Mastellone Hermanos S.A.
Condensed Interim Consolidated
Financial Statements
for the three-month period ended
March 31, 2013

MASTELLONE HERMANOS SOCIEDAD ANÓNIMA

CONSOLIDATED INFORMATIVE SUMMARY
AS OF MARCH 31, 2013
(in thousands of Argentine pesos)

1. BRIEF COMMENT ON THE COMPANY'S ACTIVITIES (*)

Results for the first quarter of 2013 show a substantial improvement as compared with those of the same period of 2012, in spite of being such period, due to seasonal reasons, usually one of the weakest of the year (with a drop in demand and cost increases). That is a clear indication of the success in the corrective actions taken to improve our cash generation and economic results. The accounting impact of losses from exchange differences, not compensated with adjustments in the value of the fixed assets financed with the liabilities originating such losses, had a negative impact on the economic results for the period.

2. CONSOLIDATED FINANCIAL POSITION

	3/31/2013	3/31/2012	3/31/2011
	(in thousand pesos)		
Current assets	1,720,676	1,478,072	1,214,545
Non-current assets	1,609,179	1,511,316	1,490,836
TOTAL	**3,329,855**	**2,989,388**	**2,705,381**
Current liabilities	1,579,946	1,136,109	816,305
Non-current liabilities	1,069,788	1,078,648	1,103,474
TOTAL	**2,649,734**	**2,214,757**	**1,919,779**
Equity attributable to owners of the Company	**680,111**	**774,621**	**785,592**
Non-controlling interests	**10**	**10**	**10**
TOTAL EQUITY	**680,121**	**774,631**	**785,602**
TOTAL LIABILITIES AND EQUITY	**3,329,855**	**2,989,388**	**2,705,381**

3. CONSOLIDATED STATEMENTS OF OPERATIONS

	3/31/2013	3/31/2012	3/31/2011
	(in thousand pesos)		
Operational results – income	47,267	1,391	1,165
Investment income, financial cost and foreign exchange differences	(70,420)	(45,752)	(44,956)
Other gains and losses	(2,540)	5,490	422
Loss before taxes	**(25,693)**	**(38,871)**	**(43,369)**
Income tax and alternative minimum income tax	8,831	8,152	11,486
NET LOSS FOR THE PERIOD	**(16,862)**	**(30,719)**	**(31,883)**
Other comprehensive income	**5,566**	**3,702**	**3,838**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(11,296)**	**(27,017)**	**(28,045)**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

	3/31/2013	3/31/2012	3/31/2011
	(in thousand pesos)		
Cash flows provided by operating activities	49,044	50,547	54,743
Cash flows used in investing activities	(29,435)	(44,879)	(22,952)
Cash flows (used in) provided by financing activities	(30)	3,734	33,873
Cash and cash equivalents provided in the period	**19,579**	**9,402**	**65,664**

5. PRODUCTION AND SALES VOLUME (*)

	ACUMULATED SALES		
	3/31/2013	3/31/2012	3/31/2011
	(in thousand liters of milk)		
Domestic market	389,792	378,945	350,732
Foreign market	51,086	56,494	58,138
Total	**440,878**	**435,439**	**408,870**

The production volumes are similar to sales volumes due to the perishable nature of marketed products.

6. RATIOS

	3/31/2013	3/31/2012	3/31/2011
Current assets to current liabilities	1.09	1.30	1.49
Equity attributable to owners of the Company to total liabilities	0.26	0.35	0.41
Non-current assets to total assets	0.48	0.51	0.55

7. OUTLOOK (*)

As indicated in our last Informative Summary, we remain seeing a positive outlook for the Company. We believe there are significant competitive advantages and strengths (strong commercial performance, both in the raw milk procurement and the sales of final products to the market, consolidation of our cheese sales, strong commercial position in Brazil, etc.), which will allow us to face our challenges ahead (such as cost pressures and risks associated with the evolution of demand).

8. CALCULATION OF THE EBITDA OF THE COMPANY (*)

A calculation of EBITDA (according to its definition under the terms of the agreement of the debt refinancing of May 2010) (“Contractual $_{(1)\ (2)}$ EBITDA”) for the three-month periods ended March 31, 2013 and 2012 and for the twelve month periods April 1, 2012 to March 31,2013 and April 1, 2011 to March 31, 2012 is included below. This calculation is presented only to be used as guidance by holders and any other interested parties. The calculation, which is stated in thousands of pesos, should be considered an estimate subject to adjustments and not to be an indication, either explicit or implicit, of the Contractual EBITDA amount for the future.

		3/31/2013		3/31/2012		3/31/2013		3/31/2012	
		Three months (1/1/2013 to 3/31/2013)		**Three month (1/1/2012 to 3/31/2012)**		**Twelve months (4/1/2012 to 3/31/2013)**		**Twelve months (4/1/2011 to 3/31/2012)**	
1	Net loss for the period		(16,862)		(30,719)		(101,639)		(7,059)
2	Income tax and alternative minimum income tax		(8,831)		(8,152)		16,050		4,780
3	Amortization								
	Amortization of intangible assets		118		186		654		722
4	Depreciation		29,676		25,530		111,985		125,151
	Depreciation of property, plant and equipment, and others	29,633		25,488		111,814		125,018	
	Depreciation of investment property	43		42		171		133	
5	Fixed charges		38,942		34,533		149,215		127,386
	Financial cost	38,942		34,533		149,215		127,386	
	Secured debt payments by the Company								
	Payment of dividends on preferred stock								
6			46,076		14,901		169,526		69,438
	All exchange differences	46,076		14,901		169,526		69,438	
	All the inflation adjustment								
7	Other charges which have not and will not imply a cash movement		-		-				1,013
	Write-off of spare parts							1,013	
	Total contractual EBITDA		**89,119**		**36,279**		**345,791**		**321,431**

