011 and 2010 were as follows:

	Thousand euros	
	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Revenues		
Net sales	1,192	29
Finance revenue	2	4
Other operating revenues	345	8
	1,539	41
Expenses		
Operating expenses, external services	523	656
	523	656

The breakdown of current and non-current receivables from related parties at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11 (Unaudited)	12.31.10 (Audited)
<i>Related companies (Trade and other receivables) (Note 11)</i>		
Cogeneradora Burgalesa, S.A.	78	76
Navidul Argentina, S.A.	-	868
Campofrío Brasil LTDA	742	742
Tabco Campofrío	145	468
Smithfield UK	427	366
Smithfield Foods, Inc	-	106
Caroli	82	-
Other	6	280
	1,480	2,906
<i>Loans to related companies (Other current financial assets)</i>		
Navidul Cogeneración, S.A.	315	1,186
Tabco Campofrío, S.A.	870	-
Other	100	-
	1,285	1,186

The breakdown of payables to related companies at June 30, 2011 and December 31, 2010 is as follows:

	Thousand euros	
	06.30.11	12.31.10
	(Unaudited)	(Audited)
• Trade and other payables (Note 20)		
Cogeneradora Burgalesa, S.A.	206	125
Navidul Cogeneración, S.A.	3	881
Nuova Mondial, S.p.A.	504	-
Smithfield Foods Inc.	121	198
Other	117	168
	951	1,372

Directors and Senior Management

Members of the Board of Directors and senior managers of the Group, as well as the people and companies they represent, were not involved in any extraordinary and/or relevant transactions to the Company in the six-month periods ended June 30, 2011 and 2010.

1. Compensation to directors in the six-month periods ended June 30, 2011 and 2010:

The breakdown of remuneration earned in the Group, by members of the parent's Board of Directors at June 30, is as follows:

	Thousand euros	
	06.30.11	06.30.10
	(Unaudited)	(Unaudited)
Expense allowance	747	747
Salaries executive directors	905	1,019
	1,652	1,766

At June 30, 2011 and December 31, 2010, the Group had no pension plan or life insurance policies for former or current members of the Board of Directors nor had it given any guarantees on their behalf. For the six-month period ended June 30, 2011, the Group paid 59 thousand euros in life insurance premiums for Board members of the parent (six-month period ended June 30, 2010: 26 thousand euros).

2. Identification of senior management and total compensation paid in the six-month periods ended June 30, 2011 and 2010:

Executive manager	
Nombre	Cargo
Mr. Robert Sharpe	Chief Executive Officer
Mrs. Emmanuelle Bely	SVP, Corporate Development / General Counsel
Mr. Eric Debarnot	SVP, Business & Customer Development
Mrs. Martine Gerow (**)	SVP, Finance and Information Systems
Mr. Dirk Jacxsens	CEO Northern Europe Division
Mr. Kart-Heinz Kiesel	SVP, Operations
Mr. Alfredo Sanfeliz	SVP, Legal Affairs / General Counsel
Mr. Frédéric Sebban	SVP, Strategic Sourcing
Mr Paulo Soares	SVP, Finance and Information Systems
Mr. Fernando Valdés	CEO Campofrío Spain
Mrs. Heleen Van Benthem (*)	CEO Stegeman BV, The Netherlands
Mr. Olivier Maes	CEO Groupe Aoste, France
Mrs. Diana Walther (**)	CEO CFG Deutschland, Germany
Mr. Ovidio Wencz (*)	CEO Tabco – Campofrío, Romania
Mr. Juan Carlos Peña	Internal Audit Manager
Mr. Javier Arroniz	SVP, General Human Resources

(*) Ceased providing services during the first half of 2010.

(**) Ceased providing services during the second half of 2010.

Compensation	Thousand euros	
	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Total compensation paid to senior management	4,512	4,627

At June 30, 2011 there are eight contracts with senior managers providing for compensation if employment was terminated during a defined period (December 31, 2010: eight contracts).

Similarly, at June 30, 2011, the Group had not pension commitments with the Company's executive management.

