

**Mastellone Hermanos S.A.**  
Condensed Interim Consolidated  
Financial Statements  
for the three-month period ended  
March 31, 2014

**MASTELLONE HERMANOS SOCIEDAD ANÓNIMA**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT MARCH 31,**  
**2014**

(in thousands of Argentine pesos)

	Notes	<u>3/31/2014</u>	<u>12/31/2013</u>
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents		212,834	115,288
Other financial assets	3 and 17	16,159	20,755
Trade accounts receivable	4 and 17	924,886	796,551
Tax credits		63,214	65,505
Other receivables	5 and 17	38,119	40,887
Inventories	6 and 17	<u>1,012,897</u>	<u>963,950</u>
<b>Total Current Assets</b>		<b><u>2,268,109</u></b>	<b><u>2,002,936</u></b>
<b><u>NON-CURRENT ASSETS</u></b>			
Other financial assets	3	8,588	6,671
Tax credits		52,014	52,677
Other receivables	5 and 17	24,096	24,216
Deferred tax assets	11	7,222	11,633
Advances to suppliers		18,185	18,185
Property, plant and equipment, and others	7 and 17	1,572,665	1,555,039
Investment property		1,317	1,360
Goodwill		3,121	3,121
Intangible assets		40,607	50,581
Other assets		<u>7,889</u>	<u>8,639</u>
<b>Total Non-Current Assets</b>		<b><u>1,735,704</u></b>	<b><u>1,732,122</u></b>
<b>TOTAL ASSETS</b>		<b><u>4,003,813</u></b>	<b><u>3,735,058</u></b>
<b><u>LIABILITIES</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Trade payable	8	1,146,836	941,978
Borrowings	9 and 17	648,020	457,386
Accrued salaries, wages and payroll taxes	10	249,984	263,076
Taxes payable		102,495	106,924
Advance from customers		16,160	110,976
Provisions		1,613	1,273
Other liabilities		<u>18,207</u>	<u>15,608</u>
<b>Total Current Liabilities</b>		<b><u>2,183,315</u></b>	<b><u>1,897,221</u></b>
<b><u>NON-CURRENT LIABILITIES</u></b>			
Trade payable		9,636	9,731
Borrowings	9 and 17	1,172,151	952,266
Taxes payable		49,667	51,498
Deferred tax liabilities	11	16,849	125,772
Provisions		23,085	22,444
Other liabilities		<u>26,220</u>	<u>22,456</u>
<b>Total Non-Current Liabilities</b>		<b><u>1,297,608</u></b>	<b><u>1,184,167</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>3,480,923</u></b>	<b><u>3,081,388</u></b>
<b><u>EQUITY</u></b>			
Common stock		457,547	457,547
Reserves		283,393	253,918
Retained earnings – including net result for the period		(218,069)	(57,813)
<b>Equity attributable to owners of the Company</b>		<b><u>522,871</u></b>	<b><u>653,652</u></b>
<b>Non-controlling interests</b>		<b><u>19</u></b>	<b><u>18</u></b>
<b>TOTAL EQUITY</b>		<b><u>522,890</u></b>	<b><u>653,670</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>4,003,813</u></b>	<b><u>3,735,058</u></b>

The accompanying Notes are an integral part of this consolidated financial statement.

**MASTELLONE HERMANOS SOCIEDAD ANÓNIMA**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014**  
(in thousands of Argentine pesos)

	Notes	<u>3/31/2014</u>	<u>3/31/2013</u>
Revenue	12	2,786,015	1,984,760
Cost of sales	13	(1,980,439)	(1,407,782)
<b>Gross profit</b>		<b>805,576</b>	<b>576,978</b>
Selling expenses	14	(593,840)	(453,791)
General and administrative expenses	14	(97,349)	(75,920)
Investment income		6,603	14,598
Finance cost	15	(49,339)	(38,942)
Foreign exchange losses		(323,070)	(46,076)
Other gains and losses		(613)	(2,540)
<b>Loss before taxes</b>		<b>(252,032)</b>	<b>(25,693)</b>
Income tax and alternative minimum income tax	16	91,777	8,831
<b>NET LOSS FOR THE PERIOD</b>		<b>(160,255)</b>	<b>(16,862)</b>
<b>Other comprehensive income</b>			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		29,475	5,566
<b>Other comprehensive income, net of income tax</b>		<b>29,475</b>	<b>5,566</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(130,780)</b>	<b>(11,296)</b>
<b>Net loss attributable to:</b>			
Owners of the Company		(160,256)	(16,862)
Non-controlling interests		1	-
<b>Net loss for the period</b>		<b>(160,255)</b>	<b>(16,862)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(130,781)	(11,296)
Non-controlling interests		1	-
<b>Total comprehensive loss for the period</b>		<b>(130,780)</b>	<b>(11,296)</b>

The accompanying Notes are an integral part of this consolidated financial statement.

**MASTELLONE HERMANOS SOCIEDAD ANÓNIMA**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014**  
**(in thousands of Argentine pesos)**

	Shareholders' contributions	Reserves			Retained earnings (losses)	Equity attributable to:		Total	
	Common stock	Legal reserve	Facultative reserve	Foreign currency translation reserve		Special reserve established by General Resolution N° 609/12 of the CNV	Owners of the parents		Non controlling interest
<b>Balance at December 31, 2013</b>	<b>457,547</b>	<b>15,273</b>	<b>30,682</b>	<b>21,547</b>	<b>186,416</b>	<b>(57,813)</b>	<b>653,652</b>	<b>18</b>	<b>653,670</b>
Net loss for the period						(160,256)	(160,256)	1	(160,255)
Other comprehensive income for the period				29,475			29,475		29,475
Total comprehensive income (loss) for the period				29,475		(160,256)	(130,781)	1	(130,780)
<b>Balance at March 31, 2014</b>	<b>457,547</b>	<b>15,273</b>	<b>30,682</b>	<b>51,022</b>	<b>186,416</b>	<b>(218,069)</b>	<b>522,871</b>	<b>19</b>	<b>522,890</b>

The accompanying Notes are an integral part of this consolidated financial statement.

**MASTELLONE HERMANOS SOCIEDAD ANÓNIMA**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2013**  
(in thousands of Argentine pesos)

	Shareholders' contributions	Reserves			Retained earnings (losses)	Equity attributable to:		Total
	Common stock	Legal reserve	Facultative reserve	Foreign currency translation reserve		Special reserve established by General Resolution N° 609/12 of the CNV	Owners of the parents	
<b>Balance at December 31, 2012</b>	<b>457,547</b>	<b>15,273</b>	<b>30,682</b>	<b>1,489</b>	<b>186,416</b>	<b>691,407</b>	<b>10</b>	<b>691,417</b>
Net loss for the period					(16,862)	(16,862)		(16,862)
Other comprehensive income for the period				5,566		5,566		5,566
Total comprehensive income (loss) for the period				5,566	(16,862)	(11,296)		(11,296)
Resolution of General Ordinary and Extraordinary Shareholders' Meeting held on March 26, 2013: Appropriation to special reserve					186,416	(186,416)		
<b>Balance at March 31, 2013</b>	<b>457,547</b>	<b>15,273</b>	<b>30,682</b>	<b>7,055</b>	<b>186,416</b>	<b>(16,862)</b>	<b>10</b>	<b>680,121</b>

The accompanying Notes are an integral part of this consolidated financial statement.

