EBRO FOODS, S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

for the six months ended
June 30, 2018 (1H18)

EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2018 AND DECEMBER 31, 2017

THOUSANDS OF EUROS	Note	June 30, 2018 Unaudited	Dec 31, 2017 Audited
NON-CURRENT ASSETS			
Intangible assets	9	433,513	432,090
Property, plant and equipment	10	799,602	763,618
Investment properties	11	23,602	23,780
Investments in associates	14	39,855	36,755
Financial assets	12	26,133	32,252
Deferred tax assets		52,347	49,757
Goodwill	15	1,159,859	1,031,601
Other non-current assets		0	0
		2,534,911	**2,369,853**
CURRENT ASSETS			
Inventories		572,614	558,990
Trade and other receivables	12	385,421	378,069
Current tax liabilities		32,722	37,651
Taxes receivable		31,674	32,425
Other financial assets	12	4,588	8,636
Derivatives	12	2,447	146
Other current assets		10,728	7,952
Cash and cash equivalents	13	287,624	269,411
		1,327,818	**1,293,280**
Non-current assets held for sale	7	0	0
TOTAL ASSETS		**3,862,729**	**3,663,133**
EQUITY		**2,105,747**	**2,121,925**
Equity attributable to equity holders of the parent			
Share capital		92,319	92,319
Share premium		4	4
Restricted reserves		21,633	21,633
Unrestricted reserves (retained earnings)		1,932,303	1,952,503
Interim dividends paid		0	0
Translation differences		30,033	8,178
Own shares	18	0	0
		2,076,292	**2,074,637**
Non-controlling interests		**29,455**	**47,288**
NON-CURRENT LIABILITIES			
Deferred income		3,733	4,051
Provisions for pensions and similar obligations	19	48,596	51,110
Other provisions	20	20,120	20,579
Financial liabilities	12	664,007	472,353
Other non-financial liabilities		0	0
Deferred tax liabilities		226,059	221,683
		962,515	**769,776**
CURRENT LIABILITIES			
Other financial liabilities	12	357,358	310,194
Derivatives	12	1,027	4,293
Trade and other payables	12	398,785	425,161
Current tax liabilities		15,182	14,013
Taxes payable		20,095	14,822
Other current liabilities		2,020	2,949
		794,467	**771,432**
Liabilities associated with non-current assets held for sale	7	0	0
TOTAL EQUITY AND LIABILITIES		**3,862,729**	**3,663,133**

The accompanying notes 1 to 23 are an integral part of the consolidated balance sheet at June 30, 2018.

EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018
(Thousands of euros)

	Note	1H18	1H17
		Unaudited	Unaudited
Revenue	6	1,277,363	1,248,831
Change in inventories of finished goods and work in progress		2,174	3,153
Own work capitalized		468	311
Other operating income	8	10,915	11,647
Raw materials and consumables used and other external expenses		(684,971)	(649,026)
Employee benefits expense		(179,961)	(171,374)
Depreciation and amortization		(41,835)	(38,743)
Other operating expenses	8	(270,778)	(257,171)
OPERATING PROFIT		**113,375**	**147,628**
Finance income		14,139	19,230
Finance costs		(18,326)	(25,786)
Impairment of goodwill		(88)	(92)
Share of profit of associates	14	2,784	2,560
CONSOLIDATED PROFIT BEFORE TAX	**6**	**111,884**	**143,540**
Income tax	21	(31,670)	(46,350)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**80,214**	**97,190**
Profit/(loss) after tax for from discontinued operations	7	0	0
PROFIT FOR THE PERIOD		**80,214**	**97,190**
Attributable to:			
Equity holders of the parent		**76,339**	**92,088**
Non-controlling interests		3,875	5,102
		80,214	**97,190**

	Note	1H18	1H17
Earnings per share (euros)	17	Unaudited	Unaudited
- From continuing operations			
Basic		0.496	0.598
Diluted		0.496	0.598
- From profit for the period			
Basic		0.496	0.598
Diluted		0.496	0.598

The accompanying notes 1 to 23 are an integral part of the consolidated income statement for the six months ended June 30, 2018.

EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED JUNE 30, 2018
(Thousands of euros)

		1H18			1H17		
	Note	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
1. Profit for the year				**80,214**			**97,190**
2. Other income and expense recognized directly in equity:		**10,078**	**2,963**	**13,041**	**-87,100**	**0**	**-87,100**
2.1 Other comprehensive income to be reclassified to profit or loss in subsequent periods		**21,875**	**0**	**21,875**	**-87,085**	**0**	**-87,085**
Gains/(losses) on the measurement of available-for-sale financial assets		0	0	0	-1	0	-1
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		21,875	0	21,875	-87,084	0	-87,084
Translation differences reclassified to profit or loss during the reporting period		0	0	0	0	0	0
2.2 Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-11,797**	**2,963**	**-8,834**	**-15**	**0**	**-15**
Actuarial gains and losses		17	-3	14	-15	0	-15
Impact of application of IFRS 9 from January 1, 2018	2.d	-11,814	2,966	-8,848	0	0	0
1+2 Total income and expense recognized during the year:				**93,255**			**10,090**
Attributable to:							
Equity holders of the parent				89,360			4,978
Non-controlling interests				3,895			5,112
				93,255			**10,090**

The accompanying notes 1 to 23 are an integral part of the consolidated statement of recognized income and expense for the six months ended June 30, 2018.

EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018
(Thousands of euros)

	Total equity	Non-controlling interests	Equity attributable to equity holders of the parent										
						Restricted res.		Unrestricted reserves		Interim		
			Total	Share capital	Share premium	Reval. reserve	Legal reserve	Retained earnings	Profit/ (loss)	dividend paid	Translation differences	Own shares
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
- 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	**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
- 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
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
Balance at December 31, 2017	**2,121,925**	**47,288**	**2,074,637**	92,319	4	3,169	18,464	1,731,903	220,600	0	8,178	0
- Distribution of prior-period profit	**0**	0	**0**	0	0	0	0	220,600	-220,600	0	0	0
- Dividend payment	**-87,705**	0	**-87,705**	0	0	0	0	-87,705	0	0	0	0
- Changes in consolidation scope	**-21,728**	-21,728	**0**	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	**-109,433**	**-21,728**	**-87,705**	0	0	0	0	132,895	-220,600	0	0	0
- Profit for the year (as per income statement)	**80,214**	3,875	**76,339**	0	0	0	0	0	76,339	0	0	0
- Change in translation differences	**21,875**	20	**21,855**	0	0	0	0	0	0	0	21,855	0
- Fair value of financial instruments:												
1. Unrealized gains/(losses)	**0**	0	**0**	0	0	0	0	0	0	0	0	0
- Change due to actuarial gains/(losses)	**17**	0	**17**	0	0	0	0	17	0	0	0	0
- Tax effect of gains/(losses) recognized in equity	**2,963**	0	**2,963**	0	0	0	0	2,963	0	0	0	0
- Other movements in equity	**-11,814**	0	**-11,814**	0	0	0	0	-11,814	0	0	0	0
Total income and expense recognized	**93,255**	**3,895**	**89,360**	**0**	**0**	**0**	**0**	**-8,834**	**76,339**	**0**	**21,855**	**0**
Balance at June 30, 2018	**2,105,747**	**29,455**	**2,076,292**	92,319	4	3,169	18,464	1,855,964	76,339	0	30,033	0

The accompanying notes 1 to 23 are an integral part of the consolidated statement of total changes in equity for the six months ended June 30, 2018.

EBRO FOODS: CONSOLIDATED GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2018
(Thousands of euros)

	1H18	**1H17**
	Unaudited	Unaudited
Receipts from customers	1.330.081	1.317.461
Payments to suppliers and employees	(1.236.354)	(1.146.951)
Interest paid	(4.708)	(4.213)
Interest received	830	600
Dividends received	0	1.522
Other operating activity receipts / payments	(354)	1.591
Income tax paid	(21.524)	(50.819)
Net cash flows from operating activities	**67.971**	**119.191**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(48.000)	(43.435)
Proceeds from sale of fixed assets	15.159	7.723
Purchase of financial assets (net of cash acquired)	(73.270)	(13.613)
Proceeds from sale of financial assets	915	768
Other investment activity proceeds / purchases	233	462
Net cash flows used in investing activities	**(104.963)**	**(48.095)**
Dividends paid to shareholders	(63.571)	(62.285)
Proceeds from borrowings	539.979	280.238
Repayment of borrowings	(421.608)	(211.755)
Other financing activity proceeds / payments and grants	(308)	87
Net cash flows from financing activities	**54.492**	**6.285**
Translation differences arising on cash flows from foreign companies	(3.661)	(2.522)
NET INCREASE in cash and cash equivalents	**13.839**	**74.859**
Cash and cash equivalents, opening balance	269.411	291.340
Effect of year-end exchange rate on opening balance	4.374	(17.458)
Cash and cash equivalents, closing balance	**287.624**	**348.741**

The accompanying notes 1 to 23 are an integral part of the consolidated statement of cash flows for the six months ended June 30, 2018.

Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2018.

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 using the accounting policies outlined in note 2.

The accompanying condensed consolidated interim financial statements for the six months ended June 30, 2018 were authorized for issue by the Board of Directors on July 28, 2018.

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, 2017.

b) Comparative information

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

Accounting for the impact of the definitive amounts recognized in respect of the Geovita business combination (a business acquired in July 2017; for further information refer to the 2017 consolidated financial statements) compared to the provisional amounts recognized at year-end 2017 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 amounts of intangible assets and property, plant and equipment were increased by 3,842 and 4,879 thousand euros, respectively.
- Goodwill was decreased by 6,288 thousand euros.
- The deferred tax liability balance was increased by 2,433 thousand euros.