In addition, at their general meeting held on June 24, 2009, the shareholders of the parent resolved, inter alia, to authorize the Board of Directors to acquire treasury shares and deliver up to 1,300,000 share options under the long-term incentive plan for executive directors and executive management of the parent and consolidated Group companies (Note 19). Furthermore, such plan includes a long-term variable remuneration plan based on specific performance criteria for three years (2009 to 2011). Should the established objectives be met, payment will be made in 2012.

The transactions with related parties have been carried out at arm's length.

There are nine directors on the parent's Board of Directors, all of whom are men.

29. COMMITMENTS AND OTHER CONTINGENCIES

a) Guarantees

	Thousand euros	
	06.30.11 (Unaudited)	12.31.10 (Audited)
Guarantees and sureties provided to third parties	48,170	47,416

The information relating to the principal guarantees and sureties provided to third parties is included in the notes to the 2010 consolidated financial statements.

The Group has mainly provided and canceled the following guarantees and sureties during the six-month period ended June 30, 2011:

- Sureties amounting to 3,523 thousand euro were arranged to comply with obligations assumed in connection with several advertising agreements entered into in the six-month period ended June 30, 2011.
- Sureties arranged to comply with obligations assumed for advertising agreements entered into in 2010, amounting to 1,285 thousand euro, were canceled.
- A suretie amounting to 1,000 thousand euros corresponding to the guarantee given to the buyer of the shares of Campofrio Montagne Noire, S.A. was canceled.
- As a result of the business combinations described in Note 7, additions corresponding to guarantees held by the Fiorucci Group amounting to 1,499 thousand euros were recognized.

b) Share purchase commitments

On January 7, 2003, the parent signed an agreement with a financial entity and another company whereby it received a call option on all the shares of Jamones Burgaleses S.A. held by the abovementioned companies, to be exercised between the fourth year after the signing of the contract and January 31, 2011. The parent also granted a put option on the same shares to these companies. On October 14, 2010, the parent formally notified the other company's partners of its intention to inform of the exercise of the call option, which was ratified on January 28, 2011. The transaction was closed on February 28, 2011, in accordance with the terms established in the options contracts. The exercise price was determined based on the net equity of Jamones Burgaleses, S.A. at December 31, 2010, and amounted to 5,755 thousand euros, which was paid in full, and recognized under "Other current financial liabilities" at year-end 2010 (Note 22).

c) Other commitments

- At June 30, 2011, the Group have firm commitments to purchase plant and equipment amounted to 7,541 thousand euro (December 31, 2010: 7,274 thousand euros).
- The Group is a party to several agreements by which it may be obliged to pay indemnities to third parties regarding certain matters. The obligations arise mainly from agreements signed by the Group, by which it agreed to pay indemnities to a third party for losses stemming from a breach of covenants and guarantees associated with property rights to assets sold, demands for payment of trade receivables, environmental issues, terms of leases, and certain tax matters.

- As a result of the business combination in 2006 of Sara Lee Foods Europe (SLFE) and Jean Caby, the Group assumed some of SLFE's declarations, guarantees and agreements associated with those matters.
- The companies of the Imperial Meat Products VOF Group, Aoste SNC, SEC SNC, Industrias de Carnes Nobre, S.A. and Campofrío Food Group France Holding SAS are guaranteeing the 500,000 thousand euro bond issue carried out by the parent. The planned maturity date of the bonds is 2016 (Note 15).
- The companies of the Imperial Meat Products VOF Group, Aoste SNC, SEC SNC, Industrias de Carnes Nobre, S.A. and Campofrío Food Group France Holding SAS are guaranteeing the club deal amounted to 100.000 thousand euro which was draw down entirely on April 4, 2011 (note 16)

d) Contingencies

The information relating to the Group's contingencies is provided in the notes to the consolidated financial statements at December 31, 2010.

The Directors consider that any unforeseen liabilities at June 30, 2011 arising as a result of the abovementioned guarantees and commitments will not have a significant effect on the condensed interim consolidated financial statements.