(1) Contractual EBITDA may differ from the EBITDA or Adjusted EBITDA, all being measures that the Company may present in other documents and that shows additional information about its ability to pay its debt, but that do not arise from professional accounting standards. No form of EBITDA should be considered in isolation or as a substitute of other measures of financial performance or liquidity or as a substitution of measures arising from professional accounting standards. We believe that EBITDA is a measure commonly reported and widely used by investors and other interested parties in the industry as a measure of a company's operating performance and debt servicing ability because it assists in comparing performance on a consistent basis without computing depreciation and amortization charges, among others. However, Contractual, Adjusted EBITDA or similar measures may not be comparable in all instances to other similar types of measures used by other companies

(2) Contract values reported EBITDA originate in the historical operations of the Company for the periods indicated in each case, and are not estimates or provisions of the values that could be achieved in the future. The Company assumes no responsibility for any discrepancies that may exist.

(*) Information not reviewed by the Independent Auditors.

Buenos Aires, May 9, 2013

MASTELLONE HERMANOS SOCIEDAD ANÓNIMA
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2013
(in thousands of Argentine pesos)

	Notes	3/31/2013	12/31/2012
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		85,650	66,071
Other financial assets	3	10,563	23,580
Trade accounts receivable	4 and 17	836,928	698,372
Tax credits		33,439	37,341
Other receivables	5 and 17	28,267	25,461
Inventories	6 and 17	725,829	724,185
Total Current Assets		**1,720,676**	**1,575,010**
NON-CURRENT ASSETS			
Other financial assets	3	4,697	4,509
Tax credits		18,999	22,970
Other receivables	5 and 17	32,769	31,772
Deferred tax assets	11	5,851	4,253
Advances to suppliers		19,721	19,401
Property, plant and equipment, and others	7 and 17	1,508,606	1,496,573
Investment property		1,636	1,679
Goodwill		3,121	3,121
Intangible assets		2,752	2,870
Other assets		11,027	10,227
Total Non-Current Assets		**1,609,179**	**1,597,375**
TOTAL ASSETS		**3,329,855**	**3,172,385**
CURRENT LIABILITIES			
Trade payable	8	915,754	810,420
Borrowings	9 and 17	386,157	344,642
Accrued salaries, wages and payroll taxes	10	176,482	170,815
Taxes payable		84,528	75,824
Advance from customers		7,196	22,781
Provisions		2,662	1,897
Other liabilities		7,167	7,210
Total Current Liabilities		**1,579,946**	**1,433,589**
NON-CURRENT LIABILITIES			
Trade payable		7,359	7,511
Borrowings	9 and 17	812,323	770,314
Taxes payable		56,094	57,156
Deferred tax liabilities	11	166,557	187,162
Provisions		23,013	21,030
Other liabilities		4,442	4,206
Total Non-Current Liabilities		**1,069,788**	**1,047,379**
Total Liabilities		**2,649,734**	**2,480,968**
EQUITY			
Common stock		457,547	457,547
Reserves		239,426	47,444
Retained earnings – including net result for the period or year		(16,862)	186,416
Equity attributable to owners of the Company		**680,111**	**691,407**
Non-controlling interests		**10**	**10**
Total equity		**680,121**	**691,417**
TOTAL LIABILITIES AND EQUITY		**3,329,855**	**3,172,385**

The accompanying Notes are an integral part of this condensed interim 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, 2013
(in thousands of Argentine pesos)

	Notes	3/31/2013	3/31/2012
Revenue	12	1,984,760	1,613,062
Cost of sales	13	(1,407,782)	(1,197,837)
Gross income		**576,978**	**415,225**
Selling expenses	14	(453,791)	(355,694)
General and administrative expenses	14	(75,920)	(58,140)
Investment income		14,598	3,682
Financial cost	15	(38,942)	(34,533)
Foreign exchange losses		(46,076)	(14,901)
Other gains and losses		(2,540)	5,490
Loss before taxes		**(25,693)**	**(38,871)**
Income tax and alternative minimum income tax	16	8,831	8,152
NET LOSS FOR THE PERIOD		**(16,862)**	**(30,719)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		5,566	3,702
Other comprehensive income , net of income tax		**5,566**	**3,702**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(11,296)**	**(27,017)**
Net loss attributable to:			
Owners of the Company		(16,862)	(30,719)
Non-controlling interests		-	-
Net loss for the period		**(16,862)**	**(30,719)**
Total comprehensive loss attributable to:			
Owners of the Company		(11,296)	(27,017)
Non-controlling interests		-	-
Total comprehensive loss for the period		**(11,296)**	**(27,017)**

The accompanying Notes are an integral part of this condensed interim 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 of the CNV		Owners of the parents	Non controlling interest	
Balance at December 31, 2012	**457,547**	**15,273**	**30,682**	**1,489**		**186,416**	**691,407**	**10**	**691,417**
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)			
Balance at March 31, 2013	**457,547**	**15,273**	**30,682**	**7,055**	**186,416**	**(16,862)**	**680,111**	**10**	**680,121**

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

MASTELLONE HERMANOS SOCIEDAD ANÓNIMA
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2012
(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		Owners of the parents	Non controlling interest	
Balance at December 31, 2011	**457,547**	**15,273**		**(3,776)**	**332,594**	**801,638**	**10**	**801,648**
Net loss for period					(30,719)	(30,719)		(30,719)
Other comprehensive income for the period				3,702		3,702		3,702
Total comprehensive income (loss) for the period				3,702	(30,719)	(27,017)	-	(27,017)
Resolution of General Ordinary Shareholders' Meeting held on March 27, 2012:								
Appropriation to facultative reserve			30,682		(30,682)			
Balance at March 31, 2012	**457,547**	**15,273**	**30,682**	**(74)**	**271,193**	**774,621**	**10**	**774,631**