**MASTELLONE HERMANOS SOCIEDAD ANÓNIMA**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-**  
**MONTH PERIOD ENDED MARCH 31, 2014**

(in thousands of Argentine pesos)

	<u>3/31/2014</u>	<u>3/31/2013</u>
<b><u>Cash flows from operating activities</u></b>		
Net loss for the period	(160,255)	(16,862)
Adjustments to reconcile net loss for the period to net cash provided by operating activities:		
Income tax and alternative minimum income tax accrued	(91,777)	(8,831)
Finance cost	49,339	38,942
Foreign exchange losses	315,996	46,679
Depreciation of property, plant and equipment, and others	34,235	29,633
Additions to provision for doubtful accounts, sale rebates and provisions (net of reversals)	1,237	9,565
Depreciation of investment property	43	43
Amortization of intangible assets	9,974	118
Gain on sale of property, plant and equipment, and others	(1,005)	(510)
	<u>157,787</u>	<u>98,777</u>
Changes in working capital	(53,209)	(42,819)
Subtotal	<u>104,578</u>	<u>55,958</u>
Payments of income tax and alternative minimum income tax	(7,726)	(6,914)
<b>Net cash generated by operating activities</b>	<u>96,852</u>	<u>49,044</u>
<b><u>Cash flows from investing activities</u></b>		
Payments for property, plant and equipment, and others	(48,210)	(40,827)
Proceeds from sale of other financial assets	2,679	12,829
Proceeds from sale of subsidiaries	6,347	1,253
Proceeds from disposal of property, plant and equipment, and others	1,131	633
Net cash outflow on acquisition of subsidiary		(2,523)
Proceeds from (payments for) other assets	750	(800)
<b>Net cash used in investing activities</b>	<u>(37,303)</u>	<u>(29,435)</u>
<b><u>Cash flows from (used in) financing activities</u></b>		
Proceeds from borrowings	50,619	16,348
Repayment of borrowings	(3,035)	(8,165)
Payments of interests	(9,587)	(8,213)
<b>Net cash generated by (used in) financing activities</b>	<u>37,997</u>	<u>(30)</u>
<b>Increase in cash and cash equivalents</b>	<u>97,546</u>	<u>19,579</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>115,288</u>	<u>66,071</u>
<b>Cash and cash equivalents at end of period</b>	<u>212,834</u>	<u>85,650</u>

The accompanying Notes are an integral part of this consolidated financial statement.

**MASTELLONE HERMANOS SOCIEDAD ANÓNIMA**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014**  
(in thousands of Argentine pesos)

**1. GENERAL INFORMATION**

Mastellone Hermanos S.A. (hereinafter “Mastellone Hermanos S.A.” or the “Company”) is a sociedad anónima under the laws of Argentina, registered with the Public Registry of Commerce on May 17, 1976. The term of the Company expires on November 5, 2060. Its legal address is in Juana Manso N° 555, 3<sup>rd</sup> Floor, Suite “A”, City of Buenos Aires.

The main activity of the Company is the manufacturing and distribution of dairy products. The Company process and distribute a broad line of fresh dairy products including fluid milk, cream and butter, as well as long-life milk products, including cheese, powdered milk and caramelized condensed milk, which is known in Argentina and abroad as dulce de leche. The Company markets its dairy products under several brands names, including La Serenísima, La Armonía, Ser and Fortuna and to a lesser extent, the brand of some of its major customers.

The breakdown of consolidated companies in these financial statements is exposed in Note 2.5.

**2. BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Statement of compliance of International Financial Reporting Standards (‘IFRS’) and basis of preparation**

According to Title IV, Informative Periodic Régime, Chapter I, Informative Régime, Section I, General Regulations, Article 1<sup>st</sup>, Point b.1) of the rules issued by the Comisión Nacional de Valores (“CNV”) (N.T. 2013), the Company chose the option to prepare condensed interim consolidated financial statements in conformity with International Accounting Standard (“IAS”) N° 34, “Interim Financial Reporting”.

Accordingly, the condensed interim consolidated financial statements for the three-month period ended March, 2014 have been prepared in conformity with IAS N° 34. The adoption of such standard, and the entire set of International Financial Reporting Standards (‘IFRS’) as issued by the International Accounting Standards Board (‘IASB’) was established by Technical Resolution N° 26 issued by the Argentine Federation of Professional Councils in Economic Sciences (‘F.A.C.P.C.E.’) and by the CNV, Argentine Securities Commission. In accordance with the above mentioned accounting standards and regulatory standards, IFRS are mandatory for fiscal year beginning January 1<sup>st</sup> 2012.

The condensed interim consolidated financial statements do not include all the information required by IFRS for a complete set of financial statements, because they correspond to a condensed set of financial statements under IAS 34. Therefore, the condensed interim consolidated financial statements must be read in conjunction with the consolidated financial statements of the Company for the fiscal year ended December 31, 2013 prepared under IFRS.

The figures and other information for the fiscal year ended December 31, 2013 and the three-month period ended March 31, 2013 are an integral part of these condensed interim consolidated financial statements and are intended to be read only in relation to those financial statements.

The legal currency in Argentina is the Peso. The condensed interim consolidated financial statements are presented in thousands of Pesos.

The condensed interim consolidated financial statements have been translated into English for the convenience of English-speaking readers. The condensed interim consolidated financial statements are the English translation of those originally issued by Mastellone Hermanos S.A. in Spanish and presented in accordance with IFRS.

## 2.2 Applicable accounting policies

The accounting policies used in the preparation of the condensed interim consolidated financial statements are the same as those used to prepare the consolidated financial statements for the fiscal year ended December 31, 2013, as described in those financial statements, except for the changes mentioned in the following section.

The condensed interim consolidated financial statements have been prepared under the historical cost conventions, except for the revaluation of certain non-current assets and financial assets. Usually, the historical cost is based on the fair value of the consideration given in exchange for the assets.

The preparation of these financial statements are the responsibility of the Company's Board of Directors and requires accounting estimates and judgments of the administrators when applying financial standards.

## 2.3 New standards and interpretations effective from fiscal year beginning on January 1<sup>st</sup>, 2014 which are material to the Company

- The amendments to IAS 32 (Financial instruments: presentation) clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off". The application of this standard did not affect significantly the disclosures in the financial statements of the Company.
- The amendments to IFRS 10 introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities. Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities. The application of this standard did not affect significantly the amounts set out in relation to assets and liabilities of the Company
- IFRIC 21 (Levies) provides guidance on when to recognize a liability for a levy imposed by a government. The application of this standard did not affect significantly the amounts set out in relation to assets and liabilities of the Company.