30. COMPONENTS OF OTHER COMPREHENSIVE INCOME

The breakdown of this heading at June 30, 2010 and 2009 is as follows:

	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Cash flow hedges entered into during the period:		
Profit/(loss) for the period	(178)	(665)
Less: Transfer to the income statement	464	230
	286	(435)

31. EVENTS AFTER THE BALANCE SHEET DATE

At the date of preparation of these Interim condensed consolidated financial statements, no event has occurred after June 30, 2010 which might modify the financial statements or warrant the inclusion of additional disclosures.

32. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

These condensed interim consolidated financial statements are presented on the basis of International Financial Reporting Standards adopted by the European Union (EU-IFRS). Consequently, certain accounting practices applied by the Group may not conform with generally accepted principles in other countries.

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES

Breakdown of Group companies
June 30, 2011 and December 31, 2010

Company	Year of incorporation	Duration	Registered address	Principal activity	Percentage ownership			
					Direct		Indirect	
					2011	2010	2011	2010
<i>Fully consolidated</i>								
La Montanera, S.A.U.	1987	Indefinite	Toledo (Spain)	Iberian pig farm	100.00	100.00	-	-
Campofrío Portugal, S.A.	1996	Indefinite	Mem-Martins (Portugal)	Manufacture, processing and sale of food products.	100.00	100.00	-	-
Tenki International Holding, B.V. (*)	1989	Indefinite	Haarlem (Netherlands)	Holding company	-	100.00	-	-
Valpro Alimentación, S.A.U.	1994	Indefinite	Valencia (Spain)	Sale and industrialization of beef, pork and lamb products.	100.00	100.00	-	-
Total Meat Marketing, S.R.L.	2001	Indefinite	Nicolae Balcescu (Romania)	Holding company	100.00	100.00	-	-
Navidul Extremadura, S.A.	1997	Indefinite	Madrid (Spain)	Manufacture of hams and shoulder hams.	100.00	77.48	-	-
Jamones Burgaleses, S.A.	1998	Indefinite	Burgos (Spain)	Processed food manufacturing services.	100.00	100.00	-	-
Degaro, S.R.L Tulcea (**)	2002	Indefinite	Tulcea (Romania)	Livestock raising	-	-	-	100.00
S.C. Camporom Productie, S.R.L.	2006	Indefinite	Bucarest (Romania)	Manufacture, processing and sale of food products.	-	-	100.00	100.00
Carnes Selectas 2000, S.A.U.	1999	Indefinite	Burgos (Spain)	Operation of a slaughterhouse and production of meat products.	100.00	100.00	-	-
Gecalial, S.L.U.	1984	Indefinite	Madrid (Spain)	Activities related to marketing, sale, manufacture, processing and industrialization of livestock farming and meat products.	100.00	100.00	-	-
Campofrío Food Group Holding, S.L.	2006	Indefinite	Madrid (Spain)	Holding company	100.00	100.00	-	-
Campofrío Food Group Deutschland GMBH	1994	Indefinite	Essen (Germany)	Sales of processed meat products.	-	-	100.00	100.00
Campofrío Food Group Belgium BVBA	2006	Indefinite	Lovendegem (Belgium)	Holding company	-	-	100.00	100.00
Imperial Meat Products, VOF	1994	Indefinite	Lovendegem (Belgium)	Sale and production of processed meat products	-	-	100.00	100.00
Imperial Coordination Center BVBA	1998	Indefinite	Lovendegem (Belgium)	Coordination center	-	-	100.00	100.00
Groupe Smithfield Netherlands Holding B.V.	1999	Indefinite	Amsterdam (Netherlands)	Holding company	-	-	100.00	100.00
Campofrío Food Group Netherlands B.V.	1949	Indefinite	JD Hoofddorp (The Netherlands)	Holding company	-	-	100.00	100.00
Stegeman CV	2000	Indefinite	Deventer (The Netherlands)	Sale and production of processed meat products	-	-	100.00	100.00
Inter Food Services, Ltd.	1998	Indefinite	Kings Hill West Malling Kent (United Kingdom)	Dormant	-	-	100.00	100.00

