CONSOLIDATED ANNUAL ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2014

EBRO FOODS GROUP
CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2014 AND 2013

ASSETS	NOTES	12-31-14	12-31-13
NON-CURRENT ASSETS			
Intangible assets	9	433,974	375,339
Property, plant and equipment	10	612,771	512,573
Investment properties	11	30,832	33,139
Financial assets	12	44,875	85,580
Investments in associates	13	22,857	22,559
Deferred tax assets	25	55,871	55,455
Goodwill	14	932,596	846,922
		2,133,776	**1,931,567**
CURRENT ASSETS			
Inventories	15	428,107	384,947
Trade and other receivables	16	347,394	305,954
Current tax assets	25	19,109	11,693
Tax receivables	25	28,467	24,107
Financial assets	12	2,980	11,874
Derivative and other financial assets	28	2,233	135
Other current assets		7,723	8,089
Cash and cash equivalents	17	192,279	94,314
		1,028,292	**841,113**
Non-current assets held for sale		0	0
TOTAL ASSETS		**3,162,068**	**2,772,680**

Thousands of euros

The accompanying notes 1 to 31 are an integral part of the consolidated balance sheet at December 31, 2014.

EBRO FOODS GROUP
CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2014 AND 2013

	NOTES	12-31-14	12-31-13
EQUITY		**1,873,805**	**1,728,263**
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		1,695,582	1,646,384
Interim dividends paid		0	0
Translation differences		40,224	(54,583)
Own shares		(277)	0
	18	**1,849,485**	**1,705,757**
Non-controlling interests		**24,320**	**22,506**
NON-CURRENT LIABILITIES			
Deferred income	19	4,409	2,048
Provisions for pensions and similar obligations	20	42,144	35,931
Other provisions	21	12,355	8,603
Financial liabilities	22	267,168	225,553
Other non-financial liabilities	23	12	17
Deferred tax liabilities	25	245,956	239,879
		572,044	**512,031**
CURRENT LIABILITIES			
Financial liabilities	22	331,545	205,626
Derivative and other financial liabilities	28	1,482	1,641
Trade and other payables	24	354,918	305,926
Current tax liabilities	25	12,951	4,677
Taxes payable	25	13,745	12,006
Other current liabilities		1,578	2,510
		716,219	**532,386**
Liabilities associated with non-current assets held for sale		0	0
TOTAL EQUITY AND LIABILITIES		**3,162,068**	**2,772,680**

Thousands of euros

The accompanying notes 1 to 31 are an integral part of the consolidated balance sheet at December 31, 2014.

EBRO FOODS GROUP
CONSOLIDATED INCOME STATEMENT FOR THE YEARS

ENDED DECEMBER 31, 2014 AND 2013

	NOTES	2014	2013
Revenue	6	2,120,722	1,956,647
Change in inventories of finished goods and work in progress		949	6,042
Own work capitalized		1,701	1,037
Other operating income	8	26,931	15,988
Raw materials and consumables used and other external expenses	6	(1,189,285)	(1,084,446)
Employee benefits expense	8	(261,710)	(239,623)
Depreciation and amortization	9, 10 & 11	(60,009)	(56,036)
Other operating expenses	8	(421,922)	(386,702)
OPERATING PROFIT		**217,377**	**212,907**
Finance income	8	32,470	14,384
Finance costs	8	(24,758)	(19,647)
Impairment of goodwill	14	(11,325)	(177)
Share of profit of associates	13	1,985	3,179
PROFIT BEFORE TAX		**215,749**	**210,646**
Income tax expense	25	(64,407)	(69,157)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**151,342**	**141,489**
Profit/(loss) after tax for the year from discontinued operations	7	(2,223)	(7,507)
PROFIT FOR THE YEAR		**149,119**	**133,982**
Attributable to:			
Equity holders of the parent		**146,013**	**132,759**
Non-controlling interests		3,106	1,223
		149,119	**133,982**

Thousands of euros

	NOTE	2014	2013
Earnings per share (euros)	18		
From continuing operations			
Basic		0.964	0.912
Diluted		0.964	0.912
From profit for the year			
Basic		0.949	0.863
Diluted		0.949	0.863

The accompanying notes 1 to 31 are an integral part of the consolidated income statement for the year ended December 31, 2014.

EBRO FOODS GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS
ENDED DECEMBER 31, 2014 AND 2013

		12-31-14			12-31-13		
	NOTE	PRE-TAX AMOUNT	TAX EFFECT	AFTER-TAX AMOUNT	PRE-TAX AMOUNT	TAX EFFECT	AFTER-TAX AMOUNT
1. Profit for the year				**149,119**			**133,982**
2. Other income and expense recognized directly in equity:		**65,450**	**9,102**	**74,552**	**(18,132)**	**(8,622)**	**(26,754)**
2.1 Other comprehensive income to be reclassified to profit or loss in subsequent periods		**75,682**	**5,752**	**81,434**	**(25,963)**	**(5,509)**	**(31,472)**
Gains/(losses) on the measurement of available-for-sale financial assets	12	(5,172)	1,551	(3,621)	20,400	(6,120)	14,280
Gains/(losses) on the measurement of available-for-sale financial assets reclassified to profit or loss	12	(14,003)	4,201	(9,802)	(2,035)	611	(1,424)
Translation differences	18	94,857	0	94,857	(44,328)	0	(44,328)
Translation differences taken to profit or loss		0	0	0	0	0	0
2.2 Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(10,232)**	**3,350**	**(6,882)**	**7,831**	**(3,113)**	**4,718**
Actuarial gains and losses	20	(10,232)	3,350	(6,882)	7,831	(3,113)	4,718
1+2 Total income and expense recognized during the year	**18**			**223,671**			**107,228**
Attributable to:							
Equity holders of the parent	18			220,559			106,005
Non-controlling interests	18			3,112			1,223
				223,671			**107,228**

Thousands of euros

The accompanying notes 1 to 31 are an integral part of the consolidated statement of comprehensive income for the year ended December 31, 2014.

EBRO FOODS GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS

ENDED DECEMBER 31, 2014 AND 2013

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

						RESTRICTED		UNRESTRICTED RESERVES				
	EQUITY	NON-CONTROLLING INTERESTS	TOTAL	SHARE CAPITAL	SHARE PREMIUM	REVAL. RESERVE	LEGAL RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	INTERIM DIVIDEND PAID	TRANSLATION DIFFERENCES	OWN SHARES
BALANCE AT DECEMBER 31, 2012	**1,693,237**	**1,028**	**1,692,209**	**92,319**	**4**	**3,169**	**18,464**	**1,429,916**	**158,592**	**0**	**(10,255)**	**0**
Distribution of prior-year profit	0	0	0	0	0	0	0	158,592	(158,592)	0	0	0
Dividends paid (note 18)	(92,319)	0	(92,319)	0	0	0	0	(92,319)	0	0	0	0
Costs of issuing/cancelling share capital	(138)	0	(138)	0	0	0	0	(138)	0	0	0	0
Changes in consolidation scope	20,255	20,255	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	(72,202)	20,255	(92,457)	0	0	0	0	66,135	(158,592)	0	0	0
Profit for the year (as per income statement)	133,982	1,223	132,759	0	0	0	0	0	132,759	0	0	0
Change in translation differences	(44,328)	0	(44,328)	0	0	0	0	0	0	0	(44,328)	0
Fair value of financial instruments:	0	0	0	0	0	0	0	0	0	0	0	
1. Unrealized gains/(losses)	18,365	0	18,365	0	0	0	0	18,365	0	0	0	0
Change due to actuarial gains/(losses)	7,831	0	7,831	0	0	0	0	7,831	0	0	0	0
Tax effect of gains/(losses) recognized in equity	(8,622)	0	(8,622)	0	0	0	0	(8,622)	0	0	0	0
Total income and expense recognized	107,228	1,223	106,005	0	0	0	0	17,574	132,759	0	(44,328)	0
BALANCE AT DECEMBER 31, 2013	**1,728,263**	**22,506**	**1,705,757**	**92,319**	**4**	**3,169**	**18,464**	**1,513,625**	**132,759**	**0**	**(54,583)**	**0**
Distribution of prior-year profit	0	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
Changes in consolidation scope	(1,298)	(1,298)	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	(78,129)	(1,298)	(76,831)	0	0	0	0	56,205	(132,759)	0	0	(277)
Profit for the year (as per income statement)	149,119	3,106	146,013	0	0	0	0	0	146,013	0	0	0
Change in translation differences	94,857	50	94,807	0	0	0	0	0	0	0	94,807	0
Fair value of financial instruments:	0	0	0	0	0	0	0	0	0	0		
1. Unrealized gains/(losses)	(19,175)	0	(19,175)	0	0	0	0	(19,175)	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
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**	**24,320**	**1,849,485**	**92,319**	**4**	**3,169**	**18,464**	**1,549,569**	**146,013**	**0**	**40,224**	**(277)**

Thousands of euros

The accompanying notes 1 to 31 are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2014.

EBRO FOODS GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS

ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Receipts from customers	2,275,060	2,164,394
Payments to suppliers and employees	(1,996,516)	(1,935,044)
Interest paid	(6,375)	(5,140)
Interest received	516	984
Dividends received	1,491	1,696
Other operating activity receipts / payments	4,624	6,673
Income tax paid	(67,525)	(72,445)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**211,275**	**161,118**
Purchase of fixed assets	(67,123)	(61,308)
Proceeds from sale of fixed assets	10,390	9,122
Purchase of financial assets (net of cash acquired)	(47,103)	(116,491)
Proceeds from sale of financial assets	44,870	5,369
Other investment activity proceeds / purchases	(1,227)	(653)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(60,193)**	**(163,961)**
Acquisition of own shares	(11,804)	0
Proceeds from the sale of own shares	11,903	0
Dividends paid to shareholders	(76,932)	(92,319)
Proceeds from borrowings	160,628	186,262
Repayment of borrowings	(150,431)	(164,692)
Other financing activity proceeds / payments and grants	265	273
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(66,371)**	**(70,476)**
Translation differences arising on cash flows from foreign companies	4,709	(1,093)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**89,420**	**(74,412)**
Cash and cash equivalents, opening balance	94,314	173,740
Effect of year-end exchange rate on opening balance	8,545	(5,014)
CASH AND CASH EQUIVALENTS, CLOSING BALANCE	**192,279**	**94,314**

Thousands of euros

The 2013 cash flow statement includes cash flows corresponding to the German pasta business, a discontinued operation. The main cash flows included in respect of this discontinued operation are:

Net cash flows from operating activities	0	10,238
Net cash flows used in investing activities	0	(396)
Net cash flows used in financing activities	0	0

The accompanying notes 1 to 31 are an integral part of the consolidated statement of cash flows for the year ended December 31, 2014.

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 2013 consolidated financial statements were approved at the Annual General Meeting held by Ebro Foods, S.A. on June 4, 2014 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 24, 2015 for submission for ratification at the upcoming Annual General Meeting is as follows:

Amounts relating only to the Parent's separate financial statements

	AMOUNT
Basis of distribution	
Unrestricted reserves	751,463
Profit for the year (as per income statement)	42,731
TOTAL	**794,194**

Thousands of euros

The profit generated by the Ebro Foods Group in 2014 makes it possible, as in prior years, to propose the payment of 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 will be paid out in three instalments of 0.17 euros per share on April 1, June 29 and October 2, 2015. The special dividend will be paid out in a single instalment of 0.15 euros per share on December 22, 2015.

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. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders.

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, 2014, which were authorized for issue by the Parent's directors on March 24, 2015, 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 2014 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, 2014, 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, 2013.

The following significant changes were made to the prior-year figures in order to make them comparable year-on-year:

- Recognition of the impact of the definitive amounts recognized in respect of the Olivieri business combination (acquired in December 2013; for further information see the 2013 consolidated financial statements) compared to the provisional amounts recognized at year-end 2013, once the opportune appraisals and analyses had been carried out in order to establish the definitive fair value of the net assets acquired. This accounting process implied the following reclassifications: the amount of intangible assets recognized was increased by 1,795 thousand euros; the amount of property, plant and equipment was increased by 2,900 thousand euros; and the amount of goodwill recognized was decreased by 4,695 thousand euros.

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 2014 and 2013, 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 local 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 TRANSLATION

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 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 a 3.0%
Plant and machinery	2.0 a 20%
Other fixtures, tools and furniture	8 a 25%
Other items of PP&E	5.5 a 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:

- **Development costs:** 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.

- **Trademarks, patents 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.

If the fair value of the net assets acquired is in excess of the consideration transferred, the Group recognizes the corresponding gain in profit or loss once it 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.

H) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group regularly tests its assets for impairment.

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.

Investments

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. 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:
  - Either: 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.

- Or: 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 2014, 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 2014 or 2013.

Other loans

Non-trade loans, 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 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 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 statement of profit or loss, 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 measurement at 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.

Revenue arising from exchanges of goods or services that are not commercial in nature are not considered revenue-producing transactions.

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 2013 consolidated financial statements with the exception of the following new and amended standards and interpretations which are effective for annual periods beginning on or after January 1, 2014:

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, 2014:

    - IFRS 10: Consolidated Financial Statements
    - IFRS 11: Joint Arrangements
    - IFRS 12: Disclosures of Interests in Other Entities
    - Amendment to IAS 27: Separate Financial Statements
    - Amendment to IAS 28: Investments in Associates and Joint Ventures
    - Amendments to IFRS 10, 11 & 12: Transition Guidance
    - Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities
    - Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
    - Amendment to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

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 issuance of 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, 2014 that could have an impact on the consolidated financial statements of the Group in the future; although these standards have been published by the IASB, they are not yet effective either because their date of effectiveness is subsequent to the reporting date or because they have yet to be adopted by the European Union.

		EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IFRIC 21	Levies	July 1, 2014 (*)
Amendment to IAS 19:	Defined Benefit Plans: Employee Contributions	February 1, 2015 (*)
Amendment to IFRS 11:	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Amendments to IAS 16 & 38:	Acceptable Methods of Depreciation and Amortization	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IFRS 9	Financial Instruments: Classification and Measurement	TBD
IFRS 9	Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39	TBD
	Annual Improvements, 2010-2012 Cycle	February 1, 2015 (*)
	Annual Improvements, 2011-2013 Cycle	January 1, 2015 (*)
	Annual Improvements, 2012-2014 Cycle	January 1, 2016
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 - Sale or Contributions of Assets between an Investor and its Associate or Joint Venture	January 1, 2015
IFRS 10 & 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities: Applying the consolidation exception	January 1, 2016
Amendment to IAS 1	Disclosure Initiative	January 1, 2016

As of the date of authorizing the accompanying consolidated financial statements for issue, these new and amended standards and interpretations were pending adoption by the European Union, with the exception of those marked with an asterisk, whose date of effectiveness is that indicated in the table. None of the above standards has been early adopted by the Group.

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.

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			
	12-31-14	12-31-13	12-31-14	12-31-13	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%	100.0%	EF	EF	Madrid (Spain)	Combined heat & power (CHP)
Networks Meal Solutions, S.A. (NMS)	100.0%	100.0%	EF	EF	Madrid (Spain)	Dormant
J.J. 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%	-	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
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

SUBSIDIARIES AND ASSOCIATES

	OWNERSHIP INTEREST, %		PARENT COMPANY			
	12-31-14	12-31-13	12-31-14	12-31-13	REGISTERED OFFICE	BUSINESS ACTIVITY
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%	HF	HF	Larache (Morocco)	Farmland concessionaire
Rivera del Arroz, S.A.	100.0%	100.0%	HF	HF	Larache (Morocco)	Rice farming
Mundi Vap, Ltda.	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and distribution of rice
Katania Magreb, Ltda.	100.0%	100.0%	HF	HF	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
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 Beheer, B.V. (Group) **(B)**	100.0%	100.0%	HF	HF	Netherlands and Belgium	Production and sale of rice
TBA Suntra UK, Ltd. **(B)**	100.0%	100.0%	HF	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

SUBSIDIARIES AND ASSOCIATES

	OWNERSHIP INTEREST, %		PARENT COMPANY			
	12-31-14	12-31-13	12-31-14	12-31-13	REGISTERED OFFICE	BUSINESS ACTIVITY
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
South La Fourche, Inc (A)	–	50.0%	Riviana	Riviana	Houston (USA)	Agricultural holding
N&C Boost N.V. (N.C. Boost)	100.0%	100.0%	R. Int.	R. Int.	Antwerp (Belgium)	Investment management
Lustucru Riz	99.8%	99.8%	Panzani	Panzani	Lyon (France)	In liquidation
Lustucru Frais	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Production and sale of fresh pasta
Grands Moulins Maurel	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Production and sale of flour and semolina
Silo de la Madrague	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Production and sale of flour and semolina
Rizerie Franco Americaine et Col., S.A.	100.0%	100.0%	Panzani	Panzani	Marseilles (France)	Production and sale of rice
Pastificio Lucio Garofalo, Spa. (GAROF)	52.0%	–	SEM	–	Naples (Italy)	Production and sale of pasta
Garofalo Nordic, AB.	100.0%	–	GAROF	–	Sweden	Sale and marketing of pasta
Garofalo USA, Inc.	100.0%	–	GAROF	–	New York (USA)	Sale and marketing of pasta
Garleb, SAL.	70.0%	–	GAROF	–	Lebanon	Sale and marketing of pasta
Mani e Materia, Srl.	50.0%	–	GAROF	–	Naples (Italy)	Innovation & Internet
Bosto Panzani Benelux, S.A.	100.0%	100.0%	Boost/Pzni	Boost/Pzni	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%	–	Garof/Pzni	Boost/Pzni	Lyon (France)	Sale and marketing of pasta and sauces

(A) Associates consolidated using the equity method.

(B) 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. In addition, the Ebro Group has a right of first refusal such that third parties cannot acquire these interests. Lastly, the Ebro Group has an irrevocable call option over these investments in the event that the other shareholder dies or becomes incapacitated. As a result, this group has been fully consolidated in light of the control arrangement; in parallel the Group has recognized the estimated cost of the option over the remaining 50% and 25% interests as a non-current financial liability. At December 31, 2014, this financial liability was reclassified to current liabilities as the other shareholder exercised its put option in December (note 22).

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, 2014 and 2013.

5. SIGNIFICANT TRANSACTIONS (BUSINESS COMBINATIONS, DISPOSALS, ETC.) CLOSED IN 2014 AND 2013 AND IMPACT ON COMPARABILITY

5.1 BUSINESS COMBINATIONS OF ENTITIES UNDER COMMON CONTROL IN 2014

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

5.2 BUSINESS COMBINATIONS OF ENTITIES UNDER COMMON CONTROL IN 2013

There were no significant business combinations of entities under common control in 2013.

5.3 THIRD-PARTY BUSINESS COMBINATIONS UNDERTAKEN IN 2014 AND 2013 AND IMPACT ON COMPARABILITY. CHANGES IN CONSOLIDATION SCOPE:

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

Acquisition of Italian pasta business Garofalo

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. This acquisition evidences Ebro's strategic commitment to the premium pasta segment in Italy, known as 'pasta di Gragnano'; preparation and consumption of this class of pasta is part of Italy's gastronomic tradition and culture.

The Group acquired a 52% interest for 63,455 thousand euros; it has already paid 58,255 thousand and will pay the remaining 5,200 thousand on June 30, 2015 (note 22). The Group financed the acquisition partially from internal funds and partially with bank borrowings. The Group took effective control of the Garofalo Group on June 30, 2014, which is 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, 2014, these options, which are recognized under non-current financial liabilities, were valued at 59,112 thousand euros (note 22).

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

GAROFALO

	06-30-14
	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

Thousands of euros

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

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 this business combination have been determined only provisionally (initial accounting incomplete).

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

The most significant changes in the Group's consolidation scope changed in 2013 are outlined below:

COMPANIES ADDED TO THE CONSOLIDATION SCOPE IN 2013

COMPANY AFFECTED	SUBGROUP	%	COMMENTS
Ebro India, Ltda. (India)	Rice	100%	Outright acquisition of this business
Keck Spezializaten, Gmbh. (Germany) and Danrice SAS (Denmark)	Rice	55% Keck 45% Danrice	Acquisition of 55% of Keck and sale of 45% of Danrice
Olivieri (fresh pasta and sauces business) (Canada)	Pasta	100%	Outright acquisition of this business
Scotti Group (Italy)	Associate	25%	Acquisition of ownership interest

COMPANIES REMOVED FROM THE CONSOLIDATION SCOPE AND DECREASES IN SHAREHOLDINGS IN 2013

COMPANY AFFECTED	SUBGROUP	%	COMMENTS
Ebro Germany, Gmbh.	Pasta	100%	Sale of the pasta business

Investment in India

The Group acquired a rice production plant in India from Olam International during the third quarter of 2013. The transaction closed on April 18, 2013, having received the opportune approval from the Indian anti-trust authority. The plant was acquired by the Group's wholly-owned subsidiary, Ebro India, Ltda. All of the plant's industrial assets, employees and its sales network were transferred to Ebro India, Ltda. The initial investment totaled 12,246 thousand euros and was paid for from internally-generated funds. This transaction was structured as an asset acquisition; the breakdown of the net assets acquired is provided in the summary table included at the end of this note.

Investment in Germany

In May 2013 the Group entered into an agreement with the shareholders of Germany's Keck Spezialitaten, Gmbh (Keck) for its acquisition. The acquiree's business is the production and sale of frozen food products (mainly rice and pasta) in northern Europe.

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.

The fair value of the 55% investment in Keck was 11,827 thousand, paid for by means of the fair value of 45% of Danrice plus 629 thousand euros in cash; the breakdown of the net assets acquired is provided in the summary table included at the end of this note.

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.

Investment in Canada

At the end of November 2013, the Group acquired Maple Leaf Foods of Canada's fresh pasta and sauces business, Olivieri Foods, a subsidiary of Canada Bread Company, Ltd. The investment totaled 82,832 thousand euros and was paid for using a mix of borrowings and internally-generated funds. This transaction was structured as an asset acquisition; the breakdown of the net assets acquired is provided in the summary table included at the end of this note.

Investment in Italy

In August 2013, the Group acquired 25% of Italy's Riso Scotti S.p.A., the parent company of the Scotti Group. The 25% interest in the Scotti Group is accounted for as an associate and is therefore consolidated within the Ebro Group using the equity method (note 13). The investment totaled 18,000 thousand euros and was paid for from internally-generated funds.

Disposal in Germany

Ebro Foods, S.A. closed the sale of the Group's pasta business in Germany (the Birkel and 3Glocken brands) to Newlat Group, S.A. on December 23, 2013 (note 7).

The following table illustrates the impact of the additions to the consolidation scope in 2013, specifically the investments in Ebro India, Keck Spezializaten and Olivieri:

	EBRO INDIA	KECK SPEZ.	OLIVIERI	TOTAL
	DATE OF FIRST-TIME CONSOLIDATION			
	05-01-13	06-01-13	12-01-13	
	FAIR VALUE	FAIR VALUE	FAIR VALUE	FAIR VALUE
Intangible assets	3	18	29,523	29,544
Property, plant and equipment	11,797	8,410	22,297	42,504
Financial assets	29	326	0	355
Inventories	22	1,302	5,094	6,418
Other current assets	445	2,608	5,792	8,845
TOTAL ASSETS	**12,296**	**12,664**	**62,706**	**87,666**
Provisions for pensions and similar obligations	18	0	0	18
Other non-current liabilities	0	62	0	62
Current financial liabilities	0	2,086	0	2,086
Trade payables	0	907	2,849	3,756
Other current liabilities	32	2,711	3,249	5,992
TOTAL LIABILITIES	**50**	**5,766**	**6,098**	**11,914**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**12,246**	**6,898**	**56,608**	**75,752**
Goodwill arising on acquisition	0	14,606	26,224	40,830
PURCHASE CONSIDERATION TRANSFERRED	**12,246**	**21,504**	**82,832**	**116,582**
Non-controlling interests	0	9,677	0	9,677
Financed with financial liabilities and cash	12,246	11,827	82,832	106,905
PURCHASE CONSIDERATION TRANSFERRED	**12,246**	**21,504**	**82,832**	**116,582**
Net cash acquired with the subsidiary	199	(2,086)	0	(1,887)
Revenue since the acquisition date	665	9,935	5,656	16,256
Net profit contribution since the acquisition date	(2,053)	1,563	202	(288)
Revenue since January 1 **(a)**	35,938	17,500	52,000	105,438
NET PROFIT CONTRIBUTION SINCE JANUARY 1 (A)	**719**	**2,900**	**1,500**	**5,119**

Thousands of euros

(a) Estimate as if the businesses had been acquired on January 1, 2013

The full-year revenue and net profit figures from January 1 corresponded to the estimated 2014 budgets, 2014 being deemed a year of ordinary business operations for these companies.

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

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 60 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, Phoenix, El Mago and Sello Rojo.

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

COUNTRY	BY VOLUME	BY VALUE	RANKING
Spain	22.7%	33.5%	#1
Portugal	14.3%	16.9%	#1
Germany	9.6%	17.3%	#2
Belgium	23.8%	29.8%	#2
Netherlands	21.4%	28.8%	#1
Puerto Rico	23.7%	24.3%	#2

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 rice segments, respectively. The Group's overall market share in the US rice retail segment is 27.9% by volume; its footprint extends to growth segments such as microwaveable and frozen rice, marketed under the Minute brand.

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 leading player in the par-boiled rice segment in Saudi Arabia.

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 and fresh pasta, rice, semolina and sauce segments in France.

The sauce and fresh pasta line is a premium customer proposition and a segment in which Panzani is the undisputed leader in France. Its brands, Panzani and Lustucru, command 33.3% and 38.3% of the market by volume, respectively. This business line is registering sharp growth and is being leveraged by the Group to spearhead its innovation with new products such as pan-fry products, new risotto sauces, fresh ready-to-eat dishes and new potato-based fresh specialties.

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. 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 10.1% and 14.8%, 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.

With a history dating back over 200 years and head-quartered in Gragnano (Naples), the region considered the cradle of pasta on account of its special climate conditions, this sub-group owns the Garofalo and Santa Lucia brands, among others, positioned at the premium end of the dry pasta segment.

This company has staged a growth trajectory during the past 15 years, transforming from a small-sized local player into a leader in the Italian premium dry past segment. Its brands are sold in most European markets and the US and are also a benchmark in the pasta segment 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 and Garden Delight trademarks.

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 19.9% and 31.9%, respectively. Towards the end of 2013 it added Olivieri to this portfolio, a fresh pasta brand with a market share in Canada of 45.7%.

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 and Garofalo.
- USA – the Riviana, American Rice, NWP and Olivieri businesses.
- 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:

2013 - GEOGRAPHIC MARKET

	SPAIN	EUROPE	AMERICAS	ROW	TOTAL
Segment revenue	146,110	991,346	839,439	113,539	2,090,434
Inter-segment revenue	(5,343)	(62,433)	(65,990)	(21)	(133,787)
TOTAL REVENUE	**140,767**	**928,913**	**773,449**	**113,518**	**1,956,647**
Intangible assets	31,059	120,418	223,823	39	375,339
Property, plant and equipment	67,055	218,533	207,349	19,636	512,573
Other assets	318,063	871,847	618,815	76,043	1,884,768
TOTAL ASSETS	**416,177**	**1,210,798**	**1,049,987**	**95,718**	**2,772,680**
CAPITAL EXPENDITURE	**4,675**	**45,425**	**12,142**	**1,004**	**63,246**

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**

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, 2014 and 2013.

REPORTABLE SEGMENT DISCLOSURES - CONTINUING OPERATIONS

EBRO FOODS GROUP	TOTAL CONSOL. FIGURES		RICE BUSINESS		PASTA BUSINESS		EF HOLDCO		OTHER BUSINESSES & CONSOL. ADJUSTMENTS	
BALANCE SHEET	**12-31-14**	**12-31-13**	**12-31-14**	**12-31-13**	**12-31-14**	**12-31-13**	**12-31-14**	**12-31-13**	**12-31-14**	**12-31-13**
Intangible assets	433,974	375,339	161,497	149,194	260,554	214,032	11,814	11,921	109	192
Property, plant and equipment	612,771	512,573	291,578	266,675	311,804	236,036	1,251	1,630	8,138	8,232
Investment properties	30,832	33,139	28,173	33,336	1	1	12,020	12,081	(9,362)	(12,279)
Financial assets	47,855	97,454	2,287	1,333	18,388	22,913	27,158	73,182	22	26
Investments in associates	22,857	22,559	54,021	48,786	32,276	31,776	1,354,676	1,292,517	(1,418,116)	(1,350,520)
Deferred tax assets	55,871	55,455	18,076	15,486	26,057	22,495	8,938	23,092	2,800	(5,618)
Goodwill	932,596	846,922	327,730	307,005	604,138	539,189	0	0	728	728
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Accounts receivable from group companies	0	0	76,416	91,643	149,252	151,095	29,737	45,200	(255,405)	(287,938)
Other current assets	1,025,312	829,239	532,633	492,296	428,007	299,746	51,417	23,459	13,255	13,738
	3,162,068	**2,772,680**	**1,492,411**	**1,405,754**	**1,830,477**	**1,517,283**	**1,497,011**	**1,483,082**	**(1,657,831)**	**(1,633,439)**
Assets held for sale	0	0							0	0
TOTAL ASSETS	**3,162,068**	**2,772,680**							**(1,657,831)**	**(1,633,439)**
Total equity	1,873,805	1,728,263	1,053,630	975,323	1,281,805	1,088,425	914,211	988,029	(1,375,841)	(1,323,514)
Deferred income	4,409	2,048	1,542	1,911	2,849	0	0	0	18	137
Provisions for pensions and similar oblig.	42,144	35,931	18,442	12,943	21,874	20,505	1,661	2,372	167	111
Other provisions	12,355	8,603	1,329	2,200	2,006	6,403	9,020	0	0	0
Non-current & current financial liabilities	598,713	431,179	67,235	73,619	159,549	80,703	371,553	276,467	376	390
Other non-financial liabilities	12	17	12	17	0	0	0	0	0	0
Deferred tax liabilities	245,956	239,879	105,951	90,964	107,639	88,223	31,178	60,714	1,188	(22)
Borrowings from group companies	0	0	99,775	118,197	27,980	49,337	155,883	146,003	(283,638)	(313,537)
Other current liabilities	384,674	326,760	144,495	130,580	226,775	183,687	13,505	9,497	(101)	2,996
	3,162,068	**2,772,680**	**1,492,411**	**1,405,754**	**1,830,477**	**1,517,283**	**1,497,011**	**1,483,082**	**(1,657,831)**	**(1,633,439)**
Liabilities of non-current assets held for sale	0	0							0	0
TOTAL LIABILITIES	**3,162,068**	**2,772,680**							**(1,657,831)**	**(1,633,439)**
Capital expenditure for the year	69,395	63,246	34,653	22,884	34,262	38,551	373	149		
Capital employed	1,363,346	1,286,515	767,771	751,292	578,767	508,429	10,234	15,664		
ROCE	16,7	17,7	15,9	14,8	20,5	25,7	-	-		
Leverage	18,0%	15,3%								
Average headcount for the year	5,189	4,665								
Stock market data:										
Number of shares outstanding ('000)	153,865	153,865								
Market cap. at year-end	2,109	2,621	Millions of euros							
EPS	0,95	0,86								
Dividend per share (DPS)	0,5	0,6								
Underlying carrying amount per share	12,06	11,09								

Thousands of euros

REPORTABLE SEGMENT DISCLOSURES - CONTINUING OPERATIONS

EBRO FOODS GROUP	TOTAL CONSOL. FIGURES		RICE BUSINESS		PASTA BUSINESS		EF HOLDCO		OTHER BUSINESSES & CONSOL. ADJUSTMENTS	
INCOME STATEMENT	**12-31-14**	**12-31-13**	**12-31-14**	**12-31-13**	**12-31-14**	**12-31-13**	**12-31-14**	**12-31-13**	**12-31-14**	**12-31-13**
External revenue	2,120,722	1,956,647	1,082,676	1,032,690	1,013,509	898,704	555	683	23,982	24,570
Inter-segment revenue			57,021	61,994	15,785	16,416	5,049	4,727	(77,855)	(83,137)
TOTAL REVENUE	**2,120,722**	**1,956,647**	**1,139,697**	**1,094,684**	**1,029,294**	**915,120**	**5,604**	**5,410**	**(53,873)**	**(58,567)**
Change in inventories	949	6,042	3,444	5,505	(2,348)	551	0	0	(147)	(14)
Own work capitalized	1,701	1,037	51	93	1,650	944	0	0	0	0
Other operating income	26,931	15,988	14,736	7,811	12,048	6,004	5,232	6,815	(5,085)	(4,642)
Raw materials and consumables used and other expenses	(1,189,285)	(1,084,446)	(709,141)	(681,335)	(535,353)	(462,021)	0	0	55,209	58,910
Employee benefits expense	(261,710)	(239,623)	(110,043)	(108,128)	(138,734)	(118,771)	(10,344)	(10,076)	(2,589)	(2,648)
Depreciation and amortization	(60,009)	(56,036)	(27,039)	(27,470)	(31,920)	(27,230)	(897)	(1,169)	(153)	(167)
Other operating expenses	(421,922)	(386,702)	(193,282)	(188,404)	(222,314)	(199,316)	(18,676)	(9,516)	12,350	10,534
OPERATING PROFIT (LOSS)	**217,377**	**212,907**	**118,423**	**102,756**	**112,323**	**115,281**	**(19,081)**	**(8,536)**	**5,712**	**3,406**
Finance income	32,470	14,384	15,530	8,418	5,841	4,826	30,666	32,530	(19,567)	(31,390)
Finance costs	(24,758)	(19,647)	(16,436)	(12,914)	(5,632)	(6,054)	(10,141)	(5,323)	7,451	4,644
Impairment of goodwill	(11,325)	(177)	(11,325)	(177)	0	0	0	0	0	0
Share of profit of associates	1,985	3,179	3,932	4,288	0	0	0	0	(1,947)	(1,109)
CONSOLIDATED PROFIT (LOSS) BEFORE TAX	**215,749**	**210,646**	**110,124**	**102,371**	**112,532**	**114,053**	**1,444**	**18,671**	**(8,351)**	**(24,449)**

Thousands of euros

7. DISCONTINUED OPERATIONS

No new operations were classified as discontinued operations in 2014. The sale of the Group's dry pasta business in Germany (Birkel) closed in December 2013. The income and expenses of this business for all of 2013 were classified as a discontinued operation (see the table at the end of this note for the breakdown).