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 2017 consolidated financial statements, except for the following new or amended standards or interpretations (none of which was adopted early by the Ebro Group):

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, 2018:

The Group has applied IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial instruments* for the first time in these consolidated financial statements. Other new and amended standards are also applicable for the first time in 2018 but have not had an impact on the accompanying condensed consolidated interim financial statements.

- **IFRS 9 *Financial instruments***

In July 2014, the IASB published the final version of IFRS 9 *Financial instruments*, which replaces IAS 39 *Financial instruments: measurement and classification* and all prior versions of IFRS 9. This standard consolidates the three phases of the financial instrument project: classification and measurement, impairment and hedge accounting. IFRS 9 is applicable for annual periods beginning on or after January 1, 2018.

Except for hedge accounting, IFRS 9 must be applied retrospectively (the Group availed of the exemptions from full retrospective application). The new hedge accounting requirements are generally applicable prospectively, with some limited exceptions.

The Group adopted the new standard on the required application date and has not restated the comparative information. In 2017 and 2018, the Group evaluated the impact of the three key aspects of IFRS 9. In general, first-time adoption of IFRS 9 has not had a significant impact on the Group in terms of the classification and measurement of its financial instruments on its balance sheet or on its net debt and equity position; the only impact has been as a result of the application of the new impairment testing requirements. The Group had to recognize an increase in impairment losses, which has had a small negative impact on equity, as outlined below:

The impact of adoption of IFRS 9 (recognized at January 1, 2018) (increase / (decrease)) was as follows:

Impact of first-time application of IFRS 9	**Thousands of euros**
NON-CURRENT ASSETS	**(6,065)**
Non-current financial assets	(9,031)
Deferred tax assets	2,966
CURRENT ASSETS	**(2,783)**
Trade and other receivables	(2,783)
TOTAL ASSETS	**(8,848)**
EQUITY	**(8,848)**
Unrestricted reserves (retained earnings)	(8,848)
TOTAL EQUITY AND LIABILITIES	**(8,848)**

(a) Classification and measurement

The Group initially recognizes its financial assets at fair value, which coincides, generally, with their acquisition cost, adjusted for any transaction costs, except for financial assets at fair value through profit or loss, for which transaction costs are recognized directly in profit and loss.

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, at amortized cost or at fair value through other comprehensive income. Classification is based on two criteria: (i) whether the Group's business model for realizing the assets is to hold them to collect the contractual cash flows or to achieve an objective by both collecting the contractual cash flows and selling the assets (the 'business model' test; and (ii) whether the contractual cash flows represent "solely payment of principal and interest" (the 'SPPI' test).

The business model test was performed as of the date of first-time application, i.e., January 1, 2018, and was then applied retrospectively to the financial assets that had not been derecognized prior to that date. The SPPI test was determined on the basis of the facts and circumstances existing at the time of initial recognition of the instruments.

The new classification and measurement requirements under IFRS 9 have not affected the Group's net debt or equity. The Group does not currently have material amounts of financial assets at fair value and it expects to be able to continue to measure those that it does in this manner.

The Group does not currently have significant investments in the shares of other entities that it expects to hold without their forming part of its held-for-trading portfolio; however, if it did, it would avail of the option of presenting any changes in their fair value in other comprehensive income without recycling to profit or loss and it believes that application of IFRS 9 will not have a significant impact on it in this respect.

Its loans and receivables (current and non-current) are held to collect their contractual cash flows which are expected consist solely of payments of principal and interest. The Group analyzed the characteristics of the cash flows from these instruments and concluded that they meet the criteria for measurement at amortized cost under IFRS 9. As a result, it does not have to reclassify these instruments.

The accounting treatment of the Group's financial liabilities is largely the same as in IAS 39 so that application of IFRS 9 has not had a significant impact on these instruments.

(b) Impairment

Adoption of IFRS 9 has changed the way the Group accounts for impairment losses on its financial assets; specifically it has replaced the incurred loss model prescribed under IAS 39 with an expected credit loss approach.

Expected credit losses are based on the difference between the cash flows due as per the terms of the contract and all of the cash flows the Group expects to collect. The shortfall is discounted at the asset's original effective interest rate.

For trade and other receivables, the so-called 'simplified approach' is used to estimate impairment losses; under this approach it recognizes a loss allowance based on lifetime expected credit losses at initial recognition. The Group has established a 'provision matrix' for calculating expected losses for trade receivables based on its historical default rates, adjusted for forward-looking estimates for its debtors and the economic environment.

For its other financial assets (essentially loans), the Group has used the general approach, which is based on evidence of the impairment of the credit quality of its assets. For assets presenting no evidence of impairment, it recognizes losses based on expected credit losses during the next 12 months. When there has been a significant increase in credit risk since initial recognition, expected lifetime credit losses are recognized instead.

In general, the Group deems a financial asset to be in default when a contractual payment is late by between 30 and 60 days (depending on the country). However, in certain instances, the Group may also consider a financial asset to be non-performing when internal or external information suggests that it is unlikely that the Group will receive the outstanding contractual amounts in full.