(*) Liquidated in 2011

(**) Sold in 2011

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES

Breakdown of Group companies
June 30, 2011 and December 31, 2010

Company	Year of incorporation	Duration	Registered address	Principal activity	Percentage ownership			
					Direct		Indirect	
					2010	2009	2010	2009
Campofrío Food Group France Holding, SAS	1998	Indefinite	Priest (France)	Holding company	-	-	100.00	100.00
Aoste Belgique S.p.r.l.	1990	Indefinite	Brussels (Belgium)	Modern distribution sales and wholesale channel	-	-	100.00	100.00
Aoste Espana S.A.	1989	Indefinite	Santa Perpetua (Spain)	Modern distribution sales and wholesale channel	-	-	100.00	100.00
Aoste Food Service S.A.S.U.	1984	Indefinite	Priest (France)	Sales to restaurant markets	-	-	100.00	100.00
Aoste Libre Service Pretranche SNC	1992	Indefinite	Priest (France)	Production of sliced products for a modern distribution channel	-	-	100.00	100.00
Aoste Management S.A.S.U.	1995	Indefinite	Priest (France)	Management	-	-	100.00	100.00
Euragral B.V. (*)	1991	Indefinite	Utrecht (The Netherlands)	Holding company	-	-	100.00	100.00
Al Ponte Prosciutti SRL	1986	Indefinite	Lesignano de Bagni Parma (Italy)	Cured ham and cold cuts production	-	-	100.00	100.00
Aoste Export SNC	1994	Indefinite	Priest (France)	Exports	-	-	100.00	100.00
Aoste SNC	1992	Indefinite	Priest (France)	Cured ham production and sales	-	-	100.00	100.00
Aoste Filiale Suisse SARL	2007	Indefinite	Geneva (Switzerland)	Sales of meat products.	-	-	100.00	100.00
Jean Caby SAS	2001	Indefinite	Lanavisian (France)	Production and sales of pre-cooked and cured products	-	-	100.00	100.00
Dispranor SARL	1992	Indefinite	St André lez Lille (France)	Sale of various meat products to traditional markets / Leasing business	-	-	100.00	100.00
SEC SNC	1996	Indefinite	Priest (France)	Management of cured sausage plant and equipment / Sales through modern distribution channels	-	-	100.00	100.00
JB2C SASU	1994	Indefinite	Yssingaux (France)	Cured products production and sales	-	-	100.00	100.00
G-SEC GIE	1998	Indefinite	Symphorien sur Coise (France)	Economic interest group	-	-	100.00	100.00
SFD Foods SGPS Sociedade Unipessoal LDA	2002	Indefinite	Rio Maior (Portugal)	Holding company	-	-	100.00	100.00
Industrias de Carnes Nobre S.A.	1962	Indefinite	Lisbon (Portugal)	Meat products production and sales	-	-	100.00	100.00
Cesare Fiorucci S.p.A.	2005	2050	Pomezia (Italia)	Meat products production and sales	-	-	100.00	-
Fiorucci Foodservice S.r.l.	1997	2100	Pomezia (Italia)	Sales of meat products.	-	-	100.00	-
Fiorucci Foods Inc.	1985	Indefinite	Richmond (USA)	Meat products production and sales	-	-	100.00	-
Fuiorucci UK Ltd	2005	Indefinite	Middlesex (United Kingdom)	Sales of meat products.	-	-	100.00	-
Fiorucci S.A.M.	1980	Indefinite	Monaco (Monaco)	Sales of meat products.	-	-	99.99	-
Luigi Ugolotti S.r.l.	1998	2030	Pomezia (Italia)	Meat products production and sales	-	-	100.00	-
Fiorucci Deutschland GMBH	1978	Indefinite	Frankfurt (Alemania)	Sales of meat products.	-	-	100.00	-
Cucina Facile S.r.l.	2004	2050	Roma (Italia)	Dormant	-	-	100.00	-
Sapori d'Abruzzo	2001	2050	Pomezia (Italia)	Meat products and cheese production and sales	-	-	100.00	-
Nuova Mondial S.p.A.	1984	2050	San Daniele del Friuli (Italia)	Meat products production and sales	-	-	50.00	-

