Mastellone Hermanos S.A.
Condensed Interim Consolidated
Financial Statements
for the nine-month period ended
September 30, 2013

MASTELLONE HERMANOS SOCIEDAD ANÓNIMA

CONSOLIDATED INFORMATIVE SUMMARY
AS OF SEPTEMBER 30, 2013
(in thousands of Argentine pesos)

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

Results for the third quarter were in line with the trends anticipated in our prior Informative Summary. Our basic cash generation (or EBITDA) (excluding non-recurring results) remained at the same level, although our final results were negatively affected by foreign exchange losses originated in a financial debt mostly denominated in US dollars. From the aspects out of our control, we can point out the following:

(i) Some delay in the expected recovery in raw milk production (mostly due to adverse climatic conditions), which resulted in limitations to our activity level due to the lower availability of raw milk, and

(ii) International prices for dairy commodities continued in strong levels (however, so far had a minor impact on our results due to the aforementioned limitations in availability of raw milk as well as seasonal aspects in its production).

As already reported in our prior Informative Summary, the increase in our basic cash generation and certain sales of non-core assets completed during the second quarter resulted in a substantial improvement of our financial position.

2. CONSOLIDATED FINANCIAL POSITION

	9/30/2013	9/30/2012	9/30/2011
		(in thousand pesos)	
Current assets	2,118,989	1,613,420	1,486,272
Non-current assets	1,667,218	1,582,230	1,469,926
TOTAL ASSETS	**3,786,207**	**3,195,650**	**2,956,198**
Current liabilities	1,902,572	1,505,730	1,058,903
Non-current liabilities	1,137,492	1,003,781	1,093,483
TOTAL LIABILITIES	**3,040,064**	**2,509,511**	**2,152,386**
Equity attributable to owners of the Company	**746,128**	**686,129**	**803,802**
Non-controlling interests	**15**	**10**	**10**
TOTAL EQUITY	**746,143**	**686,139**	**803,812**
TOTAL LIABILITIES AND EQUITY	**3,786,207**	**3,195,650**	**2,956,198**

3. CONSOLIDATED STATEMENTS OF OPERATIONS

	9/30/2013	9/30/2012	9/30/2011
		(in thousand pesos)	
Operational results – income	193,598	33,064	131,644
Investment income, financial cost and foreign exchange differences	(266,600)	(183,595)	(132,927)
Other gains and losses	107,892	17,812	6,719
Income (loss) before taxes	**34,890**	**(132,719)**	**5,436**
Income tax and alternative minimum income tax	11,783	16,089	(6,980)
NET INCOME (LOSS) FOR THE PERIOD	**46,673**	**(116,630)**	**(1,544)**
Other comprehensive income (loss)	**8,048**	**1,121**	**(8,291)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**54,721**	**(115,509)**	**(9,835)**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

	9/30/2013	9/30/2012	9/30/2011
	(in thousand pesos)		
Cash flows provided by operating activities	389,374	321,316	282,347
Cash flows used in investing activities	(47,813)	(152,197)	(92,860)
Cash flows used in financing activities	(169,724)	(61,024)	(16,039)
Cash and cash equivalents provided in the period	**171,837**	**108,095**	**173,448**

5. PRODUCTION AND SALES VOLUME (*)

	ACUMULATED SALES		
	9/30/2013	**9/30/2012**	**9/30/2011**
	(in thousand liters of milk)		
Domestic market	1,190,561	1,235,896	1,135,828
Foreign market	190,511	224,543	161,256
Total	**1,381,072**	**1,460,439**	**1,297,084**

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

6. RATIOS

	9/30/2013	9/30/2012	9/30/2011
Current assets to current liabilities	1.11	1.07	1.40
Equity attributable to owners of the Company to total liabilities	0.25	0.27	0.37
Non-current assets to total assets	0.44	0.50	0.50

7. OUTLOOK (*)

We expect that our commercial position will remain strong. At the same time, during the fourth quarter we will receive the benefits of the high international prices to a greater extent than during the current nine-month period. However, limitations in raw milk production will negatively impact our results, due to its impact on both volumes and costs.

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 nine-month periods ended September 30, 2013 and 2012 and for the twelve month periods October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 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.

		9/30/2013		9/30/2012		9/30/2013		9/30/2012	
		Nine month (1/1/2013 to 9/30/2013)		**Nine month (1/1/2012 to 9/30/2012)**		**Twelve month (10/1/2012 to 9/30/2013)**		**Twelve month (10/1/2011 to 9/30/2012)**	
1	Net income (loss) for the period	46,673		(116,630)		47,807		(123,309)	
	Less:								
	Gain on disposal of property, plant and equipment	(25,902)				(25,902)			
	Subtotal		20,771		(116,630)		21,905		(123,309)
2	Income tax and alternative minimum income tax		(11,783)		(16,089)		21,035		(21,623)
3	Amortization								
	Amortization of intangible assets		325		559		488		745
4	Depreciation		91,967		79,255		120,551		117,657
	Depreciation of property, plant and equipment, and others	91,840		79,128		120,381		117,470	
	Depreciation of investment property	127		127		170		187	
5	Fixed charges		119,073		105,402		158,477		137,306
	Financial cost	119,073		105,402		158,477		137,306	
6	All exchange differences		188,094		89,505		236,940		110,751
	All the inflation adjustment	188,094		89,505		236,940		110,751	
7	Other charges which have not and will not imply a cash movement		(22,028)				(22,028)		230
	Gain on acquisition of subsidiary	(22,776)				(22,776)			
	Write-off of spare parts	748				748		226	
	Reversal of valuation allowance for other assets							4	
	Total contractual EBITDA		**386,419**		**142,002**		**537,368**		**221,757**

