

EBRO FOODS, S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

for the six months ended
June 30, 2017 (1H17)

**EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2017 AND DECEMBRE 31, 2016**

THOUSANDS OF EUROS

	Note	<u>30/06/2017</u> Unaudited	<u>31/12/2016</u> Audited
<u>NON-CURRENT ASSETS</u>			
Intangible assets	9	446,381	464,228
Property, plant and equipment	10	722,867	737,452
Investment properties	11	26,073	25,882
Financial assets	12	33,753	34,088
Investments in associates	13	37,825	37,299
Deferred tax assets		74,304	83,068
Goodwill	14	1,007,516	1,028,740
Other non-current assets		0	0
		<u>2,348,719</u>	<u>2,410,757</u>
<u>CURRENT ASSETS</u>			
Inventories		466,584	488,821
Trade and other receivables		376,524	375,442
Current tax liabilities		28,304	26,441
Taxes receivable		27,461	32,643
Financial assets	12	5,800	5,067
Derivative and other financial instruments		230	3,909
Other current assets		12,192	11,383
Cash and cash equivalents		348,741	291,340
		<u>1,265,836</u>	<u>1,235,046</u>
Non-current assets held for sale	7	0	0
		<u>3,614,555</u>	<u>3,645,803</u>
<u>TOTAL ASSETS</u>			
		<u>2,024,826</u>	<u>2,106,401</u>
<u>EQUITY</u>			
<u>Equity attributable to equity holders of the parent</u>			
Share capital		92,319	92,319
Share premium		4	4
Restricted reserves		21,633	21,633
Unrestricted reserves (retained earnings)		1,824,895	1,820,612
Interim dividends paid		0	0
Translation differences		57,664	144,758
Own shares	17	0	0
		<u>1,996,515</u>	<u>2,079,326</u>
<u>Non-controlling interests</u>			
		<u>28,311</u>	<u>27,075</u>
<u>NON-CURRENT LIABILITIES</u>			
Deferred income		4,373	4,749
Provisions for pensions and similar obligations	18	52,768	56,489
Other provisions	19	15,463	18,498
Financial liabilities	21	405,513	495,490
Other non-financial liabilities		0	0
Deferred tax liabilities		290,141	299,500
		<u>768,258</u>	<u>874,726</u>
<u>CURRENT LIABILITIES</u>			
Financial liabilities	21	395,913	241,960
Derivative and other financial instruments		2,403	1,104
Trade and other payables		394,628	393,896
Current tax liabilities		11,058	12,966
Taxes payable		16,221	13,733
Other current liabilities		1,248	1,017
		<u>821,471</u>	<u>664,676</u>
Liabilities associated with non-current assets held for sale	7	0	0
		<u>3,614,555</u>	<u>3,645,803</u>
<u>TOTAL EQUITY AND LIABILITIES</u>			

The accompanying notes 1 to 24 are an integral part of the consolidated balance sheet at June 30, 2017.

EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
THOUSANDS OF EUROS

	<u>Note</u>	<u>1H17</u> Unaudited	<u>1H16</u> Unaudited
Revenue	6	1.248.831	1.216.789
Change in inventories of finished goods and work in progress		3.153	(517)
Own work capitalized		311	722
Other operating income	8	11.647	26.242
Raw materials and consumables used and other external expenses		(649.026)	(644.762)
Employee benefits expense		(171.374)	(164.503)
Depreciation and amortization		(38.743)	(36.660)
Other operating expenses	8	(257.171)	(262.067)
OPERATING PROFIT		147.628	135.244
Finance income		19.230	16.210
Finance costs		(25.786)	(20.338)
Impairment of goodwill		(92)	(91)
Share of profit of associates	13	2.560	1.874
CONSOLIDATED PROFIT BEFORE TAX	6	143.540	132.899
Income tax	20	(46.350)	(42.705)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		97.190	90.194
Profit/(loss) after tax for from discontinued operations	7	0	0
<u>PROFIT FOR THE PERIOD</u>		97.190	90.194
Attributable to:			
Equity holders of the parent		92.088	87.575
Non-controlling interests		5.102	2.619
		97.190	90.194

	<u>Note</u>	<u>1H17</u> Unaudited	<u>1H16</u> Unaudited
<u>Earnings per share (euros)</u>	16		
- From continuing operations			
Basic		0,598	0,569
Diluted		0,598	0,569
- From profit for the period			
Basic		0,598	0,569
Diluted		0,598	0,569

The accompanying notes 1 to 24 are an integral part of the consolidated income statement for the six months ended June 30, 2017.

EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED STATEMENT RECOGNIZED INCOME AND EXPENSE
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(THOUSANDS OF EUROS)

	Note	1H17			1H16		
		Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
1. Profit for the year				97,190			90,194
2. Other income and expense recognized directly in equity:		-87,100	0	-87,100	-18,857	38	-18,819
<u>2.1 Other comprehensive income to be reclassified to profit or loss in subsequent periods</u>		-87,085	0	-87,085	-18,820	38	-18,782
Gains/(losses) on the measurement of available-for-sale financial assets		-1	0	-1	-153	38	-115
Gains/(losses) on the measurement of available-for-sale financial assets reclassified to profit or loss during the period		0	0	0	0	0	0
Translation differences		-87,084	0	-87,084	-18,737	0	-18,737
Translation differences reclassified to profit or loss during the reporting period		0	0	0	70	0	70
<u>2.1 Other comprehensive income not to be reclassified to profit or loss in subsequent periods</u>		-15	0	-15	-37	0	-37
Actuarial gains and losses		-15	0	-15	-37	0	-37
1+2 Total income and expense recognized during the period:				10,090			71,375
Attributable to:							
Equity holders of the parent				4,978			68,725
Non-controlling interests				5,112			2,650
				10,090			71,375

The accompanying notes 1 to 24 are an integral part of the consolidated statement of recognized income and expense for the six months ended June 30, 2017.

EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
THOUSANDS OF EUROS

	Total equity	Non-controlling interests	Equity attributable to equity holders of the parent									
			Total	Share capital	Share premium	Restricted		Unrestricted reserves		Interim dividend paid	Translation differences	Own shares
						Reval. reserve	Legal reserve	Retained earnings	Profit/(loss)			
Balance at December 31, 2015	1,992,916	26,657	1,966,259	92,319	4	3,169	18,464	1,594,122	144,846	0	113,335	0
- Distribution of prior-period profit	0	0	0	0	0	0	0	144,846	-144,846	0	0	0
- Dividend payment	-84,573	-1,487	-83,086	0	0	0	0	-83,086	0	0	0	0
- Reclassifications within reserves	0	-25	25	0	0	0	0	25	0	0	0	0
- Changes in consolidation scope	-1,708	-1,708	0	0	0	0	0	0	0	0	0	0
- Other movements in equity	-40	0	-40	0	0	0	0	-40	0	0	0	0
Total distribution of profit and transactions with shareholders	-86,321	-3,220	-83,101	0	0	0	0	61,745	-144,846	0	0	0
- Profit for the period	90,194	2,619	87,575	0	0	0	0	0	87,575	0	0	0
- Change in translation differences	-18,737	31	-18,768	0	0	0	0	0	0	0	-18,768	0
- Translation differences reclassified to profit or loss	70	0	70	0	0	0	0	0	0	0	70	0
- Fair value of financial instruments:												
1. Unrealized gains/(losses)	-153	0	-153	0	0	0	0	-153	0	0	0	0
- Change due to actuarial gains/(losses)	-37	0	-37	0	0	0	0	-37	0	0	0	0
- Tax effect of gains/(losses) recognized in equity	38	0	38	0	0	0	0	38	0	0	0	0
- Other movements in equity	0	0	0	0	0	0	0	0	0	0	0	0
Total income and expense recognized	71,375	2,650	68,725	0	0	0	0	-152	87,575	0	-18,698	0
Balance at June 31, 2016	1,977,970	26,087	1,951,883	92,319	4	3,169	18,464	1,655,715	87,575	0	94,637	0
Balance at December 31, 2016	2,106,401	27,075	2,079,326	92,319	4	3,169	18,464	1,650,888	169,724	0	144,758	0
- Distribution of prior-period profit	0	0	0	0	0	0	0	169,724	-169,724	0	0	0
- Dividend payment	-87,823	-120	-87,703	0	0	0	0	-87,703	0	0	0	0
- Costs of issuing/cancelling share capital	-116	0	-116	0	0	0	0	-116	0	0	0	0
- Tax effect of above movements	30	0	30	0	0	0	0	30	0	0	0	0
- Changes in consolidation scope	-3,756	-3,756	0	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	-91,665	-3,876	-87,789	0	0	0	0	81,935	-169,724	0	0	0
- Profit for the period (as per income statement)	97,190	5,102	92,088	0	0	0	0	0	92,088	0	0	0
- Change in translation differences	-87,084	10	-87,094	0	0	0	0	0	0	0	-87,094	0
- Translation differences reclassified to profit or loss	0	0	0	0	0	0	0	0	0	0	0	0
- Fair value of financial instruments:												
1. Unrealized gains/(losses)	-1	0	-1	0	0	0	0	-1	0	0	0	0
- Change due to actuarial gains/(losses)	-15	0	-15	0	0	0	0	-15	0	0	0	0
- Tax effect of gains/(losses) recognized in equity	0	0	0	0	0	0	0	0	0	0	0	0
- Other movements in equity	0	0	0	0	0	0	0	0	0	0	0	0
Total income and expense recognized	10,090	5,112	4,978	0	0	0	0	-16	92,088	0	-87,094	0
Balance at June 30, 2017	2,024,826	28,311	1,996,515	92,319	4	3,169	18,464	1,732,807	92,088	0	57,664	0

The accompanying notes 1 to 24 are an integral part of the consolidated statement of recognized changes in equity for the six months ended June 30, 2017.

EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
THOUSANDS OF EUROS

	<u>1H17</u>	<u>1H16</u>
	Unaudited	Unaudited
Receipts from customers	1,317,461	1,295,352
Payments to suppliers and employees	(1,146,951)	(1,177,610)
Interest paid	(4,213)	(3,233)
Interest received	600	99
Dividends received	1,522	1,383
Other operating activity receipts / payments	1,591	6,474
Income tax paid	(50,819)	(27,137)
<u>Net cash flows from operating activities</u>	<u>119,191</u>	<u>95,328</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(43,435)	(52,244)
Proceeds from sale of fixed assets	7,723	21,965
Purchase of financial assets (net of cash acquired)	(13,613)	(22,561)
Proceeds from sale of financial assets	768	10,449
Other investment activity proceeds / purchases	462	(2,469)
<u>Net cash flows used in investing activities</u>	<u>(48,095)</u>	<u>(44,860)</u>
Acquisition of own shares	0	0
Proceeds from the sale of own shares	0	0
Dividends paid to shareholders	(62,285)	(57,979)
Proceeds from borrowings	280,238	203,356
Repayment of borrowings	(211,755)	(175,779)
Other financing activity proceeds / payments and grants	87	8,368
<u>Net cash flows from/(used in) financing activities</u>	<u>6,285</u>	<u>(22,034)</u>
Translation differences arising on cash flows from foreign companies	(2,522)	(2,009)
<u>NET INCREASE/(DECREASE) in cash and cash equivalents</u>	<u>74,859</u>	<u>26,425</u>
Cash and cash equivalents, opening balance	291,340	211,638
Effect of year-end exchange rate on opening balance	(17,458)	(1,566)
<u>Cash and cash equivalents, closing balance</u>	<u>348,741</u>	<u>236,497</u>

The accompanying notes 1 to 24 are an integral part of the consolidated statement of cash flows for the six months ended June 30, 2017.

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017
(Thousands euros)

Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2017

1. GROUP INFORMATION

Ebro Foods, S.A., a Spanish public limited company (*sociedad anónima*), hereinafter, 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 Group currently operates in Spain and internationally. The Group's main activities and the breakdown of its revenue are disclosed in the operating segment information provided along with other disclosures in note 6.

These condensed consolidated interim financial statements are presented in thousands of euros (unless expressly stated otherwise) as 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 2.

The accompanying condensed consolidated interim financial statements for the six months ended June 30, 2017 were authorized for issue by the Board of Directors on July 26, 2017.

2. BASIS OF PREPARATION, COMPARATIVE INFORMATION AND ACCOUNTING POLICIES

a) Basis of preparation

The condensed consolidated interim financial statements were prepared in accordance with Internal Accounting Standard (IAS) 34 *Interim Financial Reporting* and using accounting policies and/or measurement standards that are consistent with the International Financial Reporting Standards (IFRS) adopted by the European Union, in keeping with Regulation (EC) No. 1606/2002 of the European Parliament and Council.

The condensed consolidated interim financial statements do not include all the information and disclosures required for a full set of consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2016.

b) Comparative information

It was not necessary to restate the prior-year figures in order to make them comparable year-on-year.

c) Use of estimates and assumptions

The parent's directors are responsible for the information included in these condensed consolidated interim financial statements.

In preparing the accompanying condensed consolidated interim 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.
- 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 condensed consolidated interim 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 future financial statements.

d) Summary of significant accounting policies

The accounting standards used to prepare these condensed consolidated interim financial statements are the same as those used to prepare the 2016 consolidated financial statements, as the European Union has not yet approved any of the amendments issued by the IASB that are applicable for the first time in annual periods beginning on or after January 1, 2017.

None of the upcoming standards has been adopted early by the Group. The Group intends to apply the new standards, interpretations and amended standards issued by the IASB whose application is not mandatory in the European Union as at the date of authorizing the accompanying condensed consolidated interim financial statements when they are effective, to the extent applicable to the Group. Although the Group is still in the process of analyzing their impact, based on the analysis performed to date, it estimates that their first-time application will not have a significant impact on its consolidated financial statements, except for the following standards, which are expected to have an impact, albeit not material:

- IFRS 15 Revenue from contracts with customers

IFRS 15 was published in May 2014 and establishes a new five-step model applicable to the recognition of revenue from contracts with customers. Under IFRS 15, revenue must be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.

This standard repeals all prior revenue recognition related standards. IFRS 15 must be adopted using either a fully or modified retrospective approach. The

standard is mandatorily effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required date of effectiveness. In 2016, the Group conducted a preliminary assessment of the impact of application of IFRS 15; this assessment is subject to change in the wake of the more detailed analysis underway in 2017.