## 2.4 Standards and interpretations not yet adopted

The Company did not adopt the following standards and revision of standards as per the application of the mentioned pronouncements are not required for the three-month period ended March 31, 2014.

Standard	Name
IFRS 9	Financial instruments <sup>1</sup>
Amendments to IFRSs (annual cycle 2010-2012)	Various IFRSs <sup>2</sup>
Amendments to IFRSs (annual cycle 2011-2013)	Various IFRSs <sup>2</sup>

<sup>1</sup> Indefinite mandatory date.

<sup>2</sup> Effective for fiscal years beginning on or after July 1<sup>st</sup>, 2014.



- IFRS 9 "Financial instruments" issued in November 2009 and revised in October 2010 and in December 2011, introduces new requirements for the classification and measurement of financial assets and liabilities.

IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial instruments - Recognition and measurement to be subsequently measured at amortized cost or fair value. Specially, debt investments that are held within a business model whose objective is the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debts investments and equity instruments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognized in profit or loss.

In November 2013, the IASB issued amendments to IFRS 9 as part of the hedge accounting phase of its project on accounting for financial instruments. The changes include the removal of IFRS 9's mandatory effective date (which formerly was January 1, 2015) to give the IASB more time to finalize other aspects of its project on accounting for financial instruments.

The Company's Board of Directors has not determined the potential impact of this change due to the indefinite mandatory transition date.

- The annual improvements to IFRSs (2010-2012 cycle) introduce amendments to various standards, including amendments to IAS 16 (Property, plant and equipment), to IAS 19 (Employee benefits), to IAS 24 (Related parties), to IAS 38 (Intangible assets), to IFRS 2 (Share based payments), to IFRS 3 (Business combination) and to IFRS 8 (Operating segments).

The Company's Board of Directors anticipates that such amendments will be adopted in the financial statements of the Company for the fiscal year beginning January 1, 2015. It is likely that changes will not affect significantly the amounts set out in relation to assets and liabilities of the Company. However, it is not possible to determine the potential impact in a reasonable manner until a detailed review is completed.

- The annual improvements to IFRSs (2011-2013 cycle) introduce amendments to various standards, including amendments to IAS 40 (Investment property), to IFRS 1 (First time adoption), to IFRS 3 (Business combination) and to IFRS 13 (Fair value measurement).

The Company's Board of Directors anticipates that such amendments will be adopted in the financial statements of the Company for the fiscal year beginning January 1, 2015. It is likely that changes will not affect significantly the amounts set out in relation to assets and liabilities of the Company. However, it is not possible to determine the potential impact in a reasonable manner until a detailed review is completed.

## 2.5 Basis of consolidation

The condensed interim consolidated financial statements of Mastellone Hermanos Sociedad Anónima include the condensed stand-alone financial statements of the parent and its subsidiaries. Subsidiary companies are those where the Company has the control of the subsidiaries, which is based on the following three elements: power over an investee, exposure or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's return.

Total comprehensive result of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries, with registered offices abroad, used to prepare the condensed interim consolidated financial statements were issued in accordance with IFRS. Assets, liabilities and equity accounts were converted into pesos considering the exchange rate prevailing at the date of these financial statements. The income and expenses accounts were converted into pesos according to the exchange rate prevailing at the end of each month.

The main consolidation adjustments are the followings:

- elimination of assets, liabilities, income and expenses of the parent with those of its subsidiaries, in order to disclose the balances maintained effectively with third parties; and
- offset the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

Detailed below are the subsidiaries whose financial statements have been included in these consolidated financial statements:

Company	Main activity	Country	% of direct and indirect participation in capital stock and votes		
			3/31/2014	12/31/2013	3/31/2013
Compañía Puntana de Carnes Elaboradas S.A. (1)	Slaughtering, preparation and preservation of meat and production and storage of miscellaneous food products	Argentina	99.99	99.99	
Con-Ser S.A.	Transportation services, services for vehicle, sale of parts and distribution of cooling equipments	Argentina	100.00	100.00	100.00
Leitesol Industria e Comercio S.A.	Production and distribution of dairy products	Brazil	100.00	100.00	100.00
Marca 4 S.A.	Ownership, administration and legal defense of trademarks <i>Ser</i> and <i>La Serenisima</i>	Argentina	99.99	99.99	99.99
Marca 5 Asesores en Seguros S.A.	Insurance broker	Argentina	99.99	99.99	99.99
Mastellone de Paraguay S.A.	Import and distribution of dairy products	Paraguay	100.00	100.00	100.00
Mastellone Hermanos do Brasil Comercial e Industrial Ltda.	Inactive	Brazil	100.00	100.00	100.00
Mastellone San Luis S.A.	Manufacturer of dairy products	Argentina	99.99	99.99	99.99
Promas S.A.	Agricultural exploitation	Argentina	100.00	100.00	100.00

(1) Company acquired in 2013 fiscal year.

The financial position statements of Mastellone Hermanos Sociedad Anónima as of March 31, 2014 and December 31, 2013 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2014 and 2013, were consolidated based on financial statements of the subsidiaries companies for the periods or years ended at such dates, with the exception as of March 31, 2014 and 2013 of Marca 4 S.A., Mastellone de Paraguay S.A. and Mastellone Hermanos do Brasil Comercial e Industrial Ltda. The financial statements of such companies used for the preparation of the

consolidated financial statements were those as of December 31, 2013 and 2012, respectively. No significant changes have occurred between both dates, which modified the financial position and results of the subsidiary companies and which were not considered.

The Company acquired 99.99% of the capital stock of Compañía Puntana de Carnes Elaboradas S.A. (“Copuce”) in May 2013. Such company is located in the city of Villa Mercedes, Province of San Luis and is included in the régime for promoted industrial activities for the developing of certain activities, including the manufacturing of dairy products. The acquisition price was approximately 35 million of pesos, from which (i) 20% was paid at the date of acquisition, (ii) 5% was retained to settle eventually payments related to unexpected issues at the date of acquisition (the remaining balance, according to the definitions established in the purchase agreement, if any, will be reimbursed to the sellers) and (iii) the remaining balance will be paid in four annual and consecutive installments, the first three installments corresponding each to 20% of the purchase price, and the last one for the remaining 15%, each installment being due on May 21, from years 2014 to 2017.

