EBRO FOODS, S.A.
CONSOLIDATED GROUP

CONSOLIDATED FINANCIAL STATEMENTS
AND GROUP MANAGEMENT REPORT

for the year ended
December 31, 2015

(prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union)

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EBRO FOODS GROUP
CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2015 AND 2014
THOUSANDS OF EUROS

	Note	Dec. 31, 2015	Dec. 31, 2014
NON-CURRENT ASSETS			
Intangible assets	9	466,214	433,974
Property, plant and equipment	10	688,239	612,771
Investment properties	11	29,927	30,832
Financial assets	12	38,257	44,875
Investments in associates	13	24,052	22,857
Deferred tax assets	25	74,301	55,871
Goodwill	14	990,885	932,596
		2,311,875	**2,133,776**
CURRENT ASSETS			
Inventories	15	438,579	428,107
Trade and other receivables	16	374,064	347,394
Current tax assets	25	18,536	19,109
Tax receivables	25	31,198	28,467
Financial assets	12	5,134	2,980
Derivative and other financial assets	28	2,392	2,233
Other current assets		10,260	7,723
Cash and cash equivalents	17	211,638	192,279
		1,091,801	**1,028,292**
Non-current assets held for sale		0	0
TOTAL ASSETS		**3,403,676**	**3,162,068**

	Note	Dec. 31, 2015	Dec.31, 2014
EQUITY		**1,992,916**	**1,873,805**
Equity attributable to equity holders of the parent			
Share capital		92,319	92,319
Share premium		4	4
Restricted parent company reserves		21,633	21,633
Retained earnings		1,738,968	1,695,582
Interim dividends paid		0	0
Translation differences		113,335	40,224
Own shares		0	(227)
	18	**1,966,259**	**1,849,485**
Non-controlling interests		**26,657**	**24,320**
NON-CURRENT LIABILITIES			
Deferred income	19	4,418	4,409
Provisions for pensions and similar obligations	20	45,326	42,144
Other provisions	21	14,256	12,355
Financial liabilities	22	438,811	267,168
Other non-financial liabilities	23	6	12
Deferred tax liabilities	25	281,736	245,956
		784,553	**572,044**
CURRENT LIABILITIES			
Financial liabilities	22	200,977	331,545
Derivative and other financial liabilities	28	579	1,482
Trade and other payables	24	398,414	354,918
Current tax liabilities	25	11,777	12,951
Taxes payable	25	12,806	13,745
Other current liabilities		1,654	1,578
		626,207	**716,219**
Liabilities associated with non-current assets held for sale		0	0
TOTAL EQUITY AND LIABILITIES		**3,403,676**	**3,162,068**

The accompanying notes 1 to 31 are an integral part of the consolidated balance sheet at December 31, 2015.

EBRO FOODS GROUP
CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
THOUSANDS OF EUROS

	Note	2015	2014
Revenue	6	2,461,915	2,120,722
Change in inventories of finished goods and work in progress		12,419	949
Own work capitalized		1,012	1,701
Other operating income	8	18,017	26,931
Raw materials and consumables used and other exte	6	(1,391,646)	(1,189,285)
Employee benefits expense	8	-306,304	-261,71
Depreciation and amortization	9, 10 & 11	-68,41	-60,009
Other operating expenses	8	-484,626	-421,922
OPERATING PROFIT		**242,377**	**217,377**
Finance income	8	31,112	32,47
Finance costs	8	-43,183	-24,758
Impairment of goodwill	14	-4,213	-11,325
Share of profit of associates	13	3,629	1,985
PROFIT BEFORE TAX		**229,722**	**215,749**
Income tax expense	25	-79,034	-64,407
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**150,688**	**151,342**
Profit/(loss) after tax for the year from discontinued op	7	0	-2,223
PROFIT FOR THE YEAR		**150,688**	**149,119**

		2015	2014
Attributable to:			
Equity holders of the parent		**144,846**	**146,013**
Non-controlling interests		5,842	3,106
		150,688	**149,119**

	Note	2015	2014
Earnings per share (euros)	18		
- From continuing operations			
Basic		0.941	0.964
Diluted		0.941	0.964
- From profit for the year			
Basic		0.941	0.949
Diluted		0.941	0.949

The accompanying notes 1 to 31 are an integral part of the consolidated income statement for the year ended December 31, 2015.

EBRO FOODS GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(THOUSANDS OF EUROS)

		Dec. 31, 2015			Dec 31, 2014		
	Note	Pre-tax amount	Tax effect	After-tax amount	Pre-tax amount	Tax effect	After-tax amount
1. Profit for the year				**150,688**			**149,119**
2. Other income and expense recognized directly in equity:		**73,110**	**111**	**73,221**	**65,450**	**9,102**	**74,552**
2.1 Other comprehensive income to be reclassified to profit or loss in subsequent periods		**73,306**	**-55**	**73,251**	**75,682**	**5,752**	**81,434**
Gains/(losses) on the measurement of available-for-sale financial assets	12	183	-55	128	-5,172	1,551	-3,621
Gains/(losses) on the measurement of available-for-sale financial assets reclassified to profit or loss	12	0	0	0	-14,003	4,201	-9,802
Translation differences	18	73,123	0	73,123	94,857	0	94,857
Translation differences taken to profit or loss		0	0	0	0	0	0
2.1 Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-196**	**166**	**-30**	**-10,232**	**3,350**	**-6,882**
Actuarial gains and losses	20	-196	166	-30	-10,232	3,350	-6,882
1+2 Total income and expense recognized during the year	18			**223,909**			**223,671**
Attributable to:							
Equity holders of the parent	18			218,055			220,559
Non-controlling interests	18			5,854			3,112
				223,909			**223,671**

The accompanying notes 1 to 31 are an integral part of the consolidated statement of comprehensive income for the year ended December 31, 2015.

EBRO FOODS GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

THOUSANDS OF EUROS	Equity	Non-controlling interests	Total	Share Capital	Share Premium	Restricted: Reval. Reserve	Restricted: Legal Reserve	Unrestricted reserves: Retained earnings	Unrestricted reserves: Profit for the year	Interim dividend paid	Translation difference	Own Shares
Balance at December 31, 2013	1,728,263	22,506	1,705,757	92,319	4,0	3,169	18,464	1,513,625	132,759	-	(54,583)	-
Distribution of prior year profit	0	0	-	0	0	0	0	132,759	-132,759	0	0	0
Dividends paid (note 18)	-76,932	0	-76,932	0	0	0	0	-76,932	0	0	0	0
Sale-purchase of own shares (net)	-277	0	-277	0	0	0	0	0	0	0	0	-277
Gain/(loss) on own share sales	378	0	378	0	0	0	0	378	0	0	0	0
Tax effect of previous changes in equity	0	0	-	0	0	0	0	0	0	0	0	0
Changes in consolidation scope	-1,298	-1,298	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transaction with shareholders	-78,129	-1,298	-76,831	0	0	0	0	56,205	-132,759	0	0	-277
Profit for thhe year (as per income startement)	149,119	3,106	146,013	0	0	0	0	0	146,013	0	0	0
Changes in translation differences	94,857	50	94,807	0	0	0	0	0	0	0	94,807	0
Fair value of financial instruments:												
1. Unrealized gains/(losses)	-19,175	0	-19,175	0	0	0	0	-19,175	0	0	0	0
2. Realized results	0	0	0	0	0	0	0	0	0	0	0	0
Change due to actuarial gains (losses)	-10,232	-44	10,188	0	0	0	0	-10,188	0	0	0	0
Tax effect of gains/(losses) recognized in equity	9,102	0	9,102	0	0	0	0	9,102	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0	0	0
Total income and expense recognized	223,671	3,112	220,559	0	0	0	0	-20,261	146,013	0	94,807	0
Balance at December 31, 2014	1,873,805	24,32	1,849,485	92,319	4	3,169	18,464	1,549,569	146,013	0	40,224	-277
Distribution of prior year profit	0	0	0	0	0	0	0	146,013	-146,013	0	0	
Dividends paid (note 18)	-101,551	0	-101,551	0	0	0	0	-101,551	0	0	0	0
Sale-purchase of own shares (net)	277	0	277	0	0	0	0	0	0	0	0	277
Gain/(loss) on own share sales	-7	0	-7	0	0	0	0	-7	0	0	0	0
Tax effect of previous changes in equity	0	0	0	0	0	0	0	0	0	0	0	0
Changes in consolidation scope	-3,517	-3,517	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transaction with shareholders	-104,798	-3,517	-101,281	0	0	0	0	44,455	-146,013	0	0	277
Profit for thhe year (as per income startement)	150,688	5,842	144,846	0	0	0	0	0	144,846	0	0	0
Changes in translation differences	73,123	12	73,111	0	0	0	0	0	0	0	73,111	0
Fair value of financial instruments:												
1. Unrealized gains/(losses)	183	0	183	0	0	0	0	183	0	0	0	0
2. Realized results	0	0	0	0	0	0	0	0	0	0	0	0
Change due to actuarial gains (losses)	-196	0	-196	0	0	0	0	-196	0	0	0	0
Tax effect of gains/(losses) recognized in equity	111	0	111	0	0	0	0	111	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0	0	0
Total income and expense recognized	223,909	5,854	218,055	0	0	0	0	98	144,846	0	73,111	0
Balance at December 31, 2015	1,992,916	26,657	1,966,259	92,319	4	3,169	18,464	1,594,122	144,846	0	113,335	0

The accompanying notes 1 to 31 are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2015.

EBRO FOODS GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

THOUSANDS OF EUROS	**2015**	**2014**
Receipts from customers	2,654,081	2,275,060
Payments to suppliers and employees	(2,344,662)	(1,996,516)
Interest paid	(6,607)	(6,375)
Interest received	279	516
Dividends received	2,948	1,491
Other operating activity receipts / payments	12,633	4,624
Income tax paid	(64,532)	(67,525)
Net cash flows from operating activities	**254,140**	**211,275**
Purchase of fixed assets	(81,466)	(67,123)
Proceeds from sale of fixed assets	8,723	10,390
Purchase of financial assets (net of cash acquired)	(77,545)	(47,103)
Proceeds from sale of financial assets	1,718	44,870
Other investment activity proceeds / purchases	1,723	(1,227)
Net cash flows used in investing activities	**(146,847)**	**(60,193)**
Acquisition of own shares	(450)	(11,804)
Proceeds from the sale of own shares	274	11,903
Dividends paid to shareholders	(102,657)	(76,932)
Proceeds from borrowings	203,005	160,628
Repayment of borrowings	(197,797)	(150,431)
Other financing activity proceeds / payments and grants	(609)	265
Net cash flows used in financing activities	**(98,234)**	**(66,371)**
Translation differences arising on cash flows from foreign companies	1.104	4,709
NET INCREASE (DECREASE) in cash and cash equivalents	**10,163**	**89,420**
Cash and cash equivalents, opening balance	192,279	94,314
Effect of year-end exchange rate on opening balance	9,196	8,545
Cash and cash equivalents, closing balance	**211,638**	**192,279**

The accompanying notes 1 to 31 are an integral part of the consolidated statement of cash flows for the year ended December 31, 2015.

1. GROUP INFORMATION

Ebro Foods, S.A., a Spanish public limited company (*sociedad anónima*), hereinafter the Parent or the Company, was created by the merger by absorption of Puleva S.A. into Azucarera Ebro Agrícolas S.A. on January 1, 2001. On the occasion of that transaction, Azucarera Ebro Agrícolas, S.A.'s name was changed to Ebro Puleva, S.A. Later, at the Annual General Meeting of June 1, 2010, its registered name was changed again to its current name: Ebro Foods, S.A.

The Company's current registered office is in Madrid (28046), at Paseo de la Castellana, 20.

The corporate object of its consolidated group (hereinafter, the Ebro Foods Group, the Ebro Group or the Group) is to perform the following business activities in Spanish and foreign markets:

a) The production, preparation, sale, research, export and import of all manner of food and dietary products for both human and animal consumption, in addition to energy food products, including their by-products and waste, and, in particular, rice, pasta, sauces and all manner of nutritional products.

b) The production, exploitation and sale of all manner of food, soft and alcoholic beverages.

c) The use of by-products and the provision of services or products of all types relating to the aforementioned activities, including refrigeration cabinets, ice, industrial gas, steam, cold and energy.

d) The acquisition, lease, creation, installation, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage (including alcohol) industries.

e) The performance of projects and installation work and the provision of all manner of technical assistance to other companies in the aforementioned industries; the creation, development, protection and use of patents, trademarks and other assets susceptible to intellectual property protection.

f) Staff training, computer programming or management, investment and monetization of resources, advertising and image, transport, distribution and sale and marketing activities that are ancillary or complementary to the aforementioned activities.

The activities comprising the Group's corporate object may be carried on through the subscription or acquisition of shares or other equity interests in companies with an identical or similar corporate purpose.

The Group currently operates in Spain and internationally. The revenue breakdown by geographic market is provided with the segment reporting disclosures (note 6).

The 2014 consolidated financial statements were approved at the Annual General Meeting held by Ebro Foods, S.A. on June 3, 2015 and duly filed with Madrid's Companies Register.

The distribution of profit of the Parent Company proposed by the directors of Ebro Foods, S.A. at a meeting of the Board of Directors on March 31, 2016 for submission for ratification at the upcoming Annual General Meeting is as follows:

Amounts relating only to the Parent's separate financial statements	Amount (thousands of euros)
Basis of distribution	
Unrestricted reserves	693,014
Profit for the year (as per income statement)	23,220
	716,234

The profit generated by the Ebro Foods Group in 2015 makes it possible, as in prior years, to propose the payment of a cash dividend, with a charge against unrestricted reserves and profit for the year of 0.54 euros per share, payable in the course of 2016, in a total amount of 83,088 thousand euros.

The dividend will be paid out in three equal instalments of 0.18 euros per share on April 1, June 29 and October 3, 2016.

Limitations on the distribution of dividends

Ebro Foods, S.A. is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount equal to at least 20% of share capital. This reserve cannot be distributed to shareholders unless it exceeds and only in the amount by which it exceeds this 20% threshold.

Once the legal and bylaw-stipulated requirements have been met, dividends may be distributed against profit for the year or freely distributable reserves so long as the value of equity is not lower than or would not fall below share capital as a result of the distribution. For these purposes, any profit recognized directly in equity may not be distributed either directly or indirectly. If prior-year losses were to reduce the Company’s equity to below the amount of share capital, profit would have to be allocated to offset these losses.

2. BASIS OF PREPARATION AND COMPARABILITY OF THE INFORMATION INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements are presented in thousands of euros (unless expressly stated otherwise). The euro is the Ebro Foods Group's functional currency. Transactions performed in other currencies are translated into euros following the accounting policies outlined in note 3.

a) Basis of preparation

1. General accounting policies

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements for the year ended December 31, 2015, which were authorized for issue by the Parent's directors on March 31, 2016, are pending approval by its shareholders at the Annual General Meeting; however, they are expected to be approved without modification. (Similarly, at the reporting date, the 2015 financial statements of Ebro Foods, S.A. and of its subsidiaries and associates had still to be ratified by their respective shareholders at the corresponding Annual General Meetings).

These financial statements have been prepared using the general historical cost measurement basis, except where the occasional IFRS requires performance of the corresponding revaluations.

2. Use of estimates and assumptions

The Parent’s directors are responsible for the information included in these consolidated financial statements.

In preparing the accompanying consolidated financial statements, they have relied on occasion on estimates made by the management of the various Group companies in order to measure certain of the assets, liabilities, income, expenses and commitments recognized therein. Essentially, these estimates refer to:

- Measurement of the recoverable amounts of assets and goodwill for impairment testing purposes.
- The assumptions used in the actuarial calculation of pension and similar liabilities and obligations.
- The useful lives of property, plant and equipment and intangible assets.
- The assumptions used to calculate the fair value of financial instruments and put options.
- The probability of occurrence and amount of liabilities of uncertain amounts and/or contingent liabilities.
- The recoverability of deferred tax assets.

Although these estimates were made on the basis of the best information available at the date of authorizing these consolidated financial statements for issue regarding the facts analyzed, future events could make it necessary to revise these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognizing the effects of the changes in estimates in the related consolidated financial statements.

3. Materiality assessment

These consolidated financial statements omit information and disclosures that do not require detailed breakdown on account of their qualitative importance and were not deemed material in accordance with the relative materiality or significance concept defined in the IFRS Conceptual Framework, considering the consolidated financial statements of the Ebro Group as a whole.

b) Comparative information

For comparative purposes, the Group presents, in addition to the figures for the year ended December 31, 2015, for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, consolidated statement of changes in equity, consolidated statement of comprehensive income and notes to the consolidated financial statements, the figures for the year ended December 31, 2014.

No other significant changes were made to the prior-year figures in order to make them comparable year-on-year.

c) Changes in the scope of consolidation

Notes 4 and 5 detail the main changes affecting the consolidation scope in 2015 and 2014, outlining the corresponding consequences in terms of accounting methods used.

3. SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

a) Basis of consolidation

Subsidiaries

All of the companies over which the Group has control are fully consolidated in these financial statements. Control is the power to affect an investee's returns through the ability to direct its relevant activities.

When the Group acquires a business, that business's assets, liabilities and contingent liabilities acquired are measured at their acquisition-date fair values. The difference between the cost of the business combination and the fair value of the net assets acquired is recognized as goodwill if positive and as a gain on a bargain purchase in the income statement if negative. The results of companies acquired during the year are consolidated from the effective date of acquisition.

Non-controlling interests are determined at the acquisition date at their percentage interest in the fair value of the acquiree's recognized assets and liabilities or at their proportionate share of the fair value of the acquired business, i.e., including their share of goodwill.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All material intra-group balances relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in associates and joint ventures

The Group's investments in associates (companies over which it has significant interest but not control) and joint ventures are accounted for using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the associate or joint venture since the acquisition date, adjusted for impairment charges as necessary. The Group’s share of the results of operations of its associates or joint ventures is recognized, net of the related tax effect, in the consolidated income statement or consolidated statement of other comprehensive income, as warranted.

b) Foreign currency translation: results and financial position of foreign operations

The Group companies' individual financial statements are expressed in each company's functional currency.

On consolidation, their assets and liabilities are translated into euros using the year-end exchange rate; income statement items are translated at the average exchange rate for the period; while share capital, share premium and reserve accounts are translated using the historical exchange rate. The exchange differences arising on translation for consolidation purposes of investments in foreign subsidiaries and associates are recognized in equity under "Translation differences".

If there are non-controlling interests in these subsidiaries, the translation differences are recognized under “Non-controlling interests” within equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the reporting date.

On disposal of an investment in a foreign subsidiary or associate, the translation differences relating to that particular foreign operation, deferred in equity until the transaction date, are recognized in profit or loss.

c) Foreign currency

Each Group company translates its transactions in foreign currencies to its respective functional currency using the rate prevailing on the transaction date. Differences arising on settlement of these transactions or translation of monetary assets and liabilities denominated in currencies other than each Group company's functional currency are recognized in profit or loss.

d) Cash and cash equivalents

Cash and cash equivalents are mainly certificates of deposits, short-term deposits, short-term marketable securities, short-term government bonds and other money market assets with a maturity of three months or less, and bank deposits with a maturity of more than three months from the date of acquisition but immediately drawable without incurring any kind of penalty. These assets are valued at acquisition cost, which is deemed a fair approximation of their realizable amount.

e) Property, plant and equipment and investment properties

Items of property, plant and equipment and investment properties are stated at the lower of:

- Acquisition (or production) cost, net of accumulated depreciation and accumulated impairment losses, if any.
- Their recoverable amount, i.e. the amount that will be recovered via the cash-generating units to which they belong or via their sale, capital appreciation or a combination of the two.

For items of property, plant and equipment and investment properties acquired in business combinations, acquisition cost equates to their fair value on the date that the Group obtained control, determined using appraisals carried out by independent experts, as detailed in section a) above.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is its carrying amount on the date of the change in use.

If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

In the event that management detects indications that these assets may be impaired, the corresponding impairment losses are recognized.

Borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost of the asset until such assets are commissioned. Extension, upgrade or improvement costs that represent an increase in productivity, capacity or efficiency or an extension in the useful life of assets are capitalized as an increase in the cost of the corresponding assets. Upkeep and maintenance costs are expensed in the year they are incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their respective useful lives, taking into consideration actual depreciation sustained through operation, usage and wear and tear, as follows. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end.

Depreciation rates	
Buildings and other structures	1.0% to 3.0%
Plant and machinery	2.0% to 20%
Other fixtures, tools and furniture	8.0% to 25%
Other items of PP&E	5.5% to 25%

Assets acquired under finance lease agreements, i.e., when the Group assumes substantially all the risks and rewards incidental to ownership, are capitalized, recognizing the present value of the total lease liability in tandem. Lease payments are apportioned between finance charges and principal (reduction of the lease liability) so as to achieve a constant rate of interest on the remaining balance of the liability. Leased assets are depreciated on a straight-line basis over the useful life of the assets, using the rates shown above. Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

f) Intangible assets (excluding goodwill and greenhouse gas emission allowances)

Intangible assets are recognized at their acquisition or production cost, which is reviewed continually and written down for impairment, as warranted, as described in note 3.h) below. Intangible assets with finite lives are amortized; their residual values, amortization periods and amortization methods are reviewed annually. The assets included under this heading are the following:

- <u>Development costs:</u> The costs incurred in specific projects for the development of new projects for sale or internal use that are reasonably certain to be recovered, are capitalized and amortized on a straight-line basis over the period of expected future benefit from its date of completion.

Recovery is reasonably regarded as assured when it is considered technically feasible and the Group has the ability and intention to complete the asset and use it or sell it and it is expected to generate future economic benefits.

- Patents, trademarks and licenses: Capitalized development expenditure is recognized under this heading when the corresponding patent or similar protection is obtained. This heading also includes new trademarks or brand names acquired from third parties (recognized at their acquisition cost) and those acquired in business combinations (recognized at their fair value on the date control is obtained). Based on an analysis of all the relevant factors, the Group has determined that there is no foreseeable limit to the period of time for which its most significant trademarks will generate cash inflows for the Group, which is why it has classified them as intangible assets with indefinite useful lives. Nevertheless, it reviews its trademarks' indefinite useful life assessment every year.

  Those that are amortized over their estimated useful life, which varies between 10 and 20 years.

- Computer software: Computer software includes the amounts paid for title to or the right to use computer programs and the costs incurred to develop software in-house, only to the extent that the software is expected to be used over several years. Software is amortized on a straight-line basis over its useful life, which is usually around three years.

  Software maintenance expenses are expensed in the year incurred.

g) Goodwill

Goodwill is the excess of the consideration transferred in exchange for control of a business and the acquisition-date fair value of the share of the net assets acquired, including the portion attributable to non-controlling interests, as detailed above. The excess acquisition price that corresponds to investments in associates is recognized in the consolidated balance sheet within 'Investments in associates', while any corresponding impairment losses are recognized under 'Share of profit of associates' in the consolidated income statement.

When the price of a business combination includes contingent consideration, the acquisition price includes the present value of such contingent consideration.

Goodwill is not amortized but is tested for impairment annually. Any impairment of goodwill indicated by such tests is recognized immediately in profit or loss and cannot be reversed in subsequent years.

Similarly, gains from a bargain purchase are recognized in the consolidated income statement once the Group has confirmed the fair value of the net assets acquired.

Whenever the Group disposes of a subsidiary or associate to which goodwill has been allocated, the amount of such goodwill is included in the carrying amount in order to determine the gain or loss on disposal.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill derecognized under these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

h) Impairment of non-financial assets

The Group tests its assets for impairment every year.

If its impairment tests indicate that that an asset's recoverable amount is less than its carrying amount, the asset is written down to its recoverable amount by recognizing an impairment loss in the consolidated income statement. An asset's recoverable amount is the higher of its realizable value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate.

If an asset being tested for impairment does not generate cash inflows that are largely independent of those from other assets or groups of assets, the impairment test is performed in respect of the group of assets to which it belongs (cash-generating unit or CGU).

The recoverable value of intangible assets with indefinite useful lives is reassessed annually (annual impairment test) or whenever there are indications that such assets may be impaired. The reversal of an asset impairment loss is recognized in the consolidated income statement.

i) Non-current assets held for sale and discontinued operations

Non-current assets classified as held for sale and discontinued operations are measured at the lower of their acquisition cost and fair value less costs of disposal.

Assets are classified into this category when their carrying amount is expected to be realized through a sale transaction, rather than through continuing use, the asset is available for immediate sale in its present condition and the sale is expected to qualify for recognition as a completed sale within one year.

j) Financial assets

Financial assets are recognized (and derecognized) on the effective transaction or trade date; they are initially recognized at fair value, which generally coincides with their acquisition cost, adjusted for transaction costs as warranted.

o <u>Investments</u>

Investments are classified as:

- Held-to-maturity financial assets: those with fixed or determinable payments and fixed maturity. The Group must have the positive intention and ability to hold these assets to maturity. This heading primarily includes short-term deposits and grants. After initial recognition they are measured at amortized cost.

- Financial assets at fair value through profit or loss: assets held for trading, i.e, with the objective of generating a profit from short-term fluctuations in price or the dealer's margin. After initial recognition they are measured at fair value to the extent this can be determined reliably. Net changes in these assets' fair value are presented in the consolidated income statement.

- Available-for-sale financial assets: this category includes debt securities and equity instruments issued by other companies that have not been classified in any of the preceding categories. These assets are measured as follows:

  - At fair value, when this can be determined reliably by means of its quoted price, recent benchmark transaction prices or the present value of its discounted cash flows.

    Unrealized fair value gains or losses are recognized in equity until the investment is derecognized, at which time the cumulative gain or loss recognized equity is reclassified to profit or loss.
    If fair value is less than acquisition cost and there is objective evidence that the asset has become impaired and this impairment is not considered temporary, the difference is recognized directly in the consolidated income statement.

  - In the event of unlisted securities, whose fair value cannot always be determined reliably, these assets are measured at their acquisition cost, less any impairment losses.

At year-end 2015, the fair value of the Group's available-for-sale financial assets was determined by reference to (unadjusted) quoted prices in active markets, meaning Level 1 of the fair value hierarchy established under IFRS 7.

No financial assets were reclassified between the above financial asset categories in either 2015 or 2014.

- Other loans and credit facilities

Non-trade loans and credit facilities, whether current or non-current, are recognized at the amounts granted (amortized cost). The interest collected on these loans is accrued as interest income using the effective interest rate method.

Non-trade loans and credit facilities are not usually discounted to their present value.

k) Trade and other receivables

Trade and other receivables are recognized at their face value, which coincides with their amortized cost. Impairment losses are estimated and recognized to provide for the risk of non-payment.

The balance corresponding to discounted bills is recognized through maturity under both trade and other receivables and bank borrowings (current financial liabilities).

l) Inventories

Inventories are measured at weighted average acquisition or production cost. The acquisition price includes the amount stated on the invoice plus all additional costs incurred until the goods are stored in the warehouse.

Production cost is determined by adding to the cost of acquiring raw materials and other consumables, manufacturing costs directly attributable to the product and the corresponding portion of indirect costs attributable to the product in question, to the extent such costs are incurred in the manufacturing period. If the selling price less estimated costs of completion and the estimated costs necessary to make the sale are less that the costs indicated above, the inventories are written down for impairment.

m) Deferred income - Grants

The grants received by the Group are accounted for as follows:

a. Non-repayable grants related to assets: grants are measured at the amount awarded and reclassified to profit and loss on a straight-line basis over a period of 10 years, which is roughly equivalent to the average period during which the assets financed by such grants are depreciated. They are presented on the liability side of the consolidated balance sheet.

b. Grants related to income: when a grant relates to an expense item, it is recognized as income in the period that the costs it is intended to compensate are expensed.

n) Pension commitments and similar obligations

The Group manages several defined benefit and defined contribution pension plans. The cost of providing benefits under defined benefit plans is determined using the projected unit credit method.

The defined benefit commitment is calculated by independent actuarial experts annually for the most significant plans and regularly for the rest. The actuarial assumptions used to calculate the Group's obligations depend on each country's economic situation.

The various funds may be funded through an external fund or through internal provisions.

For defined benefit plans funded externally, any deficit in the fair value of the plan assets with respect to the present value of the obligation as a result of actuarial gains or losses is recognized directly in equity net of the related tax effect, and any changes in past service costs are recognized in profit or loss. A gain is only recognized in the consolidated balance sheet in respect of a surplus to the extent that it represents a future economic benefit, in the form of refunds from the plan or a reduction in future contributions.

Actuarial gains and losses arise mainly as a result of changes in actuarial assumptions or differences between estimated and actual variables.

In the case of defined benefit plans, the actuarial cost charged to the consolidated income statement is the sum of the current service cost, interest cost, the expected return on any plan assets and the past service cost, while any material actuarial gains and losses are recognized directly in retained earnings within equity.

Contributions to defined contribution plans are charged to the consolidated income statement when they are made.

Pursuant to the prevailing collective bargaining agreement and other non-binding agreements, Ebro Foods, S.A. (mainly) is obliged to pay bonuses for long service to certain of its permanent employees upon retirement at the legally-stipulated age or early retirement.

In accordance with the prevailing collective bargaining agreements and other non-binding agreements, the Riviana and the NWP subgroups and certain European Group companies (mainly) are obliged to make annual supplementary payments of various kinds and other bonuses for long service and retirement, where applicable, to certain of their permanent employees upon retirement at the legally-stipulated age or early retirement.

The provision recognized represents the present value, calculated by means of actuarial studies, most of which performed by independent experts, of the future payment obligations of the companies concerned to their former and current employees in connection with the aforementioned retirement bonus obligations, net of the present value of the financial assets in which the related funds are invested. These plans are managed independently by a Management Committee made up of employees, executives and third parties.

In addition, certain Group companies grant their employees certain voluntary retirement bonuses of undetermined amount. These bonuses, which are scantly material, are recognized as an expense when they are paid. The other Group companies do not have similar obligations or have obligations that are scantly material.

o) Other provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

They are measured at the year-end estimate of the amounts (at their present value) that will be required to discharge probable or certain liabilities arising as a result of lawsuits or other outstanding obligations.

If an outflow of resources is considered possible but not probable, the Group does not recognize a provision but discloses the nature of such contingent liability in the notes to the annual financial statements.

Restructuring provisions are recognized only when the Group has a constructive obligation, which exists when a detailed formal plan identifies the business concerned, the locations affected, the function and number of employees who will be compensated for terminating their services, a detailed estimate of the associated costs, and when the plan will be implemented, and a valid expectation has been raised among those affected that the restructuring will be carried out because the plan has started to be implemented or because the main features of the plan have been announced to those affected by it. These provisions are estimated on the basis of their economic substance and not just their legal form.

p) Financial liabilities - loans and borrowings

Loans and borrowings are classified by maturity: those maturing within less than twelve months from the reporting date are classified as current liabilities and those maturing within more than twelve months are classified as non-current liabilities.

All loans and borrowings are initially recognized at their original cost less associated arrangement costs. Subsequent to initial recognition they are measured at amortized cost. The interest generated by borrowings and all associated costs are recognized in the consolidated income statement using the effective interest rate method.

q) Income tax

Current tax expense is recognized in the consolidated income statement, except for current income tax relating to items recognized directly in equity, the tax effect of which is recognized in equity.

Deferred tax is provided using the liability method. Under this method, deferred tax assets and liabilities are recognized on the basis of the temporary differences between the carrying amounts of the assets or liabilities and their tax bases and are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities that arise from items recognized in equity are directly credited to or charged against equity. Deferred tax assets and unused tax credits are recognized to the extent that it is probable that sufficient taxable profit will be available to allow the benefit to be utilized and they are written down if this expectation changes. Deferred tax liabilities associated with investments in subsidiaries and associates are not recognized unless the Parent has the power to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

r) Derivative financial instruments

The Group uses certain financial derivatives to manage its exposure to fluctuations in interest rates and exchange rates. All of these derivatives are measured at fair value, regardless of whether or not they are designated as hedges, their fair value being their market value in the case of listed instruments and valuations based on options or discounted cash flow analysis in the case of unlisted instruments. The following criteria are used for recognition purposes:

- Cash flow hedges: the gains and losses derived from the restatement to fair value at the reporting date of derivatives designated as hedges, to the extent effective, are recognized directly in equity (net of tax) until the committed or forecast transaction is realized, at which point they are reclassified to profit or loss.
  Gains and losses on ineffective hedges are recognized directly in profit or loss.

- Hedges of a net investment in a foreign operation: the gains and losses derived from the measurement at fair value of these investments in respect of the portion of the hedge deemed effective are recognized, net of tax, directly in equity under 'Translation differences' and are reclassified to profit or loss when the hedged investment is disposed of. Gains and losses on ineffective hedges are recognized directly in profit or loss.