- IFRS 16 Leases

IFRS 16 was issued in January 2016. It replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an arrangement contains a lease*, SIC-15 *Operating leases - Incentives* and SIC-27 *Evaluating the substance of transaction in the legal form of a lease*. IFRS 16 establishes the rules for recognizing, measuring and presenting leases and the related disclosure requirements. It requires that all leases be accounted for using a single balance sheet model similar to that prescribed for finance leases under IAS 17. The new standard provides two lease recognition exceptions for lessees: (i) leases of low-value assets (e.g., personal computers); and (ii) short-term leases (i.e., leases with a term of 12 months or less). On the lease inception date, the lessor has to recognize a liability for the payments to be made under the lease (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees must recognize the interest corresponding to the lease liability and the expense associated with amortization of the right of use separately.

Lessees are also obliged to reassess the lease liability if certain events occur (such as a change in the lease term, a change in future lease payments or a change in the index or rate used to determine those payments). The amount of any such restatements will generally be recognized by the lessee by adjusting the right-of-use asset.

Lease accounting by lessors under IFRS 16 is not substantially different from the model currently prescribed under IAS 17. Lessors will continue to classify their leases using the same classification criteria as in IAS 17 and will recognize two classes of lease: operating and finance leases.

IFRS also requires lessees and lessors to provide more extensive disclosures than under IAS 17.

IFRS 16 is effective in annual periods beginning on or after January 1 2019. Lessees may choose between a full or modified retrospective transition approach. The standard provides certain transition relief.

The Group is planning to evaluate the potential impact of IFRS 16 on its consolidated financial statements in the course of 2017 and 2018.

3. TRANSACTION SEASONALITY DURING THE INTERIM REPORTING PERIOD

As a general rule, the Group's various segments present a degree of seasonality over the course of the year, which is why the interim periods are somewhat uneven at the consolidated level. More specifically, the rice business segment's procurement season spans from September to March of the following year and this has a significant impact on working capital (build-up of inventories) and, by extension, indebtedness, at the March reporting date.

In general, based on past experience, revenue and earnings tend to be higher on average in the second half of the year than in the first half, presenting a ratio of 55% to 45%, respectively, relative to the annual total.

4. SUBSIDIARIES AND ASSOCIATES

Except as indicated in note 5, Ebro Foods, S.A.'s interests in the Group's subsidiaries and associates are represented by the Company's direct and indirect investments in the same entities that are itemized in the consolidated financial statements for the year ended December 31, 2016.

5. KEY TRANSACTIONS AND/OR BUSINESS COMBINATIONS UNDERTAKEN DURING THE SIX MONTHS ENDED JUNE 30, 2017

Acquisition of Vegetalia, S.A. and Satoki, S.L.

In January 2017, the Group acquired 100% of the shares of Vegetalia, S.L. and Corporacio Alimentaria Satoki, S.L. (together, "Vegetalia") through its French subsidiary Alimentation Sante. The chain of restaurants operated under the Vegetalia trademark was carved out from the scope of the transaction.

Vegetalia has been making and distributing a broad range of organic products since 1986, having pioneered the manufacture of plant protein. Annually it sells around 1,500 products, ranging from fresh organic produce to dry organic foods, organic drinks and diet products. It generated revenue of 11.5 million euros in 2016.

Vegetalia is based in Castellcir (Barcelona) and it employs over 80 people at its complex. It also grows organic vegetables on around 70 hectares which it then consumes to make its products.

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017

(Thousands euros)

The Group's investment totaled 14.7 million euros. The acquisition was financed using a mix of equity and debt. The Group took effective control of this business on January 1, 2017, which is the date of its first-time consolidation. The preliminary estimated fair value of the net assets acquired at January 1, 2017 is as follows:

Acquisition of Vegetalia as of the acquisition date: 01/01/2017	Thousands of euros
Property, plant and equipment	1,837
Intangible assets: Trademarks and software	3,714
Other non-current assets	24
Inventories	791
Other current assets	1,384
Cash	1,098
Deferred income	-93
Financial liabilities	-1,347
Deferred income tax	-791
Other current liabilities	-1,183
Goodwill	9,277
Total Ebro Group investment	14,711

This business is estimated to have generated revenue during the annual reporting period of 12 million euros and profit during the year of 1.1 million euros.

The Group expects to conclude 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 in the coming months.

There were no other significant changes in the Group's scope of consolidation during the reporting period.

6. SEGMENT REPORTING

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. 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.

Against this backdrop, the Ebro Foods Group has the following business lines 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.

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017

(Thousands euros)

There have been no changes in segmentation criteria or the criteria used to measure the segments' profit or loss in the current reporting period either year-on-year or compared to the consolidated financial statements for the year ended December 31, 2016.