Adoption of the IFRS 9 impairment recognition requirements has increased the credit loss allowances recognized by the Group for its debt instruments. The increase in impairment losses has given rise to the following adjustments: trade and other receivables were decreased by 2,783 thousand euros; non-current financial assets were decreased by 9,031 thousand euros; and reserves were decreased by 11,814 thousand euros (8,848 thousand euros net of the related tax effect).

- IFRS 15 *Revenue from contracts with customers*

  IFRS 15 was published in May 2014 and amended in April 2016 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 effective for annual periods beginning on or after January 1, 2018. The Group adopted the new standard on the required date of effectiveness (availing of the exemptions from full retrospective application). In 2017 and 2018, the Group assessed the impact of first-time application of IFRS 15 and did not detect significant impacts. The Group has not had to recognize significant changes in its revenue or a significant impact on its statement of financial position or equity.

  The Group's core business is the sale of food products to end consumers and the supply of food-related raw materials to third parties. The new standard has not had an impact on the Group's profits from contracts with customers under which the sale of finished food products and food-related raw materials is generally the only contractual obligation. Revenue is recognized when control of the asset is transferred to the customer, which is customarily when the goods are delivered.

2) At the date of authorizing the accompanying condensed consolidated interim financial statements for issue, the following new and amended standards and interpretations have been published but are either effective for reporting periods beginning after June 30, 2018 or are still pending adoption by the European Union. None of these standards has been early adopted by the Group.

(Thousands of euros)

New or amended standard or interpretation	Date of adoption by the EU	Date of application in the EU	Date of application by the IASB
IFRS 16 *Leases*	**October 2017**	**Jan. 1, 2019**	**Jan. 1, 2019**
IFRS 17 *Insurance contracts*	**Pending**	**Pending**	**Jan. 1, 2021**
IFRIC 23 *Uncertainty over income tax treatments*	**Pending**	**Pending**	**Jan. 1, 2019**
Annual Improvements to IFRSs, 2015-2017 Cycle	**Pending**	**Pending**	**Jan. 1, 2019**
Amendments to IAS 19 *Plan amendment, curtailment or settlement*	**Pending**	**Pending**	**Jan. 1, 2019**
Amendments to IAS 28 *Long-term interests in associates and joint ventures*	**Pending**	**Pending**	**Jan. 1, 2019**
Amendments to IFRS 9 *Prepayment features with negative compensation*	**March 2018**	**Jan. 1, 2019**	**Jan. 1, 2019**
Revised Conceptual Framework for Financial Reporting	**Pending**	**Pending**	**Jan. 1, 2020**

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 in general have an impact on its consolidated financial statements. However, the following new standard is expected to imply certain impacts, albeit without materially changing the consolidated financial statements:

- <u>IFRS 16 *Leases*</u>

  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 of 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 16 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 will continue to evaluate the potential impact of IFRS 16 on its consolidated financial statements in the course of 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, 2017.

5. KEY TRANSACTIONS AND/OR BUSINESS COMBINATIONS UNDERTAKEN DURING THE SIX MONTHS ENDED JUNE 30, 2018

<u>Acquisition of the Bertagni Group</u>

On March 29, 2018, through Panzani, S.A.S. and Pastificio Lucio Garofalo, S.p.A., the Group acquired 70% of Italy's Bertagni 1882, S.p.A ("Bertagni"). Bertagni, with factories in Vicenza and Alvio (Italy) and a headcount of 275, is known as the oldest filled pasta brand in Italy. An expert in the production of fresh pasta in the premium segment, it boasts deep know-how and a terrific portfolio of products. In 2017, it generated revenue of over 70 million euros, over 90% of which outside of Italy.

The Group's investment totaled 96.5 million euros. The acquisition was financed using a mix of equity and debt. In addition, it has arranged a call option over the remaining 30% (exercisable by the other shareholders over a 10-year period from April 2022). The acquisition price in the event this option is exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature.

The Group took effective control of this business on April 1, 2018, which is the date of its first-time consolidation. The preliminary estimated fair value of the net assets acquired at April 1, 2018 is as follows:

Bertagni business combination as of the acquisition date: April 1, 2018	**Thousands of euros**
Property, plant and equipment	20,739
Intangible assets: Trademarks and software	3,597
Deferred tax assets	674
Other non-current assets	91
Inventories	6,510
Other current assets	13,807
Cash	2,230
Provisions	-1,452
Financial liabilities	-12,711
Deferred income tax	-989
Other current liabilities	-15,517
Goodwill	120,878
Total net assets acquired	**137,857**
% interest acquired by the Ebro Group	70%
Total net investment made	**96,500**

This business is estimated to have generated revenue during the annual reporting period of 72 million euros and profit during the year of 6 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 sells 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.

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, 2017.