- Accounting treatment for financial instruments not designated as hedges or not qualifying for hedge accounting: The gains and losses arising from the restatement to fair value of these financial instruments are recognized directly in the consolidated income statement.

s) Revenue recognition

Revenue and expenses are recognized on an accrual basis. Revenue is the gross inflow of economic benefits during the period arising in the course of the Group's ordinary activities insofar as those inflows result in increases in equity, other than increases relating to contributions from equity participants, and the benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from services is only recognized when the outcome of a transaction involving the rendering of services can be estimated reliably and is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue includes only the gross inflows of economic benefits received and receivable by the Group on its own account; amounts collected on behalf of third parties, such as in an agency relationship, are not recognized as revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.

The Group recognizes non-financial asset purchase or sale agreements settled at the net amount in cash or through some other financial instrument at their net amount. Agreements entered into and held for the purpose of receiving or delivering such non-financial assets are recognized in accordance with the contractual terms of the purchase, sale or expected usage requirements.

Interest income is recognized using the effective interest method, by reference to the principal outstanding and the applicable effective interest rate.

t) Environmental disclosures

Expenditure incurred under initiatives taken or that have to be undertaken to manage the environmental effects of the Group’s business operations and that deriving from environmental commitments are considered environmental expenses.

Capitalized assets acquired or produced by the Group for the purpose of long-lasting use in its business operations whose main use is to minimize environmental damages and/or enhance environmental protection, including assets intended to make the Group's operations less contaminating, are considered environmental assets. These assets are accounted for using the same criteria as for items of property, plant and equipment.

u) Greenhouse gas emission allowances

The Group recognizes its greenhouse gas emission allowances as intangible assets with an infinite useful life. Allowances received for free under the various national allocation plans are measured at their fair value at the time of receipt and a deferred income balance is recognized in the same amount.

Since 2013 the Group is no longer obliged to meet allowance requirements and will therefore not be allocated additional free allowances.

v) Own shares

Own equity instruments that are reacquired (own shares or treasury shares) are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

w) New and amended standards and interpretations

The measurement standards (accounting policies) applied in preparing the accompanying consolidated financial statements are consistent with those used to prepare the 2014 consolidated financial statements with the exception of the following new and amended standards and interpretations:

1) Standards and amendments published by the International Accounting Standards Board (IASB) and adopted by the European Union for application in Europe for annual periods beginning on or after January 1, 2015:

   - CINIIF 21 - *Levies*
   - Annual Improvements, *2011-2013 Cycle*

   Adoption of these new and amended standards and interpretations has not had a material impact on the Group's financial position, performance or disclosures. The Group has not early adopted any new or amended standard that has been published but whose application is not yet mandatory.

2) As of the date of authorizing the accompanying consolidated financial statements, the following new and amended standards and interpretations have been published and are effective for annual periods after December 31, 2015:

   The most significant standards and interpretations published by the International Accounting Standard Board (IASB) but not yet effective in the European Union because their date of effectiveness is subsequent to the reporting date, are the following:

(THOUSANDS OF EUROS)

New or amended standard or interpretation	**Date of application by the EU**
Amendments to IAS 19 *Defined contribution plans: employee contributions*	February 1, 2015
Annual Improvements to IFRS, 2010-2012 Cycle	February 1, 2015
Amendments to IAS 16 and IAS 38 *Acceptable methods of depreciation and amortization.*	January 1, 2016
Amendments to IFRS 11 *Accounting for acquisitions of interests in joint operations*	January 1, 2016
Amendments to IAS 16 and IAS 41 *Bearer plants.*	January 1, 2016
Annual Improvements to IFRS, 2012-2014 Cycle	January 1, 2016
Amendments to IAS 1 *Disclosure initiative*	January 1, 2016

Adoption of these new and amended standards and interpretations will not have a material impact on the Group's financial position, performance or disclosures. The Group has not early adopted any new or amended standard that has been published and whose application is not yet mandatory.

In addition, as of the date of authorizing the accompanying consolidated financial statements for issue, the following new and amended standards and interpretations were pending adoption by the European Union. None of these standards has been early adopted by the Group.

New or amended standard or interpretation	**Date of adoption by the EU**
IFRS 9 *Financial instruments*	Pending
IFRS 14 *Regulatory deferral accounts*	Pending
IFRS 15 *Revenue from contracts with customers*	Pending
IFRS 16 *Leases*	Pending
Amendments to IFRS 10 and IAS 28 *Sale or contributions of assets between an investor and its associate or joint venture*	Pending
Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment entities: Applying the consolidation exception*	Pending
Amendments to IAS 7 *Statement of cash flows*	Pending
Amendments to IAS 12 *Income taxes*	Pending

The Group is currently analyzing the impact of application of these new and amended standards and interpretations that have been published but whose application is not yet compulsory.

(THOUSANDS OF EUROS)

4. SUBSIDIARIES AND ASSOCIATES

Ebro Foods, S.A. has the following direct and indirect investments in subsidiaries and associates:

SUBSIDIARIES AND ASSOCIATES	Ownership interest, %		Parent company			
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Registered office	Business activity
Dosbio 2010, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Flour production
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Agricultural holding
Arotz Foods, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Production of canned vegetables
Jiloca Industrial, S.A.	100.0%	100.0%	EF	EF	Teruel (Spain)	Production of organic fertilizer
Beira Terrace, Ltda.	100.0%	100.0%	EF	EF	Porto (Portugal)	Real estate (dormant)
Riviana Foods Inc. (Group) (Riviana)	100.0%	100.0%	EF	EF	Houston, Texas (USA)	Production and sale of rice
Panzani, SAS (Group) (Panzani)	100.0%	100.0%	EF	EF	Lyon (France)	Production and sale of pasta and sauces
New World Pasta Comp. (Group) (NWP)	100.0%	100.0%	EF	EF	Harrisburg (USA)	Production and sale of pasta and sauces
Ebro Germany, Gmbh. (Group) (EFG)	100.0%	100.0%	EF/Boost	EF/Boost	Hamburg (Germany)	Holdco
Ebro Alimentación México, S.A.	100.0%	100.0%	EF	EF	Mexico	Sale and marketing of rice
Azucarera Energías, S.L.	-	100.0%	-	EF	Madrid (Spain)	Liquidated in 2015
Networks Meal Solutions, S.A. (NMS)	100.0%	100.0%	EF	EF	Madrid (Spain)	Dormant
JJ. Software de Medicina, S.A. **(A)**	26.8%	26.8%	NMS	NMS	Madrid (Spain)	Dormant
Fundación Ebro Foods	100.0%	100.0%	EF	EF	Madrid (Spain)	Foundation
Ebro Financial Corporate Services, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Insurance and finance
Herba Foods S.L. (HF)	100.0%	100.0%	EF	EF	Madrid (Spain)	Investment management
Herba Ricemills S.L (HR)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Herba Nutrición S.L (HN)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Semola, S.r.l. (SEM)	100.0%	100.0%	EF	EF	Naples (Italy)	Investment management
Riso Scotti, S.p.a. (Group) **(A)**	25.0%	25.0%	EF	EF	Milan (Italy)	Production and sale of rice
Fallera Nutrición, S. L.	100.0%	100.0%	HN	HN	Valencia (Spain)	Production and sale of rice
Herba Germany, GmbH	100.0%	100.0%	EFG	EFG	Hamburg (Germany)	Trademark holdco
Euryza, Gmbh.	100.0%	100.0%	EFG	EFG	Hamburg (Germany)	Sale and marketing of rice
T.A.G. Nahrungsmittel Gmbh.	100.0%	100.0%	EFG	EFG	Stuttgart (Germany)	Dormant
Bertolini Import Export Gmbh.	100.0%	100.0%	EFG	EFG	Mannheim (Germany)	Dormant
Ebro Frost, Gmbh (Efrost)	55.0%	55.0%	HF	HF	Munich (Germany)	Investment management
Danrice A.S.	100.0%	100.0%	Efrost	Efrost	Orbaek (Denmark)	Production and sale of rice and pasta
Keck Spezializaten, Gmbh.	100.0%	100.0%	Efrost	Efrost	Munich (Germany)	Production and sale of rice and pasta
Ebro Frost UK, Ltd	100.0%	-	Efrost	-	London (UK)	Entity being incorporated
S&B Herba Foods, Ltda. (Group)	100.0%	100.0%	HF/R. Int.	HF/R. Int.	London (UK)	Production and sale of rice
Riceland Magyarorszag, KFT.	100.0%	100.0%	HF/EF	HF/EF	Budapest (Hungary)	Sale and marketing of rice
Boost Nutrition C.V. (Boost)	100.0%	100.0%	HF / NC	HF / NC	Merksem (Belgium)	Production and sale of rice
Mundi Riso S.R.L.	100.0%	100.0%	HF	HF	Vercelli (Italy)	Production and sale of rice
Herba Hellas, S.A.	75.0%	75.0%	HF	HF	Tesalonica (Greece)	In liquidation
Mundi Riz, S.A.	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and sale of rice
Agromeruan, S.A.	100.0%	100.0%	MR	MR	Larache (Morocco)	Farmland concessionaire
Rivera del Arroz, S.A.	100.0%	100.0%	MR	MR	Larache (Morocco)	Rice farming
Katania Magreb, Ltda.	100.0%	100.0%	MR	MR	Larache (Morocco)	Production and distribution of legumes
Arrozeíras Mundiarroz, S.A.	100.0%	100.0%	HF	HF	Lisbon (Portugal)	Production and sale of rice
Josep Heap Properties, Ltda.	100.0%	100.0%	HF	HF	Liverpool (UK)	Investment management
Risella OY	100.0%	100.0%	HF	HF	Helsinki (Finland)	Sale and marketing of rice

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SUBSIDIARIES AND ASSOCIATES	Ownership interest, %		Parent Company			
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Registered office	Business activity
Bosto Poland, S.L.	100.0%	100.0%	HF	HF	Warsaw (Poland)	Sale and marketing of rice
Herba Bangkok, S.L.	100.0%	100.0%	HF	HF	Bangkok (Thailand)	Production and sale of rice
Herba Egipto Rice Mills, S.A.E.	100.0%	100.0%	HF	HF	Cairo (Egypt)	Production and sale of rice
Herba de Puerto Rico, LLC.	100.0%	100.0%	HF	HF	San Juan (Puerto Rico)	Sale and marketing of rice
Herba Ricemills Rom, SRL	100.0%	100.0%	HF	HF	Romania	Sale and marketing of rice
Herba India, Pty.	100.0%	100.0%	HF	HF	New Delhi (India)	Dormant
Ebro India, Ltda.	100.0%	100.0%	HF	HF	New Delhi (India)	Production and sale of rice
TBA Suntra UK, Ltd.	100.0%	100.0%	HF/EFN	HF	Goole (UK)	Production and sale of rice
Ebro Foods Netherland, B.V. (EFN)	100.0%	100.0%	HF	HF	Amsterdam (Netherlands)	Investment management
Lassie Netherland, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Production and sale of rice
Lassie, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Industrial operations
Lassie Property, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Industrial operations
Herba Ingredients, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Industrial operations
Mediterranean Foods Label, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Production and sale of rice
Nuratri, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Nutramas, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Nutrial, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Pronatur, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Vitasan, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale and marketing of rice
Yofres, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale and marketing of rice
Herba Trading, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale and marketing of rice
Formalac, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale and marketing of rice
Eurodairy, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale and marketing of rice
Española de I+D, S.A.	60.0%	60.0%	HR	HR	Valencia (Spain)	New product develop. & commercialization
American Rice, Inc. (ARI)	100.0%	100.0%	Riviana	Riviana	Houston (USA)	Production and sale of rice
Riviana International Inc. (R. Int.)	100.0%	100.0%	Riviana	Riviana	Houston (USA)	Investment management
Ebro Riviana de Guatemala, S.A.	100.0%	100.0%	R. Int.	R. Int.	Guatemala	Investment management
Ebro de Costa Rica, S. A.	100.0%	100.0%	R. Int.	R. Int.	San José (Costa Rica)	Investment management
R&R Partnership **(A)**	50.0%	50.0%	Riviana	Riviana	Houston (USA)	Production and sale of rice
N&C Boost N.V. (N.C. Boost)	100.0%	100.0%	R. Int.	R. Int.	Antwerp (Belgium)	Investment management
Les Traiteurs Lyonnais (G. Moulins Maurel)	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Investment management
Lustucru Riz	99.9%	99.9%	LTL	LTL	Lyon (France)	In liquidation
Lustucru Frais	100.0%	100.0%	LTL	LTL	Lyon (France)	Production and sale of fresh pasta
Roland Monterrat, SAS	100.0%	-	LTL	-	Lyon (France)	Production and sale of flour and semolina
S.F.C. Silo de la Madrague, SAS	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Industrial operations
S.F.C. d'Investissements, SAS	100.0%	100.0%	Panzani	Panzani	Marseilles (France)	Industrial operations
TBA Suntra Beheer, B.V. (Group)	100.0%	100.0%	HI	HF	Netherlands and Belgium	Production and sale of rice
Herba Ingredients, BVBA	100.0%	100.0%	HI	HF	Belgium	Industrial operations
Herba Ingredients Belgium C, BVBA	100.0%	100.0%	HI	HF	Belgium	Industrial operations
Herba Ingredients Netherlands, BV	100.0%	100.0%	HI	HF	Netherlands	Industrial operations
Euro Rice Flour, BV	100.0%	100.0%	HI	HF	Netherlands	Dormant
Pastificio Lucio Garofalo, Spa. (GAROF)	52.0%	52.0%	SEM	SEM	Naples (Italy)	Production and sale of pasta
Garofalo Nordic, AB.	100.0%	100.0%-	GAROF	GAROF	Sweden	Sale and marketing of pasta
Garofalo USA, Inc.	100.0%	100.0%	GAROF	GAROF	New York (USA)	Sale and marketing of pasta
Garleb, SAL.	70.0%	70.0%	GAROF	GAROF	Lebanon	Sale and marketing of pasta
Mani e Materia, Srl.	50.0%	50.0%	GAROF	GAROF	Naples (Italy)	Innovation & Internet
Bosto Panzani Benelux, S.A.	100.0%	100.0%	Boost/ Panzani	Boost/ Panzani	Merksem (Belgium)	Sale and marketing of rice and pasta
Catelly Corp. (Ronzoni)	100.0%	100.0%	NWP	NWP	Montreal (Canada)	Production and sale of pasta and sauces
Garofalo France, S.A.	100.0%	100.0%	Garof/ Panzani	Garof/ Panzani	Lyon (France)	Sale and marketing of pasta and sauces

(A) Associates consolidated using the equity method

(THOUSANDS OF EUROS)

None of the subsidiaries or associates is publicly traded. The financial statements of all of the companies consolidated by the Group correspond to the same financial year-end, namely December 31, 2015 and 2014.

5. SIGNIFICANT TRANSACTIONS (BUSINESS COMBINATIONS, DISPOSALS, ETC.) CLOSED IN 2015 AND 2014 AND IMPACT ON COMPARABILITY

5.1 Business combinations of entities under common control in 2015

There were no significant business combinations of entities under common control in 2015.

5.2 Business combinations of entities under common control in 2014

There were no significant business combinations of entities under common control in 2014.

5.3 Third-party business combinations undertaken in 2015 and 2014 and impact on comparability. Changes in consolidation scope:

The most significant changes in the Group's consolidation scope in 2015 are outlined below:

Companies added to the consolidation scope in 2015:			
Company affected	**Subgroup**	**%**	**Comments**
RiceSelect	Rice	100%	Outright acquisition of this business
Roland Monterrat, SAS	Pasta	100%	Outright acquisition of this business
Ebro Frost, UK	Rice	100%	Incorporation of this company

Companies removed from the consolidation scope and decreases in shareholdings in 2015:			
Company affected	**Subgroup**	**%**	**Comments**
Azucarera Energías, S.A.	Other	100%	Liquidation of this company

Acquisition of a new rice business, “Rice Select”, in the US

On June 1, 2015, Ebro Foods, S.A. acquired from RiceTec AG and RiceTec, Inc., through its US subsidiary, Riviana Foods Inc, the rice businesses carried on by the latter two companies in the US under the “RiceSelect” trademark. The transaction was structured as net asset acquisition. In addition to the RiceSelect trademark, the scope of the acquisition encompassed the other business assets, including a factory in Alvin, Texas. Riviana Foods also took on 42 employees devoted to the rice business.

RiceSelect boast strong brand recognition in the Premium specialty rice segment (aromatic rice, risottos, organic rice, etc.); it is uniquely positioned in terms of image and products vis-a-vis consumers in a priority market for the Ebro Group: the US rice market. The value-added products sold under the RiceSelect brand, which are very well positioned in the retail sector, perfectly complement the Riviana portfolio and will enable the Group to step up its development in the fastest-growing segments of the US rice business.

The business was acquired for 40,731 thousand euros. The acquisition was financed from own funds. The date on which the Group took effective control of this business - and the date of its first-time consolidation - was June 1, 2015. The goodwill generated as a result of this business combination is deductible for tax purposes.

Acquisition of the Monterrat, SAS Group in France

On September 30, 2015, having obtained the pertinent approval from the French anti-trust authority, Ebro Foods, S.A. acquired, through its subsidiary, Panzani, SAS, 100% of the equity of the French prepared fresh meal maker, Roland Monterrat.

With a headcount of 390 professionals, Roland Monterrat is an important player in the fresh meal segment in France: it is the leader in the *Pâté en croûte* segment and a top player in the sandwich and *croque-monsieur* segments. This acquisition will boost the Ebro Group's growth in the fresh product arena and in other complementary business segments.

The transaction was structured as the acquisition of 100% of the target's shares. The acquisition price totaled 41,546 thousand euros (a 26,550 thousand euro net payment plus 14,996 thousand euros of assumed debt). The acquisition was financed using a mix of own funds and borrowings. The date on which the Group took effective control of this business - and the date of its first-time consolidation - was October 1, 2015. The goodwill generated as a result of this business combination is not deductible for tax purposes.

The preliminary assessment of the fair value of the net assets acquired in both transactions is as follows:

	RiceSelect	Monterrat	
	Date of first-time consolidation	Date of first-time consolidation	
	June 1, 2015	October 1, 2015	TOTAL
Thousands of euros	Fair Value	Fair Value	Fair value
Intangible assets	18,035	2,710	20,745
Property, plant and equipment	8,769	28,697	37,466
Deferred tax assets	0	484	484
Inventories	4,350	4,355	8,705
Other current assets	1,642	12,157	13,799
Total assets	**32,796**	**48,403**	**81,199**
Provisions for pensions and similar obligations	0	488	488
Other provisions	0	70	70
Non-current financial liabilities	0	18,485	18,485
Deferred tax liabilities	0	7,322	7,322
Current financial liabilities	0	509	509
Trade payables	810	7,173	7,983
Other current liabilities	273	2,926	3,199
Total liabilities	**1,083**	**36,973**	**38,056**
Total identifiable net assets at fair value	**31,713**	**11,430**	**43,143**
Goodwill arising on acquisition	9,018	15,120	24,138
Purchase consideration transferred	**40,731**	**26,550**	**67,281**
Non-controlling interests	0	0	0
Financed with financial liabilities and cash	40,731	26,550	67,281
Purchase consideration transferred	**40,731**	**26,550**	**67,281**
Net cash (debt) acquired with the subsidiary	0	(14,996)	(14,996)
Revenue since the acquisition date	15,756	18,764	34,520
Net profit contribution since the acquisition date	527	548	1,075
Revenue since January 1 (a)	28,351	53,500	81,851
Net profit contribution since January 1 (a)	1,372	1,200	2,572

(a) Estimate as if the businesses had been acquired on January 1, 2015

The goodwill generated represents the future economic benefits the Ebro Group expects to obtain as a result, mainly, of the synergies implied by integration of this business into its supply, logistics, industrial, sales and human resources platforms.

The Group is still in the process of valuing and analyzing the various assets in order to determine the definitive fair value of the net assets acquired as of the date of first-time consolidation by the Ebro Group. Accordingly, the amounts recognized in respect of these business combinations have been determined only provisionally (initial accounting incomplete).

There were no other significant changes in the Group's consolidation scope in 2015.

The most significant changes in the Group's consolidation scope in 2014 are outlined below:

<u>Acquisition of Italian pasta business Garofalo</u>

The Ebro Group acquired 52% of Italian pasta group, Garofalo, on June 18, 2014. This Italian company owns the Garofalo, Santa Lucia and Russo de Cicciano brands, among others, giving it a significant position in the premium dry pasta segment in Italy and other countries.

The Group acquired a 52% interest for 63,455 thousand euros; it paid 58,255 thousand euros in 2014 and the remaining 5,200 thousand euros in 2015. The Group financed the acquisition using a mix of internal funds and bank borrowings. The Group took effective control of the Garofalo Group on June 30, 2014, which was also the date of first-time consolidation of this entity.

In addition, the Group has arranged two options with the other shareholder over the remaining 48%, granting the seller a put option (exercisable until May 2024) and the Ebro Group a call option (exercisable from June 2024 to May 2026). The price of these options will be determined as a function of Garofalo's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. At December 31, 2015, these options, which are recognized under non-current financial liabilities, were valued at 61,550 thousand euros (59,112 thousand euros at year-end 2014) (note 22).

The consolidated balance sheet of the Garofalo Group at June 30 2014 is replicated below:

Thousands of euros	GAROFALO June 30,2014 Fair Value
Intangible assets	35,197
Property, plant and equipment	64,395
Financial assets	3,819
Deferred tax assets	636
Inventories	11,731
Cash	13,655
Other current assets	40,603
Total assets	**170,036**
Deferred income	3,072
Provisions for pensions and similar obligations	643
Other provisions	22
Non-current financial liabilities	25,871
Deferred tax liabilities	20,760
Current financial liabilities	30,188
Trade payables	21,799
Other current liabilities	3,439
Total liabilities	**105,794**
Total identifiable net assets at fair value	**64,242**
Goodwill generated	57,049
Purchase consideration transferred	**121,291**
Non-controlling interests	57,836
Financed with financial liabilities and cash	63,455
Purchase consideration transferred	**121,291**
Net debt acquired with the subsidiary	-42,404
Revenue since the acquisition date	61,239
Net profit contribution since the acquisition date	2,895
Revenue since January 1 (a)	123,219
Net profit contribution since January 1 (a)	5,427

(a) Estimate as if the group had been acquired on January 1, 2014

There were no other significant changes in the Group's consolidation scope in 2014.

6. SEGMENT REPORTING

The operating segments are organized and managed separately by products and services; each segment represents a strategic business unit that offers different products and services different markets. Accordingly, the Group's segment reporting disclosures are articulated around its business segments, as the Group's risks and returns are shaped primarily by differences in the products and services provided.

Against this backdrop, the Ebro Foods is divided into the following business segments and/or activities:

- Rice business
- Pasta business
- Other businesses and/or activities

(THOUSANDS OF EUROS)

The Group structures its segment reporting disclosures around these businesses and/or activities. The financial information relating to these business segments is presented in the table provided at the end of this note.

Rice business

Herba Group: this group specializes in rice. It has established itself as Europe's leading rice group and one of the world's most importance players; it boasts an extensive and modern manufacturing base and sales network, engaging in business dealings in more than 70 markets.

It is the leading European player in rice retailing, the food service segment and in the supply of rice, rice derivatives and ingredients for industrial purposes. It follows a multi-brand strategy underpinned by a deep portfolio of successful brands that boast strong recognition in their operating markets. These high-profile brands include: SOS, La Fallera, La Cigala, Saludades, Lassie, Reis fit, Rix fis, Oryza, Bosto, Riceland, Risella, Peacock y Phoenix.

The table below summarizes the Group's market shares in its main retail markets:

Country	By volume	By value	Ranking
Spain	22.4%	33.6%	#1
Portugal	16.2%	18.6%	#1
Germany	9.2%	16.7%	#2
Belgium	22.0%	28.6%	#2
Netherlands	22.7%	29.9%	#1

In parallel it supplies rice to Europe's leading food sector players:

- ✓ Beverage industries
- ✓ Industrial rice companies
- ✓ Baby food: cereals, baby food, etc.
- ✓ Pre-cooked dishes: non-refrigerated, dehydrated, frozen, etc.
- ✓ Animal and pet food

Riviana Group: This is the unit specialized in the rice business in the US, specifically through Riviana Inc, the largest rice company in the US with rice processing and production facilities in Tennessee, Texas and Arkansas.

Riviana is the leading rice retailer in the US and boasts a variety of brands including Mahatma and Minute, leaders in the traditional and instant & microwaveable rice segments, respectively.

In 2015, the Group acquired the RiceSelect brand, thereby consolidating Riviana's presence in the specialty rice segment (aromatic rice, risottos, organic rice, etc.). The target boasts unique brand and product recognition.

The Group's overall market share in the US retail segment is 22.4% by volume; its footprint extends to growth segments such as aromatic and microwaveable rice.
This subgroup also has a solid international presence in markets with long-standing trade ties with the US, such as Mexico, several Caribbean nations and the Middle

East, the latter through the Abu Bint brand, which is the leader in the par-boiled rice segment in Saudi Arabia (56.8% share by volume).

Pasta business

Panzani Group: This is the Group unit specialized in the pasta and sauces business. France's Panzani is the leading player in the dry pasta, fresh products, rice, semolina and sauce segments in France.

The sauce and fresh products line is a premium customer proposition and a segment in which Panzani is the undisputed leader in France. Its brands, Panzani and Lustucru, command 32.3% and 39.4% of the market by volume, respectively.

The fresh products line includes fresh pastas, pan-fry products, new risotto sauces, ready-to-eat fresh dishes and new potato-based fresh specialties. It represents a growth segment and a launch pad for the Group's R&D effort. The acquisition of Roland Monterrat reinforces the Group's presence in this market as the target specializes in fresh dishes, sandwiches, *pâté en croûte* and *croque-monsieurs*.

Panzani sells rice under two brands: Lustucru, devoted to conventional and quick-cook rice, and Taureau Ailé, specialized in exotic rices and the number-one player in this segment in France with a market share of 20.6% by sales volumes. Panzani sells semolina products under the Regia and Ferrero brands, which lead the market by sales volumes.

It is also the market leader in Belgium and the Czech Republic with shares of 9.7% and 15.4%, respectively, and exports pasta and semolina products, particularly to northern Africa and other French-speaking markets.

Garofalo Group: The Ebro Group acquired 52% of Italy's Pasta Garofalo on June 18, 2014.

Pastificio Lucio Garofalo is steeped in over two hundred years of history and marries tradition and innovation in the premium pasta business. It is based in Gragnano (at the back of the Bay of Naples), the region considered the cradle of pasta on account of its special microclimate. It owns the Garofalo and Santa Lucia trademarks, among others.

This company has etched out a growth story during the past 15 years, transforming from a small-sized local player into a leader in the Italian premium dry pasta segment (share of 4.8% by volume and 7.3% by value). Its brands are sold in most European markets and the US and its Santa Lucía brand is a best-selling pasta brand in eastern Africa.

New World Pasta Group: a leading player in the dry pasta segment in the US and Canada. Its manufacturing base encompasses Montreal (Quebec), Fresno (California), Saint Louis (Missouri) and Winchester (Virginia). It follows a multi-brand strategy: its brands are strongly entrenched in their local markets; this company also commands an important presence in the health and well-being segments, in which is markets its products under the Healthy Harvest, Smart Taste, Garden Delight trademarks and Gluten Free.

New World Pasta boasts an extensive range of complementary and solid brands, including: Ronzoni, Skinner, Prince, American Beauty, San Giorgio, Creamette and

No Yolks in the US, and Catelli, Lancia and Ronzoni in Canada. It's market share (by volume) in the US and Canada is of 19.4% and 34,0%, respectively. Towards the end of 2013 it added Olivieri to this portfolio, a fresh pasta brand with a market share in Canada of 45.9%.

Other businesses and/or activities

The most notable activity in this category:

Asset management:

This unit manages the Group's property that is not used in the core businesses (investment properties). Its goal is to centrally control all of the Group's properties with a view to remaining abreast of their status, reducing costs and selling off those not used for industrial purposes after taking action to maximize their valuation prior to monetization.

Criteria used to allocate amounts to reportable segments

The restructuring effort and initiatives undertaken by the Group in recent years have enabled it to scale each of its main business segments separately, thereby facilitating their management, decision-making and financial control. Accordingly, the allocation of consolidated expenses, income, assets and liabilities among the segments derives from the amounts that belong directly to each. It has not been necessary to establish criteria for allocating shared expenses and income or shared assets and liabilities among segments.

Against this backdrop, although the non-financial fixed assets and liabilities and working capital structure dovetail with the needs of each business or activity, the financial structure shown by segment is determined by internal financial management criteria in keeping with appropriate and necessary centralization and coordination at the Group level.

Inter-segment transactions

Although not material in relation to the total consolidated figures, inter-segment transactions have been eliminated for the purpose of determining the reportable segments' revenue, expenses and profits. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Inter-segment transactions are eliminated on consolidation.

6.1 Geographic information

The geographic information is provided on the basis of the Group's assets. Revenue from external customers is based on the the geographic location of the customers. The detailed descriptions of each of the Group's business segment provided above indicates the geographic areas in which each operates. A summary of the businesses and/or activities carried out by the Group by geographic areas is provided below:

- Spain – Herba's rice business.
- Rest of Europe - essentially the businesses of Herba, Panzani (with Monterrat) and Garofalo.
- USA – the Riviana (with RiceSelect), American Rice, NWP and Olivieri businesses.

(THOUSANDS OF EUROS)

- Rest of world - essentially the rice business of Herba and some of the exports of Panzani, American Rice and Garofalo.

The breakdown of assets and revenue provided by geographic market below for continuing operations, without considering the place where the goods are produced, is provided in the next table:

2014 - Geographic market	Spain	Europe	Americas	RoW	TOTAL
Segment revenue	146,546	1,045,241	911,668	152,649	2,256,104
Inter-segment revenue	-1,770	-60,595	-72,379	-638	-135,382
Total revenue	**144,776**	**984,646**	**839,289**	**152,011**	**2,120,722**
Intangible assets	34,459	149,063	250,413	39	433,974
Property, plant and equipment	64,740	292,371	235,765	19,895	612,771
Other assets	292,416	998,419	739,140	85,348	2,115,323
Total assets	**391,615**	**1,439,853**	**1,225,318**	**105,282**	**3,162,068**
Capital expenditure	**5,461**	**36,419**	**24,686**	**2,829**	**69,395**

2015 - Geographic market	Spain	Europe	Americas	RoW	TOTAL
Segment revenue	147,649	1,175,712	1,096,056	200,509	2,619,926
Inter-segment revenue	-5,129	-64,218	-88,553	-111	-158,011
Total revenue	**142,520**	**1,111,494**	**1,007,503**	**200,398**	**2,461,915**
Intangible assets	34,872	150,420	280,882	40	466,214
Property, plant and equipment	64,151	334,064	267,410	22,614	688,239
Other assets	248,043	1,048,184	856,791	96,205	2,249,223
Total assets	**347,066**	**1,532,668**	**1,405,083**	**118,859**	**3,403,676**
Capital expenditure	**7,188**	**45,262**	**25,579**	**4,138**	**82,167**

6.2 Segment reporting disclosures

The following tables provide information on the revenue and earnings of continuing operations as well as certain asset and liability disclosures for the Group's reportable segments for the years ended December 31, 2015 and 2014.

