NOURISHING MAGICAL MOMENTS

2014 ANNUAL REPORT

AS OF DECEMBER 31, 2014 / 54th FISCAL YEAR

ANNUAL REPORT

54th FISCAL YEAR

Message from the President

In 2014, the global economy kept its growth performance at an estimated rate of 3.3%. The Eurozone began showing a slight 0.8% recovery, leaving behind the -0.5% shrinkage in 2013. On the other hand, the United States has definitively overcome the recession, as expected, with a 2.4% growth.

In the region, new rates show the economy deceleration in several countries that have had a sustained growth over the last decade. At the average interannual growth rate, Latin American countries have shown their lowest rate since 2009, ending 2014 with a 1.1% GDP.

The Argentine economy decreased by -0.2%, as compared to 2013, when its growth rate stood at 2.9%. In turn, the Argentine peso depreciated by 30.4% against the U.S. dollar.

Regarding the activity and challenges undertaken by Arcor Group, 2014 ends with an increase in sales, as compared to the previous year. All the mass consumption businesses carried out important launches and business actions in the region. Undoubtedly, the entry into the category of fried snacks and the celebration of Bagley's 150th anniversary were the most significant events.

The financial policy was focused on generating the necessary funds for the normal course of business, as well as the investment plans executed. In Argentina, Arcor Group issued new series of corporate bonds in pesos, achieving an excellent market acceptance.

The continuous profit reinvestment process leveraged industrial investments, which are part of the ongoing Company's plan. For example, the new electric power generation plant was finished in the sugar mill La Providencia and the works to build the new wet milling plant continued, which would place us in a leading position in the glucose production. In Chile, the Bicentenario modern plant project was finished.

The Sustainability Policy and the shareholders' commitment towards sustainability continued growing steadily this year. The strategic planning process for the 2016/2020 period was launched.

During 2015, we are committed towards new challenges and, at the same time, we are consolidating projects we carried out in previous years. The region where our main activity is performed will present new scenarios and constructions where we will have to carry out new strategic plans.

Once more, the aim is to promote and renew the entrepreneurial spirit of those who founded and carried on this company at its inception, focusing on the business and ongoing innovation. Always giving priority to management and the sustainable development lines we traced. Respecting and adding value to our consumers, who are our main asset. Carrying out, together with our employees, plans that contribute to a better quality of life for our communities, contributing to achieving the common good.

Luis A. Pagani

Arcor Group's President

Arcor Group Today

MAIN FOOD **COMPANY**
IN ARGENTINA

MANUFACTURES ITS
PRODUCT PACKAGINGS

UNDERTAKES A SUSTAINABLE
MANAGEMENT

FIRST **GLOBAL MANUFACTURER**
OF HARD CANDIES

FIRST EXPORTER OF CONFECTIONERY IN
ARGENTINA, BRAZIL, CHILE AND PERU

EXPORTS TO MORE THAN
120 COUNTRIES

MORE THAN 63 MILLION
ARGENTINE PESOS IN SOCIAL INVESTMENT

PRODUCTION UNITS
CERTIFIED UNDER ISO 14001
AND 26 UNDER OHSAS 18001

MORE THAN 16,000
PYMES (SMEs) AS SUPPLIERS

COMMERCIAL OFFICES DISTRIBUTED IN
AMERICA, EUROPE (SPAIN) AND ASIA (CHINA)

39 INDUSTRIAL PLANTS
29 IN ARGENTINA, 5 IN BRAZIL, 3 IN CHILE,1 IN MEXICO AND 1 IN PERU

BAGLEY LATINOAMÉRICA S.A.
A COMPANY MADE UP OF THE DANONE GROUP;
IT IS ONE OF THE LEADING COMPANIES IN THE REGION

IT IS VERTICALLY INTEGRATED
INTO ITS SUPPLIES

ARGENTINE LEADER IN THE
CORRUGATED CARDBOARD PRODUCTION

Presence in more than 120 countries*

Europe

Germany - Andorra - Armenia - Azerbaijan - Bulgaria - Spain - Estonia - France - Georgia - Greece - Hungary - Italy - Latvia - Lithuania - The Netherlands - Poland - Portugal - Czech Republic - Romania