Thousands of euros

SEGMENT	Revenue					
	CONSOLIDATED					
	Revenue from third parties		Inter-segment revenue		Total revenue	
	1H17	1H16	1H17	1H16	1H17	1H16
RICE BUSINESS	649,109	611,050	23,847	46,473	672,956	657,523
PASTA BUSINESS	593,465	601,323	8,074	12,539	601,539	613,862
					0	0
					0	0
Other	6,257	4,416	2,889	3,076	9,146	7,492
					0	0
(-) Adjustments and eliminations in respect of inter-segment revenue			-34,810	-62,088	-34,810	-62,088
TOTAL	1,248,831	1,216,789	0	0	1,248,831	1,216,789

SEGMENT		Profit/(loss)	
		CONSOLIDATED	
		1H17	1H16
RICE BUSINESS	2250	95,683	92,919
PASTA BUSINESS	2251	54,435	36,725
	2252		
	2253		
	2254		
Total earnings of the reportable segments	2260	150,118	129,644
(+/-) Earnings not allocated to operating segments	2261	-6,578	3,255
(+/-) Elimination of inter-segment earnings	2262	0	0
(+/-) Other profit/(loss)	2263	0	0
(+/-) Income tax and/or profit/(loss) from discontinued operations	2264		
PROFIT/(LOSS) BEFORE TAX	2270	143,540	132,899

Breakdown of revenue by geography	CONSOLIDATED	
	1H17	1H16
Spain	87,212	73,047
Exports:	1,161,619	1,143,742
a) European Union	596,705	586,972
b) OECD countries	467,351	467,152
c) Rest of the world	97,563	89,618
TOTAL	1,248,831	1,216,789

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017
(Thousands euros)

The breakdown of assets by geographical segment is as follows (thousands of euros):

Dec. 31, 2016 - By geographical area	Spain	Europe	Americas	Other	TOTAL
Intangible assets	33,500	156,164	274,442	122	464,228
Property, plant and equipment	65,002	375,723	270,566	26,161	737,452
Other assets	298,559	1,054,195	978,309	113,060	2,444,123
Total assets	397,061	1,586,082	1,523,317	139,343	3,645,803

June 30, 2017 - By geographical area	Spain	Europe	Americas	Other	TOTAL
Intangible assets	44,176	148,319	253,732	154	446,381
Property, plant and equipment	65,561	373,628	256,302	27,376	722,867
Other assets	327,326	1,049,584	957,750	110,647	2,445,307
Total assets	437,063	1,571,531	1,467,784	138,177	3,614,555

7. NON-CURRENT ASSETS HELD FOR SALE AND PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS

At June 30, 2017, the Group did not have significant amounts of non-current assets held for sale or discontinued operations.

8. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

8.1 Other operating income

Other operating income includes the following less-recurring items:

- A gain of 6,326 thousand euros generated by the sale of a site at the former factory in Houston (USA) (investment properties; refer to note 11).
- A gain of 69 thousand euros obtained on the sale of items of property, plant and equipment.
- Income from the reversal of provisions of 183 thousand euros.
- The rest of other operating income relates to grants and minor other operating items.

8.2 Other operating expenses

Other operating expenses includes the following less-recurring items:

- A loss of 127 thousand euros recognized on the derecognition, sale or restructuring of several pieces of industrial equipment and plant.
- Investment expenditure not eligible for capitalization in the amount of 672 thousand euros.
- Charges for provisions and expenses for lawsuits with third parties in the amount of 154 thousand euros.
- Industrial restructuring charges and costs at certain centers totaling 936 thousand euros.

9. INTANGIBLE ASSETS

The most significant movements under this heading during the six months ended June 30, 2017:

- Additions totaling 560 thousand euros.
- A decrease of 20,015 thousand euros due to translation differences.
- A decrease of 2,113 thousand euros on account of amortization charges for the period.
- An increase of 3,714 thousand euros due to a business combination (note 5).
- Other intangible assets of insignificant amount were also derecognized during the reporting period.

10. PROPERTY, PLANT AND EQUIPMENT

The most significant movements under this heading during the six months ended June 30, 2017:

- A decrease of 21,255 thousand euros due to translation differences.
- A decrease of 36,603 thousand euros on account of depreciation charges for the period.
- Additions of 41,983 thousand related to capital expenditure. This capital expenditure was mainly earmarked to technical upgrades and new facilities at the Panzani, NWP USA & Canada, Riviana and Herba Europe factories.
- An increase of 1,837 thousand euros due to a business combination (note 5).

In 1H17, the Group also derecognized assets with a carrying amount of 2,253 thousand euros.

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

11. INVESTMENT PROPERTIES

The most significant movement under this heading in 1H17 was the sale of a site in Houston (USA), which generated a pre-tax gain of 6,326 thousand euros (note 8.1).