EBRO FOODS, S.A. CONSOLIDATED GROUP
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DEC. 31, 2015
(THOUSANDS OF EUROS)

EBRO FOODS GROUP (Thousands of euros)	**TOTAL CONSOL. FIGURES**		**Rice business**		**Pasta business**		**EF Holdco**		**Other businesses & Consol. adjustments**	
BALANCE SHEET	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	466,214	433,974	193,409	161,497	260,633	260,554	12,144	11,814	28	109
Property, plant and equipment	688,239	612,771	331,776	291,578	347,150	311,804	1,149	1,251	8,164	8,138
Investment properties	29,927	30,832	27,329	28,173	1	1	11,959	12,020	-9,362	-9,362
Financial assets	43,391	47,855	3,872	2,287	13,090	18,388	26,406	27,158	23	22
Investments in associates	24,052	22,857	60,834	54,021	31,745	32,276	1,354,057	1,354,676	-1,423,084	-1,418,116
Deferred tax assets	74,301	55,871	23,082	18,076	28,777	26,057	19,159	8,938	3,283	2,800
Goodwill	990,885	932,596	362,349	327,730	628,408	604,138	0	0	128	728
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Accounts receivable from group companies	0	0	90,653	76,416	165,605	149,252	9,818	29,737	-266,076	-255,405
Other current assets	1,086,667	1,025,312	569,045	532,633	503,293	428,007	5,914	51,417	8,415	13,255
	3,403,676	**3,162,068**	**1,662,349**	**1,492,411**	**1,978,702**	**1,830,477**	**1,440,606**	**1,497,011**	**-1,678,481**	**-1,657,831**
Assets held for sale	0	0							0	0
Total assets	**3,403,676**	**3,162,068**							**-1,678,481**	**-1,657,831**
Total equity	1,992,916	1,873,805	1,194,128	1,053,630	1,375,792	1,281,805	809,878	914,211	-1,387,382	-1,375,841
Deferred income	4,418	4,409	1,398	1,542	3,007	2,849	0	0	13	18
Provisions for pensions and similar oblig.	45,326	42,144	18,259	18,442	24,674	21,874	2,302	1,661	91	167
Other provisions	14,256	12,355	1,519	1,329	3,717	2,006	9,020	9,020	0	0
Non-current & current financial liabilities	639,788	598,713	62,693	67,235	182,189	159,549	394,593	371,553	313	376
Other non-financial liabilities	6	12	6	12	0	0	0	0	0	0
Deferred tax liabilities	281,736	245,956	125,114	105,951	123,382	107,639	32,574	31,178	666	1,188
Borrowings from group companies	0	0	98,329	99,775	15,019	27,980	181,363	155,883	-294,711	-283,638
Other current liabilities	425,230	384,674	160,903	144,495	250,992	226,775	10,876	13,505	2,529	-101
	3,403,676	**3,162,068**	**1,662,349**	**1,492,411**	**1,978,702**	**1,830,477**	**1,440,606**	**1,497,011**	**-1,678,481**	**-1,657,831**
Liabilities of non-current assets held for sale	0	0							0	0
Total liabilities	**3,403,676**	**3,162,068**							**-1,678,481**	**-1,657,831**
Capital expenditure for the year	82,167	69,395	41,291	34,653	39,345	34,262	822	373		
Capital employed	1,579,447	1,363,346	861,763	767,771	691,071	578,767	14,368	10,234		
ROCE	15.6	16.7	17.1	15.9	16.1	20.5	-	-		
Leverage	21.6%	18.0%								
Average headcount for the year	5,779	5,189								
Stock market data:										
Number of shares outstanding ('000)	153,865	153,865								
Market cap. at year-end	2,780	2,109	Millions of euros							
EPS	0.94	0.95								
Dividend per share (DPS)	0.66	0.50								
Underlying carrying amount per share	12.78	12.06								

REPORTABLE SEGMENT DISCLOSURES - CONTINUING OPERATIONS

EBRO FOODS GROUP (Thousands of euros)	TOTAL CONSOL. FIGURES		Rice business		Pasta business		EF Holdco		Other businesses & Consol. adjustments	
INCOME STATEMENT	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
External revenue	2,461,915	2,120,722	1,233,185	1,082,676	1,207,942	1,013,509	265	555	20,523	23,982
Inter-segment revenue			54,541	57,021	16,549	15,785	5,442	5,049	-82,174	-77,855
Total revenue	**2,461,915**	**2,120,722**	**1,287,726**	**1,139,697**	**1,224,491**	**1,029,294**	**5,687**	**5,604**	**-61,651**	**-53,873**
Change in inventories	12,419	949	7,933	3,444	4,300	-2,348	0	0	186	-147
Own work capitalized	1,012	1,701	69	51	943	1,650	0	0	0	0
Other operating income	18,017	26,931	11,138	14,736	8,572	12,048	4,687	5,232	-6,380	-5,085
Raw materials and consumables used and other expenses	-1,319,646	-1,189,285	-768,766	-709,141	-675,711	-535,353	0	0	58,493	55,209
Employee benefits expense	-306,304	-261,710	-132,025	-110,043	-160,951	-138,734	-10,718	-10,344	-2,610	-2,589
Depreciation and amortization	-68,410	-60,009	-29,450	-27,039	-38,170	-31,920	-655	-897	-135	-153
Other operating expenses	-484,626	-421,922	-228,081	-193,282	-258,533	-222,314	-7,787	-18,676	9,775	12,350
Operating profit (loss)	**242,377**	**217,377**	**148,544**	**118,423**	**104,941**	**112,323**	**-8,786**	**-19,081**	**-2,322**	**5,712**
Finance income	31,112	32,470	27,416	15,530	8,322	5,841	-5,185	30,666	559	-19,567
Finance costs	-43,183	-24,758	-31,550	-16,436	-8,221	-5,632	-3,812	-10,141	400	7,451
Impairment of goodwill	-4,213	-11,325	-3,613	-11,325	0	0	0	0	-600	0
Share of profit of associates	3,629	1,985	6,893	3,932	0	0	0	0	-3,264	-1,947
Consolidated profit (loss) before tax	**229,772**	**215,749**	**147,690**	**110,124**	**105,042**	**112,532**	**-17,783**	**1,444**	**-5,227**	**-8,351**

7. DISCONTINUED OPERATIONS

At year-end 2015, the Group did not have significant amounts of non-current assets held for sale. No operations were classified as discontinued operations in 2015.

In the first half of 2014, following the sale at the end of December 2013 of the German dry pasta business (Birkel), the buyer of this business presented certain claims. In order to resolve the controversy between the two parties, in early July 2014, the purchase agreement (signed in December 2013) was amended; the most notable changes were a reduction in the sale price of 3,400 thousand euros and a new timeline for settlement of the deferred portion of the purchase price. The accounting impact of this amendment was recognized in 2014: specifically, the Group recognized a pre-tax loss of 3,123 thousand euros and a tax effect of 900 thousand euros, implying an after-tax loss of 2,223 thousand euros.

(THOUSANDS OF EUROS)

8. OTHER INCOME AND EXPENSE

8.1 Other operating income

		2015		2014
Government grants (related to income and grants)		845		1,266
Other operating income		9,062		11,906
Gains on disposal of non-current assets		388		398
Gains on disposal of investment properties		5,844		7,078
Reversal of non-current asset impairment provisions		844		828
Other income		1,034		5,455
Reversal of provisions recognized in connection with business sale reps and warranties	0		1,583	
Reversal of provisions for other lawsuits	356		3,297	
Other less significant ítems	678		575	
		18,017		**26,931**

Other income includes the following less-recurring items in 2015:

- A gain of 388 thousand euros recognized on the sale of items of property, plant and equipment.
- Income from the reversal of impairment provisions recognized on items of property, plant and equipment in the amount of 844 thousand euros (note 10).
- A gain of 5,844 thousand euros on the sale of investment properties (one property owned by one of the Group's British companies and another in Houston - USA).
- Income from the reversal of provisions for pensions in the amount of 85 thousand euros and income from the reversal of provisions for lawsuits of 271 thousand euros.
- The rest of other operating income relates to grants and minor other operating items.

Other income includes the following less-recurring items in 2014:

- A gain of 236 thousand euros recognized on the sale of items of property, plant and equipment and a gain of 162 thousand euros on the sale of greenhouse gas emission allowances.
- A gain of 7,078 thousand euros obtained on the sale of investment properties (part of the site of the former Houston factory and the land in the agricultural estate of Group subsidiary South LaForche – 50%-owned by the Riviana Group - which had been previously dissolved in favor of its shareholders).
- Income generated by the reversal of provisions for lawsuits ruled in favor of the Group of 2,921 thousand euros, the reversal of provisions for pensions of 376 thousand euros and other dispute-related income in the amount of 1,583 thousand euros.
- Income generated by the partial reversal of an impairment provision recognized on one of the US pasta brands in the amount of 828 thousand euros, thanks to that brand's subsequent revaluation.

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The rest of other operating income relates to grants and sundry other operating items.

8.2 Other operating expenses

		2015		2014
External expenditure		(370,973)		(313,285)
Advertising expenditure		(87,717)		(72,414)
Research and development expenses		(1,768)		(1,548)
Taxes/levies other than corporate income tax		(12,121)		(11,051)
Losses on the sale of non-current assets and impairment provisions		(438)		(5,401)
Other provisions and charges recognized		(11,069)		(18,223)
Provisions for lawsuits and disputes	(1,642)		(10,395)	
Industrial and logistics restructuring charges	(7,100)		(5,415)	
New business and investment acquisition costs	(1,515)		(1,374)	
Other less significant ítems	(1,352)		(1,039)	
		(484,626)		**(421,922)**

Other operating expenses include the following less-recurring items in 2015:

- A loss of 438 thousand euros recognized on the derecognition or sale of several pieces of industrial equipment and plant.
- Expenses and additions to provisions totaling 1,642 thousand euros as a result of certain contingencies and lawsuits in process.
- Industrial and logistics restructuring costs at several centers totaling 7,100 thousand euros. This figure includes the cost of termination benefits, logistical restructuring of warehouses and other associated costs.
- Expenses incurred in acquiring new businesses and investments not eligible for capitalization in the amount of 1,515 thousand euros.

Other operating expenses include the following less-recurring items in 2014:

- A loss of 1,278 thousand euros recognized on the derecognition or sale of several pieces of industrial equipment, items of plant and software.
- An impairment loss of 1,246 thousand euros recognized on industrial assets at the rice factory in Egypt.
- An impairment loss of 881 thousand euros recognized on a rice brand in Germany.
- Impairment losses recognized on certain Spanish investment properties in the amount of 1,994 thousand euros.
- Expenses and additions to provisions totaling 10,395 thousand euros as a result of certain contingencies and lawsuits in process.
- Industrial and logistics restructuring costs at several centers totaling 5,415 thousand euros. This includes the cost of redundancies, expenses in respect of factories closed in prior years and logistical restructuring at warehouses.

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- Expenses incurred in acquiring new businesses and investments not eligible for capitalization in the amount of 1,374 thousand euros.

8.3 Finance income and costs

	2015	2014
Finance costs		
Third-party borrowings	(7,082)	(8,031)
Unwinding of discount on provisions for pensions and similar obligations	(1,109)	(1,110)
Losses on derecognition of financial assets and liabilities	(8)	(153)
Impairment provisions on other financial assets	(1,900)	(1,716)
Expenses/losses related to derivatives and financial instruments	(6,081)	(3,456)
Exchange losses	(27,003)	(10,292)
	(43,183)	(24,758)
Finance income		
Third-party loans	2,439	2,194
Gains on derecognition of financial assets and liabilities (note 12)	0	14,003
Reversal of financial asset impairment provisions	530	1,153
Gains on derivatives and financial instruments	4,595	3,514
Exchange gains	23,548	11,606
	31,112	**32,470**
Net finance income/(cost)	**(12,071)**	**7,712**

8.4 Employee benefits expense

The breakdown of employee benefits expense and the average Group headcount in 2015 and 2014 and at each year-end:

	2015	2014
Wages and salaries	(213,953)	(198,437)
Other employee benefit expense	(26,625)	(21,926)
Social security and similar costs	(38,516)	(35,097)
Cost of post-employment and similar benefits	(9,210)	(6,250)
	(306,304)	**(261,710)**

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AVERAGE	**MALE**		**FEMALE**		
2015	**FIXED**	**PART-TIME**	**FIXED**	**PART-TIME**	**TOTAL**
Executives	134	0	43	1	178
Middle management	399	7	190	14	610
Clerical staff	232	15	382	25	654
Assistants	561	229	146	11	947
Sales staff	158	6	51	1	216
Other staff	1,875	623	481	175	3,154
TOTAL	**3,359**	**880**	**1,293**	**227**	**5,759**

AVERAGE	**MALE**		**FEMALE**		
2014	**FIXED**	**PART-TIME**	**FIXED**	**PART-TIME**	**TOTAL**
Executives	130	0	45	0	175
Middle management	410	10	187	17	624
Clerical staff	230	15	359	21	625
Assistants	557	130	163	45	895
Sales staff	153	5	55	0	213
Other staff	1,738	471	359	89	2,657
TOTAL	**3,218**	**631**	**1,168**	**172**	**5,189**

YEAR-END HEADCOUNT	**MALE**		**FEMALE**		
2015	**FIXED**	**PART-TIME**	**FIXED**	**PART-TIME**	**TOTAL**
Executives	136	0	44	0	180
Middle management	401	6	191	13	611
Clerical staff	240	19	389	30	678
Assistants	545	69	140	10	764
Sales staff	155	7	53	1	216
Other staff	1,861	579	485	134	3,059
TOTAL	**3,338**	**680**	**1,302**	**188**	**5,508**

YEAR-END HEADCOUNT	**MALE**		**FEMALE**		
2014	**FIXED**	**PART-TIME**	**FIXED**	**PART-TIME**	**TOTAL**
Executives	128	0	45	0	173
Middle management	410	10	188	16	624
Clerical staff	233	18	367	23	641
Assistants	486	67	140	48	741
Sales staff	157	5	57	0	219
Other staff	1,744	377	359	76	2,556
TOTAL	**3,158**	**477**	**1,156**	**163**	**4,954**

9. INTANGIBLE ASSETS

The reconciliation of the carrying amount of intangible assets at the beginning and end of 2015 and 2014, detailing the amortization and impairment provisions recognized and the movements recorded in each year, is provided below (in thousands of euros):

Carrying amounts	Development costs	Trademarks & patents	Computer software	Emission allowances	Intangible assets in progress	Total
Balance at December 31, 2013	0	363,822	9,613	276	1,628	**375,339**
Balance at December 31, 2014	421	424,983	6,936	171	1,463	**433,974**
Balance at December 31, 2015	282	458,013	5,515	89	2,315	**466,214**

Gross carrying amounts	Development costs	Trademarks & patents	Computer software	Emission allowances	Intangible assets in progress	Total
Balance at December 31, 2013	**165**	**374,666**	**35,085**	**325**	**1,628**	**411,869**
Business combination	475	34,575	147			35,197
Business sales (exits)						0
Additions	37		1,773	33	(174)	1,669
Decreases		(1)	(360)	(130)		(491)
Translation differences						
Assets held for sale		26,710	1,732		9	28,451
Transfers	(79)		22			(57)
Balance at December 31, 2014	**598**	**435,950**	**38,399**	**228**	**1,463**	**476,638**
Business combination		20,712	33			20,745
Business sales (exits)						0
Additions	45	4	2,155		851	3,055
Decreases			(22)	(14)		(36)
Translation differences		12,809	1,652		1	14,462
Assets held for sale						0
Transfers				(125)		(125)
Balance at December 31, 2015	**643**	**469,475**	**42,217**	**89**	**2,315**	**514,739**

Amortization and impairment provisions	Development costs	Trademarks & patents	Computer software	Emission allowances	Intangible assets in progress	Total
Balance at December 31, 2013	**(165)**	**(10,844)**	**(25,472)**	**(49)**	**0**	**(36,530)**
Business combination						0
Business sales (exits)						0
Additions	(90)	(892)	(4,274)	(8)		(5,264)
Decreases		828				828
Translation differences		(60)	(1,704)			(1,764)
Assets held for sale						0
Transfers	78	1	(13)			66
Balance at December 31, 2014	**(177)**	**(10,967)**	**(31,463)**	**(57)**	**0**	**(42,664)**
Business combination						0
Business sales (exits)						0
Additions	(186)	(521)	(3,585)			(4,292)
Decreases			21			21
Translation differences	2	26	(1,620)			(1,592)
Assets held for sale						0
Transfers			(55)	57		2
Balance at December 31, 2015	**(361)**	**(11,462)**	**(36,702)**	**0**	**0**	**(48,525)**

Movements in 2015

The most significant movements under this heading in 2015:

- An increase of 3,055 thousand euros in relation to new intangible assets, mainly software purchases.
- An increase of 12,870 thousand euros due to exchange gains.
- A decrease of 4,292 thousand euros on account of amortization charges for the year. There were no movements under the impairment provisions account.
- An increase of 20,745 thousand euros due to business combinations.
- In 2015, the Group also derecognized intangible assets with a carrying amount of 15 thousand euros and transferred assets with a carrying amount of 123 thousand euros.

Movements in 2014

The most significant movements under this heading in 2014:

- An increase of 1,669 thousand euros in relation to new intangible assets, mainly software purchases.
- An increase of 26,687 thousand euros due to exchange gains.
- Decreases of 4,383 thousand euros due to amortization charges, an impairment provision of 881 thousand euros on a rice brand in Germany and an increase of 828 thousand euros due to the reversal of an impairment provision previously recognized against a US pasta brand.
- An increase of 35,197 thousand euros due to business combinations.
- In 2014 the Group also derecognized intangible assets with a carrying amount of 482 thousand euros.

Trademarks

The trademarks and patents included within intangible assets were either acquired directly or via business combinations. Virtually all of these assets have been assessed as having an indefinite useful life and have been valued using the cost model.

The Group tested its most significant brands for impairment in 2015 and 2014 (these tests were mostly performed by independent experts - Duff & Phelps American Appraisal), as a result of which exercise the following brand-related carrying amounts were allocated to the following cash-generating units:

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Segment	CGU: Trademarks	Number of Trademarks	Balance at December 31, 2014			Increases	Decreases & other	Impairment losses	Exchange differences	Balance at December 31, 2015		
			Gross	Impairment	Net					Gross	Impairment	Net
Herba rice	Herba Germany	2	21,065	(8,653)	12,412					21,065	(8,653)	12,412
Herba rice	Risella (Finland)	1	4,000	0	4,000					4,000	0	4,000
Herba rice	SOS Europe	3	39,723	0	39,723					39,723	0	39,723
US rice	Riviana (US)	5	101,900	0	101,900				13,424	115,324	0	115,324
US rice	ARI (SOS) (US)	4	13,557	0	13,557					13,557	0	13,557
US rice	RiceSelect	1	0	0	0	18,035				18,035	0	18,035
Europe pasta	Panzani (France)	4	83,198	0	83,198					83,198	0	83,198
Europe pasta	Panzani – Monterrat	1	0	0	0	2,677				2,677	0	2,677
Pasta US	NWP (USA & Canada)	16	135,334	(328)	135,006				(686)	134,687	(367)	134,320
Europe pasta	Garofalo (Italy)	3	34,575	0	34,575					34,575	0	34,575
			433,352	(8,981)	424,371	20,712	0	0	12,738	466,841	(9,020)	457,821
Other indefinite-lived trademarks and patents			2,598	(1,986)	612	4		(521)	97	2,634	(2,442)	192
			435,950	**(10,967)**	**424,983**	**20,716**	**0**	**(521)**	**12,835**	**469,475**	**(11,462)**	**458,013**

At year-end 2015, there are three trademarks with an original aggregate cost of 25,721 thousand euros (year-end 2014: 25,240 thousand euros) that have been written down for impairment by 9,020 thousand euros in total (year-end 2014: 8,981 thousand euros).

The recoverable amount of these trademarks, was determined using cash flow projections that are typically derived from budgets that cover a five-year horizon and are then projected for another five years (using the “royalty relief” method).

The rates used to discount these assets' projected cash flows in 2015 range between 7.2 and 7.9% in Canada and the US (2014: 6.9 – 7.1%); 6,6% in Germany (6%); 6.6% in France (5.9%); 7.5% in Spain (6.8%); 7.3% in Italy and 8.3% in Portugal (7.8%), depending on the business market of each brand or cash-generating unit. Cash flows beyond the initial 5-year budget horizon were extrapolated using the corresponding units' medium to long-term growth rates, which are typically between 1.3% and 2,4% (0.0% - 2.0%), depending on the business.

With respect to the assumptions used to calculate these trademarks' value in use, management believes that no reasonably-possible change in the key assumptions used would cause their carrying amounts to exceed their recoverable amounts, with the exception of those already deemed impaired. More specifically, neither a 10% increase in the discount rates nor a 10% variation in the royalty rates used would trigger significant impairment charges.

10. PROPERTY, PLANT AND EQUIPMENT

The reconciliation of the carrying amount of the Group's property, plant and equipment at the beginning and end of 2015 and 2014, detailing the depreciation and impairment provisions recognized and movements recorded in each year, is provided below (in thousands of euros):

Carrying amounts	Land	Buildings	Plant and equipment	Other fixtures, tools & Furniture	Other PP&E	PP&E under construction	**Total**
Balance at December 31, 2013	76,522	137,644	253,926	11,444	3,168	29,869	**512,573**
Balance at December 31, 2014	88,769	160,951	299,076	13,020	3,590	47,365	**612,771**
Balance al December 31, 2015	96,368	183,002	336,113	14,835	3,955	53,966	**688,239**

Gross carrying amounts	Land	Buildings	Plant and equipment	Other fixtures, tools & Furniture	Other PP&E	PP&E under construction	Total
Balance at December 31, 2013	**76,522**	**251,987**	**713,674**	**38,810**	**12,622**	**29,869**	**1,123,484**
Business combination	7,377	12,115	44,167	235	389	112	64,395
Business sales (exits)							0
Additions	1,960	11,175	33,119	3,727	977	15,842	66,800
Decreases	(318)	(2,837)	(11,535)	(145)	(1,281)		(16,116)
Translation differences	3,228	11,055	28,375	402	289	1,542	44,891
Transfers			(1)	4			3
Balance at December 31, 2014	**88,769**	**283,495**	**807,799**	**43,033**	**12,996**	**47,365**	**1,283,457**
Business combination	2,591	15,719	17,618	847		691	37,466
Business sales (exits)							0
Additions	3,260	9,147	57,448	4,019	1,341	3,897	79,112
Decreases		(114)	(4,888)	(218)	(319)		(5,539)
Translation differences	2,165	9,387	22,878	223	128	2,013	36,794
Transfers			86	95	(32)		149
Balance at December 31, 2015	**96,785**	**317,634**	**900,941**	**47,999**	**14,114**	**53,966**	**1,431,439**

Depreciation and impairment provisions	Land	Buildings	Plant and equipment	Other fixtures, tools & Furniture	Other PP&E	PP&E under construction	Total
Balance at December 31, 2013	**0**	**(114,343)**	**(459,748)**	**(27,366)**	**(9,454)**	**0**	**(610,911)**
Business sales (exits)							0
Additions		(8,974)	(44,528)	(2,478)	(827)		(56,807)
Decreases		2,616	10,560	145	1,066		14,387
Translation differences		(1,843)	(15,022)	(304)	(183)		(17,352)
Transfers			15	(10)	(8)		(3)
Balance at December 31, 2014	**0**	**(122,544)**	**(508,723)**	**(30,013)**	**(9,406)**	**0**	**(670,686)**
Business sales (exits)							0
Additions		(10,347)	(49,561)	(3,324)	(818)		(64,050)
Decreases		88	5,357	208	269		5,922
Translation differences	(2)	(1,478)	(12,539)	(226)	(65)		(14,310)
Transfers	(415)	(351)	638	191	(139)		(76)
Balance at December 31, 2014	**(417)**	**(134,632)**	**(564,828)**	**(33,164)**	**(10,159)**	**0**	**(743,200)**

The Group's policy is to take out all the insurance policies deemed necessary to cover risks that could affect these assets.

Additions under 'PP&E under construction' include the amounts corresponding to projects related to the production of new product ranges and, in general, the upgrade of the quality of the Group's industrial processes, products and its assets' environmental performance.

Note that in relation to certain investments made by the various Group companies in 2014 and prior years, the Group obtained grants, the amounts of which are disclosed in note 19.

No material items of property, plant or equipment are not used for business purposes.

Movements in 2015

The most significant movements under this heading in 2015:

- An increase of 22,484 thousand euros due to exchange gains.
- A decrease of 64,050 thousand euros on account of depreciation charges for the year.
- Additions of 79,112 thousand related to capital expenditure, essentially investments in technical upgrades and new facilities at the Group's factories.
- An increase of 37,466 thousand euros due to business combinations (note 5).
- In 2015, the Group also derecognized assets with a carrying amount of 461 thousand euros.
- An increase of 844 thousand euros on account of the reversal of asset impairment charges (note 8.1).

Movements in 2014

During 2014, the most significant movements under this heading in 2014:

- An increase of 27,539 thousand euros due to exchange gains.
- A decrease of 55,560 thousand euros on account of depreciation charges for the year.
- Additions of 66,800 thousand related to capital expenditure, essentially investments in technical upgrades and new facilities at the Group's factories.
- An increase of 64,395 thousand euros due to business combinations.
- In 2014, the Group also derecognized assets with a carrying amount of 1,730 thousand euros.
- A decrease of 1,246 thousand euros on account of asset impairment charges for the year.

In 2015, the Group recognized 64,050 thousand euros of depreciation charges in respect of its property, plant and equipment (2014: 55,560 thousand euros) and 0 (2014: 1,246 thousand euros) of impairment losses on these assets in its consolidated income statement.

The derecognition of items of property, plant and equipment in 2015 generated losses, on the one hand, of 438 thousand euros (2014: 1,278 thousand euros) and gains of 388 thousand euros (2014: 236 thousand euros), on the other.

11. INVESTMENT PROPERTIES

The reconciliation of the carrying amount of the Group's investment properties at the beginning and end of 2015 and 2014, detailing the depreciation and impairment provisions recognized and movements recorded in each year, is provided below (in thousands of euros):

Carrying amounts	Land	Buildings	Total
Balance at December 31, 2013	24,364	8,775	**33,139**
Balance at December 31, 2014	24,072	6,760	**30,832**
Balance at December 31, 2015	23,941	5,986	**29,927**

	Gross carrying amounts			Depreciation and impairment		
	Land	Buildings	Total	Land	Buildings	Total
Balance at December 31, 2013	**24,948**	**16,464**	**41,412**	**(584)**	**(7,689)**	**(8,273)**
Business combination			0			0
Business sales (exits)			0			0
Additions	897	29	926		(2,062)	(2,062)
Decreases	(1,347)	(29)	(1,376)			0
Translation differences	158	48	206		(1)	(1)
Transfers			0			0
Balance at December 31, 2014	**24,656**	**16,512**	**41,168**	**(584)**	**(9,752)**	**(10,336)**
Business combination			0			0
Business sales (exits)			0			0
Additions			0		(67)	(67)
Decreases	(262)	(783)	(1,045)		26	26
Translation differences	131	52	183		(2)	(2)
Transfers			0			0
Balance at December 31, 2015	**24,525**	**15,781**	**40,306**	**(584)**	**(9,795)**	**(10,379)**

The depreciation charge recognized in 2015 amounted to 67 thousand euros (2014: 68 thousand euros), while the impairment provisions recognized totaled zero thousand euros (2014: 1,994).

The most significant movements in 2015 correspond to the sale of properties by two Group companies (note 8.1).

The most significant movements under this heading in 2014 included the additions arising from the dissolution of Group associate South LaForche and its subsequent sale, the sale of part of the site of the former factory in Houston (US) and impairment provisions recognized on certain investment properties in Spain.

There are no restrictions on the realizability of the Group's investment properties or the remittance of income or proceeds of disposal.

Investment properties are initially recognized at their acquisition cost. The investment properties with the most significant fair values correspond to the sites on which dismantled factories were located and some unoccupied buildings in Spain and Portugal and another in Houston (US).

These properties' fair values represent the values at which the assets can be exchanged on the date of valuation between knowledgeable, willing parties in an arm's length transaction, in keeping with the International Valuation Standards.

In determining their fair value, the properties are valued individually and separately and not as part of a portfolio of properties. In some instances, the Group used the benchmark valuations provided by independent appraisers (updated internally as warranted), while in others it used comparable valuation methodology to reflect the market paradigm and the prices at which assets with similar characteristics are being transacted, adjusting as needed for changes in economic circumstances arising since the comparable transaction dates. This effort is coordinated by the Asset Management Unit which, as indicated in note 6 above, is the business unit tasked with management and control of all of the properties that are not used in the Group's core business activities (investment properties), its remit being to remain abreast of their status, reduce costs and sell off those not used for industrial purposes after taking action to maximize their valuation prior to monetization. Against this backdrop, the inputs used to determine these properties' fair value should be deemed level 3 for IFRS fair value hierarchy purposes.

The fair value of the Group's investment properties at year-end 2015 was an estimated 87 million euros (year-end 2014: 97 million euros).

12. FINANCIAL ASSETS

The breakdown of this balance sheet heading at year-end 2015 and 2014 (in thousands of euros) is as follows:

	Dec. 31, 2015			Dec. 31, 2014		
	Total	Non-current	Current	Total	Non-current	Current
Assets held for trading	**1,715**	**1,715**	**0**	**1,700**	**1,700**	**0**
Available-for-sale financial assets	**846**	**846**	**0**	**693**	**693**	**0**
Held-to-maturity investments:						
- Deposits and guarantees	**3,938**	**2,056**	**1,882**	**6,230**	**5,863**	**367**
Loans extended:						
- Loans to associates	0	0	0	0	0	0
- Loans to third parties	36,892	33,640	3,252	39,232	36,619	2,613
	36,892	**33,640**	**3,252**	**39,232**	**36,619**	**2,613**
TOTAL FINANCIAL ASSETS	**43,391**	**38,257**	**5,134**	**47,855**	**44,875**	**2,980**

Available-for-sale financial assets

1. Investment in Deoleo, S.A.

This investment was fully sold during the first half of 2014. The investment in Deoleo Corporación, S.A. was made in December 2010, in the amount of 47,756 thousand euros, when the Company acquired 95,510,218 of this entity's shares as part of a rights issue at a cost of 0.50 euros per share. This investment gave the Group an 8.272% ownership interest in Deoleo in the wake of equity issues undertaken in 2013.

This financial investment was carried at fair value and changes therein were recognized in equity insofar as the investment was neither impaired nor sold, at which time the fair value gains or losses would be reclassified to profit or loss.

This entire shareholding was sold down in a series of transactions during the first half of 2014 for an overall sum of 40,267 thousand euros. The pre-tax gain on the sale of this investment, which was recognized in the consolidated income statement under finance income in 2014, was 14,003 thousand euros (the reclassification of the pre-tax fair value gain recognized directly in equity in 2013 in the amount of 18,626 thousand less the loss generated on its sale in 2014 with respect to its carrying amount at year-end 2013).

2. Investment in Biosearch, S.A.

This financial investment is carried at fair value and changes therein are recognized in equity insofar as the investment is neither impaired nor sold, at which time the fair value gains or losses would be reclassified to profit or loss.

At year-end 2014, this investment corresponded to 1,801,000 shares of Biosearch, S.A., equivalent to a 3.121% ownership interest. At that date, this investment's fair value, based on its share price, was 693 thousand euros (0.385 euros per share).

The Group did not sell any shares of Biosearch, S.A. in 2015, so that at year-end, this investment continued to correspond to 1,801,000 shares of Biosearch, S.A. and a 3.121% ownership interest. At year-end 2014, the fair value of this investment, based on its share price, was 846 thousand euros, equivalent to 0.470 euros per share; in keeping with prevailing accounting standards, this increase in value from year-end 2014 was recognized directly in equity in the amount of 110 thousand euros (a 153 thousand euro gross profit less the corresponding tax effect of 43 thousand euros).

Loans to third parties

The year-on-year decrease in the balance of “loans to third parties” in 2015 is the result of repayments collected in accordance with the loan schedules, as detailed below. The outstanding balance relates primarily to:

- The deferred portion of the purchase price due from the sale of the Nomen brand under the agreement reached in 2012; this agreement was renegotiated in September 2014 to extend the collection term by a further two years and reduce the interest rate from 4.2% to 3.4%. The non-current portion of this vendor loan is 23,977 thousand and the current portion, 1,436 thousand euros. This loan accrues interest at a rate of 3.4% and the last instalment is due in September 2027. The Nomen trademarks have been pledged as collateral to guarantee repayment of this loan.
- The deferred portion of the purchase price for the assets of the German pasta business under the terms of the agreement reached in December 2013 and as amended in July 2014; this non-current portion of this vendor loan is 8,816 thousand euros and the current portion, 1,809 thousand euros. This loan accrues interest (between explicit and implicit interest) at a rate of 2.80%. The first instalment of the long-term tranche is due on March 31, 2017; it will be repaid in quarterly instalments from then until June 30, 2021. The trademarks sold have been pledged as collateral against the vendor loan and would be returned to the seller in the event of non-payment.

Of this heading, 35,880 thousand (year-end 2014: 38,382 thousand euros) is denominated in euros and 1,012 thousand euros (850 thousand euros) is denominated in US dollars.

The maturity schedule for these non-current loans is:, 3,685 thousand euros in 2017, 3,742 thousand euros in 2018, 3,990 thousand euros in 2019, 4,058 thousand euros in 2020 and the remaining 18,165 thousand euros in 2021 and beyond.

13. INVESTMENTS IN ASSOCIATES

The movements under this heading in 2015 and 2014 (in thousands of euros) are shown below:

Associate	Balance at Dec. 31,2014	Increases in investment	Decreases due to disposals	Dividends paid	Profit for the year	Exchange differences	Other movements	Balance at Dec. 31,2015
Riso Scotti, S.p.a.	18,844			(337)	598			19,105
Associates of Riviana Foods Inc.	4,013			(2,591)	3,301	463	0	4,916
Other associates	0	31						31
	22,857	**31**	**0**	**(2,928)**	**3,629**	**463**	**0**	**24,052**

Associate	Balance at Dec. 31,2013	Increases in investment	Decreases due to disposals	Dividends paid	Profit for the year	Exchange differences	Other movements	Balance at Dec. 31,2014
Riso Scotti, S.p.a.	18,992			(348)	200			18,844
Associates of Riviana Foods Inc.	3,567			(1,131)	1,785	484	(692)	4,013
	0							0
	22,559	**0**	**0**	**(1,479)**	**1,985**	**484**	**(692)**	**22,857**

There was no significant movement under this heading in 2015. The most significant change in 2014 was the dissolution of South LaForche, an associate of the Riviana Group.