Thousands of euros

	Profit/(loss) CONSOLIDATED	
SEGMENT	**1H18**	**1H17**
RICE BUSINESS	73.921	95.683
PASTA BUSINESS	48.939	54.435
Total earnings of the reportable segments	**122.860**	**150.118**
(+/-) Earnings not allocated to operating segments	-10.976	-6.578
(+/-) Elimination of inter-segment earnings	0	0
(+/-) Other profit/(loss)	0	0
(+/-) Income tax and/or profit/(loss) from discontinued operations		
PROFIT BEFORE TAX	**111.884**	**143.540**

Breakdown of revenue by geography	CONSOLIDATED	
	1H18	1H17
Spain	**85.728**	**87.212**
Exports:	**1.191.635**	**1.161.619**
a) European Union	633.263	596.705
b) OECD countries	447.859	467.351
c) Rest of the world	110.513	97.563
TOTAL	**1.277.363**	**1.248.831**

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

Dec. 31, 2017 - By geographical area	Spain	Europe	Americas	RoW	TOTAL
Intangible assets	44,057	155,695	232,200	138	432,090
Property, plant and equipment	67,126	402,852	262,724	30,916	763,618
Other assets	292,143	1,170,964	874,121	130,197	2.467,425
Total assets	**403,326**	**1,729,511**	**1,369,045**	**161,251**	**3,663,133**

June 30, 2018 - By geographical area	Spain	Europe	Americas	RoW	TOTAL
Intangible assets	37,265	158,877	237,248	123	433,513
Property, plant and equipment	67,241	423,442	272,229	36,690	799,602
Other assets	292,620	1,290,443	945,476	101,075	2,629,614
Total assets	**397,126**	**1,872,762**	**1,454,953**	**137,888**	**3,862,729**

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

At June 30, 2018, 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 6,789 thousand euros from the sale of the SOS brand in Mexico and other neighboring countries (note 9).
- A gain of 232 thousand euros recognized on the sale of items of property, plant and equipment and other assets such as greenhouse gas emission allowances and the odd small investment property.
- Income from the reversal of provisions of 262 thousand euros.
- The rest of other operating income relates to grants and minor other operating items.

8.2 Other operating expenses

Other operating expenses include the following less-recurring items:

- A loss of 45 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 1,564 thousand euros.
- Charges for provisions and expenses for lawsuits with third parties in the amount of 1,162 thousand euros.
- Industrial restructuring charges and costs at certain centers totaling 978 thousand euros.

9. INTANGIBLE ASSETS

The most significant movements under this heading during the six months ended June 30, 2018:

- Additions totaling 585 thousand euros.
- An increase of 5,788 thousand euros due to translation differences.
- A decrease of 2,076 thousand euros on account of amortization charges for the period.
- An increase of 3,597 thousand euros due to a business combination (note 5).
- The derecognition of 6,527 thousand euros following the sale of SOS brand in Mexico and other neighboring countries (note 8).
- Non-significant asset transfers in the amount of 56 thousand euros.

10. PROPERTY, PLANT AND EQUIPMENT

The most significant movements under this heading during the six months ended June 30, 2018:

- An increase of 5,732 thousand euros due to translation differences.
- A decrease of 39,727 thousand euros on account of depreciation charges for the period.
- Additions of 49,520 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 20,739 thousand euros due to a business combination (note 5).
- In 1H18, the Group derecognized assets with a carrying amount of 223 thousand euros.
- It also transferred assets in the amount of 56 thousand euros.

Capital expenditure contracted for (machinery purchases and upgrades) at the end of the reporting period but not yet incurred totaled approximately 27 million euros.

11. INVESTMENT PROPERTIES

There has been no significant change in this heading since December 31, 2017.

12. FINANCIAL INSTRUMENTS: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 Financial assets

The breakdown of the Group's financial assets (other than its liquid assets, detailed in note 13), in thousands of euros, is provided below:

	June 30, 2018			Dec 31, 2017		
	Total	Non-current	Current	Total	Non-current	Current
Classification for balance sheet purposes						
- Financial assets	**30,721**	26,133	4,588	**40,888**	32,252	8,636
- Trade and other receivables	**385,421**	0	385,421	**378,069**	0	378,069
- Derivatives	**2,447**	0	2,447	**146**	0	146
TOTAL FINANCIAL ASSETS	**418,589**	**26,133**	**392,456**	**419,103**	**32,252**	**386,851**
Classification for measurement purposes						
Financial assets at amortized cost:						
- Trade and other receivables	**385,421**	0	385,421	**378,069**	0	378,069
- Loans to third parties	**24,605**	22,505	2,100	**35,602**	28,088	7,514
- Deposits and guarantees	**4,941**	2,453	2,488	**4,191**	3,069	1,122
Financial assets at fair value through profit or loss						
- Shares in non-Group companies	**1,175**	1,175	0	**1,095**	1,095	0
- Derivatives	**2,447**	0	2,447	**146**	0	146
TOTAL FINANCIAL ASSETS	**418,589**	**26,133**	**392,456**	**419,103**	**32,252**	**386,851**

As indicated in note 2.d, adoption of the IFRS 9 impairment recognition requirements from January 1, 2018 has had the effect of increasing the credit loss allowances recognized by the Group for its financial assets that are debt instruments. The increase in impairment losses gave rise to the following accounting entries: trade and other receivables were decreased by 2,783 thousand euros; non-current financial assets (loans to third parties) were decreased by 9,031 thousand euros; and reserves were decreased by 11,814 thousand euros (8,848 thousand euros net of the related tax effect).