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017
(Thousands euros)

12. FINANCIAL ASSETS

The breakdown of this balance sheet heading (in thousands of euros) is as follows:

	30/06/2017			31/12/2016		
	Total	Non-current	Current	Total	Non-current	Current
<u>Assets held for trading:</u>						
- Other financial assets	1,366	1,366	0	1,361	1,349	12
<u>Held-to-maturity investments:</u>						
- Deposits and guarantees	4,913	2,939	1,974	3,869	2,325	1,544
<u>Loans and receivables:</u>						
- Loans to associates	0	0	0	0	0	0
- Loans to third parties	33,274	29,448	3,826	33,925	30,414	3,511
	33,274	29,448	3,826	33,925	30,414	3,511
TOTAL FINANCIAL ASSETS	39,553	33,753	5,800	39,155	34,088	5,067

Loans to third parties

The year-on-year decrease in the balance of loans to third parties between December 31, 2016 and June 30, 2016 is the result of repayments collected in accordance with the corresponding loan schedules. 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 22,293 thousand euros and the current portion, 1,685 thousand euros. This loan accrues interest at a rate of 3.4% and the last instalment is due in September 2027. The Nomen trademarks have been pledged as collateral to guarantee repayment of this loan.
- The deferred portion of the purchase price for the assets of the German pasta business under the terms of the agreement reached in December 2013 and as amended in July 2014 ; this non-current portion of this vendor loan is 6,117 thousand euros and the current portion, 1,802 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 September 30, 2017; it will be repaid in quarterly instalments from then until June 30, 2021. The trademarks sold have been pledged as collateral against the vendor loan and would be returned to the seller in the event of non-payment.

There have been no other significant movements in other financial assets since December 31, 2016.

13. INVESTMENTS IN ASSOCIATES

There was no significant change in this heading since December 31, 2016.

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017
(Thousands euros)

14. GOODWILL AND IMPAIRMENT OF INTANGIBLE ASSETS

The only significant changes in goodwill since year-end 2016 relate, primarily, to the decrease triggered by translation differences on the subsidiaries in the US and Canada (-30,409 thousand euros) and addition as a result of the Vegetalia business combination (+9,277 thousand euros) (note 5).

Elsewhere, as part of its procedure for testing its intangible assets for impairment, the Ebro Group tests its goodwill and other indefinite-lived intangible assets for impairment on an annual basis or whenever there are circumstances indicating that any of these assets may be impaired.

The Ebro Foods Group believes that there are no indications that its intangible assets may have become impaired during the six months ended June 30, 2017. Further, there have been no significant changes in either the assumptions nor the estimates used in the impairment tests performed for the purposes of preparing the consolidated financial statements for the year ended December 31, 2016.

15. INVENTORIES

There were no significant changes in the provisions for inventory impairment during the six months ended June 30, 2017.

16. EARNINGS PER SHARE AND DIVIDENDS**16.1 Earnings per share**

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

	1H17	1H16
Profit from continuing operations attributable to ordinary equity holders of the parent	92,088	87,575
Profit/(loss) from discontinued operations attributable to ordinary equity holders of the parent	0	0
Profit attributable to ordinary equity holders of the parent	92,088	87,575
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)	92,088	87,575

	1H17	1H16
	Thousands	Thousands
Weighted average number of ordinary shares for basic EPS (*)	153,865	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	153,865	153,865

(*) Takes into account the weighted average effect of movements in own shares during the year.

16.2 Dividends

Distribution of the dividends approved at the Annual General Meeting of June 1, 2017 at which the Company's shareholders ratified the motion to pay a cash dividend with a charge against 2016 profit and unrestricted reserves of 0.57 euros per share, payable in the course of 2017.

The dividend will be paid out in three equal instalments of 0.19 euros per share on April 3 (paid), June 30 (paid) and October 2, 2017.

17. OWN SHARES

During the first half of 2017, 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 3, 2015 for a period of five years (and duly notified to the CNMV in keeping with prevailing legislation). The Company did not hold any own shares as treasury stock at December 31, 2016. No own shares were either bought or sold in the first half of 2017. The Company did not, accordingly, hold any own shares as treasury stock at June 30, 2017.

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

As compared to the situation at December 31, 2016, during the current reporting period there were no significant changes in these commitments, neither in the nature of the commitments or the amounts involved, except for the payments made in the first half of 2017 under the Deferred Annual Bonus Scheme tied to the Group's 2013-2015 Business Plan.

19. OTHER NON-CURRENT PROVISIONS

An analysis by underlying concepts (in thousands of euros):

<u>Breakdown of other provisions by concept</u>	30/06/2017	31/12/2016
Other lawsuits and disputes	13,453	14,898
Modernization and restructuring plan	716	1,306
Emission allowances	0	0
Sundry other contingencies of insignificant amount	1,294	2,294
	15,463	18,498

There were no significant changes in the status of these lawsuits in the first half of 2017 with respect to year-end 2016.

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017
(Thousands euros)

20. INCOME TAX

Income tax expense for the six months ended June 30, 2017 is quantified on the basis of the best estimate of the weighted average tax rate (effective rate) expected to apply in the current annual reporting period.

The consolidated average tax rate used for the six-month period was 32.2% (32.1% in 1H16).

21. BANK BORROWINGS

There were no significant movements in the Group's non-current bank borrowings in the first half of 2017 with respect to year-end 2016.