The associates of Riviana Foods, Inc. do not have material amounts of assets, income, borrowings or employees. The Ebro Foods Group has not extended guarantees of material amount to any of its associates.

The most significant figures for the Scotti Group, using estimated financial statements at December 31, 2015, are as follows:

Thousands of euros	**Dec. 31,2014**	**Dec. 31,2015**
Trademarks, other intangible assets and goodwill	46,799	46,557
Property, plant and equipment	79,146	77,432
Other non-current assets	10,399	9,130
Current assets	52,305	68,693
Treasury	20,867	28,844
Non-current, non-financial liabilities	-28,465	-28,625
Financial liabilities	-52,028	-68,807
Current, non-financial liabilities	-49,794	-52,267
Non-controlling interests	-3,853	-4,537
	75,376	76,420
Ownership interest acquired	25%	25%
	18,844	**19,105**
Revenue (5 months in 2013)	200,361	212,913
Net profit (5 months in 2013)	800	2,392
Headcount	291	295

14. GOODWILL

The movements under goodwill in 2015 and 2014 (in thousands of euros) are shown below:

Segment	CGU or groups of CGUs	Dec. 31,2014	Additions	Decreases & other	Decreases Losses	Exchange differences	Dec. 31,2015
Herba rice	Danrice (Denmark)	14,524					14,524
Herba rice	Vogan (UK)	1,355				165	1,520
Herba rice	Riceland (Hungary)	2,126				(1)	2,125
Herba rice	Steve & Brotherton (UK)	1,952				(24)	1,928
Herba rice	Mundiriz (Morocco)	1,076			(183)	85	978
Herba rice	Suntra Group (Belgium)	11,108				(85)	11,023
Herba rice	SOS business (Spain)	28,390					28,390
Herba rice	KECK (Germany)	14,606					14,606
Riviana US	Riviana Group (US)	249,458	9,018			28,779	287,255
Riviana US	ARI Group (US)	3,135			(3,430)	295	0
Panzani France	Panzani Group	417,449	15,120				432,569
Pasta Americas	NWP Group – US	61,999				5,121	67,120
Pasta Americas	NWP Group - Canada	67,640				4,029	71,669
Europe pasta	Garofalo (Italy)	57,049					57,049
Other	Jiloca, S.A.	129					129
Other	Azucarera Ebergías, S.A.	600			(600)		0
		932,596	**24,138**	**0**	**(4,213)**	**38,364**	**990,885**

Total gross carrying amount	945,337	24,138			38,364	1,007,839
Accumulated impairment losses	(12,741)			(4,213)		(16,954)

Segment	CGU or groups of CGUs	Dec. 31,2013	Additions	Decreases & other	Decreases Losses	Exchange differences	Dec. 31,2014
Herba rice	Danrice (Denmark)	14,524					14,524
Herba rice	Vogan (UK)	1,266				89	1,355
Herba rice	Riceland (Hungary)	2,126					2,126
Herba rice	Steve & Brotherton (UK)	618	1,289			45	1,952
Herba rice	Mundiriz (Morocco)	1,225			(177)	28	1,076
Herba rice	Suntra Group (Belgium)	11,154				(46)	11,108
Herba rice	SOS business (Spain)	28,390					28,390
Herba rice	KECK (Germany)	14,606					14,606
Riviana US	Riviana Group (US)	219,597				29,861	249,458
Riviana US	ARI Group (US)	13,499			(11,148)	784	3,135
Panzani France	Panzani Group	417,449					417,449
Pasta Americas	NWP Group – US	56,716				5,283	61,999
Pasta Americas	NWP Group - Canada	65,023				2,617	67,640
Europe pasta	Garofalo (Italy)	0	57,049				57,049
Other	Jiloca, S.A.	129					129
Other	Azucarera Ebergías, S.A.	600					600
		846,922	**58,338**	**0**	**(11,325)**	**38,661**	**932,596**

Total gross carrying amount	848,338	58,338			38,661	945,337
Accumulated impairment losses	(1,416)			(11,325)		(12,741)

The Group undertook several business combinations in 2015 and 2014. Note 5 outlines these transactions in detail. Other significant movements in 2015 and 2014 include increases due to exchange gains on goodwill allocated mainly to the Group's US and Canadian subsidiaries and the impairment loss recognized against the American Rice (ARI) business, as detailed below.

The goodwill balances were generated by business combinations. These asset were tested for impairment in 2015 and 2014 (by an independent expert, American Appraisal); the resulting values were allocated to the cash-generating units or groups of cash-generating units indicated in the table above.

To test these assets for impairment, the Group calculated the value in use of each cash-generating unit by discounting the associated cash flows, generally projected for a period of five years, and their terminal value, in turn calculated by projecting the last year's cash flows by a perpetuity growth rate. The cash flow projections were based on historical information and the best estimates of the managers of each CGU. The resulting CGU fair values were additionally cross-checked using comparable multiple methodology.

The growth rates used to extrapolate the cash flow projections beyond the projection horizon and the discount rates applied to the cash flow projections for the most important CGUs in 2015 (2014) were:

- In the European rice and pasta businesses, a discount rate of 6.0% on average (2014: 5.0%) and a perpetuity growth rate of between 1.7% and 2% (1.0% - 1.3%) were used. In Spain, the discount rate used was 6.5% (5.8%) and the growth rate applied was 1.5% (1.3%). In Italy, the discount and growth rates were 6.3% and 1.3%, respectively.

- In the US rice and pasta businesses, a discount rate of 6.9% on average (6.1%) and a perpetuity growth rate of between 2.1% and 2.4% (0.4 - 2.0%) were used.

The key assumptions used to value each CGU include the average rate of sales revenue growth modeled, the compound average annual rate of growth in EBITDA, the trend in working capital expressed as a number of days of sales and average annual capital expenditure, modeled as a percentage of projected EBITDA.

As for the assumptions used to calculate the recoverable amount of the various CGUs to which goodwill has been assigned, management believes that no reasonably-possible change in the key assumptions used would cause their carrying amounts to exceed their recoverable amounts. More specifically, neither a 20% increase in the discount rates nor a 20% variation in the growth rates used would trigger significant impairment charges. This sensitivity analysis is applicable to all of the CGUs itemized in the table above, with the exception of the “ARI Group (US)” CGU, whose goodwill has been written down in full, as outlined below.

Elsewhere, as noted in the 2014 consolidated financial statements, the profitability of the “ARI Group (US)” CGU declined very significantly in 2013 and 2014, due to the impact on raw material and manufacturing costs of the ongoing drought in the Texas region. This, coupled with an increase in the discount rate applied (6.0% in 2013 and 6.9% in 2014), implied, as of year-end 2014, the need to recognize an additional impairment loss against this CGU's goodwill in the amount of 11,148 thousand euros, leaving goodwill at this CGU of 3,430 thousand euros as of that reporting date. In 2015, management decided to write down the rest of this goodwill balance for impairment: accordingly, the 2015 consolidated income statement recognizes an impairment loss of 3,430 thousand euros in this respect.

In addition, in 2015, the Group recognized a 600 thousand euro impairment loss against the goodwill allocated to its subsidiary, Azucarera Energías, S.A., which was dissolved and liquidated in 2015.

15. INVENTORIES

The breakdown of inventories at year-end 2015 and 2014 (in thousands of euros):

ITEM	Dec. 31, 2015	Dec. 31, 2014
Goods held for resale	12,924	17,252
Raw materials	201,765	191,972
Consumables and replacement parts	7,047	9,032
Containers	28,616	27,430
Work in progress	22,158	15,516
Finished godos	150,800	148,315
By-products and waste	3,334	3,312
Prepayments to suppliers	19,334	20,306
TOTAL GROSS CARRYING AMOUNT OF INVENTORIES	**445,978**	**432,541**
Inventory impairment provision	(7,399)	(4,434)
TOTAL CARRYING AMOUNT OF INVENTORIES	**438,579**	**428,107**

At year-end 2015, a portion of the balance of prepayments to suppliers, specifically 18,123 thousand euros (year-end 2014: 17,978 thousand euros) corresponds to payments made to rice-growers and rice-suppliers; in this respect, the Group has entered into firm commitments for the purchase of rice from rice growers, cooperatives and exporters totaling 79,135 thousand euros (year-end 2014: 88,462 thousand euros). In addition, the Group has entered into raw material purchase commitments in the US, Canada, France and Italy totaling 117,284 thousand euros (year-end 2014: 124,066 thousand euros).

The net provision for inventory impairment recognized in 2015 was 5,736 thousand euros (2014: 2,909 thousand euros), while 3,024 thousand euros of previously recognized provisions were utilized (3,357 thousand euros); exchange losses on inventories amounted to 253 thousand euros (265 thousand euros in 2014).

16. TRADE AND OTHER RECEIVABLES

The breakdown of this heading at year-end 2015 and 2014 (in thousands of euros):

ITEM	Dec. 31, 2015	Dec. 31, 2014
Due from customers	372,823	349,117
Due from associates	563	1,054
Sundry accounts receivable	8,237	5,896
Provisions for impairment	(7,559)	(8,673)
TOTAL	**374,064**	**347,394**

For terms and conditions relating to related-party receivables, refer to note 27. Trade receivables are non-interest bearing and are generally on terms of 30 to 85 days. As at December 31, 2015, the ageing analysis of trade receivables is as follows:

Ageing analysis	Gross carrying amount	Provision for impairment	Carrying amount
Less than 3 months	363,258	(1,254)	362,004
Between 3 and 6 months	4,378	(998)	3,380
Between 6 and 12 months	1,703	(1,105)	598
Between 12 and 18 months	408	(408)	0
Between 18 and 24 months	408	(408)	0
Over 24 months	2,668	(2,668)	0
	372,823	**(6,841)**	**365,982**

No material amounts of trade and other receivables were past due at year-end and not impaired.

In 2015, the Group recognized net provisions for the impairment of trade and other receivables of 1,370 thousand euros (2014: 715 thousand euros), utilized 3,103 thousand euros (2014: 612 thousand euros), added 348 thousand euros as a result of business combinations and recognized exchange losses on receivables of 271 thousand euros (287 thousand euros).

17. CASH AND SHORT-TERM DEPOSITS

The breakdown of this heading at year-end 2015 and 2014 (in thousands of euros):

ITEM	Dec. 31, 2015	Dec. 31, 2014
Cash on hand and at banks	206,994	191,477
Short-term deposits and cash equivalents	4,644	802
TOTAL	**211,638**	**192,279**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of the Group's cash and cash equivalents was 211,638 thousand euros at year-end 2015 (192,279 thousand euros at year-end 2014). Throughout the year the Group companies invested their occasional cash surpluses in repos and equivalent securities in order to generate a return on these balances. All of these investments are denominated in euros, other than a small balance denominated in US dollars. The average annual return earned on these investments in 2015 was around 1.00% (1.75%).

18. SHARE CAPITAL, RESERVES, EARNINGS PER SHARE AND DIVIDENDS

18.1 Capital and reserves

Share capital

The Company's share capital consists of 153,865,392 fully subscribed and paid bearer shares with a par value of 0.60 euros each. Its shares are listed on the Spanish stock exchanges.

The shareholders with direct or indirect interests of more than 3% in the capital of Ebro Foods, S.A. at December 31, 2015 (2014), based on information furnished to Spain's securities market regulatory, the CNMV, and to Ebro Foods, S.A., are as follows:

- Instituto Hispánico del Arroz, S.A.: direct holder of 13,790,336 shares (13,790,336), representing a 8.963% interest (8.963%) and indirect holder, through Hispafoods Invest, S.L., of 10,707,282 shares (10,702,282), representing a 6.959% interest (6.959%). In total this shareholder holds 24,497,618 shares (24,497,618), representing a 15.921% (15.921%) shareholding.

- Sociedad Anónima Damm: indirect holder, via Corporación Económica Damm, S.A., of 15,426,438 shares (15,426,438), representing a 10.026% interest (10.026%).

- Sociedad Estatal de Participaciones Industriales: indirect holder, via Alimentos y Aceites, S.A., of 15,940,377 shares (15,940,377), representing a 10.36% interest (10.36%).

- Corporación Financiera Alba: indirect holder, via Alba Participaciones, S.A., of 15,400,000 shares (15,400,000), representing a 10.009% interest (10.009%).

- Juan Luis Gómez-Trenor Fos: indirect holder, via Empresas Comerciales e Industriales Valencianas, S.L., of 10,924,443 shares (10,924,443), representing a 7.1% interest (7.1%).

Share premium

As for the share premium, the Consolidated Text of the Spanish Corporate Enterprises Act permits the use of the share premium account balance to increase share capital and provides no specific limitation with respect to its availability. Virtually all of the share premium account was distributed in 2009 by means of the distribution on an in-kind special dividend paid in own shares.

Restricted reserves

Spanish enterprises that generate a profit are required to earmark 10% of net profit for the year to a legal reserve until such reserve is equivalent to 20% of share capital. The Legal Reserve cannot be distributed except in the event of dissolution but it can be used to offset losses insofar as other reserves are not available for this purpose, and to increase capital by the amount that exceeds 10% of capital after the increase. The Parent had fully endowed its legal reserve at both year-ends.

As for the restrictions on the reserves of the Group's subsidiaries, it is worth noting the existence of legal reserves at the Spanish subsidiaries and some of the international subsidiaries totaling approximately 20.4 million euros (20.2 million euros at year-end 2014) that are subject to the same regime as the Parent's legal reserve, as detailed above. The portion of such reserves arising on consolidation is included under retained earnings.

Consolidated retained earnings includes 38,531 thousand euros (year-end 2014: 38,531 thousand euros) corresponding to Herba Foods S.L. In addition, certain foreign subsidiaries have retained earnings which have not been distributed since consolidated within the Ebro Group. In both instances, the distribution of such retained earnings is contingent upon payment of the corresponding income tax or withholdings. Note that the taxable event - income tax or withholdings - would accrue whenever such distribution is ratified, something not expected to occur in the short or medium term.

Translation differences - foreign exchange translation differences reserve

The foreign exchange translation differences reserve is used to recognize the exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to recognize hedges of net investments in these entities.

The breakdown of translation differences at year-end 2015 and 2014 by company (in thousands of euros) is provided below:

	Dec. 31, 2015	Dec. 31, 2014
Herba companies	5,414	222
RIVIANA Group (US)	36,798	3,057
ARI Group (US)	29,370	16,528
NWP Group (US)	41,784	20,424
Ebro Alimentación Mexico	(57)	(25)
Garofalo Group (Italy) - International business	26	18
TOTAL	**113,335**	**40,224**

Own shares

In 2015, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meetings held on June 15, 2011 and June 3, 2015 for a period of five years (as duly notified to the CNMV in keeping with prevailing legislation). In 2015, the Company bought back 27,354 shares, sold 22,171 and delivered 24,646 own shares to employees. The Company did not hold any own shares as treasury stock at December 31, 2015.

In 2014, the Parent similarly had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 15, 2011 for a period of five years (as duly notified to the CNMV in keeping with prevailing legislation). In 2014, the Company bought back 858,506 shares, sold 814,939 and delivered 24,104 own shares to employees. At December 31, 2014, the Company held 19,463 own shares as treasury stock, equivalent to 0.013% of share capital at that reporting date. Management had not established any specific purpose for these own shares at year-end 2014.

18.2 Earnings per share

(THOUSANDS OF EUROS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent(after adjusting for interest on the non-cumulative redeemable and convertible preference shares, of which Ebro Foods, S.A. did not have any at either year-end) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (Ebro Foods, S.A. did not have any dilutive potential ordinary shares at either year-end).

The following table reflects the income and share data used in the basic and diluted EPS computations:

	Dec. 31, 2015	**Dec. 31, 2014**
Profit from continuing operations attributable to ordinary equity holders of the parent	144,846	148,236
Loss from discontinued operations attributable to ordinary equity holders of the parent	0	(2,223)
Profit attributable to ordinary equity holders of the parent	144,846	146,013
Interest on non-cumulative convertible and redeemable preference shares	0	0
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution (non-cumulative convertible and redeemable preference shares)	144,846	146,013

	2015 Thousands	2014 Thousands
Weighted average number of ordinary shares for basic EPS(*)	153,883	153,787
Effects of dilution from:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	153,883	153,787

(*) Takes into account the weighted average effect of changes in treasury share transactions during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

18.3 Dividends

Distribution of the dividends approved at the Annual General Meeting of June 3, 2015 at which the Company's shareholders ratified the motion to pay a cash dividend with a charge against unrestricted reserves of 0.66 euros per share (an ordinary dividend of 0.51 euros per share and a special dividend of 0.15 euros per share), payable in the course of 2015. The ordinary dividend was paid out in three equal instalments of 0.17 euros per share on April 1, June 29 and October 2, 2015.

(THOUSANDS OF EUROS)

The special dividend was paid out in a single instalment of 0.15 euros per share on December 22, 2015.

Dividends declared, paid and proposed:	**2015**	**2014**
Dividends paid:		
Final dividend paid in 2014: 0.51 euros (2013: 0.50 euros)	78,472	76,932
Special 2014 dividend paid in 2015: 0.15 euros	23,079	0
	101,551	**76,932**
Proposed dividend subject to approval at the Annual General Meeting (not recognized as a liability at year-end)		
2015 dividend proposal: 0.54 euros (2014: 0.66 euros)	83,088	101,551
	83,088	**101,551**

19. DEFERRED INCOME

This heading essentially includes grants relating to assets, greenhouse gas emission allowances received (ceasing in 2013) and other items of deferred income that are not individually material. The movements under this heading in 2015 and 2014:

	Government grants		Emission allowances		Other deferred income		TOTAL	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Opening balance	3,402	824	73	203	934	1,021	4,409	2,048
Additions due to business combinations	0	3,072	0	0	0	0	0	3,072
Decreases due to disposals	0	0	0	0	0	0	0	0
Grants received	381	17	0	0	0	0	381	17
Additions due to GHG allowances	0	0	0	0	0	0	0	0
Other increases/decreases	53	119	(10)	(130)	(27)	(206)	16	(217)
Translation differences	5	14	0	0	107	119	112	133
Reclassified to profit or loss from continuing operations	(500)	(644)	0	0	0	0	(500)	(644)
Closing balance	**3,341**	**3,402**	**63**	**73**	**1,014**	**934**	**4,418**	**4,409**

The year-end balances mainly comprise government grants relating to assets awarded to various Group companies in relation to certain fixed asset investment projects (to date these companies have satisfied all the conditions attached to their grant).

The breakdown of grants by maturity is as follows:

GRANTS RELATING TO ASSETS	Pending release to profit or loss			
	< 1 year	2-5 years	> 5 years	Total
Breakdown of closing balance by maturity	270	972	2,099	3,341

20. PROVISIONS FOR PENSIONS (POST-EMPLOYMENT BENEFITS) AND SIMILAR OBLIGATIONS

The reconciliation of the opening and closing balances under this heading (in thousands of euros) is as follows:

	Dec. 31, 2015 Total	Dec. 31, 2014 Total
Opening balance	**42,144**	**35,931**
Translation differences	1,661	889
Business combinations	488	643
Amounts utilized and benefits paid	(9,397)	(12,608)
Surplus provisions and employee departures	(85)	(376)
Amount provided for in the year for actuarial changes	196	10,232
Amount provided for in the year for unwind of discount	1,109	1,110
Amount provided for in the year for employee benefits expense	9,210	6,250
Amount provided for in the year for other operating expenses	0	73
Closing balance	**45,326**	**42,144**

The breakdown by type of post-employment commitment (in thousands of euros):

	Dec. 31, 2015	Dec. 31, 2014
Defined benefit obligations	23,933	22,701
Retirement bonuses and similar obligations	16,956	16,591
Senior management bonus schemes (note 27.7)	4,437	2,852
TOTAL	**45,326**	**42,144**

(THOUSANDS OF EUROS)

The types of commitments extended by company/segment are summarized below:

	Defined contribution pension commitments	Defined benefit pension commitments	Other defined benefit commitments	Retirement bonuses	Long-service bonuses	Termination or retirement benefits
Ebro Foods, S.A.					Yes (a)	
Riviana Group (US)	Yes	Yes (b)	Yes (b)			
NWP Group (US & Canada)	Yes	Yes (b)	Yes (b)			
Panzani Group (France)				Yes (a)	Yes (a)	
Monterrat (Francia)				Yes (a)		
Boost (Herba) (Belgium)	Yes (c) 2007	Yes (c) 2006				Yes (a)
BPB (Belgium)						Yes (a)
Mundiriso (Herba) (Italy)						Yes (a)
Herba Bangkok and Ebro India						Yes (a)
Garofalo (Italy)						Yes (a)
Euryza (Herba) (Germany)		Yes (a)				
S&B Group (Herba) (UK)	Yes (d)	Yes (d)				
Ebro Group (Germany)		Yes (a)		Yes (a)		
Lassie Group (Netherlands)	Yes (e)	Yes (e)				
Herba Ricemills (Spain)				Yes (a)		

(a) Obligations not externalized. Managed and provided for in-house. Except for Garofalo (Italy), which has externalized a portion of its obligations.
(b) These obligations are managed externally. The administration, management and investment decision-making with respect to these assets are performed by a committee that is independent from the Company's management.
(c) These became defined contribution obligations in 2007.
(d) Obligations to current employees were switched to a defined contribution benefit arrangement in 2007, while former employees continue to receive a defined benefit scheme.
(e) These became defined contribution obligations in 2014.

The next section outlines the most significant obligations on the basis of their relative materiality with respect to the overall obligation and/or because their specific circumstances warrant their individual disclosure.

20.1 Retirement bonuses and similar obligations

The breakdown by company or business is as follows:

	Dec. 31, 2015	Dec. 31, 2014
Panzani France Group (Panzani)	14,326	13,954
Herba Rice Group (Herba)	1,077	923
Garofalo (Italy)	529	703
Riviana American Group (Riviana)	558	494
Ebro Group (Germany)	189	189
Ebro Foods, S.A.	157	161
Other minor obligations	120	167
SUBTOTAL	**16,956**	**16,591**

20.1.1 Ebro Foods, S.A.

The balance at year-end 2015 in respect of Ebro Foods, S.A. totals 157 thousand euros (year-end 2014: 161 thousand euros) and corresponds to the provision for the potential obligation to provide long-service bonuses to some of its employees. The Group is not legally required to externalize this obligation. The expense recognized in this respect was 7 thousand euros in 2015 (2014: 61 thousand euros).

20.1.2 Panzani Group companies

The Panzani Group companies have obligations to their employees, mainly in respect of retirement bonuses (provisions of 12,759 and 12,825 thousand euros at year-end 2015 and 2014, respectively) and long-service bonuses (provisions of 1,567 - including the portion in respect of Monterrat, consolidated for the first time in 2015 - and 1,129 thousand euros at year-end 2015 and 2014, respectively). These provisions were recognized based on actuarial calculations performed internally. The related net expenditure recognized in 2015 amounted to 797 thousand euros having credited 455 thousand euros directly in equity as actuarial gains (in 2014 the Group recognized expenditure of 2,571 thousand, 1,427 thousand euros of which was charged directly against equity as actuarial losses). These provisions are funded in-house, albeit not by specific assets. The interest rate applied in 2015 was 2% (1.50% in 2014). The increase in this provision in 2014 was mainly due to the impact of the updated discount rate applied (with respect to that applied in 2013).

20.1.3 Herba Group companies

The collectives bargaining agreements applicable at the subsidiaries in Italy, Belgium, Thailand and India include termination benefit obligations (voluntary or otherwise) for their employees. These provisions were recognized based on actuarial calculations performed internally in some instances and externally in others. The related provision at year-end 2015 amounted to 813 thousand euros (851 thousand euros at year-end 2014). Expenditure in 2015 was 70 thousand euros (2014: 174 thousand euros).

In addition, some Herba Group subsidiaries (S&B Herba in the UK, Boost in Germany, Danrice in Denmark, TBA Suntra UK and Grupo Ebro Netherland from 2014) have defined contribution pension plans for some of their employees under which they make an annual contribution based on a percentage of qualifying employees' salaries. Expenditure in 2015 was 1,401 thousand euros (2014: 1,135 thousand euros).

Lastly, in keeping with the rice sector's collective bargaining agreement, Herba Ricemills, S.L. has retirement bonus obligations that have been externalized under an insurance policy; the related provision at year end 2015 was 264 thousand euros (72 thousand euros at year-end 2014). The related expenditure recognized in 2015 amounted to 201 thousand euros (2014: 37 thousand euros), of which 136 thousand euros (2014: nil) was charged directly against equity as actuarial losses.

20.1.4 Garofalo (Italy)

The applicable collective bargaining agreement includes termination benefit obligations (voluntary or otherwise) for employees. This obligation was externalized in 2008; the provision for the obligation funded internally and accrued until the date of externalization continues to be recognized through settlement. The provision is updated annually on the basis of external actuarial calculations. The related provision at year-end 2015 amounts to 529 thousand euros (703 thousand euros at year-end 2014). The discounting of this provision implied a finance cost of 11 thousand euros in 2015 (2014: 10 thousand euros), actuarial gains credited directly to equity of 31 thousand euros (actuarial losses charged against equity of 91 thousand euros in 2014) and payments totaling 154 thousand euros (2014: 41 thousand euros). The expense recognized in 2015 in respect of the obligation externalized since 2008 amounted to 371 thousand euros (2014: 285 thousand euros).

20.1.5 Ebro Group (Germany)

This company's business was sold to third parties at the end of 2013 and all its employees' contracts were transferred to the buyer. Accordingly the provisions were set up and recognized for accounting purposes for the services accrued by those employees until December 31, 2013. In addition to the defined benefit obligations detailed below, these former Birkel Group companies accrued retirement bonus benefits until December 31, 2013 (giving rise to a provision of 189 thousand euros at both year-ends). This provision was recognized based on actuarial calculations performed in-house. This provision is funded in-house, albeit not by specific assets.

20.1.6 Riviana Foods, Inc. and NWP, Inc.

In addition to the defined benefit obligations detailed below, the Riviana and NWP companies offer their US employees voluntary contribution plans. These companies match their employees' contributions. Total expenditure in connection with these plans was 1,628 thousand euros in 2015 (2014: 1,505 thousand euros).

20.2 Pension and other defined benefit obligations

The breakdown by company:

Defined benefit	**Dec. 31, 2015**			**Dec. 31, 2014**		
In thousands of euros	Pension commitments	Other commitments	Total	Pension commitments	Other commitments	Total
Riviana Group (US)	10,251	-4,279	5,972	9,828	-3,696	6,132
NWP Group (USA & Canada)	4,647	1,232	5,879	2,455	1,343	3,798
Boost (Herba) (Belgium)	309		309	537		537
Euryza (Herba) (Germany)	4,631		4,631	4,426		4,426
S&B Group (Herba) (UK)	4,751		4,751	5,446		5,446
Ebro Group (Germany)	2,391		2,391	2,362		2,362
	26,980	**-3,047**	**23,933**	**25,054**	**-2,353**	**22,701**

The reconciliation of the opening and closing balances included in the table above, broken down using geographic criteria, deemed the most appropriate and uniform criterion in terms of the underlying factors generating these obligations, in 2015 and 2014:

	Riviana Group		NWP Group		Europe	
Thousands of euros	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Provisions for pensions - obligations						
Opening balance	29,024	21,803	24,023	20,131	23,666	24,198
Business combinations	0	0	0	0	0	0
Provisions recognized	2,930	2,371	1,245	1,143	837	476
Actuarial changes	-1,130	4,290	573	1,653	-1,034	4,130
Benefits paid	-2,256	-2,402	-1,622	-1,487	-710	-6,000
Workforce restructuring	9	0	0	0	0	0
Translation differences	3,354	2,962	2,846	2,583	943	862
Closing balance	31,922	29,024	27,065	24,023	23,702	23,666
Provisions for pensions - plan assets						
Opening balance	-22,892	-19,175	-20,225	-16,821	-10,895	-14,283
Business combinations	0	0	0	0	0	0
Return on plan assets	-839	-842	-809	-784	-398	-421
Contributions by employer	-2,860	-2,406	-580	-1,485	-181	-89
Actuarial changes	1,046	-184	1,130	-258	-28	-870
Benefits paid	2,256	2,402	1,622	1,484	493	5,387
Translation differences	-2,661	-2,687	-2,324	-2361	-611	-619
Closing balance	-25,950	-22,892	-21,186	-20,255	-11,620	-10,895
Net balance	**5,972**	**6,132**	**5,879**	**3,798**	**12,082**	**12,771**

	Riviana Group		NWP Group		Europe	
Net annual cost by component	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Current service cost	1,741	1,328	296	247	58	50
Interest cost	1,189	1,043	949	896	779	773
Return on plan assets	-839	-842	-809	-784	-398	-392
Workforce restructuring	0	0	0	0	0	-376
Estimated losses not recognized	0	0	0	0	0	0
	2,091	**1,529**	**436**	**359**	**439**	**55**
Actuarial changes recognized directly in consolidated equity: (gains)/losses	-84	4,106	1,703	1,395	-1,062	3,26

Actuarial assumptions	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Discount rate	4.35%	3.97%	3.95%	3.75%	2.2% - 4%	2% - 3.6%
Future salary increases	3.00%	3.00%	0,00%	0.00%	.5% - 3.0%	.2% - 3.0%
Expected return on plan assets	4.35%	3.97%	3.95%	3.75%	2.2% - 4%	2% - 3.6%

In general these obligations relate to pension plans for most of the employees of the Riviana Group and the NWP Group and for certain employees of the European subsidiaries. At the S&B Group, these obligations now only correspond to former employees (the obligations in respect of current employees were transferred to defined contribution arrangements from January 1, 2006). The Riviana Group has not been adding new employees to this defined benefit scheme since February 2006. And at the Canadian subsidiary of the NWP Group (dry pasta division), the pension plan was liquidated by settling the benefits accrued by employees with effect until December 31, 2009.

In the case of the Riviana Group and the NWP Group, the other commitments relate to health insurance, prescription drug plans and life insurance provided to just some of their employees.

21. OTHER PROVISIONS

The movements under this heading in 2015 and 2014 (in thousands of euros) are shown below:

Movements under other provisions	Dec. 31, 2015 Total	Dec. 31, 2014 Total
Opening balance	12,355	8,603
Translation differences	67	60
Business combinations	70	22
Transfers	0	1,216
Amounts utilized and payments	(2,535)	(5,020)
Additions with a charge to profit or loss	4,399	10,395
Unused amounts reversed with a credit to profit or loss	(100)	(2,921)
Closing balance	**14,256**	**12,355**

An analysis by underlying concept and company/business (in thousands of euros):

Breakdown of other provisions by concept	Dec. 31, 2015	Dec. 31, 2014
Lawsuits and disputes	12,303	10,373
Modernization and restructuring plan	705	1,227
Sundry other contingencies of insignificant amount	1,248	755
	14,256	**12,355**

	Dec. 31, 2015	Dec. 31, 2014
Ebro Foods, S.A.	9,020	9,020
Panzani Group	2,301	1,456
Herba Group	1,032	1,176
Riviana Group	391	153
Birkel Group	560	4
Other	952	0
TOTAL CONTINUING OPERATIONS	**14,256**	**12,355**

21.1 Provisions covering the outcome of lawsuits related to the sales of the sugar and dairy businesses

The provisions recognized to cover the outcome of lawsuits related to the sales of the sugar business (sold in 2009) and the dairy business (sold in 2010) related to the reps and warranties extended to the buyers of these businesses under which an unfavorable ruling in these lawsuits would have the effect of reducing the sale-purchase prices for these business. Additions to this provision (or reversals thereof) imply an adjustment to the sale price and are accordingly recognized as a reduction (or increase) in profit in the year in which they are recognized.These lawsuits had been substantially resolved by year-end 2013, so that the related provision stood at zero.

In addition, in August 2014, Grupo Lactalis Iberia, S.A. passed the proposed ruling ("Proposed Ruling") in respect of the disciplinary proceedings initiated by the investigative unit of Spain's anti-trust authority, the CNMC, against Spain's leading dairy transformation companies, including Puleva Food, S.L., in connection with alleged anti-competitive practices between 2003 and 2013, on to Ebro Foods, S.A. Ebro Foods, S.A. sold Puleva Food, S.L. to Grupo Lactalis Iberia, S.A. in 2010; the related share purchase agreement (the "SPA") included a liability regime covering future contingencies. Under this regime, Ebro Foods, S.A., as seller, could be held liable for any fine imposed on Puleva Food, S.L. with respect to developments taking place prior to the sale.