During the first half of 2014, the buyer of this German dry pasta 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.

2013

	BIRKEL
	12 MONTHS
Revenue	57,134
Change in inventories	0
Other operating income	1,153
	58,287
Raw materials and consumables used and other expenses	(28,423)
Employee benefits expense	(8,416)
Depreciation	(2,257)
External services	(17,439)
Other operating expenses	(518)
	(57,053)
OPERATING PROFIT	**1,234**
Net finance cost	(462)
NET FINANCE COST	**(462)**
PROFIT BEFORE TAX	**772**
Tax expense	(387)
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	**385**
Pre-tax loss on the sale of the business	(12,172)
Income tax effect of the loss generated by the sale	4,280
TOTAL LOSS AFTER TAX FOR THE YEAR FROM DISCONTINUED OPERATIONS	**(7,507)**

Thousands of euros

8. OTHER INCOME AND EXPENSE

8.1 OTHER OPERATING INCOME

	2014	2013
Government grants (related to income and grants)	1,266	1,382
Other operating income	11,906	6,753
Gains on disposal of non-current assets	398	2,165
Gains on disposal of investment properties	7,078	1
Reversal of non-current asset impairment provisions	828	731
Other income	5,455	4,956
Reversal of provisions recognized in connection with business sale reps and warranties	1,583	3,403
Reversal of provisions for other lawsuits	3,297	942
Other less significant items	575	611
	26,931	**15,988**

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 (note 21), 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.

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

In 2013 other income included the following less-recurring items:

- Income of 4,345 thousand euros generated by the reversal of provisions for lawsuits concluded during the year. Of this balance, the most significant item related to the resolution of several lawsuits in the sugar business whose net impact implied the reversal of provisions in the amount of 3,403 thousand euros.
- A gain of 2,897 thousand euros recognized on the sale of items of property, plant and equipment.

8.2 OTHER OPERATING EXPENSES

	2014	2013
External expenditure	(313,285)	(281,635)
Advertising expenditure	(72,414)	(72,188)
Research and development expenses	(1,548)	(1,542)
Taxes/levies other than corporate income tax	(11,051)	(10,035)
Losses on the sale of non-current assets and impairment provisions	(5,401)	(4,263)
Other provisions and charges recognized	(18,223)	(17,039)
Provisions for lawsuits and disputes	(10,395)	(2,597)
Industrial and logistics restructuring charges	(5,415)	(10,032)
New business and investment acquisition costs	(1,374)	(3,400)
Other less significant items	(1,039)	(1,010)
	(421,922)	**(386,702)**

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

In 2013, other operating expenses included the following less-recurring items:

- A loss of 3,134 thousand euros recognized on the derecognition or sale of several pieces of industrial equipment and plant.
- An impairment loss of 1,129 thousand euros recognized on a pasta brand in the US.
- Expenses and additions to provisions totaling 2,597 thousand euros as a result of certain contingencies and lawsuits in process.
- Industrial and logistics restructuring costs at several centers totaling 10,032 thousand euros. This includes the cost of redundancies, expenses in respect of factories closed in prior years and logistical restructuring at warehouses.
- Expenses incurred in acquiring new businesses and investments not eligible for capitalization in the amount of 3,400 thousand euros.

8.3 FINANCE INCOME AND COSTS

	2014	2013
Finance costs		
Third-party borrowings	(8,031)	(5,925)
Unwinding of discount on provisions for pensions and similar obligations	(1,110)	(1,270)
Losses on derecognition of financial assets and liabilities	(153)	0
Impairment provisions on other financial assets	(1,716)	(2,852)
Expenses/losses related to derivatives and financial instruments	(3,456)	(2,968)
Exchange losses	(10,292)	(6,632)
	(24,758)	**(19,647)**
Finance income		
Third-party loans	2,194	3,448
Gains on derecognition of financial assets and liabilities (note 12)	14,003	2,035
Reversal of financial asset impairment provisions	1,153	873
Gains on derivatives and financial instruments	3,514	112
Exchange gains	11,606	7,916
	32,470	**14,384**
NET FINANCE INCOME/(COST)	**7,712**	**(5,263)**

8.4 EMPLOYEE BENEFITS EXPENSE

The breakdown of employee benefits expense and the average Group headcount in 2014 and 2013 and at each year-end:

	2014	2013
Wages and salaries	(198,437)	(181,760)
Other employee benefit expense	(21,926)	(18,120)
Social security and similar costs	(35,097)	(33,179)
Cost of post-employment and similar benefits	(6,250)	(6,564)
	(261,710)	**(239,623)**

AVERAGE 2014

	MALE		FEMALE		TOTAL
	FIXED	PART-TIME	FIXED	PART-TIME	
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**

AVERAGE 2013

	MALE		FEMALE		TOTAL
	FIXED	PART-TIME	FIXED	PART-TIME	
Executives	124	0	38	0	162
Middle management	400	13	166	17	596
Clerical staff	210	14	341	21	586
Assistants	545	145	145	34	869
Sales staff	140	7	54	1	202
Other staff	1,547	446	306	86	2,385
TOTAL	2,966	625	1,050	159	4,800
Ebro Germany (discontinued operation)	112	0	23	0	135
TOTAL EXCL. EBRO GERMANY	2,854	625	1,027	159	4,665

YEAR-END HEADCOUNT 2014

	MALE		FEMALE		TOTAL
	FIXED	PART-TIME	FIXED	PART-TIME	
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

YEAR-END HEADCOUNT 2013

	MALE		FEMALE		TOTAL
	FIXED	PART-TIME	FIXED	PART-TIME	
Executives	128	0	38	0	166
Middle management	403	12	178	19	612
Clerical staff	214	14	341	24	593
Assistants	490	48	146	18	702
Sales staff	148	7	56	0	211
Other staff	1,720	309	351	73	2,453
TOTAL	3,103	390	1,110	134	4,737
Ebro Germany (discontinued operation)	112	0	23	0	135
TOTAL EXCL. EBRO GERMANY	2,991	390	1,087	134	4,602

9. INTANGIBLE ASSETS

The reconciliation of the carrying amount of intangible assets at the beginning and end of 2014 and 2013, 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, 2012	29	358,891	13,500	459	1,114	**373,993**
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**

GROSS CARRYING AMOUNTS

	DEVELOPMENT COSTS	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	EMISSION ALLOWANCES	INTANGIBLE ASSETS IN PROGRESS	TOTAL
BALANCE AT DECEMBER 31, 2012	**196**	**368,770**	**39,811**	**501**	**1,114**	**410,392**
Business combination		29,526	18			29,544
Business sales (exits)	(31)	(13,409)	(365)			(13,805)
Additions		4	922	10	531	1,467
Decreases		(136)	(4,721)	(186)		(5,043)
Translation differences		(10,089)	(580)		(17)	(10,686)
Assets held for sale						0
Transfers						0
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		26,710	1,732		9	28,451
Assets held for sale						0
Transfers	(79)		22			(57)
BALANCE AT DECEMBER 31, 2014	**598**	**435,950**	**38,399**	**228**	**1,463**	**476,638**

AMORTIZATION AND IMPAIRMENT PROVISIONS

	DEVELOPMENT COSTS	TRADEMARKS & PATENTS	COMPUTER SOFTWARE	EMISSION ALLOWANCES	INTANGIBLE ASSETS IN PROGRESS	TOTAL
BALANCE AT DECEMBER 31, 2012	**(167)**	**(9,879)**	**(26,311)**	**(42)**	**0**	**(36,399)**
Business combination						0
Business sales (exits)			310			310
Additions	2	(1,146)	(4,712)	(7)		(5,863)
Decreases		136	4,717			4,853
Translation differences		45	524			569
Assets held for sale						0
Transfers						0
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)**

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.

The most significant movements under this heading in 2013:

- An increase of 1,467 thousand euros in relation to new intangible assets, including 922 thousand euros of software purchases.
- A decrease of 10,117 thousand euros due to exchange losses.
- Decreases of 4,734 thousand euros due to amortization charges (70 thousand euros of which corresponded to discontinued operations) and an impairment provision of 1,129 thousand euros on a pasta brand in the US.
- An increase of 29,544 thousand euros due to business combinations.
- In 2013 the Group also derecognized intangible assets with a carrying amount of 13,685 thousand euros, 13,495 thousand euros of which corresponding to the sale of the German pasta business assets.

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 2014 and 2013 (these tests were mostly performed by independent experts - American Appraisal), as a result of which exercise the following brand-related carrying amounts were allocated to the following cash-generating units:

SEGMENT	CGU: TRADEMARKS	NUMBER OF TRADEMARKS	BALANCE AT DECEMBER 31, 2013			INCREASES	DECREASES & OTHER	IMPAIRMENT LOSSES	EXCHANGE DIFFERENCES	BALANCE AT DECEMBER 31, 2014		
			GROSS	IMPAIRMENT	NET					GROSS	IMPAIRMENT	NET
Herba rice	Herba Germany	2	21,065	(7,772)	13,293			(881)		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	88,079	0	88,079				13,821	101,900	0	101,900
US rice	ARI (SOS) (US)	4	13,557	0	13,557					13,557	0	13,557
Europe pasta	Panzani (France)	4	83,198	0	83,198					83,198	0	83,198
Pasta US	NWP (USA & Canada)	16	122,468	(1,088)	121,380			828	12,798	135,334	(328)	135,006
Europe pasta	Garofalo (Italy)	3	0	0	0	34,575				34,575	0	34,575
			372,090	(8,860)	363,230	34,575	0	(53)	26,619	433,352	(8,981)	424,371
Other indefinite-lived trademarks and patents			2,576	(1,984)	592			(12)	31	2,598	(1,986)	612
			374,666	**(10,844)**	**363,822**	**34,575**	**0**	**(65)**	**26,650**	**435,950**	**(10,967)**	**424,983**

At year-end 2014, there are three trademarks with an original aggregate cost of 25,240 thousand euros (year-end 2013: 23,771 thousand euros) that have been written down for impairment by 8,961 thousand euros in total (year-end 2013: 8,860 thousand euros).

The recoverable amount of these trademarks, or the corresponding cash-generating units as appropriate, was determined by calculating their value in use, using cash flow projections that are typically derived from budgets that cover a five-year horizon and are then projected for another five years.

The rates used to discount these assets' projected cash flows in 2014 range between 6.9 and 7.1% in Canada and the US (2013: 6.7 - 6.9%); 6% in Germany (5.9%); 5.9% in France (6.5%); 6.8% in Spain (8.1%); and 7.8% in Portugal (10.1%), 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 0.0% and 2% (0.0% - 2.1%), 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 2014 and 2013, 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, 2012	73,364	143,378	238,915	11,334	3,716	25,338	**496,045**
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**

GROSS CARRYING AMOUNTS

	LAND	BUILDINGS	PLANT AND EQUIPMENT	OTHER FIXTURES, TOOLS & FURNITURE	OTHER PP&E	PP&E UNDER CONSTRUCTION	TOTAL
BALANCE AT DECEMBER 31, 2012	**73,364**	**256,015**	**705,698**	**37,995**	**13,059**	**25,338**	**1,111,469**
Business combination	8,428	6,657	25,610	1,229	77	503	42,504
Business sales (exits)	(2,608)	(4,555)	(19,108)	(1,721)	(171)	(414)	(28,577)
Additions	976	5,433	47,903	2,089	637	4,711	61,749
Decreases	(454)	(5,829)	(34,138)	(625)	(798)		(41,844)
Translation differences	(2,511)	(4,680)	(12,397)	(157)	(193)	(269)	(20,207)
Transfers	(673)	(1,054)	106		11		(1,610)
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**

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, 2012	**0**	**(112,637)**	**(466,783)**	**(26,661)**	**(9,343)**	**0**	**(615,424)**
Business sales (exits)		833	10,897	1,248	126		13,104
Additionso		(8,612)	(41,123)	(2,665)	(1,279)		(53,679)
Decreases		4,177	31,046	592	928		36,743
Translation differences		840	6,250	133	134		7,357
Transfers		1,056	(35)	(13)	(20)		988
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)**

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 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 (note 5).
- ❖ 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 (note 8.2).

MOVEMENTS IN 2013

The most significant movements under this heading in 2013:

- ❖ A decrease of 12,850 thousand euros due to exchange losses.
- ❖ A decrease of 53,492 thousand euros on account of depreciation charges for the year (2,187 thousand euros of which corresponded to discontinued operations).
- ❖ Additions of 61,749 thousand related to capital expenditure, essentially investments in technical upgrades and new facilities at the Group's factories.

- An increase of 39,604 thousand euros due to business combinations.
- In 2013, the Group also derecognized intangible assets with a carrying amount of 20,574 thousand euros, 15,473 thousand euros of which corresponding to the sale of the German pasta business assets.
- A decrease of 187 thousand euros due to asset impairment charges and an increase of 731 thousand euros due to the reversal of previously-recognized impairment charges.
- A decrease due to transfers of assets with a carrying amount of 622 thousand euros to investment properties.

In 2014, the Group recognized 55,560 thousand euros of depreciation charges in respect of its property, plant and equipment (2013: 53,492 thousand euros) and 1,246 (2013: 187 thousand euros) of impairment losses on these assets in its consolidated income statement. Of these amounts, 2,187 thousand euros of depreciation charges corresponded to discontinued operations in 2013 (note 7).

The derecognition of items of property, plant and equipment in 2014 generated losses, on the one hand, of 1,278 thousand euros (2013: 3,134 thousand euros) and gains of 236 thousand euros (2013: 2,166 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 2014 and 2013, 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, 2012	23,759	8,878	**32,637**
Balance at December 31, 2013	24,364	8,775	**33,139**
Balance at December 31, 2014	24,072	6,760	**30,832**

	GROSS CARRYING AMOUNTS			DEPRECIATION AND IMPAIRMENT		
	LAND	BUILDINGS	TOTAL	LAND	BUILDINGS	TOTAL
BALANCE AT DECEMBER 31, 2012	**24,343**	**15,501**	**39,844**	**(584)**	**(6,623)**	**(7,207)**
Business combination			0			0
Business sales (exits)			0			0
Additions		30	30		(67)	(67)
Decreases			0			0
Translation differences	(67)	(16)	(83)			0
Transfers	672	949	1,621		(999)	(999)
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)**

The depreciation charge recognized in 2014 amounted to 68 thousand euros (2013: 67 thousand euros), while the impairment provisions recognized totaled 1,994 thousand euros (2013: zero).

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 (note 8.1), the sale of part of the site of the former factory in Houston (US) (note 8.1) and impairment provisions recognized on certain investment properties in Spain (note 8.2).

The most significant movement in 2013 was an addition due to transfers from property, plant and equipment of assets with a carrying amount of 622 thousand euros.

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, as well as one property in the UK and another in the 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 have been 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 1 for IFRS fair value hierarchy purposes.

The fair value of the Group's investment properties at year-end 2014 was an estimated 97 million euros (year-end 2013: 86 million euros).

12. FINANCIAL ASSETS

The breakdown of this balance sheet heading at year-end 2014 and 2013 (in thousands of euros) is as follows:

	12-31-2014			12-31-2013		
	TOTAL	NON-CURRENT	CURRENT	TOTAL	NON-CURRENT	CURRENT
Assets held for trading:	1,700	1,700	0	1,060	1,056	4
Available-for-sale financial assets	693	693	0	46,132	46,132	0
Held-to-maturity investments:						
Deposits and guarantees	6,230	5,863	367	2,275	2,074	201
Loans extended:						
Loans to associates	0	0	0	0	0	0
Loans to third parties	39,232	36,619	2,613	47,987	36,318	11,669
	39,232	36,619	2,613	47,987	36,318	11,669
TOTAL FINANCIAL ASSETS	47,855	44,875	2,980	97,454	85,580	11,874

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, 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 (9.3% at year-end 2012).

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.

In the wake of the impairment loss recognized in the 2012 consolidated income statement, the fair value of this investment at year-end 2013, based on its quoted shared price, was equivalent to 0.47 euros per share; the corresponding year-on-year fair value gain of 13,038 thousand euros was recognized directly in equity at December 31, 2013 (a gross gain of 18,626 thousand euros less the corresponding tax effect of 5,588 thousand euros).

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 2013, 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 1,243 thousand euros (0.690 euros per share).

The Group did not sell any shares of Biosearch, S.A. in 2014, 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 693 thousand euros, equivalent to 0.385 euros per share; in keeping with prevailing accounting standards, this decline in value from year-end 2013 was recognized directly in equity in the amount of 385 thousand euros (a 549 thousand euro gross loss less the corresponding tax effect of 164 thousand euros).

LOANS TO THIRD PARTIES

The year-on-year decrease in the balance of loans to third parties in 2014 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 25,413 thousand and the current portion, 905 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 (note 7); this non-current portion of this vendor loan is 10,308 thousand euros and the current portion, 1,689 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, 2016; 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, 38,382 thousand (year-end 2013: 47,255 thousand euros) is denominated in euros and 850 thousand euros (732 thousand euros) is denominated in US dollars.

The maturity schedule for these non-current loans, which will begin to be repaid in 2016 is: 3,442 thousand euros in 2016, 3,685 thousand euros in 2017, 3,742 thousand euros in 2018, 3,990 thousand euros in 2019 and the remaining 21,760 thousand euros in 2020 and beyond.

13. INVESTMENTS IN ASSOCIATES

The movements under this heading in 2014 and 2013 (in thousands of euros) are shown below:

ASSOCIATE

	BALANCE AT 12-31-13	INCREASES IN INVESTMENT	DECREASES DUE TO DISPOSALS	DIVIDENDS PAID	PROFIT FOR THE YEAR	EXCHANGE DIFFERENCES	OTHER MOVEMENTS	BALANCE AT 12-31-14
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**

ASSOCIATE

	BALANCE AT 12-31-13	INCREASES DUE TO ACQ.	DECREASES DUE TO DISPOSALS	DIVIDENDS PAID	PROFIT FOR THE YEAR	EXCHANGE DIFFERENCES	OTHER MOVEMENTS	BALANCE AT 12-31-13
Riso Scotti, S.p.a.	0	18,000			992			18,992
Associates of Riviana Foods Inc.	3,209			(1,671)	2,187	(158)		3,567
	0							0
	3,209	**18,000**	**0**	**(1,671)**	**3,179**	**(158)**	**0**	**22,559**

The most significant change in 2014 was the dissolution of South LaForche, an associate of the Riviana Group.

In 2013, the most significant development was the acquisition of a 25% interest in Italy's Scotti.

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, 2014, are as follows:

	12-31-13	12-31-14
Trademarks, other intangible assets and goodwill	46,276	46,421
Property, plant and equipment	82,673	79,722
Other non-current assets	10,387	10,395
Current assets	73,788	72,878
Non-current, non-financial liabilities	(30,743)	(28,272)
Financial liabilities	(52,013)	(46,202)
Current, non-financial liabilities	(48,687)	(54,402)
Non-controlling interests	(5,714)	(5,164)
	75,967	**75,376**
Ownership interest acquired	25%	25%
	18,992	**18,844**
Revenue (5 months in 2013)	77,813	190,475
Net profit (5 months in 2013)	3,968	800
Headcount	287	291

Thousands of euros

14. GOODWILL

The movements under goodwill in 2014 and 2013 (in thousands of euros) are shown below:

SEGMENT	CGU OR GROUPS OF CGUS	12-31-13	ADDITIONS	DECREASES & OTHER	DECREASES LOSSES	EXCHANGE DIFFERENCES	12-31-14
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	96,026				6,833	102,859
Pasta Americas	Olivieri (Catelli - Canada)	25,713				1,067	26,780
Europe pasta	Garofalo (Italy)	0	57,049				57,049
Other	Jiloca, S.A.	129					129
Other	Azucarera ENergías, 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)

SEGMENT	CGU OR GROUPS OF CGUS	12-31-12	ADDITIONS	DECREASES & OTHER	IMPAIRMENT LOSSES	EXCHANGE DIFFERENCES	12-31-13
Herba rice	Danrice (Denmark)	14,524					14,524
Herba rice	Vogan (UK)	1,294				(28)	1,266
Herba rice	Riceland (Hungary)	2,126					2,126
Herba rice	Steve & Brotherton (UK)	618					618
Herba rice	Mundiriz (Morocco)	1,412			(177)	(10)	1,225
Herba rice	Suntra Group (Belgium)	11,141				13	11,154
Herba rice	SOS business (Spain)	28,390					28,390
Herba rice	KECK (Germany)	0	14,606				14,606
Riviana US	Riviana Group (US)	229,530				(9,933)	219,597
Riviana US	ARI Group (US)	14,110				(611)	13,499
Panzani France	Panzani Group	417,449					417,449
Pasta Americas	NWP Group	102,484				(6,458)	96,026
Pasta Americas	Olivieri (Catelli - Canada)	0	26,224			(511)	25,713
Other	Jiloca, S.A.	129					129
Other	Azucarera ENergías, S.A.,	0	600				600
		823,207	41,430	0	(177)	(17,538)	846,922
TOTAL GROSS CARRYING AMOUNT		824,446	41,430			(17,538)	848,338
ACCUMULATED IMPAIRMENT LOSSES		(1,239)			(177)		(1,416)

The Group undertook several business combinations in 2014 and 2013. Note 5 outlines these combinations in detail. Other significant movements in 2014 include an increase due to exchange gains on goodwill allocated mainly to its US subsidiaries (exchange losses in 2013) 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 2014 and 2013 (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 2014 (2013) were:

- In the European rice and pasta businesses, a discount rate of 5.0% on average (5.9%) and a perpetuity growth rate of between 1.0 and 1.3% (1.0 - 1.7%) were used, except for the Hungarian CGU, whose special circumstances warranted the use of a discount rate of 7.7% (8.9%) and a growth rate of 3% (3%). In Spain, the discount rate used was 5.8% (7.2%) and the growth rate applied was 1.3% (1.2%).
- In the US rice and pasta businesses, a discount rate of 6.1% on average (6.0%) and a perpetuity growth rate of between 0.4% and 2.0% (0.4 - 2.1%) 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 was written down to 3,135 thousand euros at year-end 2014 in the wake of the impairment loss recognized that year.

As noted in the 2013 consolidated financial statements, the profitability of the 'ARI Group (US)' CGU declined very significantly in 2013, due to the impact on raw material and manufacturing costs of the ongoing drought in the Texas region. The estimate that this situation could prove protracted over the short and medium term was factored into the profit projections prepared for this CGU for impairment testing purposes in 2013, at which time the test did not reveal the need to recognize an impairment loss; however the sensitivity analysis did warn of the potential need to recognize impairment provisions in the future. The fair value of this CGU fell further in 2014; this, coupled with an increase in the discount rate applied (from 5.2% in 2012 to 6.0% in 2013 and 6.9% in 2014) indicated the need to recognize an impairment loss against this CGU's goodwill in the amount of 11,148 thousand euros at year-end 2014.

15. INVENTORIES

The breakdown of inventories at year-end 2014 and 2013 (in thousands of euros):

ITEM	12-31-14	12-31-13
Goods held for resale	17,252	16,243
Raw materials	191,972	185,073
Consumables and replacement parts	9,032	4,698
Containers	27,430	22,498
Work in progress	15,516	17,579
Finished goods	148,315	120,350
By-products and waste	3,312	2,817
Prepayments to suppliers	19,712	20,306
TOTAL GROSS CARRYING AMOUNT OF INVENTORIES	**432,541**	**389,564**
Inventory impairment provision	(4,434)	(4,617)
TOTAL CARRYING AMOUNT OF INVENTORIES	**428,107**	**384,947**

At year-end 2014, a portion of the balance of prepayments to suppliers, specifically 17,978 thousand euros (year-end 2013: 19,649 thousand euros) corresponds to payments made to rice-growers; in this respect, the Group has entered into firm commitments for the purchase of rice from rice growers, cooperatives and exporters totaling 88,462 thousand euros (year-end 2013: 71,360 thousand euros). In addition, the Group has entered into raw material purchase commitments in the US, Canada, France and Italy totaling 124,066 thousand euros (year-end 2013: 92,246 thousand euros).

The net provision for inventory impairment recognized in 2014 was 2,909 thousand euros (2013: 2,020 thousand euros), while 3,357 thousand euros of previously recognized provisions were utilized (1,280 thousand euros); exchange losses on inventories amounted to 265 thousand euros (104 thousand euros in 2013).

16. TRADE AND OTHER RECEIVABLES

The breakdown of this heading at year-end 2014 and 2013 (in thousands of euros):

ITEM	12-31-14	12-31-13
Due from customers	349,117	302,994
Due from associates	1,054	392
Sundry accounts receivable	5,896	10,447
Provisions for impairment	(8,673)	(7,879)
TOTAL	**347,394**	**305,954**

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, 2014, the ageing analysis of trade receivables is as follows:

AGEING ANALYSIS

	GROSS CARRYING AMOUNT	PROVISION FOR IMPAIRMENT	CARRYING AMOUNT
Less than 3 months	341,215	(2,878)	338,337
Between 3 and 6 months	3,519	(595)	2,924
Between 6 and 12 months	688	(597)	91
Between 12 and 18 months	372	(372)	0
Between 18 and 24 months	1,450	(1,450)	0
Over 24 months	1,873	(1,873)	0
TOTAL	**349,117**	**(7,765)**	**341,352**

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

In 2014, the Group recognized net provisions for the impairment of trade and other receivables of 715 thousand euros (2013: 1,977 thousand euros), utilized 612 thousand euros (2013: 55 thousand euros), added 404 thousand euros as a result of business combinations and recognized exchange losses on receivables of 287 thousand euros (52 thousand euros).

17. CASH AND SHORT-TERM DEPOSITS

The breakdown of this heading at year-end 2014 and 2013 (in thousands of euros):

ITEM	12-31-14	12-31-13
Cash on hand and at banks	191,477	94,014
Short-term deposits and cash equivalents	802	300
TOTAL	**192,279**	**94,314**

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 192,279 thousand euros at year-end 2014 (94,314 thousand euros at year-end 2013). 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 2014 was around 1.75% (2013: 2.5%).

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

18.1 CAPITAL AND RESERVES

Share capital

The Company's share capital consisted of 153,865,392 fully subscribed and paid bearer shares with a par value of 0.60 euros each at both year-ends.

The shareholders with direct or indirect interests of more than 3% in the capital of Ebro Foods, S.A. at December 31, 2014 (2013), 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 (13,725,601), representing a 8.963% interest (8.921%) 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 (24,432,883), representing a 15.921% (15.879%) shareholding.
- Sociedad Anónima Damm: indirect holder, via Corporación Económica Damm, S.A., of 15,426,438 shares (15,000,000), representing a 10.026% interest (9.749%).
- 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 (12,625,080), representing a 10.009% interest (8.205%).
- Juan Luis Gómez-Trenor Fos: indirect holder, via Empresas Comerciales e Industriales Valencianas, S.L., of 10,924,443 shares (7,847,135), representing a 7.1% interest (5.1%).

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 20.2 million euros (19.1 million euros at year-end 2013) 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 include 38,531 thousand euros (38,531 thousand euros at year-end 2013) corresponding to Herba Foods S.L.; distribution of these profits would be a taxable event. Note that the event 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 by company (in thousands of euros) is provided below:

	12-31-14	12-31-13
Herba companies	222	(7,036)
RIVIANA Group (US)	3,057	(30,722)
ARI Group (US)	16,528	2,700
NWP Group (US)	20,424	(19,497)
Ebro Alimentación Mexico	(25)	(28)
Garofalo Group (Italy) - International business	18	0
TOTAL	**40,224**	**(54,583)**

Own shares

In 2014, the Parent 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 (and 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 shares, equivalent to 0.013% of share capital. Management had not established any specific purpose for these own shares at year-end.

In 2013, 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. Specifically, in 2013, the Company bought back 20,784 shares, which it delivered to employees. The Company did not hold any treasury shares at December 31, 2013.

18.2 EARNINGS PER SHARE

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:

	12-31-14	12-31-13
Profit from continuing operations attributable to ordinary equity holders of the parent	148,236	140,266
Loss from discontinued operations attributable to ordinary equity holders of the parent	(2,223)	(7,507)
Profit attributable to ordinary equity holders of the parent	**146,013**	**132,759**
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)	**146,013**	**132,759**

	2014	2013
	THOUSANDS	**THOUSANDS**
Weighted average number of ordinary shares for basic EPS(*)	153,787	153,865
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	153,787	153,865

(*) 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 4, 2014 at which the shareholders ratified the motion to pay a cash dividend with a charge against unrestricted reserves of 0.50 euros per share, for a total payment of 76,932 thousand euros; this dividend was paid in instalments of 0.125 euros per share on April 2, July 2, October 2 and December 22, 2014.

DIVIDENDS DECLARED, PAID AND PROPOSED:	2014	2013
Dividends paid:		
Final dividend paid in 2013: 0.50 euros (2012: 0.48 euros)	76,932	73,855
Special 2012 dividend paid in 2013: 0.12 euros	0	18,464
	76,932	**92,319**
Proposed dividend subject to approval at the Annual General Meeting (not recognized as a liability at year-end)		
2014 dividend proposal: 0.66 euros (2013: 0.50 euros)	101,550	76,932
	101,550	**76,932**

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 2014 and 2013:

	GOVERNMENT GRANTS		EMISSION ALLOWANCES		OTHER DEFERRED INCOME		TOTAL	
	12-31-14	12-31-13	12-31-14	12-31-13	12-31-14	12-31-13	12-31-14	12-31-13
OPENING BALANCE	**824**	**1,204**	**203**	**244**	**1,021**	**1,275**	**2,048**	**2,723**
Additions due to business combinations	3,072	0	0	0	0	0	3,072	0
Decreases due to disposals	0	0	0	0	0	0	0	0
Grants receiveds	17	0	0	0	0	0	17	0
Additions due to GHG allowances	0	0	0	0	0	0	0	0
Other increases/decreases	119	157	(130)	(41)	(206)	(206)	(217)	(90)
Translation differences	14	(1)	0	0	119	(48)	133	(49)
Reclassified to profit or loss from continuing operations	(644)	(536)	0	0	0	0	(644)	(536)
CLOSING BALANCE	**3,402**	**824**	**73**	**203**	**934**	**1,021**	**4,409**	**2,048**

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	675	1,884	843	3,402

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:

	12-31-14	12-31-13
	TOTAL	TOTAL
OPENING BALANCE	35,931	44,760
Translation differences	889	(1,323)
Business combinations	643	18
Disposals	0	(464)
Amounts utilized and benefits paid	(12,608)	(7,760)
Amounts transferred to other accounts	0	154
Surplus provisions and employee departures	(376)	(6)
Amount provided for in the year for actuarial changes	10,232	(7,831)
Amount provided for in the year for unwind of discount	1,110	1,270
Amount provided for in the year for employee benefits expense	6,250	6,564
Amount provided for in the year for other operating expenses	73	211
Amount provided for in respect of discontinued operations	0	338
CLOSING BALANCE	42,144	35,931

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

	12-31-14	12-31-13
Defined benefit obligations	22,701	15,852
Retirement bonuses and similar obligations	16,591	14,924
Senior management bonus schemes (note 27.7)	2,852	5,155
TOTAL	42,144	35,931

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

	DEFINED CONTRIBUTION PENSION COMMITMENTS	DEFINED BENEFIT PENSION COMMITMENTS	OTHER DEFINED PENSION 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 (USA & Canada)	Yes	Yes (b)	Yes (b)			
Panzani Group (France)				Yes (a)	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)				
Birkel 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.
(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:

	12-31-14	12-31-13
Ebro Foods, S.A. (EF)	161	130
Panzani France Group (Panzani)	13,954	13,322
Herba Rice Group (Herba)	923	912
Garofalo (Italy)	703	0
BIRKEL Group	189	189
Riviana American Group (Riviana)	494	260
Other minor obligations	167	111
SUBTOTAL	**16,591**	**14,924**

20.1.1 Ebro Foods, S.A.

The balance at year-end 2014 in respect of Ebro Foods, S.A. totals 161 thousand euros (year-end 2013: 130 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 61 thousand euros in 2014 (2013: 21 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 12,825 and 12,267 thousand euros at year-end 2014 and 2013, respectively) and long-service bonuses (1,129 and 1,055 thousand euros at year-end 2014 and 2013, respectively). These provisions were recognized based on actuarial calculations performed internally. The related expenditure recognized in 2014 amounted to 2,571 thousand euros (2013: 2,223 thousand euros), of which 1,427 thousand euros (2013: 1,106 thousand euros) was charged directly against equity as actuarial losses. These provisions are funded in-house, albeit not by specific assets. The interest rate applied in 2014 was 1.50% (3.10% in 2013). The increase in this provision is mainly due to the impact of the updated discount rate applied.