(*) Liquidated in 2011

CAMPOFRÍO FOOD GROUP, S.A. AND SUBSIDIARIES

Breakdown of Group companies
June 30, 2011 and December 31, 2010

Company	Year of incorporation	Duration	Registered address	Principal activity	Percentage ownership			
					Direct		Indirect	
					2010	2009	2010	2009
<i>Consolidated under the equity method</i>								
Navidul Cogeneración, S.A.	1997	Indefinite	Madrid (Spain)	Implementation and operation of equipment and installations for the development of energy-related technologies.	35.00	35.00	-	-
Cogeneradora Burgalesa, S.L.	1996	Indefinite	Burgos (Spain)	Operation of a thermoelectric plant to optimize electricity consumption for industrial and services sector use.	50.00	50.00	-	-
Desarrollos Porcinos de Castilla y León, S.L	2008	Indefinite	Segovia (Spain)	Pig Breeding and fattening	-	-	42.00	42.00
Caroli Foods Group, B.V.	2007	Indefinida	Delft (Holland)	Holding company	49.00	49.00	-	-
SC Tabco Campofrío, S.A.	1991	Indefinida	Tulcea (Rumanía)	Manufacture, processing, and sale of food products.	-	-	49.00	49.00
Caroli Foods Group, S.r.l	1993	Indefinida	Pilesti (Romania)	Meat processing	-	-	49.00	49.00
Caroli Foods Brands, S.r.l.	2002	Indefinida	Bucharest (Romania)	Administration of intellectual property	-	-	49.00	49.00
Caroli Prod 2000, S.r.l.	1993	Indefinida	Bucharest (Romania)	Distribution of meat products	-	-	49.00	49.00

CAMPOFRÍO FOOD GROUP, S.A.
AND SUBSIDIARIES

Interim Consolidated Management Report
for the six-month period ended June 30, 2011

CAMPOFRÍO FOOD GROUP, S.A.
AND SUBSIDIARIES

Interim Consolidated Management Report
for the six-month period ended June 30, 2011

In accordance with the provisions of article 262 of the Spanish Corporation Law, the most relevant facts related to the business activity of Campofrío Food Group, S.A. and subsidiaries (the Campofrío Group) for the six-month period ended June 30, 2011 are indicated below.

This Interim Consolidated Management Report complements the economic and financial information provided by the Group, which is expanded on in the Condensed Explanatory Notes to the Condensed Interim Consolidated Financial Statements for the six-month period ended June 30, 2011.

This Interim Consolidated Management Report is presented in keeping with the regulations set forth in the C.N.M.V. Circular 1/2008, of January 30, on periodic information for issuers of securities traded on a regulated market related to semi-annual financial statements, interim management reports, and where applicable, quarterly financial reports.

Following the guidelines of the Unified Code of Good Corporate Governance, the Financial System Reform Law, and the Freedom of Information Law, Campofrío Food Group will post its annual report on its Web page at www.campofriofoodgroup.es as it has done in past years, thereby meeting the aims of transparency and dissemination recommended by those three documents.

1. BUSINESS PERFORMANCE AND OPERATIONS OF CAMPOFRÍO FOOD GROUP, S.A.
AND SUBSIDIARIES

Campofrío Food Group's net consolidated sales amounted to 939 million euros in the first half of 2011, compared to 864 million euros for the same period in 2010. This increase is the result of acquiring Fiorucci as well as the organic growth of sales. Net profit for the period ended June 30, 2011 amounted to 3.5 million euros.

The Group's net financial debt for the same period amounted to 509 million euros.

These financial indicators reflect the excellent position and performance of the Campofrío Food Group in all the markets in which it competes, especially when considering the current situation of the economy.

Following the January 13, 2011 announcement regarding the acquisition of 100% of Cesare Fiorucci S.p.A.'s share capital via a share purchase-sale agreement with the entities holding 100% of the share capital of Cesare Fiorucci S.p.A., and subsequent to the Italian anti-trust authorities granting authorization and fulfillment of agreed upon conditions, the parties concluded the transaction on April 4, 2011, signing the corresponding agreements.

As a consequence of the abovementioned acquisition, the results of Campofrío Food Group for the period ended June 30, 2011 include the results generated by Fiorucci from April 2011 to the end of the period in question. Likewise, the statement of financial position for the period then ended incorporates all assets and liabilities relating to the Fiorucci Group.