In accordance with the acquisition method described in IFRS 3 “Business combinations”, the Company allocated the cost of the business combination of Copuce shares at the acquisition date. The identifiable assets acquired and liabilities assumed were measured at fair value, based on financial information as of May 31, 2013. At the date of acquisition, assets acquired amounted to 71 million and liabilities assumed amounted to 1 million. As a consequence of such allocation, the value of Copuce’s net assets was higher than the book value of Copuce in approximately 63 million of pesos. The excess of the acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over the acquisition cost, which amounts to 35 million of pesos, was recognized in profit and loss as a “bargain purchase” in fiscal year 2013.

### 3. OTHER FINANCIAL ASSETS

	<u>3/31/2014</u>	<u>12/31/2013</u>
• <u>Current</u>		
Restricted investment funds (Note 17d)	2,292	9,554
Private bonds	7,510	7,506
Short-term investments - related parties (Note 18)	686	1,029
Short-term investments – other	5,499	2,666
Derivative financial instruments	172	
<b>Total</b>	<b><u>16,159</u></b>	<b><u>20,755</u></b>
• <u>Non-current</u>		
Long-term investments	8,588	6,671
<b>Total</b>	<b><u>8,588</u></b>	<b><u>6,671</u></b>

### 4. TRADE ACCOUNTS RECEIVABLE

	<u>3/31/2014</u>	<u>12/31/2013</u>
Third parties (domestic)	824,559	725,481
Related parties (Note 18)	97,824	62,645
Foreign receivables	2,090	7,219
Notes receivables	3,146	5,269
Tax incentives on exports	28,472	26,208
<b>Subtotal</b>	<b><u>956,091</u></b>	<b><u>826,822</u></b>
Allowance for doubtful accounts	(15,599)	(14,825)
Allowance for trade discounts and volume rebates	(15,606)	(15,446)
<b>Total</b>	<b><u>924,886</u></b>	<b><u>796,551</u></b>

## 5. OTHER RECEIVABLES

	<u>3/31/2014</u>	<u>12/31/2013</u>
• <u>Current</u>		
Prepaid expenses	13,400	10,445
Receivable from sale of subsidiary company	9,139	14,117
Receivable from sale of property, plant and equipment, and others	3,373	3,373
Advances to services suppliers	3,475	2,105
Insurance receivable	1,617	3,255
Guarantee deposits (Note 17c)	134	148
Related parties (Note 18)		41
Receivables from customers in receivership and in bankruptcy	215	215
Other	7,356	7,778
<b>Subtotal</b>	<b>38,709</b>	<b>41,477</b>
Allowance for doubtful accounts	(590)	(590)
<b>Total</b>	<b>38,119</b>	<b>40,887</b>
• <u>Non-current</u>		
Régime for the professionalization of transport	17,567	17,567
Receivables from customers in receivership and in bankruptcy	18,798	16,906
Recovery of decrees N° 7290/67 and 9038/78	3,992	3,992
Guarantee deposits (Note 17c)	915	904
Other	1,485	1,558
<b>Subtotal</b>	<b>42,757</b>	<b>40,927</b>
Allowance for doubtful accounts	(18,661)	(16,711)
<b>Total</b>	<b>24,096</b>	<b>24,216</b>

## 6. INVENTORIES

	<u>3/31/2014</u>	<u>12/31/2013</u>
Resale goods	50,483	45,638
Finished goods	399,790	356,657
Work in progress	221,993	252,245
Raw materials, packaging and other materials	322,473	238,228
Goods in transit	13,540	66,720
<b>Subtotal</b>	<b>1,008,279</b>	<b>959,488</b>
Advances to suppliers	4,618	4,462
<b>Total</b>	<b>1,012,897</b>	<b>963,950</b>

## 7. PROPERTY, PLANT AND EQUIPMENT, AND OTHERS

	3/31/2014						3/31/2014					Net value at the end of the period	
	Cost or deemed cost						Depreciation						
	Value at the beginning of the year	Foreign currency exchange differences	Acquisitions	Transfers	Retirement and disposal	Value at the end of the period	Accumulated depreciation at the beginning of the year	Foreign currency exchange differences	Retirement and disposal	Depreciation Rate %	Of the period		Accumulated depreciation at the end of the period
Land and buildings	908,309	5,710	631		100	914,550	136,969	3,071		2, 2.5, 3.3 and 5	7,307	147,347	767,203
Olive plantations	50,166					50,166	15,465			2	495	15,960	34,206
Machinery and equipment, containers, tools and spare parts (1)	1,049,917	2,897	1,150	548	347	1,054,165	801,487	2,013	321	5 and 10	7,804	810,983	243,182
Fittings, laboratory equipment and furniture	783,500	1,102	1,580	1,463		787,645	575,213	947		5, 10, 25 and 33	7,518	583,678	203,967
Vehicles (2)	150,660	228	2,127		414	152,601	102,760	129	414	10 and 20	1,854	104,329	48,272
Work in progress	182,577		25,200	688		208,465							208,465
Advances to suppliers	4,315		1,877	(2,699)		3,493							3,493
<b>Subtotal</b>	<b>3,129,444</b>	<b>9,937</b>	<b>32,565</b>	<b>-</b>	<b>861</b>	<b>3,171,085</b>	<b>1,631,894</b>	<b>6,160</b>	<b>735</b>		<b>24,978</b>	<b>1,662,297</b>	<b>1,508,788</b>
<b>Other:</b>													
Trays	94,578		15,645			110,223	37,089			33	9,257	46,346	63,877
<b>Carrying amount as of March 31, 2014</b>	<b>3,224,022</b>	<b>9,937</b>	<b>48,210</b>	<b>-</b>	<b>861</b>	<b>3,281,308</b>	<b>1,668,983</b>	<b>6,160</b>	<b>735</b>		<b>34,235</b>	<b>1,708,643</b>	<b>1,572,665</b>

(1) Includes machinery operated by Promas S.A. with a net value of 9,756 as of March 31, 2014.

(2) Includes vehicles operated by frighters of Con-Ser S.A. and Logística la Serenísima S.A. with a net value of 22,226 as of March 31, 2014.