20.1.3 Herba Group companies

The collective bargaining agreement 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 2014 amounted to 923 thousand euros (738 thousand euros at year-end 2013). Expenditure in 2014 was 174 thousand euros (2013: 178 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 2014 was 1,135 thousand euros (2013: 662 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 2014 was 72 thousand euros (174 thousand euros at year-end 2013). Expenditure in 2014 was zero (2013: 37 thousand euros).

20.1.4 Garofalo (Italy)

The applicable collective bargaining agreement includes termination benefit obligations (voluntary or otherwise) for employees. The provision has been recognized on the basis of external actuarial calculations. The related provision at year-end 2014 amounted to 703 thousand euros. The related expenditure recognized in 2014 amounted to 285 thousand euros, of which 91 thousand euros was charged directly against equity as actuarial losses.

20.1.5 Birkel 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 1,505 thousand euros in 2014 (2013: 1,193 thousand euros).

20.2 PENSION AND OTHER DEFINED BENEFIT OBLIGATIONS

The breakdown by company:

DEFINED BENEFIT

	12-31-14			12-31-13		
	PENSION COMMITMENTS	OTHER COMMITMENTS	TOTAL	PENSION COMMITMENTS	OTHER COMMITMENTS	TOTAL
Riviana Group (US)	9,828	(3,696)	6,132	5,933	(3,306)	2,627
NWP Group (USA & Canada)	2,455	1,343	3,798	2,077	1,233	3,310
Boost (Herba) (Belgium)	537		537	315		315
Euryza (Herba) (Germany)	4,426		4,426	3,830		3,830
Lassie Group (Netherlands)	0		0	645		645
S&B Group (Herba) (UK)	5,446		5,446	3,428		3,428
Birkel Group (Germany)	2,362		2,362	1,697		1,697
	25,054	**(2,353)**	**22,701**	**17,925**	**(2,073)**	**15,852**

Thousands of euros

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 2014 and 2013:

	RIVIANA GROUP		NWP GROUP		EUROPE	
	12-31-14	12-31-13	12-31-14	12-31-13	12-31-14	12-31-13
Provisions for pensions - obligations						
Opening balance	21,803	26,607	20,131	23,226	24,198	24,026
Business combinations	0	0	0	0	0	0
Provisions recognized	2,371	2,620	1,143	858	476	1,598
Actuarial changes	4,290	(4,215)	1,653	(1,740)	4,130	92
Benefits paid	(2,402)	(2,036)	(1,487)	(1,140)	(6,000)	(769)
Workforce restructuring	0	0	0	0	0	(304)
Translation differences	2,962	(1,173)	2,583	(1,073)	862	(269)
CLOSING BALANCE	**29,024**	**21,803**	**24,023**	**20,131**	**23,666**	**24,198**
Provisions for pensions - plan assets						
Opening balance	(19,175)	(17,546)	(16,821)	(15,693)	(14,283)	(13,158)
Business combinations	0	0	0	0	0	0
Return on plan assets	(842)	(577)	(784)	(581)	(421)	(414)
Contributions by employer	(2,406)	(2,467)	(1,485)	(1,227)	(89)	(613)
Actuarial changes	(184)	(1,415)	(258)	(769)	(870)	(714)
Benefits paid	2,402	2,036	1,484	1,140	5,387	445
Translation differences	(2,687)	793	(2,361)	309	(619)	171
CLOSING BALANCE	**(22,892)**	**(19,176)**	**(20,225)**	**(16,821)**	**(10,895)**	**(14,283)**
NET BALANCE	**6,132**	**2,627**	**3,798**	**3,310**	**12,771**	**9,915**

Thousands of euros

NET ANNUAL COST BY COMPONENT

	RIVIANA GROUP		NWP GROUP		EUROPE	
	12-31-14	12-31-13	12-31-14	12-31-13	12-31-14	12-31-13
Current service cost	1,328	1,645	247	31	50	748
Interest cost	1,043	975	896	827	773	756
Return on plan assets	(842)	(577)	(784)	(581)	(392)	(323)
Workforce restructuring	0	0	0	0	(376)	0
Estimated losses not recognized	0	0	0	0	0	0
	1,529	**2,043**	**359**	**277**	**55**	**1,181**
Actuarial changes recognized directly in consolidated equity: (gains)/losses	4,106	(5,630)	1,395	(2,509)	3,260	(813)

ACTUARIAL ASSUMPTIONS

	12-31-14	12-31-13	12-31-14	12-31-13	12-31-14	12-31-13
Discount rate	3,97%	4,89%	3,75%	4,50%	2% al 3,6%	3,2% al 4,1%
Future salary increases	3,00%	3,00%	0,00%	0,00%	1,2% al 3,0%	1,2% al 3,0%
Expected return on plan assets	3,97%	4,89%	3,75%	4,50%	2% al 3,6%	3,2% al 4,1%

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. Lastly, the Lassie Group in Netherlands has transformed its benefits to defined contribution obligations with effect from 2014.

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 2014 and 2013 (in thousands of euros) are shown below:

MOVEMENTS UNDER OTHER PROVISIONS

	12-31-14 TOTAL	12-31-13 TOTAL
Opening balance	8,603	21,926
Translation differences	60	(11)
Business combinations	22	0
Transfers	1,216	41
Amounts utilized and payments	(5,020)	(15,128)
Additions with a charge to profit or loss	10,395	6,120
Unused amounts reversed with a credit to profit or loss	(2,921)	(4,345)
CLOSING BALANCE	**12,355**	**8,603**

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

BREAKDOWN OF OTHER PROVISIONS BY CONCEPT

	12-31-14	12-31-13
Lawsuits and disputes	10,373	5,385
Modernization and restructuring plan	1,227	2,022
Sundry other contingencies of insignificant amount	755	1,196
	12,355	**8,603**

	12-31-14	12-31-13
Ebro Foods, S.A.	9,020	0
Panzani Group	1,456	5,003
Herba Group	1,176	2,018
Riviana Group	153	182
Birkel Group	4	1,400
Other	546	0
TOTAL CONTINUING OPERATIONS	**12,355**	**8,603**

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. However, in the course of 2014 a number of smaller-sized disputes came to light. Management determined it was necessary to recognize a provision in respect of certain of these cases in light of the possible outflow of resources in the future.

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 grounds for appealing the ruling before the corresponding judicial bodies; however, the likelihood of an outflow of resources embodying economic benefits is deemed probable and the corresponding provision has accordingly been recognized in the 2014 financial statements.

21.2 STATUS OF OTHER LAWSUITS AND DISPUTES

In addition to the lawsuits outlined in section 21.1 above, at year-end 2014, the Group has recognized provisions for other lawsuits and disputes in the amount of 1,633 thousand euros (year-end 2013: 5,385 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):

	12-31-14	12-31-13
Tax and customs assessments signed under protest	2,805	1,076
Judicial review contingencies	9,899	6,976
TOTAL	**12,704**	**8,052**

22. FINANCIAL LIABILITIES

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

FINANCIAL LIABILITIES

	12-31-14		12-31-13	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Bank loans	198,779	190,750	214,255	26,957
Bank credit facilities		124,275		178,430
Other financial liabilities	68,324	16,519	11,233	224
Borrowings from associates	0	0	0	0
Financial guarantees and deposits received	65	1	65	15
TOTAL FINANCIAL LIABILITIES	**267,168**	**331,545**	**225,553**	**205,626**

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

	12-31-13	12-31-14	2016	2017	2018	2019	BEYOND
Of Ebro Foods, S.A	210,069	178,040	78,182	99,858			
Of Herba Group	3,825	3,083	698	703	707	680	295
Of Panzani Group	29	15	2	2	2	2	7
Of Garofalo Group	0	17,360	1,886	1,591	1,654	1,720	10,509
Of Arotz Foods, S.A.	330	281	48	48	48	48	89
Of Jiloca, S.A.	2	0					
NON-CURRENT BANK BORROWINGS	**214,255**	**198,779**	**80,816**	**102,202**	**2,411**	**2,450**	**10,900**
Of Ebro Foods, S.A	66,386	188,301					
Of Panzani Group	78,098	54,130					
Of Herba Group	60,845	54,019					
Of Garofalo Group	0	18,525					
Of other companies	58	50					
CURRENT BANK BORROWINGS	**205,387**	**315,025**					
TOTAL BANK BORROWINGS	**419,642**	**513,804**					

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

CURRENCY	12-31-14	12-31-13
EUR (euro)	242,297	157,742
USD (US dollar)	241,553	236,358
INR (Indian rupee)	23,614	21,774
GBP (pound sterling)	0	214
EGP (Egyptian pound)	2,750	1,135
THB (Thailand baht)	619	426
HUF (Hungarian forint)	2,971	1,573
Other	0	420
TOTAL	**513,804**	**419,642**

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 and again in June 2010, in the amount of 190 million US dollars. This loan is repayable in four six-monthly instalments of 47.5 million US dollars starting in May 2015. 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 2-year loan agreement arranged in November 2013, in the amount of 100 million US dollars, repayable upon maturity; the parties may agree to extend maturity by one additional year. The annual rate of interest applicable to this dollar-denominated loan is benchmarked against 1-, 2-, 3- or 6-month LIBOR plus a market spread.

In 2014, the Group arranged bilateral loans in the amount of 50 and 30 million euros on May 27 and July 1, respectively. These 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 and the 30 million euro loan matures on June 25, 2015; the parties have the option of agreeing two annual extensions to the latter facility's maturity. The annual rates of interest applicable to these loans is 1-, 2-, 3- or 6-month EURIBOR plus a market spread.

As for the rest of the Group's bank borrowings, at year-end 2014 the various companies had arranged unsecured credit facilities with an aggregate limit of 275 million euros (year-end 2013: 304 million euros), of which 124 million euros (178 million euros) had been drawn down.

The Panzani Group's credit facilities (with a drawdown limit at both year-ends of 90 million euros) are secured by its accounts receivable. 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.

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:

CREDIT FACILITIES ARRANGED

AT DECEMBER 31, 2014	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**

CREDIT FACILITIES ARRANGED

AT DECEMBER 31, 2013	AMOUNT DRAWN DOWN	AMOUNT UNDRAWN	TOTAL LIMIT
Receivable discounting lines	4,863	137	5,000
Bank guarantee lines	36,929	73,222	110,151
CONSOLIDATED GROUP TOTAL	**41,792**	**73,359**	**115,151**

The average rate of interest accrued on current loans in 2014 was 2.0% (2013: 3.0%).

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 December 31, 2014:

BREAKDOWN OF OTHER FINANCIAL LIABILITIES

	12-31-14	
	NON-CURRENT	CURRENT
Garofalo: put option granted over 48% - note 5	59,112	
Garofalo: deferred purchase price for 52% - note 5		5,200
Garofalo: financing provided by non-financial entities	5,902	393
TBA Group: put option granted over 50% - note 4		9,498
Other financial liabilities	3,310	1,428
TOTAL FINANCIAL LIABILITIES	**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:

	12-31-14	12-31-13
Trade accounts payable	285,470	235,637
Other accounts payable	30,015	33,170
Employee benefits payable	38,933	36,600
Payable to associates	500	519
TOTAL	**354,918**	**305,926**

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	
	12-31-14	12-31-13	12-31-14	12-31-13
VAT and personal income tax	27,277	22,969	(9,747)	(7,302)
Social security	209	29	(1,486)	(999)
Grants pending collection	745	909		
Other public authorities	236	200	(2,512)	(3,705)
TOTAL TAXES RECEIVABLE/PAYABLE	**28,467**	**24,107**	**(13,745)**	**(12,006)**
INCOME TAX - TAX PAYABLE/REFUNDABLE	**19,109**	**11,693**	**(12,951)**	**(4,677)**

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 German companies.

The statutory corporate income tax rates vary from one country to another, most notably (on account of their relative materiality): Spain at 30% (28% in 2015 and 25% in 2016 and beyond), France at 38%, the US at 37.5%, Germany at 30% and the Netherlands at 25.5%. The table provided later on in this note presents the impact of the national rates other than 30% (benchmark Spanish rate) under the dedicated line item, 'Effect of differing tax rates (taxable income)'.

It is important to consider certain extraordinary developments arising in 2014 in analyzing the Group's current tax expense. The major components of income tax expense for the year ended December 31, 2014 are:

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

Thousands of euros

a) Impacts deriving from the reduction in the statutory income tax rate in Spain from 2015: The corporate income tax rate applied in Spain until 2014 is 30%. This rate will be 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 year-end 2014.

b) The tax inspection of the Spanish tax group in respect of 2008 to 2011, both inclusive, concluded in May 2014. The results of this inspection are shown below:

	ASSESSMENTS UNCONTESTED	ASSESSMENTS CONTESTED	TOTAL
Tax	2,580	2,452	**5,032**
Interest	443	426	**869**
Fines	1	355	**356**
	3,024	3,233	**6,257**
ACCOUNTING TREATMENT			
Statement of profit or loss			
Income tax expense			**2,656**
Other operating expenses			**70**
Finance costs			**869**
Deferred taxes			**1,295**
Taxes payable (provisions)			**1,367**
TOTAL CHARGES			**6,257**
Other non-current provisions			**(355)**
Inter-company balances receivable / payable within tax group			**0**
Taxes payable (payables)			**(5,902)**
TOTAL PAYMENTS			**(6,257)**

Thousands of euros

All of the assessments presented in the table above have been settled (using financial criteria), with the exception of the fines, even though the assessments have been signed under protest.

The assessments signed but being contested are in the initial stages of plea hearings and/or appeals and, accordingly, it is possible that the assessment settlement agreements ultimately received will differ from the amounts presented, albeit not materially; nonetheless, all of the assessments signed under protest have been or will be appealed.

In addition, the Group has 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 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 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. As indicated in note 5, the acquisition of Garofalo in 2014 complies with this reinvestment commitment, to which end the associated deferred tax liability has been reversed.

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.

The breakdown of the tax expense accrued by the consolidated Group in 2014 and 2013 (in thousands of euros) is provided below:

	2014		2013	
	ACCOUNTING	TAX	ACCOUNTING	TAX
Accounting profit before tax from continuing operations	215,749	215,749	210,646	210,646
Loss before tax on sale of discontinued operations	(3,123)	(3,123)	(11,400)	(11,400)
Loss before tax recognized in equity	(29,407)	(29,407)	26,058	26,058
Net gains/(losses) on hedges of net investments recognized in translation differences	(38,954)	(38,954)	13,816	13,816
	144,265	144,265	239,120	239,120
Permanent differences	5,448	5,448	(11,251)	(8,640)
Tax losses generated during the year	1,920	1,920	3,845	3,845
Utilization of individual tax losses	(5,271)	(5,271)	(12,303)	(12,303)
ADJUSTED ACCOUNTING PROFIT	146,362	146,362	219,411	222,022
Temporary differences		6,081		(57,587)
Tax losses generated during the year		2,954		1,592
Utilization of tax losses		(1,508)		(1,542)
ADJUSTED TAXABLE PROFIT	146,362	153,889	219,411	164,485
Effect of differing tax rates (taxable income)	27,514	23,524	30,751	26,771
TAXABLE INCOME OF THE GROUP	173,876	177,413	250,162	191,256
Tax calculated at statutory rate of 30%	52,163	53,224	75,049	57,377
Tax credits utilized	(10)	0	(3,694)	(2,979)
TAX PAYABLE	52,153	53,224	71,355	54,398
Adjustments in respect of prior-year's income tax	2,276		(418)	
Restatement of net deferred taxes	(23,770)		(65)	
Inspection assessments and fines	2,656		0	
Equivalent tax charges	9,404	7,981	7,159	6,460
Adjustment in respect of prior year's tax payable		0		(1,650)
TOTAL TAX EXPENSE	42,719	61,205	78,031	59,208
TAX EXPENSE, CONTINUING OPERATIONS	64,407		69,157	
TAX EXPENSE, SALE OF DISCONTINUED OPERATIONS	(900)		(3,893)	
TAX EXPENSE, RECOGNIZED DIRECTLY IN EQUITY	(9,102)		8,622	
TAX EXPENSE, RECOGNIZED DIRECTLY IN TRANSLATION DIFFERENCES	(11,686)		4,145	
	42,719		78,031	

INCOME STATEMENT - INCOME TAX

	2014	2013
Current tax expense, continuing operations	53,224	61,966
Current tax expense, sale of discontinued operations	0	0
Total deferred tax expense	7,781	767
Tax expense deferred in equity	(8,852)	8,622
Adjustments in respect of prior year's income tax	2,276	(418)
Restatement of net deferred taxes	(23,770)	(65)
Equivalent tax charges	9,404	7,159
Inspection assessments and finess	2,656	0
	42,719	78,031

TAX EXPENSE, RECOGNIZED DIRECTLY IN EQUITY

	2014	2013
Expense related to changes in subsidiaries' capital	0	0
Change in fair value of financial assets	(5,752)	5,511
Change due to actuarial gains/(losses)	(3,350)	3,111
	(9,102)	**8,622**

'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 2014 and 2013:

- An increase of 38,954 thousand euros (decrease of 13,816 thousand euros in 2013) due to net exchange gains derived from the US dollar-denominated loans hedging net investments.
- An increase of 27,672 thousand euros (decrease of 27,479 thousand euros in 2013) 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 3,000 thousand euros (2013: 14,267 thousand euros) due to the impact of the sale of discontinued operations.
- A decrease of 19,174 thousand euros (increase of 18,362 thousand euros in 2013) 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 14,982 thousand euros (8,893 thousand euros in 2013) 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 13,008 thousand euros (15,375 thousand euros in 2013) in relation to temporary differences at Riviana, mainly due to the amortization for tax purposes of brands and other assets.
- A decrease of 2,969 thousand euros (2,152 thousand euros in 2013) 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.
- A decrease of 2,245 thousand euros (increase of 9,323 thousand euros in 2013) in relation to temporary differences at the Panzani Group, due mainly to movements under provisions, partially offset by property, plant and equipment depreciation charges.
- A decrease of 7,800 thousand in consolidation adjustments due due different accounting criteria applied in preparing the separate versus the consolidated annual financial statements.
- A net increase of 1,079 thousand euros (2013: 461 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 unused tax assets in 2014 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. In 2014 the Spanish tax group did not make any investments that qualify for proceed reinvestment tax relief so that it did not generate any related tax credits. In each of the years between 2013 and 2006, both inclusive, it 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:

	12-31-14		12-31-13	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
OPENING BALANCE	55,455	(239,879)	53,024	(229,999)
Transfers	(32)	32	3,814	(3,814)
Translation differences	2,585	(16,380)	(892)	4,908
Business combinations	636	(20,760)	0	0
Disposals/derecognitions	0	0	0	0
Charged / credited in income statement	(3,210)	(2,257)	4,230	(5,630)
Charged / credited to equity	2,889	5,963	(3,113)	(5,509)
Restatements	(2,452)	27,325	(1,608)	165
CLOSING BALANCE	55,871	(245,956)	55,455	(239,879)

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

	12-31-14		12-31-13	
	DEFERRED TAX		IDEFERRED TAX	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Property, plant and equipment	4,614	(88,278)	4,902	(69,086)
Investment properties	2,809	0	4,236	(580)
Goodwill	3,725	(30,534)	4,576	(34,858)
Other intangible assets	1,831	(123,445)	3,233	(100,350)
Inventories	1,789	(424)	(338)	(319)
Receivables and accruals (assets)	990	(654)	732	(476)
Pensions and similar obligations	6,486	(21)	4,037	(407)
Other non-current provisions	8,328	(1,405)	7,883	(3,498)
Payables and accruals (liabilities)	9,816	1,469	11,585	741
Unused tax credits and tax losses	15,508	(282)	8,795	(430)
Accrual of tax credits	0	(3,683)	0	(14,645)
Changes in value of AFS financial assets	(25)	25	5,814	(5,814)
Provisions and gains on tax group investments	0	1,276	0	(10,157)
TOTAL	55,871	(245,956)	55,455	(239,879)

At year-end 2014, the Group companies had around 45 million euros of unused tax losses (30 million euros at year-end 2013) 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 2009 or 2010. 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:

	12-31-14	12-31-13
Within one year	16,992	12,366
After one year but not more than five years	44,526	26,817
More than five years	2,944	7,742
TOTAL	**64,462**	**46,925**

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:

	12-31-14	12-31-13
Within one year	940	823
After one year but not more than five years	2,701	2,258
More than five years	332	837
TOTAL	**3,973**	**3,918**

CAPITAL COMMITMENTS

Capital expenditure contracted for (machinery purchases and upgrades) at the end of the reporting period but not yet incurred totaled 13,350 thousand euros (16,600 thousand euros at year-end 2013).

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.

  In addition, the Ebro Group has a right of first refusal such that third parties cannot acquire these interests. Lastly, the Ebro Group has an irrevocable call option over these investments in the event that the other shareholder dies or becomes incapacitated. As a result, this group has been fully consolidated in light of the control arrangement; in parallel the Group has recognized the estimated cost of the option over the remaining 50% and 25% interests as a non-current financial liability. At December 31, 2014, this financial liability was reclassified to current liabilities as the other shareholder exercised its put option in December (note 22).

- 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, 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.

- The Ebro Group acquired 52% of Italian pasta group, Garofalo, on June 18, 2014. The Group acquired a 52% interest for 63,455 thousand euros; it has already paid 58,255 thousand and will pay the remaining 5,200 thousand on June 30, 2015 (note 22). The Group took effective control of the Garofalo Group on June 30, 2014, which is 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, 2014, these options, which are recognized under non-current financial liabilities, were valued at 59,112 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.

GUARANTEES

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

	12-31-14	12-31-13
Bank guarantees: provided to courts and other bodies in relation to claims and tax deferrals (note 21)	3,110	1,192
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	21,611	35,737
Other bank guarantees	2,132	0
Provided to banks to guarantee performance of other affiliated or third-party groups	0	318
TOTAL	**26,853**	**37,247**

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

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 the companies 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	TYPE OF TRANSACTION	2014	2013
Sociedad Anónima DAMM (Estrella de Levante, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	700	918
Sociedad Anónima DAMM (Cía Cervecera Damm, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	3,627	3,229

27.2 TRANSACTIONS WITH DIRECTORS AND EXECUTIVES (OR PARTIES RELATED THERETO) OF EBRO FOODS, S.A.

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

DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	2014	2013
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Lease (expense)	79	93
Antonio Hernández Callejas (Luis Hernández González)	Ebro Foods, S.A.	Lease (expense)	37	37
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	7,484	6,588
Instituto Hispánico del Arroz, S.A.	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	68	140
Instituto Hispánico del Arroz, S.A.	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	0	28
Instituto Hispánico del Arroz, S.A.	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	79	102
Instituto Hispánico del Arroz, S.A.	TBA Suntra BV	Purchase of goods (finished and in-progress)	88	89
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	118	82
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	68	140
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	0	28
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	TBA Suntra BV	Purchase of goods (finished and in-progress)	36	89
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	30	27
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	309	260
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	181	76
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	67	39
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	30	56
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	TBA Suntra BV	Purchase of goods (finished and in-progress)	73	98
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	101	75
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	53	76

DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	2014	2013
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	0	61
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	30	56
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	TBA Suntra BV	Purchase of goods (finished and in-progress)	73	87
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	163	59
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	34	77
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	0	96
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	25	27
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	TBA Suntra BV	Purchase of goods (finished and in-progress)	86	89
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	132	62
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	68	77
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	0	28
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	TBA Suntra BV	Purchase of goods (finished and in-progress)	73	98
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	30	56
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	76	81
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Boost Nutrition, CV	Purchase of goods (finished and in-progress)	68	158
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	S&B Herba Foods, Ltd	Purchase of goods (finished and in-progress)	0	59
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	51	27
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	TBA Suntra BV	Purchase of goods (finished and in-progress)	0	28
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Rendering of services	2	0
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Services received	125	183
Instituto Hispánico del Arroz, S.A.	Herba Foods, S.L.U	Services received	50	50
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	119	202

DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	2014	2013
Instituto Hispánico del Arroz, S.A.	Boost Nutrition, CV	Sale of goods (finished and in-progress)	68	140
Instituto Hispánico del Arroz, S.A.	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	30	27
Instituto Hispánico del Arroz, S.A.	TBA Suntra BV	Sale of goods (finished and in-progress)	87	0
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	118	198
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	68	140
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	30	27
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	TBA Suntra BV	Sale of goods (finished and in-progress)	36	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	83	144
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	181	76
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	67	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	30	56
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	TBA Suntra BV	Sale of goods (finished and in-progress)	0	98
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	173	213
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	52	76
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	0	8
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	30	56
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	193	171
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	34	77
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	S&B Herba Foods, Ltd	Sale of goods (finished and in-progress)	0	69
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	24	27
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	TBA Suntra BV	Sale of goods (finished and in-progress)	55	0

DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	2014	2013
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	203	90
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	68	76
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	30	56
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S. A.)	TBA Suntra BV	Sale of goods (finished and in-progress)	0	98
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	75	167
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Boost Nutrition, CV	Sale of goods (finished and in-progress)	68	157
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Arrozeiras Mundiarroz	Sale of goods (finished and in-progress)	50	27

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 2014 (2013):

- Dividends paid to significant shareholders: 15,361 (17,146)
- Dividends paid to directors and executives: 26,194 (26,739)

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 OTHER DISCLOSURES

- Ebro Foods, S.A. held a 3.121% ownership interest in Biosearch, S.A. at December 31, 2014. 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. During the first half of 2014, the former non-member secretary of the Board of Directors of Ebro Foods, Miguel Ángel Pérez Álvarez, was also a proprietary director of Biosearch, having been appointed at the proposal of Ebro Foods in its capacity as significant shareholder.

  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	2014	2013
Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	0	41
Herba Ricemills, S.L.U.	Lease (income)	26	26
Dosbio 2010, S.L.U.	Lease (expense)	7	27
Ebro Foods, S.A.	Rendering of services	42	74

- During the first half of 2014, Ebro Foods, S.A. held an ownership interest in Deoleo, S.A. which was recognized in the Group's consolidated financial statements as an available-for-sale financial asset. Ebro Foods, S.A. reduced its shareholding to under 3% on March 28, 2014 (ceasing to qualify as significant shareholder) and fully sold down its investment on May 13, 2014.

  Antonio Hernández Callejas, Chairman of the Board of Directors of Ebro Foods, S.A., was proprietary director of Deoleo until January 31, 2014, when he resigned for professional reasons.

  The next table itemizes the transactions entered into between Deoleo and various Ebro Foods Group companies between January 1 and March 28, 2014 and in 2013 (in thousands of euros):

GROUP COMPANY WITH WHICH DEOLEO TRANSACTED	TYPE OF TRANSACTION	AMOUNT 2014 (JAN. 1 - MAR. 28)	AMOUNT 2013 (JAN. 1 - DEC. 31)
Herba Ricemills, S.L.U.	Services received	12	40
Lassie Nederland BV	Services received	39	156
Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	0	10
Ebro Foods, S.A.	Rendering of services	261	254

- 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.

  Riso Scotti S.p.A. is an Italian company whose corporate purpose is analogous to that of Ebro Foods, S.A.

  The next table itemizes the transactions entered into between Riso Scotti and Herba Ricemills, S.L.U., a Group subsidiary, in 2014 (in thousands of euros):

TYPE OF TRANSACTION	AMOUNT 2014
Sale of goods (finished and in-progress)	1
Rendering of services	6
Purchase of goods (finished and in-progress)	62
Services received	1

27.6 FIDUCIARY DUTIES: CONFLICTS OF INTEREST AND NON-COMPETE DUTY

In keeping with articles 229, 230 and 231 of Spain's Corporate Enterprises Act, this section of this note replicates the information provided by the Parent's directors, 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., regardless of whether the former are part of the Ebro Foods Group.

Instituto Hispánico del Arroz, S.A.:

- Direct ownership of 100% of the following Hisparroz group companies: El Cobujón, S.A, Dehesa Norte, S.A., Mundiarroz, S.A., Pesquerías Isla Mayor, S.A., Australian Commodities, S.A. and Islasur, S.A. In all instances it is represented on the boards.

  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 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).

Antonio Hernández Callejas:

- Direct interest in Instituto Hispánico del Arroz, S.A. of 16.666%. He does not hold any post at this company.

Dr. Rudolf-August Oetker:

- Direct interest in Dr. August Oetker KG. of 12.5%. He is Chairman of the Advisory Board.
- Until March 31, 2014 he was member of the Advisory Board of the following Dr. August Oetker KG group companies: Dr. Oetker GmbH, Dr. August Oetker Nahrungsmittel KG, Dr. Oetker International Beteiligungs GmbH, Dr. August Oetker Nahrungsmittel Beteiligungs GmbH and Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG.

Below is a list of the positions held by Antonio Hernández Callejas at other Ebro Foods Group companies in which he does not have a direct interest:

EBRO FOODS GROUP COMPANY	POSITION
A.W. Mellish, Ltd.	Director
American Rice, Inc.	Chairman
Anglo Australian Rice, Ltd.	Director
Arrozeiras Mundiarrroz, S.A.	Chairman
Bertolini Import und Export, GmbH	Director (acting joint and severally)
Blue Ribbon Mills, Inc.	Chairman
Boost Nutrition, CV	Director
Bosto Panzani Benelux, N.V.	Director
Ebro America, Inc.	Chairman
Ebro Foods, GmbH	Director (acting joint and severally)
Heap Comet, Ltd.	Director
Herba Germany, GmbH	Director (acting joint and severally)
Joseph Heap Property, Ltd.	Director
Joseph Heap & Sons, Ltd.	Director
N&C Boost, N.V.	Director
New World Pasta Company	Chairman
Panzani, S.A.S.	Director
Pastificio Lucio Garofalo, S.p.A.	Director
Riviana Foods, Inc.	Chairman
S&B Herba Foods, Ltd.	Director
SOS Cuetara USA, Inc.	Chairman
T.A.G. Nahrungsmittel, GmbH	Director (acting joint and severally)
Vogan, Ltd.	Director

It is hereby noted, as detailed in note 27.5, that Antonio Hernández Callejas is also a member of the Board of Directors of Riso Scotti, S.p.A., an Italian company with an analogous corporate purpose to that of Ebro Foods, S.A. and an associate thereof.

It is also noted that Antonio Hernández Callejas is a Trustee of the Ebro Foods Foundation.

Other than the cases outlined above, it is hereby stated that no other director has informed the Company of any ownership interests in or positions held at entities with an identical, similar or complementary corporate purpose to that of Ebro Foods, S.A. and its Group companies.

The directors of Ebro Foods, S.A. 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.

27.7 DIRECTOR AND EXECUTIVE REMUNERATION

Director remuneration. The remuneration accrued by the members of the Board of Directors of Ebro Foods, S.A. at all of the Group companies totaled 5,561 thousand euros in 2014 (2013: 4,545 thousand euros), broken down as follows (in thousands of euros):

DIRECTOR REMUNERATION AND OTHER BENEFITS	2014	2013
TYPE OF REMUNERATION		
Meeting attendance fees	302	312
Bylaw-stipulated profit-sharing	2,565	2,565
TOTAL DIRECTOR REMUNERATION	**2,867**	**2,877**
Wages, salaries and professional fees	2,694	1,668
Termination and other benefits	0	0
TOTAL EXECUTIVE DIRECTOR REMUNERATION	**2,694**	**1,668**
TOTAL REMUNERATION	**5,561**	**4,545**
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 25, 2015, the Board of Directors resolved, at the recommendation of its Nomination and Remuneration Committee:

1. to freeze by-law stipulated remuneration in 2014, 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 2014 attributable to equity holders of the parent.

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

Note that in the table titled 'Director remuneration and other benefits' above and in the individual disclosures provided below, the figures include: (i) the remuneration corresponding to an external director who stepped down on December 1, 2014; and (ii) the attendance fees received by the Chairman of the Board of Directors of Ebro Foods, S.A. for attending the board meetings of Pastificio Lucio Garofalo, S.p.A. (an Ebro Foods Group subsidiary).

In addition, it is hereby noted that in 2014 the Chairman of the Board of Directors received the following amounts of remuneration from two Ebro Foods Group associates (note 27.5):

- Attendance fees in the sum of 3,416 euros in his capacity as director of Deóleo, S.A. until January 31, 2014.
- Attendance fees in the sum of 5,200 euros in his capacity as director of Riso Scotti, S.p.A.

The individual breakdown of director remuneration earned in 2014 (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	370	27	694	2,000	3,091
Carceller Arce, Demetrio	345	27	0	0	372
Alimentos y Aceites, S.A.	116	18	0	0	134
Castelló Clemente, Fernando	189	28	0	0	217
Comenge Sánchez-Real, José Ignacio	149	23	0	0	172
Daurella Comadrán, Sol (director until December 1, 2014)	174	26	0	0	200
Empresas Comerciales e Industriales Valencianas, S.L.	116	18	0	0	134
Hispafoods Invest, S.L.	182	28	0	0	210
Instituto Hispánico del Arroz, S.A.	139	18	0	0	157
Nieto de la Cierva, José	255	22	0	0	277
Oetker, Rudolf-August	116	17	0	0	133
Ruiz-Gálvez Priego, Eugenio	149	23	0	0	172
Segurado García, José Antonio	265	27	0	0	292
TOTAL	**2,565**	**302**	**694**	**2,000**	**5,561**

Note that the amount of attendance fees corresponding to Antonio Hernández Callejas shown in the table above includes the attendance fees earned in his capacity as director of Pastificio Lucio Garofalo, S.p.A. (an Ebro Foods Group company) in the amount of 5,000 euros.