The accompanying Notes are an integral part of these condensed interim consolidated financial statement

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

	3/31/2013	**3/31/2012**
Cash flows from operating activities		
Net loss for the period	(16,862)	(30,719)
Adjustments to reconcile net loss for the period to net cash provided by operating activities:		
Income tax and alternative minimum income tax accrued	(8,831)	(8,152)
Financial cost	38,942	34,533
Foreign exchange losses	46,679	21,458
Depreciation of property, plant and equipment, and others	29,633	25,488
Additions to provision for doubtful accounts, sale rebates and provisions (net of reversals)	9,565	2,354
Depreciation of investment property	43	42
Amortization of intangible assets	118	186
Gain on sale of property, plant and equipment, and others	(510)	(1,562)
	98,777	**43,628**
Changes in working capital	(42,819)	10,437
Subtotal	**55,958**	**54,065**
Payments of income tax and alternative minimum income tax	(6,914)	(3,518)
Net cash generated by operating activities	**49,044**	**50,547**
Cash flows used in investing activities		
Purchase of property, plant and equipment, and others	(40,827)	(47,988)
Decrease (increase) of other financial assets	12,829	(1,276)
Proceeds from sale of subsidiary company	1,253	3,184
Proceeds from sale of property, plant and equipment, and others	633	2,382
Payment for acquisition of subsidiary	(2,523)	(1,009)
Increase of other assets	(800)	(172)
Net cash used in investing activities	**(29,435)**	**(44,879)**
Cash flows (used in) generated by financing activities		
Net variation in loans	8,183	7,423
Payments of interests	(8,213)	(3,689)
Net cash (used in) generated by financing activities	**(30)**	**3,734**
Increase in cash and cash equivalents	**19,579**	**9,402**
Cash and cash equivalents at beginning of year	**66,071**	**64,101**
Cash and cash equivalents at end of period	**85,650**	**73,503**

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

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 Encarnación Ezcurra 365/375, 2nd floor, office 308, 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

The condensed interim consolidated financial statements for the three-month period ended March 31, 2013 have been prepared in conformity with International Accounting Standard ("IAS") N° 34, "Interim Financial Reporting". 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 Comisión Nacional de Valores ("CNV"), Argentine Securities Commission. In accordance with the above mentioned accounting standards and regulatory standards, IFRS are mandatory for fiscal year beginning January 1st 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, 2012 prepared under IFRS.

The figures and other information for the fiscal year ended December 31, 2012 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, 2012, 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 1st, 2013 which are material to the Company

- The amendments to IAS 1 (Presentation of financial statements) require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Additionally, new terminology for the statement of comprehensive income and income statement were introduced. Under the amendment to IAS 1, the “statement of comprehensive income” is renamed the “statement of profit or loss and other comprehensive income”. See impact of these presentation changes in the condensed interim consolidated statement of profit or loss and other comprehensive income.

- Under IFRS 10 there is only one basis for consolidation, that is control, which contains 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. IFRS 10 replaces the consolidation requirements described in SIC-12 "Consolidation - Specific purpose entities" and IAS 27 "Consolidated and separate financial statements". The application of this standard did not affect significantly the amounts set out in relation to assets and liabilities of the Company.

- IFRS 12 applies to entities that hold interests in subsidiaries, joint arrangements, associated or unconsolidated structures. IFRS 12 requires disclosure objectives, as well as what are the minimum disclosures to be provided to meet these objectives, which are those that help users of financial statement to assess the nature and risks associated with investments in other entities. The changes did not affect significantly the disclosures in the financial statements of the Company.

- IFRS 13 requires one structure for fair value measurements when it is required by another IFRS. This IFRS applies to elements of both financial and non-financial assets and liabilities measured at fair value. Fair value is measured as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the trade date. Additionally, there are more extensive disclosure requirements, for example, quantitative and qualitative disclosures based on the three-level fair value hierarchy. The changes do not affect significantly the disclosures in the financial statements of the Company.

  As of March 31, 2013, financial assets measured at fair value are included in cash and cash equivalents and correspond to financial instruments of level 1.

2.4 Standards and interpretations not yet adopted

The Company did not adopt the following standards and interpretations as per the application of the mentioned pronouncements are not required for the three-month period ended March 31, 2013.

Standard	Name
IFRS 9	Financial instruments[1]
Amendments to IAS 32	Financial instruments: presentation[2]

[1] Effective for fiscal years beginning on or after January 1st, 2015.
[2] Effective for fiscal years beginning on or after January 1st, 2012.

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

  IFRS 9 requires all recognised 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 recognised 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 recognised in profit or loss.

  IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

  The Company´s Board of Directors anticipates that the IFRS 9 will be adopted in the financial statements of the Company for the fiscal year beginning on 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 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 Company´s Board of Directors anticipates that amendments to IAS 32 will be adopted in the financial statements of the Company for the fiscal year beginning January 1, 2014 and will be applied retrospectively. It is likely that changes will not affect significantly the disclosures in the financial statements 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 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 condensed interim consolidated financial statements:

			% of direct and indirect participation in capital stock and votes		
Company	**Main activity**	**Country**	**3/31/2013**	**12/31/2012**	**3/31/2012**
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 *Ser* and *La Serenísima*	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. (1)	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
Transporte Lusarreta Hermanos S.A. (2)	Inactive	Argentina	100.00	100.00	100.00

(1) The company Mastellone de Paraguay S.A. had not been consolidated as of March 31, 2012 due to the lack of significance.

(2) Indirectly controlled by the Company because it is controlled by Con-Ser S.A. This company is in process of merger into Con-Ser S.A.