Asia

Saudi Arabia - China - South Korea - United Arab Emirates - Philippines - Hong Kong - India - Japan - Kazakhstan - Kyrgyzstan - Kuwait - Mongolia - Nepal - Russia - Thailand- Taiwan - Tajikistan

North America

Canada - United States - Mexico

South America

Argentina - Bolivia - Brazil - Chile - Colombia - Ecuador - Guyana - Paraguay - Peru - Surinam - Trinidad and Tobago - Uruguay - Venezuela

Oceania

Australia - New Zealand

Central America

Netherlands Antilles - Bahamas - Barbados - Costa Rica - Dominica - El Salvador - Granada - Guadalupe - Guatemala - Haiti - Honduras - Saint Martin Island - Turks and Caicos Islands - British Virgin Islands - Jamaica - Martinique - Nicaragua - Panama - Puerto Rico - Dominican Republic - Saint Kitts and Nevis - Saint Vincent and the Grenadines - Saint Lucia

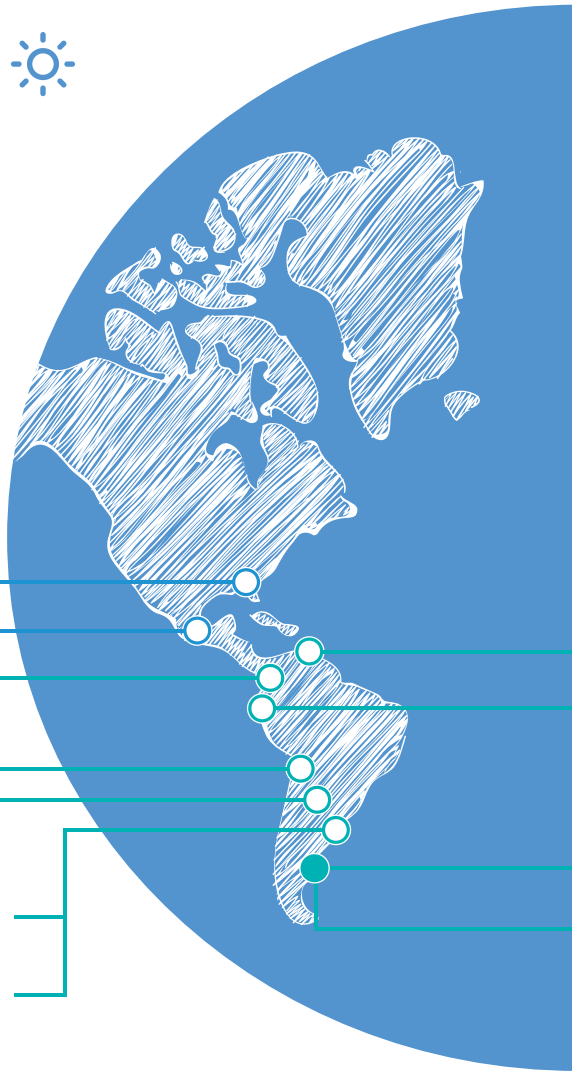
Africa

Algeria - Benin - Botswana - Cape Verde - Cameroon - Gabon - Gambia - Ghana - Guinea - Guinea-Bissau - Madagascar - Morocco - Mauritius - Mozambique - Namibia - Senegal - Seychelles - Sierra Leona - South Africa - Togo - Tunisia

**These are the main countries*

Arcor around the World

COMMERCIAL OFFICES



ARCOR USA INC.
Miami, USA (1993)

UNIDAL MÉXICO S.A. de C.V.
Mexico City, Mexico (2000)

INDUSTRIA DOS EN UNO DE COLOMBIA LTDA.
Bogotá, Colombia (1998)

ARCOR ALIMENTOS BOLIVIA S.A.
Santa Cruz de la Sierra, Bolivia (2004)

ARCORPAR S.A.
Asunción, Paraguay (1976)

VAN DAM S.A.
Montevideo, Uruguay (1979)

GAP REGIONAL SERVICES S.A.
Montevideo, Uruguay (2008)