The Proposed Ruling qualifies the conduct investigated as a very serious infraction of article 62.4.a) of Spain's Anti-Trust Act and recommends that the Board of the CNMC hand down the fine contemplated in article 63 of this same piece of legislation. Grupo Lactalis Iberia, S.A. and Puleva Food, S.L., in keeping with the procedure agreed upon in the SPA, duly presented statements outlining their pleas against the Proposed Ruling, categorically denying the conduct charges therein.

The CNMC ruling issued by its Board on February 26, 2015 was received on March 3, 2015. It hands down a fine against Puleva Food, S.L. of 10,270 thousand euros. Based on the information currently available, Ebro Foods, S.A. believes it has solid arguments for defending its position in these lawsuits and has so stated in the appeal lodged before the corresponding judicial bodies in September 2015. However, it continues to classify likelihood of an outflow of resources embodying economic benefits as probable; accordingly, the related provision recognized in the 2015 financial statements is unchanged with respect to the amount provided for in 2014.

21.2 Status of other lawsuits and disputes

In addition to the lawsuits outlined in section 21.1 above, at year-end 2015, the Group has recognized provisions for other lawsuits and disputes in the amount of 3,563 thousand euros (year-end 2014: 1,633 thousand euros).

These provisions relate to court proceedings underway and other claims; in the directors’ opinion, after taking appropriate legal advice from its in-house and external counsel, the outcome of these legal claims will not give rise to any significant liabilities beyond the amounts provided at year-end.

The breakdown of the maximum liability under these legal claims (items 21.1 and 21.2 above) is shown below (in thousands of euros):

	Dec. 31, 2015	Dec. 31, 2014
Tax and customs assessments signed under protest	1,538	2,805
Judicial review contingencies	10,687	9,899
Other claims and lawsuits	645	0
	12,870	**12,704**

22. FINANCIAL LIABILITIES

The breakdown of the items comprising financial liabilities (in thousands of euros) is provided in the table below:

Financial liabilities	**Dec. 31, 2015**		**Dec. 31, 2014**	
	Non-current	Current	Non-current	Current
Bank loans	368,777	80	198,779	190,750
Bank credit facilities		197,488		124,275
Other financial liabilities	69,977	3,409	68,324	16,519
Borrowings from associates	0	0	0	0
Financial guarantees and deposits received	57	0	65	1
Total financial liabilities	**438,811**	**200,977**	**267,168**	**331,545**

The breakdown of the Group's bank borrowings by business segment or company and the corresponding maturities (in thousands of euros):

Breakdown of bank borrowings by segment or Company	**Dec. 31, 2014**	**Dec. 31, 2015**	**2017**	**2018**	**2019**	**2020**	**Beyond**
- Of Ebro Foods, S.A	178,040	348,613	99,906	91,639	0	78,534	78,534
- Of Herba Group	3,083	4,187	815	932	905	503	1,032
- Of Panzani Group	15	270	93	95	80	2	0
- Of Garofalo Group	17,360	15,474	1,591	1,654	1,720	1,567	8,942
- Of Arotz Foods, S.A.	281	233	48	48	48	48	41
Non-current bank borrowings	**198,779**	**368,777**	**102,453**	**94,368**	**2,753**	**80,654**	**88,549**
- Of Ebro Foods, S.A	188,301	45,968					
- Of Panzani Group	54,130	80,082					
- Of Herba Group	54,019	57,060					
- Of Garofalo Group	18,525	14,410					
- Of other companies	50	48					
Current bank borrowings	**315,025**	**197,568**					
Total bank borrowings	**513,804**	**566,345**					

(THOUSANDS OF EUROS)

The breakdown of the above borrowings by currency of denomination is as follows:

CURRENCY	Dec. 31, 2015	Dec. 31, 2014
EUR (euro)	285,676	242,297
USD (US dollar)	267,549	241,553
INR (Indian rupee)	10,997	23,614
EGP (Egyptian pound)	2,077	2,750
THB (Thailand baht)	0	619
HUF (Hungarian forint)	46	2,971
Others	0	0
Total	**566,345**	**513,804**

The long-term bank loans denominated in US dollars were taken out to finance the investments in Riviana Inc (2004) and New Word Pasta Company (2006). These long-term loans are guaranteed by Group subsidiaries Herba Food, S.L., Herba Ricemills, S.L., Panzani SAS and Riviana Foods Inc. and correspond to:

- The bilateral loan agreement entered into in November 2006 and amended in April 2009, June 2010 and again in May 2015, in an initial amount of 190 million US dollars, reduced to 171 million US dollars in the wake of the last amendment. This loan is repayable in four six-monthly instalments of 42.75 million US dollars starting in May 2020. The annual rate of interest applicable to this dollar-denominated loan is benchmarked against 1-, 3-, 6- or 12-month LIBOR plus a market spread.

- A bilateral 3-year loan agreement arranged in June 2015, in the amount of 100 million US dollars, repayable at maturity. The annual rate of interest applicable to this dollar-denominated loan is benchmarked against 3-month LIBOR plus a market spread. This loan refinanced another bilateral loan arranged in November 2013, which was cancelled in 2015.

In 2014, the Group arranged two bilateral loans in the amounts of 50 and 30 million euros on May 27 and July 1, respectively. Both loans are denominated in euros and are repayable in a single bullet payment upon maturity. The 50 million euro loan matures on June 30, 2017. The 30 million euro loan originally fell due on June 25, 2015; however, the parties have availed of the option of agreeing up to two annual extensions to this facility's maturity. The annual rate of interest applicable to those loans is benchmarked against 3-month EURIBOR in the case of the 50 million euro loan and 12-month EURIBOR in the case of the 30 million euro loan, plus market spreads.

Lastly, on July 10, 2014, a 50 million euro loan was arranged with a bank; this facility is repayable in a single bullet payment on July 10, 2017. The annual rate of interest applicable to this loan is 3-month EURIBOR plus a market spread.

As for the rest of the Group's bank borrowings, at year-end 2015 the various companies had arranged unsecured credit facilities with an aggregate limit of 320 million euros (year-end 2014: 275 million euros), of which 167 million euros (124 million euros) had been drawn down.

The Panzani Group's credit facilities (with a drawdown limit at both year-ends of 80 million euros) are secured by its accounts receivable. Part of The Garofalo Group's credit facilities are secured by a mortgage over its factory and site in Italy for up to 62.7 million euros.

(THOUSANDS OF EUROS)

The Group also had the following reverse factoring, receivable discounting, and trade finance lines and had issued the following sureties and other bank guarantees at year-end:

At December 31, 2015 CREDIT FACILITIES ARRANGED	Amount drawn down	Amount Undrawn	Total Limit
Reverse factoring, receivable discounting and trade finance	711	14,381	15,092
Bank guarantee lines (note 26)	42,270	73,188	115,458
Consolidated Group total	**42,981**	**87,569**	**130,550**

At December 31, 2014 CREDIT FACILITIES ARRANGED	Amount drawn down	Amount Undrawn	Total Limit
Reverse factoring, receivable discounting and trade finance	9,138	39,570	48,708
Bank guarantee lines	26,853	109,982	136,835
Consolidated Group total	**35,991**	**149,552**	**185,543**

The average rate of interest accrued on current loans in 2015 was 1.0% (2014: 2.0%).

The bank loans require compliance with a series of covenants, specifically a series of ratios calculated on the basis of the consolidated financial statements of the Ebro Foods Group, throughout the term of the loans. Any breach of these covenants would increase the related borrowing costs and in some cases would trigger an early repayment requirement. The Group was in compliance with these covenants at both year-ends.

The breakdown of other financial liabilities at year-end:

Breakdown of other financial liabilities	**Dec. 31, 2015**		**Dec. 31, 2014**	
	Non-current	Current	Non-current	Current
Garofalo: put option granted over 48% - note 5	61,550	0	59,112	0
Garofalo: deferred purchase price for 52% - note 5	0	0	0	5,200
Garofalo: financing provided by non-financial entities	5,750	1,114	5,902	393
TBA Group: put option granted over 50% - note 4	9	0	0	9,498
Other financial liabilities	2,677	2,295	3,310	1,428
Total financial liabilities	**69,977**	**3,409**	**68,324**	**16,519**

23. OTHER NON-FINANCIAL LIABILITIES

These relate to various payables that are not material on an individual basis.

24. TRADE AND OTHER PAYABLES

Set out below are the movements in this heading:

	Dec. 31, 2015	Dec. 31, 2014
Trade accounts payable	312,373	285,470
Other accounts payable	38,374	30,015
Employee benefits payable	47,504	38,933
Payable to associates	163	500
TOTAL	**398,414**	**354,918**

Trade payables are non-interest bearing and are normally settled on 60-80 day terms. Other payables are also non-interest bearing and have an average term of three months; they mainly correspond to payables related to the purchase of items of property, plant and equipment, the grant of trade discounts and rebates, and advertising and marketing initiatives.

25. TAX MATTERS

Year-end balances receivable from and payable to the tax authorities (in thousands of euros):

	Taxes receivable		Tax payables	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
VAT and personal income tax	28,953	27,277	(8,662)	(9,747)
Social security	183	209	(1,510)	(1,486)
Grants pending collection	405	745		
Other public authorities	1,657	236	(2,634)	(2,512)
Total taxes receivable/payable	**31,198**	**28,467**	**(12,806)**	**(13,745)**
Income tax - tax payable/refundable	**18,536**	**19,109**	**(11,777)**	**(12,951)**

Certain Group companies file consolidated tax returns in keeping with applicable tax and other legislation prevailing in each country. The companies that file under a consolidated tax regime are: most of the Spanish companies (Spanish tax group), the Riviana Group (US), the Panzani Group (France), the NWP Group (US) with its Canadian subsidiary, and, since 2012, the Group companies resident in Germany and the Netherlands for tax purposes.

The statutory corporate income tax rates vary from one country to another, most notably (on account of their relative materiality): Spain at 28% (30% in 2014 and 25% in 2016 and beyond), France at 38%, the US at 37.5%, Germany at 30% and the Netherlands at 25.5% and Italy at 27.5%. The table provided later on in this note presents the impact of the national rates other than 28% (benchmark Spanish rate) under the dedicated line item, “Effect of differing tax rates (taxable income)”.

Certain extraordinary developments occurred in 2014 which need to be considered in analyzing the Group's tax expense in 2015 compared to that of 2014. The major components of income tax expense for the years ended December 31, 2015 and 2014 are:

(THOUSANDS OF EUROS)

	2015	2014
- Income tax expense for the year	82,099	84,245
a) Impact of change in income tax rate in Spain from 2015	-25	-4,206
b) Impact of the inspection of the Spanish tax group in respect of 2008 to 2011	0	2,656
c) Deferred tax liabilities contingent upon reinvestment obligations	0	-7,140
d) Reversal of deferred taxes due to compliance with tax obligations	-3,040	-11,148
	79,034	64,407

a) Impacts deriving from the reduction in the statutory income tax rate in Spain in 2014 and from 2015: The corporate income tax rate applied in Spain until 2014 was 30%. This rate has been cut to 28% in 2015 and 25% from 2016 on. The Group recognized the effects that the reduction in income tax rate in Spain will have on its various deferred taxes at both year-end.

b) The tax inspection of the Spanish tax group in respect of 2008 to 2011, both inclusive, concluded in May 2014. All of the assessments raised were paid (using financial criteria), with the exception of the fines, even though the assessments have been signed under protest. The assessments signed under protest have been appealed.

   In addition, the Group also signed assessments handed down in connection with the deduction accredited and applied as warranted in relation to the “2008 Volvo Ocean Race” under protest. The amount contested, which applies from 2008 to 2010, amounts to 3,021 thousand euros. In this instance, the balance has not been provided for as the assessments will be appealed and the likelihood of winning this claim is considered deemed high due to the precedent set by National High Court rulings in favor of other taxpayers bringing identical cases. Therefore, the directors believe that the risk that the outcome of this process will not favor the tax group is considered remote and will not entail an outflow of resources.

c) The deferred tax liability reverted in 2014 relates to the deferred tax charge recognized at year-end 2012 in connection with the sale of the Nomen and other less prominent brands. Under Additional Provision Four of the Consolidated Text of Spain's Corporate Income Tax Act, enacted by means of Royal Decree-Law 4/2004, of March 5, 2004, the gain obtained on the sale of assets arranged to comply with anti-trust requirements does not have to be added to taxable income if the proceeds from the sale are reinvested on the terms stipulated in article 42 of this same piece of legislation within three years from the date of sale. The related reinvestment commitment totaled 32.5 million euros. The acquisition of Italian group Garofalo in 2014 complied with this reinvestment commitment, to which end the associated deferred tax liability was reversed in 2014.

d) The NWP Group (US) had tax credits that it utilized in 2010, contingent upon compliance with certain tax obligations. Having met these obligations, either through compliance or prescription, the deferred tax liability recognized to cover this potential commitment was reversed in 2014 and 2015.

The breakdown of the tax expense accrued by the consolidated Group in 2015 and 2014 (in thousands of euros) is provided below:

	2015		2014	
	Accounting	Tax	Accounting	Tax
Accounting profit before tax from continuing operations	**229,722**	**229,722**	**215,749**	**215,749**
Loss before tax on sale of discontinued operations	**0**	**0**	**-3,123**	**-3,123**
Loss before tax recognized in equity	**(13)**	**(13)**	**-29,407**	**-29,407**
Net gains/(losses) on hedges of net investments recognized in translation differences	**(37,569)**	**(37,569)**	**-38,954**	**-38,954**
	192,140	**192,140**	**144,265**	**144,265**
Permanent differences	(12,195)	(12,195)	5,448	5,448
Tax losses generated during the year	2,089	2,089	1,920	1,920
Utilization of individual tax losses	(2,576)	(2,576)	-5,271	-5,271
Adjusted accounting profit	**179,458**	**179,458**	**146,362**	**146,362**
Temporary differences		7,874		6,081
Tax losses generated during the year		1,780		2,954
Utilization of tax losses		(4,389)		-1,508
Adjusted taxable profit	**179,458**	**184,723**	**146,362**	**153,889**
Effect of differing tax rates (taxable income)	42,084	36,051	27,514	23,524
Taxable income of the Group	**221,542**	**220,774**	**173,876**	**177,413**
Tax calculated at statutory rate of 30%	62,032	61,817	52,163	53,224
Tax credits utilized	(278)	(35)	-10	0
Tax payable	**61,754**	**61,782**	**52,153**	**53,224**
Adjustments in respect of prior-year's income tax	(336)		2,276	
Restatement of net deferred taxes	(1,271)		(23,770)	
Inspection assessments and fines	0		2,656	
Equivalent tax charges	9,383	8,503	9,404	7,981
Adjustment in respect of prior year's tax payable		123		0
Total tax expense	**69,530**	**70,408**	**42,719**	**61,205**
Tax expense, continuing operations	79,034		64,407	
Tax expense, sale of discontinued operations	0		-900	
Tax expense, recognized directly in equity	(111)		-9,102	
Tax expense, recognized directly in translation differences	(9,393)		-11,686	
	69,530		**42,719**	

INCOME STATEMENT - INCOME TAX	2015	2014
Current tax expense, continuing operations	61,782	53,224
Current tax expense, sale of discontinued operations	0	0
Total deferred tax expense	287	8,031
Tax expense deferred in equity	(315)	(9,102)
Adjustments in respect of prior year's income tax	(336)	2,276
Restatement of net deferred taxes	(1,271)	(23,770)
Equivalent tax charges	9,383	9,404
Inspection assessments and fines	0	2,656
	69,530	**42,719**

Tax expense, recognized directly in equity	2015	2014
Expense related to changes in subsidiaries' capital	0	0
Change in fair value of financial assets	51	(5,751)
Change due to actuarial gains/(losses)	(162)	(3,351)
	(111)	**(9,102)**

Net gains/(losses) on hedges of net investments recognized in translation differences' refers to the effect of the exchange differences recognized directly in equity under translation differences in connection with the natural hedge provided on the investments in Riviana and NWP by the dollar-denominated loans.

Total expense for tax purposes less the withholdings and payments on account made during the year yields the amount of tax payable to the tax authorities in respect of current income tax.

The most significant temporary differences in 2015 and 2014:

- An increase of 37,659 thousand euros (38,954 thousand euros in 2014) due to net exchange gains derived from the US dollar-denominated loans hedging net investments.
- An increase of 479 thousand euros (27,672 thousand euros in 2014) due to the tax effect of the remeasurement to fair value of available-for-sale financial assets and the actuarial gains on pension obligations recognized directly in equity.
- An increase of zero thousand euros (2014: 3,000 thousand euros) due to the impact of the sale of discontinued operations.
- A decrease of zero thousand euros (increase of 19,174 thousand euros in 2014) due to the tax effect of the remeasurement to fair value of available-for-sale financial assets up to the limit of the impairment losses deducted for tax purposes in prior years.
- A decrease of 4,446 thousand euros in both years due to the amortization for tax purposes of the goodwill arising on the acquisition of foreign companies.
- A decrease of 24,559 thousand euros (14,982 thousand euros in 2014) in relation to temporary differences at NWP, mainly due to the amortization for tax purposes of brands and other assets, and the recognition in different periods for accounting versus tax purposes of items in provision and accrual accounts.
- A decrease of 5,287 thousand euros (13,008 thousand euros in 2014) in relation to temporary differences at Riviana, mainly due to the amortization for tax purposes of brands and other assets, and the recognition in different periods for accounting versus tax purposes of items in provision and accrual accounts.
- A decrease of 4,933 thousand euros (2,969 thousand euros in 2014) in relation to temporary differences at the Herba Group, mainly due to the amortization for tax purposes of brands and other assets, accelerated depreciation regimes in Spain and the recognition in different periods for accounting versus tax purposes of items in provision accounts.
- An increase of 213 thousand euros (decrease of 2,245 thousand euros in 2014) in relation to temporary differences at the Panzani Group, due mainly to movements under provisions, partially offset by property, plant and equipment depreciation charges.
- An increase of 7,104 thousand euros (decrease of 7,800 thousand euros in 2014) in consolidation adjustments due due different accounting criteria applied in preparing the separate versus the consolidated annual financial statements.
- A net increase of 1,644 thousand euros (2014: 1,079 thousand euros), mainly in relation to other companies, due to the origination and/or utilization for tax purposes of provisions recognized and/or reversed during the year, the recognition and/or reversal of impairment losses on non-financial assets and other contingencies cancelled and financial assets that were or were not eligible for deduction during the year.

The Group companies' permanent differences relate basically to amounts equivalent to tax that do not compute for income tax calculation purposes, the effect of expenses that are not deductible in determining tax profit, the deductibility for tax purposes of losses on non-current financial assets and the reversal of certain provisions that were not deductible for tax purposes when they were recognized in prior years.

The Group did not apply significant amounts of unused tax assets in 2015 due to the lack of sufficient taxable income. These tax credits mainly derive from new product development efforts, charitable donation deductions, deductions under double taxations treaties and tax relief on the reinvestment of gains generated by asset sales (still-unused credits generated prior to 2014).

Until and including 2014 it was possible to certify deductions in respect of reinvestments; these deductions were eliminated in 2015. Between 2012 and 2006, both inclusive, the Group reinvested qualifying proceeds totaling 33.1, 5.0, 115.3, 57.3, 1.5, 16.2, 11.2 and 76.3 million euros, respectively. These reinvestments satisfied all of the requirements for qualifying for the related tax relief.

The reconciliation of the opening and closing deferred tax balances (in thousands of euros) is provided below:

	Dec. 31, 2015		Dec. 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Opening balance	**55,871**	**(245,956)**	**55,455**	**(239,879)**
Transfers	10,885	(10,885)	(32)	32
Translation differences	2,868	(14,655)	2,585	(16,380)
Business combinations	484	(7,322)	636	(20,760)
Disposals/derecognitions	0	0	0	0
Charged / credited in income statement	2,354	(2,686)	(3,210)	(2,257)
Charged / credited to equity	407	(92)	2,889	5,963
Restatements	1,432	(140)	(2,452)	27,325
Closing balance	**74,301**	**(281,736)**	**55,871**	**(245,956)**

The breakdown of deferred taxes into their most significant components at year-end is provided in the next table:

	Dec. 31, 2015		Dec. 31, 2014	
	Deferred tax		Deferred tax	
	assets	liabilities	assets	liabilities
Property, plant and equipment	4,554	(96,433)	4,614	(88,278)
Investment properties	2,809	0	2,809	0
Goodwill	3,613	(36,444)	3,725	(30,534)
Other intangible assets	1,608	(146,960)	1,831	(123,445)
Inventories	2,897	(624)	1,789	(424)
Receivables and accruals (assets)	1,139	(914)	990	(654)
Pensions and similar obligations	6,978	(406)	6,486	(21)
Other non-current provisions	6,963	(386)	8,328	(1,405)
Payables and accruals (liabilities)	16,935	1,525	9,816	1,469
Unused tax credits and tax losses	16,048	(404)	15,508	(282)
Accrual of tax credits	0	(600)	0	(3,683)
Changes in value of AFS financial assets	90	(90)	(25)	25
Provisions and gains on tax group investments	10,667	0	0	1,276
TOTAL	**74,301**	**(281,736)**	**55,871**	**(245,956)**

At year-end 2015, the Group companies had around 42 million euros of unused tax losses (45 million euros at year-end 2014) that it can offset against taxable profit over the next 15 years.

The Spanish tax group has its books open to inspection from 2012 in respect of all applicable taxes. The other Group companies have their books open to inspection in respect of the taxes and years applicable under local tax legislation insofar as not already inspected, in most instances from 2010 or 2011. The directors believe there is no need to provide for potential additional tax liabilities that could arise from differing interpretations of tax regulations.

26. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Group as lessee

The Group has entered into operating leases on certain vehicles, items of machinery, warehouses and offices. These leases have terms of between three and five years; the lease agreements do not have lease renewal clauses with the exception of the lease on the site of one of the factories in the US, which can be extended by a term of 20 years, and the lease on one of the factories in Canada, with a term of 10 years. These leases do not impose any restrictions on the lessees. Future minimum rentals payable under non-cancelable operating leases at December 31 (in thousands of euros) are as follows:

	Dec. 31, 2015	Dec. 31, 2014
Within one year	20,441	16,992
After one year but not more than five years	56,856	44,526
More than five years	12,656	2,944
Total	**89,953**	**64,462**

Operating lease commitments - Group as lessor

The Group has entered into operating leases on several properties within its investment property portfolio. These non-cancelable leases have remaining terms of between three and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancelable operating leases at December 31 (in thousands of euros) are as follows:

	Dec. 31, 2015	Dec. 31, 2014
Within one year	959	940
After one year but not more than five years	2,731	2,701
More than five years	3,472	332
Total	**7,162**	**3,973**

Capital commitments

Capital expenditure contracted for (machinery purchases and upgrades) at the end of the reporting period but not yet incurred totaled 27,400 thousand euros (13,350 thousand euros at year-end 2014).

Investment commitments

- In 2011 the Ebro Group acquired 50% of Grupo TBA Suntra B.V. and 75% of TBA Suntra UK from one of their two shareholders. In addition, it signed an agreement with the other shareholder for the future acquisition of the remaining 50% of Grupo Suntra B.V and the remaining 25% of TBA Suntra UK. The agreement was structured as a put option written by the shareholder such that the latter can oblige the Ebro Group to acquire the remaining interests in these companies. The parties also signed a shareholder agreement that gives control of the Suntra Group to the Ebro Group. The other shareholder executed its put option in January 2015.

  At present, the Ebro Group owns 100% of these companies. However, it has committed to sell the above-mentioned shareholders around 20% of the Ingredients business, which is currently being restructured and will include the Group's European companies devoted to this line of business, among which the companies itemized above, among others.

- In May 2013, the Group entered into an agreement with the shareholders of Germany's Keck Spezialitaten, Gmbh (Keck) for its acquisition. In order to structure the acquisition, the Group incorporated a new, wholly-owned German company called Ebro Frost, Gmbh to which 100% of the shares of Keck and 100% of the shares of Danrice, A.S. (Danrice was a wholly-owned Group subsidiary at the time) were contributed. In the wake of these contributions, Ebro Frost, Gmbh. was held 55% by the Ebro Group and 45% by the shareholders of Keck.

  From January 1, 2019, the shareholders of Keck have the option of requiring the Ebro Group to acquire their 45% interest in Ebro Frost, Gmbh at a variable price that will be set as a function of its earnings performance during the prior three years.

- El The Ebro Group acquired 52% of Italy's Pasta Garofalo on June 18, 2014. The Group acquired a 52% interest for 63,455 thousand euros, of which it paid 58,255 thousand euros in 2014 and the remaining 5,200 thousand euros in 2015. The Group took effective control of the Garofalo Group on June 30, 2014, which was also the date of this investee's first-time consolidation.

  In addition, the Group has arranged two options with the other shareholder over the remaining 48%, granting the seller a put option (exercisable until May 2024) and the Ebro Group a call option (exercisable from June 2024 to May 2026). The price of these options will be determined as a function of Garofalo's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. At December 31, 2015, these options, which are recognized under non-current financial liabilities, were valued at 61,550 thousand euros (note 22).

Inventory commitments

See the disclosures provided in note 15.

Legal claims and dispute guarantees

See the disclosures provided in note 21.

(THOUSANDS OF EUROS)

Guarantees

The guarantees provided in the form of bank guarantees at the end of each reporting period:

	Dec. 31, 2015	Dec. 31, 2014
Bank guarantees: provided to courts and other bodies in relation to claims and tax deferrals (note 21)	13,354	3,110
Bank guarantees: provided to Spain's Agricultural Guarantee Fund (FEGA), customs authorities and third parties to guarantee fulfilment of obligations arising in the ordinary course of business	15,984	21,611
Other bank guarantees:	12,932	2,132
provided to banks to guarantee performance of other affiliated or third-party groups	0	0
TOTAL	**42,270**	**26,853**

Other bank guarantees includes the guarantee provided by a bank on behalf of the Group for the acquisition in 2016 of certain warehouses in France for 12 million euros.

Note, lastly, that the Panzani Group's credit facilities (with a drawdown limit at year-end 2015 of 80 million euros and 90 million euros at year-end 2014) are secured by its accounts receivable. The Garofalo Group's credit facilities, with a drawdown limit of 62.7 million euros, are secured by a mortgage over its factory and site in Italy (note 22).

27. RELATED-PARTY DISCLOSURES

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

The Group did not record any impairment of receivables relating to amounts owed by related parties in either reporting period. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

27.1 Transactions with significant shareholders (or parties related thereto) of Ebro Foods, S.A. (excluding directors)

Note 18.1 lists shareholders that have a significant equity interest in Ebro Foods, S.A. (parent of the Ebro Foods Group).

A summary of the transactions, excluding dividends, between any Ebro Foods Group company and these significant shareholders (other than the directors, whose transactions are disclosed separately in note 27.2) is provided below (in thousands of euros):

Significant shareholder	Ebro Foods Group company	Nature of the relationship	Type of transaction	2015	2014
Sociedad Anónima DAMM (Estrella de Levante, S.A.)	Herba Ricemills, S.L.U.	Contractual	Sale of goods (finished and in-progress)	1,036	700
Sociedad Anónima DAMM (Cía Cervecera Damm, S.A.)	Herba Ricemills, S.L.U.	Contractual	Sale of goods (finished and in-progress)	3,985	3,627

27.2 <u>Transactions with directors and executives (or parties related thereto) of Ebro Foods, S.A.</u>

A summary of the transactions entered into, other than dividends and remuneration, with the directors, executives and related parties of Ebro Foods, S.A. is provided below (in thousands of euros):

Name or company name of the board member	Relationship	Name or company name of the linked parties	Ebro Foods Group Company	Type of transaction	2015	2014
Hernández Callejas, Antonio	Family Relationship	Hernández González, Luis	Ebro Foods, SA	Lease (expense)	37	37
Hernández Callejas, Antonio	Controlled company	Cardenal Ilundain 4, SL	Ebro Foods, SA	Lease (expense)	72	73
Instituto Hispánico del Arroz, SA			Herba Ricemills, SLU	Lease (expense)	122	79
Instituto Hispánico del Arroz, SA			Rivera del Arroz, SA	Purchase of goods (finished and in-progress)	38	0
Instituto Hispánico del Arroz, SA			Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	7,609	7,484
Instituto Hispánico del Arroz, SA			Boost Nutrition, CV	Purchase of goods (finished and in-progress)	0	68
Instituto Hispánico del Arroz, SA			S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	13	0
Instituto Hispánico del Arroz, SA			Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	166	79
Instituto Hispánico del Arroz, SA			TBA Suntra BV	Purchase of goods (finished and in-progress)	0	88
Instituto Hispánico del Arroz, SA			Herba Ingredients BV	Purchase of goods (finished and in-progress)	25	0
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, S. A.	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	1,409	163
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, S. A.	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	0	34
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, SA	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	13	0

(THOUSANDS OF EUROS)

Name or company name of the board member	Relationship	Name or company name of the linked parties	Ebro Foods Group Company	Type of transaction	2015	2014
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, SA	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	0	25
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, SA	TBA Suntra BV	Purchase of goods (finished and in-progress)	0	86
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, SA	Herba Ingredients BV	Purchase of goods (finished and in-progress)	25	0
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	39	132
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	15	68
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	13	0
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	TBA Suntra BV	Purchase of goods (finished and in-progress)	0	73
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	21	30
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	Herba Ingredients BV	Purchase of goods (finished and in-progress)	25	0
Instituto Hispánico del Arroz, SA	Controlled company	Australian Commodities, SA	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	39	101
Instituto Hispánico del Arroz, SA	Controlled company	Australian Commodities, SA	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	40	53
Instituto Hispánico del Arroz, SA	Controlled company	Australian Commodities, SA	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	0	0
Instituto Hispánico del Arroz, SA	Controlled company	Australian Commodities, SA	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	10	30
Instituto Hispánico del Arroz, SA	Controlled company	Australian Commodities, SA	TBA Suntra BV	Purchase of goods (finished and in-progress)	0	73
Instituto Hispánico del Arroz, SA	Controlled company	Australian Commodities, SA	Herba Ingredients BV	Purchase of goods (finished and in-progress)	25	0
Instituto Hispánico del Arroz, SA		Dehesa Norte, SA	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	40	118
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	15	68
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	13	0
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	TBA Suntra BV	Purchase of goods (finished and in-progress)	0	36
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	21	30
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	Herba Ingredients BV	Purchase of goods (finished and in-progress)	25	0
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	80	309
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	40	181
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	S&B Herba Foods, Ltd	Purchase of goods (finished and in-	0	67

(THOUSANDS OF EUROS)

Name or company name of the board member	Relationship	Name or company name of the linked parties	Ebro Foods Group Company	Type of transaction	2015	2014
				progress)		
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	21	30
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	TBA Suntra BV	Purchase of goods (finished and in-progress)	0	73
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	Herba Ingredients BV	Purchase of goods (finished and in-progress)	25	0
Instituto Hispánico del Arroz, SA	Controlled company	Pesquería Isla Mayor, SA	Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	40	76
Instituto Hispánico del Arroz, SA	Controlled company	Pesquería Isla Mayor, SA	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	15	68
Instituto Hispánico del Arroz, SA	Controlled company	Pesquería Isla Mayor, SA	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	13	0
Instituto Hispánico del Arroz, SA	Controlled company	Pesquería Isla Mayor, SA	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	10	51
Instituto Hispánico del Arroz, SA	Controlled company	Pesquería Isla Mayor, SA	Herba Ingredients BV	Purchase of goods (finished and in-progress)	25	0
Instituto Hispánico del Arroz, SA	Controlled company		Herba Ricemills, SLU	Rendering of services	2	2
Instituto Hispánico del Arroz, SA	Controlled company		Herba Ricemills, SLU	Services received	125	125
Instituto Hispánico del Arroz, SA	Controlled company		Herba Foods, SLU	Services received	0	50
Instituto Hispánico del Arroz, SA	Controlled company		Rivera del Arroz, SA	Services received	67	0
Instituto Hispánico del Arroz, SA	Controlled company		Herba Ricemills, SLU	Sale of goods (finished and in-progress)	89	119
Instituto Hispánico del Arroz, SA	Controlled company		Boost Nutrition, CV	Sale of goods (finished and in-progress)	0	68
Instituto Hispánico del Arroz, SA	Controlled company		Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	11	30
Instituto Hispánico del Arroz, SA	Controlled company		TBA Suntra BV	Sale of goods (finished and in-progress)	0	87
Instituto Hispánico del Arroz, SA	Controlled company		S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	13	0
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, SA	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	96	193
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, SA	Boost Nutrition, CV	Sale of goods (finished and in-progress)	0	34
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, SA	S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	13	0
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, SA	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	0	24
Instituto Hispánico del Arroz, SA	Controlled company	El Cobujon, SA	TBA Suntra BV	Sale of goods (finished and in-progress)	0	55
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	64	203
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	Boost Nutrition, CV	Sale of goods (finished and in-progress)	15	68

Name or company name of the board member	Relationship	Name or company name of the linked parties	Ebro Foods Group Company	Type of transaction	2015	2014
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	21	30
Instituto Hispánico del Arroz, SA	Controlled company	Mundiarroz, SA	S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	13	0
Instituto Hispánico del Arroz, SA	Controlled company	Australian Commodities, SA	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	64	173
Instituto Hispánico del Arroz, SA	Controlled company	Australian Commodities, SA	Boost Nutrition, CV	Sale of goods (finished and in-progress)	40	52
Instituto Hispánico del Arroz, SA	Controlled company	Australian Commodities, SA	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	10	30
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	65	118
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	Boost Nutrition, CV	Sale of goods (finished and in-progress)	15	68
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	21	30
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	TBA Suntra BV	Sale of goods (finished and in-progress)	0	36
Instituto Hispánico del Arroz, SA	Controlled company	Dehesa Norte, SA	S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	13	0
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	64	83
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	Boost Nutrition, CV	Sale of goods (finished and in-progress)	40	181
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	0	67
Instituto Hispánico del Arroz, SA	Controlled company	Islasur, SA	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	21	30
Instituto Hispánico del Arroz, SA	Controlled company	Pesquería Isla Mayor, SA	Herba Ricemills, SLU	Sale of goods (finished and in-progress)	64	75
Instituto Hispánico del Arroz, SA	Controlled company	Pesquería Isla Mayor, SA	Boost Nutrition, CV	Sale of goods (finished and in-progress)	15	68
Instituto Hispánico del Arroz, SA	Controlled company	Pesquería Isla Mayor, SA	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	10	50
Instituto Hispánico del Arroz, SA	Controlled company	Pesquería Isla Mayor, SA	S&B Herba Foods, Ltd	Sale of godos (finished and in-progress)	13	0

27.3 Other transactions with significant shareholders and directors/executives: dividends received from Ebro Foods, S.A.

Against the backdrop of the general dividend policy of Ebro Foods, S.A., the following amounts were paid in each reporting period (expressed in thousands of euros):

Dividends 2015 (2014):

- Dividends paid to significant shareholders: 20,339 (15,361)
- Dividends paid to directors and executives: 37,579,6 (26,194)

27.4 Transactions undertaken with other Ebro Group companies that are not eliminated in the consolidated financial statements and whose purpose or terms fall outside the Group's ordinary course of business:

There were no related-party transactions of this type in either reporting period.