The financial position statements of Mastellone Hermanos Sociedad Anónima as of March 31, 2013 and December 31, 2012 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, 2013 and 2012, 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, 2013 and 2012 of Marca 4 S.A., Mastellone de Paraguay S.A., Mastellone Hermanos do Brasil Comercial e Industrial Ltda and Transportes Lusarreta Hermanos S.A. The financial statements of such companies used for the preparation of the consolidated financial statements were those as of December 31, 2012 and 2011, 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.

3. OTHER FINANCIAL ASSETS

	3/31/2013	12/31/2012
• Current		
Private bonds	7,536	7,538
Short-term investments - related parties (Note 18)	1,660	1,589
Short-term investments – other	1,367	2,102
Public bonds		12,351
Total	**10,563**	**23,580**
• Non-current		
Long-term investments	4,697	4,509
Total	**4,697**	**4,509**

4. TRADE ACCOUNTS RECEIVABLE

	3/31/2013	12/31/2012
Third parties (domestic)	539,274	518,609
Related parties (Note 18)	283,791	168,871
Foreign receivables	2,061	7,763
Notes receivables	11,455	3,048
Tax incentives on exports	18,254	17,434
Subtotal	**854,835**	**715,725**
Allowance for doubtful accounts	(12,894)	(11,161)
Allowance for trade discounts and volume rebates	(5,013)	(6,192)
Total	**836,928**	**698,372**

5. OTHER RECEIVABLES

	3/31/2013	12/31/2012
• Current		
Prepaid expenses	12,340	7,863
Receivable from sale of subsidiary company	6,669	8,023
Receivable from sale of property, plant and equipment, and others	3,055	2,982
Advances to services suppliers	1,777	834
Insurance receivable	354	1,100
Guarantee deposits (Note 17)	129	127
Receivables from customers in receivership and in bankruptcy	166	166
Other	4,364	4,953
Subtotal	**28,854**	**26,048**
Allowance for doubtful accounts	(587)	(587)
Total	**28,267**	**25,461**
• Non-current		
Régime for the professionalization of transport	17,567	17,567
Receivables from customers in receivership and in bankruptcy	16,313	15,770
Receivable from sale of subsidiary company	5,698	5,479
Recovery of decrees N° 7290/67 and 9038/78	3,992	3,992
Guarantee deposits (Note 17)	672	579
Other	1,888	1,239
Subtotal	**46,130**	**44,626**
Allowance for doubtful accounts	(13,361)	(12,854)
Total	**32,769**	**31,772**

6. INVENTORIES

	3/31/2013	12/31/2012
Resale goods	29,601	26,981
Finished goods	263,043	293,177
Work in progress	203,709	186,281
Raw materials, packaging and other materials	200,069	190,525
Goods in transit	23,602	20,618
Subtotal	**720,024**	**717,582**
Advances to suppliers	5,805	6,603
Total	**725,829**	**724,185**

7. PROPERTY, PLANT AND EQUIPMENT, AND OTHERS

3/31/2013

	Cost or deemed cost						Depreciation						Net value at the end of the period
	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 %	Depreciation Of the period	Accumulated depreciation at the end of the period	
Land and buildings	892,389	236				892,625	101,282	121		2, 2.5, 3.3 and 5	7,134	108,537	784,088
Olive plantations	50,166					50,166	13,485			2	496	13,981	36,185
Machinery and equipment, containers, tools and spare parts (1)	969,722	26	1,181	9,200	253	979,876	768,612	25	168	5 and 10	6,748	775,217	204,659
Fittings, laboratory equipment and furniture	834,230	117	2,529	889	167	837,598	602,594	81	164	5, 10, 25 and 33	6,572	609,083	228,515
Vehicles (2)	150,389	8	825		238	150,984	108,084	8	203	10 and 20	1,636	109,525	41,459
Work in progress	143,322		24,161	(7,367)		160,116							160,116
Advances to suppliers	3,763		297	(1,912)		2,148							2,148
Subtotal	**3,043,981**	**387**	**28,993**	**810**	**658**	**3,073,513**	**1,594,057**	**235**	**535**		**22,586**	**1,616,343**	**1,457,170**
Other:													
Trays	123,186		11,834			135,020	76,537			33	7,047	83,584	51,436
Carrying amount as of March 31, 2013	**3,167,167**	**387**	**40,827**	**810**	**658**	**3,208,533**	**1,670,594**	**235**	**535**		**29,633**	**1,699,927**	**1,508,606**

(1) Includes machinery operated by Promas S.A. with a net value of 10,699 as of March 31, 2013.
(2) Includes vehicles operated by frighters of Con-Ser S.A. and Logística la Serenísima S.A. with a net value of 16,204 as of March 31, 2013.

12/31/2012

	Cost or deemed cost						Depreciation						Net value at the end of the year
										Depreciation			
	Value at the beginning of the year	Foreign currency exchange differences	Acquisitions	Transfers	Retirement and disposal	Value at the end of the year	Accumulated depreciation at the beginning of the year	Foreign currency exchange differences	Retirement and disposal	Rate %	Of the year	Accumulated depreciation at the end of the year	
Land and buildings	876,890	814	804	14,796	915	892,389	72,108	424	23	2, 2.5, 3.3 and 5	28,773	101,282	791,107
Olive plantations	50,166					50,166	11,504			2	1,981	13,485	36,681
Machinery and equipment, containers, tools and spare parts (1)	942,618	107	4,641	24,494	2,138	969,722	742,518	84	1,179	5 and 10	27,189	768,612	201,110
Fittings, laboratory equipment and furniture	790,844	392	7,561	36,540	1,107	834,230	580,859	330	1,042	5, 10, 25 and 33	22,447	602,594	231,636
Vehicles (2)	133,312	41	15,220	6,127	4,311	150,389	105,078	10	2,656	10 and 20	5,652	108,084	42,305
Work in progress	82,776		117,460	(56,310)	604	143,322							143,322
Advances to suppliers	7,212		19,423	(21,620)	1,252	3,763							3,763
Subtotal	**2,883,818**	**1,354**	**165,109**	**4,027**	**10,327**	**3,043,981**	**1,512,067**	**848**	**4,900**		**86,042**	**1,594,057**	**1,449,924**
Other:													
Trays	85,376		37,810			123,186	54,910			33	21,627	76,537	46,649
Carrying amount as of December 31, 2012	**2,969,194**	**1,354**	**202,919**	**4,027**	**10,327**	**3,167,167**	**1,566,977**	**848**	**4,900**		**107,669**	**1,670,594**	**1,496,573**