Of the total variable remuneration earned by the Chairman of the Board of Directors for performance of his executive duties in 2014, 1,297 thousand euros correspond to the Deferred Annual Bonus Scheme tied to the Group's 2010-2012 Business Plan in respect of 2012 (the last year of the Plan). This sum represents 70% of the deferred bonus entitlement accrued over the term of the three-year scheme, which was provided for in the 2012 financial statements and settled in 2014. Of the total variable remuneration earned by the Chairman of the Board of Directors for performance of his executive duties in 2013, 271 thousand euros corresponded to the Deferred Annual Bonus Scheme tied to the Group's 2010-2012 Business Plan in respect of 2011. This sum represented 15% of the deferred bonus entitlement accrued over the term of the three-year scheme (2010-12), which was provided for in the 2011 financial statements and settled in 2013.

Elsewhere, in relation to the total remuneration earned by the Chairman of the Board of Directors for the performance of his executive duties in 2014, the 2014 financial statements recognize a provision of 455 thousand euros in respect of the provisional estimate of the amount corresponding to 2014 under the Deferred Annual Bonus Scheme tied to the Group's 2013-2015 Plan, which represents 25% of the deferred bonus entitlement expected to be accrued during the three-year period. This figure will be paid in 2016. Meanwhile, in relation to the remuneration earned by the Chairman of the Board of Directors for the performance of his executive duties in 2013, the 2013 financial statements recognized a provision of 524 thousand euros in respect of the provisional estimate of the corresponding amount under the Deferred Annual Bonus Scheme tied to the Group's 2013-2015 Plan, which represents 25% of the deferred bonus entitlement expected to be accrued during the three-year period. This figure has been be paid in 2015.

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 2014 these executives accrued aggregate remuneration (wages and salaries) of 2,189 thousand euros (2,120 thousand euros in 2013). The amount shown for 2014 includes the remuneration of an executive who resigned on July 30, 2014 as well as that of another executive who was hired by the Company on October 6, 2014.

In 2014, 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 2010-2012 Business Plan were paid 145 thousand euros corresponding to 2012 (last year of the Plan), a figure representing 70% of the bonuses earned during the three-year term of the scheme that had been provisioned in the 2012 financial statements. In 2013 this team was paid 7 thousand euros corresponding to 2011, a figure equivalent to 15% of the bonuses earned during the three-year term of the scheme that had been provisioned in the 2011 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 2014 financial statements recognize a provision of 117 thousand euros in respect of the provisional estimate of the amount corresponding to 2014 under the scheme, which represents 25% of the deferred bonus entitlement expected to be accrued during the three-year period. This sum will be paid in 2016, in keeping with the plan rules. Similarly, the 2013 financial statements recognized a provision of 128 thousand euros in respect of the provisional estimate of the amount corresponding to 2013 under the new bonus scheme tied to the Group's 2013-2015 Plan, which represents 25% of the estimated deferred bonus entitlement for the three-year period. This figure has been be paid in 2015.

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 another two 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 56 thousand euros, are effective until April 30, 2015 and are currently in the process of being renewed.

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.

NET DEBT

	CONSOLIDATED				
	2012	2013	2013/2012	2014	2014/2013
Equity	1,692,209	1,705,757	*0,8%*	1,849,485	*8,4%*
Net debt	244,804	338,291	*38,2%*	405,617	*19,9%*
Average net debt	294,114	260,820	*(11,3%)*	333,178	*27,7%*
Leverage	14,5%	19,8%	*37,1%*	21,9%	*10,6%*
Leverage (avge. debt) **(1)**	17,4%	15,3%	*(12,0%)*	18,0%	*17,8%*
EBITDA	299,226	282,392	*(5,6%)*	287,251	*1,7%*
Coverage	0,82	1,20		1,41	

Thousands of euros

(1) Ratio of average not financial debt and borrowing costs divided by equity (excluding non controlling interests)

The leverage ratio remains low although it has increased in recent years in the wake of the acquisition of strategic businesses in Italy and Canada that still have still to make a key contribution to Group earnings. Elsewhere, the Group's working capital requirements are seasonal as a result of the timing of rice harvests and price-setting in the rice markets. Note lastly 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.

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.

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 2014 of such a change would be 1.9 million euros (1.5 million euros in 2013).

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

	2014				2013			
Income/(expense)	(0,50%)	(0,25%)	0,25%	0,50%	(0,50%)	(0,25%)	0,25%	0,50%
Profit before tax	1,916	958	(958)	(1,916)	1,501	751	(751)	(1,501)

Foreign currency risk

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, 2014 include two loans totaling 290 million US dollars (three loans totaling 327 million US dollars at year-end 2013) (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:

CURRENCY

	NOTIONAL BALANCE (THOUSANDS)	
	2014	**2013**
USD	118,587	90,459
CZK	21,000	102,900
EUR	16,873	14,401
GBP	9,249	10,463
THB	703,393	404,556

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.

Impact on profit

FLUCTUATION IN EUR

	2014				2013			
Due to derivatives:								
Income/(expense)	(10,00%)	(5,00%)	5,00%	10,00%	(10,00%)	(5,00%)	5,00%	10,00%
Profit before tax	1,703	854	(854)	(1,703)	2,215	1,030	(1,030)	(2,215)
Due to other financial instruments:								
Income/(expense)	(10,00%)	(5,00%)	5,00%	10,00%	(10,00%)	(5,00%)	5,00%	10,00%
Profit before tax	(1,552)	(813)	813	1,552	(776)	(406)	406	776

FLUCTUATION IN GBP

	2014				2013			
Due to derivatives:								
Income/(expense)	(10,00%)	(5,00%)	5,00%	10,00%	(10,00%)	(5,00%)	5,00%	10,00%
Profit before tax	(763)	(427)	427	763	1,066	550	(550)	(1,066)
Due to other financial instruments:								
Income/(expense)	(10,00%)	(5,00%)	5,00%	10,00%	(10,00%)	(5,00%)	5,00%	10,00%
Profit before tax	(42)	(22)	22	42	-29	(15)	15	29

FLUCTUATION IN USD

	2014				2013			
Due to derivatives:								
Income/(expense)	(10,00%)	(5,00%)	5,00%	10,00%	(10,00%)	(5,00%)	5,00%	10,00%
Profit before tax	630	304	(304)	(630)	(2,442)	(1,164)	1,164	2,442
Due to other financial instruments:								
Income/(expense)	(10,00%)	(5,00%)	5,00%	10,00%	(10,00%)	(5,00%)	5,00%	10,00%
Profit before tax	835	1,594	(835)	(1,594)	422	805	(422)	(805)

FLUCTUATION IN INTEREST RATES

	2014				2013			
Income/(expense)	(0,50%)	(0,25%)	0,25%	0,50%	(0,50%)	(0,25%)	0,25%	0,50%
Profit before tax	1,916	958	(958)	(1,916)	1,501	751	(751)	(1,501)

Impact on net debt

FLUCTUATION IN USD

	2014				2013			
Due to derivatives:								
+ 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	(13,323)	(6,979)	6,979	13,323	(16,761)	(8,779)	8,779	16,761

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, 2014 (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 2014 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, 2014 (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.

FINANCIAL ASSETS

	CARRYING AMOUNT
	12-31-2014
Financial assets	
Loans	36,622
Equity instruments	25,238
Other instruments	5,872
TOTAL NON-CURRENT	**67,732**
Loans	2,613
Other instruments	367
Derivatives	2,233
TOTAL CURRENT	**5,213**
Financial liabilities	
Loans and credit facilities	198,779
Other financial liabilities	68,389
TOTAL NON-CURRENT	**267,168**
Loans and credit facilities	315,025
Other financial liabilities	16,520
Derivatives	1,482
TOTAL CURRENT	**333,027**

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

	12-31-2014	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets				
Equity instruments	693	693	-	-
Derivatives	2,233	-	2,233	
Financial liabilities				
Other financial liabilities	69,229	-	-	69,229
Derivatives	1,482	-	1,482	-

Level 1 basically includes the valuation of equity interests classified as available for sale. Level 2 reflects the liability recognized under IAS 39 in connection with the shareholdings pending acquisition in 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 2014 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), a non-profit company 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

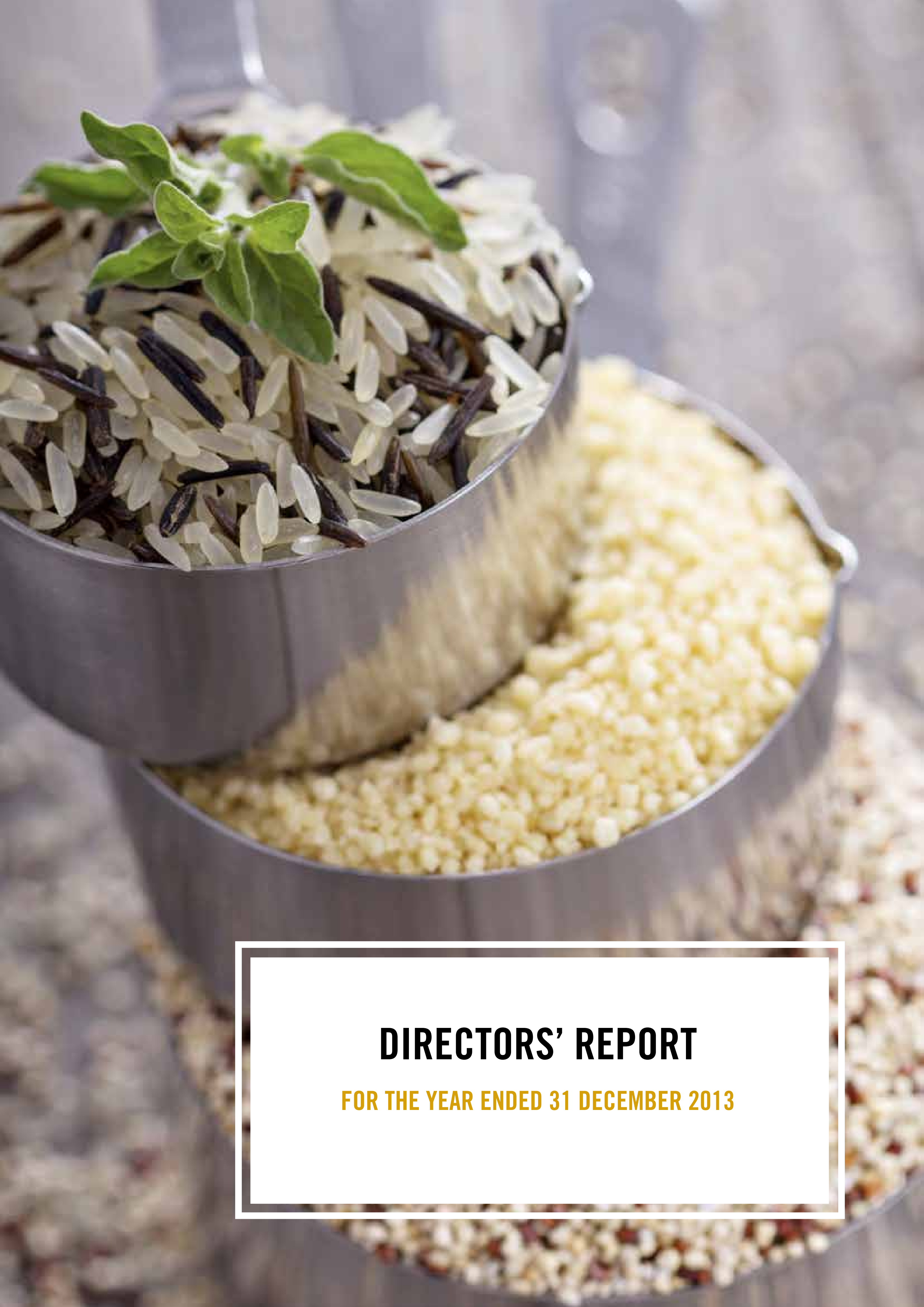
External services in the consolidated income statement include the fees paid to the auditors of the consolidated financial statements.

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 2014 and 2013 (which services were provided by a different auditor in 2013) were as follows:

- The fees corresponding to auditing services provided by EY in 2014 (Deloitte in 2013) amounted to 1,123 (2013: 1,421) thousand euros; those corresponding to other assurance services amounted to 95 (2013: 99) thousand euros.
- The fees for tax advisory and and/other services totaled 303 (2013: 112) thousand euros.

31. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events or developments between the end of the reporting period and the date of authorizing the accompanying financial statements for issue other than the CNMC verdict received on March 3, 2015 (note 21).



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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, within the legally stipulated limits, 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.

The production of the products sold by the Group relies heavily on the use of rice and durum wheat.

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: chips, omelettes, new fresh products, new higher value-added functional food ranges, etc.
  - 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.)
  - Meaningful positioning in the healthy-eating segment by introducing new concepts that capture emerging trends.
  - Expanded geographic footprint and rounding out of the product/country matrix:
    - Search for business opportunities that enable us to target our offering (Garofalo, Olivieri) at geographic markets presenting specific characteristics: a market size of 50-100m inhabitants with a developed retail sector or at least one under development, medium to high income per capita and business customs that are not too dissimilar to those of the Group.
    - Entry into new markets (India, Middle East, Eastern Europe and rest of 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 into realities for our customers.
  - 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

ENVIRONMENT

2014 was a disappointing year in the eurozone, shaped by doubts about the consolidation of the recovery, although the year ended on a more positive note. The GDP figures for the last two quarters and the improvement in economic indicators and consumer confidence towards the end of the year have dissipated risks of a third recession, albeit depicting a relatively unappealing landscape marked by slower than anticipated recovery, high unemployment rates and significant cross-country disparity. Nevertheless, the oil price correction, euro depreciation and renewal of credit, stimulated by expansionary monetary policy and investment policies, provide grounds for encouragement looking to 2015.

The US, in contrast, is clearly in recovery mode, having notched up GDP growth of 2.4% in 2014, with business and household confidence indicators bouncing back from the lows of 2009 and unemployment approaching the frictional rate. However, the surveys continue to show that a high percentage of US citizens believe that the recession is ongoing (70% according to the Nielsen Global Survey), while average household income remains below pre-crisis levels.

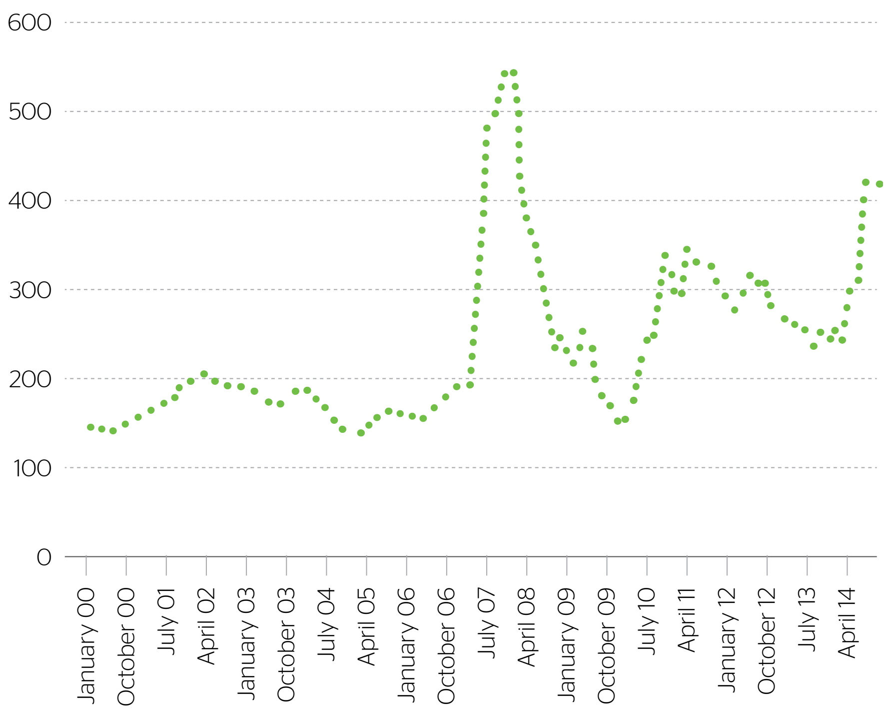
The years of uncertainty and high levels of unemployment that continue to afflict many developed economies have taken their toll on consumer habits. Shoppers have changed their ways: they are buying less, buying cheaper products and have traded down to high-quality private label brands or compellingly-priced brand name products.

The fact that the worst of the crisis is behind us is beginning to be palpable in consumer behavior indicative of more extensive price-benefit analysis relative to the price-sacrifice pattern typical during the recession. The shift in consumer habits has left the odd successful niche such as fresh products, designed to facilitate a pleasant experience without increasing household spending. The Group perceives significant upside in this segment against the backdrop of a market that is otherwise flat volume-wise in the developed world where demographic trends unlikely to help matters.

These changes have also affected the retail sector which is having to adapt to new tastes and preferences. New options are emerging that compete with traditional retailing such as online shopping, which is experiencing significant growth; the presence commanded by the leading offline retailers online is often not comparable with their conventional retailing market shares. As a result we are seeing M&A activity in some of the biggest markets.

An atypical year in the grain markets. Prices were stable for most crops, with inventory levels at historical highs. However, durum wheat provided the exception. The new harvest was affected by a reduction in acreage and a weaker-quality harvest due to strong seasonal rains in France and Canada: prices jumped from €250/MT in June to €430/MT in December. The durum wheat market is unusually tight, so that year-end inventory levels tend to be small; also there is no forward market and sector consolidation on the supply side has made it attractive to financial speculators. The price gap with respect to soft wheat grades has widened to unprecedented levels (around 2x on average) and this grain has become a highly volatile cereal. This trend is evident in its price performance over the last 15 years.

DURUM WHEAT PRICE €/TM



Source: the Ebro Foods Groupa

As for rice, it is estimated that the global 2014/15 harvest was approximately 3% smaller year-on-year (the prior year having constituted an all-time record), marking the first annual decline since 2007/2008. Despite this contraction, Chinese purchases of rice, an abundance of supply (Thailand continues to release the stock piled up by its government) and the downtrend in prices, the 2014 rice trade is estimated at 41.6 million tonnes, a record high. Generally speaking, long-grain prices were stable thanks to abundant supply in the main exporting markets, while the prices of the medium and short grain varieties were affected by droughts in California and Australia, which drove prices higher.

GROUP FINANCIAL PERFORMANCE

The Group's key financial indicators are presented below:

CONSOLIDATED FIGURES

	2012	2013	2013-2012	2014	*2014-2013*	CAGR2014-2012
REVENUE	1,981,130	1,956,647	*(1.2%)*	2,120,722	*8.4%*	***3.5%***
EBITDA	299,226	282,392	*(5.6%)*	287,251	*1,7%*	***(2.0%)***
% of Net Revenue	15.1%	14.4%		13.5%		
EBIT	244,319	226,356	*(7.4%)*	227,242	*0,4%*	***(3.6%)***
% of Net Revenue	12.3%	11.6%		10.7%		
Profit/(loss) before taxes	250,438	210,646	*(15.9%)*	215,749	*2,4%*	***(7.2%)***
% of Net Revenue	12.6%	10.8%		10.2%		
Taxes	(89,464)	(69,157)	*22.7%*	(64,407)	*6,9%*	***(15.2%)***
% of Net Revenue	(4.5%)	(3.5%)		(3.0%)		
Profit/(loss) for the year from continuing operations	160,974	141,489	*(12.1%)*	151,342	*7,0%*	***(3.0%)***
% of Net Revenue	8.%	7.2%		7.1%		
Profit/(loss) after tax for the year from discontinued operations	(2,523)	(7,507)	*197.5%*	(2,223)	*(70.4%)*	***(6.1%)***
% of Net Revenue	(0.1%)	(0.4%)		(0.1%)		
Net Profit	158,592	132,759	*(16.3%)*	146,013	*10.0%*	***(4.0%)***
% of Net Revenue	8.0%	6.8%		6.9%		
Average working capital	402,403	420,517	*(4.5%)*	442,036	*(5.1%)*	
Capital employed	1,212,424	1,286,515	*(6.1%)*	1,363,346	*(6.0%)*	
ROCE **(1)**	20.0	17.7		16.7		
Capex **(2)**	52,930	61,308	*15.8%*	67,123	*9.5%*	
Average headcount	4,741	4,665	*(1.6%)*	5,189	*11.2%*	
	31-12-12	**31-12-13**	**2013-2012**	**31-12-14**	***2014-2013***	
Equity	1,692,209	1,705,757	*0.8%*	1,849,485	*8.4%*	
Net debt	244,804	338,291	*38.2%*	405,617	*19.9%*	
Average net debt	294,114	260,820	*(11.3%)*	333,178	*27.7%*	
Leverage **(3)**	17.4%	15.3%		18.0%		
TOTAL ASSETS	**2,731,812**	**2,772,680**		**3,162,068**		

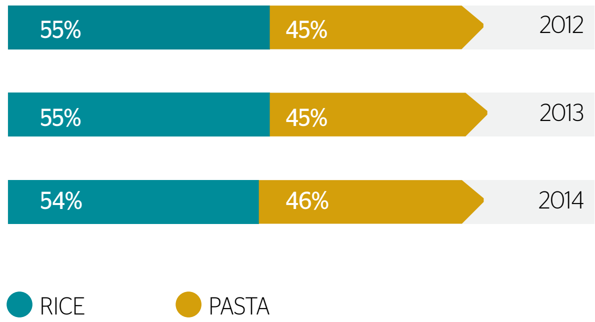
Thousands of euros

(1) ROCE = (Operating income CAGR last 12 months / (intangible assets - property, plant & equipment - working capital)
(2) Capex as cash outflow from investing activities
(3) Ratio of average net financial debt with cost to equity (excluding minority interests)

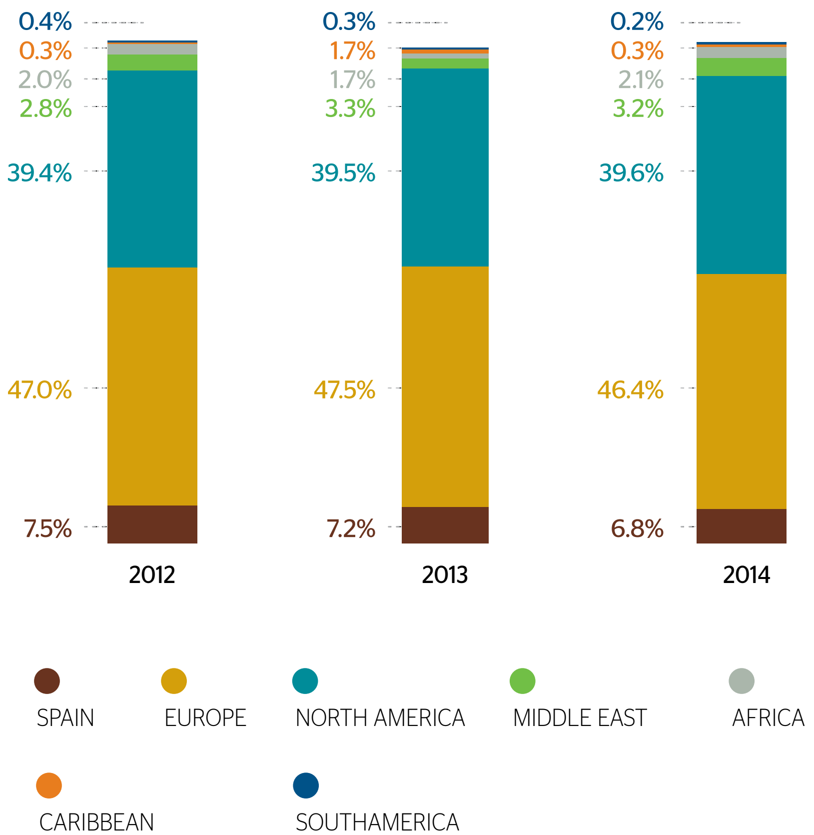
Revenue rose by 8.4% year-on-year, driven by significant volume growth and a contribution from new businesses (Olivieri and Garofalo) of 103 million euros.

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

BUSINESS SEGMENTS



GEOGRAPHIC MARKET



EBITDA rose by 1.7%, shaped by a 9.4 million euro contribution by new businesses and relatively unmarked by exchange rate trends. The business performance was very strong in all segments except for the US pasta market, which is contracting (by 1.8% by value according to the Nielsen XAOC 52-week scantrack): abundant promotions and strong price competition made it impossible to pass on the increase in durum wheat prices in full. This development, coupled with a less favorable product mix, drove a 13 million euro reduction in EBITDA.

The EBITDA margin declined slightly to 13.5%, driven entirely by the US pasta business, specifically two factors:

a) The abovementioned decline in profitability due to sharp price competition in a market suffering raw material price increases; and

b) Lower margins in the Olivieri fresh pasta business relative to the traditional dry pasta business of New World Pasta. The Olivieri acquisition is deemed a strategic acquisition due to the presence it provides in the fresh pasta segment in the US; however, the Group has to complete a growth and consolidation process to bring its margin contributions in line with those of other businesses and/or markets.

Profit for the year from continuing operations increased by 7.0% thanks to growth in recurring profitability as well as a series of non-recurring items, the most important being: a goodwill impairment loss recognized at the ARI cash-generating unit in the amount of 11.1 million, the gain on the sale of the shareholding in Deoleo of 14.0 million euros and the various tax factors (see note 25 to the consolidated financial statements).

The **ROCE** declined to 16.7%, driven entirely by the decline in the profitability of the US 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 date. In this instance the amounts shown in all three years correspond to the German pasta business and the loss generated by its sale, as detailed in note 7 to the consolidated financial statements.

ANALYSIS OF THE GROUP'S BALANCE SHEET

The trend in the Group's businesses in the last three years evidences the business combinations completed during this period: Olivieri (December 2013) and the Garofalo Group (June 2014). 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 sheet items denominated in this currency (2014). Both movements have the effect of increasing assets: an increase due to the first-time consolidation of new assets and an increase of 12% 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 assets classified as investment properties in the US and the sale of the shares in Deoleo classified as available for sale (this heading had increased in 2013 on the back of the gain in Deoleo's market value and the acquisition of a shareholding in Scotti Spa. for 18 million euros).

Other assets and other liabilities mainly include deferred taxes, pension obligations and provisions for charges and did not change significantly.

ITEM	2012	2013	2013-2012	2014	2014-2013
	BALANCE SHEET				
Intangible assets	373,993	373,544	(449)	433,974	60,430
Property, plant and equipment	496,045	509,673	13,628	612,771	103,098
Investment properties	32,637	33,139	502	30,832	(2,307)
PP&E AND INTANGIBLE ASSETSL	**902,675**	**916,356**	**13,681**	**1,077,577**	**161,221**
Financial assets	**62,756**	**108,141**	**45,385**	**67,732**	**(40,409)**
Goodwill	**823,207**	**851,617**	**28,410**	**932,596**	**80,979**
Other assets	**53,024**	**55,455**	**2,431**	**55,871**	**416**
Inventories	347,307	384,947	37,640	428,107	43,160
Trade receivables, Group companies	0	0	0	0	0
Trade receivables	317,261	302,994	(14,267)	349,117	46,123
Other accounts receivable	51,708	58,721	7,013	56,556	(2,165)
Trade payables, Group companies	0	0	0	0	0
Trade payables	(234,079)	(236,156)	(2,077)	(285,970)	(49,814)
Other accounts payable	(86,343)	(88,980)	(2,637)	(97,234)	(8,254)
NET CURRENT ASSETS (WORKING CAPITAL)	**395,854**	**421,526**	**25,672**	**450,576**	**29,050**
NET INVESTMENT	**2,237,516**	**2,353,095**	**115,579**	**2,584,352**	**231,257**
Capital	92,319	92,319	0	92,319	0
Reserves	1,441,298	1,480,679	39,381	1,611,430	130,751
Profit for the year	158,592	132,759	(25,833)	146,013	13,254
Less: Interim dividend	0	0	0	0	0
Less: Own shares	0	0	0	(277)	(277)
CAPITAL AND RESERVES	**1,692,209**	**1,705,757**	**13,548**	**1,849,485**	**143,728**
Non-controlling interests	**1,028**	**22,506**	**21,478**	**24,320**	**1,814**
Other liabilities	**299,475**	**286,541**	**(12,934)**	**304,930**	**18,389**
Loans from Group companies and associates	0	0	0	0	0
Less: Loans to Group companies and associates	0	0	0	0	0
Bank borrowings	408,570	421,148	12,578	513,053	91,905
Special financing	9,974	11,457	1,483	84,843	73,386
Less: Cash on hand and at banks	(156,724)	(94,014)	62,710	(191,477)	(97,463)
Less: Cash equivalents	(17,016)	(300)	16,716	(802)	(502)
NET BORROWINGS	**244,804**	**338,291**	**93,487**	**405,617**	**67,326**
TOTAL FUNDS	**2,237,516**	**2,353,095**	**115,579**	**2,584,352**	**231,257**

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.

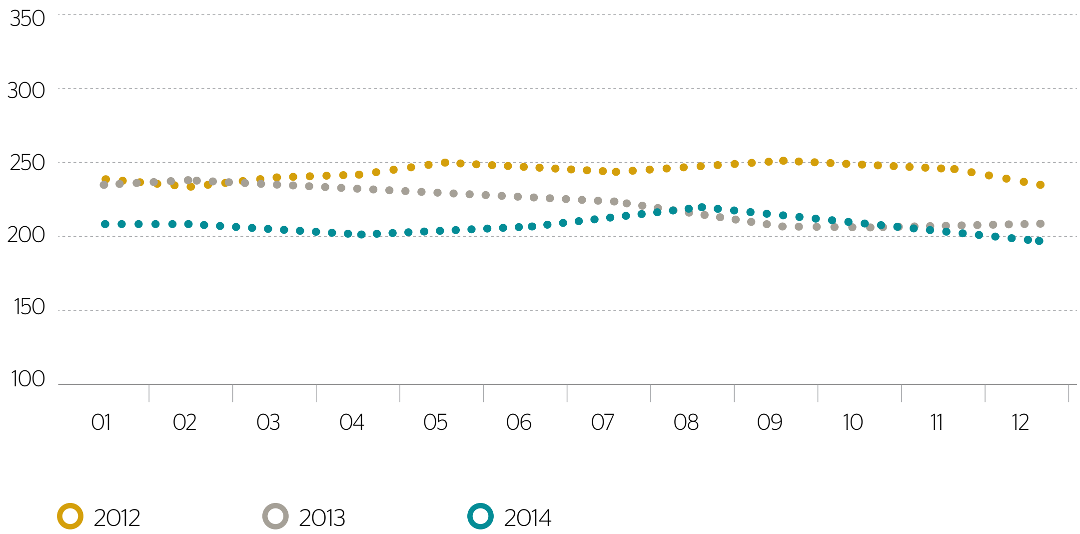
RICE BUSINESS

	2012	2013	*2013/2012*	2014	*2014/2013*	CAGR 2014-2012
Net Revenue	1,105,738	1,090,459	*(1.4%)*	1,139,697	*4.5%*	***1.5%***
EBITDA	161,035	137,627	*(14.5%)*	148,828	*8.1%*	***(3.9%)***
% of Net Revenue	14.6%	12.6%		13.1%		
EBIT	133,927	110,156	*(17.7%)*	121,789	*10.6%*	***(4.6%)***
% of Net Revenue	12.1%	10.1%		10.7%		
Average working capital requirement	298,822	329,938	*(10.4%)*	339,882	*(3.0%)*	
Capital employed	729,320	751,292	*(3.0%)*	767,771	*(2.2%)*	
ROCE	18.3	14.8		15.9		
Capex	19,105	21,186	*10.9%*	32,440	*53.1%*	

Thousands of euros

As indicated in the section addressing the business environment, the market was broadly stable in terms of prices, while global production hit an all-time high, with inventory levels also climbing to historically high levels. Asian rice variety export prices ticked higher in the summer but later reverted in the wake of forecasts for an uneventful El Niño-monsoon season and forecasts for a record harvest.

IPO RICE PRICE INDEX



In the US the season was very strong thanks to a very abundant harvest (+10% vs. 2013/14) which drove a reduction in the US l/g price gap with respect to other markets and a substantial improvement in export possibilities, particularly to South America.

US HARVEST PRICES

	14-15	13-14	12-13
Average price	14.25	16.3	14.9
Long grain	13.04	15.4	14.4
Medium grain	18.11	19.2	16.7

$/cwt

August-July. (Source: USDA)

The prices of medium grain varieties grown primarily in California held steady, widening the gap with respect to other long grain rices due to scarcity in other traditional markets (Egypt, Australia), coupled with relatively inelastic demand in north-eastern Asia.

The reduced size of the crop in this region was offset by higher long grain plantation volumes in the southern states.

As for the aromatic varieties, it is worth highlighting the fact that basmati rice prices settled back down at just over $1,000/MT.

Revenue growth in this business was driven entirely by volumes, as prices were flat or slightly lower, in line with raw material payments at source. The revenue growth was underpinned by:

- Recovering volumes at some subsidiaries which had seen volumes decline in prior years: Morocco, where a change in sales strategy accompanied by better control over imports drove growth in branded product sales of 106%; Puerto Rico, where the business had been hindered for years by anti-trust legal battles, with branded product sales jumping 94%.
- New businesses such as that articulated around functional foods. This market is very promising growth-wise as well as offering an avenue for substituting part of the traditional low value-added offering with products positioned at the higher end of the value chain. The Group is presently in the throes of restructuring its industrial and sales activities around ingredients.
- The replacement of the traditional product range by those launched in recent years (extensive range of products in a cup, assembly dishes, Sabroz, etc.) are helping to defend market shares and sales by value.
- Riviana was particularly strong across all products in the US, offsetting the weaker performance at ARI, subject to pressure at the lower end of the domestic market and sharp price competition for its best-selling Abu Bint rice of Asian origin.