INDUSTRIAL PLANTS

ARGENTINA

Buenos Aires
Arcor S.A.I.C., San Pedro (1979)
Bagley S.A., Salto (1995)
Cartocor S.A., (Planta 1) Luján (1997)
Cartocor S.A., (Planta 2) Luján (2012)
Converflex Argentina S.A., Luján (2004)
La Campagnola S.A.C.I., Mar del Plata (2006)

Río Negro
La Campagnola S.A.C.I., Choele Choel (2006)

Entre Ríos
Cartocor S.A., Paraná (1980)

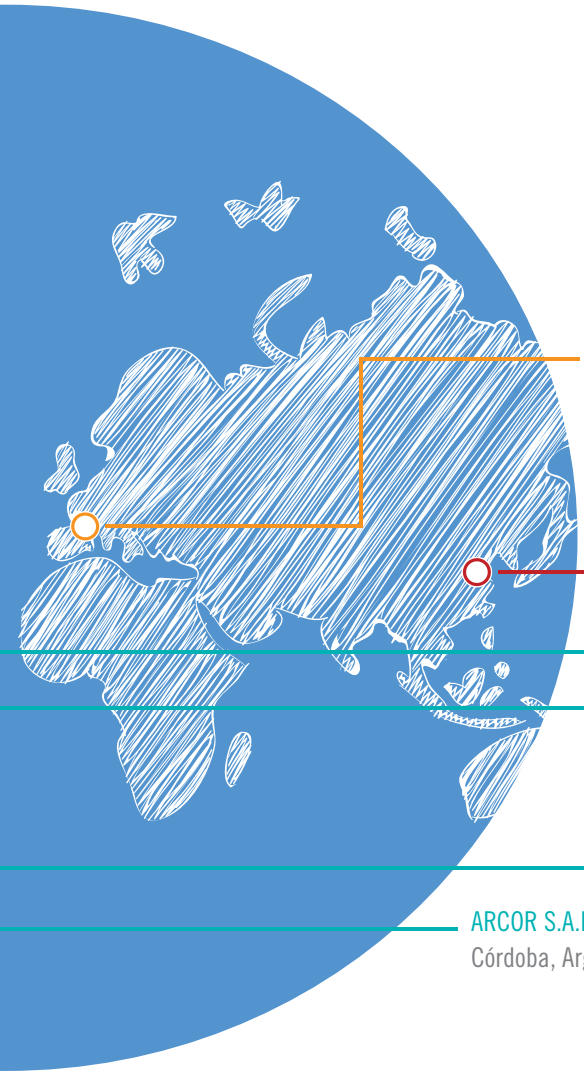
Catamarca
Arcor S.A.I.C., Recreo (1988)
Arcor S.A.I.C., Recreo (1988)
Arcor S.A.I.C., Recreo (1988)

Tucumán
Arcor S.A.I.C., La Reducción (1972)
Arcor S.A.I.C., La Reducción (1975)
Arcor S.A.I.C., Rio Seco (1994)

Mendoza
La Campagnola S.A.C.I., San Rafael (1972)
La Campagnola S.A.C.I., San Martín (2006)

San Juan
La Campagnola S.A.C.I., Villa Krause (1985)

Córdoba
Arcor S.A.I.C., Arroyito (1951)
Cartocor S.A., Arroyito (1954)
Arcor S.A.I.C., Arroyito (1958)
Converflex Argentina S.A., Villa del Totoral (1979)



ARCOR A.G. (S.A. LTD.) BRANCH IN SPAIN
Barcelona, Spain (2002)

ARCOR TRADING (SHANGHAI) CO., LTD.
Shanghai, China (2006)

UNIDAL VENEZUELA S.A.
Caracas, Venezuela (2005)

UNIDAL ECUADOR S.A.
Guayaquil, Ecuador (1998)

ARCOR S.A.I.C.
Buenos Aires, Argentina (Headquarters)

ARCOR S.A.I.C.
Córdoba, Argentina (Headquarters)

Bagley S.A., Villa del Totoral (1975)
Arcor S.A.I.C., Arroyito (1994)
Arcor S.A.I.C., Colonia Caroya (1994)
Bagley S.A., Córdoba (1997)

San Luis
La Campagnola S.A.C.I., Villa Mercedes (1987)
Converflex S.A., Villa Mercedes (1987)
Arcor S.A.I.C., San Luis (1998)
Bagley S.A., Villa Mercedes (2005)