2. EVENTS SUBSEQUENT TO JUNE 30, 2011

No significant events have occurred subsequent to June 30, 2011.

3. NUMBER OF EMPLOYEES

The average number of employees in the Group in the six-month periods ended June 30, 2011 and 2010, by professional category, is as follows:

	06.30.11 (Unaudited)	06.30.10 (Unaudited)
Senior executives	14	15
Directors, engineers and technical staff	751	795
Administrative personnel	646	546
Production staff	6,484	6,205
Sales and distribution staff	898	1,080
	8,793	8,641

The breakdown of the Group's workforce by gender at June 30, 2011 is as follows: 6,005 men (2010: 5,755) and 2,785 women (2010: 2,888).

4. RESEARCH AND DEVELOPMENT ACTIVITIES

In 2011 the Campofrío Food Group is pursuing numerous initiatives in order to continue strengthening its position as an innovative company. New products have been launched on the "value for money", snacks and health, and customer satisfaction platforms.

It is worth remembering that the Campofrío Food Group has also managed to strengthen its position abroad by completely remodeling its brand offers in the main European countries.

In addition, the Parent actively participates in the R&D efforts being made in the Campofrío Food Group. In fact, it has become one of the benchmark European R&D centers, consolidating knowledge and know-how in this field. The objective is to continue making significant investments to discover state of the art technologies that will strengthen the Group's future growth.

5. ACQUISITION OF TREASURY SHARES

At the General Shareholders' Meeting of June 22, 2010, the shareholders approved several motions which included authorizing the Company or its subsidiaries to acquire, during a period of five years, shares of Campofrío Food Group, S.A. for treasury shares representing up to 10% of the share capital at a price no greater than 5% of the share price.

At June 30, 2011, the Group held 1,757,499 treasury shares of the parent, representing 1.72% of issued capital.

During the six-month period ended June 30, 2011, the Group acquired and sold treasury shares amounting to 197 thousand and 214 thousand euros, respectively.

6. RISK AND CAPITAL MANAGEMENT POLICY

a) Risk management policy

The Group's business activities and transactions expose it to foreign currency, interest rate and other risks, which are managed by the head office. The Group's transactions are exposed to different basic financial risks: credit risk, market risk and liquidity risk.

The Management policies relating to these risks have been disclosed in the notes to the 2010 consolidated financial statements.

b) Capital management policy

The primary objective of the Group's capital management policy is to safeguard its capacity to continue managing its on-going activities and continue expanding through new projects, while maintaining an optimal debt to equity ratio to create value for its shareholders.

The Group finances growth through:

- Internally generated cash flows from ongoing business activities.
- A financial leverage ratio which enables it to rely on the generation of cash flows as well as alternative financing methods which may be used at any time to meet new investment needs.

In this regard, the Group endeavors to maintain moderate indebtedness as its optimum indebtedness level.

On July 27, 2011, the members of the Board of Directors of Campofrío Food Group, S.A. (the parent) prepared the condensed interim consolidated financial statements and interim consolidated management report for the six-month period ended June 30, 2011, signed by each on this page:

(signed on the original in Spanish)

Mr. Pedro Ballvé Lantero
(Chairman)

(signed on the original in Spanish)

Mr. Yiannis Petrides
(Vice Chairman)

(signed on the original in Spanish)

Mr. Charles Larry Pope
(Board Member)

(signed on the original in Spanish)

Mr. Caleb Samuel Kramer
(Board Member)

(signed on the original in Spanish)

Mr. Guillermo de la Dehesa Romero
(Board Member)

(signed on the original in Spanish)

Mr. Karim Michael Khairallah
(Board Member)

(signed on the original in Spanish)

Mr. Luis Serrano Martin
(Board Member)

(signed on the original in Spanish)

Mr. Juan José Guibelalde Iñurritegui
(Board Member)

(signed on the original in Spanish)

Mr. Joseph Williamson Luter IV
(Board Member)

(signed on the original in Spanish)

Mr. Alfredo Sanfeliz Mezquita
(Secretary-Non-board member)