27.5 Related-party transactions

The note summarizes the transactions performed in 2015 and 2014 between the Ebro Group and other related parties (amounts in thousands of euros):

- Purchase of goods (finished and work-in-progress) in the amount of 121 thousand euros (2014: 110 thousand euros) by Herba Ricemills, S.L.U. (an Ebro Group subsidiary) from Cabher 96, S.L. (a company controlled indirectly by Ms. María Blanca Hernández Rodríguez, the natural person who represents Hispafoods, S.L. on the Board of Directors of Ebro Foods, S.A.)

- Receipt of services in the amount of 9 thousand euros (2014: 18 thousand euros) by Herba Ricemills, S.L.U. (an Ebro Group company) from Real Club de Golf de Sevilla, S.L. (a company controlled indirectly by Ms. María Blanca Hernández Rodríguez).

27.6 Other disclosures

- Ebro Foods, S.A. held a 3.121% ownership interest in Biosearch, S.A. at December 31, 2015. This interest is recognized as an available-for-sale financial asset in the Group's consolidated financial statements.

  Biosearch, S.A. is a listed company whose corporate purpose is analogous to that of Ebro Foods, S.A. and was part of the Group until January 2011.

  The next table itemizes the transactions entered into between Biosearch, S.A. and various Ebro Foods Group companies in both reporting periods (in thousands of euros):

Group company with which Biosearch transacted	Type of transaction	2015	2014
Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	8	0
Herba Ricemills, S.L.U.	Lease (income)	26	26
Dosbio 2010, S.L.U.	Lease (expense)	0	7
Ebro Foods, S.A.	Rendering of services	21	42

- Ebro Foods, S.A. holds a 25% shareholding in Riso Scotti S.p.A. The investment in this associate is accounted for using the equity method.

  Mr. Antonio Hernández Callejas, Chairman of Ebro Foods, S.A., is a director of Riso Scotti, S.p.A.

  The next table itemizes the transactions entered into between Riso Scotti and Ebro Group companies in 2015 and 2014 (amounts in thousands of euros):

(THOUSANDS OF EUROS)

Ebro Group company which performed the transaction with Riso Scotti	Type of transaction	Amount 2015	Amount 2014
Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	355	1
Herba Ricemills, S.L.U.	Rendering of services	9	6
Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	200	62
Herba Ricemills, S.L.U.	Services received	0	1
Ebro Foods, S.A.	Dividends received	337	0
Ebro Foods, S.A.	Rendering of services	5	2

27.7 Fiduciary duties: conflicts of interest and non-compete duty

In keeping with article 229 of Spain's Corporate Enterprises Act, this section of this note replicates the information provided by the Parent's directors, or by their natural person representatives as warranted, in keeping with their fiduciary duties, to the Company regarding the interests and positions held in/at companies with the same, analogous or complementary core business as that of Ebro Foods, S.A. that are not part of the Ebro Foods Group.

- Instituto Hispánico del Arroz, S.A.:
  - 100% direct shareholding in the following Hisparroz group companies, holding the following positions: El Cobujón, S.A. (director), Dehesa Norte, S.A. (no position held), Mundiarroz, S.A. (director), Pesquerías Isla Mayor, S.A. (director), Australian Commodities, S.A. (director, acting joint and severally), Islasur, S.A. (director) and Porrío, S.A. (no position held).
  - It is hereby noted that Instituto Hispánico del Arroz, S.A. is a company devoted to a business considered analogous to the corporate purpose of Ebro Foods, S.A. and that it holds a 15.921% ownership interest in the latter (a direct interest of 8.963% and an indirect interest of 6.959% via Hispafoods Invest, S.L., an indirectly wholly-owned subsidiary on whose board it is represented).
- Mr. Félix Hernández Callejas (the natural person representing Instituto Hispánico del Arroz, S.A. on the Company's Board):
  - Direct interest in Instituto Hispánico del Arroz, S.A. of 16.666%. He is also the CEO of Instituto Hispánico del Arroz, S.A.
- Mr. Antonio Hernández Callejas:
  - Direct interest in Instituto Hispánico del Arroz, S.A. of 16.666%. He does not hold any post at this company.
- Ms. Blanca Hernández Rodríguez (natural person representing Hispafoods Invest, S.A. on the Company's Board):
  - Direct interest in Instituto Hispánico del Arroz, S.A. of 16.666%. She does not hold any position at this company.

- Indirect shareholding of 32.3559% in Cabher 96, S.L. She does not hold any position at this company.

  It is hereby noted that Cabher 96, S.L. carries out a similar business activity to that constituting Ebro Foods, S.A.'s corporate purpose.

➢ Dr. Rudolf-August Oetker:

- Direct interest in Dr. August Oetker KG. of 12.5%. He is Chairman of the Advisory Board.

The directors of Ebro Foods, S.A. (or their natural person representatives, as warranted) did not perform any transactions with Ebro Foods Group companies outside their ordinary course of business or other than on an arm's length basis in either reporting period.

The directors have not informed the Company of any direct or indirect potential conflicts of interest between them or their related parties and the Company other than those disclosed in this note.

27.8 Director and executive remuneration

Director remuneration.- The remuneration accrued by the members of the Board of Directors of Ebro Foods, S.A. totaled 4,907 thousand euros in 2015 (2014: 5,561 thousand euros), broken down as follows (in thousands of euros):

DIRECTOR REMUNERATION AND OTHER BENEFITS	2015	2014
TYPE OF REMUNERATION		
Meeting attendance fees	327	302
Bylaw-stipulated profit-sharing	2,565	2,565
Total director remuneration	**2,892**	**2,867**
Wages, salaries and professional fees	2,015	2,694
Termination and other benefits	0	0
Total executive director remuneration	**2,015**	**2,694**
TOTAL REMUNERATION	**4,907**	**5,561**
OTHER BENEFITS		
Life insurance and post-employment benefits	0	0

The Company's bylaws stipulate remuneration equivalent to a 2.5% share of net profit for the year provided that the required appropriations to the legal reserve have been made and the minimum shareholder dividend established in prevailing legislation has been declared (currently 4% of paid-in capital).

At a meeting held on February 24, 2016, the Board of Directors resolved, at the recommendation of its Nomination and Remuneration Committee:

(i) to freeze by-law stipulated remuneration in 2015, implying no change whatsoever with respect to that of the last four years, specifically implying submission at the Annual General Meeting of a motion to pay a sum of 2,565 thousand euros, which is equivalent to 1.76% of consolidated profit for 2015 attributable to equity holders of the parent.

(ii) to leave attendance fees at 1,600 euros per Board meeting and 800 euros for attendance at the meetings of its various committees.

The individual breakdown of director remuneration earned in 2015 (in thousands of euros) is provided below:

Director	Bylaw-stipulated emoluments	Attendance fees	Fixed remuneration for performance of executive duties	Variable remuneration for performance of executive duties	Total
Hernández Callejas, Antonio	389	32	705	1,310	2,436
Carceller Arce, Demetrio	370	35	0	0	405
Alimentos y Aceites, S.A.	120	18	0	0	138
Castelló Clemente, Fernando	211	34	0	0	245
Comenge Sánchez-Real, José Ignacio	175	27	0	0	202
Empresas Comerciales e Industriales Valencianas, S.L	120	19	0	0	139
Hispafoods Invest, S.L	201	35	0	0	236
Instituto Hispánico del Arroz, S.A	148	21	0**(*)**	0**(*)**	169
Nieto de la Cierva, José	269	27	0	0	296
Oetker, Rudolf-August	120	19	0	0	139
Ruiz-Gálvez Priego, Eugenio	163	27	0	0	190
Segurado García, José Antonio	279	33	0	0	312
TOTAL	**2,565**	**327**	**705**	**1,310**	**4,907**

(*) Although Instituto Hispánico del Arroz, S.A. is listed as an executive director, it does not perform either executive or management duties at Ebro Foods, S.A. or at any Group subsidiary and therefore does not receive any remuneration in this respect. Instituto Hispánico del Arroz, S.A. has been categorized as an executive director based on the fact that the natural person representing this entity on the Board of Directors of Ebro Foods, S.A. is an executive at a Group subsidiary (former article 212 *bis* of the Corporate Enterprises Act).

It is hereby noted that the director remuneration itemized in this note includes the attendance fees received by the Chairman of the Board of Directors of Ebro Foods, S.A., Mr. Antonio Hernández Callejas, in his capacity as director of Pastificio Lucio Garofalo, S.p.A. (an Ebro Foods Group company) in the amount of 5 thousand euros in both reporting periods.

It is further noted that in both reporting periods, the Chairman of the Board of Directors received the sum of 5,200 euros in the form of attendance fees for performance of his duties as director of Riso Scotti, S.p.A. (an associate; see note 27.6).

Of the total variable remuneration earned by the Chairman of the Board of Directors for performance of executive duties in 2015, 524 thousand euros correspond to the

Deferred Annual Bonus Scheme tied to the Group's 2013-2015 Business Plan in respect of 2013. This sum represented up to 25% of the deferred bonus entitlement accrued over the term of the three-year scheme, which was provided for in the 2013 financial statements and settled in 2015.

Elsewhere, in relation to the total remuneration earned by the Chairman of the Board of Directors for the performance of his executive duties in 2015, the 2015 financial statements recognize a provision of 485 thousand euros in respect of the provisional estimate of the amount corresponding to 2015 under the Deferred Annual Bonus Scheme tied to the Group's 2013-2015 Plan, which represents up to 50% of the deferred bonus entitlement expected to be accrued during the three-year period. This figure will be paid in 2017.

These bonus schemes are not tied to Ebro Foods' share price performance nor do they entitle their beneficiaries to the receipt of shares or any rights over such shares.

Elsewhere, none of the members of the Board of Directors benefits from complementary life insurance or pension cover. Moreover, the Company neither extended any form of credit or advances to the members of its Board of Directors nor assumed any obligations on their behalf under guarantees.

Executive remuneration.- A total of 10 people were considered executives of Ebro Foods, S.A. at both year-ends; in 2015 these executives accrued aggregate remuneration (wages and salaries) of 2,061 thousand euros (2,189 thousand euros in 2014).

In 2015, the team of executives (excluding the Chairman of the Board of Directors) of Ebro Foods, S.A. covered by the Deferred Annual Bonus Scheme tied to the Group's 2013-2015 Business Plan were paid 128 thousand euros corresponding to 2013, a figure representing until a 25% of the bonuses earned during the three-year term of the scheme that had been provisioned in the 2013 financial statements.

Meanwhile, in relation to the team of executives (excluding the Chairman of the Board of Directors) of Ebro Foods, S.A. covered by the Deferred Annual Bonus Scheme tied to the Group's 2013-2015 Business Plan, the 2015 financial statements recognize a provision of 124 thousand euros in respect of the provisional estimate of the amount corresponding to 2015 under the scheme, which represents until a 50% of the deferred bonus entitlement expected to be accrued during the three-year period. This sum will be paid in 2017, in keeping with the plan rules.

The employment contracts of two executives include change of control clauses guaranteeing payments that exceed the amounts applicable under the Employees' Statute. The clauses initially stipulated in the contracts of other executives provide for payments that are lower than those established in the Employees' Statute due to their length of service.

Note lastly that the figures reflect the remuneration of all of the executives of Ebro Foods, S.A. even though not all of them belong to senior management.

Lastly, Ebro Foods, S.A. has taken out civil liability insurance cover for its directors and executives; these policies cover all of its subsidiaries up to an annual claims cap of 45 million euros. The policies have an annual cost of 60 thousand euros, are effective until April 30, 2016 and are currently in the process of being renewed.

(THOUSANDS OF EUROS)

28. RISK MANAGEMENT TARGETS AND POLICIES AND USE OF FINANCIAL INSTRUMENTS

The primary objective of the Group's risk management policy is to safeguard the value of its assets and facilitate its sustainable growth by configuring an optimal capital structure tailored to the legislation in force in the countries in which it operates. In addition, its capital management policy is designed to preserve its credit metrics and to maximize shareholder value.

Risk management strategy encompasses key business performance indicators such as earnings, leverage, capital expenditure and business strategy with a view to enabling the Company to take substantiated decisions in order to deliver the above-mentioned objectives. The attached Group Management Report and Corporate Governance Report provide additional information on the key business risks.

Capital management

The overriding objective of the Group's capital management is to safeguard the business's sustainability and maximize shareholder value. To this end it contemplates:

- The cost of capital, in keeping with industry calculation standards, with a view to combining debt and equity to optimize this cost.
- A leverage ratio that makes it possible to obtain and maintain the targeted credit ratings and ensure short- and long-term financing for the Group's projects.

The right combination of debt and equity, in order to optimize the cost of capital, enables adequate shareholder remuneration, business continuity and growth of the Ebro Food Group's business model.

Note that the Group is subject to certain capital requirements under certain long-term loan agreements and that is in compliance with these covenants (note 22).

In recent years, the Group has been concentrating its activities around key businesses by means of strategic acquisitions, while keeping leverage low.

	CONSOLIDATED				
NET DEBT (€, 000)	**2013**	**2014**	***2014/2013***	**2015**	***2015/2014***
Equity	1,705,757	1,849,485	*8,4%*	1,966,259	*6.3%*
Net debt	338,291	405,617	*19.9%*	426,280	*5.1%*
Average net debt	260,820	333,178	*27.7%*	424,940	*27.5%*
Leverage	19.8%	21.9%	*10.6%*	21.7%	*-1.1%*
Leverage (avge. debt) ***(1)***	15.3%	18.0%	*17.8%*	21.6%	*20.0%*
EBITDA	282,392	287,251	*1.7%*	314,724	*9.6%*
Coverage	1.20	1.41		1,35	

(1) Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

Leverage increased significantly in 2013 and 2014 due to the acquisitions of strategic businesses in Italy and Canada. In 2015, leverage rose slightly due to the trend in the dollar and the acquisition of organic and fresh food businesses in France; however, it fell in terms of debt-to-EBITDA coverage and leverage calculated using year-end rather than average debt levels. Management believes that leverage remains well within the Group's comfort zone.

Note that leverage and cash flow generation are impacted to a significant degree by dollar exchange rate trends, as described next.

Financial risk management and use of financial instruments

The main financial instruments used by the Group are bank loans, bank overdraft facilities, equity instruments, cash and short-term deposits. In addition, the Group has other financial assets and liabilities such as trade accounts receivable and payable.

These financial instruments expose the Group to market risks via variability in interest rates, exchange rates and in the fair value of certain financial instruments. They also expose it to liquidity and credit risk.

The financial instruments that are used to hedge these risks may or may not qualify for designation as accounting hedges (cash flow or fair value hedges, depending on the nature of the hedged item).

In order to manage the foreign currency and interest rate risks arising in the course of the Group's operations and, from time to time, potential movements in the prices of certain raw materials (gas), the Group uses derivative (mainly interest or exchange rate forward sale-purchase contracts and put/call options) and non-derivative (currency-denominated borrowings) financial instruments in order to minimize or ring-fence them.

These hedges are arranged as a function of:

- Prevailing market conditions;
- Evolving management objectives; and
- The specific characteristics of the transactions giving rise to the financial risk being hedged.

The accounting policies used to measure these financial instruments are described in note 3 above.

The Board of Directors and senior management team review and establish the risk management policies applying to each and every one of these risks. The Board has delegated the development and oversight of the enterprise risk management system in its Audit Committee and the Risk Committee.

Cash flow interest rate risk

This risk arises from borrowings denominated in euros or foreign currencies and arranged at floating rates of interest due to the risk that the cash flows associated with debt service payments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

The Group manages this risk by having a balanced portfolio of fixed and variable rate borrowings. The Group's policy is to minimize exposure to this risk, to which end it continually monitors market conditions with the support of external experts in order to arrange new instruments or change the terms of existing instruments in order to minimize exposure to variability in the cash flows or fair value of its financial instruments.

(THOUSANDS OF EUROS)

Management has performed sensitivity analysis with respect to the impact of 50 basis point fluctuations in interest rates on the Group's rate-sensitive financial assets and liabilities with an impact on earnings: the estimated impact on profit in 2015 of such a change would be 2.5 million euros (1.9 million euros in 2014). The year-on-year increase reflects the trend in average borrowings as well as the fact that a significant portion of the Group's borrowings is denominated in US dollars, so that the year-on-year analysis reflects the trend in this currency with respect to the euro.

The main assumptions used to perform this sensitivity analysis are as follows:

- The analysis only models the impact on financial instruments susceptible to significant changes in the event of upward or downward movements in interest rates.

- The only input varied is the rate of interest, with all other variables held constant in the model.

Fluctuation in interest rates

	2015				2013			
Income/(expense)	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**
Profit before tax	2,463	1,232	-1,323	-2,463	1,916	958	-958	-1,916

<u>Foreign currency risk</u>

Foreign currency risk is the risk that the future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s operating activities (when revenue or expense is denominated in a foreign currency) and its net investments in foreign subsidiaries.

As a result of significant investments in the US, the carrying amounts of the Group's assets and liabilities are significantly exposed to changes in the USD / EUR exchange rate.

The overriding objective of exchange rate risk management is to offset (at least partially) potential valuation losses on assets denominated in currencies other than the euro with savings, albeit smaller in magnitude, on liabilities denominated in the same currencies.

The Group attempts to mitigate the impact of its structural exchange rate risk by securing some of its loans in US dollars so that a very significant portion of its investments in the US are hedged naturally.

Other borrowings at December 31, 2015 include two loans totaling 271 million US dollars (three loans totaling 290 million US dollars at year-end 2014) (note 22) that have been designated as hedges of net investments in the Group's US subsidiaries and are used to hedge its exposure to US dollar foreign exchange rate risk on these investments. The gains or losses on retranslation of these borrowings into euros are recognized in equity in order to offset any gains or losses on the translation of the net investments in these subsidiaries.

The Group is also exposed to foreign exchange rate risk on account of its transactions. This risk arises from the purchases and sales made by the business units in currencies other than the functional currency. In the case of significant transactions, the Group's policy is to use foreign exchange forward contracts to eliminate or minimize the related exchange rate risk.

Against this backdrop, certain Group companies in the rice (Herba, S&B Herba and TBA Sundra) and pasta segments (Panzani and Garofalo) hold foreign currency future contracts or options (locking in exchange rates) in order to mitigate their transaction-related exposures. These transactions are arranged to minimize currency risk but have not been designated as hedges for accounting purposes. The contracts outstanding at year-end:

	Notional balance (thousands)	
Currency	**2015**	**2014**
USD	123,017	118,587
CZK	40,000	21,000
EUR	14,051	16,873
GBP	15,655	9,249
THB	371,343	703,393

The following assumptions were used to model the sensitivity of the Group's assets and liabilities to changes in exchange rates:

- The analysis only models the impact on financial instruments susceptible to significant changes in the event of fluctuations in exchange rates.
- Borrowings designated as effective hedges of net investments are excluded from this analysis.
- The only input varied is the rate of exchange, with all other variables held constant in the model.

The sensitivity analysis provided below should be understood as the Group's maximum exposure at a given point in time; in reality, the Group always hedges business transactions denominated in a currency to which management wants to mitigate exposure; however, these transactions do not quality for hedge accounting on account of the complexity of matching flow timing.

Impact on profit

Fluctuation in EUR

Due to derivatives:

	2015				2014			
Income/(expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit before tax	1,463	1,161	-3,049	-6,434	1,703	854	-854	-1,703

Due to other financial instruments:

	2015				2014			
Income/(expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit before tax	-1,283	-672	672	1,283	-1,552	-813	813	1,552

Fluctuation in GBP

(THOUSANDS OF EUROS)

Due to derivatives:

	2015				2014			
Income/(expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit before tax	-339	-228	318	704	-763	-427	427	763

Due to other financial instruments:

	2015				2014			
Income/(expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit before tax	-54	-28	28	54	-42	-22	22	42

Fluctuation in USD

Due to derivatives:

	2015				2014			
Income/(expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit before tax	-4,972	-2,233	208	-550	630	304	-304	-630

Due to other financial instruments:

	2015				2014			
Income/(expense)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit before tax	700	1,337	-700	-1,337	835	1,594	-835	-1,594

Impact on net debt

Fluctuation in USD

	2015				2014			
+ Net debt / (- Net debt)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Net debt as per balance sheet	-8,881	-4,652	4,652	8,881	-13,323	-6,979	6,979	13,323

Price risk in respect of other financial assets and liabilities

Certain of the Group's financial assets and liabilities expose it to price risk. The most significant exposure derives from the valuation of the put-call option over 48% of the shares of the Garofalo Group (note 5) and the shares of Biosearch, S.A., which are classified as available-for-sale financial assets in the consolidated balance sheet at December 31, 2015 (note 12).

Liquidity risk

The Group's objective is to match its cash flow generation capabilities with its debt servicing and refinancing requirements. The Group aims to maintain a balance between continuity of funding and flexibility through the use of renewable credit facilities, bank loans with scope for grace periods to align them with the returns on the underlying assets and forward purchase contracts.

Note 22 analyzes the Group's borrowings at year-end 2015 by maturity.

Credit (counterparty risk)

This is the risk that a counterparty will not meet its contractual obligations, generating a financial loss for the Group.

This risk is mitigated by means of careful selection of transactions and counterparty banks based on credit ratings and the negotiation of sufficient guarantees to mitigate this risk.

The Group has always taken a conservative approach to business transactions; it has risk committees that continually review limits, open positions and automated system alerts. As a result, the Group's trade credit non-performance ratio has been historically low. In addition, the sales and collections management departments work in a coordinated manner. Counterparties are selected on the basis of the credit ratings awarded by the credit insurance providers with which the Group works, these policies ultimately serving as guarantees. The Group's high level of geographic diversification results in a low level of customer credit risk concentration.

Fair value of financial instruments

The table below breaks down the Group's financial assets and liabilities at December 31, 2015 (in thousands of euros) other than its accounts payable and receivable or its cash and cash equivalents whose carrying amounts are deemed a reasonable approximation of their fair value. The carrying amounts shown in the table below are not materially different from these instruments' fair value.

	Carrying amount at year-end 2015
Financial assets	
Loans	33,640
Equity instruments	26,608
Other instruments	2,061
TOTAL NON-CURRENT	**62,309**
Loans	3,252
Other instruments	1,882
Derivatives	2,392
TOTAL CURRENT	**7,526**
Financial liabilities	
Loans and credit facilities	368,777
Other financial liabilities	70,034
TOTAL NON-CURRENT	**438,811**
Loans and credit facilities	197,568
Other financial liabilities	3,409
Derivatives	579
TOTAL CURRENT	**201,556**

(THOUSANDS OF EUROS)

Financial assets and liabilities measured at fair value: fair value hierarchy

All of the financial instruments measured at fair value are classified into one of the following levels depending on the inputs used to value them:

- Level 1. Use of quoted prices in active markets of identical assets and liabilities (without any adjustment)
- Level 2. Use of directly or indirectly observable inputs (other than level 1 quoted prices)
- Level 3. Use of unobservable inputs

	Year-end 2014	Level 1	Level 2	Level 3
Financial assets				
Equity instruments	846	846	-	-
Derivatives	2,392	-	2,392	-
Financial liabilities				
Other financial liabilities	62,981	-	-	62,981
Derivatives	579	-	579	-

Level 1 basically includes the valuation of equity interests classified as available for sale. Level 3 reflects the liability recognized under IAS 39 in connection with the shareholdings pending acquisition in Herba Ingredients (TBA Suntra) and the Garofalo Group.

The Group does not hold any financial instruments whose fair value cannot be reliably measured. No instruments were transferred between the various fair value hierarchy levels in the course of 2014.

29. ENVIRONMENTAL DISCLOSURES

The productive processes used at the Group's various factories, in both the rice and the pasta divisions, are relatively simple agricultural food processes that do not have a major impact on the environment and entail minimum risk of accidental contamination. The most significant environmental aspects pertaining to the Group can be categorized as follows:

- **Greenhouse gas emissions**: essentially the emission of particles related to the manipulation of cereals (rice and wheat) and gases produced in the combustion processes used to produce vapor and dry raw materials. The fuel most widely used is natural gas.
- **Productive processes**: essentially mechanic and hydrothermal, these processes require the use of very few chemical products, and in very small amounts. Most of these products are used to clean equipment and sanitize raw materials and are relatively safe for the environment.

- **Water consumption**: the Group uses relatively little water in its manufacturing processes (most of its products are dry products), so that the volume of wastewater produced is also small. Moreover, the wastewater generated is relatively uncontaminated as the water consumed is used basically to produce vapor, as a refrigerant or as an ingredient in finished products.

- **Waste generation and management**: the Group generates minimum amounts of waste, including both non-hazardous (mainly ingredient and auxiliary material packaging) and hazardous (maintenance operations) waste.

To minimize its environmental footprint, Ebro Foods builds environmental protection into its business development and deploys the tools, measures and resources needed to guarantee protection at its subsidiaries. More specifically, the Group's environmental policy is articulated around three lines of initiative:

- Ensuring that its companies comply with applicable environmental legislation in carrying out their business activities by means of the rollout of in-house management systems and monitoring of prevailing legislation in this arena.
- Minimizing the environmental impact of its business operations by searching for eco-efficient solutions and continually rolling out initiatives designed to reduce its emissions and waste generation and to optimize consumption of water, energy and packaging materials.
- Suitably and safely managing all its waste, fostering recycling and reuse. Using recycled and/or environmentally-friendly raw materials whenever possible.
- Rolling out environmental employee training and awareness programs.

In parallel, the Ebro Foods Group intervenes in the rest of its value chain by controlling the environmental performance of its industrial suppliers by means of internal and/or external audits and helping them to enhance their environmental management practices as appropriate.

The Group is also working actively on researching and promoting environmentally-sustainable farming practices for use in the production of its agricultural raw materials; the focus of this effort is currently on rice. This work is taking the form of in-house initiatives and ad-hoc collaborations with stakeholders and sector associations.

In 2015, the Group joined the *Sustainable Agriculture Initiative Platform* (SAI Platform), an industry initiative that brings together the key food players worldwide with the goal of attaining sustainable agricultural standards from an environmental and social standpoint. Within this initiative, alongside other sector members, a specific rice-growing taskforce has been set up to develop sustainable practices based on a common industry standard (mainly at the international level) and foster its implementation in the rice-growing regions from which this raw material is sourced.

Fuller information on the Group's environmental performance in 2015 can be found in its Annual Sustainability Report.

In addition, in order to guarantee compliance with the packaging and packaging waste reduction, recycling and recovery objectives laid down in Spanish Law 11/97, of April 24, 1997, the Group's Spanish subsidiary Herba is a member of Ecoembalajes España, S.A. (Ecoembes), whose mission is to design and develop systems oriented towards collecting, sorting and recovering used packaging and packaging waste. Ecoembes uses the concept known as the Green Dot (the symbol featured on the packaging) to certify that the product's packager has paid a certain amount of money for each item of packaging it places on the market.

In tandem, both the European rice subsidiaries and Ebro Foods' head offices have entered into agreements with entities akin to Ecoembes for the destruction of paper and other materials. These agreements allow then not only to comply with data protection legislation but also to guarantee the sustainable management of this documentation through recycling commitments.

Lastly, various Group companies have arranged civil liability insurance that covers third-party damages caused by a sudden and unintentional spill. Management believes that this policy adequately covers any potential risk in this respect. To date the Group has not been party to any material environmental-related claims; on the other hand it can claim a positive record on the basis of the results of audits and inspections and the lack of any pleas in respect of its integrated environmental permit processes, etc.

30. FEES PAID TO AUDITORS

External services in the consolidated income statement include the fees paid to the auditors of the consolidated financial statements.

The fees paid for account auditing and other services to the Company’s auditor, Ernst & Young, S.L., and entities related to the latter by means of control, joint ownership or joint management, in 2015 and 2014 were as follows:

- The fees corresponding to auditing services provided in 2015 amounted to 1,450 (2014: 1,123) thousand euros; those corresponding to other assurance services amounted to 124 (2014: 95) thousand euros.

- The fees for tax advisory and and/other services totaled 196 (2014: 303) thousand euros.

31. EVENTS AFTER THE REPORTING PERIOD

In early 2016, the Ebro Group sold its rice businesses in Puerto Rico and the US Virgin Islands, which it operated under several brands (El Mago, Sello Rojo and Cinta Azul), to CC1 Grain, LLC of Puerto Rico. The transaction price was 12 million US dollars. The sale generated a pre-tax gain for the Group of around 9 million euros (using an exchange rate of USD/EUR 1.08). This gain will be recognized in the Group's 2016 consolidated financial statements. This disposal marks the Ebro Group's exit from the rice business under the brands sold in Puerto Rico and the US Virgin Islands and was driven by the fact that the characteristics of these markets (where rice products are seen as more of a commodity product) do not fit with the Ebro Group's strategy of focusing on value-added products.

Elsewhere, after the reporting date, the Ebro Group, through one of its French subsidiaries, acquired 100% of France's CELNAT, a pioneer in the organic food business and one of France's most important organic cereal producers. CELNAT boasts a very strong position in the high-end organic food category and an excellent reputation in the specialist retail circles in which it makes 95% of its sales. In 2015, CELNAT posted revenue of 22 million euros, 20% of which was generated outside France. The transaction price was 25,426 thousand euros and includes 1,426 thousand euros of net debt assumed by the Group. The Group took effective control of this business in January 2016, also the date of its first-time consolidation.

There have been no other significant events or developments between the end of the reporting period and the date of authorizing the accompanying financial statements for issue.

EBRO FOODS, S.A. CONSOLIDATED GROUP

2015 MANAGEMENT REPORT (figures in thousands of euros)

1. COMPANY SITUATION

Organizational structure and business model

The Ebro Foods Group is Spain's largest food company. Through its subsidiaries, it commands a presence in the rice and pasta markets in Europe and North America as well as a growing presence in other countries.

The Group has decentralized certain areas of each business's management with a view to focusing on the business while maintaining a lean and dynamic structure that prioritizes performance, cohesion and market knowledge over a personality-driven culture.

The Ebro Foods Group articulates its management around business segments that combine business activities and their geographic location. The two core business lines are:

The rice business: the production and distribution of rice and its culinary derivatives and accompaniments. It consists of industrial and branding activities, with the Group pursuing a multi-brand model. Its geographic footprint extends to Europe, the Mediterranean basin, India and Thailand (via the Herba Group companies) and North and Central America, the Caribbean and Middle East (via the Riviana Group and its subsidiary, American Rice or ARI).