BRAZIL

Arcor do Brasil LTDA, Rio das Pedras, São Paulo (1981)
Arcor do Brasil LTDA, Bragança Paulista, São Paulo (1999)
Bagley do Brasil Alimentos LTDA, Campinas, São Paulo (2005)
Bagley do Brasil Alimentos LTDA, Contagem, Minas Gerais (2005)
Arcor do Brasil LTDA, Recife, Pernambuco (2007)

CHILE

Industria de Alimentos Dos en Uno S.A. (Planta 1), Santiago de Chile (1998)
Industria de Alimentos Dos en Uno S.A. (Planta 2), Santiago de Chile (1998)
Cartocor Chile S.A., San Francisco de Mostazal, O'Higgins (2007)

MEXICO

Mundo Dulce S.A. de CV, Toluca, México (2008)

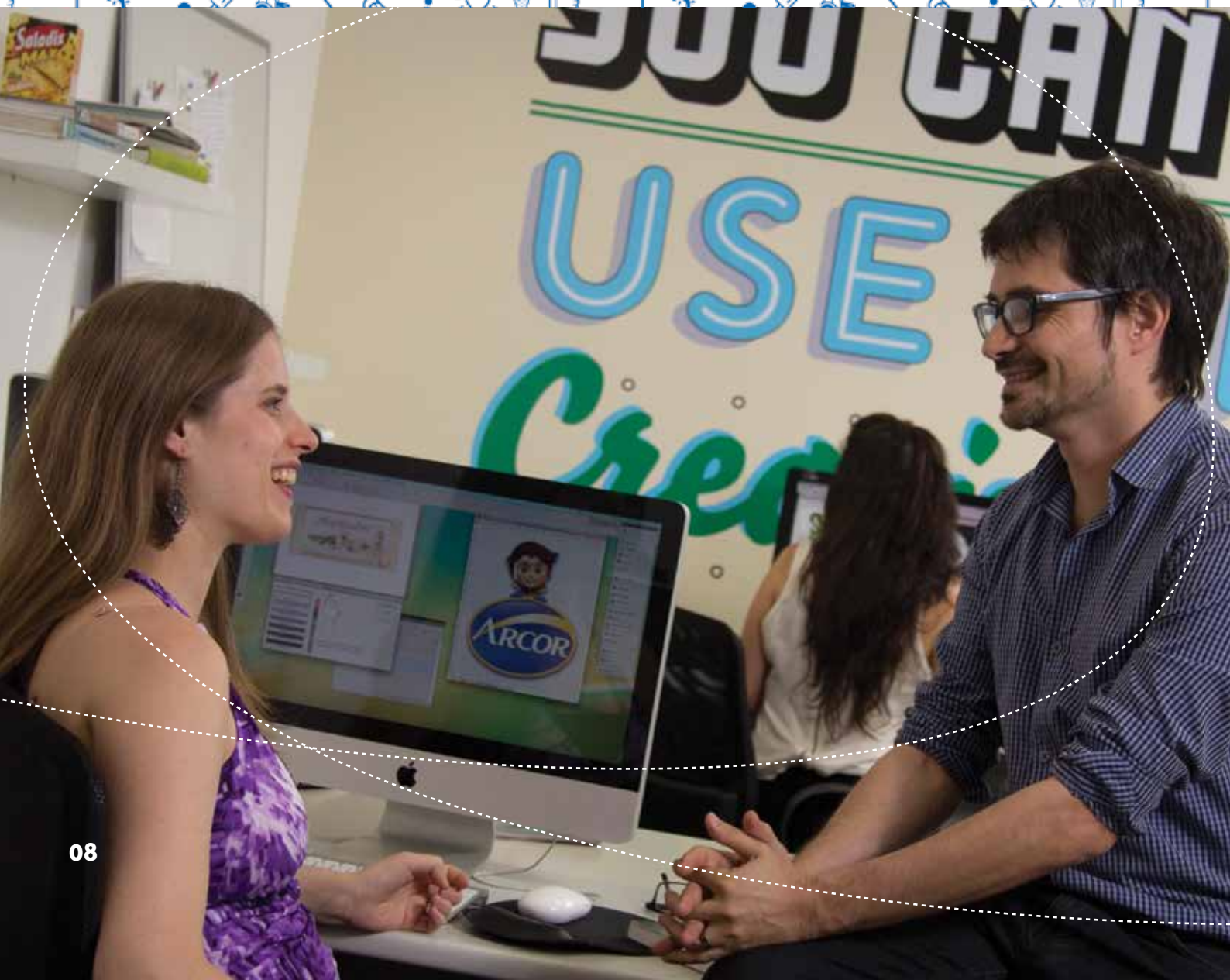
PERU

Arcor de Peru S.A., Chancay, Huaral (1996)

Our Philosophy

ARCOR'S CULTURE

Arcor was founded with a socially responsible vision. Since our inception, we have developed a business model based on generating economic, social and environmental value. This commitment is reflected in the Vision, Mission, Values and Ethical Principles governing our company's actions around the world.



Vision

To be Latin America's number one manufacturer of confectionery, and cookies and crackers, and to consolidate our share in the international market.

Mission

To offer people throughout the world the opportunity to enjoy quality products at a fair price, creating value for our shareholders, employees, customers, the community, suppliers and the environment, by means of a management based on sustainable processes.

Corporate Values

Respect

We keep a cautious attitude that guides us towards growth in a spirit of self-criticism and awareness of our strengths and weaknesses.

Reliability

We build relationships based on the personal and professional consideration, offering support and assurance to all those with whom we relate.

Commitment

We conceive management based on ongoing progress, encouraging the interaction, effort and contribution of all our people towards attaining results.

Leadership

We maintain a long-term vision that drives us to seek innovative competitiveness ways, creatively and cleverly optimizing the available resources.

Integrity

We adopt an honest, transparent, coherent, austere and responsible behavior.

Arcor and the Sustainability

NURTURING BONDS FOR DEVELOPMENT