EBITDA increased by 8.1% year-on-year. Growth in EBITDA outpaced topline growth, implying margin expansion (13.1% in 2014 vs. 12.6% in 2013). The advertising spend was pared back by a slight 2 million euros, virtually all of which in the US.

It is worth singling out Riviana, which posted record revenue of 97 million dollars. The Group maintained its leadership position (21.7% by volume according to the Nielsen XAOC 52-week scantrack) and increased its share by value in a market that expanded by 3% by volume and value. The topline growth was accompanied by margin expansion thanks to the slight downtrend in prices coupled with relatively light competitive pressure in the domestic market.

In contrast, the issues afflicting Texas (scarcity of rain and low reservoir levels, at under 55% of capacity, preventing irrigation in certain traditional rice-producing regions) is now considered endemic and a grave supply threat for the Group's factory in Freeport (Texas), owned by American Rice (ARI). The need to ship rice in from the Mississippi Delta region makes it unable to compete in a significant part of its market. This situation was exacerbated by a decline in exports of Abu Bint-branded products, whose contribution fell to 3.2 million dollars.

These circumstances triggered the need to recognize an impairment loss against this business's goodwill, as detailed in note 14 to the accompanying consolidated financial statements.

The rice businesses in Europe and the rest of the world performed well, shaped by the aforementioned recoveries in Morocco and Puerto Rico and a satisfactory competitive positioning at our Asian subsidiaries thanks to expanded supply possibilities and competitive prices. In contrast, the production of par-boiled rice in Spain was hit by competition from the abovementioned markets. It is also worth noting that the re-establishment of normality in the basmati segment helped to significantly offset the margin erosion sustained in this segment, which is particularly important in northern Europe.

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

	2014	%	2013	%
Spain	28,539	38.9%	31,474	47.0%
Europe	40,873	55.7%	33,454	49.9%
Other	3,916	5.3%	2,100	3.1%
TOTAL EBITDA	**73,328**	**100.0%**	**67,028**	**100.0%**

The products launched in recent years continued to stage very healthy performances with the Sabroz brand spearheading this trend, registering year-on-year growth in sales volumes of 35% to 4,435 MT. Other new products launched in Spain such as SOS Sabores, the Sundari range of aromatic rice and Scotti Italian rice products helped the Group to defend its market shares against the backdrop of a stagnant or even shrinking market (by volume).

The rice cups deserve special mention. This product is creating cross-fertilization opportunities, paving the way for introduction of new products and new market penetration. The goal is to build a category comprising multiple formats (regular and XL), products (rice, pasta, other cereals and legumes), uses (mix & go) and cooking methods (microwave, pan-fry). This segment registered growth in Spain of 10% by value and 17% by volume and growth in the US of 10% by value.

ROCE in this business rose sharply thanks to wider profitability coupled with broadly unchanged average working capital after factoring in the impact of the new factory in India. Nevertheless, this return metric remains below 2011 levels due to the decline in profitability at ARI.

The most important investments undertaken in this business **(capex)** related to a new frozen pasta nest line (3 million euros), new finished product silos in Italy (1 million euros), a new packaging line at the Antwerp factory (0.6 million euros), the expansion and upgrade of the Wormer plant (1.6 million euros), the expansion and upgrade of the Algemesí mill (3.2 million euros), productivity improvements at the factory in Freeport (2.4 million euros) and the installation a new gluten-free production line in Memphis for 8.7 million euros.

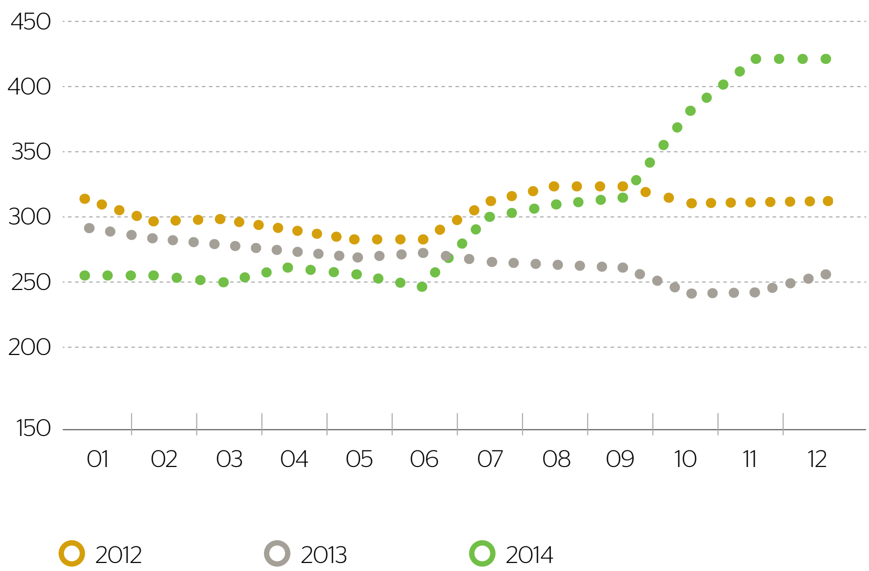
PASTA BUSINESS

	2012	2013	*2013/2012*	2014	*2014/2013*	TAMI 2014-2012
Net Revenue	914,783	915,120	*0.0%*	1,029,294	*12.5%*	***6.1%***
EBITDA	146,132	152,955	*4.7%*	146,317	*(4.3%)*	***0.1%***
% of Net Revenue	16.0%	16.7%		14.2%		
EBIT	118,884	125,725	*5.8%*	114,397	*(9.0%)*	***(1.9%)***
% of Net Revenue	13.0%	13.7%		11.1%		
Average working capital requirement	90,115	76,369	*15.3%*	94,810	*(24.1%)*	
Capital employed	520,948	508,429	*2.4%*	578,767	*(13.8%)*	
ROCE	22.4	25.7		20.5		
Capex	33,040	38,720	*17.2%*	34,249	*(11.5%)*	

Thousands of euros

As noted earlier in this report, durum wheat prices started to shoot up in June and, coinciding with the new harvest, ended the year at over 400 euros a tonne. Strong rains in the run-up to the harvest in Canada and a reduction in planted acreage in the European Union (particularly in France where quality issues arose again as a result of abundant seasonal rains) drove a drop in global production to the lowest level since 2002, as well as grain quality issues. The quality defects even prompted the emergence of specific markets for grain meeting pasta-making quality standards.

DURUM WHEAT PRICES, EUR/TONNE



Revenue in this division increased thanks to the first-time consolidation of Olivieri (consolidated for just one month in 2013) and Garofalo (from June). The new businesses contributed 103 million euros. Both new companies are an important component of the Group's strategy and business development plans are in place to expand their reach to markets management views as complementary.

The rest of the year-on-year change is attributable to volume growth in France, the US and Canada, albeit accompanied by a less favorable sales mix in the latter two markets. The Group only started to pass the the sharp growth in raw material costs on to end customers towards the end of the year.

By geographical markets:

- In France, the dry and fresh pasta markets increased by volume (+0.9% and +4.4%, respectively), with sales volumes of the Panzani (+1.7% volume growth in dry pasta) and Lustucru Frais (+7.2% volume growth in fresh products) brands despite the issues facing the retail sector, with our major customers in the throes of far-reaching concentration as a result of fierce competition. Nevertheless, Panzani registered record growth and saw its brand recognition increase (second most popular brand in the consumer preferences poll taken by Panel Toluna in July 2014). Innovation was key to surmounting the price war, particularly in the lower value-added product categories. The Group created new product categories (potato and potato derivative-based products such as cubes, noisettes, crisps and omelettes; +19% vs. 2013) and repositioned its fresh product line, launching Triglonis under the Lustucru Selection brand.
- Although it only contributed for six months of the year, Garofalo performed very well. This brand unquestionably leads the premium pasta segment in Italy and registered growth of 4.8% by volume and 6.8% by value. The Group has begun to distribute Garofalo products in other markets where management believes this range will complement existing product ranges.
- United States. This market contracted somewhat (-0.5% by volume) and was characterized by intense promotional activity (-1.8% by value). Against this weak overall backdrop, the contraction was more accentuated in the healthy pasta segment (which encompasses wholegrain pasta, high-fiber pasta, vegetable pasta, low-calorie pasta and gluten-free pasta). Within this segment, only gluten-free products registered growth; the Group has stepped up its strategic commitment to this niche with new varieties and specific investments at the Memphis factory.
- Canada. The dry pasta segment registered growth by volume (+1.4%) but contracted by value (-0.9%) due to intense price competition. 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 31.9%. The fresh pasta segment registered growth by volume and value of 6.5% and 4.6%, respectively, and Olivieri defended its leadership with a market share of 45.7%.

EBITDA narrowed by 4.3% to leave it virtually flat over a three-year period, despite the positive contribution by the newer businesses, most particularly Garofalo, which contributed 7.4 million euros during the six months this business was consolidated. The advertising investment was pared back slightly (by 2 million euros) on a like-for-like basis (stripping out the new companies).

France's EBITDA contribution declined only slightly (-0.8 million euros) despite the pressure implied by supply costs thanks to volume growth, a powerful sales leadership policy and continual productivity gains at local factories (investment in the French pasta and semolina plants) and facilities (new logistics platform).

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

NWP encompasses the dry and fresh pasta businesses in the US and Canada. The Olivieri-branded fresh pasta and sauces business suffered an important setback when Costco removed some of its products from its supermarket shelves to make way for its private-label brands; this company has a long way to go in order to improve its processes, renovate its brands, rejuvenate and expand its product portfolio and renew its sales and marketing policy, all these targets having been set down in its 5-year business plan.

The **ROCE** in the pasta business declined to 20.5% due to the reduction in profitability as the increase in working capital and capital employed corresponds to the new businesses.

Capex was concentrated at the factory level. Specifically, the Group added capacity and drove productivity gains in fresh products in Communay (vicinity of Lyon) (6.8 million euros to put investment to date at 23 million euros), which launched its first production lines at the end of the year; bought new equipment for the semolina plants (2.2 million euros), to expand capacity at the dry pasta factories (7.8 million euros) and for the couscous factory (2 million euros); invested in a new packaging line in Winchester (1.2 million euros), a new short pasta line in St. Louis (2.1 million euros) and upgraded a long pasta line in Winchester (1.1 million euros).

STAFF MATTERS AND ENVIRONMENTAL DISCLOSURES

The Group's ultimate objective on the labor front is to foster mutually-beneficial labor relations, making its employees feel vested in the organization, encouraging their career development, promoting equal opportunities and taking a zero-tolerance stance on discrimination and establishing, in a nutshell, a tranquil workplace climate.

Each of the Group companies is governed by the labor legislation prevailing in the countries in which they do business. In addition, the bigger subsidiaries have formulated their own human resource policies that regulate relations between management and employees. Above all of these policies, and notwithstanding the terms of the collective bargaining agreements of the various companies comprising the Ebro Foods Group, there is a corporate Code of Conduct designed not only to ensure the ethical and responsible conduct of the professionals of all Ebro Foods companies on the job but also to serve as a guide for defining employment policies and safeguards, workplace health and safety policy, training initiatives and the principles for guaranteeing the absence of discrimination and the promotion of diversity and equality in hiring decisions.

Note 8 to the consolidated financial statements provides additional staff disclosures.

Regarding the Group's sustainability policies, one of the Ebro Foods Group's '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 tandem 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 main investment made in 2014 was the acquisition of 52% of the Garofalo Group (note 5 to the consolidated financial statements) for 63.5 million euros, 58.3 million of which was paid upfront, while the remainder was deferred. The acquisition was financed using a mix of internally-generated funds and third-party credit lines.

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
2012	52,930
2013	61,308
2014	67,123

Thousands of euros

Since 2013, investment in innovation has been concentrated around the Fresh Pasta Plan and physically around the Lyon region. The goal is to increase capacity for the production of products such as pan-fry gnocchis and other potato-based dishes. 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 in 2014 (8.7 million euros) at the Memphis factory in order to cater to growth in this segment.

FINANCIAL POSITION

The Group is very satisfied with its leverage position.

NET DEBT

	CONSOLIDATED				
	2012	**2013**	***2013/2012***	**2014**	***2014/2013***
Equity	1,692,209	1,705,757	*0.8%*	1,849,485	*8.4%*
Net debt	244,804	338,291	*38.2%*	405,617	*19.9%*
Average net debt	294,114	260,820	*(11.3%)*	333,178	*27.7%*
Leverage	14.5%	19.8%	*37.1%*	21.9%	*10.6%*
Leverage (avge. debt) **(1)**	17.4%	15.3%	*(12.0%)*	18.0%	*17.8%*
EBITDA	299,226	282,392	*(5.6%)*	287,251	*1.7%*
Coverage	0.82	1.20		1.41	

Thousands of euros

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

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 coverage ratio remains at an optimal level and implies ample scope for capital expenditure and continued M&A-led growth. The change in borrowings was shaped by the trend in free cash flow generation:

	CONSOLIDATED				
	2012	**2013**	***2013/2012***	**2014**	***2014/2013***
Cash flows from operating activities	220,734	161,118	*(27.0%)*	211,275	*31.1%*
Cash flows used in investing activities	(37,029)	(163,961)	*342.8%*	(60,193)	*(63.3%)*
Cash flows used in share-based transactions	(44,296)	(92,319)	*108.4%*	(76,833)	*(16.8%)*
FREE CASH FLOW	**139,409**	**(95,162)**		**74,249**	

Thousands of euros

Note 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 (acquisition of Olivieri and Scotti in 2013 and the acquisition of Garofalo and exit from Deoleo in 2014.)
- Share-based transactions. Dividend payment (special 2013 dividend) and trading in own shares (sale of treasury shares in 2012).

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

The Ebro Foods Group, guided by the Internal Control Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") has established enterprise risk identification, assessment, management and reporting systems.

In 2011 the Group defined its risk map which it manages using a computer application called GIRO. The risk map establishes a risk matrix at the Group and individual company levels, assigning probabilities of occurrence as a function of the related impacts and risk mitigation plans to each. Each year the Group reviews its key risks, the associated risks and the related control mechanisms.

Section E of the Corporate Governance Report provides a detailed description of the main risks to which the Group is exposed, its control systems and how it attempts to mitigate them.

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 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 to the consolidated financial statements.

5. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events or developments between the end of the reporting period and the date of authorizing this management report for issue other than the CNMC verdict received on March 3, 2015 (note 21 to the consolidated financial statements).

6. GROUP OUTLOOK

Although it may sound hollow after several years foreshadowing a recovery, general dynamics suggest that the recovery should indeed continue in 2015, although there is widespread consensus that the pace will vary by country. The firming being evidenced in macroeconomic and financial indicators pressingly needs to translate into tangible improvement for households. This trickle-down effect has yet to materialize even in the US, the developed economy furthest along the recovery path. Tailwinds include oil prices at around $50/bbl, decisively accommodating, investment-friendly monetary policy in Europe and exchange rate trends.

The outlook for the rice market is for stability, marked by a gentle downtrend in long grain purchase prices in the wake of a beneficial monsoon season that left excellent harvests in southern Asia at the end of 2014. It remains tobe seen how dollar trends will affect imports in this currency but it looks as if they will make Spanish rice, particularly par-boiled varieties for export, less competitive. The prices of short and medium grains, meanwhile, are expected to rise due to low reservoir levels in California and Australia where these varieties are most commonly grown. The production situation in Texas is not expected to change significantly.

RICE BUSINESS

The outlook for consumption trends and demand for higher value-added products such as the instant and ready-to-serve rices in the US is bright. The concerns lie mainly with the apparently unstoppable appreciation of the dollar and its impact on US rice exports. If the price gap with rice from other markets increases, we could see intense competition exerting downward pressure on prices.

Despite these potential issues, the budget calls for slight growth in volumes supported by a higher marketing budget and intensification of commercial activity in a bid to offset a potential price war. Riviana is strategically committed to innovation, particularly instant and ready-to-serve (RTS) rice (minute rice) as well as new rice and bean mixes in RTS, instant and traditional formats.

Work at the Freeport plant (Texas) will focus on enhancing productivity to compete with Arkansas and Louisiana producers even though the scarcity of local rice will continue to imply an additional competitiveness-eroding cost factor.

No major changes are anticipated in Europe or the rest of the world. There is scope for continued improvement in northern European markets where the fruits of the restructuring efforts undertaken in 2013 and consolidation of the ingredients segment are gradually becoming tangible. The south-east Asian subsidiaries are expect to continue to perform well and continue to focus on providing the Group with quality rice at compelling prices. Innovation is the key value driver in this business, with new products compensating for volume contraction in traditional products. However, in 2015 the Group plans to step up efforts to defend the traditional segment, giving new product launches a rest and rebalancing the advertising and marketing budget. Lastly, the Group expects momentum in Brillante Sabroz to continue and is planning to create a full range of RTS rice.

PASTA BUSINESS

The strategy in the pasta business will be shaped by the extraordinary rise in durum wheat prices. This situation requires complex negotiations with the retail sector in order to pass on price growth, a process that is increasingly more difficult in light of sector consolidation which is boosting the bargaining power of the remaining retailers. In addition, there is little room for manoeuvre in markets experiencing intense price competition (such as the US).

In the US, the Group is looking for consolidation of the gluten-free product range (multi-grain mix of rice, corn and quinoa) and low-calorie ranges and plans to make further progress on the launch of the Healthy Harvest range of ancient grains (wholegrain flour reformulated with other cereals with higher nutritional content) which it hopes will garner more supermarket shelf space, offsetting the downtrend in traditional healthy pasta products. Margins are likely to remain under pressure from launch costs; however the foundations will be laid for profitability gains going forward.

Olivieri is expected to continue to lead the fresh pasta and sauces market in Canada. The Group plans to reposition the company in the sauces segment and continue to adapt its strategy to the Group's needs. We expect these changes to begin to bear fruit from 2016.

In Europe the strategy is to defend margins despite higher raw material prices. Over a medium term horizon, the Group will analyze the entire supply chain in search of greater market stability in the wake of burgeoning volatility in recent years. The Group will continue to invest to boost productivity and capacity to support new launches. The new fresh products factory should be fully operational in 2015.

Other lines of strategic initiative planned include exploration of new sales channels that foster disintermediation (e-commerce), new product development (fresh pasta snacks) and new market approaches.

Development of the Garofalo brand is a top priority. In addition to defending its presence in existing markets, management believes this brand has the power to drive the Group's growth in the premium pasta segment; as such it plans to expand its distribution to the markets where management believes there is demand for this range and where a premium range would complement existing product lines.

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 2014.

In total, R&D expenditure totaled 4.3 million euros in 2014 (2.8 million euros of which funded internally and 1.5 million, externally).

Capitalized development costs amounted to 20.2 million euros, most of which corresponded to gluten-free products, the fresh pasta segment and frozen pasta portions (18.4 million euros on aggregate), with the rest earmarked 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 2014 were:

1. CEREC, located in St. Genis Laval (France) with nine employees, focuses on the fresh pasta, potato, ready-cooked fresh meals and sauce segments of the pasta business. In 2014 it concentrated on expansion of the 'bolo balls' range of sauces, new squeezable and tube-based sauce formats, repositioning of the Triglioni fresh pasta range at the high end of the market and the development and launch of Croque (sandwiches).

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 2014 it continued to work on new uses for durum wheat flour for batters, breads and baked goods, development of new recipes for aromatic and spiced rice, and dry pasta product quality improvements.

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 new Healthy Harvest (ancient grains) range, expanding the gluten-free and low-cal ranges, a series of initiatives designed to boost efficiency and productivity by means of new or reformulated processes and the fine-tuning of new grain varieties for the ready-to-serve cup range.

4. Centers associated with the Herba Group in Moncada (Valencia) and the San José de la Rinconada plant, with 31 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 that are expected to form the kernel of an entirely new business line.

8. OWN SHARE TRANSACTIONS

In 2014, the Parent 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 (and 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.

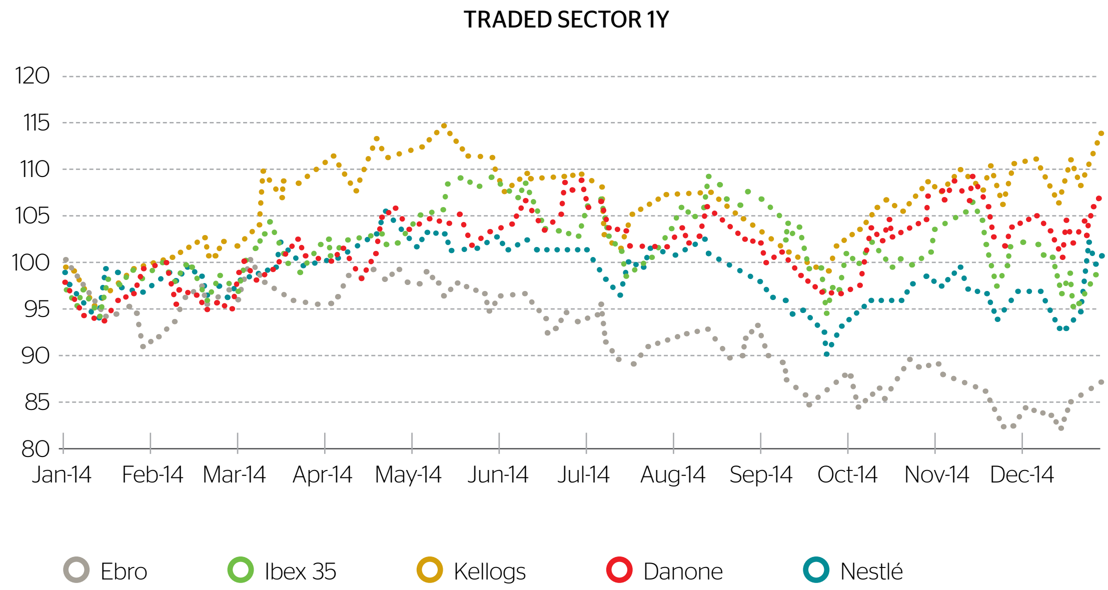
At December 31, 2014, the Company held 19,463 own shares as treasury shares, equivalent to 0.013% of share capital. Management had not established any specific purpose for these own shares at year-end.

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 26 days in 2014 and 27 days in 2013, which is less than the deadline stipulated in legislation passed to tackle supplier non-payment.

SHARE PRICE PERFORMANCE



Updated research reports by the analysts covering the Company's stock are available for consultation on the corporate website.

DIVIDEND DISTRIBUTION

At the Annual General Meeting of June 4, 2014, the Parent's shareholders ratified the motion to pay a cash dividend with a charge against unrestricted reserves of 0.50 euros per share, for a total payment of 76,932 thousand euros; this dividend was paid in equal instalments of 0.125 euros per share on April 2, July 2, October 2 and December 22, 2014.

ANNUAL CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

ANNEX 1

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

DETAILS OF ISSUER

YEAR ENDED	31/12/2014

TAX REGISTRATION NUMBER	A47412333

NAME
EBRO FOODS, S.A.

REGISTERED OFFICE
PASEO DE LA CASTELLANA 20, PLANTAS 3ª Y 4ª, MADRID

ANNUAL CORPORATE GOVERNANCE REPORT
LISTED COMPANIES

A OWNERSHIP STRUCTURE

A.1 Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
11/06/2002	92,319,235.20	153,865,392	153,865,392

Indicate whether there are different classes of shares with different associated rights:

YES ☐ NO ☒

A.2 Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights	Interest / total voting rights (%)
CORPORACIÓN FINANCIERA ALBA, S.A.	0	15,400,000	10.01%
JUAN LUIS GÓMEZ-TRENOR FOS	0	10,924,443	7.10%
SOCIEDAD ANÓNIMA DAMM	0	15,426,438	10.03%
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	15,940,377	10.36%

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of voting rights
CORPORACIÓN FINANCIERA ALBA, S.A.	ALBA PARTICIPACIONES, S.A.	15,400,000
JUAN LUIS GÓMEZ-TRENOR FOS	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	10,924,443
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	15,426,438
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	15,940,377

Indicate the principal movements in the shareholding structure during the year:

A.3 Complete the following tables on directors with voting rights in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	0	0.00%
ALIMENTOS Y ACEITES, S.A.	15,940,377	0	10.36%
FERNANDO CASTELLÓ CLEMENTE	2,307,828	0	1.50%
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	3,030	3,080,000	2.00%
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	10,707,282	0	6.96%

Name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights held
HISPAFOODS INVEST, S.L.	13,790,336	10,707,282	15.92%
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	8,969	2,044	0.01%
JOSÉ NIETO DE LA CIERVA	30	0	0.00%
EUGENIO RUIZ-GÁLVEZ PRIEGO	153	0	0.00%
JOSÉ ANTONIO SEGURADO GARCÍA	100	0	0.00%

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	3,080,000
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HISPAFOODS INVEST, S.L.	10,707,282
JOSÉ NIETO DE LA CIERVA	Mª MACARENA AGUIRRE GALATAS	2,044

Total % of voting rights held by board members	36.89%

Complete the following tables on directors with stock options in the company:

A.4 Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, except any that are insignificant and those deriving from ordinary commercial business:

Name of related parties
CORPORACIÓN FINANCIERA ALBA, S.A.
ALBA PARTICIPACIONES, S.A.

Type of relationship: Corporate
Brief description:
Corporación Financiera Alba, S.A. holds a direct interest of 100% in Alba Participaciones, S.A.

Name of related parties
SOCIEDAD ANÓNIMA DAMM
CORPORACIÓN ECONÓMICA DAMM, S.A.

Type of relationship: Corporate
Brief description:
Sociedad Anónima Damm holds a direct interest of 99.93% in Corporación Económica Damm, S.A.

Name of related parties
JUAN LUIS GÓMEZ-TRENOR FOS
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.

Type of relationship: Corporate
Brief description:
Juan Luis Gómez-Trenor Fos owns 100% of the capital of Empresas Comerciales e Industriales Valencianas, S.A.: direct interest of 99.995% and indirect interest of 0.005% through Valvega, S.L.
Mr Gómez-Trenor Fos is the Sole Director of Empresas Comerciales e Industriales Valencianas, S.A.

Name of related parties
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

ALIMENTOS Y ACEITES, S.A.

Type of relationship: Corporate
Brief description:
Sociedad Estatal de Participaciones Industriales holds a direct interest of 91.9625% in Alimentos y Aceites, S.A.

A.5 Describe the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

A.6 State whether the company has been notified of any shareholders' agreements that may affect it pursuant to sections 530 and 531 of the Corporate Enterprises Act. If any, describe them briefly and list the shareholders bound by the agreement:

YES ☐ NO ☒

Indicate and describe any concerted actions among company shareholders of which the company is aware:

YES ☐ NO ☒

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year.

A.7 Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 4 of the Securities Market Act and identify it/them if appropriate:

YES ☐ NO ☒

Comments

A.8 Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
19,463	0	0.02%

(*) Through:

Describe any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

A.9. Indicate the term and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares

The Annual General Meeting of Shareholders held on second call on 15 June 2011 resolved, under item five on the agenda, to authorise the Board of Directors to buy back own shares and reduce the company's capital and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in law.

a. Conditions of the authorisation

Authorisation to the Board of Directors to buy back own shares and authorisation of subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, on one or several occasions, subject to the limits and other requisites stipulated in sections 146, 509 and other applicable provisions of the Corporate Enterprises Act:

- The par value of the shares acquired directly or indirectly, when added to the par value of any shares already held by the company and its subsidiaries, may not at any time exceed 10% of the capital.

- The acquisition, including any shares that the company, or any person acting in his own name but on behalf of the company, has acquired earlier and holds as treasury stock, does not reduce the equity to below the amount of capital plus legal or statutory undistributable reserves. For this purpose, equity shall be the amount calculated as such according to the criteria for drawing up the annual accounts, less any profits attributed directly thereto and plus any uncalled subscribed capital and the par value and share premiums of any subscribed capital that is accounted for as liabilities.

- The shares acquired must be fully paid up.

- The minimum and maximum price of the acquisition must be equivalent to the par value of the own shares bought back and their market price on an official secondary market, respectively, at the time of purchase.

b. Contents of the authorisation

- Authorisation of the Board to buy back own shares, by virtue of a direct decision or through delegation to the Executive Committee or such person or persons as the Board may authorise for this purpose, to hold those shares as treasury stock, dispose of them or, as the case may be, propose their redemption to the General Meeting, subject to the limits stipulated in law and the conditions established in this resolution. The authorisation is extended to the possibility of buying back own shares for delivery directly to employees or directors of the company or its group, on one or several occasions, or upon exercise of any stock options that they may hold, pursuant to s. 146.1(a), paragraph 3, of the Corporate Enterprises Act.

- Authorisation of the Board to reduce the capital in order to redeem shares bought back by the company or acquired by any of the companies in its group, against the capital (for their par value) and unappropriated reserves (for the amount of their acquisition in excess of that par value), in such amounts as may be deemed fit from time to time, up to the maximum of the own shares held from time to time.

- Delegation to the Board to execute the resolution to reduce the capital, so that it may do so on one or several occasions or decline to do so, within a period not exceeding 5 years from the date of this General Meeting, taking whatsoever actions may be necessary for this purpose or required by prevailing legislation.

c. Term of the authorisation

- The authorisations are granted for a maximum of five years from the date of the General Meeting.

The resolutions transcribed rendered null and void the corresponding resolutions adopted at the General Meeting held on 1 June 2010 and remain in force, not having been since revoked.

A.10 Indicate any constraints on the transferability of shares and/or any restrictions on voting rights. In particular, indicate the existence of any constraint or limitation that may hamper takeover of the company through the acquisition of its shares on the market.

YES ☐ NO ☒

A.11 Indicate whether the General Meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007:

YES ☐ NO ☒

If so, explain the measures approved and the terms on which the restrictions will become ineffective:

A.12 State whether the company has issued any shares that are not traded on an EU regulated market.

YES ☐ NO ☒

If appropriate, indicate the different classes of shares and the rights and obligations conferred for each class.

B. GENERAL MEETING

B.1 Indicate whether there are any differences between the quorums established for General Meetings and the minimums stipulated in the Corporate Enterprises Act and, if any, explain.

YES ☐ NO ☒

B.2 Indicate whether there are any differences in respect of the system stipulated in the Corporate Enterprises Act for adopting corporate resolutions and, if any, explain.

YES ☐ NO ☒

What differences exist in respect of the system stipulated in the Corporate Enterprises Act?

B.3 Indicate the rules for alteration of the company's articles of association. In particular, indicate the majorities stipulated for altering the articles of association and the rules, if any, protecting shareholders' rights in any alteration of the articles.

There are no requirements for altering the articles of association other than those stipulated in the Corporate Enterprises Act.

B.4 Give details of attendance of general meetings held during the year of this report and the previous year:

	Details of Attendance				
			% distance voting		
Date General Meeting	**% in person**	**% by proxy**	**Electronic vote**	**Others**	**Total**
04/06/2013	1.71%	63.69%	0.00%	0.00%	65.40%
04/06/2014	5.29%	65.67%	0.00%	0.00%	70.96%

B.5 Are any restrictions are established in the articles of association requiring a minimum number of shares to attend general meetings?

YES ☐ NO ☒

B.6 State whether it has been ruled that certain decisions which entail a structural modification of the company (spin-offs, sale and purchase of essential operating assets, transactions equivalent to liquidation of the company…) are to be laid before the general meeting for approval even though this is not expressly required under commercial law.

YES ☒ NO ☐

B.7 Indicate the address and access to the company's website and where to find information on corporate governance and other information on general meetings that must be made available to shareholders through the company's website.

The corporate website of Ebro Foods, http://www.ebrofoods.es, is set up as a vehicle of continuous, up-to-date information for the company's stakeholders and the financial market in general.

In this respect, the home page includes a specific section, called "Information for shareholders and investors", which contains all the information required under the applicable legal provisions.

Pursuant to current legislation, this section includes the chapter on Corporate Governance at the following address:

http://www.ebrofoods.es/informacion-para-accionistas-e-inversores/gobierno-corporativo/reglamento-de-la-junta-general/ or:
http://www.ebrofoods.es/information-for-shareholders-and-investors/corporate-governance/regulations-of-the-general-meeting/

And within that Corporate Governance section we can find all the information that the company makes available to shareholders for general meetings, specifically at http://www.ebrofoods.es/informacion-para-accionistas-e-inversores/gobierno-corporativo/junta-general-de-accionistas/ (or: http://www.ebrofoods.es/information-for-shareholders-and-investors/corporate-governance/general-meeting/). There is also a direct link to the General Meeting of the current year from the home page (http://www.ebrofoods.es/).

The Corporate Governance chapter is structured in the following sub-sections:

- Regulations of the General Meeting
- General Meeting of Shareholders
- Shareholders' Agreements
- Regulations of the Board
- Board of Directors
- Corporate Governance Report
- Report on the Remuneration Policy for Directors
- Code of Conduct

The contents of this chapter are structured and hierarchical, with a concise, explanatory title, to permit rapid, direct access to each section, in accordance with legal recommendations, at less than three clicks from the home page.

All these sections have been designed and prepared according to the principle of accessibility, aiming to enable fast location and downloading of the required information.