	12/31/2013											Net value at the end of the year		
	Cost or deemed cost						Depreciation							
	Value at the beginning of the year	Foreign currency exchange differences	Acquisitions	Transfers and balances of acquired subsidiary	Retirement and disposal	Value at the end of the year	Accumulated depreciation at the beginning of the year	Foreign currency exchange differences	Transfers and balances of acquired subsidiary	Retirement and disposal	Depreciation Rate %		Of the year	Accumulated depreciation at the end of the year
Land and buildings	892,389	5,586	15,867	11,005	16,538	908,309	101,282	2,384	5,343	938	2, 2.5, 3.3 and 5	28,898	136,969	771,340
Olive plantations	50,166					50,166	13,485				2	1,980	15,465	34,701
Machinery and equipment, containers, tools and spare parts (1)	1,019,888	2,669	19,527	24,624	16,791	1,049,917	778,135	1,191	3,500	12,258	5 and 10	30,919	801,487	248,430
Fittings, laboratory equipment and furniture	784,064	1,133	30,624	15,767	48,088	783,500	593,071	570	2,398	44,850	5, 10, 25 and 33	24,024	575,213	208,287
Vehicles (2)	150,389	254	13,620	2,797	16,400	150,660	108,084	87	240	12,246	10 and 20	6,595	102,760	47,900
Work in progress	143,322		72,853	(33,559)	39	182,577								182,577
Advances to suppliers	3,763		5,438	(3,837)	1,049	4,315								4,315
<b>Subtotal</b>	<b>3,043,981</b>	<b>9,642</b>	<b>157,929</b>	<b>16,797</b>	<b>98,905</b>	<b>3,129,444</b>	<b>1,594,057</b>	<b>4,232</b>	<b>11,481</b>	<b>70,292</b>		<b>92,416</b>	<b>1,631,894</b>	<b>1,497,550</b>
<b>Other:</b>														
Trays	123,186		42,019		70,627	94,578	76,537			70,627	33	31,179	37,089	57,489
<b>Carrying amount as of December 31, 2013</b>	<b>3,167,167</b>	<b>9,642</b>	<b>199,948</b>	<b>16,797</b>	<b>169,532</b>	<b>3,224,022</b>	<b>1,670,594</b>	<b>4,232</b>	<b>11,481</b>	<b>141,919</b>		<b>123,595</b>	<b>1,668,983</b>	<b>1,555,039</b>

(1) Includes machinery operated by Promas S.A. with a net value of 9,780 as of December 31, 2013.

(2) Includes vehicles operated by frighters of Con-Ser S.A. and Logística la Serenísima S.A. with a net value of 21,025 as of December 31, 2013.

## 8. TRADE PAYABLE - CURRENT

	<u>3/31/2014</u>	<u>12/31/2013</u>
Trade payables	803,954	674,427
Related parties (Note 18)	147,695	80,904
Note payables	182,845	173,626
Foreign suppliers	12,342	13,021
<b>Total</b>	<b><u>1,146,836</u></b>	<b><u>941,978</u></b>

## 9. BORROWINGS

	<u>3/31/2014</u>	<u>12/31/2013</u>
<u>Short-term debt</u>		
<b>Principal:</b>		
Senior notes and loan debt:		
Senior Notes:		
Series A, B and C – due 2018	58,045	47,302
Series D – final due 2015	24,006	19,563
Subtotal	<u>82,051</u>	<u>66,865</u>
Loan:		
Tranche A – final due 2015	80,304	65,442
Tranche B – final due 2018	5,767	4,700
Subtotal	<u>86,071</u>	<u>70,142</u>
<b>Subtotal – Senior Notes and loan debt</b>	<b><u>168,122</u></b>	<b><u>137,007</u></b>
Other financial debt:		
Unsecured debt	34,103	17,001
Unsecured debt – related parties (Note 18)		1,742
Secured debt	359,056	256,662
Secured debt – related parties (Note 18)	41,602	41,387
<b>Subtotal – Other financial debt</b>	<b><u>434,761</u></b>	<b><u>316,792</u></b>
<b>Total principal</b>	<b><u>602,883</u></b>	<b><u>453,799</u></b>
<b>Accrued interest:</b>		
Unsecured - related parties (Note 18)		113
Unsecured and secured debt	45,137	3,474
<b>Total accrued interest</b>	<b><u>45,137</u></b>	<b><u>3,587</u></b>
<b>Total</b>	<b><u>648,020</u></b>	<b><u>457,386</u></b>

	<u>3/31/2014</u>	<u>12/31/2013</u>
<u>Long-term debt</u>		
<b>Principal:</b>		
Senior Notes and loan debt:		
Senior Notes:		
Series A, B and C – due 2018	965,499	786,806
Series D – final due 2015	<u>32,008</u>	<u>26,084</u>
Subtotal	997,507	812,890
Loan:		
Tranche A – final due 2015	107,072	87,256
Tranche B – final due 2018	<u>98,047</u>	<u>79,900</u>
Subtotal	205,119	167,156
<b>Subtotal – Senior Notes and loan debt</b>	<b>1,202,626</b>	<b>980,046</b>
Other financial debt:		
Unsecured debt	15,237	14,736
Secured debt	<u>22,986</u>	<u>20,943</u>
<b>Subtotal – Other financial debt</b>	<b>38,223</b>	<b>35,679</b>
<b>Total principal</b>	<b>1,240,849</b>	<b>1,015,725</b>
<b>Adjustment to amortized cost:</b>		
Senior Notes Series A, B and C – due 2018	(49,237)	(44,434)
Senior Notes Series D – final due 2015	(3,326)	(3,338)
Loan debt – tranche A – final due 2015	(11,151)	(11,190)
Loan debt – tranche B – final due 2018	<u>(4,984)</u>	<u>(4,497)</u>
<b>Total adjustment to amortized cost</b>	<b>(68,698)</b>	<b>(63,459)</b>
<b>Total</b>	<b>1,172,151</b>	<b>952,266</b>

### **9.1 Main loans agreements - Financial debt – final due 2015 and 2018**

Below is a summary of the financial debt - final due 2015 and 2018, derived from a refinancing implemented through a voluntary exchange, which was concluded in May 2010.

- Summary of the outstanding balances as of March 31, 2014 of the financial debt - final due 2015 and 2018:

<b>Debt restructured</b>	<b>Amount in the original currency – in thousands</b>	<b>Amount in thousand pesos (as of March 31, 2014)</b>
Senior Notes Series A, B and C – final due 2018	U\$S 127,911	<u>1,023,544</u>
Senior Notes Series D – final due 2015	U\$S 7,000	<u>56,014</u>
Loan debt – tranche A – final due 2015	U\$S 23,416	<u>187,376</u>
Loan debt – tranche B – final due 2018	U\$S 12,974	<u>103,814</u>



2. Outstanding principal and interests payment as of March 31, 2014:

Maturity date	Senior Notes Series A, B and C and loan debt, tranche B Due 2018		Senior Notes Series D and loan debt, tranche A Due 2015	
	Amortization of principal	Rate (*)	Amortization of principal	Rate
June 30, 2014	2.50%	8.50%	15.00%	(**)
December 31, 2014	2.50%	8.50%	15.00%	(**)
June 30, 2015	2.50%	9.00%	20.00%	(**)
December 31, 2015	2.50%	9.00%	20.00%	(**)
June 30, 2016	10.00%	9.00%		
December 31, 2016	10.00%	9.00%		
June 30, 2017	15.00%	9.00%		
December 31, 2017	15.00%	9.00%		
June 30, 2018	15.00%	9.00%		
December 31, 2018	15.00%	9.00%		

(\*) The above-mentioned interest rates correspond to the nominal annual rate applied in the semester ending at each date. The contingent interest rate mentioned afterwards is not included.