As for current borrowings, the most significant developments in the first half of 2017 were the following:

- Certain short-term credit facilities of amounts that are not material on aggregate with respect to total borrowings were renewed.
- In general, the terms of credit were very similar compared to those in force at year-end 2016, and the same can be said of the collateral and covenant requirements. The spreads applied to benchmark rates were virtually the same as in the first half of 2016.
- Note that current financial liabilities include a 29,234 thousand euro dividend pending payment (note 16.2).

22. RELATED-PARTY TRANSACTIONS

The most significant related-party transactions are summarized on the next page:

EBRO FOODS S.A.
Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017
(Thousands euros)

Unit: Thousands of euros RELATED-PARTY TRANSACTIONS	CURRENT REPORTING PERIOD (1H17)				
	Significant shareholders	Directors & officers	Group individuals, companies or entities	Other related parties	Total
EXPENSES AND INCOME:					
1) Finance costs					0
2) Management and collaboration agreements					0
3) R&D transfers and license agreements					0
4) Leases		66			66
5) Purchase of services		18			18
6) Purchase of goods (finished and in-progress)		1,382		113	1,495
7) Impairment losses for receivables (uncollectible or doubtful)					0
8) Losses on derecognition or disposal of assets					0
9) Other expenses					0
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	0	1,466	0	113	1,579
10) Finance income					0
11) Management and collaboration agreements					0
12) R&D transfers and license agreements					0
13) Dividends received					0
14) Leases					0
15) Services rendered					0
16) Sale of goods (finished and in-progress)	2,350	765			3,115
17) Gains on derecognition or disposal of assets					0
18) Other income					0
INCOME (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18)	2,350	765	0	0	3,115
	CURRENT REPORTING PERIOD (1H17)				
	Significant shareholders	Directors & officers	Group individuals, companies or entities	Other related parties	Total
OTHER TRANSACTIONS:					
Purchase of PP&E, intangible and other assets					0
Financing agreements: loans and capital contributions (lender)					0
Finance lease agreements (lessor)					0
Repayment or cancellation of loans and lease agreements (lessor)					0
Sale of PP&E, intangible and other assets		2			2
Financing agreements: loans and capital contributions (borrower)					0
Finance lease agreements (lessee)					0
Repayment or cancellation of loans and lease agreements (lessee)					0
Guarantees and sureties extended					0
Guarantees and sureties received					0
Commitments assumed					0
Commitments / guarantees cancelled					0
Dividends and other profits distributed	9,339	36,348		1	45,688
Other transactions					0

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017

(Thousands euros)

Unit: Thousands of euros RELATED-PARTY TRANSACTIONS	PRIOR REPORTING PERIOD (1H16)				
	Significant shareholders	Directors & officers	Group individuals, companies or entities	Other related parties	Total
EXPENSES AND INCOME:					
1) Finance costs					0
2) Management and collaboration agreements					0
3) R&D transfers and license agreements					0
4) Leases		24			24
5) Purchase of services		43		2	45
6) Purchase of goods (finished and in-progress)		5,541		119	5,660
7) Impairment losses for receivables (uncollectible or doubtful)					0
8) Losses on derecognition or disposal of assets					0
9) Other expenses					0
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	0	5,608	0	121	5,729
10) Finance income					0
11) Management and collaboration agreements					0
12) R&D transfers and license agreements					0
13) Dividends received					0
14) Leases					0
15) Services rendered					0
16) Sale of goods (finished and in-progress)	2,809	366			3,175
17) Gains on derecognition or disposal of assets					0
18) Other income					0
INCOME (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18)	2,809	366	0	0	3,175
	PRIOR REPORTING PERIOD (1H16)				
OTHER TRANSACTIONS:	Significant shareholders	Directors & officers	Group individuals, companies or entities	Other related parties	Total
Purchase of PP&E, intangible and other assets					0
Financing agreements: loans and capital contributions (lender)					0
Finance lease agreements (lessor)					0
Repayment or cancellation of loans and lease agreements (lessor)					0
Sale of PP&E, intangible and other assets					0
Financing agreements: loans and capital contributions (borrower)					0
Finance lease agreements (lessee)					0
Repayment or cancellation of loans and lease agreements (lessee)					0
Guarantees and sureties extended					0
Guarantees and sureties received					0
Commitments assumed					0
Commitments / guarantees cancelled					0
Dividends and other profits distributed	11,098	20,628			31,726
Other transactions					0

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017

(Thousands euros)

Other disclosures:

Ebro Foods, S.A. holds a 40% 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.