The corporate website has been set up in several languages.

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1 State the maximum and minimum numbers of directors stipulated in the articles of association:

Maximum number of directors	15
Minimum number of directors	7

C.1.2 Give details of the board members:

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
ANTONIO HERNÁNDEZ CALLEJAS		CHAIRMAN	24/01/2002	04/06/2014	RESOLUTION PASSED AT AGM
DEMETRIO CARCELLER ARCE		VICE-CHAIRMAN	01/06/2010	04/06/2014	RESOLUTION PASSED AT AGM
ALIMENTOS Y ACEITES, S.A.	CONCEPCIÓN ORDÍZ FUERTES	DIRECTOR	23/07/2004	04/06/2014	RESOLUTION PASSED AT AGM
FERNANDO CASTELLÓ CLEMENTE		DIRECTOR	29/05/2012	04/06/2014	RESOLUTION PASSED AT AGM

JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL		DIRECTOR	29/05/2012	04/06/2014	RESOLUTION PASSED AT AGM
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	JUAN LUIS GÓMEZ-TRENOR FOS	DIRECTOR	18/12/2013	04/06/2014	RESOLUTION PASSED AT AGM
HISPAFOODS INVEST, S.L.	MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	DIRECTOR	30/01/2013	04/06/2014	RESOLUTION PASSED AT AGM
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	FÉLIX HERNÁNDEZ CALLEJAS	DIRECTOR	01/06/2010	04/06/2014	RESOLUTION PASSED AT AGM
JOSÉ NIETO DE LA CIERVA		DIRECTOR	29/09/2010	04/06/2014	RESOLUTION PASSED AT AGM
RUDOLF-AUGUST OETKER		DIRECTOR	01/06/2010	04/06/2014	RESOLUTION PASSED AT AGM
EUGENIO RUIZ-GÁLVEZ PRIEGO		DIRECTOR	25/07/2000	04/06/2014	RESOLUTION PASSED AT AGM
JOSÉ ANTONIO SEGURADO GARCÍA		DIRECTOR	29/05/2012	04/06/2014	RESOLUTION PASSED AT AGM

Total Number of Directors	12

Indicate any retirements from the board during the reporting period:

Name of director	Type of director at time of retirement	Date of retirement
SOL DAURELLA COMADRÁN	Independent	01/12/2014

C.1.3 Complete the following tables on the types of board members:

EXECUTIVE DIRECTORS

Name of Director	Committee proposing appointment	Position in company's organisation
ANTONIO HERNÁNDEZ CALLEJAS	NOMINATION AND REMUNERATION COMMITTEE	CHAIRMAN

Total number of executive directors	1
% of board	8.33%

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name of Director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
ALIMENTOS Y ACEITES, S.A.	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
DEMETRIO CARCELLER ARCE	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ANÓNIMA DAMM
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	NOMINATION AND REMUNERATION COMMITTEE	JUAN LUIS GÓMEZ-TRENOR FOS
HISPAFOODS INVEST, S.L.	NOMINATION AND REMUNERATION COMMITTEE	INSTITUTO HISPÁNICO DEL ARROZ, S.A.
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	NOMINATION AND REMUNERATION COMMITTEE	INSTITUTO HISPÁNICO DEL ARROZ, S.A.
JOSÉ NIETO DE LA CIERVA	NOMINATION AND REMUNERATION COMMITTEE	CORPORACIÓN FINANCIERA ALBA, S.A.
RUDOLF-AUGUST OETKER	NOMINATION AND REMUNERATION COMMITTEE	SOCIEDAD ANÓNIMA DAMM

Total number of proprietary directors	7
% of board	58.33%

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of Director
FERNANDO CASTELLÓ CLEMENTE

Profile
Born in Mollerusa (Lleida). Industrial Engineer and MBA (IESE). Lecturer at the School of Engineers and Architects of Fribourg (Switzerland). Has held several important executive and management positions in companies operating in the dairy sector and has extensive experience in the sector. Currently Vice-Chairman of Merchpensión, S.A. and on the board of other consultancy and financial services companies.

Name of Director
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

Profile
Born in San Sebastián. Economist and graduate in International Banking. Extensive experience in the financial sector, director and executive positions in several financial institutions and insurance companies, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. Chairman of Rexam Ibérica and Arbitraje Inversiones S.L.

Name of Director
JOSÉ ANTONIO SEGURADO GARCÍA

Profile

Born in Barcelona. Graduate in Law and Economics. Insurance broker and entrepreneur. Chairman of SEFISA, AEF and AEIM. Joint founder of CEIM and CEOE. President of the Liberal Party and MP in the National Government in the III and IV Parliamentary Terms. Member of the Trilateral Commission. Director of Unión y Fénix, Acerinox, J.W.Thompson and Vusa. Currently Chairman of Segurado & Galobart, S.L. and of the Advisory Council of Alkora EBS, Correduría de Seguros, S.A., Honorary Chairman & Founder of CEIM and member of the Management Board and Executive Committee of CEOE and on the Advisory Board of Coviran, S.C.A. Grand Cross of the Order of 2 May awarded by the Community of Madrid.

Total number of independent directors	3
% of board	25.00%

State whether any director qualified as independent receives from the company or any other company in the same group any sum or gain other than directors' emoluments, or has or has had a business relationship with the company or any other company in its group during the past year, in his/her own name or as controlling shareholder, director or senior executive of a company which has or has had such a relationship.

None of the independent directors is in any of these circumstances.

If appropriate, include a reasoned statement by the board explaining why it considers that the director in question can perform his/her duties as an independent director.

OTHER NON-EXECUTIVE DIRECTORS

Name of Director	Committee proposing appointment
EUGENIO RUIZ-GÁLVEZ PRIEGO	NOMINATION AND REMUNERATION COMMITTEE

Total number of other non-executive directors	1
% of board	8.33%

Explain why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders:

Name of Director
EUGENIO RUIZ-GÁLVEZ PRIEGO

Company, executive or shareholder with which he is related
EBRO FOODS, S.A.

Profile
Eugenio Ruiz-Gálvez Priego is not a proprietary director because he does not hold a significant interest in the company or represent a significant shareholder; nor can he be considered an independent director since he has been a director of Ebro Foods, S.A. for 12 years in succession.

Indicate any variations during the year in the type of each director:

C.1.4 Complete the following table with details of the number of female directors over the past 4 years and the type of female directors:

	Number of female directors				Female directors / total directors of each type (%)			
	2014	2013	2012	2011	2014	2013	2012	2011
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	2	2	1	1	28.57%	28.57%	16.67%	14.29%
Independent	0	1	1	1	0.00%	25.00%	25.00%	25.00%
Other non-executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	2	3	2	2	16.67%	23.08%	16.67%	15.38%

C.1.5 Explain any measures taken to endeavour to include in the board a number of women to give a balanced composition of men and women directors.

Explanation of measures
Notwithstanding any that may be decided on in the future by the Nomination and Remuneration Committee under the Corporate Enterprises Act as amended by Act 31/2014 of 3 December, no measures of this nature have been adopted because the board members are appointed regardless of gender, so there is no positive or negative discrimination of any nature in the election of directors.

C.1.6 Explain any measures agreed by the nomination committee to ensure that the selection procedures are not implicitly biased against the selection of female directors and that a conscious effort is made to include women with the target profile among the candidates:

Explanation of measures
No measures of this nature have been adopted for the reason indicated in point C.1.5 above.

If, despite the measures taken, if any, there are few or no female directors, explain the reasons that justify this situation:

Explanation of reasons
Although the number of female directors has been reduced to two following the resignation of one of them as of 1 December 2014, all appointments of new directors in the future will take into account the prevailing legal provisions.

C.1.7 Explain the form of representation on the board of shareholders with significant interests.

- The directors nominated by Instituto Hispánico del Arroz, S.A. and appointed by the general meeting are Instituto Hispánico del Arroz, S.A., Hispafoods Invest, S.L. (also a significant shareholder of the company) and Antonio Hernández Callejas.

- The director nominated by Sociedad Estatal de Participaciones Industriales and appointed by the general meeting is Alimentos y Aceites, S.A.

- The directors nominated by Sociedad Anónima Damm and appointed by the general meeting are Demetrio Carceller Arce and Dr Rudolf-August Oetker.

- The director nominated by Corporación Financiera Alba, S.A. and appointed by the general meeting is José Nieto de la Cierva.

- The director nominated by Juan Luis Gómez-Trenor Fos and appointed by the general meeting is Empresas Comerciales e Industriales Valencianas, S.L.

C.1.8 Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 5% of the capital:

State whether any formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met:

YES ☐ NO ☒

C.1.9 State whether any director has retired before the end of his/her term of office, whether said director explained the reasons for such decision to the Board and through what means, and if the explanations were sent in writing to the entire Board, explain below at least the reasons given by the director:

Name of director:
SOL DAURELLA COMADRÁN

Reason for retirement:

Professional reasons notified as of 1 December 2014 in a letter addressed to each of the Board members.

C.1.10 Indicate the powers delegated to the Managing Director(s), if any:

C.1.11 Name Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP&SONS, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	A W MELLISH, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	SOS CUETARA USA, INC	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	NEW WORLD PASTA COMPANY	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	EBRO AMERICA, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	AMERICAN RICE, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BOSTO PANZANI BENILUX, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BLUE RIBBON MILLS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	EBRO FOODS, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BERTOLINI IMPORT UND EXPORT, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD	DIRECTOR

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	PASTIFICIO LUCIO GAROFAO, S.P.A.	DIRECTOR

C.1.12 Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of Director	Listed Company	Position
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
DEMETRIO CARCELLER ARCE	GAS NATURAL SDG, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SACYR, S.A.	VICE-CHAIRMAN 1
JOSÉ NIETO DE LA CIERVA	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.	DIRECTOR

C.1.13 Indicate and, where appropriate, explain whether the company has established rules on the number of directorships its directors may hold:

YES ☒ NO ☐

Explanation of the rules
Article 25 of the Regulations of the Board ("General Duties of Directors") provides in section 1 that Directors shall dedicate to the company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company.

C.1.14 Indicate the company policies and general strategies that must be approved by the full Board:

	Yes	No
Investment and financing policy	X	
Definition of the structure of the group of companies	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plan, annual management objectives and budget	X	
Pay policy and performance rating of senior executives	X	
Risk management and control policy and regular monitoring of internal reporting and control systems	X	
Dividend policy, treasury stock policy and, in particular, the limits established	X	

C.1.15 Indicate the overall remuneration of the board:

Remuneration of the board (thousand euros)	5,561
Amount of the overall remuneration corresponding to the vested rights of directors in pension schemes (thousand euros)	0
Overall remuneration of the board (thousand euros)	5,561

C.1.16 Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position
PABLO ALBENDEA SOLÍS	CHIEF OPERATING OFFICER
LEONARDO ÁLVAREZ ARIAS	MANAGER I.T.
ANA MARÍA ANTEQUERA PARDO	MANAGER COMMUNICATIONS
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY
JESÚS DE ZABALA BAZÁN	MANAGER INTERNAL AUDIT
ALFONSO FUERTES BARRÓ	FINANCE MANAGER
MANUEL GONZÁLEZ DE LUNA	MANAGER INVESTOR RELATIONS AND FINANCIAL INSTITUTIONS
LUIS PEÑA PAZOS	SECRETARY
GABRIEL SOLÍS PABLOS	TAX MANAGER

Total remuneration top management (thousand euro)	2,189

C.1.17 Name any board members who are also on the boards of companies holding significant interests in the listed company and/or in companies of its group:

Name of director	Name of significant shareholder	Position
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
JOSÉ NIETO DE LA CIERVA	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
RUDOLF-AUGUST OETKER	SOCIEDAD ANÓNIMA DAMM	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR

Describe the significant relationships of the board members with the controlling shareholders and/or companies in their group, other than as mentioned above:

Name of director
DEMETRIO CARCELLER ARCE
Name of significant shareholder
SOCIEDAD ANÓNIMA DAMM
Description of relationship
Demetrio Carceller Arce has an indirect holding of 0.687% in Sociedad Anónima Damm

Name of director
ALIMENTOS Y ACEITES, S.A.
Name of significant shareholder
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
Description of relationship
Sociedad Estatal de Participaciones Industriales has a direct holding of 91.9625% in Alimentos y Aceites, S.A. and its company secretary and secretary of the board, Concepción Ordiz Fuertes, represents Alimentos y Aceites, S.A. on the board of Ebro Foods, S.A.

Name of director
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.
Name of significant shareholder

JUAN LUIS GÓMEZ-TRENOR FOS
Description of relationship
Juan Luis Gómez-Trenor Fos wholly owns Empresas Comerciales e Industriales Valencianas, S.L. with a direct interest of 99.995% and an indirect interest of 0.005%. He is Sole Director of the company.

C.1.18 State whether any modifications have been made during the year to the Regulations of the Board:

YES ☐ NO ☒

C.1.19 Describe the procedures for selection, appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for appointment, re-election and removal of the directors are regulated in Articles 19, 20 and 25 of the Articles of Association and Articles 5, 21, 23, 24 and 33.1 of the Regulations of the Board.

The General Meeting is responsible for deciding on the number of directors the company is to have, within the minimum (7) and maximum (15) established in the Articles of Association, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may appoint directors by cooptation, subject to a report by the Nomination and Remuneration Committee. The initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

The persons nominated by the Board for appointment or re-appointment as directors must be persons of recognised repute, with adequate experience and expertise to be able to perform their duties.

As regards the role of the Nomination and Remuneration Committee in the appointment of directors, see the duties of this Committee in section C.2.4 of this Report and Explanatory Note Eight in section H.

Directors are appointed for a term of four years, after which they are eligible for re-election on one or several occasions for terms of an equal duration. This term of four years is counted from the date of the General Meeting at which they are appointed, or ratified when previously appointed by cooptation by the Board.

If vacancies arise during the term for which they were appointed, the Board may appoint shareholders to fill those vacancies up to the next general meeting. Directors' appointments shall end at the first general meeting held after expiry of their term or lapse of the time stipulated in law for holding the general meeting that is to approve the accounts of the previous year.

The Board regularly rates the Directors on their efficiency and fulfilment of their obligations, requesting the corresponding reports from its Committees, and if considered necessary it may propose any modifications that may be appropriate to improve their performance.

Directors retire upon expiry of the term for which they were appointed and in all other events stipulated in law, the Articles of Association or the Regulations of the Board. They must tender their resignations to the Board and step down in the events established in Article 24 of the Regulations of the Board.

C.1.20 Indicate whether the board has made any assessment of its activity during the reporting period.

YES ☒ NO ☐

If yes, explain to what extent the self-assessment has given rise to major changes in its internal organisation and the procedures applicable to its activities:

Description of modifications
It has not given rise to any change.

C.1.21 State the events in which directors are obliged to step down.

The retirement and resignation of directors are regulated in Article 24 of the Regulations of the Board:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the Articles of Association and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the causes of incompatibility or disqualification established in law, the articles of association or the regulations.

b) When they step down from the executive post to which their appointment as director was linked, when the shareholder they represent on the Board disposes of its shares in the company or reduces its interest to an extent requiring a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interests.

The Board of Directors shall propose to the General Meeting of Shareholders that a Director be removed if one of the circumstances described above occurs and the Director fails to tender his resignation.

C.1.22 Explain whether the Chairman of the Board is the highest executive of the company. If so, state what measures have been adopted to limit the risks of any single person having unfettered powers:

YES ☒ NO ☐

Measures taken to limit risks

With a view to establishing corrective measures in the Articles of Association to prevent excessive concentration of power in the Chairman when he is also the most senior executive of the company, Article 25 creates the figure of a Vice-Chairman appointed from among the non-executive directors to boost the management supervision and control duties.

José Antonio Segurado García was appointed Lead Independent Director on 29 January 2015 and has since then been performing the aforesaid duties.

Up to then and in accordance with this provision, the current Vice-Chairman of the Board, Demetrio Carceller Arce (non-executive proprietary director), had been performing those duties.

Indicate and if appropriate explain whether rules have been established authorising one of the independent directors to request the calling of a board meeting or the inclusion of new items on the agenda, to coordinate and echo the concerns of non-executive directors and to direct the assessment by the board.

YES ☒ NO ☐

Explanation of the rules

The Regulations of the Board specify the events in which directors may request the calling of a board meeting or inclusion of items on the agenda; this power is not limited to independent directors.

Article 9.2 of the Regulations establishes that one-third of the board members may, no less than six days prior to the scheduled date of the Board meeting, request the inclusion of any items they believe ought to be transacted.

Article 9.5 of the Regulations states that the board may discuss and resolve on issues included on the agenda and any others that all the directors present and represented agree to transact.

Article 25.2.b) stipulates that Directors shall also request meetings of the corporate bodies to which they belong whenever they consider this necessary in the interests of the Company, proposing whatever items they think should be included on the agenda.

Finally, Article 33.1 provides that if the Chairman of the Board is also the chief executive of the company, a Vice-Chairman must be appointed from among the non-executive directors with the power to request the calling of a board meeting or the inclusion of new items on the agenda, who may organise meetings to coordinate non-executive directors and will direct the Chairman performance rating. If no Vice-Chairman is appointed, the Board shall authorise an independent director to perform those duties.

At present José Antonio Segurado García, as Lead Independent Director, is authorised to request the calling of a board meeting or the inclusion of new items on the agenda of a meeting that has already been called, coordinate and call meetings of the non-executive directors and, if appropriate, direct the periodical performance rating of the Chairman.

C.1.23 Are special majorities differing from those stipulated in law required for any type of decision?

YES ☐ NO ☒

If yes, describe the differences:

C.1.24 Are there any specific requirements, other than those established for directors, to be appointed Chairman?

YES ☐ NO ☒

C.1.25 Does the Chairman have a casting vote?

YES ☒ NO ☐

Matters on which there is a casting vote
All.

C.1.26 Do the Articles of Association or Regulations of the Board establish an age limit for directors?

YES ☐ NO ☒

C.1.27 Do the Articles of Association or Regulations of the Board establish a limited term of office for independent directors other than as stipulated in law?

YES ☐ NO ☒

C.1.28 Do the Articles of Association or Regulations of the Board establish specific rules for the delegation of votes at board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may hold, and whether it is compulsory to delegate to a director of the same type? If yes, include a brief description.

Both the Articles of Association (Article 24) and the Regulations of the Board (Article 10) contemplate the possibility of directors attending Board meetings through a duly authorised proxy.

The proxy must be made in advance, in writing, especially for each board meeting, in favour of another director.

The represented director may issue specific instructions on how to vote on any or all of the items on the agenda.

Following the amendment of the Corporate Enterprises Act by Act 31/2014 of 3 December, non-executive directors may only grant proxies in favour of another non-executive director.

C.1.29 State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman. Proxies made with specific instructions will be considered attendances:

Number of board meetings	11
Number of board meetings held without the chairman	0

Indicate the number of meetings held by the different Committees of the Board:

Committee	No. meetings
EXECUTIVE COMMITTEE	6
AUDIT AND COMPLIANCE COMMITTEE	6
NOMINATION AND REMUNERATION COMMITTEE	5
STRATEGY AND INVESTMENT COMMITTEE	0

C.1.30 State the number of meetings held by the Board during the period attended by all its members. Proxies made with specific instructions will be considered attendances:

Attendance of directors	11
% attendance over total votes during the year	100.00%

C.1.31 Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

YES ☐ NO ☒

If yes, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

C.1.32 Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 19 of the Regulations of the Board. Article 19.2 stipulates that the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the board in certain areas, Article 7.1 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 13.3 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section C.2.4 of this Report).

C.1.33 Is the Secretary of the Board a Director?

YES ☐ NO ☒

C.1.34 Explain the procedure for appointment and removal of the Secretary of the Board, indicating whether the Nomination Committee has issued a report for such appointment and removal and whether they were approved by the full board.

Appointment and removal procedure

The Secretary of the Board may or may not be a director and is appointed by the Board upon recommendation by the Nomination and Remuneration Committee, after ensuring that his/her professional profile is adequate to guarantee the best performance of the duties corresponding to this position by law, the Articles of Association and Regulations of the Board.

The company has not established any procedure for removal of the Secretary of the Board other than that stipulated in law, although Article 24.3 of the Regulations of the Board submits the Secretary, regardless of whether or not he/she is also a director, to the same obligations as the directors of explaining to all the Board members the reasons for retirement or resignation prior to the end of his/her term of office.

	Yes	No
Does the Nomination Committee issue a report on the appointment?	**X**	
Does the Nomination Committee issue a report on the removal?	**X**	
Does the full Board approve the appointment?	**X**	
Does the full Board approve the removal?	**X**	

Is the Secretary of the Board responsible especially for overseeing compliance with the recommendations on good governance?

YES ☒ NO ☐

Comments

Article 35.2 of the Regulations of the Board provides that in addition to the duties assigned by law and the Articles of Association, the Secretary of the Board shall, in particular:

a) Ensure that the Board's actions:

- Conform to the text and spirit of the laws and statutory instruments, including those approved by the watchdogs.
- Conform to the company Articles of Association and the Regulations of the General Meeting, the Board and any other regulations the company may have.
- Take account of the recommendations on good governance accepted by the company.

b) Keep all company documents, duly record the proceedings of meetings in the corresponding minute books and certify the resolutions of those corporate bodies of which he/she is Secretary.

c) Channel, generally, the Company's relations with Directors in all matters concerning the functioning of the Board and the Committees he/she is on, following the instructions of the respective Chairman.

d) Implement and facilitate exercise by the Directors of their right to information on the terms stipulated in these Regulations.

C.1.35. Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

Both the Articles of Association and the Regulations of the Board vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence for examination by the Audit Committee, as well as any other issues relating to the auditing of accounts, and receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation.

Article 19 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 28.2 of the Articles of Association and Article 13.3 of the Regulations of the Board establish the following powers of the Audit and Compliance Committee in this respect:

- Propose to the Board, for submission to the General Meeting, the appointment of the external auditors and (i) their terms of contract, (ii) the scope of their commission and (iii) the renewal or revocation of their engagement.

- Ensure the independence of the auditors and the existence of a discussion procedure enabling the external auditors, the internal auditors and any other expert to notify the company of any significant weaknesses in internal control detected during the auditing of the annual accounts or any others in respect of which they may have acted.

- Issue a report annually, prior to issuance of the auditors' report, stating an opinion on the independence of the external auditors and pronouncing on the rendering of additional services.

C.1.36 Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

YES ☒ NO ☐

Outgoing Auditor	Incoming Auditor
Deloitte, S.L.	Ernst & Young, S.L.

Explain any disagreements with the outgoing auditor:

YES ☐ NO ☒

C.1.37 State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the company and/or its group:

YES ☒ NO ☐

	Company	Group	Total
Cost of work other than auditing (thousand euro)	260	138	389
Cost of work other than auditing / Total amount invoiced by the auditors (%)	65.80%	12.30%	26.20%

C.1.38 Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

YES ☐ NO ☒

C.1.39 State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Company	Group
Number of years in succession	1	1
Number of years audited by current auditors / Number of years that the company has been audited (%)	4.20%	4.20%

C.1.40 Indicate, giving details if appropriate, whether a procedure has been established for directors to receive external counselling:

YES ☒ NO ☐

Details of procedure

The directors' right to counselling and information is regulated in Article 30 of the Regulations of the Board, which provides in 30.2 that:

a. Any Director may, in the course of any specific duties commissioned to him on an individual level or within the framework of any of the Committees of the Board, request the Chairman to contract, at the Company's expense, such legal advisers, accountants, technical, financial or commercial experts or others as he may consider necessary, in order to assist him in the performance of his duties, provided such counselling is justified to resolve specific problems that are particularly complex and important.

b. Considering the circumstances of the specific case, the Chairman may (i) deny or authorise the proposal in a communication sent through the Secretary of the Board, who shall, provided the proposal is authorised, contract the expert in question; and (ii) put the proposal to the Board, which may refuse to finance the counselling if it considers it unnecessary for discharging the duties commissioned, or out of proportion with the importance of the matter, or if it considers that the technical assistance requested could be adequately provided by Company employees.

C.1.41 Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

YES ☒ NO ☐

Details of procedure

Article 25.2 a) of the Regulations of the Board establishes the duty of directors to request the necessary information to adequately prepare Board and Committee meetings.

Articles 9.1 and 9.3 of the Regulations of the Board in turn establish that (i) directors shall receive information at Board meetings on the most important aspects of corporate management, any foreseeable risk situations for the company and its subsidiaries and the actions proposed by the senior management in respect thereof; and (ii) whenever possible, any necessary information relating to the items on the agenda shall be sent to the Directors together with the notice of call.

The procedure for informing directors is regulated in Article 30.1 of the Regulations of the Board, which provides that whenever so required in the performance of their duties, directors shall have the fullest powers to obtain information on any corporate affairs, obtaining such documents, records, background information or other elements as they may require in this respect. This right to information is extended to subsidiaries.

All requests for information shall be addressed to the Chairman and met by the Secretary of the Board, who shall supply the information directly or indicate who is to be contacted within the Company and, in general, establish the necessary measures to fully meet the director's right to information.

C.1.42 Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

YES ☒ NO ☐

Explain the rules

Article 22 of the Regulations of the Board, which regulates the incompatibilities of directors and establishes their obligations in respect of no competition, conflicts of interest and related-party transactions, also expressly stipulates that if a director is sued or tried for any of the offences contemplated in the applicable laws, the Board shall examine the case as soon as possible and decide, in consideration of the specific circumstances, whether or not the Director in question should remain in office, including a reasoned account in the Annual Corporate Governance Report.

C.1.43 Has any member of the Board informed the company that he/she has been sued or brought to trial for any of the offences contemplated in s. 213 of the Corporate Enterprises Act?

YES ☒ NO ☐

Name of Director
DEMETRIO CARCELLER ARCE

Criminal Case
Tax offence

Comments:
The director informed the board of the criminal action brought against him.

Has the Board studied the case? If so, indicate and explain the decision made as to whether or not the director should remain in office or, if appropriate, describe the actions taken by the board up to the date of this report, or which it plans to take.

YES ☒ NO ☐

Decision adopted:

The Board was informed of the information received by the director and resolved, with his abstention, not to make any decision or take any initiative in this regard.

Reasoned explanation:

The Board considers that proceedings brought against the director have nothing to do with the company and does not affect its business.

C.1.44 Describe any significant agreements entered into by the company which enter into force, are modified or terminated in the event of a takeover of the company following a takeover bid, and the effects thereof.

There are no agreements of this type and the circumstances have not arisen.

C.1.45 Indicate globally and describe in detail any agreements made between the company and its directors, executives or employees contemplating golden handshake clauses in the event of resignation or unfair dismissal or termination of employment following a takeover bid or any other type of transaction.

Number of beneficiaries: 2

Type of beneficiary:
Executives

Description of the agreement:

Golden handshake clauses are established for two non-director executives in the event of dismissal or takeover in excess of the amount that would be payable pursuant to the Workers' Statute.

State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

	Board of Directors	General Meeting
Body authorising the clauses	Yes	No

	Yes	No
Is the General Meeting informed on the clauses?	X	

C.2 Committees of the Board

C.2.1 Give details of the different committees, their members and the proportion of proprietary and independent directors in each committee:

EXECUTIVE COMMITTEE

Name	Position	Type
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	Executive
DEMETRIO CARCELLER ARCE	VICE CHAIRMAN	Proprietary
JOSÉ NIETO DE LA CIERVA	MEMBER	Proprietary
JOSÉ ANTONIO SEGURADO GARCÍA	MEMBER	Independent

% executive directors	25.00%
% proprietary directors	50.00%
% independent directors	25.00%
% other non-executive directors	0.00%

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Type
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	CHAIRMAN	Independent
FERNANDO CASTELLÓ CLEMENTE	MEMBER	Independent
HISPAFOODS INVEST, S.L.	MEMBER	Proprietary
EUGENIO RUIZ-GÁLVEZ PRIEGO	MEMBER	Other non-executive

% executive directors	0.00%
% proprietary directors	25.00%
% independent directors	50.00%
% other non-executive directors	25.00%

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
FERNANDO CASTELLÓ CLEMENTE	CHAIRMAN	Independent
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
HISPAFOODS INVEST, S.L.	MEMBER	Proprietary
JOSÉ ANTONIO SEGURADO GARCÍA	MEMBER	Independent

% executive directors	0.00%
% proprietary directors	50.00%
% independent directors	50.00%
% other non-executive directors	0.00%

STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type
DEMETRIO CARCELLER ARCE	CHAIRMAN	Proprietary
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	Executive
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MEMBER	Proprietary
JOSÉ NIETO DE LA CIERVA	MEMBER	Proprietary

% executive directors	25.00%
% proprietary directors	75.00%
% independent directors	0.00%
% other non-executive directors	0.00%

C.2.2 Complete the following table with information on the number of female directors on the board committees over the past four years:

	Number of female directors							
			2013		**2012**		**2011**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
EXECUTIVE COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
AUDIT AND COMPLIANCE COMMITTEE	1	25.00%	2	40.00%	2	40.00%	2	50.00%
NOMINATION AND REMUNERATION COMMITTEE	1	25.00%	2	40.00%	2	40.00%	2	50.00%
STRATEGY AND INVESTMENT COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 State whether the Audit Committee has the following duties:

	Yes	**No**
Supervise the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the scope of consolidation and correct application of accounting principles	**X**	
Regularly check the internal risk management and control systems, ensuring that the principal risks are adequately identified, managed and reported	**X**	
Oversee the independence and efficacy of the internal audit department; propose the nomination, appointment, re-appointment and removal of the chief audit officer; propose the budget for this department; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports	**X**	
Establish and supervise a "whistle-blowing" procedure so employees can confidentially and, where appropriate, even anonymously report any potentially important irregularities they observe within the company, particularly in financial and accounting aspects	**X**	
Submit to the Board proposals for nomination, appointment, re-appointment and replacement of external auditor, and terms of engagement	**X**	
Receive regularly from the external auditor information on the audit plan and the outcome of its fulfilment and see that top management heeds its recommendations	**X**	
Guarantee the independence of the external auditor	**X**	

C.2.4 Describe the rules of organisation and procedure and the responsibilities attributed to each Committee.

EXECUTIVE COMMITTEE. This Committee has a maximum of 7 members, including the Chairman (who chairs the committee) and the Vice-Chairman of the Board. The committee generally holds one meeting a month. Whenever, in the opinion of the Chairman or 3 of its members, circumstances so require, the resolutions adopted by the Committee are submitted to the Board for ratification. This also applies to any issues which the Board has delegated to the Committee to study, reserving for itself the final decision on the matter. The Committee is responsible for monitoring and overseeing compliance with the guidelines on strategy and corporate development, preparing the annual budget and controlling the business management of the company, ensuring adequate coordination of subsidiaries in their common interests and those of the company.

AUDIT COMMITTEE. This Committee has a minimum of 3 and a maximum of 5 non-executive directors. The Chairman must be an independent director and must be replaced every four years, becoming eligible for re-election one year after his retirement as such. The Committee is responsible for ensuring that the internal audit procedures, the internal control systems in general, including the risk management control system and, in particular, the financial reporting internal control system are adequate; that the external auditors and internal audit manager are selected on the basis of professional, objective criteria, guaranteeing their independence in the performance of their duties; informing the board on any related party transactions submitted for its consideration; controlling possible conflicts of interest; and making sure, in general, that the company's reporting, particularly financial reporting, complies with the principle of truth and maximum transparency for shareholders and markets.

NOMINATION AND REMUNERATION COMMITTEE. This Committee has a minimum of 3 and a maximum of 5 non-executive directors and its chairman must be an independent director. The Committee reports on the appointment and removal of directors and their assignment to the different committees, and submits proposals on the remuneration policy. In turn, it oversees the senior management of the company in respect of their appointments and dismissals, assessment of the management training, promotion and selection policy, remuneration systems and levels, being informed of and monitoring the decisions on these issues adopted in the group subsidiaries.

STRATEGY AND INVESTMENT COMMITTEE. This Committee has a minimum of 3 and a maximum of 5 Directors. With support and assistance from the senior management of the company, this committee informs and submits proposals to the board on the growth, yield and market share of the company, new investments, restructuring processes and agreements with other groups, designing strategic development plans, if necessary, and monitoring these aspects also in the subsidiaries, adopting such initiatives as may be considered necessary for the common interest and benefit of the Company and its subsidiaries.

The following rules are also applicable regarding the composition and responsibilities of all the committees:

- In the event of temporary absence or unavailability of the Chairman of each Committee, he will be replaced by the member of the Committee provisionally appointed by the Board, or otherwise by the oldest member of the Committee. The Executive Committee is an exception to this rule, since it has a Vice-Chairman who will stand in for the Chairman in these cases.

- The Secretary of the Board acts as non-member Secretary of each Committee.

- The Committees meet whenever called by their respective Chairman or at the request of two of their members, and in any case whenever the Board requests the issuance of reports, the submission of proposals or the adoption of resolutions within their respective duties. Meetings are called by the Secretary, following instructions from the Chairman.

- Committee meetings are attended, with the right to speak but not vote, by any members of the management team that the Committee in question may consider necessary.

- The Committees report to the Board on their decisions at the first Board meeting held after such decisions have been made.

- Board meetings have access to the minutes of Committee meetings through the Secretary of the Board.

The powers of the Board Committees are described in Explanatory Note Eight in section H.

C.2.5 Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

There is no separate text regulating any of the Committees of the Board, since they are all sufficiently regulated in the following articles of the Regulations of the Board:

- Executive Committee, Article 12
- Audit and Compliance Committee, Article 13
- Nomination and Remuneration Committee, Article 14
- Strategy and Investment Committee, Article 15.