(1) Includes machinery operated by Promas S.A. with a net value of 6,498 as of December 31, 2012.
(2) Includes vehicles operated by frighters of Con-Ser S.A. and Logística la Serenísima S.A. with a net value of 16,506 as of December 31, 2012.

8. TRADE PAYABLE - CURRENT

	3/31/2013	12/31/2012
Trade payables	553,494	553,747
Related parties (Note 18)	189,258	88,880
Note payables	164,476	155,847
Foreign suppliers	8,526	11,946
Total	**915,754**	**810,420**

9. BORROWINGS

	3/31/2013	12/31/2012
Short-term debt		
Principal:		
Senior notes and loan debt:		
Senior Notes:		
Series A, B and C – due 2018	37,154	35,674
Serie D – final due 2015	7,683	7,377
Series E – final due 2013 (net of commissions and expenses related to the issuance by 548 as of 3/31/2013 and 1,103 as of 12/31/2012)	101,892	97,257
Subtotal	146,729	140,308
Loan:		
Tranche A – final due 2015	25,701	24,677
Tranche B – final due 2018	3,692	3,545
Subtotal	29,393	28,222
Subtotal – Senior Notes and loan debt	**176,122**	**168,530**
Other financial debt:		
Unsecured debt	33,233	25,712
Unsecured debt – related parties (Note 18)	1,368	1,314
Secured debt	116,731	117,989
Secured debt – related parties (Note 18)	32,285	28,063
Subtotal – Other financial debt	**183,617**	**173,078**
Total principal	**359,739**	**341,608**
Accrued interest:		
Unsecured - related parties (Note 18)	7	3
Unsecured and secured debt	26,411	3,031
Total accrued interest	**26,418**	**3,034**
Total	**386,157**	**344,642**

	3/31/2013	12/31/2012
Long-term debt		
Principal:		
Senior Notes and loan debt:		
Senior Notes:		
Series A, B and C – due 2018	655,160	629,066
Series D – final due 2015	35,854	34,426
Subtotal	691,014	663,492
Loan:		
Tranche A – final due 2015	119,938	115,161
Tranche B – final due 2018	66,450	63,804
Subtotal	186,388	178,965
Subtotal – Senior Notes and loan debt	**877,402**	**842,457**
Other financial debt:		
Unsecured debt	2,100	2,673
Secured debt	7,671	4,859
Subtotal – Other financial debt	**9,771**	**7,532**
Total principal	**887,173**	**849,989**
Adjustment to net present value:		
Senior Notes Series A, B and C – due 2018	(50,264)	(52,853)
Senior Notes Series D – final due 2015	(4,480)	(4,933)
Loan debt – tranche A – final due 2015	(15,090)	(16,539)
Loan debt – tranche B – final due 2018	(5,016)	(5,350)
Total adjustment to net present value	**(74,850)**	**(79,675)**
Total	**812,323**	**770,314**

9.1 Main loans agreements

9.1.1 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.

1. Summary of the outstanding balances as of March 31, 2013 of the financial debt - final due 2015 and 2018:

Debt restructured	Amount in the original currency – in thousands		Amount in thousand pesos (as of March 31, 2013)
Senior Notes Series A, B and C – final due 2018	U$S	135,165	692,314
Senior Notes Series D – final due 2015	U$S	8,500	43,537
Loan debt – tranche A – final due 2015	U$S	28,434	145,639
Loan debt – tranche B – final due 2018	U$S	13,694	70,142

2. Outstanding principal and interests payment as of March 31, 2013:

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, 2013	2.50%	8.00%	7.50%	(**)
December 31, 2013	2.50%	8.00%	7.50%	(**)
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 U$S 5 million, based on the EBITDA (in accordance with the terms included in the loan contract) of the prior fiscal year in excess of U$S 40 million, with a maximum of 4% if the EBITDA is higher than US$ 104,999,999. 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 accrue a contingent interest rate of 1.2% based on the 2012 EBITDA estimated for the fiscal year ended December 31, 2012.

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, 2012, 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 1st 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 Leitesol Industria e Comercio Ltda., Mastellone San Luis S.A. and Promas S.A are jointly and severally liable for the Senior Notes and loan debt. In February 2011, the Board of Directors of the Company and Con-Ser S.A. approved that the latter will be also jointly and severally liable (in the same terms) for such debt.

9.1.2 Issuance of Senior Notes Series E

On December 21, 2010, the Company issued US$ 20,000,000 face value Senior Notes Series E, bearing a fixed 9.5% annual interest rate, payable every six months, and maturing on June 21, 2013, which were issued as part of the Global Programme of Issuance of Senior Notes for a nominal value of US$ 250,000,000 approved by the National Securities Commission in 2007. The proceeds from the issuance were used to repay short-term debt and to fund working capital needs.

The debt contract includes commitments and usual conditions for this type of debt agreements. Subsidiaries Leitesol Industria e Comercio Ltda., Mastellone San Luis S.A. and Promas S.A are jointly and severally liable for the Senior Notes. In February 2011, the Board of Directors of the Company and Con-Ser S.A. approved that the latter will be also jointly and severally liable (in the same terms) for such debt.