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

The next table itemizes the transactions entered into between Ebro Group companies and Riso Scotti (an associate that is not fully consolidated by the Ebro Group) in the first six months of 2017 and 2016 (amounts in thousands of euros):

Ebro Group company with which the transaction was performed	Type of transaction	Amount 1H17	Amount 1H16
Herba Ricemills, S.L.U.	Purchase of goods (finished and in-progress)	116	168
Herba Ricemills, S.L.U.	Other income	3	0
Herba Ricemills, S.L.U.	Sale of goods (finished and in-progress)	61	138
Herba Ricemills, S.L.U.	R&D transfers and license agreements	9	0
Herba Ingredients	Purchase of goods (finished and in-progress)	59	0
Arrozeiras Mundiarroz	Purchase of goods (finished and in-progress)	28	0
Mundiriso SRL	Purchase of goods (finished and in-progress)	122	281
Mundiriso SRL	Sale of goods (finished and in-progress)	1,259	947

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017

(Thousands euros)

Lastly, director and officer remuneration is summarized in the next table:

DIRECTORS:	Amount (thousands of euros)	
	1H17	1H16
Type of remuneration:		
Fixed remuneration	514	506
Variable remuneration	992	955
Attendance fees	154	144
Bylaw-stipulated remuneration	1,364	1,283
Transactions with shares and/or other financial instruments	-	-
Other	-	-
TOTAL	3,024	2,888
Other benefits:		
Advances	-	-
Loans granted	-	-
Pension plans and funds: contributions	-	-
Pension plans and funds: obligations contracted	-	-
Life insurance premiums	-	-
Guarantees extended by the company on behalf of directors	-	-
	Amount (thousands of euros)	
	1H17	1H16
OFFICERS:		
Total remuneration received by officers	1,160	1,107

In terms of the disclosures corresponding to officers, note that the amounts shown include the dividends (tables on pages 19 & 20) and remuneration (the table on this same page) of all of the officers of Ebro Foods, S.A., "officers" understood to mean the professionals in charge of the main departments of Ebro Foods, S.A., irrespective of whether they have a special senior management employment agreement with the Company. Note that this group of officers includes the Chief Operating Officer (COO) of the Ebro Group.

23. FINANCIAL INSTRUMENTS

The Group is somewhat exposed to the commodity markets and its ability to pass price changes on to its customers. It is also exposed to fluctuations in exchange rates, particularly the US dollar, and to movements in interest rates. The Group regularly reassesses its exposure to these risks and their potential impact on its key earnings and financial position indicators and strategy. The EUR-USD exchange rate fluctuated very significantly in the first six months of 2017 (and especially in the second quarter), with the dollar devaluing by 8%. This had an impact on the condensed consolidated interim financial statements on account of unhedged assets and business transactions.

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017

(Thousands euros)

In addition, the Company has an investment in the United Kingdom which may be impacted in the medium term by this nation's planned exit from the European Union, depending on the terms of the negotiations between the two parties. This subsidiary's and the Group's risk committees are monitoring this situation continually, trying to minimize the potential impact of movements in the exchange rate by arranging an appropriate hedging strategy. The impact of the devaluation of the sterling relative to the euro (recognized as a change in translation differences) in the first half of 2017 amounted to 1.9 million euros.

At the reporting date, no major changes were anticipated in the key business variables with a potential impact on the second half of the year.

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

It arranges derivative financial instruments, mainly forward currency sale-purchase agreements, and occasionally writes options over interest rates. The aim of these transactions is to manage the foreign currency and interest rate risk arising from the Group's business activities and sources of financing. During the first half of 2017, there were no major movements in the volumes of derivatives arranged as compared to the instruments in place at year-end 2016.

Foreign currency risk

Financial liabilities at June 30, 2017 include two loans totaling 251 million US dollars 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.

Some companies within the Herba Rice Segment (S&B Herba (UK), Herba Bangkok and Herba Ingredients) and the Panzani and Garofalo subgroups hold futures and options over foreign currencies to mitigate the impact of exchange rates on their business transactions that do not qualify for hedge accounting. The notional amounts of the related contracts outstanding at June 30, 2017:

Currency (thousands)	Notional amount
USD	136,784
EUR	13,323
THB	129,000
GBP	2,144

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017

(Thousands euros)

Fair value of financial instruments

The table below breaks down the Group's financial assets and liabilities at June 30, 2017 (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.

	<u>Carrying amount at June 30, 2017</u>
Financial assets	
Loans	29,430
Equity instruments	39,161
Other instruments	2,969
<u>TOTAL NON-CURRENT</u>	71,560
Loans	3,826
Other instruments	1,974
Derivatives	230
<u>TOTAL CURRENT</u>	6,030
Financial liabilities	
Loans and credit facilities	318,022
Other financial liabilities	87,491
<u>TOTAL NON-CURRENT</u>	405,513
Loans and credit facilities	364,145
Other financial liabilities	31,768
Derivatives	2,403
<u>TOTAL CURRENT</u>	398,316

EBRO FOODS S.A.

Condensed Consolidated Interim Financial Statements – for the six months ended June 30, 2017

(Thousands euros)

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

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

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

	<u>June 30,</u> <u>2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Equity instruments	-	-	-	-
Derivatives	230	-	230	-
Financial liabilities				
Other financial liabilities	80,233	-	-	80,233
Derivatives	2,403	-	2,403	-

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 first six months of 2017.

24. EVENTS AFTER THE REPORTING PERIOD

No significant developments have occurred between June 30, 2017 and the date of authorizing the accompanying condensed consolidated interim financial statements for issue.