Loans to third parties

Besides the adjustment referred to in the paragraph above, the additional year-on-year decrease in the balance of loans to third parties between December 31, 2017 and June 30, 2018 is the result of payments collected in accordance with the corresponding loan schedules. The outstanding balance relates primarily to:

- The deferred portion of the purchase price for the Nomen brands under the agreement reached in 2012. That 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% and then again in 2017, extending the term a further two years and leaving the interest rate intact at 3.4%. The non-current portion of this vendor loan (net of impairment allowances) is 12,854 thousand euros and the current portion, 1,211 thousand euros. This loan accrues interest at a rate of 3.4% and the last instalment is due in September 2029. 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, as amended in July 2014; the non-current portion of this vendor loan is 5,216 thousand euros and the current portion, 888 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, 2019; 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.

- The deferred portion of MXP100 million (3,425 thousand euros) of the purchase price for the SOS brand in Mexico and other neighboring countries under the payment terms agreed in January 2018 (non-current asset). This loan earns interest at an implicit rate of 8%. It falls due in two instalments, the first on February 21, 2020 and the other on the same date in 2022.

There have been no other significant movements in any other financial assets since December 31, 2017.

12.2 Financial liabilities

The breakdown of the Group's financial liabilities is provided below (in thousands of euros):

	June 30, 2018			Dec 31, 2017		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Classification for balance sheet purposes						
- Financial liabilities	**1,021,365**	664,007	357,358	**782,547**	472,353	310,194
- Trade and other payables	**398,785**	0	398,785	**425,161**	0	425,161
- Derivatives	**1,027**	0	1,027	**4,293**	0	4,293
TOTAL FINANCIAL LIABILITIES	**1,421,177**	**664,007**	**757,170**	**1,212,001**	**472,353**	**739,648**
Classification for measurement purposes						
Financial liabilities at amortized cost:						
- Trade and other payables	**398,785**	0	398,785	**425,161**	0	425,161
- Bank borrowings	**803,126**	494,639	308,487	**673,379**	365,163	308,216
- Borrowings from other entities	**26,913**	7,634	19,279	**6,734**	5,345	1,389
- Lease obligations	**401**	82	319	**644**	94	550
- Deposits and guarantees	**98**	59	39	**98**	59	39
- Dividends payable	**29,234**	0	29,234	**0**	0	0
Financial liabilities at fair value through profit or loss						
- Contingent financial liabilities	**4,750**	4,750	0	**4,500**	4,500	0
- Financial liabilities structured as share options	**156,843**	156,843	0	**97,192**	97,192	0
- Derivatives	**1,027**	0	1,027	**4,293**	0	4,293
TOTAL FINANCIAL LIABILITIES	**1,421,177**	**664,007**	**757,170**	**1,212,001**	**472,353**	**739,648**

Bank borrowings

There were certain movements in the Group's non-current bank borrowings in the first half of 2018 with respect to year-end 2017.

Specifically, Ebro Foods, S.A. arranged three new bilateral loans for a total of 105 million euros, repayable in a single bullet payment in three years' time and carrying interest at an average rate of 0.52%.

The Group's French subsidiary, the Panzani Group, increased its bank borrowings by around 63 million euros to fund the Bertagni acquisition (note 5), as did its Italian subsidiary, Garofalo, in this instance by around 11 million euros. The rest of the balance invested in Bertagni - 21 million euros - was pending settlement at June 30, 2018 and is included within the borrowings of other entities. To secure this financing, a loan agreement was entered into with two French banks for up to 80 million euros, due March 19, 2023, payable in quarterly instalments; the loan accrues interest an an average after-tax rate of 0.42%.

(Thousands of euros)

As for current borrowings, the most significant developments in the first half of 2018 were the following:

- The renewable of certain short-term credit facilities of amounts not material on aggregate with respect to total borrowings.
- In general, the terms of credit were very similar compared to those in force at year-end 2017, 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 2017.

Dividend payable

Note that current financial liabilities include a 29,234 thousand euro dividend pending payment (note 17.2).

Financial liabilities structured as share options

The most significant development with respect to these liabilities in the first half of 2018 compared to that disclosed in the 2017 consolidated financial statements was the following:

As indicated in note 5, on March 29, 2018, through Panzani, S.A.S. and Pastificio Lucio Garofalo, S.p.A., the Group acquired 70% of Italy's Bertagni 1882, S.p.A ("Bertagni"). The Group's investment totaled 96.5 million euros. The acquisition was financed using a mix of equity and debt. In addition, it arranged a call option over the remaining 30% (exercisable by the other shareholders over a 10-year period from April 2022). The acquisition price in the event this option is exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. This undertaking was valued at 41.7 million euros at June 30, 2018.

There have been no other significant movements in any other financial liabilities since December 31, 2017.