Since its inception, Arcor has been worried about generating socially responsible practices, fostering a business management committed to environmental care and the development of the communities of which it is part. This has been a distinctive feature of the Company, which currently poses a new challenge: to establish a sustainability vision in all the group's businesses and foster this commitment among all the consumers with which it relates.

As regards social investment, it focuses on creating equal education opportunities for children and teenagers through the Arcor Foundation in Argentina and the Brazil Arcor Institute, and contributes to the comprehensive development of communities by means of the Program of Relations with the Community.

The vision guiding the Company is thus nurtured by its best practices and reinforces the conviction of building together a sustainable future for everyone.

ARCOR'S SUSTAINABILITY POLICY

The economic development should be aligned with the welfare and social inclusion, and the environment appreciation and protection. Therefore, we have undertaken a general commitment and five specific commitments towards the most significant and priority issues for our business.

Our Commitments

- Rational use of water.
- Rational use of packaging.
- Energy efficiency and minimizing impact on the global climate change.
- Active life and healthy nutrition.
- Respect for and protection of human and labor rights.

For further information, please refer to www.arcor.com


grupo
ARCOR

Notice of Shareholders' Meeting

TO THE SHAREHOLDERS

Pursuant to the provisions of the Corporate Bylaws and regulations in force, the Board of Directors calls on the shareholders of ARCOR SOCIEDAD ANÓNIMA INDUSTRIAL Y COMERCIAL to attend the Ordinary and Extraordinary General Shareholders' Meeting to be held at the registered office located at Avda. Fulvio S. Pagani 487, Arroyito, Province of Córdoba, Argentina on April 25, 2015, at 11:00 am to consider the following items on the agenda:

AGENDA

01 Appoint two shareholders to draft and sign the Minutes of the Shareholders' Meeting.

02 Consider the Board of Directors' Report and Annex thereto, the Inventory, the Consolidated and Individual Financial Statements, the Summary of Events, the Auditors' Report and the Statutory Audit Committee's Report for fiscal year No. 54 beginning January 1 and ended December 31, 2014.