(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, November 8, 2013

MASTELLONE HERMANOS SOCIEDAD ANÓNIMA
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT SEPTEMBER 30, 2013
(in thousands of Argentine pesos)

	Notes	9/30/2013	12/31/2012
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		238,098	66,071
Other financial assets	3	18,608	23,580
Trade accounts receivable	4 and 18a)	921,751	698,372
Tax credits		56,217	37,341
Other receivables	5 and 18c)	28,929	25,461
Inventories	6 and 18a)	855,386	724,185
Total Current Assets		**2,118,989**	**1,575,010**
NON-CURRENT ASSETS			
Other financial assets	3	5,689	4,509
Tax credits		20,930	22,970
Other receivables	5 and 18c)	32,058	31,772
Deferred tax assets	11	7,829	4,253
Advances to suppliers		19,199	19,401
Property, plant and equipment, and others	7 and 18a)	1,513,047	1,496,573
Investment property		1,402	1,679
Goodwill		3,121	3,121
Intangible assets		55,660	2,870
Other assets		8,283	10,227
Total Non-Current Assets		**1,667,218**	**1,597,375**
TOTAL ASSETS		**3,786,207**	**3,172,385**
LIABILITIES			
CURRENT LIABILITIES			
Trade payable	8	1,194,146	810,420
Borrowings	9 and 18a and b)	357,301	344,642
Accrued salaries, wages and payroll taxes	10	222,081	170,815
Taxes payable		84,756	75,824
Advance from customers		28,686	22,781
Provisions		1,634	1,897
Other liabilities		13,968	7,210
Total Current Liabilities		**1,902,572**	**1,433,589**
NON-CURRENT LIABILITIES			
Trade payable			7,511
Borrowings	9 and 18a)	888,802	770,314
Taxes payable		57,290	57,156
Deferred tax liabilities	11	138,522	187,162
Provisions		22,986	21,030
Other liabilities		29,892	4,206
Total Non-Current Liabilities		**1,137,492**	**1,047,379**
TOTAL LIABILITIES		**3,040,064**	**2,480,968**
EQUITY			
Common stock		457,547	457,547
Reserves		241,908	47,444
Retained earnings – including net result for the period or year		46,673	186,416
Equity attributable to owners of the Company		**746,128**	**691,407**
Non-controlling interests		**15**	**10**
TOTAL EQUITY		**746,143**	**691,417**
TOTAL LIABILITIES AND EQUITY		**3,786,207**	**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 NINE-MONTH AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013
(in thousands of Argentine pesos)

	Notes	9/30/2013 Nine-month	9/30/2012 Nine-month	9/30/2013 Three-month	9/30/2012 Three-month
Revenue	12	6,851,184	5,487,543	2,626,643	2,002,189
Cost of sales	13	(4,864,931)	(4,032,440)	(1,902,677)	(1,438,531)
Gross income		**1,986,253**	**1,455,103**	**723,966**	**563,658**
Selling expenses	14	(1,528,573)	(1,231,688)	(547,266)	(459,251)
General and administrative expenses	14	(264,082)	(190,351)	(100,068)	(63,273)
Investment income		40,567	11,312	4,452	4,596
Financial cost	15	(119,073)	(105,402)	(40,063)	(36,257)
Foreign exchange losses		(188,094)	(89,505)	(82,520)	(36,837)
Other gains and losses	16	107,892	17,812	(2,437)	9,580
Income (loss) before taxes		**34,890**	**(132,719)**	**(43,936)**	**(17,784)**
Income tax and alternative minimum income tax	17	11,783	16,089	12,389	(3,169)
NET INCOME (LOSS) FOR THE PERIOD		**46,673**	**(116,630)**	**(31,547)**	**(20,953)**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations		8,048	1,121	6,595	3,619
Other comprehensive income, net of income tax		**8,048**	**1,121**	**6,595**	**3,619**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**54,721**	**(115,509)**	**(24,952)**	**(17,334)**
Net income (loss) attributable to:					
Owners of the Company		46,673	(116,630)	(31,547)	(20,953)
Non-controlling interests					
Net income (loss) for the period		**46,673**	**(116,630)**	**(31,547)**	**(20,953)**
Total comprehensive income (loss) attributable to:					
Owners of the Company		54,721	(115,509)	(24,952)	(17,334)
Non-controlling interests					
Total comprehensive income (loss) for the period		**54,721**	**(115,509)**	**(24,952)**	**(17,334)**

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 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	Non controlling interest	
Balance at December 31, 2012	**457,547**	**15,273**	**30,682**	**1,489**		**186,416**	**691,407**	**10**	**691,417**
Net income for the period						46,673	46,673		46,673
Other comprehensive income for the period				8,048			8,048		8,048
Total comprehensive income for the period				8,048		46,673	54,721		54,721
Resolution of General Ordinary and Extraordinary Shareholders' Meeting held on March 26, 2013:									
Appropriation to special reserve					186,416	(186,416)			
Non-controlling interest arising on the acquisition of Campania Puntana de Carnes Elaboradas S.A. and its capital increase								5	5
Balance at September 30, 2013	**457,547**	**15,273**	**30,682**	**9,537**	**186,416**	**46,673**	**746,128**	**15**	**746,143**