(\*\*) The applicable interest rate of the debt due 2015 is a floating rate and is determined by reference to the LIBO rate plus a spread of 2.5%, provided that such rate shall not exceed 6% per annum.

3. Other conditions:

The Senior Notes of the Company with final due 2018 has the right to the payment of a contingent interest at an annual rate during each one-year period, as from January 1, 2011, equivalent to the 0.3% for each US\$ 5 million, based on the EBITDA (in accordance with the terms included in the loan contract) of the prior fiscal year in excess of US\$ 40 million, with a maximum of 4% if the EBITDA is higher than US\$ 105 million. The semi-annual payments of interest maturing on June 30 and December 31, 2011 accrued a contingent interest rate of 2.1% based on the 2010 EBITDA estimated for the fiscal year ended December 31, 2010. The semi-annual payments of interest maturing on June 30 and December 31, 2012 accrued a contingent interest rate of 2.1% based on the 2011 EBITDA estimated for the fiscal year ended December 31, 2011. The semi-annual payments of interest maturing on June 30 and December 31, 2013 accrued a contingent interest rate of 1.2% based on the 2012 EBITDA estimated for the fiscal year ended December 31, 2012. The semi-annual payments of interest maturing on June 30 and December 31, 2014 accrue a contingent interest rate of 2.4% based on the 2013 EBITDA estimated for the fiscal year ended December 31, 2013.

On each June 30, commencing on June 30, 2011, the Company must apply to repay, ratably and at par, a principal amount of the debt due 2018 equal to 75% of the excess cash (as defined in the issuance terms of the debt) for such preceding fiscal year. As of December 31, 2013, from the calculation performed by the Company, there was no excess cash according to the definitions of the loan agreements, which might have required the payment in advance of a portion of such debt.

According to the terms established in the debt and in addition to all scheduled amortization payments, the Company had to reduce the aggregate principal amount outstanding of its debt in the amount of US\$ 20 million by December 31, 2011 (“mandatory debt reduction”),

or, otherwise, the refinanced debt will bear penalty interest (i) at the rate of 0.25% for the year 2012, and (ii) later, commencing on January 1, 2013, at the rate of 1.0% per year during 2013, which penalty interest will increase by 0.25% on January 1<sup>st</sup> of each year thereafter until the mandatory debt reduction has been completed in full. As the Company did not comply with the mandatory debt reduction, the interest rate for such debt increased by 0.25% from the year 2012 and 1% from the year 2013.

The agreements contain certain commitments, including reporting requirements, and imposed certain limitations affecting the Company's ability and the restricted subsidiaries' ability to: borrow money, pay dividends, redeem capital stock or redeem subordinated debt, make investments, sell capital stock of subsidiaries, guarantee other indebtedness, enter into agreements that restrict dividends or other distributions from restricted subsidiaries, enter into transactions with unrestricted subsidiaries and affiliates outside the ordinary course of business, create or assume certain liens, engage in mergers or consolidations, and enter into a sale of all or substantially all of the Company's assets.

Debt with final due in 2015 and 2018 are collateralized in each case, ratably and in first degree for pledges given to the guarantee agent by the shareholders of the Company on a number of Company's stock of 32.51% and 16.49%, respectively, of their common stock and voting right. Subsidiaries Con-Ser S.A., Compañía Puntana de Carnes Elaboradas S.A. (this company, since June 2013), Leitesol Industria e Comercio Ltda., Mastellone San Luis S.A. and Promas S.A. and are jointly and severally liable for the Senior Notes and loan debt.

## **9.2 Senior Notes Issuance Program**

On April 11, 2014, the Company's Boards of Directors approved the updating of the global program for issuing Senior Notes, in an amount up to U\$S 400,000,000, which was created and modified by the resolutions of the Shareholders' Meeting celebrated on May 23, 2007 and March 31, 2011, respectively. Such program was filed with the National Securities Commission ("CNV") for approval.

## **10. ACCRUED SALARIES, WAGES AND PAYROLL TAXES**

	<u>3/31/2014</u>	<u>12/31/2013</u>
Payroll and bonus to management	180,802	177,805
Social security taxes	69,182	85,271
<b>Total</b>	<b><u>249,984</u></b>	<b><u>263,076</u></b>

## **11. DEFERRED TAX**

### **Deferred tax assets:**

	<u>3/31/2014</u>	<u>12/31/2013</u>
Temporary differences:		
Provisions and other non-deductible accrued expenses	6,904	4,881
Inventories		6,453
Property, plant and equipment, and others	2	(2)
Tax loss carry-forwards	259	236
Alternative minimum income tax	57	65
<b>Total</b>	<b><u>7,222</u></b>	<b><u>11,633</u></b>

**Deferred tax liabilities:**

	<u>3/31/2014</u>	<u>12/31/2013</u>
Temporary differences:		
Provisions and other non-deductible accrued expenses	23,340	22,003
Inventories	58,029	40,107
Intangible assets	797	760
Other assets	(185)	(185)
Property, plant and equipment, and others	(312,125)	(314,027)
Borrowings	(24,406)	(22,512)
Tax loss carry-forwards	126,599	43,247
Alternative minimum income tax	111,102	104,835
<b>Total</b>	<b><u>(16,849)</u></b>	<b><u>(125,772)</u></b>

The unused tax loss carry-forwards filed with tax authorities by Mastellone Hermanos S.A. and its subsidiaries recognized as of March 31, 2014 are as follows:

<u>Year of generation</u>	<u>Tax loss amount</u>	<u>Applicable tax rate</u>	<u>Credit due to tax loss carry-forward</u>	<u>Expiration – date for submission of tax returns fiscal years</u>
2012	70,011	35%	24,504	2017
2013	45,867	35%	16,053	2018
			<b><u>40,557</u></b>	
			86,301	(1)
			<b><u>126,858</u></b>	

(1) It corresponds to the tax loss for the three-month period ended March 31, 2014.

The movement of temporary differences between book carrying amounts and tax basis of assets and liabilities and tax loss carry-forwards is as follows:

	<u>Balance at the beginning of the year</u>	<u>Reduction of tax loss carry-forwards</u>	<u>Charge for the period or year (1)</u>	<u>Balance at the end of the period or year</u>
Temporary differences between book carrying amounts and tax basis of assets and liabilities	(262,522)		14,878	(247,644)
Tax loss carry-forwards	43,483		83,375	126,858
<b>Total as of March 31, 2014</b>	<b><u>(219,039)</u></b>	<b><u>-</u></b>	<b><u>98,253</u></b>	<b><u>(120,786)</u></b>
Temporary differences between book carrying amounts and tax basis of assets and liabilities	(308,893)		46,371	(262,522)
Tax loss carry-forwards	25,358	(216)	18,341	43,483
<b>Total as of December 31, 2013</b>	<b><u>(283,535)</u></b>	<b><u>(216)</u></b>	<b><u>64,712</u></b>	<b><u>(219,039)</u></b>

(1) Charged to income tax – Note 16.