03 Consider the Board of Directors' and Statutory Audit Committee's performance.

04 Consider the allocation of Unappropriated Retained Earnings and Income for the fiscal year. Consider the creation of the Legal Reserve and other discretionary reserves. Consider the full or partial reversal of, or increase in the Special Reserve for Future Dividends. Consider the distribution of cash dividends in the amount of up to ARS 200,000,000 to be paid in two installments, the first of which amounts to up to ARS 80,000,000, payable as from May 7, 2015, and the second one, up to ARS 120,000,000, payable as from December 10, 2015.

05 Consider the Board of Directors' and Syndic Committee's compensation.

06 Consider the surety offered to subsidiaries and affiliates.

07 Consider the Board of Directors' vacancy and, if applicable, appoint an Alternate Director.

08 Appoint an External Auditor who will certify the Financial Statements for fiscal year No. 55 and establish their fees. Appoint an alternate External Auditor who will replace the former in case of any obstacle.

NOTE: Copy of the documentation to be addressed and the Board of Directors' proposals are available to the shareholders at the registered office. The fourth item on the agenda will be discussed at the Ordinary and Extraordinary General Shareholders' Meeting. To be able to attend the Shareholders' Meeting, the shareholders shall deposit the shares or bank certificates at the registered office located at Avda. Fulvio S. Pagani 487, Arroyito, Province of Córdoba, from 9 am to 3 pm up to April 21, 2015. The shareholders are requested, if applicable, to consider and provide the information set forth in Sections 22, 24, 25 and 26 of Chapter II of Title II and Section 4 of Part III of Chapter I of Title XII and related provisions of the regulations approved by General Resolution No. 622/2013 of the National Securities Commission (C.N.V., as per its initials in Spanish) and related provisions.

THE BOARD OF DIRECTORS, ARCOR S.A.I.C.
LUIS ALEJANDRO PAGANI, CHAIRMAN

Board of Directors and Syndic's Committee

BOARD OF DIRECTORS

CHAIRMAN	Mr. Luis Alejandro PAGANI
VICE-CHAIRMAN	Mr. Alfredo Gustavo PAGANI
SECRETARY	Mr. Jorge Luis SEVESO
REGULAR DIRECTORS	Mr. José Enrique MARTÍN Mr. Hugo Enrique LAFAYE Mr. Alejandro Fabián FERNÁNDEZ Mr. Víctor Daniel MARTÍN Mr. Fulvio Rafael PAGANI Mr. Luis María BLAQUIER Miss Lilia María PAGANI
ALTERNATE DIRECTORS	Mrs. Claudia Susana PAGANI MARTÍN Mrs. María Rosa PAGANI BABINI Mrs. Zunilda Ramona GIORDANO MARANZANA

SYNDIC'S COMMITTEE

REGULAR SYNDICS	Mr. Victor Jorge ARAMBURU Mr. Gabriel Horacio GROSSO Mr. Carlos Gabriel GAIDO
ALTERNATE SYNDICS	Mr. Hugo Pedro GIANOTTI Mr. Alcides Marcelo Francisco TESTA Mr. Daniel Alberto BERGESE

BOARD OF DIRECTORS' REPORT

AS OF DECEMBER 31, 2014 / 54th FISCAL YEAR

To the shareholders

The Board of Directors is pleased to submit for your consideration this Board of Directors' Report, the Inventory, the Individual Statement of Financial Position, the Individual Statement of Income, the Individual Statement of Other Comprehensive Income, the Individual Statements of Changes in Shareholders' Equity and Cash Flows, the Notes, the Auditor's Report, the Syndics Committee's Report and the allocation of Income for fiscal year No. 54 beginning January 1 and ended December 31, 2014.

We also attach Arcor Group's Consolidated Financial Statements for the fiscal year ended December 31, 2014, together with its Notes, the Auditor's Report and the Syndics Committee`s Report.

GENERAL CONSIDERATIONS

The global economy during 2014 grew at a pace similar to the previous year and the estimated growth rate stood at 3.3%, as reported by the IMF[1].

The United States exceeded expectations and grew at 2.4%. The inflationary pressure remained moderate as a result of the U.S. dollar appreciation and the decline in the oil price. Unemployment decreased again.

Japan entered technical recession during the third quarter of the year and its estimated growth rate was 0.1%. After the increase in the taxes on consumption, the domestic demand did not accelerate as expected, despite the moderating effect caused by the increase in the investment in infrastructure.