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 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					(116,630)	(116,630)		(116,630)
Other comprehensive income for the period				1,121		1,121		1,121
Total comprehensive income (loss) for the period				1,121	(116,630)	(115,509)		(115,509)
Resolution of General Ordinary Shareholders' Meeting held on March 27, 2012:								
Appropriation to facultative reserve			30,682		(30,682)			
Balance at September 30, 2012	**457,547**	**15,273**	**30,682**	**(2,655)**	**185,282**	**686,129**	**10**	**686,139**

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

MASTELLONE HERMANOS SOCIEDAD ANÓNIMA
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2013
(in thousands of Argentine pesos)

	9/30/2013	9/30/2012
Cash flows from operating activities		
Net income (loss) for the period	46,673	(116,630)
Adjustments to reconcile net income (loss) for the period to net cash provided by operating activities:		
Income tax and alternative minimum income tax accrued	(11,783)	(16,089)
Financial cost	119,073	105,402
Foreign exchange losses	194,956	94,304
Depreciation of property, plant and equipment, and others	91,840	79,128
Additions to provision for doubtful accounts, sale rebates and provisions (net of reversals)	21,082	8,815
Depreciation of investment property	127	127
Amortization of intangible assets	325	559
Gain on acquisition of subsidiary	(22,776)	
Gain on sale of investments in other companies	(25,077)	
Gain on sale of property, plant and equipment, and others and investment property	(29,726)	(6,374)
	384,714	**149,242**
Changes in working capital	32,576	185,892
Subtotal	**417,290**	**335,134**
Payments of income tax and alternative minimum income tax	(27,916)	(13,818)
Net cash generated by operating activities	**389,374**	**321,316**
Cash flows used in investing activities		
Purchase of property, plant and equipment, and others	(129,466)	(158,281)
Purchase of intangible assets	(680)	
Decrease (increase) of other financial assets	3,792	(3,928)
Proceeds from sale of subsidiary company	1,253	5,173
Proceeds from sale of property, plant and equipment, and others and investment property	57,310	9,736
Payment for acquisition of subsidiary	(7,048)	(3,375)
Contributions from non-controlling interest on acquisition of subsidiary	5	
Proceeds from sale of investments in other companies	26,605	
Net decrease (increase) of other assets	416	(1,522)
Net cash used in investing activities	**(47,813)**	**(152,197)**
Cash flows used in financing activities		
Net variation in loans	(92,022)	(3,697)
Payments of interests	(77,702)	(57,327)
Net cash used in financing activities	**(169,724)**	**(61,024)**
Increase in cash and cash equivalents	**171,837**	**108,095**
Cash and cash equivalents of acquired company	**190**	
Cash and cash equivalents at beginning of year	**66,071**	**64,101**
Cash and cash equivalents at end of period	**238,098**	**172,196**

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 condensed interim 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 1st, 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 nine-month period ended September 30, 2013 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 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 nine-month period ended September 30, 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 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 statements 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 September 30, 2013, financial assets measured at fair value are included in cash and cash equivalents and other financial assets 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 nine-month period ended September 30, 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, 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 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**	**9/30/2013**	**12/31/2012**	**9/30/2012**
Con-Ser S.A.	Transportation services, services for vehicle, sale of parts and distribution of cooling equipments	Argentina	100.00	100.00	100.00
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		
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. (2)	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. (3)	Inactive	Argentina		100.00	100.00

(1) Company acquired in 2013 fiscal year.

(2) The company Mastellone de Paraguay S.A. had not been consolidated as of September 30, 2012 due to the lack of significance.

(3) This company, which was indirectly controlled by Mastellone Hermanos S.A. because it was controlled by Con-Ser S.A., was merged into Con-Ser S.A. on the basis of financial statements as of December 31, 2012. The merger is effective January 1, 2013. The merger is pending of registration with the Companies´Inspection Bureau.

The financial position statements of Mastellone Hermanos Sociedad Anónima as of September 30, 2013 and December 31,2012 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month periods ended September 30, 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 September 30, 2013 and 2012 of Marca 4 S.A., Mastellone de Paraguay S.A., Mastellone Hermanos do Brasil Comercial e Industrial Ltda and Transportes Lusarreta S.A. (in this case, only at September 30, 2012). The financial statements of such companies used for the preparation of the consolidated financial statements were those as of June 30, 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 subsidiary company Compañía Puntana de Carnes Elaboradas S.A. ("Copuce"), acquired in the current fiscal year, was consolidated as of September 30, 2013 based on management financial information as of May 31, 2013 (month of acquisition of such company). No significant changes have occurred between both dates, which were not considered.

Concerning the above mentioned subsidiary, the Company acquired 99.99% of the capital stock of 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 35.2 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 management financial information as of May 31, 2013. As a consequence of such allocation, the value of Copuce´s net assets was higher than the book value of Copuce in approximately 52 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 approximately to 23 million of pesos, was recognised in profit and loss as a "bargain purchase". Such gain was included in "Other gains and losses" caption in the statement of Profit or loss and other comprehensive income.