10. ACCRUED SALARIES, WAGES AND PAYROLL TAXES

	3/31/2013	12/31/2012
Payroll and bonus to management	128,288	113,917
Social security taxes	48,194	56,898
Total	**176,482**	**170,815**

11. DEFERRED TAX

	3/31/2013	12/31/2012
Deferred tax assets:		
Temporary differences:		
Provisions and other non-deductible accrued expenses	9,666	8,184
Inventories	7,638	10,322
Property, plant and equipment, and others	(1,956)	(1,653)
Tax loss carry-forwards	20,456	16,837
Alternative minimum income tax	10,840	10,345
Valuation allowance for alternative minimum income tax and deferred income tax	(40,793)	(39,782)
Total	**5,851**	**4,253**
Deferred tax liabilities:		
Temporary differences:		
Provisions and other non-deductible accrued expenses	15,251	13,617
Inventories	15,267	23,646
Intangible assets	655	624
Other assets	(476)	(476)
Property, plant and equipment, and others	(320,664)	(320,617)
Credits deducted for tax purposes	(1,059)	(1,239)
Adjustment to present value	(26,448)	(28,132)
Tax loss carry-forwards	94,029	69,273
Alternative minimum income tax	117,766	111,988
Valuation allowance for alternative minimum income tax and deferred income tax	(60,878)	(55,846)
Total	**(166,557)**	**(187,162)**

The unused tax loss carry-forwards filed with tax authorities by Mastellone Hermanos S.A. and its subsidiaries as of March 31, 2013 are as follows:

Year of generation	Tax loss amount	Applicable tax rate	Credit due to tax loss carry-forward		Expiration – date for submission of tax returns fiscal years
2008	85,870	35%	30,055		2013
2009	14,918	35%	5,221		2014
2010	19,199	35%	6,720		2015
2011	42,742	35%	14,960		2016
2012	76,541	35%	26,789		2017
			83,745		
(1)	6,792	34%	2,307		Unlimited
Tax loss carry-fowards of the period			28,433	(2)	
			114,485		

(1) Tax losses generated by the Brazilian foreign subsidiaries, which can be offset up to 30% of each year's tax profit, have no expiration date. They were converted at the exchange rate applicable at period-end.

(2) Corresponds toBrazilian the tax income (loss) estimated for the three-month period ended March 31, 2013, which will turn into a tax loss carry-forward arising from the tax return provided that the tax loss remains at the end of fiscal year 2013.

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

	Balance at the beginning of the year	Reduction of tax loss carry-forwards	Tax loss carry-forwards expired in the period or year	Charge for the period or the year (1)	Balance at the end of the period or year
Temporary differences between book carrying amounts and tax basis of assets and liabilities	(295,724)			(6,402)	(302,126)
Tax loss carry-forwards	86,110			28,375	114,485
Total as of March 31, 2013	**(209,614)**	**-**	**-**	**21,973**	**(187,641)**
Temporary differences between book carrying amounts and tax basis of assets and liabilities	(315,609)			19,885	(295,724)
Tax loss carry-forwards	74,385	(14,991)	(711)	27,427	86,110
Total as of December 31, 2012	**(241,224)**	**(14,991)**	**(711)**	**47,312**	**(209,614)**

(1) Charged to income tax – Note 16, in 2013.

12. REVENUE

	3/31/2013	3/31/2012
Product sales	2,126,973	1,711,302
Services provided	70,167	56,871
Turnover tax	(60,202)	(42,624)
Sales discounts and volume rebates	(110,745)	(82,582)
Sales returns	(41,433)	(29,905)
Total	**1,984,760**	**1,613,062**

Sales commitments

- The Company has entered into certain term supply agreements through which it procures raw material and provides industrial services to Danone Argentina S.A.
- The Company has agreed to meet export commitments of powdered milk and whey for a total of approximately 2,100 tons with an estimated contract value of US$ 4,500,000.
- Additionally, the Company has entered into agreements with provincial and national public agencies for the sale of approximately 3,700 tons of powdered and fluid milk with an estimated contract value of 125,600.

13. COST OF SALES

	3/31/2013	3/31/2012
Cost of goods sold:		
Inventories at the beginning of the year		
Resale goods	26,981	20,537
Finished goods	293,177	326,090
Work in progress	186,281	153,468
Raw materials, packaging and other materials	190,525	147,027
Goods in transit	20,618	26,795
	717,582	673,917
Purchases	982,973	886,529
Production expenses (Note 14)	389,428	315,773
Re-measurement of foreign subsidiaries inventories	3,737	2,457
Benefits from industrial promotion	(4,527)	(6,925)
Inventories at the end of the period		
Resale goods	(29,601)	(28,334)
Finished goods	(263,043)	(347,362)
Work in progress	(203,709)	(161,034)
Raw materials, packaging and other materials	(200,069)	(163,204)
Goods in transit	(23,602)	(6,015)
	(720,024)	(705,949)
Subtotal - cost of goods sold	**1,369,169**	**1,165,802**
Cost of services rendered:		
Purchases	6,876	6,294
Production expenses (Note 14)	31,737	25,741
Subtotal - cost of services rendered	**38,613**	**32,035**
Total cost of sales	**1,407,782**	**1,197,837**

Purchase commitments:

- The Company and its subsidiary Mastellone San Luis S.A. ("MSL"), and Danone Argentina S.A. ("DA"), agreed on the terms of the services to be provided by Logística La Serenísima S.A. ("Logística") related to the distribution of dairy and fresh products in Argentina up to October 1, 2040. The price charged by Logística for its services is actual costs plus a 0.1% margin. The agreement provides that if any party (Mastellone Hermanos Sociedad Anónima or MSL) decides to cancel without cause the agreement before the end of the abovementioned term a penalty of US$ 50,000,000 should be paid to Logística. This penalty would not be applicable if termination of the contract is due to non-compliance of Logística with its duties under the agreement. Moreover, the same penalty should be paid by the Company or MSL if one of these companies produces products similar to products currently marketed by Danone.