## 12. REVENUE

	<u>3/31/2014</u>	<u>3/31/2013</u>
Product sales	3,023,428	2,126,973
Services provided	84,085	70,167
Turnover tax	(85,895)	(60,202)
Sales discounts and volume rebates	(175,754)	(110,745)
Sales returns	(59,849)	(41,433)
<b>Total</b>	<b><u>2,786,015</u></b>	<b><u>1,984,760</u></b>

## 13. COST OF SALES

	<u>3/31/2014</u>	<u>3/31/2013</u>
<u>Cost of goods sold:</u>		
Inventories at the beginning of the year		
Resale goods	45,638	26,981
Finished goods	356,657	293,177
Work in progress	252,245	186,281
Raw materials, packaging and other materials	238,228	190,525
Goods in transit	66,720	20,618
	<u>959,488</u>	<u>717,582</u>
Purchases	1,438,577	982,973
Production expenses (Note 14)	528,279	389,428
Re-measurement of foreign subsidiaries inventories	35,260	3,737
Benefits from industrial promotion	(14,703)	(4,527)
Inventories at the end of the period		
Resale goods	(50,483)	(29,601)
Finished goods	(399,790)	(263,043)
Work in progress	(221,993)	(203,709)
Raw materials, packaging and other materials	(322,473)	(200,069)
Goods in transit	(13,540)	(23,602)
	<u>(1,008,279)</u>	<u>(720,024)</u>
<b>Subtotal - cost of goods sold</b>	<b><u>1,938,622</u></b>	<b><u>1,369,169</u></b>
<u>Cost of services rendered:</u>		
Purchases	6,747	6,876
Production expenses (Note 14)	35,070	31,737
<b>Subtotal - cost of services rendered</b>	<b><u>41,817</u></b>	<b><u>38,613</u></b>
<b>Total cost of sales</b>	<b><u>1,980,439</u></b>	<b><u>1,407,782</u></b>

**14. INFORMATION REQUIRED BY ART. 64 OF ARGENTINA CORPORATE LAW  
N°19,550 – BREAKDOWN OF EXPENSES**

	<b>3/31/2014</b>				Total
	Production expenses	Cost of services	Selling expenses	General and administrative expenses	
Remuneration to members of the Board of Directors and members of the statutory Audit Committee				7,495	7,495
Fees and compensation for services	57,978	49	114,258	10,574	182,859
Payroll, bonus and social security charges	232,653	20,943	83,321	47,534	384,451
Depreciation of property, plant and equipment, and others	29,304	1,328	2,432	1,171	34,235
Amortization of intangible assets	9,974				9,974
Provision for bad debts			249		249
Freights	115,951		306,145		422,096
Maintenance and repair	18,335	1,037	3,149	103	22,624
Office and communication	403	35	125	507	1,070
Fuel, gas and energy	30,343	4,684	2,266	21	37,314
Vehicles expenses	4,060		2,428	300	6,788
Publicity and advertising			66,826		66,826
Taxes, rates and contributions	16,789	3,079	867	25,157	45,892
Insurance	7,965	126	2,508	728	11,327
Travelling	262		614	70	946
Export and import			6,931	80	7,011
Harvest expenses	102				102
Supplies and chemicals	29				29
Miscellaneous	4,131	3,789	1,721	3,609	13,250
<b>Total</b>	<b>528,279</b>	<b>35,070</b>	<b>593,840</b>	<b>97,349</b>	<b>1,254,538</b>

	<b>3/31/2013</b>				Total
	Production Expenses	Cost of services	Selling expenses	General and administrative expenses	
Remuneration to members of the Board of Directors and members of the statutory Audit Committee				6,137	6,137
Fees and compensation for services	35,259	174	104,835	8,315	148,583
Payroll, bonus and social security charges	178,006	19,285	62,076	35,259	294,626
Depreciation of property, plant and equipment, and others	23,603	2,620	2,515	895	29,633
Amortization of intangible assets	90			28	118
Provision for bad debts			1,912		1,912
Freights	88,557		226,975		315,532
Maintenance and repair	16,471	615	2,543	143	19,772
Office and communication	277	55	102	342	776
Fuel, gas and energy	23,612	3,470	1,736	14	28,832
Vehicles expenses	3,288		2,456	265	6,009
Publicity and advertising			40,930		40,930
Taxes, rates and contributions	11,330	2,252	517	20,291	34,390
Insurance	5,897	45	1,744	924	8,610
Travelling	148		513	170	831
Export and import			3,928	64	3,992
Harvest expenses	1,025				1,025
Supplies and chemicals	28				28
Miscellaneous	1,837	3,221	1,009	3,073	9,140
<b>Total</b>	<b>389,428</b>	<b>31,737</b>	<b>453,791</b>	<b>75,920</b>	<b>950,876</b>

## 15. FINANCE COST

	<u>3/31/2014</u>	<u>3/31/2013</u>
Senior Notes and long-term loans interest (1)	31,643	26,585
Other loans interest	16,313	9,920
Other interests	1,383	2,437
<b>Total</b>	<b><u>49,339</u></b>	<b><u>38,942</u></b>

(1) Includes 5,239 (gain) and 4,840 (loss) for the three-month periods ended March 31, 2014 and 2013, respectively, related to adjustments to amortized cost of debt.

## 16. INCOME TAX AND ALTERNATIVE MINIMUM INCOME TAX

	<u>3/31/2014</u>	<u>3/31/2013</u>
Current income tax	(6,358)	(7,099)
Tax loss carry-forwards for the period	83,375	24,391
Net change in temporary differences	14,878	(3,328)
Alternative minimum income tax	(118)	(5,133)
<b>Total</b>	<b><u>91,777</u></b>	<b><u>8,831</u></b>

The reconciliation of income tax expense to the amount derived by applying the applicable statutory income tax rate to result before income tax and alternative minimum income tax for the period is as follows:

	<u>3/31/2014</u>	<u>3/31/2013</u>
Net loss before income tax and alternative minimum income tax	(252,032)	(25,693)
Statutory income tax rate	35%	35%
<b>Income tax at statutory income tax rate</b>	<b><u>88,211</u></b>	<b><u>8,993</u></b>
Permanent differences	3,566	(162)
<b>Total</b>	<b><u>91,777</u></b>	<b><u>8,831</u></b>

## 17. PLEDGED AND RESTRICTED ASSETS

- a) Certain assets owned by the Company are pledged as collateral for bank and financial liabilities, tax debt (tax régime for promoted activities) and other liabilities for a total amount of 111,763 as of March 31, 2014 (106,900 as of December 31, 2013). Detail of pledged assets is as follows:

	<u>3/31/2014</u>	<u>3/31/2013</u>
Trade accounts receivable	44,374	46,245
Property, plant and equipment, and others	3,558	3,689
Equity value of holding in subsidiary company Promas S.A.	39,824	40,213
Equity value of holding in subsidiary Compañía Puntana de Carnes Elaboradas S.A.	103,427	104,125

- b) The Company also has pre-export credit lines in order to finance exports, which have as collateral, according to each case, a trust set up over the collections obtained from sales to the domestic retail market, inventories (of the parent Company and its subsidiary company Mastellone San Luis S.A.) and the assignment of purchase orders of the subsidiary company Leitesol I.C.S.A. As of March, 31, 2014, inventories were collateralized for an

amount of 237,589 (191,742 as of December 31, 2013). The outstanding balance of the debt amounts to 303,178 as of March 31, 2014 and 219,944 as of December 31, 2013.