The initial accounting of the business combination will be completed once the Company´s Management obtains the final accounting information of the acquired company, and, if necessary, the provisional amounts recognised at the current financial statements shall be retrospectively adjusted to reflect the new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

3. OTHER FINANCIAL ASSETS

	9/30/2013	12/31/2012
• Current		
Restricted investment funds (Note 18d)	8,350	
Private bonds	7,504	7,538
Short-term investments - related parties (Note 19)	1,372	1,589
Short-term investments – other	1,311	2,102
Derivative financial instruments	71	
Public bonds		12,351
Total	**18,608**	**23,580**
• Non-current		
Long-term investments	5,689	4,509
Total	**5,689**	**4,509**

4. TRADE ACCOUNTS RECEIVABLE

	9/30/2013	12/31/2012
Third parties (domestic)	594,541	518,609
Related parties (Note 19)	253,030	168,871
Foreign receivables	70,863	7,763
Notes receivables	7,335	3,048
Tax incentives on exports	22,678	17,434
Subtotal	**948,447**	**715,725**
Allowance for doubtful accounts	(15,828)	(11,161)
Allowance for trade discounts and volume rebates	(10,868)	(6,192)
Total	**921,751**	**698,372**

5. OTHER RECEIVABLES

	9/30/2013	12/31/2012
• Current		
Prepaid expenses	10,098	7,863
Receivable from sale of subsidiary company	7,006	8,023
Receivable from sale of property, plant and equipment, and others	3,373	2,982
Advances to services suppliers	2,970	834
Insurance receivable	629	1,100
Guarantee deposits (Note 18c)	147	127
Receivables from customers in receivership and in bankruptcy	166	166
Other	5,127	4,953
Subtotal	**29,516**	**26,048**
Allowance for doubtful accounts	(587)	(587)
Total	**28,929**	**25,461**

	9/30/2013	12/31/2012
• Non-current		
Régime for the professionalization of transport	17,567	17,567
Receivables from customers in receivership and in bankruptcy	15,626	15,770
Receivable from sale of subsidiary company	6,517	5,479
Recovery of decrees N° 7290/67 and 9038/78	3,992	3,992
Guarantee deposits (Note 18c)	830	579
Other	1,555	1,239
Subtotal	**46,087**	**44,626**
Allowance for doubtful accounts	(14,029)	(12,854)
Total	**32,058**	**31,772**

6. INVENTORIES

	9/30/2013	12/31/2012
Resale goods	46,590	26,981
Finished goods	317,409	293,177
Work in progress	213,213	186,281
Raw materials, packaging and other materials	221,346	190,525
Goods in transit	49,724	20,618
Subtotal	**848,282**	**717,582**
Advances to suppliers	7,104	6,603
Total	**855,386**	**724,185**

7. PROPERTY, PLANT AND EQUIPMENT, AND OTHERS

9/30/2013

	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	Balances of acquired subsidiary	Transfers	Retirement and disposal	Value at the end of the period	Accumulated depreciation at the beginning of the year	Foreign currency exchange differences	Balances of acquired subsidiary	Retirement and disposal	Depreciation: Rate %	Depreciation: Of the period	Accumulated depreciation at the end of the period	
Land and buildings	892,389	1,483	2,992	2,769	863	17,339	883,157	101,282	770	632	1,362	2, 2.5, 3.3 and 5	21,871	123,193	759,964
Olive plantations	50,166						50,166	13,485				2	1,485	14,970	35,196
Machinery and equipment, containers, tools and spare parts (1)	1,019,888	719	5,943	1,332	13,222	16,268	1,024,836	778,135	580	777	11,633	5 and 10	20,742	788,601	236,235
Fittings, laboratory equipment and furniture	784,064	188	4,591	4,688	1,170	46,761	747,940	593,071	153	2,046	43,465	5, 10, 25 and 33	19,692	571,497	176,443
Vehicles (2)	150,389	89	9,084	33	2,143	15,078	146,660	108,084	28	33	11,680	10 and 20	5,483	101,948	44,712
Work in progress	143,322		73,271		(14,415)	39	202,139								202,139
Advances to suppliers	3,763		2,018		(2,983)	89	2,709								2,709
Subtotal	**3,043,981**	**2,479**	**97,899**	**8,822**	**-**	**95,574**	**3,057,607**	**1,594,057**	**1,531**	**3,488**	**68,140**		**69,273**	**1,600,209**	**1,457,398**
Other:															
Trays	123,186		31,567				154,753	76,537				33	22,567	99,104	55,649
Carrying amount as of September 30, 2013	**3,167,167**	**2,479**	**129,466**	**8,822**	**-**	**95,574**	**3,212,360**	**1,670,594**	**1,531**	**3,488**	**68,140**		**91,840**	**1,699,313**	**1,513,047**

(1) Includes machinery operated by Promas S.A. with a net value of 10,086 as of September 30, 2013.
(2) Includes vehicles operated by freighters of Con-Ser S.A. and Logística la Serenísima S.A. with a net value of 19,549 as of September 30, 2013.

	Cost or deemed cost						Depreciation						Net value at the end of the year
	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	Depreciation Rate %	Depreciation Of the year	Accumulated depreciation at the end of the year	
12/31/2012													
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)	992,784	107	4,641	24,494	2,138	1,019,888	752,041	84	1,179	5 and 10	27,189	778,135	241,753
Fittings, laboratory equipment and furniture	740,678	392	7,561	36,540	1,107	784,064	571,336	330	1,042	5, 10, 25 and 33	22,447	593,071	190,993
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 freighters 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

	9/30/2013	**12/31/2012**
Trade payables	740,140	553,747
Related parties (Note 19)	184,987	88,880
Note payables	249,502	155,847
Foreign suppliers	19,517	11,946
Total	**1,194,146**	**810,420**