Below is the information needed to enable financial statement users to evaluate the changes in liabilities arising from financing activities, distinguishing between changes that involve cash flows and those that do not (such as foreign exchange gains or losses).

Financial liabilities Reconciliation of flows 2018	**Dec 31, 2017**	Cash flows	Movements in for. currency	Changes in fair value	Business combinations	Other	**June 30, 2018**
Current bank borrowings	308,216	-8,828	-3,612	0	12,711	0	308,487
Non-current bank borrowings	365,163	125,372	4,104	0		0	494,639
Finance leases	644	-243	0	0	0	0	401
Dividend payable	0	0	0	0	0	29,234	29,234
Derivatives	4,293	-417	0	-2,849	0	0	1,027
Other financial liabilities	108,426	2,179	0	-727	78,628	0	188,506
Guarantees and deposits received	98	0	0	0	0	0	98
Total liabilities arising from financing activities	**786,840**	**118,063**	**492**	**-3,576**	**91,339**	**29,234**	**1,022,392**

12.3. Financial risk management

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 - the benchmark currency for a significant portion of its business -, 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 slightly in the first six months of 2018 (more notably in the second quarter), with the euro appreciating by 2.8%. This had an impact on the condensed consolidated interim financial statements on account of unhedged assets and business transactions.

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 the minimize the potential impact of movements in the exchange rate by arranging an appropriate hedging strategy for its business transactions. The rate of exchange between the pound sterling and the euro did not move significantly during the first half of 2018.

At the reporting date, no major changes are anticipated in the key business variables that could have an impact during the second half of the year.

Foreign exchange risk

Financial liabilities at June 30, 2018 include one bank loan totaling 171 million US dollars that has been designated as a hedge of net investments in the Group's US subsidiaries and is 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.

As a result of its activities in multiple countries, the Group's business and procurement activities expose it to foreign exchange risk. To mitigate this risk factor, the Group regularly reviews its exposure to the main currencies (USD, GBP) and, depending on its future needs over the following six to 12 months, arranges future contracts and options over those currencies. For operating reasons, the Group has decided to not to designate the derivatives so arranged as accounting hedges such that any changes in their fair value are recognized in profit and loss. The notional amounts of the related contracts outstanding at June 30, 2018:

Currency (thousands)	Notional amount
USD	109,607
EUR	12,443
THB	358,000
CAD	950
AUD	673

At 30 June 2018, the fair value of these contracts amounted to 1,420 thousand euros.

12.4 Fair value of financial instruments

The table below breaks down the Group's financial assets and liabilities at June 30, 2018 (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.

Financial assets	June 30, 2018		Dec 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
- Loans to third parties	24,605	24,605	35,602	35,602
- Deposits and guarantees	4,941	4,941	4,191	4,191
- Shares in non-Group companies	1,175	1,175	1,095	1,095
- Derivatives	2,447	2,447	146	146
	33,168	**33,168**	**41,034**	**41,034**

Financial liabilities	June 30, 2018		Dec 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
- Borrowings	830,039	829,323	680,113	680,113
- Lease obligations	401	401	644	644
- Deposits and guarantees	98	98	98	98
- Contingent financial liabilities	4,750	4,750	4,500	4,500
- Financial liabilities structured as share options	156,843	156,843	97,192	97,192
- Derivatives	1,027	1,027	4,293	4,293
	993,158	**992,442**	**786,840**	**786,840**

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

	June 30, 2018	Level 1	Level 2	Level 3
Financial assets				
Equity instruments	**1,175**	-	1,175	-
Derivatives	**2,447**	-	2,447	-
Financial liabilities				
Other financial liabilities	**161,593**	-	-	161,593
Derivatives	**1,027**	-	1,027	-

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 2018.

13. LIQUID ASSETS: CASH AND SHORT-TERM DEPOSITS

The breakdown of the Group's cash and cash equivalents at June 30, 2018 and December 31, 2017 (in thousands of euros):

	AMOUNT	
ITEM	June 30, 2018	Dec 31, 2017
Cash on hand and at banks	220,857	268,439
Short-term deposits and cash equivalents	66,767	972
TOTAL	**287,624**	**269,411**

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 287,624 thousand euros at June 30, 2018 (269,411 thousand euros at year-end 2017).

14. INVESTMENTS IN ASSOCIATES

There has been no significant change in this heading since December 31, 2017.

15. GOODWILL AND IMPAIRMENT OF INTANGIBLE ASSETS

The only significant changes in goodwill since year-end 2017 relate, primarily, to the increase triggered by translation differences on the subsidiaries in the US and Canada (7,468 thousand euros) and the addition as a result of the Bertagni business combination (120,878 thousand euros) (note 5).

(Thousands of euros)

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, 2018. Further, there have been no significant changes in either the assumptions or the estimates used in the impairment tests performed for the purposes of preparing the consolidated financial statements for the year ended December 31, 2017.

16. INVENTORIES

There were no significant changes in the provisions for inventory impairment during the six months ended June 30, 2018.