Pasta business: the production and marketing of dry and fresh pasts, sauces, semolina products, their culinary derivatives and accompaniments, carried out by the New World Pasta Group in the US, the Panzani Group and the Garofalo Group (rest of world).

Decision-making is spearheaded by the Board of Directors, which is ultimately responsible for defining the Group's general strategy and management guidelines. The Board delegates, certain tasks in its Executive Committee, including, notably, monitoring and oversight of delivery of the strategic and corporate development guidelines, while the Management Committee, on which the heads of the various business areas are represented, is tasked with monitoring and preparing the decisions taken at the management level.

The Annual Corporate Governance Report contains detailed information on the Group's ownership and governance structure.

Production of the products sold by the Group relies heavily on the use of rice and durum wheat, although new grains such as quinoa and other ancient grains are gradually being added to the mix.

Rice is the most widely-consumed grain in the world; however, as some of the world's largest producers consume more than they produce (China, Philippines and Indonesia), the global rice trade is smaller than that of other grains and cereals. The sources of the rice sold by Ebro vary depending on the type of grain and quality/abundance of rice harvests. Supply sources can be grouped into three major regions which produce different varieties of rice: the US, southern Europe and Southeast Asia.

Pasta is produced from a variety of wheat that is high in protein called durum wheat. Durum wheat is produced in a far smaller geographic expanse and has a much smaller market than other varieties of wheat, essentially those used to make flour. Ebro mainly sources its durum wheat in the US, Canada and southern Europe (France, Spain and Italy).

It purchases from farmers, cooperatives and milling companies that provide the basic raw material used in the productive process, the required milling and/or transformation being carried out at the Group's factories. The processes performed differ depending on the product's end use and range from cleaning, milling, polishing and basic extrusion to more complex processes such as pre-cooking, cooking and freezing.

Note 6 to the consolidated financial statements (Segment reporting) overviews the key activities, brands and market shares of each reportable segment.

Strategic objectives

The Group's strategic objective is to be a benchmark player in the rice and pasta markets and in segments of relevance to both areas such as meal solutions. It also aims to achieve a meaningful position in a highly global market and to spearhead innovation in its leading geographies, these ambitions trickling over to related products such as value-added legumes and noodles.

In order to deliver these strategic objectives, the Group taps a series of growth levers it deems key to increasing the value of the business, as enshrined in the various three-year business plans:

- Organic and M&A-led growth in large and established markets and, in parallel, the search for opportunities in high growth potential developing markets.
    - Penetration of new markets and product categories with a strategic focus on new fresh products (aperitifs, chips, omelettes, sandwiches, prepared dishes) and new and more value-added ingredient ranges.
    - Development of products that offer a fuller culinary experience by adding new formats (maxi-cups, etc.), flavours (cup and sauce ranges) and meal solutions (pan-fried rices and pasta dishes, SOS dishes, etc.)
    - Significant positioning in the healthy and organic food segments by leveraging new concepts based on ancient grains, gluten-free foods, quinoa, etc. Here it is worth highlighting the acquisition of Celnat, SAS, a specialist in premium organic products which will be integrated into an independent division to be called Alimentation Santé.
    - Leadership in mature markets by focusing strategically on product quality. Expansion and leadership of the premium products category. Development of the Garofalo brand.
    - Expanded geographic footprint and rounding out of the product/country matrix:
        - Search for business opportunities in mature markets with business profiles similar to that of the Group and specialist players in niche segments (RiceSelect, Monterrat, Cerlat) that enable the Group take a qualitative step forward in its strategy of shifting away from its generalist positioning to positioning as a multi-specialist (individual solutions).
        - Entry into new business niches in existing markets (India, Middle East, Eastern Europe and Africa).
        - Expansion of success formulae into markets in which Ebro is already present (fresh products).

- Product differentiation and innovation. The Ebro Foods Group's product development strategy is structured around two articulating lines of initiative:
    - Research, development and innovation (R&D). The Group has four proprietary R&D centers. Its investment policy is designed to allow the crystallization of new ideas and consumer needs into tangible customer solutions.
    - The Group aims to have the leading brands in its respective segments, to which end it supports them with the required advertising budgets.
- Low risk exposure. The business has been marked by growing raw material price volatility in recent years, coupled with accelerating changes in consumer trends. The Ebro Group faces these challenges through firm strategic commitments to both change and sustainability. To this end it seeks balanced sources of recurring income (markets, currencies), low leverage in order to withstand financial turbulence, new sources of supply and the establishment of long-term relationships with its stakeholders (customers, suppliers, directors, employees, society).

2. BUSINESS PERFORMANCE AND RESULTS

Business environment

The economic recovery gathered momentum in the eurozone in 2015 even though year-on-year GDP growth did not rise above 1.5%. The recovery is being driven by growth in domestic demand (growth in new car registrations of 11%) fueled by expansive monetary policy (with interest rates at close to zero, giving small and medium sized enterprises a breather on the financing front) and oil prices at a 10-year low, freeing up consumer and corporate spending power. Despite the improvement, evident in higher employment levels and consumer confidence readings, the end of the year was clouded by several sources of political instability (Brexit, political instability in certain EU member states) and social crises (refugee crisis, population ageing), which, coupled with the issues affecting the emerging markets, could hamper growth.

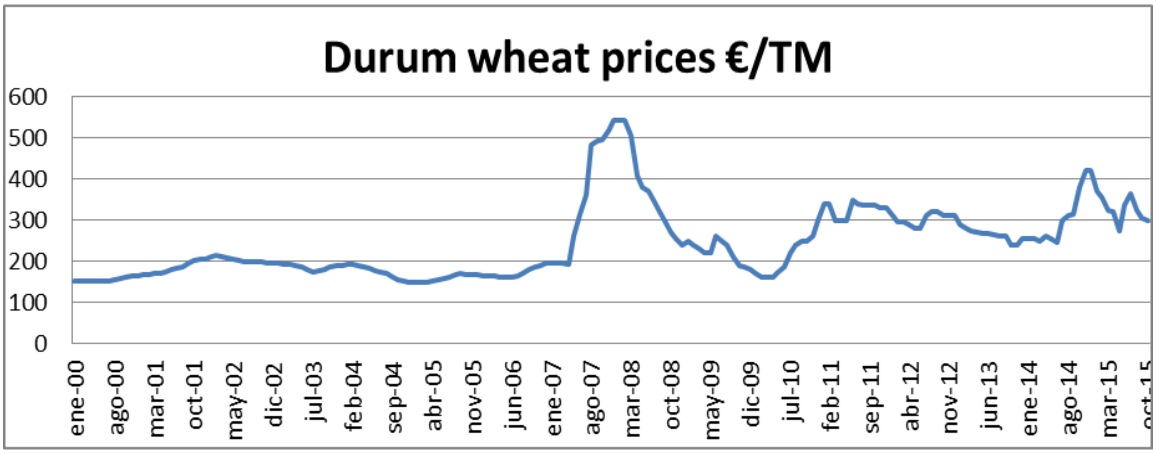
The US economy expanded the healthy momentum of the prior two years: with annual GDP growth of 2.5% (the highest level since the start of the crisis) and an unemployment rate of around 5%, it continues to outpace most developed nations. This performance is primarily attributable to internal demand, as consumers have shrugged off the doubts lingering in prior years, while disposable income continues to rise gradually (although income distribution issues continue to present a source of tension). The Federal Reserve's rate hike marked the start of rate normalization and should not have an adverse effect on the global economy other than on exports affected by the dollar's appreciation and emerging market weakness.

As noted in last year's report, the years of uncertainty and high levels of unemployment have taken their toll, affecting consumer spending patterns. Generally speaking, the consumer has become more cautious: shoppers are buying less, buying cheaper and have traded down to high-quality private label brands or compellingly-priced brand name products; in parallel they have started to look for fresh, gourmet and organic products that offer good value for money. Other trends of note include the growth in neighborhood supermarkets and the advent of new players (online) on the distribution side of the business. All of these trends reinforce the need to offer a pleasant and health-conscious shopping experience while continuing to respect tight budgets.

Lastly, spending habits are also being shaped by demographic trends such as population ageing, smaller family units and new ways of cooking and eating (to order, from vending machines, snacking instead of sitting down, etc.). Inevitably, food companies must also take stock of the unstoppable growth in internet penetration and capabilities; shoppers can readily compare prices and product characteristics and we are seeing a proliferation of robotic-style applications (driverless cars, drones, etc.) with the power to similarly change how we shop for and eat our food. Gradually (traditional consumers continue to dominate), producers will have to adapt and specialize their ranges, while distributors will be forced to offer a different shopping experience.

As was the case across the board in the commodities markets, the grain markets were marked last year by expectations of record inventory levels; prices were stable or if anything lower. The global agricultural commodities index corrected for the fourth year running, having peaked in 2011, and the global ratios tracking the percentage of stocks in relation to annual consumption (stocks-to-use ratios) of the main grains (corn, wheat, rice) remained well above the average for the last 10 years.

Last year, we presented the following chart depicting the trend in durum wheat prices and illustrating the growing volatility of a uniquely tight market.



Source: The Ebro Foods Group

Last year, prices fell from close to €400/MT at the start of the year to €280/MT as the new harvest approached. In June came news of a potentially smaller harvest in Europe due to the drop in spring rainfall, triggering a fresh price rally which did not however last for long; prices ended the year back down at around €265/MT.

Global rice production narrowed by 0.5% on the whole in 2015, affected by adverse weather conditions ("*El Niño*"), as well as apathy in the face of widespread low prices. Meanwhile, global trade corrected by 2% from record levels in 2014, driven by a slight slowdown in demand. Global rice prices continued to trend lower throughout the year, albeit affecting certain aromatic rice grains disproportionately.

In North America, the 2014/15 harvest was very abundant and prices remained low. However, the 2015/16 harvest is smaller and of lower quality, resulting in a higher cost of sales for the Group in the last quarter of the year.

2015 MANAGEMENT REPORT (figures in thousands of euros)

Group financial performance

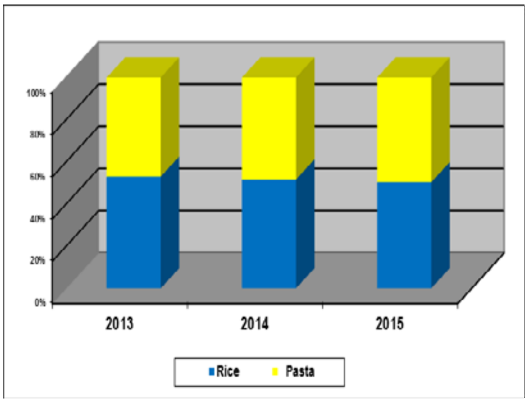
The Group's key financial indicators are presented below:

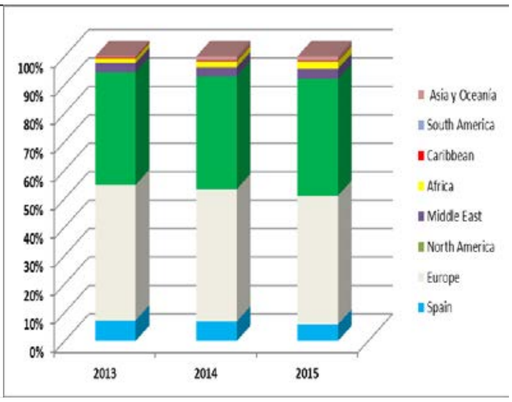
CONSOLIDATED FIGURES (Thousand of €)	2013	2014	*2014/2013*	2015	*2015/2014*	*CAGR 2015/2013*
Revenue	1,956,647	2,120,722	*8.4%*	2,461,915	*16.1%*	***12.2%***
EBITDA	282,392	287,251	*1.7%*	314,724	*9.6%*	***5.6%***
% of Net Revenue	*14.4%*	*13.5%*		*12.8%*		
EBIT	226,356	227,242	*0.4%*	246,314	*8.4%*	***4.3%***
% of Net Revenue	*11.6%*	*10.7%*		*0.0%*		
Profit/(loss) before taxes	210,646	215,749	*2.4%*	229,722	*6.5%*	***4.4%***
% of Net Revenue	*10.8%*	*10.2%*		*9.3%*		
Taxes	(69,157)	(64,407)	*6.9%*	(79,034)	*22.7%*	***6.9%***
% of Net Revenue	*-3.5%*	*-3.0%*		*-3.2%*		
Profit/(loss) for the year from continuing operations	141,489	151,342	*7.0%*	150,688	*-0.4%*	***3.2%***
% of Net Revenue	*7.2%*	*7.1%*		*6.1%*		
Profit/(loss) after tax for the year from discontinued operations	(7,507)	(2,223)	*-70.4%*		*-100.0%*	***-100.0%***
% of Net Revenue	*-0.4%*	*-0.1%*				
Net profit	132,759	146,013	*10.0%*	144,846	*-0.8%*	***4.5%***
% of Net Revenue	*6.8%*	*6.9%*		*5.9%*		
Average working capital	420,517	442,036	*-5.1%*	482,3	*-9.1%*	
Capital employed	1,286,515	1,363,346	*-6.0%*	1,579,447	*-15.9%*	
ROCE **(1)**	17.7	16.7		15.6		
Capex **(2)**	61,308	67,123	*9.5%*	81,466	*21.4%*	
Average headcount	4,665	5,189	*11.2%*	5,759	*11.0%*	
	31.12.13	**31.12.14**	***2013/2012***	**31.12.15**	***2015/2014***	
Equity	1,705,757	1,849,485	*8.4%*	1,966,259	*6.3%*	
Net debt	338,291	405,617	*19.9%*	426,280	*5.1%*	
Average net debt	260,820	333,178	*27.7%*	424,940	*27.5%*	
Leverage **(3)**	0.15	0.18		0.22		
Total assets	2,772,680	3,162,068		3,403,676		

(1) ***ROCE (Return on Capital Employed) = (Last 12 months Operating profit TAM / (Intangible assets – Property, plant & equipment – working capital).***
(2) ***CAPEX (Capital Expenditures) as cash outflows net of investments.***
(3) ***Ratio of net financial debt average including the cost of own resources (without including minority interests).***

Revenue rose by 16.1% year-on-year driven by significant volume growth, exchange-rate effects related to the trend in the dollar of an estimated 181 million euros and acquisition-led growth of 105 million euros.

The breakdown of revenue and the year-on-year trend by business line and geographic market is as follows:





EBITDA rose by 9.6%, shaped by a 8.3 million euro contribution by new businesses and a positive impact of 23 million euros via exchange rate trends. The Group's earnings performance was particularly strong in the rice business, in which it posted record levels of profitability; 2015 was a tough year in the pasta business, however, due to durum wheat price volatility and the need to pass through the increase in supply costs (an estimated increase of 54 million euros) in the first half of the year.

The EBITDA margin narrowed to 12.8%. The drop in average profitability is entirely attributable to the pasta business, where margins narrowed on the back of higher raw material costs, partially offset by volume growth, and ongoing margin dilution by the fresh pasta business in Canada and the US; this business is in the process of being relaunched and continues to resent below-average margins.

Profit for the year from continuing operations narrowed by 0.4% despite the growth in recurring profit due to a combination of effects originating in 2014: a positive impact via a reduction in non-recurring expenses (in 2014, the Group recognized an impairment loss against the goodwill allocated to the ARI cash-generating unit (American Rice) of 11.1 million euros); a negative impact due to the recognition in 2014 of a one-off financial gain on the sale of the Group's interest in Deoleo (14.0 million euros); and, lastly, the changes in income tax expense (note 25 of the consolidated financial statements).

The **ROCE** declined to 15.6%, driven entirely by the decline in the profitability of the US and Canadian pasta business.

The **after-tax loss from discontinued operations** includes the net gain or sale generated by businesses sold and their operating results until the transaction dates. In this instance the amounts shown in prior years correspond to the German pasta business and the loss generated by its sale, as detailed in note 7 of the consolidated financial statements.

Analysis of the Group's balance sheet

The trend in the Group's balance sheet in the last three years evidences the business combinations completed during this period: The Garofalo Group (June 2014), the RiceSelect assets (June 2015) and Roland Monterrat (September 2015). The main movements related to the accounting treatment of these business combinations (additions to property, plant and equipment, intangible assets, goodwill, net current assets and borrowings) and the impact of the trend in the US dollar on subsidiary balance sheets denominated in this currency (both years). Both movements have the effect of increasing assets: an increase due to the first-time consolidation of new assets and an increase of 10% in 2015 and 12% in 2014 in the assets and liabilities denominated in dollars due to their translation at year-end rates (which accounted for roughly half of consolidated assets at year-end).

Other noteworthy changes include the sale of certain non-operating assets classified as investment properties in the US and UK and the sale of the shares in Deoleo in 2014 (which had been classified under finance assets).

Other assets and other liabilities mainly comprise deferred taxes (this heading increased due to business combinations), provisions for pension obligations and provisions for charges (notes 10 and 19 of the consolidated financial statements).

2015 MANAGEMENT REPORT (figures in thousands of euros)

	BALANCE SHEET				
ITEM	**2013**	**2014**	**2014/2013**	**2015**	**2015/2014**
Intangible assets	373,544	433,974	60,430	466,214	32,240
Property, plant and equipment	509,673	612,771	103,098	688,239	75,468
Investment properties	33,139	30,832	-2,307	29,927	-905
PP&E AND INTANGIBLLE ASSETS	**916,356**	**1,077,577**	**161,221**	**1,184,380**	**106,803**
Financial Assets	**108,141**	**67,732**	**-40,409**	**62,309**	**-5,423**
Goodwill	**851,617**	**932,596**	**80,979**	**990,885**	**58,289**
Other current assets and liabilities	**55,455**	**55,871**	**416**	**74,301**	**18,430**
Inventories	384,947	428,107	43,160	438,579	10,472
Trade Receivables, Group Companies	0	0	0	0	0
Trade Receivables	302,994	349,117	46,123	372,823	23,706
Other accounts receivable	58,721	56,556	-2,165	66,369	9,813
Trade payables, Group companies+	0	0	0	0	0
Trade payables	-236,156	-285,970	-49,814	-312,536	-26,566
Other accounts payable	-88,980	-97,234	-8,254	-112,121	-14,887
NET CURRENT ASSETS (WORKING CAPITAL)	**421,526**	**450,576**	**29,05**	**453,114**	**2,538**
NET INVETMENT	**2,353,095**	**2,5845,352**	**231,257**	**2,764,989**	**180,637**
Capital	92,319	92,319	0	92,319	0
Reserves	1,480,679	1,611,430	130,751	1,729,094	117,664
Profit attribuible to owners of the parent	132,759	146,013	13,254	144,846	-1,167
Less: Interim dividend	0	0	0	0	0
Less: Own shares	0	-277	-277	0	-277
CAPITAL AND RESERVES	**1,705,757**	**1,849,485**	**143,728**	**1,966,259**	**116,774**
Non-controlling interests	**22,506**	**24,320**	**1,814**	**26,657**	**2,337**
Other assets and liabilities	**286,541**	**304,930**	**18,389**	**345,793**	**40,863**
Loans from Group Companies and associates	0	0	0	0	0
Less: Loans to Group companies and associates	0	0	0	0	0
Bank Borrowinngs	421,148	513,053	91,905	564,532	51,479
Sepcial financing	11,457	84,843	73,386	73,386	-11,457
Less: Cash on hand at banks	-94,014	-191,477	-97,463	-206,994	-15,517
Less: Cash equivalents	-300	-802	-502	-4,644	-3,842
NET BORROWINGS	**338,291**	**405,617**	**67,326**	**426,280**	**20,663**
TOTAL FUNDS	**2,353,095**	**2,584,352**	**231,257**	**2,764,989**	**180,637**

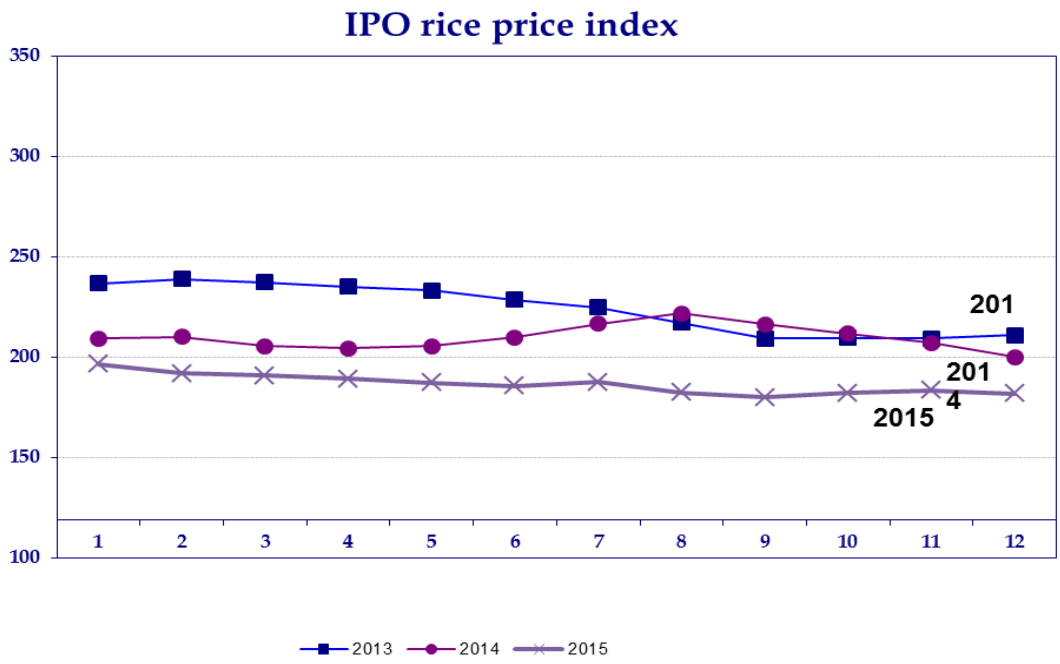
In order to properly understand the Group's working capital requirement and borrowings, note that the factor with the biggest impact on these headings is the volume and measurement of inventories. Inventory volumes are sharply cyclical, moving in tandem with rice and wheat harvests, particularly the rice harvest in the northern hemisphere, which is where the Group buys the most rice from growers and cooperatives and where the inventory cycle is longest. More specifically, inventory volumes are at their lowest at the end of the rice season (end of summer) and at their highest at the end of the year, the start of the next season.

2015 MANAGEMENT REPORT (figures in thousands of euros)

Rice business

RICE BUSINESS (Thousand of €)	2013	2014	2014/2013	2015	2015/2014	CAGR 2015/2013
Net Revenue	1,090,459	1,139,697	*4.5%*	1,287,726	*13.0%*	***8.7%***
EBITDA	137,627	148,828	*8.1%*	176,959	*18.9%*	***13.4%***
% of Net Revenue	*12.6%*	*13.1%*		*13.7%*		
EBIT	110,156	121,789	*10.6%*	147,509	*21.1%*	***15.7%***
% of Net Revenue	*10.1%*	*10.7%*		*11.5%*		
Average working capital requirement	329,938	339,882	*-3.0%*	360,709	*-6.1%*	
Capital employed	751,292	767,771	*-2.2%*	861,763	*-12.2%*	
ROCE	14.8	15.9		17.1		
Capex	21,186	32,440	*53.1%*	38,941	*20.0%*	

As indicated in the section addressing the business environment, the market was broadly stable in terms of prices; although global production and inventory levels fell slightly, they remained close to long-run highs.



In the US, the 2014/15 harvest was very strong (+10% vs. 2013/14), driving a reduction in the US l/g price gap with respect to other markets and enabling growth in exports. However, this year's long grain harvest is less abundant (and poorer quality) due to reduced acreage planted and a lower yield, creating an element of price uncertainty. There have been no major changes in the short and medium grain varieties: ample stocks-to-use ratios continue to push prices lower.

2015 MANAGEMENT REPORT (figures in thousands of euros)

US harvest prices (source: USDA)
August-July

$/cwt	2015/16 (*)	2014/15	2013/14
Average price	12.5-13.3	13.4	16.3
Long grain	11-11.6	11.9	15.4
Medium grain	16.1-16.9	18.3	19.2

Nor were there significant changes with respect to rice sourced from other markets, with prices stable or lower in long grain rice from Asia and stable in the aromatic varieties. In Thailand and India, major rice exporters, the 2015/16 harvest in progress is also smaller; however, the former is carrying over stocks equivalent to at least three harvests and although these stocks are of questionable quality they serve as a buffer for price-setting purposes. The downward trend in the price of rice grown in Asia, coupled with below-average yields for the past two harvests in Europe, where prices are high, has left European-sourced rice relatively uncompetitive.

Revenue growth in this business was driven by volume growth and the trend in the US dollar, as prices were flat or slightly lower, in line with raw material payments at source. Highlights:

- Consolidation of the ingredients business which is driving a substitution effect: traditional, basic products are increasingly being displaced by value-added products at the premium end of the value chain; this business registered growth of 15%.

- The gradual replacement of the traditional product range by those launched in recent years, particularly the *Sabroz* and *Vasitos* ranges, which registered year-on-year volume growth of 11.6% and 19.6%, respectively, in Spain, enabling the Group to defend its market share and sales by value.

- Riviana performed really well in the US across all products and markets. This brand is the market leader with a share of 22.3% by volume in a market growing at an annual rate of 2.9% (Nielsen XAOC 52-week scantrack).

- ARI - American Rice - also performed well: thanks to a relative improvement in US long grain prices and despite the scarcity of product from Texas, this unit competed with its Abu Bint brand in the Middle East on a more competitive footing.

EBITDA increased by 18.9% year-on-year. Growth in EBITDA outpaced topline growth, implying margin expansion (13.7% in 2015 vs. 13.1% in 2014). In addition to topline growth, an astute purchasing policy enabled modest growth in margins. The advertising spend was increased by a significant 9 million euros, virtually all of which earmarked to the US in order to leverage the Group's excellent market positioning.

Riviana continued to hit new profit records, generating 107 million US dollars of EBITDA, of which only a small sum corresponds to the first-time acquisition of RiceSelect (1.4 million US dollars), a transaction which expands the Group's product catalogue, adding local aromatic, organic, ancient grain and couscous varieties. Profitability also improved at ARI despite persistent issues with Texas-grown rice which are undermining profitability at the factory in Freeport.

In Europe, the market environment remains highly complex. On the distribution side of the business, the retailers continue to consolidate (three retailers are merging in France, Ahold & Delhaize are joining forces in a Belgian-Dutch tie-up and in Germany, Edeka and Rewe continue to consolidate that market) and although there are signs of a potential let-up, promotional activity remains intense and the price gap between private-label and manufacturer brands remains significant.

2015 MANAGEMENT REPORT (figures in thousands of euros)

To tackle this situation, the Ebro Group remained strongly committed to innovation and brand support; this strategy enabled growth in the Netherlands, Portugal and Finland and maintenance of existing positions in Belgium and Germany. Surmounting the challenges, the Group defended EBITDA despite a slight increase in advertising spend (+1.7 million euros).

By market, the EBITDA contribution to the non-US rice business was as follows:

	2013	2014	%	2015	%
Spain	31,474	28,539	38.9%	23,191	32.2%
Europe	33,454	40,873	55.7%	41,307	57.4%
Other	2,100	3,916	5.3%	7,522	10.4%
Total EBITDA	**67,028**	**73,328**	100.0%	72,020	100.0%

It is worth highlighting the growth in 'Other markets', thanks to full recovery of the Puerto Rican business, which, after years of hard work to enable its monetization, was sold in January 2016 (see *Events after the reporting period*), as well as business growth in India. In Spain, the Group defended its position by supplanting the traditional segments invaded by the private label brands with new product ranges (most notably *Sabroz* and *Vasitos*); profitability in this market fell, however, due to a less competitive national harvest relative to rice grown overseas in the last two years.

ROCE in the rice business rose sharply thanks to growth in the profitability of the US business, including the impairment losses recognized against ARI assets in 2014.

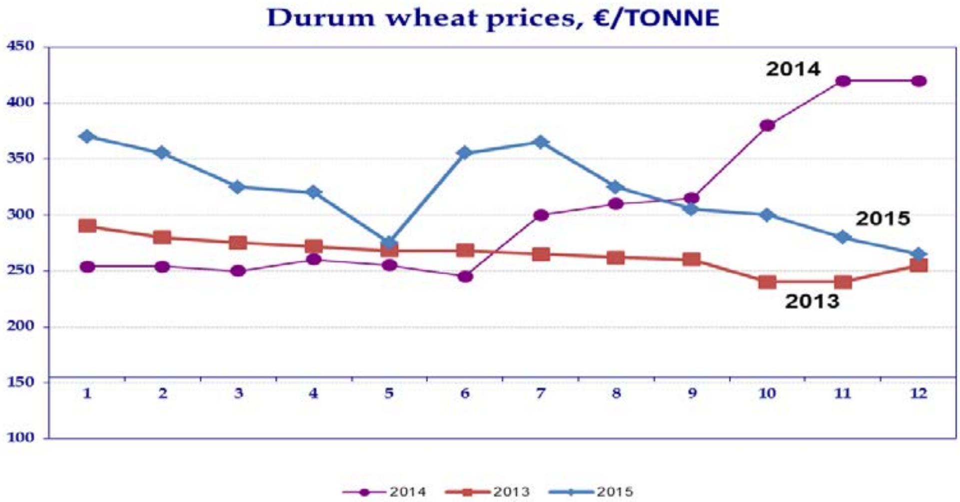
The most important investments undertaken in this business (Capex) related to a new frozen products warehouse (1.6 million euros), a new flour and ingredients line (2.9 million euros), expansion of the Group's facilities in India (1.8 million euros), expansion of the factories in Amsterdam and Antwerp (2 million euros), completion of the work to expand the mill in Algemesí (2.5 million euros) and ongoing work to install a new gluten-free pasta production line in Memphis (7.3 million euros); note that the line being built in Memphis will serve the Pasta Area.

Pasta Business

PASTA BUSINESS (thousands of euros)		2013	2014	2014/13	2015	2015/14	CAGR 2015/2013
Revenue		915,120	1,029,294	*12.5%*	1,224,491	*19.0%*	***15.7%***
EBITDA		152,955	146,317	*-4.3%*	148,647	*1.6%*	***-1.4%***
	EBITDA margin, %	*16.7%*	*14.2%*		*12.1%*		
EBIT		125,725	114.397	*-9.0%*	110,477	*-3.4%*	***-6.3%***
	EBIT margin, %	*13.7%*	*11.1%*		*9.0%*		
Average working capital requirement		76,369	94,810	*-24.1%*	107,261	*-13.1%*	
Capital employed		508,429	578,767	*-13.8%*	691,971	*-19.4%*	
ROCE		25.7	20.5		16.1		
Capex		38,720	34,249	*-11.5%*	39,627	*15.7%*	

During the second half of 2014, durum wheat prices rallied, peaking at over €400/ MT in November. From there, with the 2015/16 harvest in sight and in view of the promising outlook for producer nations, restraint took hold again and prices began to trend lower, ending 2015 at €265/TM, albeit not without first evidencing the volatility which has characterized this market in recent years.

The warm spring in European producer nations prompted fears of insufficient irrigation and a second consecutive year of poor harvests. These fears did not materialize, however; the French harvest was good (+18%) and prices trended lower for the rest of the year, with stocks at reasonable levels.



Revenue rose by 19% year-on-year, mostly due to the pass-through to sales prices of the growth in raw material costs, the impact of dollar appreciation on the US pasta business, consolidation for the full 12 months of Garofalo (72 million euros) and the first-time consolidation of Roland Monterrat (19 million euros; 3 months).

By geography:

- ✓ In France, dry pasta sales registered growth of 4.6% to put the Group's share of the retail sector at 37.1% by volume; note that this sector contracted by 1.5% as a whole. The growth in sales and market share similarly extended to the fresh pasta segment (+2.3% sales; 39.4% market share). Much of this growth is being driven by innovation, notable among which the new dry pasta products with fresh pasta qualities (sales volume: 1,300 tonnes) and growth of 22% in sales of pan-fry gnocchi products, a category in which the range was further increased.

- ✓ Garofalo posted an excellent performance. It is the clear leader in the Italian premium pasta market (a growing segment, in contrast to the overall market, which contracted by 4.5%), registering growth of 4.8% by volume and 7.3% by value. Garofalo products are now being distributed in France, Germany and the Netherlands through Ebro's sales network.

- ✓ US: a shrinking market (-2.0% by volume). The year got off to a bad start as the spike in raw material costs exacerbated tension in a market rife with price competition and promotional offers. Moreover, the healthy pasta segment (which encompasses wholegrain pasta, high-fiber pasta, vegetable pasta, low-calorie pasta and gluten-free pasta) in which Ebro is strongly positioned also suffered. Despite overhauling the healthy pasta product line with the production of new gluten-free products and products based on quinoa and other ancient grains, it wasn't until the end of the year that sales began to rebound, leaving New World Pasta's market share at 19.4%.