9. BORROWINGS

	9/30/2013	**12/31/2012**
Short-term debt		
Principal:		
Senior notes and loan debt:		
Senior Notes:		
Series A, B and C – due 2018	42,021	35,674
Serie D – final due 2015	13,034	7,377
Series E – final due 2013 (net of commissions and expenses related to the issuance by 1,103 as of 12/31/2012)		97,257
Subtotal	55,055	140,308
Loan:		
Tranche A – final due 2015	43,602	24,677
Tranche B – final due 2018	4,175	3,545
Subtotal	47,777	28,222
Subtotal – Senior Notes and loan debt	**102,832**	**168,530**
Other financial debt:		
Unsecured debt	25,071	25,712
Unsecured debt – related parties (Note 19)	1,548	1,314
Secured debt	163,025	117,989
Secured debt – related parties (Note 19)	38,780	28,063
Subtotal – Other financial debt	**228,424**	**173,078**
Total principal	**331,256**	**341,608**
Accrued interest:		
Unsecured - related parties (Note 19)	8	3
Unsecured and secured debt	26,037	3,031
Total accrued interest	**26,045**	**3,034**
Total	**357,301**	**344,642**

	9/30/2013	12/31/2012
Long-term debt		
Principal:		
Senior Notes and loan debt:		
Senior Notes:		
Series A, B and C – due 2018	719,978	629,066
Series D – final due 2015	31,862	34,426
Subtotal	751,840	663,492
Loan:		
Tranche A – final due 2015	106,582	115,161
Tranche B – final due 2018	73,068	63,804
Subtotal	179,650	178,965
Subtotal – Senior Notes and loan debt	**931,490**	**842,457**
Other financial debt:		
Unsecured debt	1,642	2,673
Secured debt	21,587	4,859
Subtotal – Other financial debt	**23,229**	**7,532**
Total principal	**954,719**	**849,989**
Adjustment to net present value:		
Senior Notes Series A, B and C – due 2018	(45,457)	(52,853)
Senior Notes Series D – final due 2015	(3,644)	(4,933)
Loan debt – tranche A – final due 2015	(12,215)	(16,539)
Loan debt – tranche B – final due 2018	(4,601)	(5,350)
Total adjustment to net present value	**(65,917)**	**(79,675)**
Total	**888,802**	**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 September 30, 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 September 30, 2013)
Senior Notes Series A, B and C – final due 2018	U$S	131,538	761,999
Senior Notes Series D – final due 2015	U$S	7,750	44,896
Loan debt – tranche A – final due 2015	U$S	25,925	150,184
Loan debt – tranche B – final due 2018	U$S	13,334	77,243

2. Outstanding principal and interests payment as of September 30, 2013:

Maturity date	Senior Notes Series A, B and C and loan debt, tranche B Due 2018 Amortization of principal	Rate (*)	Senior Notes Series D and loan debt, tranche A Due 2015 Amortization of principal	Rate
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$ 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 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 Con-Ser S.A., Leitesol Industria e Comercio Ltda., Mastellone San Luis S.A., Promas S.A. and Compañía Puntana de Carnes Elaboradas S.A. (this company, since June 2013) are jointly and severally liable for the Senior Notes and loan debt.

9.1.2 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 nine 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. Principal was totally paid-in as of its due date.

The debt contract included 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 were 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

	9/30/2013	**12/31/2012**
Payroll and bonus to management	163,735	113,917
Social security taxes	58,346	56,898
Total	**222,081**	**170,815**

11. DEFERRED TAX

	9/30/2013	12/31/2012
Deferred tax assets:		
Temporary differences:		
Provisions and other non-deductible accrued expenses	10,748	8,184
Inventories	6,368	10,322
Property, plant and equipment, and others	(2,032)	(1,653)
Tax loss carry-forwards	22,428	16,837
Alternative minimum income tax	11,356	10,345
Valuation allowance for alternative minimum income tax and deferred income tax	(41,039)	(39,782)
Total	**7,829**	**4,253**
Deferred tax liabilities:		
Temporary differences:		
Provisions and other non-deductible accrued expenses	17,812	13,617
Inventories	25,186	23,646
Intangible assets	722	624
Other assets	(184)	(476)
Property, plant and equipment, and others	(312,119)	(320,617)
Credits deducted for tax purposes	(473)	(1,239)
Adjustment to present value	(23,344)	(28,132)
Tax loss carry-forwards	70,990	69,273
Alternative minimum income tax	128,818	111,988
Valuation allowance for alternative minimum income tax and deferred income tax	(45,930)	(55,846)
Total	**(138,522)**	**(187,162)**

The unused tax loss carry-forwards filed with tax authorities by Mastellone Hermanos S.A. and its subsidiaries as of September 30, 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	57,640	35%	20,174		2013
2009	11,244	35%	3,935		2014
2010	19,199	35%	6,721		2015
2011	42,742	35%	14,960		2016
2012	85,281	35%	29,848		2017
			75,638		
	6,792	34%	2,307	(1)	Unlimited
Tax loss carry-forwards of the period			15,473	(2)	
			93,418		

(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 to the tax loss estimated for the nine-month period ended September 30, 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	Incorporation of consolidated company	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)			260	18,148	(277,316)
Tax loss carry-forwards	86,110	(3,372)			10,680	93,418
Total as of September 30, 2013	**(209,614)**	**(3,372)**	**-**	**260**	**28,828**	**(183,898)**
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 17, in 2013.