17. EARNINGS PER SHARE AND DIVIDENDS

17.1 Earnings per share

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

	1H18	1H17
Profit from continuing operations attributable to ordinary equity holders of the parent	76,339	92,088
Profit/(loss) from discontinued operations attributable to ordinary equity holders of the parent	0	0
Profit attributable to ordinary equity holders of the parent	76,339	92,088
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)	76,339	92,088

	1H18 Thousands	1H17 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.

17.2 Dividends

Distribution of the dividends approved at the Annual General Meeting of June 5, 2018 at which the Company's shareholders ratified the motion to pay a cash dividend with a charge against 2017 profit and unrestricted reserves of 0.57 euros per share, payable in the course of 2018 for a total outlay of 87,703 thousand euros.

The dividend will be paid out in three equal instalments of 0.19 euros per share on April 3 (paid), June 29 (paid) and October 1, 2018.

18. OWN SHARES

During the first half of 2018, 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, 2017. No own shares were either bought or sold in the first half of 2018. The Company did not hold any own shares as treasury stock at June 30, 2018.

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

As compared to the situation at December 31, 2017, there were no significant changes in these commitments during the current reporting period, neither in the nature of the commitments or the amounts involved, except for the payments made in the first half of 2018 under the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Business Plan.

20. OTHER NON-CURRENT PROVISIONS

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

Breakdown of other provisions by concept	June 30, 2018	Dec 31, 2017
Other lawsuits and disputes	18,224	18,718
Modernization and restructuring plan	581	581
Emission allowances	0	0
Sundry other contingencies of insignificant amount	1,315	1,280
	20,120	**20,579**

There were no significant changes in the status of these lawsuits in the first half of 2018 with respect to year-end 2017.

21. INCOME TAX

Income tax expense for the six months ended June 30, 2018 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 effective tax rate used for the six-month period was 28.3% (32.3% in 1H17). The decrease in the estimated effective rate is mainly attributable to the reduction in the tax burden in the US.

22. RELATED-PARTY TRANSACTIONS

The most significant related-party transactions are summarized below:

Unit: Thousands of euros

RELATED-PARTY TRANSACTIONS EXPENSES AND INCOME:	CURRENT REPORTING PERIOD (1H18) Significant shareholders	Directors and officers	Group individuals, companies or entities	Other related parties	Total
1) Finance costs					0
2) Management and collaboration agreements					0
3) R&D transfers and license agreements					0
4) Leases		44			44
5) Purchase of services		31			31
6) Purchase of goods (finished and in-progress)		1.307			1.307
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**	**1.382**	**0**	**0**	**1.382**
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				2	2
16) Sale of goods (finished and in-progress)	2.533	993			3.526
17) Gains on derecognition or disposal of assets					0
18) Other income					0
INCOME (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18)	**2.533**	**993**	**0**	**2**	**3.528**

OTHER TRANSACTIONS:	CURRENT REPORTING PERIOD (1H18) Significant shareholders	Directors and 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	6.728	29.626			36.354
Other transactions					0

Unit: Thousands of euros RELATED-PARTY TRANSACTIONS EXPENSES AND INCOME:	PRIOR REPORTING PERIOD (1H17)				
	Significant shareholders	Directors and officers	Group individuals, companies or entities	Other related parties	Total
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**

OTHER TRANSACTIONS:	PRIOR REPORTING PERIOD (1H17)				
	Significant shareholders	Directors and 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		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

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 1H18 and 1H17 (amounts in thousands of euros):

Ebro Group company with which the transaction was performed	Type of transaction	1H18	1H17
Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	127	116
Herba Ricemills, SLU	Sale of goods (finished and in-progress)	0	61
Herba Ricemills, SLU	R&D transfers and license agreements	0	9
Herba Ricemills, SLU	Other income	0	3
Mundiriso, SRL	Purchase of goods (finished and in-progress)	202	122
Mundiriso, SRL	Sale of goods (finished and in-progress)	1,832	1,259
Arrozeiras Mundiarroz, SA	Purchase of goods (finished and in-progress)	23	28
Herba Ingredients BV	Purchase of goods (finished and in-progress)	0	59
Riceland Magyarorszag, KFT	Purchase of goods (finished and in-progress)	166	0
Ebro Foods, SA	Services rendered (income)	6	0

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

DIRECTORS:	**Amount (thousands of euros)**	
Type of remuneration:	**1H18**	**1H17**
Fixed remuneration	520	514
Variable remuneration	1.322	992
Attendance fees	174	154
Bylaw-stipulated remuneration	1.364	1.364
Transactions with shares and/or other financial instruments		-
Other		-
TOTAL	**3.380**	**3.024**
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)	
OFFICERS:	**1H18**	**1H17**
Total remuneration received by officers	1.233	1.160

In terms of the disclosures corresponding to officers, note that the amounts shown include the dividends (tables on pages 28 & 29) 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. EVENTS AFTER THE REPORTING PERIOD

No significant developments have occurred between June 30, 2018 and the date of authorizing the accompanying condensed consolidated interim financial statements for issue.