- In July 2004 Promas S.A. entered into an agreement with Establecimientos Agropecuarios Lar S.A. for the purchase of future olive harvests and the exploitation of 400 hectares in the province of Catamarca.

  On March 12, 2007 the subsidiary company entered into a new agreement with Establecimientos Agropecuarios Lar S.A. extending the productive and financial schedule and the quantity of hectares to 480. This document binds Lar S.A. to deliver 97,800 tons of olives throughout the duration of the contract, which started on the date of signature and will expire with the completion of harvest in 2030. Promas S.A. will receive 100% of olives production, with a guaranteed minimum. On December 29, 2011, this agreement was modified (effective January 1st, 2012) by eliminating the guaranteed minimum that Lar S.A. was obliged to deliver according to the previous contract.

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

	3/31/2013				
	Production expenses	Cost of services	Selling expenses	General and administrative expenses	Total
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
Total	**389,428**	**31,737**	**453,791**	**75,920**	**950,876**

	3/31/2012				
	Production expenses	Cost of services	Selling expenses	General and administrative expenses	Total
Remuneration to members of the Board of Directors and members of the statutory Audit Committee				7,351	7,351
Fees and compensation for services	32,703		78,967	7,229	118,899
Payroll, bonus and social security charges	133,176	13,934	47,777	22,760	217,647
Depreciation of property, plant and equipment, and others	20,555	2,454	1,703	776	25,488
Amortization of intangible assets	90			96	186
Provision for bad debts			4,527		4,527
Freights	73,530		163,858		237,388
Maintenance and repair	13,946	585	2,042	53	16,626
Office and communication	211	50	98	414	773
Fuel, gas and energy	20,614	3,229	1,908	12	25,763
Vehicles expenses	2,529		1,781	262	4,572
Publicity and advertising			42,025		42,025
Taxes, rates and contributions	13,313	2,343	306	16,339	32,301
Insurance	3,741	50	1,520	277	5,588
Travelling	121		382	80	583
Export and import			5,475	47	5,522
Harvest expenses	88				88
Supplies and chemicals	53				53
Miscellaneous	1,103	3,096	3,325	2,444	9,968
Total	**315,773**	**25,741**	**355,694**	**58,140**	**755,348**

15. FINANCIAL COST

	3/31/2013	3/31/2012
Senior Notes and long-term loans interest (1)	26,585	29,587
Other loans interest	7,547	3,137
Other interests	4,810	1,809
Total	**38,942**	**34,533**

(1) Includes 4,840 and 7,975 for the three-month periods ended March 31, 2013 and 2012, respectively, related to adjustments to present value of debt.

16. INCOME TAX AND ALTERNATIVE MINIMUM INCOME TAX

	3/31/2013	3/31/2012
Current income tax	(7,099)	(7,865)
Tax loss carry-forwards for the period	28,375	13,890
Net change in temporary differences	(6,402)	4,391
Subtotal	**14,874**	**10,416**
Valuation allowance on alternative minimum income tax and deferred income tax	(6,043)	(2,264)
Total	**8,831**	**8,152**

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:

	3/31/2013	3/31/2012
Net loss before income tax and alternative minimum income tax	(25,693)	(38,871)
Statutory income tax rate	35%	35%
Income tax at statutory income tax rate	**8,993**	**13,605**
Permanent differences	5,881	(3,189)
Valuation allowance on alternative minimum income tax and deferred income tax	(6,043)	(2,264)
Total	**8,831**	**8,152**

17. PLEDGED AND RESTRICTED ASSETS

Certain assets owned by the Company are pledged as collateral for bank and financial liabilities and tax debt (tax régime for promoted activities) for a total amount of 75,338 as of March 31, 2013 (94,123 as of December 31, 2012). Detail of pledged assets is as follows:

	3/31/2013	12/31/2012
Trade accounts receivable	49,885	67,956
Inventories	123,703	63,305
Property, plant and equipment, and others	4,085	4,216
Equity value of holding in subsidiary company Promas S.A.	83,780	77,124

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 and the assignment of purchase orders of the subsidiary company Leitesol I.C.S.A. The outstanding balance of such debt amounts to 107,763 as of March 31, 2013 and 79,682 as of December 31, 2012.

Additionally, as of March 31, 2013 there were other receivables – guarantee deposits (current and non-current) for an amount of 801 (706 as of December 31, 2012) in guarantee of financial and commercial transactions and restricted assets disclosed in caption "other receivables – other" (current) for 51 as of March 31, 2013 (224 as of December 31, 2012).

See also commitments and collaterals granted by the stockholders for the financial debt described in Note 9.1.1 and 9.1.2.

18. RELATED PARTIES OUTSTANDING BALANCES

Company	Other financial assets (current)		Trade account receivables (current)	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Afianzar S.G.R.			3	1
Danone Argentina S.A. (1)			97,450	102,936
Fideicomiso Formu			15	
Frigorífico Nueva Generación S.A.			484	401
José Mastellone				8
Logística La Serenísima S.A.			185,656	65,379
Los Toldos S.A.	1,660	1,589	169	125
Masleb S.R.L.			14	21
TOTAL	**1,660**	**1,589**	**283,791**	**168,871**

(1) Includes receivables arising from sales of raw milk purchased for and on behalf of Danone Argentina S.A. by 73,667 at March 31, 2013 and 74,133 at December 31, 2012.