12. REVENUE

	9/30/2013 Nine-month	**9/30/2012 Nine-month**	**9/30/2013 Three-month**	**9/30/2012 Three-month**
Product sales	7,428,353	5,843,030	2,853,517	2,136,892
Services provided	158,853	179,437	58,881	62,559
Turnover tax	(201,348)	(145,038)	(75,536)	(50,675)
Sales discounts and volume rebates	(411,833)	(304,179)	(166,740)	(117,937)
Sales returns	(122,841)	(85,707)	(43,479)	(28,650)
Total	**6,851,184**	**5,487,543**	**2,626,643**	**2,002,189**

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 4,500 tons with an estimated contract value of US$ 19,000.
- Additionally, the Company has entered into agreements with provincial and national public agencies for the sale of approximately 4,600 tons of powdered and fluid milk with an estimated contract value of 172,800.

13. COST OF SALES

	9/30/2013 Nine-month	9/30/2012 Nine-month	9/30/2013 Three-month	9/30/2012 Three-month
Cost of goods sold:				
Inventories at the beginning of the year				
Resale goods	26,981	20,537	40,356	29,968
Finished goods	293,177	326,090	329,319	322,670
Work in progress	186,281	153,468	233,195	155,591
Raw materials, packaging and other materials	190,525	147,027	194,329	161,706
Goods in transit	20,618	26,795	37,249	12,589
	717,582	673,917	834,448	682,524
Purchases	3,553,877	2,888,146	1,377,145	1,026,903
Production expenses (Note 14)	1,334,800	1,063,460	494,971	380,268
Write-off of spare parts	748		748	
Re-measurement of foreign subsidiaries inventories	5,284	460	4,545	1,671
Benefits from industrial promotion	(12,950)	(7,672)	(1,535)	(622)
Inventories at the end of the period				
Resale goods	(46,590)	(31,614)	(46,590)	(31,614)
Finished goods	(317,409)	(300,199)	(317,409)	(300,199)
Work in progress	(213,213)	(157,387)	(213,213)	(157,387)
Raw materials, packaging and other materials	(221,346)	(179,541)	(221,346)	(179,541)
Goods in transit	(49,724)	(16,559)	(49,724)	(16,559)
	(848,282)	(685,300)	(848,282)	(685,300)
Subtotal - cost of goods sold	**4,751,059**	**3,933,011**	**1,862,040**	**1,405,444**
Cost of services rendered:				
Purchases	20,520	19,582	7,584	4,705
Production expenses (Note 14)	93,352	79,847	33,053	28,382
Subtotal - cost of services rendered	**113,872**	**99,429**	**40,637**	**33,087**
Total cost of sales	**4,864,931**	**4,032,440**	**1,902,677**	**1,438,531**

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.

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

	9/30/2013 (nine-month)				
	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				17,019	17,019
Fees and compensation for services	136,477	471	328,637	29,647	495,232
Payroll, bonus and social security charges	599,022	54,087	213,299	123,864	990,272
Depreciation of property, plant and equipment, and others	73,521	6,826	5,288	6,205	91,840
Amortization of intangible assets	282			43	325
Provision for bad debts			4,456		4,456
Freights	290,038		758,262	14	1,048,314
Maintenance and repair	52,141	2,136	9,551	332	64,160
Office and communication	888	103	329	1,181	2,501
Fuel, gas and energy	96,409	11,864	6,495	48	114,816
Vehicles expenses	12,679		6,092	1,009	19,780
Publicity and advertising			162,731		162,731
Taxes, rates and contributions	40,372	7,302	1,642	70,467	119,783
Insurance	17,482	163	5,470	2,758	25,873
Travelling	770		1,647	419	2,836
Export and import			18,327	213	18,540
Harvest expenses	2,306				2,306
Supplies and chemicals	603				603
Miscellaneous	11,810	10,400	6,347	10,863	39,420
Total	**1,334,800**	**93,352**	**1,528,573**	**264,082**	**3,220,807**

	9/30/2012 (nine-month)				
	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				15,928	15,928
Fees and compensation for services	109,643	226	264,428	25,782	400,079
Payroll, bonus and social security charges	452,097	43,154	157,174	84,394	736,819
Depreciation of property, plant and equipment, and others	63,061	7,302	6,431	2,334	79,128
Amortization of intangible assets	271			288	559
Provision for bad debts			6,687		6,687
Freights	241,751		595,945		837,696
Maintenance and repair	44,391	2,519	6,541	149	53,600
Office and communication	661	87	318	941	2,007
Fuel, gas and energy	81,444	10,432	6,312	37	98,225
Vehicles expenses	8,116		6,005	810	14,931
Publicity and advertising			151,375		151,375
Taxes, rates and contributions	42,052	6,508	1,107	52,390	102,057
Insurance	12,103	257	4,871	868	18,099
Travelling	581		1,462	456	2,499
Export and import			18,631	162	18,793
Harvest expenses	280				280
Supplies and chemicals	831				831
Miscellaneous	6,178	9,362	4,401	5,812	25,753
Total	**1,063,460**	**79,847**	**1,231,688**	**190,351**	**2,565,346**

	9/30/2013 (three-month)				
	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				5,030	5,030
Fees and compensation for services	57,772	223	100,393	10,526	168,914
Payroll, bonus and social security charges	208,484	18,507	75,098	47,497	349,586
Depreciation of property, plant and equipment, and others	24,987	2,044	554	4,042	31,627
Amortization of intangible assets	101			2	103
Provision for bad debts			608		608
Freights	107,644		275,329	14	382,987
Maintenance and repair	18,911	935	2,966	83	22,895
Office and communication	338	47	115	426	926
Fuel, gas and energy	40,386	4,741	2,433	16	47,576
Vehicles expenses	5,974		1,165	448	7,587
Publicity and advertising			72,078		72,078
Taxes, rates and contributions	17,720	2,775	584	26,620	47,699
Insurance	5,446	96	1,953	956	8,451
Travelling	293		574	109	976
Export and import			10,457	81	10,538
Harvest expenses	558				558
Supplies and chemicals	481				481
Miscellaneous	5,876	3,685	2,959	4,218	16,738
Total	**494,971**	**33,053**	**547,266**	**100,068**	**1,175,358**