- c) Additionally, as of March 31, 2014 there were other receivables – guarantee deposits (current and non-current) for an amount of 1,049 (1,052 as of December 31, 2013) in guarantee of financial and commercial transactions and restricted assets disclosed in caption “other receivables – other” (current) for 809 as of March 31, 2014 (579 as of December 31, 2013).
- d) There are financial assets – investment funds by 2,292 of restricted availability as of March 31, 2014 (9,554 as of December 31, 2013), to secure transactions to purchase foreign currency forwards.
- e) The subsidiary company Con-ser S.A. held certain properties encumbered with privilege of first grade for a net value of 5,631 as of March 31, 2014 (5,664 as of December 31, 2013), in guarantee of the business relationship with YPF S.A. and Oil Combustibles S.A., for an indefinite period while the commercial relationship between the parties is maintained. The guarantee amounts to US\$ 2,400 thousand as of March 31, 2014 and December 31, 2013.
- f) See also commitments and collaterals granted by the stockholders for the financial debt described in Note 9.1.

#### 18. RELATED PARTIES OUTSTANDING BALANCES

Company	Other financial assets		Trade account receivable		Other receivables	
	(current)		(current)		(current)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	12/31/2013	
Afianzar S.G.R.			2	3		
Fideicomiso Formu			21	102		
Frigorífico Nueva Generación S.A.			179	611		
José Mastellone			13			
Logística La Serenísima S.A.			97,289	61,704		
Los Toldos S.A.	686	1,029	320	225		41
<b>TOTAL</b>	<b>686</b>	<b>1,029</b>	<b>97,824</b>	<b>62,645</b>		<b>41</b>

  

Company	Trade payable		Borrowings		Advances from customers	
	(current)		(current)		(current)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Afianzar S.G.R.	6	12				
Fideicomiso Formu			41,602	41,387		
Juan Rocca S.R.L.				1,855		
Logística La Serenísima S.A.	147,689	80,892			1,490	6
<b>TOTAL</b>	<b>147,695</b>	<b>80,904</b>	<b>41,602</b>	<b>43,242</b>	<b>1,490</b>	<b>6</b>

## 19. RELATED PARTIES OPERATIONS

Transactions with related parties for the three-month periods ended March 31, 2014 and 2013 were as follows:

	<u>3/31/2014</u>	<u>3/31/2013</u>
<u>Revenues</u>		
Afianzar S.G.R.		2
Danone Argentina S.A.		97,587
Fideicomiso Formu	257	209
Frigorífico Nueva Generación S.A.	65	64
José Mastellone	23	
Logística La Serenísima S.A.	7,005	4,893
Los Toldos S.A.	197	96
<u>Purchase of goods and services</u>		
Afianzar S.G.R.		21
Danone Argentina S.A.		13,717
Logística La Serenísima S.A.	161,661	123,783
Los Toldos S.A.	957	784
Masleb S.R.L.		344
<u>Investment income</u>		
Los Toldos S.A.		72
Logística La Serenísima S.A.	926	652
<u>Finance cost</u>		
Fideicomiso Formu	3,155	1,522
Juan Rocca S.R.L.		10
<u>Purchase of property, plant and equipment, and others</u>		
Logística La Serenísima S.A.		180

During the three-month periods ended March 31, 2014 and 2013, the Company paid a total of 19,907 and 10,367, respectively, in concept of remuneration and fees to members of the Board of Directors and executive officers. The Company does not provide its Directors or executive officers with any type of pension, retirement or similar benefits.

## 20. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports regarding components of the Company that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance.

The accounting policies used for the preparation of the information for the segments that are reported are the same that the Company's accounting policies described in Note 2.

The Company's reportable segments under IFRS 8 are as follows:

- **Dairy products:** Includes the sales of products manufactured with the raw milk purchased by the Company directly to dairy farmers located in Argentina and, to a lower extent, to other dairy companies. Such sales are made in the Argentine domestic market (mainly retailers and public agencies), in the Brazilian domestic market (retailers) and the international markets (exports to third parties).



- **Olive products:** includes the sale (mostly in the international markets) of olive oil processed from the harvest of olive trees of the subsidiary Promas S.A., as well as production purchased to third parties. Such sales are made mainly in the international markets.
- **Other:** Includes principally services related to the transportation of raw milk and other associated to the coordination of such transport (purchases and sales of trucks, spare parts, etc.).

Information	3/31/2014			
	Dairy	Olive	Other	Total
Revenue from external customers	2,655,845	3,650	126,520	2,786,015
Intersegment revenue	664	3	106,614	107,281
Net loss for the period	(153,778)	(7,681)	1,204	(160,255)
Assets allocated to the business lines	3,742,241	90,080	171,492	4,003,813
Liabilities allocated to the business lines	3,360,443	10,114	110,366	3,480,923
Additions to property, plant and equipment, and others	47,088	1,042	80	48,210
Depreciation of property, plant and equipment, and others	32,013	791	1,431	34,235
Amortization of intangible assets	9,974			9,974
Depreciation of investment property	43			43
Net domestic revenue	2,285,089	3,650	126,520	2,415,259
	3/31/2013			
	Dairy	Olive	Other	Total
Revenue from external customers	1,886,176	7,351	91,233	1,984,760
Intersegment revenue	475		82,218	82,693
Net loss for the period	(13,072)	(1,455)	(2,335)	(16,862)
Assets allocated to the business lines	3,078,763	101,145	149,947	3,329,855
Liabilities allocated to the business lines	2,545,463	12,210	92,061	2,649,734
Additions to property, plant and equipment, and others	39,694	231	902	40,827
Depreciation of property, plant and equipment, and others	27,545	809	1,279	29,633
Amortization of intangible assets	118			118
Depreciation of investment property	43			43
Net domestic revenue	1,708,737	7,351	91,233	1,807,321

Additionally, the Board of Directors reviews the information based on the following geographical segments:

Period	Revenue			Total
	Domestic market	Exports		
		Brazil and Paraguay	Other countries	
3/31/2014	2,415,259	189,231	181,525	2,786,015
3/31/2013	1,807,321	127,629	49,810	1,984,760

## 21. APPROVAL OF THESE FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized to be issued on May 9, 2014.