Both the Audit and Compliance Committee and the Nomination and Remuneration Committee have issued activity reports for 2014 for submission to the Board of Directors and, if deemed fit, to be laid before the shareholders at the AGM 2015.

C.2.6 Does the composition of the Executive Committee reflect the participation on the Board of the different types of Director?

YES ☒ NO ☐

D. RELATED PARTY AND INTER-COMPANY TRANSACTIONS

D.1 Name the competent body and explain the procedure, if any, for approving related party and inter-company transactions.

Body competent for approving related party transactions

BOARD OF DIRECTORS

Procedure for approving related party transactions

Related party transactions are approved by the Board subject to a report by the Audit and Compliance Committee.

Under Article 28 of the Articles of Association, the Audit and Compliance Committee has, among others, the power to ensure that transactions between the company and its subsidiaries or between these companies and directors and controlling shareholders are made on arm's length terms and respecting the principle of equal treatment, thus controlling any conflicts of interest that may arise in these related-party transactions.

The Regulations of the Board establish, in general, that the Audit and Compliance Committee shall see that the procedures of the financial reporting internal control system are adequate, informing the Board on any related party transactions submitted for its consideration.

Article 13.3 of the Regulations establishes that the Audit and Compliance Committee shall inform the Board prior to the adoption by the latter of any decisions on related party transactions requiring its authorisation.

Explain whether the power to approve related party transactions has been delegated, if so indicating the person or body to whom it has been delegated.

The Board has not delegated the power to approve related party transactions.

D.2 List any transactions for a significant amount or object between the company and/or companies in its group and controlling shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Contractual	Sale of goods (finished or otherwise)	700
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Contractual	Sale of goods (finished or otherwise)	3,627

D.3 List any significant transactions for a significant amount or object between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	Relative	Leases	37
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	118
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	68
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	36
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	30
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	118
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	68
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	30
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	36
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	309
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	181
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	67
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	30
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	73
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	83
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	181
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	67
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	30
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	101
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	53
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	30
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	73
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	173
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	52
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	30
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	163
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	34

INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	25
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	86
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	193
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	34
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	55
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	24
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	132
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	68
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	73
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	30
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	203
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	68
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	30
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	68
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	51
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Sale of goods (finished or otherwise)	75
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Sale of goods (finished or otherwise)	68
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Sale of goods (finished or otherwise)	50
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	-	-	Leases	79
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	-	-	Purchase of goods (finished or otherwise)	7,719
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	-	-	Sale of goods (finished or otherwise)	304
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	-	-	Services rendered	2
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	-	-	Services received	175

D.4 Report any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which do not, by virtue of their object or terms, correspond to the normal business of the Company:

In any case, inform on any inter-company transaction with companies established in countries or territories considered tax havens:

D.5 State the amount of transactions made with other related parties.

0 (thousand euros).

D.6 Describe the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or controlling shareholders:

The Audit and Compliance Committee ensures that the internal audit procedures and internal control systems are adequate and informs the Board on the related-party transactions submitted for its consideration and control of any possible conflicts of interest.

Under Article 28 of the Articles of Association, the Audit Committee has, among others, the power to ensure that transactions between the company and its subsidiaries or between these companies and directors and controlling shareholders are made on arm's length terms and respecting the principle of equal treatment, thus controlling any conflicts of interest that may arise in these related-party transactions.

Under Article 6.5 of the Regulations of the Board, the Board is competent, once a favourable report has been issued by the Audit and Compliance Committee, to authorise any related-party transactions between the company or group companies and directors, controlling shareholders, other related parties or shareholders represented on the board. This authorisation is not necessary when the transactions meet all of the following three conditions:

- If the transactions are made under contracts with standard terms and conditions applied globally to many clients.

- If the transactions are made at prices or rates established generally by the supplier of the good or service in question.

- If the amount of the transaction is no more than 1% of the annual income of the company.

Article 22 of the Regulations of the Board establishes the following prohibitions and disqualifications, among others, for directors:

- Holding positions or duties of representation, management, counselling or rendering of services in rival companies or the holding or performance of such positions, duties or services in companies having a controlling stake in rival companies.

- Attendance and participation in the discussions of any of the corporate bodies concerning business in which the director personally, or a member of his/her family has an interest or a company in which the director has an executive position or a significant shareholding.

- Direct or indirect participation in related-party transactions with the company or other group companies without previously informing the Board and seeking its approval, except in the cases contemplated in Article 6.5 of these Regulations.

The article also bars from the board anyone who, personally or through an intermediary, holds office in or is a representative of or is otherwise related to companies that are habitual clients or suppliers of goods and services of the company, whenever this condition may give rise to a conflict or clash of interest with the Company or its subsidiaries; in such cases the Chairman shall be informed of the situation and request a report from the Audit and Compliance Committee. Financial institutions providing financial services for the company are excluded from the foregoing.

Directors and executives are also subject to the specific obligations regarding conflicts of interests and related party transactions established in the Internal Code of Market Conduct (Rules 4, 8, 12 and 14).

D.7 Is more than one company of the Group listed in Spain?

YES ☐ NO ☒

Name any subsidiaries listed in Spain:

Listed subsidiary

State whether the respective areas of business and possible business relationships between them have been precisely and publicly defined, as well as those of the listed subsidiary with other group companies;

Define any business relationships between the parent company and the listed subsidiary and between the latter and the other group companies

Describe the mechanisms in place to settle any possible conflicts of interest between the listed subsidiary and other companies in the group:

Mechanisms for solving possible conflicts of interest

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System.

The Group has an integral, homogenous system for assessing any risks to which it might be exposed. That system is based on the preparation of a risk map using a software tool called GIRO, through which information is input in the subsidiaries by the risk managers of each unit. In the process of pinpointing, assessment and management of risks, the risks are ranked from greater to lesser impact for the Group and by probability of occurrence. The risk universe is structured in four main groups: compliance, operational, strategic and financial, and all of them are subdivided into a large number of categories.

The process dynamically assesses both the inherent risk and the residual risk after application of the internal controls and action protocols established to mitigate them. These controls include preventive controls, adequate separation of duties, clear levels of authorisation and definition of policies and procedures. These controls can in turn be grouped into manual and automatic, made by data processing applications.

This model is both qualitative and quantitative and can be measured in the Group's results, for which purpose the risk level is considered acceptable or tolerable on a corporate level.

This model is used for both the pasta and rice divisions, covering the Group's entire business.

E.2 Name the corporate bodies responsible for preparing and implementing the Risk Management System.

The Group's Chief Operating Officer is responsible for risk management on a corporate level, reporting directly to the Chairman of the Board. The senior management of the principal subsidiaries of the Group report regularly on any risks affecting them and the protocols and controls established to mitigate them. Process-level managers oversee those controls and solve any gaps or weaknesses (critical points) that may arise. Risk management is dynamic, such that the risks to be considered vary with the changing circumstances of our business.

Article 9.1 of the Regulations of the Board establishes that the Board shall receive information on the most important aspects of business management and any foreseeable risk situations for the Company and its subsidiaries, together with the actions proposed by the senior management in respect thereof.

Similarly, Article 6.3, which addresses the board's scope of action, establishes in respect of the transparency and truth of the company's reporting, that the Board shall, as such and through its different Committees:

a) Ensure the independence and professional suitability of the External Auditor.
b) Supervise the services of the Internal Audit Department, overseeing the financial reporting process and internal control systems.
c) Control the financial information disclosed to the shareholders or the markets in general.

In particular, the Audit and Compliance Committee is responsible for overseeing and boosting internal control of the Group and risk management systems and proposing the risk management and control policy to the Board, identifying at least the following:

- The types of risk (operational, technological, financial, legal and reputational) to which the company is exposed
- The level of risk that the company considers acceptable
- The measures to mitigate the impact of the risks identified should they occur
- The control and reporting systems to be used to control and manage those risks.

E.3 Define the main risks that could have a bearing on achievement of the company's business goals.

- Health risks: Owing to the nature of our business, we consider this risk particularly important. The aspects regarding food safety are another critical point to which the Group pays the utmost attention, being bound by a large number of laws and standards in each of the countries in which we distribute our products. Respect for the environment is another critical point for the Group, considering our industrial activity, with a large number of plants distributed throughout Europe and the USA, mainly.

The Group's policy is based on the principal of compliance with the laws and regulations in place from time to time, for which it has defined, developed and implemented a quality, environment and food safety management system that complies with the requirements of the standards UNE-EN-ISO 9001:2000/8 (Food Safety System Certification), UNE-EN-ISO 14001:2004 (Environment Management) and ISO 22000:2005.

The food safety programmes are designed to follow protocols that seek to identify and control certain Hazard Analysis and Critical Control Points (HACCP) to minimise the residual risk.

The principal control points are grouped into:

- Physical points: controls to detect foreign objects in the product or the presence of metals.
- Chemical points: detection of chemical elements or presence of allergens.
- Biological points: presence of elements such as salmonella or other types of pathogen.

Most of our handling processes have obtained IFS (International Food Standard) certification and the pasta plants in the United States have obtained compliance certification from the Global Food Safety Initiative (GFSI).

The Group has also implemented several initiatives to reduce greenhouse gas emissions and atmospheric waste, improve the quality of water and reduce effluent, enhance energy and hydrological efficiency and implement physical waste recycling programmes for paper, aluminium and other materials.

The company provides its employees with continuous, adequate training in food safety and the rules of safety and hygiene in the workplace.

- Commodity supply risk: The availability of commodities in the quantity and quality required to meet commitments to customers and the requirements of our brands is a key factor for our business both nationally (Spanish paddy rice) and internationally (semi-processed rice for the Group subsidiaries). Any material risk in this area is critical for the Group.

- Market risk (prices): Unexpected variations in the prices of our commodity supplies may seriously affect the profitability of our commercial transactions, in both the industrial and brand-based segments.

- Customer concentration risk: This risk factor affects both the industrial and retail segments.

- Competition risk: In general, the pressure from white label brands is the main threat for maintaining our market shares.

- Customer credit risk: In the present international crisis, many companies find it difficult to meet their payment commitments so there is a growing risk of default.

- Reputational risk: This is the risk associated with changes of opinion resulting in a negative perception of the Group, its brands or products by customers, shareholders, suppliers, market analysts, etc. and adversely affecting the Group's ability to maintain its commercial and financial relations.

- Climate risk: The effects of droughts and flooding in the countries where we source our supplies cause problems of availability and unstable commodity prices, in both rice and durum wheat.

- Changes in lifestyle: Low carbohydrate diets.

- Technological risk, especially the risk of a possible "technological lag". In our sector, one of the most important tools for competing with our rivals is based on constant technological innovation and searching for ways to adapt to consumers' desires.

- Natural disasters, fires, etc.: As a major industrial group, a significant part of the assets on the balance sheet corresponds to its factories. The Group has insured all its factories and facilities, which would mitigate the effect of any incidents that may jeopardise their value.

Finally, there are another two risks to which the Group is exposed:

- Regulatory risk: The food industry is a sector subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the directives laid down in the Common Agricultural Policy (CAP).

- Country or market risk.

These risks have been mitigated over recent years through a firm business and geographical diversification policy, increasing our presence in Europe, America (United States and Canada), Asia (Thailand and India) and Africa (Egypt and Morocco).

E.4 State whether the company has a risk tolerance level.

Risks are measured by both inherent and residual risk. A scorecard is made each year of the principal ten risks to which the Group may be exposed (the TOP TEN), which are rated and measured as far as possible. If the economic consequences of a risk could cause a loss (or a loss of profit) of more than 5% of the consolidated EBITDA budgeted, it is considered a threat requiring corporate action. A risk with an effect of over 20% of the individual EBITDA of a business must also be reported on a corporate level to take such mitigation measures as may be considered necessary.

Risk identification and assessment corresponds to the manager of each business unit or division, who should quantify the maximum risk exposure. Tolerance is set in terms of the percentages of EBITDA indicated above. The Management Committee adopts such measures as may be considered necessary to mitigate risks.

E.5 What risks have occurred during the year?

- Although the situation has been addressed in the past two crop years, in 2014 the surplus supply of rice on the international market has intensified, pushing down market prices. This situation has been caused by several factors: surplus stocks globally, especially in Thailand, together with a growing supply of countries benefiting from the EBA treaties and the relatively weak US dollar. As a result of this combination of factors, rice from outside the EU has become cheaper, making European rise less competitive.

The impact of this risk was felt in the subsidiary Herba Ricemills, where our production of parboiled rice was reduced by approx. 40,000 tonnes, which would have contributed around €2 million to profit. Herba has responded to this critical risk by sourcing rice for our European subsidiaries from mainly Asian countries, saving our domestic production for uses and applications with a higher value added.

- In respect of credit risk in Spain, one of our main clients in the American region (IPACPA, in Mexico) is very close to insolvency. Despite the control in customer collections management, the alarm over payment delays by this client arose at the peak of our sales, with a cumulative balance of almost USD 2 million. A rapid alert enabled us to interrupt the latest shipments, deviating their delivery to controlled destinations and thereby more than halving the risk.

- The main risk in France is associated with the volatile commodity prices, particularly those of durum wheat, which rose by 60% over the year. This pushed the cost of our supplies up by €5 million. Our subsidiary Panzani was able to pass that extra cost on to white label distributors almost immediately and only at the end of the year to our specific brands.

- Just as in the preceding year, the persistent drought in Texas caused supply problems for our rice subsidiary in the United States and logistics problems for our factory in Freeport. Our subsidiary, Riviana, had to transfer part of its production to another factory in Tennessee, where it is easier to obtain rice from Arkansas and Louisiana. At the same time, shifts and workforce were reduced at our Freeport plant. The total impact on our profit and loss account was 8 million dollars.

- Our pasta subsidiary New World Pasta also suffered logistic problems during the year in the United States. These problems were caused by extreme weather conditions and the shortage of hauliers in Canada and the north west United States. This affects the supplies of raw material to our production plants in Canada and Winchester (USA) and pushed up our supply costs, which was mitigated by reducing promotion costs.

- In general, we highlight the following risks, as they affected several of our subsidiaries:

(i) The volatility on the foreign exchange markets affected all of our subsidiaries, although the overall effect was positive, mainly due to the evolution of the dollar towards the end of the year.

(ii) Owing to the economic crisis mainly in Europe, we have had to make concessions to some clients in respect of their payment schedules, slightly lengthening the average collection period for some of our subsidiaries. As a result, the Group has also tightened the credit terms for some of our clients.

E.6 Explain the response and supervision plans for the main risks to which the company is exposed.

The management committee in each subsidiary is responsible for monitoring the subsidiary's risk supervision system. Management committees usually meet monthly to analyse any risks that may have materialised and follow up the contingency plans and actions taken to mitigate them. Control and monitoring of the economic variables in each subsidiary against the corresponding budget also ensures the immediate detection of unforeseen risk situations.

In the subsidiaries with greatest weight within the Group, such as the American subsidiaries, those plans are documented in the "Crisis Management Plan" (CMP), which specifies the main risks to which the company is exposed, the protocols for responding to them and the company officers responsible for implementation.

F FINANCIAL REPORTING INTERNAL RISK CONTROL AND MANAGEMENT SYSTEM (FRICS)

Describe the mechanisms comprising the financial reporting internal control and risk management systems (FRICS) of your company

F.1 Control environment

Report on at least the following, describing their principal features:

F.1.1 What bodies and/or duties are responsible for: (i) the existence and maintenance of an adequate and effective FRICS; (ii) its implementation; and (iii) its oversight?

As established in its Regulations, the Board of Directors is ultimately responsible for the existence, maintenance and oversight of an adequate, effective financial reporting internal control system (FRICS), delegating the existence and maintenance of the procedures to ensure that the financial reporting is correct to the Audit and Compliance Committee and the design and promotion to the Management Committee.

The Management Committee is responsible for the design, implementation and functioning of the FRICS through the Group Finance Department and the Finance Departments of the different business units. The different general managements are responsible for effective implementation of these systems within their respective areas of activity.

The Audit and Compliance Committee supervises the Group financial reporting, assisted by the Internal Audit Department, the external auditors and certain executives of the organisation (from the Finance Department or other areas) when required.

As established in the Regulations of the Board, the Audit and Compliance Committee has the following duties:

a) Supervise and promote internal control of the company and its risk management systems.

b) Oversee and promote the policies, procedures and systems used for preparing and controlling the company's financial reporting, checking the services performed in this regard by the Internal Audit Department, the Finance Department and the Management Committee and making sure the Group is adequately informed about them.

c) Ensure that the internal control systems are adequate and effective in respect of the accounting practices and principles used when drawing up the company's annual accounts, supervising the policies and procedures established to ensure due compliance with applicable legal provisions and internal regulations.

d) Oversee compliance with the internal codes of conduct and corporate governance rules. In particular, ensure implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in general and the financial reporting process in particular.

F.1.2 State whether the following elements exist, especially in respect of the financial reporting process:

- Departments and/or mechanisms responsible for: (i) designing and reviewing the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for adequately informing the company.

As established in its Regulations, the board is responsible for defining the general strategy and guidelines for management of the company and encouraging and supervising the actions taken by the senior officers, establishing an organisational structure that will guarantee the utmost efficiency of the senior management and the management team in general.

According to the Regulations of the Board, the Nomination and Remuneration Committee is responsible for checking the criteria followed regarding the composition and structure of the board and for selecting candidates for the board. It also nominates the chairman, CEO or managing directors and secretary of the board and proposes the assignment of directors to the different board committees, the members of the Management Committee and any other advisory committees that the board may create.

In turn, the Nomination and Remuneration Committee supervises the Senior Management of the group, both in appointments and removals and in assessing the senior executive remuneration and incentives policy, informing on the criteria applied in the subsidiaries, and the executive promotion, training and selection policies of both the parent and its subsidiaries.

Within each group company, the organisational structure of the units participating in the preparation of financial reporting depends on several factors, such as the volume of operations or type of business, but in all cases it corresponds to the need to cover the main duties of recording, preparing, checking and reporting the operations performed and the economic and financial position of the company. The executive directors and management of Ebro Foods participate actively in the management committees of the group's subsidiaries, thereby guaranteeing direct communication through the lines of responsibility and authority.

The senior management and the human resources departments of the Group and each of the subsidiaries are responsible for designing the organisational structure according to local needs, the most important subsidiaries having a formal definition through organisation charts, which include a description of the duties and responsibilities of the main areas participating in internal control of financial reporting.

The different job descriptions of positions and responsibilities are maintained by the human resources department of each subsidiary and the managements of all the subsidiaries, especially the financial managements, are informed of any new member of a subsidiary.

- Code of conduct, body responsible for its approval, degree of publicity and instruction, principles and values included (stating whether there is any specific mention of the recording of transactions and preparation of financial reporting), body responsible for analysing default and proposing corrective measures and penalties.

The Code of Conduct of the Ebro Group, an update of the Code of Ethics of 2003 and Code of Conduct of 2008, was approved by the board on 28 March 2012 and all levels of the organisation were notified.

The Code of Conduct provides guidance on how to act in the Group's internal and external relationships, strengthening the values that distinguish us and establishing a basic reference to be followed by the Group.

The Code aims to:

- Be a formal, institutional reference for personal and professional conduct.
- Guarantee the responsible, ethical behaviour of all the Group's professionals in their work.
- Reduce the element of subjectivity in personal interpretations of moral and ethical principles.
- Create a standardisation tool to guarantee progressive implementation throughout the Group of the ten principles of the UN Global Compact.
- Grow responsibly and committed to all our stakeholders.

As established in the Code of Conduct, the Group assumes a principle of conduct based on transparent reporting, consisting of an undertaking to report reliable financial, accounting or other information to the markets. Accordingly, the company's internal and external financial reporting will give a true and fair view of its real economic, financial and equity situation according to generally accepted accounting principles.

Employees formally sign the Code of Conduct when they join the workforce of practically any Group company and it has been distributed among all Group employees during the year.

The Code of Conduct is also published in the Intranet, where it can be consulted by any employee, and on the Group's website.

The Audit and Compliance Committee, by delegation of the Ebro Foods Board of Directors, is responsible for monitoring and controlling application of the Code.

The Audit and Compliance Committee has an e-mail address to which any Group employee may send queries and suggestions regarding the interpretation of the Code of Conduct.

The Audit and Compliance Committee reports regularly to the Group's Board of Directors, after obtaining a report from the Corporate Social Responsibility Management, on any queries raised in respect of the interpretation and application of the Code of Conduct, how they have been solved and, where appropriate, the interpretation criteria followed.

- Whistleblowing channel, through which the audit committee can be informed of any financial or accounting irregularities, any breaches of the code of conduct and irregular activities within the organisation, indicating whether this channel is confidential.

As established in the Regulations of the Board, the Audit and Compliance Committee is formally responsible for implementing a whistle-blowing channel accessible to all Group employees and defining a protocol for prioritising, processing, investigating and settling reports according to their importance and nature.

For this purpose, the Ebro Group has, through its Code of Conduct, established a whistle-blowing or reporting channel through which any irregular conduct in financial, accounting or other areas and any breach of the code of conduct can be reported confidentially.

The Audit and Compliance Committee has a specific e-mail address through which any employees may report whatever conduct they may consider necessary and contact the Audit and Compliance Committee to inform on breaches of the code of conduct.

The Audit and Compliance Committee guarantees the confidentiality of the reports handled, according to a confidentiality commitment signed by all those involved in handling the reports and other precautions included in the "Report Handling Protocol". That protocol, approved by the Audit and Compliance Committee in 2012, establishes the procedure to be followed on receiving reports, regarding their processing, prioritising, solving and notification.

- Training programmes and regular updates for employees involved in the preparation and checking of financial information and evaluation by the FRICS, covering at least accounting and auditing standards, internal control and risk management.

The Ebro Group has a policy of making sure it has personnel with sufficient training and experience to carry out the duties and responsibilities assigned to them. The Ebro employees involved in the preparation and checking of the financial information and FRICS evaluation participate in training and refresher courses regarding the laws and standards in place from time to time and good practices to guarantee the reliability of the financial information generated.

The Ebro Group also encourages and provides means and resources for its employees to keep their accounting knowledge up to date through the attendance of seminars, on-line information and other means and regular meetings are held with the external auditors to assess in advance the standards in place or those about to enter into force.

During the year the Ebro Group has focused its training for personnel involved in the preparation and checking of financial information and FRICS evaluation on the following aspects:

- Accounting updates
- Management and control of costs for business decision-making
- Training in the tax laws in different countries
- Financial reporting internal control system manual

F.2 Measurement of risks in financial reporting

Report at least on:

F.2.1 What are the main features of the risk identification process, including risks of error or fraud, in respect of:

- Whether the process exists and is documented.

Risk Management is a process established by Management and supervised by the Board through the Audit and Compliance Committee. This process is specified through the Risk Management System based on the Corporate Risk Management Policy.

The potential risks events that could affect the organisation are identified and assessed through the Risk Management System, pinpointing and assessing the risks corresponding to each line of business. Through this Risk Management System the Ebro Group has drawn up a Consolidated Risk Map by compiling and combining the risk maps of its major subsidiaries.

This process is coordinated by a group-level team, which manages and establishes the permitted tolerance to the risk and coordinates actions to align the measures addressing risks with the Group's global risk policy so that the exposure to risk assumed by the Ebro Group overall is known at all times.

Based on the results obtained, systems are devised for addressing risks and internal control, to keep the likelihood and impact of those risks within the tolerance levels, thereby providing reasonable certainty regarding achievement of the strategic business goals.

The Ebro Group currently has a tool with which it is able to manage the Risk Management System, which covers all the most significant risks of the Ebro Group.

- Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations); whether it is updated and how often.

The Ebro Group has established a continuous improvement process to minimise the risks related with financial reporting, improving the design and effectiveness of existing controls.

For this purpose, it has a process identifying the risks affecting the reliability of financial reporting, based on and beginning with a definition of the scope, according to quantitative criteria of materiality in respect of the consolidated amounts and other qualitative criteria (error, fraud, uncommon transactions, etc.). Companies in the major business units or divisions that meet any of the afore-mentioned criteria and the material accounting items of each one are defined according to those criteria. Once the material items have been defined on a company level, the processes and sub-processes they affect are established, according to a relationship matrix.

For each of the sub-processes included within the scope, the inherent risks are identified and the checks made by the responsible persons to mitigate those risks are defined, setting this information down in a Risks-Controls Matrix. Those risks take account of all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations).

The financial reporting risks are identified in the Ebro Group's Risks-Controls Matrix and updated to take account of any changes in the scope of consolidation of the Group or development of its business and their reflection in the financial statements, making a comparative analysis every year of the variations in material processes and sub-processes to establish any risks that have not been previously identified.

- The existence of a process for defining the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, base companies or special purpose vehicles.

The Ebro Group has a documented process based on internal regulations that guarantees the correct identification of the scope of consolidation through an adequate separation of duties in the requesting, authorising, reporting and recording of any operation entailing the incorporation, merger, division, acquisition or sale of companies and any other corporate operation, directly involving the legal department, management committee and the board.

This process considers the possible existence of complex corporate structures, base companies or special purpose vehicles, among other means by establishing an adequate structure to separate the duties of requesting, authorising and reporting for any corporate operation within the Group. However, transactions or complex corporate structures that might entail off-balance sheet transactions which should be recorded within it are not identified at present.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.

The Risks Management System of the Ebro Group is designed to identify potential risk events that might affect the organisation. At present there are four types of risks: Operating, Compliance, Strategic and Financial risks, and the conclusions are taken into account insofar as the risks may affect financial reporting.

- Which governing body of the company supervises the process.

According to the regulations of the board, the Audit and Compliance Committee is responsible for regularly checking the internal risk management and control systems ensuring that the principal risks are adequately identified, managed and disclosed.

F.3 Control activities

Inform whether the company has at least the following, describing their main features:

F.3.1 Procedures for checking and authorising financial information to be published on the stock markets and description of the FRICS, indicating who is responsible for these tasks and documentation describing the flows of activities and controls (including those checking for the risk of fraud) in the different types of transactions that may have a material effect on the financial statements, including the procedure for closing of accounts and the specific review of judgements, estimates, valuations and significant projections.

The priorities established within the Ebro Group include the quality and reliability of the financial information, both internal information for decision-making and external information published on the markets. The information to be provided by the different units is requested by the Group financial department, paying special attention to the processes of closing the accounts, consolidation, measurement of intangibles and areas subject to judgement and estimates.

The Ebro Group has procedures for checking and authorising the financial information and description of the FRICS, responsibility for which corresponds to the financial department, the management committee, the Audit and Compliance Committee and the board.

The Audit and Compliance Committee checks and analyses the financial statements and any other important financial information, as well as the principal judgements, estimates and projections included and discusses them with the corporate financial department and the internal and external auditors to confirm that the information is complete and the principles applied are consistent with those of the previous full-year accounts.

The procedure for checking and authorising the financial information corresponds to the Group financial department, based on the information checked and validated by the different units. The Audit and Compliance Committee supervises this information to be published on the market.

The Group has implemented an improvement process to increase the documentation and make the generation of financial information and its subsequent supervision more effective and efficient.

The significant processes involved in the generation of the Group financial reporting are documented based on the COSO internal control model. The main processes documented are:

- Closing of Financial Statements and Reporting
- Consolidation
- Sales and Receivables
- Purchases and Payables
- Fixed Assets
- Inventories
- Payroll

The documentation outline is extended progressively, according to the materiality and the general criteria established in the Group's financial reporting internal control system.

The persons responsible for each of the documented processes in each subsidiary have been identified. They are responsible for keeping those processes up to date on an annual basis, reporting to the Group Management all and any modifications made.

Process documentation includes details of the flows and transactions and the financial reporting objectives and controls established to ensure they are met. It also contemplates the risks of error and/or fraud that might affect the financial reporting objectives. The documentation of flows of activities and controls that may have a material effect on the financial statements, including the accounts closing procedure, includes the preparation of narratives on the processes, flow diagrams and risk and control matrices. The controls identified are both preventive and detective, manual and automatic, describing also their frequency and associated information systems.

F.3.2 Internal control procedures and policies for the IT systems (including access security, track changes, operation, operating continuity and separation of duties) used for the significant processes of the company in the preparation and publication of financial information.

The Group has rules of action for managing information security. Those rules are applicable to the systems used to generate financial information and the IT Department is responsible for defining and proposing the security policies.

Within its policies and infrastructure management the Ebro Group has procedures to secure each of the following points:

i) Both physical and logical access are controlled to ensure that only authorised internal and external personnel can access the Ebro centres and systems. Ebro has several Data Centres, the main one in Spain where the company's critical systems are housed. The major subsidiaries also have local data centres. They all have their own infrastructure to guarantee adequate control of access to the installations. In small subsidiaries, the general rule is to have external service providers to provide that security. When external service providers are used, the Ebro Group makes internal audits of the information systems and their architecture, including the security aspect.

Logical access control is secured with efficient management of access to our systems, whether internal or external, and through a user management coordinated with the human resources department and the company's group of managers. Ebro has user access control systems and workflow tools to guarantee intra-departmental integration and efficient updating of user status, regularly identifying those who no longer access the systems.

External access is guaranteed through specific users and controlled management. The necessary elements have also been provided on a network level to ensure that only authorised users and process have access from outside.

ii) The larger subsidiaries mainly use the ERP system called SAP. In all those cases, Ebro has procedures underpinned by systems in which production changes are systematically filtered and assessed, their life cycle managed, and disseminated after acceptance by specific users and impact analysis in the systems currently used in production.

iii) The separation of duties is underpinned by the use of roles by groups of users, which allow access only to the information and transactions previously approved by the organisation. The modification or creation of new roles is backed by the same procedure that guarantees management of the user life cycle and is applicable to the major companies of the Ebro Group. Special attention is paid to separation in IT support processes to make sure that the tasks of development, sending to production and administration of the system are duly separated.

iv) Ebro has internal tools which, combined with the user support departments and systems (Help Desks), guarantee the management and traceability of incidents in the IT systems.

The critical information systems are always housed in our data centres and there are individuals assigned to each one who are responsible for proactive monitoring of the automatic processes and proactive assessment of the yield and functioning of the systems.

Ebro has global contracts with security control tool providers, which guarantee the installation of such tools in all the computer and data processing equipment used in the company.

v) Ebro has tools to guarantee the continuity of business support by its IT systems in the event of a fatal error or system crash. There are backup systems and policies in its data centres that guarantee access to information and systems in case of a crash. The use of tape backups and replicating the information in several computers with subsequent triangular distribution are habitual procedures for making incremental or complete backup copies. The current systems allow recovery of the information up to the specific time of the fatal error or system crash.

F.3.3 Internal control procedures and policies to oversee the management of outsourced activities and any aspects of valuation, calculation or measurement commissioned to independent experts, which may have a material impact on the financial statements

In general, the Ebro Group manages all activities that may have a material impact on the reliability of the financial statements directly using internal resources to avoid outsourcing. There are very few outsourced activities and the procedures and controls of those activities are regulated in the contracts signed with the service providers in question.

The valuation, calculation or measurement activities commissioned by the Ebro Group to independent experts are mainly concerned with the appraisal of properties, actuarial studies of commitments to employees and impairment testing of intangibles.

Only service providers of internationally recognised standing are used for these valuation reports, making sure that they are not affected by any circumstance or event that could compromise their independence.

The reports obtained from these firms are submitted to internal review to check that the most significant assumptions and hypotheses used are correct and that they comply with the International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS).

F.4 Information and communication

Inform whether the company has at least the following, describing their main features:

F.4.1 A specific department responsible for defining the accounting policies and keeping them up to date (accounting policy department or division) and solving queries or conflicts deriving from their interpretation, maintaining fluent communication with those responsible for operations in the organisation, as well as an updated accounting policy manual distributed among the units through which the company operates.

The Ebro Group has adequate procedures and mechanisms to put the applicable criteria across to the employees involved in the preparation of financial information and the IT systems used in that preparation. This is done through the Management Control Unit and the Corporate Financial Department, whose powers include the following, among others:

* Define, administer, update and report on the Group's accounting policies, in compliance with the applicable accounting standards and rules of consolidation for the preparation and presentation of financial information to be disclosed.

* Prepare, update and report on the Accounting Policy Manual to be applied by all financial units in the Group. This manual is updated annually.

* Settle any queries or conflicts regarding the interpretation and application of the accounting policies, maintaining fluent communication with those responsible for these operations in the organisation.

* Define and create templates, formats and criteria to be used for preparing and reporting the financial information. All financial information distributed on the markets is prepared by consolidating the reports of the different business units, prepared using mechanisms for data input, preparation and presentation that are homogenous for the entire Group. These mechanisms are designed to enable compliance with the standards applicable to the principal financial statements, including accounting criteria, valuation rules and presentation formats and embrace not only the balance sheet, profit and loss account, statement of changes in equity and statement of cash flows, but also the obtaining of other information that is necessary to prepare the notes to the financial statements.

F.4.2 Mechanisms for collecting and preparing financial information with homogenous formats, applied and used by all business units in the company or group, valid for the main financial statements and notes, and the information given on the FRICS

The Group's financial information is prepared using a process of aggregating separate financial statement at source for subsequent consolidation according to the applicable accounting and consolidation standards, to obtain the consolidated financial information to be published on the markets.

The process of aggregation and consolidation of the Group's financial statements is based on homogenous, common format templates that include different tables and reports to be completed. They also have automatic internal controls to check the integrity and reasonability of the data input.