	9/30/2012 (three-month)				
	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				3,964	3,964
Fees and compensation for services	37,521	226	99,106	8,077	144,930
Payroll, bonus and social security charges	158,365	15,464	57,113	30,695	261,637
Depreciation of property, plant and equipment, and others	21,527	2,847	2,276	796	27,446
Amortization of intangible assets	91			96	187
Provision for bad debts			1,272		1,272
Freights	89,303		225,941		315,244
Maintenance and repair	15,446	687	2,191	52	18,376
Office and communication	219		111	320	650
Fuel, gas and energy	32,843	3,928	2,265	11	39,047
Vehicles expenses	3,328		2,179	292	5,799
Publicity and advertising			55,883		55,883
Taxes, rates and contributions	14,300	2,059	448	18,152	34,959
Insurance	4,261	81	1,630	275	6,247
Travelling	180		573	305	1,058
Export and import			7,565	58	7,623
Supplies and chemicals	343				343
Miscellaneous	2,541	3,090	698	180	6,509
Total	**380,268**	**28,382**	**459,251**	**63,273**	**931,174**

15. FINANCIAL COST

	9/30/2013 Nine-month	9/30/2012 Nine-month	9/30/2013 Three-month	9/30/2012 Three-month
Senior Notes and long-term loans interest (1)	81,072	87,885	26,605	29,292
Other loans interest	34,196	9,185	11,920	3,523
Other interests	3,805	8,332	1,538	3,442
Total	**119,073**	**105,402**	**40,063**	**36,257**

(1) Includes 13,802 and 21,964 for the nine-month periods ended September 30, 2013 and 2012, respectively, related to adjustments to present value of debt.

16. OTHER GAINS AND LOSSES

	9/30/2013 Nine-month	9/30/2012 Nine-month	9/30/2013 Three-month	9/30/2012 Three-month
Gain on sale of trademarks (1)	39,922			
Gain on sale of property, plant and equipment, and others and investment property (2)	29,726	6,374	973	1,995
Gain on sale of investments in other companies (3)	25,077			
Gain on acquisition of subsidiary (note 2.5)	22,776			
Charges to freighters	2,186	1,568	395	344
Judicial claim earned		3,992		3,992
Recovery of private bonds		3,731		3,731
Insurance recovery	1,154	64	413	8
Royalties and licenses		35		6
(Charge) reversal of provision for litigation and other expenses	(6,216)	2,122	1,782	(772)
Moratorium	(5,472)		(5,472)	
Donations	(968)	(982)	(365)	(539)
Depreciation of investment property	(127)	(127)	(42)	(42)
Miscellaneous	(166)	1,035	(121)	857
Total – net gain (loss)	**107,892**	**17,812**	**(2,437)**	**9,580**

(1) Sales performed to Danone Group, including several trademarks of special milks and powdered juice.

(2) Includes as of September 30, 2013, 25,902 corresponding to the sale to Danone Argentina S.A. of a raw milk sorting plant for third parties, together with the equipment, vehicles and software related to such plant.

(3) Corresponds to the gain obtained by the sale of the 0.273% holding of Danone Argentina S.A.´s shares to Dairy Latam S.L.

17. INCOME TAX AND ALTERNATIVE MINIMUM INCOME TAX

	9/30/2013 Nine-month	9/30/2012 Nine-month	9/30/2013 Three-month	9/30/2012 Three-month
Current income tax	(25,704)	(18,197)	(66)	(5,419)
Tax loss carry-forwards for the period	10,680	45,865	9,019	10,240
Net change in temporary differences	18,148	(276)	7,567	782
Subtotal	**3,124**	**27,392**	**16,520**	**5,603**
Reversal (increase) in valuation allowance on alternative minimum income tax and deferred income tax	8,659	(11,303)	(4,131)	(8,772)
Total	**11,783**	**16,089**	**12,389**	**(3,169)**

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:

	9/30/2013 Nine-month	9/30/2012 Nine-month	9/30/2013 Three-month	9/30/2012 Three-month
Income (loss) before income tax and alternative minimum income tax	34,890	(132,719)	(43,936)	(17,784)
Statutory income tax rate	35%	35%	35%	35%
Income tax at statutory income tax rate	**(12,212)**	**46,452**	**15,377**	**6,224**
Permanent differences	15,336	(19,060)	1,143	(621)
Reversal (increase) in valuation allowance on alternative minimum income tax and deferred income tax	8,659	(11,303)	(4,131)	(8,772)
Total	**11,783**	**16,089**	**12,389**	**(3,169)**

18. 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 74,520 as of September 30, 2013 and 94,123 as of December 31, 2012. Detail of pledged assets is as follows:

Pledged and restricted assets	9/30/2013	12/31/2012
Trade accounts receivable	45,724	67,956
Inventories	143,085	63,305
Property, plant and equipment, and others	3,821	4,216
Equity value of holding in subsidiary company Promas S.A.	40,791	20,538
Equity value of holding in subsidiary company Compañía Puntana de Carnes Elaboradas S.A.	93,136	

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 and the assignment of purchase orders of the subsidiary company Leitesol I.C.S.A. The outstanding balance of such debt amounts to 146,449 as of September 30, 2013 and 79,682 as of December 31, 2012.

c) Additionally, as of September 30, 2013 there were other receivables – guarantee deposits (current and non-current) for an amount of 977 (706 as of December 31, 2012) in guarantee of financial and commercial transactions and restricted assets disclosed in caption “other receivables – other” (current) for 579 as of September 30, 2013 (224 as of December 31, 2012).

d) There are financial assets – investment funds amounting to 8,350 as of September 30, 2013, which are restricted in guarantee of foreign exchange forward contracts.