Company	Trade payable (current)		Borrowings (current)	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Afianzar S.G.R.	22	6		
Danone Argentina S.A.	19,105	22,459		
Fideicomiso Formu			32,285	28,063
Juan Rocca S.R.L.			1,375	1,317
Logística La Serenísima S.A.	169,759	66,047		
Los Toldos S.A.	270	239		
Masleb S.R.L.	102	129		
TOTAL	**189,258**	**88,880**	**33,660**	**29,380**

19. RELATED PARTIES OPERATIONS

Transactions with related parties for the three-month periods ended March 31, 2013 and 2012 were as follows:

	3/31/2013	**3/31/2012**
Revenues		
Afianzar S.G.R.	2	2
Danone Argentina S.A.	97,587	49,017
Fideicomiso Formu	209	134
Frigorífico Nueva Generación S.A.	64	74
Logística La Serenísima S.A.	4,893	4,552
Los Toldos S.A.	96	226
Purchase of goods and services		
Afianzar S.G.R.	21	
Danone Argentina S.A.	13,717	23,266
Logística La Serenísima S.A.	123,783	70,394
Los Toldos S.A.	784	889
Masleb S.R.L.	344	429
Investment income		
Los Toldos S.A.	72	
Financial cost		
Fideicomiso Formu	(1,522)	(954)
Juan Rocca S.R.L.	(10)	(29)
Other gain and losses		
Logística La Serenísima S.A.	652	857
Purchase of property, plant and equipment, and others		
Logística La Serenísima S.A.	180	

During the three-month periods ended March 31, 2013 and 2012, the Company paid a total of 16,429 and 19,869, 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	3/31/2013			
	Dairy	Olive	Other	Total
Revenue	1,886,176	7,351	91,233	1,984,760
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

	3/31/2012			
	Dairy	Olive	Other	Total
Revenue	1,530,462	1,059	81,541	1,613,062
Net loss for the period	(22,392)	(7,251)	(1,076)	(30,719)
Assets allocated to the business lines	2,762,631	89,719	137,038	2,989,388
Liabilities allocated to the business lines	2,128,779	11,201	74,777	2,214,757
Additions to property, plant and equipment, and others	46,941	21	1,026	47,988
Depreciation of property, plant and equipment, and others	23,685	824	979	25,488
Amortization of intangible assets	186			186
Depreciation of investment property	42			42
Net domestic revenue	1,354,897	1,059	81,541	1,437,497

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

Period	**Revenue**		
	Domestic market	**Exports**	**Total**
3/31/2013	1,807,321	177,439	1,984,760
3/31/2012	1,437,497	175,565	1,613,062

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, 2013.

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

To the Board of Directors of
Mastellone Hermanos Sociedad Anónima
Encarnación Ezcurra 365/375 – 2° Floor – Suite 308
City of Buenos Aires

1. We have reviewed the accompanying condensed interim consolidated financial statements of Mastellone Hermanos Sociedad Anónima (also referred to as "Mastellone Hermanos Sociedad Anónima" or the "Company") and its consolidated subsidiaries (subsidiaries detailed in Note 2 to the condensed interim consolidated financial statements) which comprise the condensed consolidated statement of financial position as of March 31, 2013 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period ended on March 31, 2013, with their Notes 1 to 21.

The figures and other information for the fiscal year ended December 31, 2012 and for the three-month period ended on March 31, 2012 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 Company´s Board of Directors is responsible for the preparation and presentation of the financial statements of the Company in accordance with International Financial Reporting Statements adopted by the Argentine Federation of Professional Councils in Economic Sciences as accounting standards and incorporated by the National Securities Commission to its regulations, as they were approved by the International Accounting Standard Board (IASB), and, therefore is responsible for the preparation and presentation of the condensed interim consolidated financial statements attached, in accordance with International Financial Reporting Standard 34, "Interim Financial Reporting". Our responsibility is to issue a limited review report on the condensed interim consolidated financial statements identified in the first paragraph of this section, based on the review carried out pursuant to the scope of work outlined in section 2.

2. We conducted our review in accordance with Technical Resolution N° 7 issued by the Argentine Federation of Professional Councils in Economic Sciences, applicable to Reviews on Interim Financial Information. These standards determine a scope which is substantially less than the application of all the auditing procedures necessary to be able to issue an audit opinion on the financial statements taken as a whole. Those standards basically consist of applying analytical procedures on amounts included in the interim financial statements and of making inquiries of persons responsible for preparing the information included in the financial statements. Consequently, we do not express an opinion on the Company's consolidated financial position at March 31, 2013, or the consolidated comprehensive income, the consolidated changes in equity and the consolidated cash flows for the three-month period then ended.

3. Note 2.1 to the condensed interim consolidated financial statements, disclosed that such 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, 2012 prepared under IFRS.

4. Based on our review performed with the scope described in section 2 of this report, we are in a position to report that nothing has come to our attention that causes us to believe that a material amendment should be made to the condensed interim consolidated financial statements of Mastellone Hermanos Sociedad Anónima identified in the first paragraph, section 1. in order for them to be presented in accordance with International Financial Reporting Standard 34.

5. As a part of our work, the scope of which is described in section 2, we have reviewed the Business highlights required by the National Securities Commission and prepared by the company´s Board of Directors on which, in what is subject of our competence, we have no observations to report.

6. This report and the condensed interim consolidated financial statements referred to in section 1, have been translated into English for the convenience of English-speaking readers. The accompanying condensed interim consolidated financial statements are the English translation of those originally issued by Mastellone Hermanos Sociedad Anónima in Spanish and presented in accordance with IAS 34.

City of Buenos Aires, Argentina.
May 9, 2013

DELOITTE S.C.

José E. Lema (Partner)