- ✓ Canada: the dry pasta market contracted by volume (-4%) but registered growth by value (9%) as a result of the pass-through of higher wheat prices to end prices. As in the US, consumption of healthy pasta trended lower in all categories except for the gluten-free niche. Group subsidiary Catelli Foods continues to lead the market with a share of 34.0% by volume. The fresh pasta segment registered growth by volume and value of 3.2% and 4.3%, respectively, and Olivieri defended its leadership with a market share of 45.9%, despite intensifying competition from manufacturer and retailer brands alike.

EBITDA increased by 1.6% to leave it virtually flat over a three-year period, despite the positive contribution by Garofalo, which contributed 17.4 million euros in 2015 (vs. 7.4 million euros in 2H14). The increase in raw material costs is estimated at 54 million euros, substantially eroding this unit's profitability, particularly in the US where it is harder to pass higher costs through to end prices. The advertising spend was 6.2 million euros higher, due to consolidation of Garofalo's activities for the full year.

France's EBITDA contribution increased slightly to 87.8 million (Roland Monterrat, which was consolidated for the last quarter, contributed 1.7 million euros), despite the pressure exerted via high procurement costs, driven by growth in sales volumes and a compelling sales leadership strategy which mitigated the adverse impact of higher product costs.

The negative note was struck by New World Pasta whose profitability diminished due to the decline in sales volumes in the healthy pasta segment which resulted in a less favorable business mix, compounded by difficulties in passing on higher raw material costs due to intense price competition. The 23% devaluation of the Canadian dollar also hurt this business as roughly 25% of this sub-group's income is generated in this currency (Catelli).

The fresh pasta products and sauces marketed under the Olivieri trademark encountered difficulties as the competition was very aggressive on the back of capacity additions. As a result, Olivieri's business with one of its customers suffered in two Canadian provinces, while promotional pressure intensified across the segment as a whole. Olivieri responded to these challenges by increasing exclusivity and private label production agreements in a bid to lock in sufficient production volumes to ensure profitability in the medium to long term while it focuses its efforts on innovation-led growth, process enhancement and brand overhaul under the scope of its five-year Business Plan.

ROCE in the pasta business declined to 16.1% on the back of reduced profitability in the US and Canadian units.

Capex was concentrated at the factory level. Specifically, the Group added capacity and drove productivity gains in fresh products in Communay (vicinity of Lyon) (8.5 million euros, to put investment to date at 31.5 million euros); bought equipment to increase capacity at the dry pasta factories in Europe (5.5 million euros); rolled out the SAP production module for fresh products (1 million euros); invested to increase productivity at the semolina plants (2.4 million euros); added a new short pasta packaging line in St. Louis (US) (1.4 million euros) and a packaging machine in Winchester (US) (1 million euros); and set up a new fresh pasta line in Hamilton (Canada) (1.9 million euros).

Staff matters and environmental disclosures

Employees

One of the most important sources of value creation at the Ebro Group is its more than 5,700 professionals. A close-knit team of talented professionals aligned with the organization's strategy. Through the various subsidiaries' HR departments, the Group strives to motivate them, offer them rewarding work and nurture their professional skills and knowledge.

The Group's ultimate objective on the labor front is to foster mutually-beneficial labor relations, make its employees feel vested in the organization, encourage their career development, promote equal opportunities and adopt and enforce a zero-tolerance stance on discrimination.

The Group's policy is to decentralize staff management as this enables close contract and familiarity with its people. There are HR managers for each of the Group's most important companies and each has the ability to implement policies tailored for the specific characteristics of their respective business markets.

These policies not only include general guidelines for regulating company-employee relations but also encompass specific occupational health and safety, training and education, diversity and equal opportunities and equal pay guidelines and policies. The subsidiaries with reduced staff levels (predominantly sales companies with less than 10 employees) are governed by the labor laws in effect in the countries in which they work.

Above all of these guidelines, and notwithstanding the terms of the above-listed specific policies, is the Corporate Code of Conduct which stipulates not only ethical and responsible professional conduct on the part of the people working at of all of the Group's companies but also serves as a guide for defining minimum policy targets and job guarantees, specifically:

- Workplace health and safety.
- Training and career development for all employees.
- The Group's pledge to guarantee zero discrimination, diversity and equal job opportunities (this commitment includes aspects related to gender equality, the employment of people with differing abilities and promotion of different cultures).
- The freedom of association.
- Compliance with collective bargaining rights.

Note 8.4 of the consolidated financial statements breaks down the Group's headcount by job category. The following is a snapshot of the Group's workforce using diversity indicators prepared in accordance with the Global Reporting Initiative (the G4 Guidelines):

2015 MANAGEMENT REPORT (figures in thousands of euros)

% MEN	% WOMEN
70.55%	29.45%
Age range 30 - 50 years	**Age range 30 - 50 years**
53.45%	47.57%
Average years o ld	**Average years old**
12.13	11.11
% Permanent contracts (including At will)	**% Permanent contracts (including At will)**
87.70%	85.33%
% Executives and middle managers	**% Executives and middle managers**
13.52%	15.12%
Rotation of personnel	**Rotation of personnel**
17.50%	10.38%
New recruitments	**New recruitments**
70.54%	29.46%
% Training	**% Training**
68.95%	60.74%
% Disability	**% Disability**
2.25%	1.49%

The Group's commitment to **employment** is illustrated in the following staff turnover tables which break the figures down by gender and reason for departure:

Type of rotation	Men	Women
new hires	1,025	428
Voluntary departures	147	175
Layoffs	172	67
Reriement	51	21
Permanent disability	9	4
Death	9	5

	Men	Women
Net employment creation	646	160
Rotation of personnel	17.50%	10.38%

In terms of **workplace health and safety**, 89.72% of the Group's total workforce is represented by official health & safety committees. In 2015, the Group provided 22,340 hours of health and safety training at a cost of 677 thousand euros and invested 2.3 million euros in safety equipment.

Lastly, the commitment to employee **training and career development** materialized in the provision of staff training courses at a cost of 1.95 million euros in which approximately 67% of the workforce participated (over 117,700 training hours). The main subjects covered by these training initiatives were quality and environmental management, languages, computer skills, health and safety, production and maintenance, sales and marketing skills development and finance. The average number of training hours provided by job category is broken down in the next table:

2015 MANAGEMENT REPORT (figures in thousands of euros)

Job category	Men	Women
Executives	13,53	28,35
Middle management	24,86	22,18
Clerical staff	27,43	16,63
Assistants	8,4	12,38
Sales staff	9,17	7,43
Other	24,92	22,04
Total	**23,66**	**19,73**

Environmental management

Regarding the Group's sustainability policies, one of the Ebro Foods Group's basic management commitments is to provide its companies with the tools and measures needed to strike the optimal balance between their business activities and environmental protection. For more information, go to note 29 of the consolidated financial statements and the Ebro Food Group's Annual Sustainability Report.

3. LIQUIDITY AND FINANCING

The Group's finance department attempts to configure a capital structure that permits credit ratio stability while providing business flexibility in the short and long term.

The finance structure is articulated around long-term borrowings that fund the major investments and are generally denominated in the same currency as the investments in order to achieve a natural currency hedge. The rest of the Group's financing is arranged on a short-term basis and takes the form of credit facilities that cover shifting working capital requirements. All this financing is arranged in accordance with the Group's short- and long-term growth plans, which are crystallized in its annual budgets, budget revisions and multi-year business plans.

The breakdown of the Group's financial liabilities and the capital requirements embedded in certain long-term loan agreements are detailed in note 22 to the consolidated financial statements.

Capital expenditure

Acquisition-led growth (asset and business acquisitions)

The biggest investments made by the Group in 2015 were the acquisitions of the RiceSelect assets for 44.7 million US dollars and of Roland Monterrat for 26.5 million euros plus debt. The latter was financed using a mix of own funds and third-party loans.

2015 MANAGEMENT REPORT (figures in thousands of euros)

Organic growth

The Group underpins its pursuit of growth and innovation with a capex policy that in recent years has entailed the overhaul of its instant rice and fresh pasta productive capacity. Capex (cash outflows) during the past three years:

Year	Amount (€, 000)
2013	61,308
2014	67,123
2015	81,466

Since 2013, investment in innovation has been concentrated strategically around the Fresh Pasta Plan and physically around the Lyon region, the aim of which is to increase capacity for the production of these products. In the rice business, capital expenditure has been mainly earmarked to the rice-based ingredients project, capacity additions in frozen products and investment in a gluten-free pasta line between 2014 and 2015 (11.5 and 8 million US dollars, respectively) at the Memphis factory in order to cater to growth in this segment.

Financial position

The Group is very satisfied with its leverage position.

	CONSOLIDATED				
NET DEBT (€, 000)	2013	2014	2014/13	2015	2015/14
Equity	1,705,757	1,849,485	*8.4%*	1,966,259	*6.3%*
Net debt	338,291	405,617	*19.9%*	426,280	*5.1%*
Average net debt	260,820	333,178	*27.7%*	424,940	*27.5%*
Leverage	19.8%	21.9%	*10.6%*	21.7%	*-1.1%*
Leverage (average net debt) ***(1)***	15.3%	18.0%	*17.8%*	21.6%	*20.0%*
EBITDA	282,392	287,251	*1.7%*	314,724	*9.6%*
Coverage (x)	1.20	1.41		1.35	

(1) Ratio of average net debt (interest-bearing) over equity (excluding NCI)

Despite the acquisitions of organic and fresh meal businesses in France and the increase in the euro-equivalent balance of borrowings on account of trends in the dollar, the currency in which a portion of the Group's debt is denominated (a declining portion on account of the US businesses' compelling cash flow generation capabilities), the leverage and coverage ratios improved, leaving the Group with significant wherewithal to continue to invest in organic and acquisition-led growth.

2015 MANAGEMENT REPORT (figures in thousands of euros)

Note that 59 million euros of borrowings relate to the recognition for accounting purposes of the call option over the remaining 48% of the Garofalo Group. For accounting purposes, this unexercised option has been recognized as an increase in financial borrowings. The changes in borrowings (without factoring in the debt assumed pursuant to acquisitions, that recognized in the process of accounting for call and put options such as that described above and the impact of exchange rate movements) were shaped by the following sources and uses of cash:

	CONSOLIDATED				
€, 000	2013	2014	2014/13	2015	2015/14
Cash from operating activities	161,118	211,275	*31.1%*	254,140	*20,3%*
Cash used in investing activities	(163,961)	(60,193)	*-63.3%*	(146,847)	*144,0%*
Cash used in share-based transactions	(92,319)	(76,833)	*-16.8%*	(102,833)	*33,8%*
Free cash flow	**(95,162)**	**74,249**		**4,460**	

Free cash flow generation rose once again on the back of a general business improvement which translated into earnings growth. With respect to prior years, it is worth noting that in 2013 the working capital requirement implied by the new factory in India and the need to hedge certain rice-related sourcing risks eroded operating cash flow by around 30 million euros. 2014 was marked by a return to normality in the rice business whereas the increase in durum wheat purchase prices did not significantly erode cash flow from operations via growth in inventories as this inventory cycle is shorter and was offset by other changes in payment and collection terms.

The other major movements correspond to:

- Investing activities. Capital expenditure, as outlined above, the purchase and/or sale of various businesses in recent years (acquisitions of Olivieri and Scotti in 2013; the acquisition of Garofalo and exit from Deoleo in 2014; and the acquisitions of RiceSelect and Roland Monterrat in 2015).

- Share-based transactions. Dividend payment (special dividends in 2013 and 2015) and trading in own shares (sale of treasury shares in 2012).

4. RISK MANAGEMENT TARGETS AND POLICIES AND USE OF FINANCIAL INSTRUMENTS

The Risk Control and Management Policy is a core component of the corporate policies approved by the Board of Directors. It establishes the basic principles and general framework governing control and management of the business risks, including tax-related risks and the framework for internal control over financial reporting, faced by the Company and its Group companies.

This general framework translates into a standardized enterprise risk control and management system which is inspired by the conceptual framework embodied in the Internal Control Integrated Framework of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO); it is, accordingly, based on a business risk mapping process designed to identify, assess and score the Group's ability to manage the various risks, prioritizing them in terms of impact and probability of occurrence. The universe of risks is categorized into four main groups: compliance, operational, strategic and financial/reporting.

The risk categorization process assesses, dynamically, both inherent risks and residual risk after application of the internal controls and protocols put in place to mitigate them.

Within these controls, it is worth highlighting the existence of preventative measures, the adequate segregation of duties, well-defined clearance limits and specific policies and procedures.

The enterprise risk model is qualitative and quantitative: the impact of the identified risks on the Group's results can be measured, to which end it is articulated around defined risk tolerance thresholds at the corporate level.

The main risks addressed in the model are:

Operational risks:

- Food safety. Given the nature of its business, food safety matters are a critical issue to which the Group pays the utmost attention; these issues are governed by a host of regulations and laws in the many countries in which its products are sold.

  The Group's policy is underpinned by compliance with prevailing legislation, to which end it has defined, developed and implemented a quality, environmental and food safety model which has been certified in accordance with the UNE-EN-ISO 9001:2000/8 (Food Safety System Certification), UNE-EN-ISO 14001:2004 (Environmental Management) and ISO 22000:2005 systems.

  The food safety programs are based on oversight of protocols designed to ensure identification of certain critical points (called Hazard Analysis and Critical Control Points or HACCP) in or order to minimize residual risk.

  The main control points are grouped as follows:

  - ✓ Physical points: controls to detect alien materials or the presence of metals.
  - ✓ Chemical points: detection of chemical substances or the presence of allergens.
  - ✓ Biological points: detection of the presence of salmonella and other pathogens.

  Most food handling processes are certified by the IFS (International Featured Standards) food safety standard and the pasta factories in the US have certified compliance with the Global Food Safety Initiative (GFSI).

- Raw material supply risk. The availability of raw materials in sufficient quantities and of the quality needed to satisfy the Group's commitments to its customers and continue to underpin brand positioning is a key business success factor.

  To mitigate this risk, the Group has opted to strategically diversify and lock in supply sources by means of agreements from season to season with some of the leading raw material suppliers (of rice and wheat durum); it has also opened branches in some of the main rice exporting nations.

- Risk associated with commodity price volatility. Unexpected changes in raw material supply prices can have a material adverse impact on the profitability of the Group's business via its manufacturing operations and it brand retailing efforts. This risk is concentrated in the prices of the various varieties of rice and durum wheat, although the Group is also exposed to variability in the prices of packaging materials and oil derivatives.

This risk is managed via:

a) Early identification of potential supply problems or gluts in certain grains or varieties which could expose stocks to price variability. The buyer departments track the markets continually and issue alerts to the managers of the various businesses to enable them to manage the related risks.

b) The Group locks in volumes at fixed medium-term prices when the market is propitious to these kinds of agreements and sales transactions can be negotiated that will generate stable margins throughout the corresponding periods.

c) It also seeks disintermediation in the markets for local or exotic varieties, shortening the value chain.

d) Lastly, the Ebro Foods Group strategically differentiates its finished products and this helps it pass volatility in raw material costs efficiently through to the end consumer.

- Customer concentration risk. This risk factor affects the industrial and retail segments alike (although in the latter instance the end consumer of the products made by the Group are the individuals who eat its foods, the retailers are concentrating - boosting their purchase bargaining power - year after year). This risk factor can result in less favorable sales terms and conditions, heightened credit risk and even the loss of certain sales.

  The Group's geographic diversification helps to mitigate this risk factor as its customers vary by country and for now the retailers' attempts at international expansion have met with limited success.

  In parallel, each company has a sales risk committee which allocates risk tolerance thresholds and a strategy for enforcing these thresholds. These levels in turn reflect overall business strategy.

- The risk of potentially falling behind on technology development. One of the Group's most important tools when it comes to tackling the competition is to differentiate and update its products, a strategy underpinned by constant technological innovation and an unwavering effort to adapt its range to consumer demands and wishes.

  As described further on in this report, the Group's R&D strategy is a cornerstone of its business strategy. Its R&D departments work in close collaboration with the sales & marketing departments to mitigate this risk.

Risks related to the environment and strategy:

- Environmental and natural risks. The effects of droughts and floods in the rice- and wheat-growing countries from which the Group sources its raw materials can cause availability issues and price volatility. These natural risks can also affect consumers in conflict areas and could even affect the Group's assets in these markets.

  Once again the key to mitigating these risks is to diversify raw material sourcing, as well as the markets the Group's products are targeted at. In addition, the Group has articulated a flexible manufacturing structure with facilities on four continents, minimizing the impact of potential local problems. The Group has current insurance policies covering all its factories and facilities which would mitigate the damages arising from any such incident.

- Competition risk. The Group does most of its business in developed and mature markets in which it competes with other multinational enterprises and a good number of local players. In addition, in these markets the retailers have developed their own private label brands which exert extra pressure on the Group's products.

  This risk is managed by:

  a) Comprehensive analysis of competitor moves and the fine-tuning of pricing and promotional policy in response to the prevailing market situation.

  b) Product differentiation by innovating on formats, range and quality, all with an unwavering customer focus.

  c) Repositioning in potential high-growth categories by means or organic business development or acquisitions which meet the criteria stipulated in the corporate investment policy.

- Reputation risk. The risk associated with a potential shift in opinion crystallizing in a negative perception of the Group, its brands or its products by customers, shareholders, suppliers, market analysts or other stakeholders with an adverse effect on the Group's ability to maintain its customary relations (commercial, financial, labor, etc.) with these stakeholders.

  To tackle this risk, the Group has established an internal code of conduct designed to guarantee ethical and responsible conduct throughout the organization by all its staff and the professionals or institutions it engages with in the course of its business activities.

  The Group's brands, along with its people, are its most valuable intangible asset, and are accordingly subjected to constant assessment in which different marketing management, food health and safety, compliance and IP protection considerations converge.

- Shifting lifestyles. New diets such as low-carb diets and other food habits could change how consumers perceive our products.

  The initiatives pursued to mitigate these risks entail assessment of consumer patterns, fine-tuning of the Group's product range in response to market trends, as well as active participation in forums propitious to disseminating the health virtues of its products.

- Country or market risk. The international nature of the Group's activities exposes its business operations to the political and economic circumstances prevailing in the various countries in which is does business, as well as other market variables, such as exchange rates, interest rates, production costs, etc.

Compliance risk

- Sector regulations. The food manufacturing industry is subject to multiple regulations, which affect export and import quotas and tariffs, intervention prices, etc., all framed by the European Common Agricultural Policy (CAP). In addition, the Group's activities could be affected by regulatory changes in the countries from which it sources its raw materials or to which it sells its products.

  To address this risk, the Group is represented in, voices its views in and follows a number of legal and regulatory forums via a team of prestigious professionals who work to ensure enforcement and compliance.

- General regulations. This category encompasses compliance risk with respect to civil law, company law, criminal law and good governance regulations and recommendations. In terms of criminal risk, the Group has a crime prevention model which is monitored and controlled by the Compliance Department, which reports to the Audit and Control Committee.

- Tax risk. Potential changes in tax legislation or its interpretation or application by the competent authorities across the Group's business marks could have an adverse effect on its performance.

Financial risk

In the course of its ordinary business operations, the Group is exposed to certain financial risks associated with its financial assets and liabilities, particularly its bank loans, overdrafts, equity instruments, cash and cash equivalents. In addition, the Group has other financial assets and liabilities such as trade accounts receivable and payable.

These financial instruments are exposed to market risk as a result of movements in interest rates (instruments carrying floating rates), exchange rates (those denominated in currencies other than the euro), changes in their fair value, liquidity risk (the inability to monetize assets within reasonable timeframes or at reasonable amounts) and credit risk (counterparty risk).

The Board of Directors, with the assistance of its advisory and decision-making committees, reviews and establishes the policies for managing each of these risks.

A description of these risks and the mitigating measures taken is provided in note 28 of the consolidated financial statements.

5. EVENTS AFTER THE REPORTING PERIOD

In early 2016, the Ebro Group sold its rice businesses in Puerto Rico and the US Virgin Islands, which it operated under several brands (“El Mago”, “Sello Rojo” and “Cinta Azul”), to CC1 Grain, LLC of Puerto Rico. The transaction price was 12 million US dollars. The sale generated a pre-tax gain for the Group of around 9 million euros (using an exchange rate of USD/EUR 1.08). This gain will be recognized in the Group's 2016 consolidated financial statements. This disposal marks the Ebro Group's exit from the rice business under the brands sold in Puerto Rico and the US Virgin Islands and was driven by the fact that the characteristics of these markets (where rice products are seen as more of a commodity product) do not fit with the Ebro Group's strategy of focusing on value-added products.

Elsewhere, after the reporting date, the Ebro Group, through one of its French subsidiaries, acquired 100% of France's CELNAT, a pioneer in the organic food business and one of France's most important organic cereal producers. CELNAT boasts a very strong position in the high-end organic food category and an excellent reputation in the specialist retail circles in which it makes 95% of its sales. In 2015, CELNAT posted revenue of 22 million euros, 20% of which was generated outside France. The transaction price was 25,426 thousand euros and includes 1,426 thousand euros of net debt assumed by the Group. The Group took effective control of this business in January 2016, also the date of its first-time consolidation.

There have been no other significant events or developments between the end of the reporting period and the date of authorizing the accompanying financial statements for issue.

6. GROUP OUTLOOK

Despite the episode of volatility gripping the financial markets towards the end of 2015 and start of 2016, most indicators remain positive, with employment and GDP trending higher in most developed economies. Although there are question marks about the outlook for certain emerging markets of growing importance to the global economy (China, Brazil, Russia) and oil prices are surprisingly low, these concerns are not expected to significantly dampen the overall outlook, barring unforeseen situations of political uncertainty.

The outlook for the rice market is for continued stability insofar as the initial fears associated with the "*El Niño*" phenomenon have not materialized. Although the 2015/16 harvest is down somewhat in some exporter markets (Thailand), generally high stock levels are propping up prices. The European varieties remain relatively less competitive, while the US long grain harvest is a little smaller and poorer in quality, driving a slight uptick in prices during the last quarter of 2015 to a level at which they have since stabilized.

No major developments are anticipated on the durum wheat front: stocks remain high and this commodity was trading at under €250/MT in March 2016. For now the outlook for the upcoming harvest is promising: planted acreage in Canada is up slightly; the outlook for the May harvest (the first of the season) in Mexico is good; while some of the main importers of this cereal have pared back their presence in the market due to budget restrictions.

- ✓ **Rice business**

The outlook for consumption trends in 2016 is for growth in the value-added varieties such as aromatic, organic and ready-to-serve (RTS) products, while traditional products are expected to stagnate or even contract somewhat so that the overall category should remain largely flat in value terms (mix in shift). Uncertainty is greater in terms of the outlook for costs and the price gap with respect to international prices. The spike in rice prices towards the end of 2015 on the back of shrinking Asian production could stem exports by the major cooperatives and exert pressure on the domestic market, particularly industrial sales.

At the Freeport (Texas) factory, the local summer harvest was smaller than in prior years (already affected by drought), which will result in a loss of competitiveness during the first half of the year; however, the reservoirs have since recovered so that the new harvest should be significantly better (2H16). We don't anticipate significant change in the Abu Bint brand business which is conducted from this factory.

The product launches planned for 2016 include an extensive range of organic rice products, new individual cup servings and new RTS products with quinoa, to which end the Group has earmarked a 10% higher advertising spend.

In Europe and the rest of the world, margins related with long grain products are expected to widen on the back of the downward pressure on this variety exerted by the drop in international prices. The RTS range is also expected to be very strong in these markets (+20%), driven by the launch of new ranges called *Salud* and *Mi Chef*. The Group is forging full steam ahead with development of its ingredients line:

it is exploring the scope for expanding its existing facilities and analyzing expansion of its local rice and pasta operations in India.

- ✓ **Pasta business**

After a challenging year, prevailing durum wheat prices should set solid foundations for a recovery in profitability throughout the year. The outlook is for slight growth in sales underpinned by volume stability (versus contraction in 2015), improvements in the distribution of some of the Group's brands and renewed growth in the healthy pasta segment, the cause of so many problems in the last couple of years.

Growth in the healthy pasta product range will be propped up by consolidation of distribution for a full 12 months of the Healthy Harvest ancient grain products (wholegrain flour reformulated with other nutritional cereals), growth in the gluten-free segment and the new Supergreens range.

This effort will be underpinned by a significant advertising spend (anticipated increase of 9 million US dollars) and the commissioning at the end of 2015 of the gluten-free factory, which will translate into increased capacity and flexibility in this growing product category, as well as lower sales costs.

Oliveri, meanwhile, will have completed in 2016 revision of its filled fresh pasta recipes and will market a new portfolio of five simple pasta and gnocchi recipes and nine sauce recipes which should drive volume growth, in spite of prevailing competitive pressure. The Group has been investing to boost productivity and this effort will intensify in 2016. Much remains to be done to deliver the targets set in this organization's business plan but little by little they are being achieved.

In Europe, the strategic goal is to defend the organic growth attained in prior years, ensure a dominant position in the premium pasta segment spearheaded by the Garofalo brand, build a noteworthy presence in the health and organic products segment and develop positioning in the fresh products market. This effort will be driven largely by the recent acquisitions in France of Roland Monterrat, an expert in fresh products, and of Celnat (in January 2016), a specialist in organic grains and cereals; Celnet sells its products in 75% of France's 2,000 health food stores (Biocoop, La Vie Claire, Satoriz, etc.) and generates 20% of its sales abroad.

7. R&D ACTIVITY

The Ebro Foods Group has always been a front-runner in terms of new consumer trends and an international benchmark in the research and development of products applied to the food sector. Aware that R&D is essential to the Group's quality and differentiation strategy, it remained unwaveringly committed to innovation in 2015.

In total, R&D expenditure totaled 4.9 million euros in 2015 (3 million euros of which funded internally and 1.9 million euros, externally).

Capitalized development costs amounted to 12 million euros, most of which corresponded to gluten-free products and the fresh pasta segment (9.8 million euros on aggregate), with the rest earmarked mainly to new manufacturing processes and/or product treatments.

The Group has articulated its R&D engine around research centers located in France, the US and Spain. These centers and their main projects in 2015 were:

1. CEREC, located in St. Genis Laval (France), with 10 employees, focuses on the fresh pasta, potato, ready-cooked fresh meals and sauce segments of the pasta business. In 2015, it concentrated on expansion of its gourmet premium sauce range, repositioning of the premium Triglioni fresh pasta range and assistance with expansion of the *Croque Monsieur* concept following the acquisition of Roland Monterrat.

2. CRECERPAL, located in Marseilles, with eight professionals at the raw material analytical laboratory plus an assistant PhD, centers its research effort on developments in the durum wheat category: dry pasta, couscous and new food transformation technology applied to the food industry. In 2015, it continued to work on new uses for durum wheat flour for batters, breads and baked goods; improvements in mill productivity; and the launch and expansion of the range of dry pastas with fresh pasta qualities and gluten-free pasta products.

3. The US center, with five employees who work to develop new products, processes and technologies and adapt them for the US rice and pasta divisions. Last year its efforts focused on rounding out the development and launch of the gluten-free range (linguini, lasagna); initiatives designed to boost efficiency and productivity of oven-ready and fiber-rich pastas by means of new and reformulated processes; validation vis-a-vis the US authorities (the FDA) of several grain varieties and new formulations for the “Ready To Serve” cup range; and the reformulation of certain multi-grain and gluten-free products.

4. Centers associated with the Herba Group in Moncada (Valencia) and the San José de la Rinconada plant, with 26 employees devoted to the development of new and/or improved product and technologies and to the provision of technical assistance with rice technology for the fast food and catering distribution channels. The most important project underway at this center is the development of a line of functional flours and rice-, cereal- and legume-based ingredients, such as low GI and fast-cooking flours.

8. OWN SHARE TRANSACTIONS

In 2015, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meetings held on June 15, 2011 and June 3, 2015 for a period of five years (as duly notified to the CNMV in keeping with prevailing legislation). In 2015, the Company bought back 27,354 shares, sold 22,171 and delivered 24,646 own shares to employees. The Company did not hold any own shares as treasury stock at December 31, 2015.

9. OTHER RELEVANT DISCLOSURES

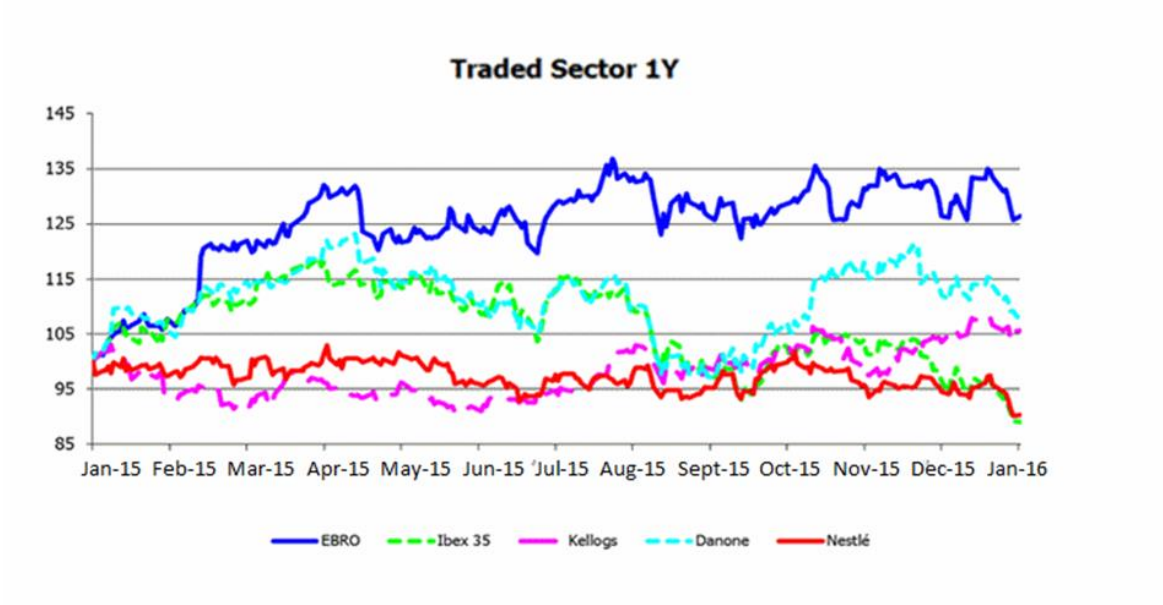
Average payment period

As required under the Spanish Corporate Enterprises Act, it is hereby noted that the average payment period of the companies domiciled in Spain was 25 days in 2015 and 26 days in 2014, within the deadlines stipulated in supplier payment legislation. Calculations made in accordance with the ICAC (Spanish Accounting and Audit Institute) Resolution.

2015 MANAGEMENT REPORT (figures in thousands of euros)

	2015
	Days
Average supplier payment term	25
Paid transactions ratio	25
Outstanding transactions ratio	21
	Amount (thousands of euros)
Total amount of payments made	266,064
Total amount pending payment	43,452

Share price performance



The Company's shares outperformed the benchmark Spanish blue-chip index (the IBEX) and other comparable peers in the food sector in 2015.

Dividend distribution

At the Annual General Meeting of June 3, 2015, the Company's shareholders ratified the motion to pay a cash dividend with a charge against unrestricted reserves of 0.66 euros per share (an ordinary dividend of 0.51 euros per share and a special dividend of 0.15 euros per share), payable in the course of 2015.

The ordinary dividend was paid out in three equal instalments of 0.17 euros per share on April 1, June 29 and October 2, 2015. The special dividend was paid out in a single instalment of 0.15 euros per share on December 22, 2015.

Alternative performance indicators

In keeping with the guidelines provided by the European Securities and Markets Authority (ESMA), there follows a description of the main alternative performance indicators used in this report.

These indicators are used frequently and consistently by the Group to explain its business performance and their definitions have not changed.

EBITDA. Earnings before interest, tax, depreciation and amortization and before earnings considered extraordinary or non-recurring (essentially gains or losses deriving from transactions involving the Group's fixed assets, industrial restructuring charges, provisions for or settlements from lawsuits, etc.).

Net debt. Interest-bearing financial liabilities, the amount of shareholdings subject to put/call options qualifying as financial liabilities and dividends accrued and pending payment, if any, less cash and cash equivalents.

Capital expenditure (Capex). Payments for investments in productive fixed assets.

ROCE. A measure of the return on assets calculated as average earnings before interest, tax and non-recurring earnings for a given period divided by average capital employed during that same period.

Leverage. A measure of creditworthiness calculated as the ratio of net debt to equity.

Debt coverage ratio. A measure of the entity's ability to service its net debt from earnings measured as the ratio of net debt to EBITDA.