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

19. RELATED PARTIES OUTSTANDING BALANCES

Company	Other financial assets (current)		Trade account receivables (current)	
	9/30/2013	12/31/2012	9/30/2013	12/31/2012
Afianzar S.G.R.			4	1
Danone Argentina S.A. (1)			122,069	102,936
Frigorífico Nueva Generación S.A.			692	401
José Mastellone				8
Logística La Serenísima S.A.			129,878	65,379
Los Toldos S.A.	1,372	1,589	387	125
Masleb S.R.L.				21
TOTAL	**1,372**	**1,589**	**253,030**	**168,871**

(1) Includes receivables arising from sales of raw milk purchased for and on behalf of Danone Argentina S.A. by 97,098 at September 30, 2013 and 74,133 at December 31, 2012.

Company	Trade payable (current)		Borrowings (current)		Advances from customers (current)
	9/30/2013	12/31/2012	9/30/2013	12/31/2012	9/30/2013
Afianzar S.G.R.	19	6			
Danone Argentina S.A.	29,468	22,459			2
Fideicomiso Formu			38,780	28,063	
Juan Rocca S.R.L.			1,556	1,317	
Logística La Serenísima S.A.	155,023	66,047			299
Los Toldos S.A.	477	239			
Masleb S.R.L.		129			
TOTAL	**184,987**	**88,880**	**40,336**	**29,380**	**301**

20. RELATED PARTIES OPERATIONS

Transactions with related parties for the nine-month periods ended September 30, 2013 and 2012 were as follows:

	9/30/2013	**9/30/2012**
Revenues		
Afianzar S.G.R.	3	2
Danone Argentina S.A.	219,155	148,805
Fideicomiso Formu	635	445
Frigorífico Nueva Generación S.A.	183	375
Logística La Serenísima S.A.	19,009	15,837
Los Toldos S.A.	610	417
Purchase of goods and services		
Afianzar S.G.R.	62	63
Danone Argentina S.A.	60,978	58,283
Logística La Serenísima S.A.	407,065	291,862
Los Toldos S.A.	2,798	2,703
Masleb S.R.L.	457	1,148

	9/30/2013	9/30/2012
Investment income		
Danone Argentina S.A.	890	
Frigorífico Nueva Generación S.A.	1	
Los Toldos S.A.	72	19
Financial cost		
Fideicomiso Formu	6,169	3,264
Juan Rocca S.R.L.	32	132
Other gain and losses		
Danone Argentina S.A. and related parties – sale of trademarks	39,922	
Danone Argentina S.A. – sale of property, plant and equipment	50,550	
Danone Argentina S.A. – dividends earned		732
Logística La Serenísima S.A.	346	2,338
Purchases of property, plant and equipment, and others		
Logística La Serenísima S.A.		1,627

During the nine-month periods ended September 30, 2013 and 2012, the Company paid a total of 45,270 and 44,455, 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.

21. 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:** Include 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:** Include 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	9/30/2013			
	Dairy	Olive	Other	Total
Revenue	6,531,101	25,852	294,231	6,851,184
Net income (loss) for the period	63,650	(10,547)	(6,430)	46,673
Assets allocated to the business lines	3,543,239	92,152	150,816	3,786,207
Liabilities allocated to the business lines	2,922,540	10,963	106,561	3,040,064
Additions to property, plant and equipment, and others	122,556	448	6,462	129,466
Additions to intangible assets	680			680
Depreciation of property, plant and equipment, and others	84,365	2,394	5,081	91,840
Amortization of intangible assets	325			325
Depreciation of investment property	127			127
Net domestic revenue	5,741,492	25,852	294,231	6,061,575

Information	9/30/2012			
	Dairy	Olive	Other	Total
Revenue	5,235,600	1,400	250,543	5,487,543
Net loss for the period	(98,863)	(15,299)	(2,468)	(116,630)
Assets allocated to the business lines	2,965,008	88,879	141,763	3,195,650
Liabilities allocated to the business lines	2,409,217	10,066	90,228	2,509,511
Additions to property, plant and equipment, and others	148,544	105	9,632	158,281
Depreciation of property, plant and equipment, and others	73,532	2,469	3,127	79,128
Amortization of intangible assets	559			559
Depreciation of investment property	127			127
Net domestic revenue	4,616,794	1,400	250,543	4,868,737

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

Period	Revenue		
	Domestic market	Exports	Total
9/30/2013	6,061,575	789,609	6,851,184
9/30/2012	4,868,737	618,806	5,487,543

22. APPROVAL OF THESE FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized to be issued on November 8, 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 2.5 to the condensed interim consolidated financial statements) which comprise the condensed consolidated statement of financial position as of September 30, 2013 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period ended on September 30, 2013, with their Notes 1 to 22.

The figures and other information for the fiscal year ended December 31, 2012 and for the nine-month period ended on September 30, 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 September 30, 2013, or the consolidated comprehensive income, the consolidated changes in equity and the consolidated cash flows for the nine-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.
November 8, 2013

DELOITTE S.C.

José E. Lema (Partner)