These templates are validated by a financial manager in each subsidiary before sending them for checking and consolidation. To complete the automatic checks, those data and the estimation, valuation and calculation principles used to obtain them, as well as the accounts closing procedure, are checked by the financial manager at each level of aggregation and consolidation until the Ebro Group consolidated financial information is obtained, prepared and checked by the corporate financial department.

The Ebro Group has established a reporting system for the Financial Reporting Internal Control System, which is available in the Group for all the subsidiaries included within the Scope. Through that reporting system, the management of the parent coordinates maintenance of the system in the rest of the subsidiaries annually through the assignment of persons responsible for their maintenance and updating in the event of any significant change to be taken into consideration in the documentation. Finally, if any weaknesses are detected in the financial reporting internal control system, the subsidiaries are notified of the necessary action plans and they are monitored by management of the parent.

F.5 Supervision of the functioning of the system

F.5.1 Inform on the FRICS supervisory activities performed by the Audit Committee and whether the company has an internal audit department responsible, among its duties, for assisting the committee in its supervision of the internal control system, including the financial reporting internal control system (FRICS). Inform also on the scope of the FRICS appraisal made during the year and the procedure through which the department or body responsible for the appraisal informs on the outcome, whether the company has an action plan defining any possible corrective measures and whether their impact on the financial information has been considered.

The board is ultimately responsible for the existence, maintenance and supervision of an adequate, effective financial reporting internal control system, which is designed and implemented by the management committee. Among the duties defined in the Regulations of the Board, the Audit and Compliance Committee assists and supports the board in its supervision of the accounting and financial information, the internal and external audit services and corporate governance.

The Audit and Compliance Committee must see that the internal audit procedures, the internal control systems in general, including the risk management control system and in particular the financial reporting internal control system, are adequate; the external auditor and manager of the internal audit department are selected on the basis of objective, professional qualifications, guaranteeing their independence in the performance of their duties; report to the board on any related party transactions submitted for its consideration; control any possible conflicts of interest; and, in general, make sure that all the company's information and reporting, particular financial, complies with the principle of truth and maximum transparency for shareholders and markets.

The internal audit department has submitted its annual working plan to the Audit and Compliance Committee and reported directly to said committee on any incidents detected in the performance of that work, proposing the corresponding action plan defining any necessary corrective measures; and at the end of each year, it has submitted an activity report.

The results of checks made by the internal audit department and any incidents detected have been reported to the Audit and Compliance Committee. Moreover, the action plan devised for remedying those incidents has been sent to both the person responsible for remedying them and the Audit and Compliance Committee.

7.5.2 Inform on whether the company has a discussion procedure whereby the auditor (according to the provisions of the auditing standards), the internal audit department and other experts can inform the senior management and audit committee or company directors of any significant weaknesses detected in internal control during the auditing or checking of the annual accounts or any other processes commissioned to them. Indicate also whether the company has an action plan to remedy or mitigate the weaknesses observed.

The Audit and Compliance Committee has a stable, professional relationship with the external auditors and the main companies in its group, strictly respecting their independence. That relationship favours communication and discussion of any internal control weaknesses pinpointed during the auditing of annual accounts or any other audit work commissioned to them.

In this regard, the Audit and Compliance Committee receives information from the external auditor at least every six months on the audit plan and outcome of its performance, and checks that the senior management heeds the auditor's recommendations.

In addition, as established in the Regulations of the Board, it is responsible for overseeing the Internal Audit Services, being informed on the financial reporting process and internal control systems.

During 2014, the External Auditor attended 4 meetings of the Audit and Compliance Committee and the Internal Auditor has attended 7 such meetings.

F.6 Other significant information

N/A

F.7 External auditor's report

7.7.1 Inform as to whether the FRICS information sent to the markets was checked by the external auditor, in which case the company should include the corresponding report in an annex. If not, why not.

The report by the external auditor, Ernst & Young, S.L. reviewing the FRICS information is appended.

G EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the recommendations of the Unified Good Governance Code.

If any recommendation is not followed or is only partly followed, include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to assess the company's actions. General explanations are not acceptable.

1. The Articles of Association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24

Complies [X] Explanation [ ]

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:

a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;

b) The mechanisms in place to solve any conflicts of interest.

See sections: D.4 and D.7

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:

a) Conversion of listed companies into holdings, through spin-off or "subsidiarisation", i.e. reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;

b) Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;

c) Any operations producing effects equivalent to liquidation of the company.

See section: B.6

Complies [X] Partial compliance [ ] Explanation [ ]

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 27, should be published simultaneously with the notice of call to the General Meeting.

Complies [X] Explanation [ ]

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:

   a) To the appointment or ratification of directors, which should be voted individually;

   b) In the case of alterations to the Articles of Association, to each article or substantially independent group of articles.

Complies [X] Partial compliance [ ] Explanation [ ]

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on behalf of different clients can vote according to the latters' instructions.

Complies [X] Explanation [ ]

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.

   It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the sectors and territories in which it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies [X] Partial compliance [ ] Explanation [ ]

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

   a) General policies and strategies of the Company, particularly:

   i) The strategic or business plan, management objectives and annual budgets;

   ii) Investment and financing policy;

   iii) Definition of the structure of the corporate group;

   iv) Corporate governance policy;

   v) Corporate social responsibility policy;

   vi) Policy on the remuneration and performance assessment of senior officers;

   vii) Risk management and control policy and the regular monitoring of internal information and control systems;

   viii) The dividend policy and treasury stock policy, particularly regarding limits.

   See sections: C.1.14, C.1.16 and E.2

   b) The following decisions:

   i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses;

   ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts;

iii) **The financial information that listed companies are obliged to disclose periodically;**

iv) **Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;**

v) **Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.**

c) Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions").

This authorisation will not be necessary for related-party transactions that meet all of the following three conditions:

1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;

2. Made at the general prices or rates established by the person supplying the good or service;

3. Made for a sum not exceeding 1% of the company's annual earnings.

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

See sections: D.1 and D.6

Complies [X] Partial compliance [ ] Explanation [ ]

9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.

See section: C.1.2

Complies [X] Explanation [ ]

10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.

See sections: A.3 and C.1.3

Complies [X] Partial compliance [ ] Explanation [ ]

11. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.

This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:

1. **In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.**
2. **In companies with a plurality of unrelated shareholders represented on the Board.**

See sections: A.2, A.3 and C.1.3

Complies [X] Explanation [ ]

12. The total number of Independent Directors should represent at least one-third of the total Directors.

See section: C.1.3

Complies ☐ Explanation ☒

Following the resignation for professional reasons of Sol Daurella Comadrán (independent director) as of 1 December 2014, there are 3 independent directors, representing 25% of the total directors.

Although the company considers that the composition of the board reflects the shareholding structure of the company, it is considering measures to fill the vacancy produced by the resignation of the aforesaid independent director.

13. The Board should explain the nature of each director at the general meeting at which an appointment is to be made or ratified. The type of director should be confirmed or altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why proprietary directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where appropriate, for not meeting formal requests for presence on the board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

See sections: C.1.3 and C.1.8.

Complies ☒ Partial compliance ☐ Explanation ☐

14. When there are few or no female directors, when vacancies arise on the Board, the Nomination Committee should ensure that:

a) There is no hidden bias against female candidates in the selection procedures;

b) A conscious effort is made to include women with the target profile among the candidates.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4

Complies ☐ Partial compliance ☐ Explanation ☒ Not applicable ☐

Board members have traditionally been appointed regardless of candidates' gender, so there is no positive or negative discrimination of any nature in the election of directors, without prejudice to any measures that may be taken in the future by the Nomination and Remuneration Committee in pursuance of the amended Corporate Enterprises Act.

Following the resignation tendered on 1 December 2014 by one independent director, the female directors on the board at present are Blanca Hernández Rodríguez and Concepción Ordiz Fuertes.

15. The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.

See section: C.1.19 and C.1.41

Complies ☒ Partial compliance ☐ Explanation ☐

16. When the Chairman of the Board is also the chief executive officer of the company, one of the independent directors should be authorised to request the calling of a board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the non-executive directors; and direct the assessment by the Board of its Chairman.

See section: C.1.22

Complies ☐ Partial compliance ☒ Explanation ☐ Not applicable ☐

The company partially complied with this recommendation in 2014, since the Regulations of the Board recognises the right of all directors to request the calling of a board meeting or the inclusion of items on the agenda, not limiting this power exclusively to independent directors.

Article 9.2 of the Regulations of the Board stipulates that one-third of the board members may, at least six days prior to the date of a board meeting, request the inclusion of items which, in their opinion, should be transacted.

Article 9.5 of the Regulations stipulates that the board may discuss and adopt resolutions on issues included on the agenda, as well as any others which all the directors present and represented at the meeting agree to dispatch.

Similarly, Article 25.2.b) of the Regulations establishes that directors shall request a meeting of any corporate bodies they belong to whenever they may consider this to be in the company's interests, proposing such items as they may consider adequate for the agenda.

Finally, Article 33.1 of the Regulations provide that when the chairman of the board is also the chief executive officer of the company, the board may appoint a vice-chairman from among the non-executive directors, who will be entitled to call board meetings or include new items on the agenda and organise meetings to coordinate among non-executive directors, and who will direct the assessment of the chairman. If no vice-chairman is appointed, the board will authorise an independent director to perform these duties.

At present José Antonio Segurado García, as Lead Independent Director, is authorised to request the calling of a board meeting or the inclusion of new items on the agenda of a meeting that has already been called, coordinate and call meetings of the non-executive directors and, if appropriate, direct the periodical performance rating of the Chairman.

17. The Secretary of the Board should especially ensure that the Board's actions:

a) Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;

b) Conform to the company's Articles of Association and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;

c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

See section: C.1.34

Complies	X	Partial compliance		Explanation	

18. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.

See section: C.1.29

Complies	X	Partial compliance		Explanation	

19. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to grant a proxy for any Board meeting, the appropriate instructions should be issued.

See sections: C.1.28, C.1.29 and C.1.30

Complies	X	Partial compliance		Explanation	

20. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, and those concerns are not settled by the board, they should be put on record, at the request of those expressing them.

Complies		Partial compliance		Explanation		Not applicable	X

21. The full Board should assess once a year:

a) The quality and effectiveness of the Board's actions;

b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;

c) The performance of its Committees, based on the reports issued by each one.

See section: C.1.19 and C.1.20

Complies	[X]	Partial compliance	[ ]	Explanation	[ ]

22. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Articles of Association or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

See section: C.1.41

Complies	[X]	Explanation	[ ]

23. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.

See section: C.1.40

Complies	[X]	Explanation	[ ]

24. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies	[X]	Partial compliance	[ ]	Explanation	[ ]

25. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:

a) Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;

b) Companies should limit the number of directorships that its Directors may hold.

See sections: C.1.12, C.1.13 and C.1.17

Complies	[X]	Partial compliance	[ ]	Explanation	[ ]

26. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:

a) At the proposal of the Nomination Committee, in the case of independent directors;

b) Subject to a report by the Nomination Committee for other directors.

See section: C.1.3

Complies	[X]	Partial compliance	[ ]	Explanation	[ ]

27. Companies should publish on their websites and regularly update the following information on their directors:

a) Professional and biographical profile;

b) Other directorships held, in listed or unlisted companies;

c) Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.

d) Date of first and subsequent appointments as company director; and

e) Company shares and stock options held.

Complies	[ ]	Partial compliance	[X]	Explanation	[ ]

Although there is no specific section of the corporate website containing information on other directorships held by the directors of Ebro Foods, S.A., the annual accounts and corporate governance report of each year published in the corresponding section of the website contain information on the directorships held in listed companies and companies engaged in activities identical or similar to those of Ebro Foods.

28. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

See sections: A.2, A.3 and C.1.2

Complies	X	Partial compliance		Explanation	

29. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his/her duties or when he or she falls into any of the circumstances by virtue of which he/she would no longer be considered independent, according to the provisions of Order ECC/461/2013.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Complies	X	Explanation	

30. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's reputation. In particular, directors should be obliged to inform the Board of any criminal proceedings brought against them and the subsequent development of the proceedings.

If a director is tried for any of the offences contemplated in section 213 of the Corporate Enterprises Act, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

See sections: C.1.42 and C.1.43

Complies	X	Partial compliance		Explanation	

31. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board.

And when the Board adopts significant or reiterated decisions regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation.

This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies	X	Partial compliance		Explanation		Not applicable	

32. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a regulatory disclosure, the reason shall be indicated in the Annual Corporate Governance Report.

See section: C.1.9

Complies	X	Partial compliance		Explanation		Not applicable	

33. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to

the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors.

This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

34. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies [X] Explanation [ ] Not applicable [ ]

35. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Complies [ ] Explanation [ ] Not applicable [X]

36. In the case of variable remuneration, the pay policies should establish such limits and technical precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies [X] Explanation [ ] Not applicable [ ]

37. When there is an Executive Committee, the balance between the different types of director should roughly mirror that of the Board and its secretary should be the Secretary of the Board.

See sections: C.2.1 and C.2.6

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

38. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies [X] Explanation [ ] Not applicable [ ]

39. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.

The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.

b) These Committees should have a minimum of three members, who should be exclusively non-executive directors. This notwithstanding, executive directors or senior officers may attend their meetings when expressly so decided by the Committee members.

c) The Committees should be chaired by Independent Directors.

d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.

e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

See sections: C.2.1 and C.2.4

Complies [X] Partial compliance [ ] Explanation [ ]

40. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.

See sections: C.2.3 and C.2.4

Complies	X	Explanation	

41. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.

Complies	X	Explanation	

42. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.

See section: C.2.3

Complies	X	Explanation	

43. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.

Complies	X	Partial compliance		Explanation	

44. The risk management and control policy should define at least:

a) The different types of risk (operational, technological, financial, legal, reputational...) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;

b) The level of risk that the company considers acceptable;

c) The measures envisaged to soften the effects of the risks identified, should they materialise;

d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.

See section: E

Complies	X	Partial compliance		Explanation	

45. The Audit Committee should:

1. In connection with the internal reporting and control systems:

a) Ensure that the principal risks identified through supervision of the effective internal control of the company and internal auditing are adequately managed and disclosed.

b) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.

c) Establish and supervise a "whistle-blowing" procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company's conduct, especially in financial and accounting aspects.

2. In connection with the external auditor:

a) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.

b) Guarantee the independence of the external auditor, and for this purpose:

i) **The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content.**

ii) **Investigate the circumstances giving rise to resignation of any external auditor.**

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies	X	Partial compliance		Explanation	

46. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies	X	Explanation	

47. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

a) **The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.**

b) **Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.**

c) **Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.**

See sections: C.2.3 and C.2.4

Complies	X	Partial compliance		Explanation	

48. The Board should endeavour to avoid a qualified auditor's report on the accounts laid before the General Meeting, and in exceptional circumstances when such qualifications exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders their content and scope.

See section: C.1.38

Complies	X	Partial compliance		Explanation	

49. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.

See section: C .2.1

Complies		Explanation	X	Not applicable	

Of the four members of the Nomination and Remuneration Committee, two are independent directors, one of whom chairs the committee.

50. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:

a) **Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.**

b) **Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.**

c) **Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.**

d) **Report to the Board on the gender issues contemplated in Recommendation 14.**

See section: C.2.4

Complies		Partial compliance	X	Explanation		Not applicable	

In 2014, notwithstanding the powers assigned to the Nomination and Remuneration Committee under the amended Corporate Enterprises Act, all the powers indicated in this recommendation corresponded to this committee except the power indicated in d).

51. The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.

Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies	X	Partial compliance		Explanation		Not applicable	

52. Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:

a) Submit proposals to the Board on:

i) The remuneration policy for directors and senior officers;

ii) The individual remuneration of executive directors and other terms of contract;

iii) The basic conditions of senior executive contracts.

b) Ensure compliance with the remuneration policy established by the company.

See sections: C.2.4

Complies	X	Partial compliance		Explanation		Not applicable	

53. The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.

Complies	X	Explanation		Not applicable	

H OTHER INFORMATION OF INTEREST

1. If you consider there to be any important aspects regarding the corporate governance practices applied by your company or other companies in the group that have not been mentioned in this report, but which should be included to obtain more complete, reasoned information on the corporate governance practices and structure in the company or group, describe them below and give a brief explanation.

2. This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

   In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

3. The company may also state whether it has voluntarily applied any international, sector-based or other codes of ethical principles or good practices. If so, it should name the code in question and the date of its accession.

EXPLANATORY NOTE ONE, ON SECTION A.4

Instituto Hispánico del Arroz, S.A. and Hispafoods Invest, S.L. are directors and also significant shareholders of the company (see percentage shareholdings indicated in A.3) and the relationships contemplated in explanatory note six to section C.1.17 exist between them.

EXPLANATORY NOTE TWO, ON SECTION A.5

For relationships between the companies of the Ebro Foods Group and the controlling shareholders, see section C.2 of this Report.

EXPLANATORY NOTE THREE, ON SECTION C.1.2

The director José Antonio Segurado García was appointed Lead Independent Director by virtue of a resolution adopted by the Board on 29 January 2014, as mentioned in several sections of this report.

EXPLANATORY NOTE FOUR, ON SECTIONS C.1.4 AND C.2.2

Following the resignation by a female independent director for professional reasons on 1 December 2014, the presence of women on the Board of Directors has been reduced to two and the number of independent directors on the Audit and Compliance Committee and the Nomination and Remuneration Committee has fallen to two.

EXPLANATORY NOTE FIVE, ON SECTION C.1.16

- The total amount indicated in section C.1.16 includes (i) the remuneration of all the company executives, even though they are not all part of the senior management; and (ii) the remuneration of an executive who left the company as of 30 July 2014 and that of another executive who joined the company on 6 October 2014.

- In 2014 a sum of €145,000 was distributed among all executives (except the Chairman of the Board) included in the Deferred Annual Bonus Scheme linked to the Group's Strategic Plan 2010-2012, corresponding to 2012 (the last year of the Plan). This sum represents 70% of the Deferred Annual Variable Remuneration for the three-year period and was provided for in the 2012 accounts.

- A provision has been recognised in the 2014 accounts of €117,000 as the provisional estimate of the sum corresponding to 2014 to be distributed among all executives (except the Chairman of the Board) included in the Deferred Annual Bonus Scheme linked to the Group's Strategic Plan 2013-2015, equivalent to 25% of the Deferred Annual Variable Remuneration for that three-year period. This sum has been paid in 2015.

- Finally, these Deferred Annual Bonus Schemes are not indexed to the value of the company share and the beneficiaries do not receive any shares or rights thereover.

EXPLANATORY NOTE SIX, ON SECTION C.1.17

- Instituto Hispánico del Arroz, S.A. and Hispafoods Invest, S.L. are directors and controlling shareholders of Ebro Foods, S.A. Instituto Hispánico del Arroz, S.A. holds 100% of the capital of Hispafoods Invest, S.L. (direct interest of 51.62% and indirect interest of 48.38%) and is director of that company.

- Antonio Hernández Callejas has a direct interest of 16.666% in Instituto Hispánico del Arroz, S.A. and an indirect interest of 16.666% in Hispafoods Invest, S.L. Therefore, Antonio Hernández Callejas has an indirect interest in Ebro Foods, S.A. through the 15.879% interest held directly and indirectly in this company by Instituto Hispánico del Arroz, S.A. Antonio Hernández Callejas does not hold any office in those companies.

Demetrio Carceller Arce has an indirect interest in Ebro Foods, S.A. through the 10.026% interest held indirectly in this company by Sociedad Anónima Damm through Corporación Económica Damm, S.A.

EXPLANATORY NOTE SEVEN, ON SECTION C.1.29

During 2014 both the Board of Directors and the Audit and Compliance Committee adopted written resolutions (without a meeting) on one occasion each, which should be added to the number of meetings indicated in section C.1.29.

EXPLANATORY NOTE EIGHT, ON SECTION C.2

-The audit committee in Ebro Foods S.A. is called the Audit and Compliance Committee and the nomination and remuneration committee is called the Nomination and Remuneration Committee (lit. Selection and Remuneration Committee in Spanish).

-The powers of the different Committee of the Board established in the Regulations of the Board, without prejudice to those corresponding to them by law, are set out below:

1. POWERS OF THE EXECUTIVE COMMITTEE:

a) Adopt resolutions corresponding to the powers delegated to it by the Board of Directors.

b) Monitor and supervise the day-to-day management of the company, ensuring adequate coordination with subsidiaries in the common interests of the latter and the company.

c) Study and propose to the Board of Directors the guidelines defining business strategy, supervising their implementation.

d) Debate and inform the Board on any issues corresponding to the following matters, regardless of whether or not they have been delegated by the Board:

- Separate and consolidated annual budget of the company, itemising the provisions corresponding to each line of business.
- Monthly monitoring of the financial management, budget deviations and proposed remedial measures, if necessary.
- Significant financial investments and investments in property, plant and equipment and the corresponding economic justification.
- Alliances and agreements with other companies which, by virtue of their amount or nature, are important for the company.
- Financial transactions of a material economic significance for the company.
- Programme of medium-term actions.
- Assessment of the achievement of objectives by the different operating units of the company.
- Monitoring and assessment of the subsidiaries in respect of the matters contemplated in this sub-section d).

e) Adopt resolutions corresponding to the acquisition and disposal of treasury stock by the Company, in accordance with the authorisation, if any, granted by the General Meeting. A Director may be designated to execute and formalise the decisions to buy or sell own shares, supervising and, if appropriate, authorising any resolutions that may be adopted by subsidiaries to buy and sell their own shares or shares in the Company, whenever such authorisation is required by law.

2. POWERS OF THE AUDIT AND COMPLIANCE COMMITTEE:

a) Supervise and promote internal control of the company and the risk management systems and submit recommendations to the Board regarding the risk management and control policy.

b) Supervise and promote the policies, procedures and systems used for drawing up and controlling the company's financial information, checking the services performed in this regard by the Internal Audit Department, the Financial Department and the Management Committee and making sure they are correctly distributed throughout the Group.

c) Receive the information sent regularly to the Stock Exchange Councils, issue prospectuses and any public financial information offered by the Company and, in general, all information prepared for distribution among shareholders, ensuring the existence of internal control systems that guarantee the transparency and truth of the information.

d) Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be officially drawn up and authorised for issue in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company and make sure that any interim financial statements are drawn up according to the same accounting principles as the annual accounts, considering the possibility of asking the external auditors to make a limited audit if necessary.
In this respect, it shall also see that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the company's annual accounts, supervising the policies and procedures established to ensure due compliance with applicable legal provisions and internal regulations. The Committee shall, through its Chairman, obtain information and collaboration from both the Internal Audit Manager and the External Auditors to perform these duties. Furthermore, whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote.

e) Establish regular contact with the External Auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the External Auditors in accordance with prevailing auditing standards and legislation.

f) Be informed of the decisions adopted by the senior management according to recommendations made by the External Auditors in connection with the audit.

g) Report to the Board prior to the adoption of any decisions on related party transactions submitted for its authorisation.

h) Implement a confidential whistle-blowing channel accessible to all Group employees and a protocol for establishing priority, processing, investigating and solving any issues reported through that channel according to their importance and nature, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud.

i) Supervise compliance with the internal codes of conduct and rules of corporate governance. In particular, oversee the implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in general and the financial reporting process in particular.

j) Propose to the Board, for submission to the General Meeting, the appointment of the External Auditors of the Company and their terms of contract, the scope of their commission and the renewal or revocation of their engagement. The Committee shall ensure the independence of the External Auditors and the existence of a discussion procedure enabling the External Auditors, the Internal Audit Department and any other expert to inform the company of any significant weaknesses in its internal control detected while checking the annual accounts or any other processes in which they have worked. It shall also inform the Board on the proposal submitted to the Board by the Company Chairman regarding the appointment of the Internal Audit Manager, who shall report directly to the Chairman of the Board.

k) Supervise and report to the Board on intragroup and related party transactions of the company or subsidiaries and settle any conflicts of interest that may arise between the company or the group and its directors, executives, significant shareholders and listed subsidiaries, if any.

l) Report to the General Meeting on any issues raised by shareholders concerning matters within its competence.

3. POWERS OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Committee shall study, issue reports and submit proposals for the Board on the following matters:

a) Definition and, where appropriate, revision of the criteria to be followed for the composition and structure of the Board and selection of candidates to join the Board, informing always prior to the appointment of a Director by cooptation or the submission to the General Meeting of any proposal regarding the appointment or removal of Directors.

b) Appointment of the Chairman and, if any, the Vice-Chairman, Managing Director(s) and Secretary of the Board; appointment of Directors to the Executive Committee, Audit and Compliance Committee and Strategy and Investment Committee; appointment of members of the Management Committee and any other advisory committees the Board may create; and appointment and possible dismissal of senior executives and their termination benefit clauses.

c) Position of the Company regarding the appointment and removal of board members in subsidiaries.

d) Proposal of directors' emoluments, according to the system of remuneration established in the Articles of Association and the executive directors' relationship with the Company. The Committee shall also inform in advance on any resolution or proposal of the Board on the remuneration of directors and executives indexed to the value of the shares in the Company or its subsidiaries or consisting of the delivery of shares in the Company or its subsidiaries or the granting of options thereover.

e) Supervision of the senior management remuneration and incentives policy, obtaining information and reporting on the criteria followed by the Company's subsidiaries in this respect.

f) Assessment of the principles of the management training, promotion and selection policy in the parent company and, where appropriate, in its subsidiaries.

g) Examination and organisation, as deemed adequate, of the succession of the Chairman and chief executive and, if appropriate, submission of proposals to the Board to ensure that such succession is made in an orderly, well-planned manner.

h) Preparation and proposal of the Annual Report on Directors' Remuneration in accordance with the laws and regulations in place from time to time.

4. POWERS OF THE STRATEGY AND INVESTMENT COMMITTEE

The Committee shall study, issue reports and submit proposals for the Board on the following matters:

a) Setting of targets for growth, yield and market share of the company.

b) Strategic development plans, new investments and restructuring processes.

c) Coordination with subsidiaries in the matters contemplated in paragraphs a) and b) above, for the common interests and benefit of the Company and its subsidiaries.

In the performance of its duties, it may, where necessary, obtain information and collaboration from the members of the Company management, through the Chairman of the Committee.

EXPLANATORY NOTE NINE, ON SECTION D.3

The transactions performed directly by the director Instituto Hispánico del Arroz, S.A. listed in section D.3 are grouped by type of transaction and were all made with the subsidiaries of the Ebro Foods Group and for the amounts indicated below:

- The "purchases of goods (finished or otherwise)" in a total sum of €7,719 thousand were made directly with the following companies of the Ebro Foods Group: Herba Ricemills, S.L.U. (€7,484 thousand), Boost Nutrition, C.V. (€68 thousand), Arrozeiras Mundiarroz, S.A. (€79 thousand) and TBA Suntra BV (€88 thousand).

- The "sales of goods (finished or otherwise)" in a total sum of €304 thousand were made directly with the following companies of the Ebro Foods Group: Herba Ricemills, S.L.U. (€119 thousand), Boost Nutrition, C.V. (€68 thousand), Arrozeiras Mundiarroz, S.A. (€30 thousand) and TBA Suntra BV (€87 thousand).

- "Services rendered" in a sum of €2 thousand were made directly with Herba Ricemills, S.L.U.

- "Services received" in a sum of €175 thousand were made directly with Herba Ricemills, S.L.U. (€125 thousand) and Herba Foods, S.L.U. (€50 thousand).

EXPLANATORY NOTE TEN, ON SECTION G

- Regarding Recommendation 2, there are no listed companies in the Ebro Foods Group apart from the parent, Ebro Foods S.A.

- Regarding Recommendation 20, none of the directors or the non-director Secretary have expressed any concern over the proposed resolutions submitted to the board or the development of the company.

- Regarding Recommendation 31, no directors have expressed their opposition to any of the proposals considering them to go against the company's interests. When the potential conflict of interests of certain Board members has been examined, neither the independent directors nor the directors affected by such potential conflicts have expressed such opposition or considered that the decisions adopted could be detrimental to shareholders not represented on the board.

EXPLANATORY NOTE ELEVEN

- Ebro Foods, S.A. had an interest of 3.121% in Biosearch, S.A. at 31 December 2014. This interest is recognised in the Ebro Group accounts as “Available-for-sale financial assets”.

Biosearch, S.A. is a listed company engaged in activities similar to the objects of Ebro Foods, S.A. It was part of the Ebro Group until January 2011. During the first half of 2014, the former non-director Secretary of the Board, Miguel Ángel Pérez Álvarez, was a proprietary director of Biosearch, nominated by Ebro as significant shareholder.

The transactions made between 1 January and 31 December 2014 between Biosearch, S.A. and different companies of the Ebro Foods Group are indicated below:

- Herba Ricemills, S.L.U., operating lease (income) for €26 thousand.
- Dosbío 2010, S.L.U., operating lease (expense) for €7 thousand.
- Ebro Foods, S.A., services rendered for €42 thousand.

- During the first half of 2014 Ebro Foods, S.A. held an interest in Deóleo, S.A. which was recognised in the Ebro Group accounts as “Available-for-sale financial assets”. On 28 March 2014 Ebro Foods, S.A. reduced its interest to below 3% (ceased to be a significant shareholder) and since 13 May 2014 it has not held any interest in that company.

Antonio Hernández Callejas, Chairman of the Board of Ebro Foods, S.A., was proprietary director of Deóleo up to 31 January 2014, when he stepped down for professional reasons.

The transactions made between 1 January and 28 March 2014 between Deóleo and different companies of the Ebro Foods Group are indicated below:

- Herba Ricemills, S.L.U., services received for €12 thousand.
- Lassie Nederland BV, services received for €39 thousand.
- Ebro Foods, S.A., services rendered for €261 thousand.

- Ebro Roods, S.A. has an interest of 25% in Riso Scotti S.p.A. This is an associate consolidated by the equity method.

The transactions made in 2014 between Riso Scotti and a subsidiary of the Ebro Foods Group are indicated below:

- Herba Ricemills, S.L.U., sale of goods (finished or otherwise), €1 thousand
- Herba Ricemills, S.L.U., services rendered, €6 thousand
- Herba Ricemills, S.L.U., purchase of goods (finished or otherwise), €62 thousand
- Herba Ricemills, S.L.U., services received, €1 thousand

EXPLANATORY NOTE TWELVE

Both the Board of Directors and its Committees have already taken up the powers corresponding to them by virtue of the Corporate Enterprises Act as amended by Act 31/2014 of 3 December. At the date of this report the company is in the process of adapting its Articles of Association, Regulations of the General Meeting and Regulations of the Board to the new legal provisions.

This Annual Corporate Governance Report was approved by the Board of Directors of the company on 21/03/2015.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

YES ☐ NO ☒

Building a better working world

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Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

AUDIT REPORT ON THE "DISCLOSURES REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM" OF EBRO FOODS, S.A. FOR 2014

Dear Directors,

As per the request made by the Board of Directors of EBRO FOODS, S.A. (hereinafter, the Company) and our proposal letter of December 2, 2014, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of EBRO FOODS, S.A. for 2014, which summarize the Company's internal control procedures in respect of its annual reporting exercise.

The Board of Directors is responsible for taking the opportune measures to reasonably assure the implementation, maintenance and supervision of an adequate internal control system, making improvements to this system and preparing the contents of the ICFR disclosures required in section F) of the accompanying Annual Corporate Governance Report.

Against this backdrop, it is important to note that, regardless of the quality of the design and effective functioning of the ICFR system adopted by the Company in respect of its annual financial reporting effort, the latter can only provide reasonable but not absolute assurance regarding the objectives pursued, due to the limitations intrinsic to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we have only carried out the specific procedures described below, as indicated in the Procedures for external audit reviews of an entity's ICFR disclosures contained in the Internal Control over Financial Reporting in Listed Companies report published by Spain's securities market regulator, the CNMV (and available on its website), which establishes the procedures to be performed, the scope thereof and the contents of this report. Given that the product resulting from these procedures is at any rate limited in scope and substantially more limited than an audit or review of the internal control system, we do not express any opinion on the effectiveness of the system or on its design or effective functioning in respect of the Company's 2014 financial reporting disclosures, as described in the accompanying ICFR disclosures. As a result, had we performed additional procedures to those stipulated in the abovementioned CNMV report or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention that would have been reported to you.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is subject to the Consolidated Text of Spain's Financial Statement Audit Act, enacted by means of Royal Decree-Law 1/2011, of July 1, 2011, we do not express an audit opinion in the terms provided for in that piece of legislation.

The procedures performed are itemized below:

1. Reading and understanding of the information prepared by the Company regarding ICFR – disclosures included in the management report – and an evaluation of whether this information meets all the minimum reporting requirements needed to fill out section F on the ICFR system in the Annual Corporate Governance Report template established in CNMV Circular 5/2013 of June 12, 2013.

2. Questioning of personnel responsible for drawing up the information detailed in item 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning.

3. Reviewing the explanatory documents supporting the information detailed in item 1 above, including documents directly made available to those responsible for describing ICFR systems. The documentation to be reviewed may include reports prepared for the audit committee by internal audit, senior management and other internal or external specialists.

4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit.

5. Reading of the minutes taken at meetings of the board of directors, audit committee and other committees of the Company to evaluate the consistency between the ICFR business transacted and the information detailed in item 1 above.

6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively under the scope of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and CNMV Circular 5/2013 of June 12, 2013 on ICFR-related descriptions in listed companies' Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signed in the original in Spanish)

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March 24, 2015

David Ruíz-Roso Moyano