The annual growth rate of China's economy stood at about 7.4% in 2014 and 7.8% in 2013. This deceleration in the growth rate resulted from the policy to reduce investments, which was implemented as from the third quarter of 2014.

Russia ended the year with a marked economy deceleration and the strong ruble depreciation. The IMF estimated the growth rate for 2014 at 0.6%, whereas the growth rate for 2013 was 1.3%.

There was surprise at the Eurozone, which grew by 0.8% in 2014, overcoming a -0.5% shrinkage in the previous year. The growth was not higher as a result of the weak investment, as estimated by the IMF, but inflationary expectations and inflation continued being lower.

International financial markets, according to the ECLAC's[2] report, kept relatively high liquidity levels, which reflects a flexible monetary policy of the main developed economies and a low risk perception. International interest rates continued being low, despite the end of the U.S. monetary stimulus policy, which caused certain volatility in financial flows during 2014. The European Central Bank began a monetary expansion program, to a lesser extent than similar programs adopted by the U.S. Federal Reserve and the Central Bank of Japan.

According to the ECLAC's report, the interannual growth rate of the Latin America and the Caribbean region has been the lowest since 2009, ending 2014 with a GDP growth of 1.1%. This was mainly influenced by the scarce dynamism and contraction of the most important economies in the region, namely: Brazil, 0.2%; Mexico, 2.1% and the Bolivarian Republic of Venezuela, -3.0%. The reasons for the low growth or contraction were, among others, the low foreign demand, due to the low growth of developed economies and the deceleration of emerging economies, especially China, main business partner of several countries in the region, and the lower prices of raw materials, the most outstanding example of which was oil. At the same time, the benefits of the U.S. recovery were primarily received by Mexico and some countries in Central America, whereas the impact of such recovery on the other countries of the region was reduced.

According to the ECLAC's report, the Argentine economy fell by -0.2%, as compared to 2013, where the growth rate was 2.9%, as per the same report. Fiscal year 2014 was characterized by the Argentine peso devaluation of 30.4% against the U.S. dollar. In addition to the decline in investments and exports, the industrial activity fell, which ended December with a 2.3% decrease, as compared to the same month in the previous year, as stated by the INDEC's[3] report. This decline was primarily due to the decrease in the automotive sector, the metallurgy industry, the food manufacturing industry, the textile industry and the rubber and plastic chemicals industry.

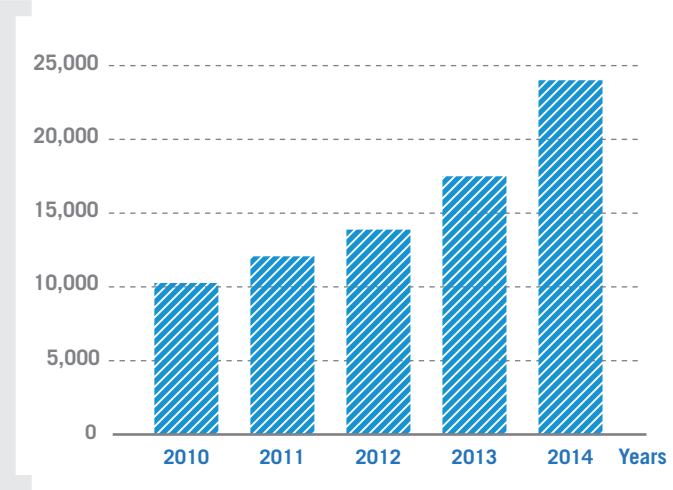
Brazil, Chile and Mexico depreciated their currencies in 2014. The Brazilian real depreciated by 13.4%, the Chilean peso, by 15.7% and the Mexican peso, by 12.8%, all against the U.S. dollar.

Regarding the 2014 interannual growth, both Brazil and Chile decreased their GDP growth rates, as compared to the previous year. Brazil was affected by the lack of trust of the private sector and tighter financial conditions, which ended having an impact on the investment rate in the country. The interannual growth was 0.2%, as compared to 2.5% in 2013. Chile was affected by the uncertainty caused by the impact of the changes implemented, which led to end 2014 with a GDP growth rate of 1.8%, as compared to 4.1% in the previous year.

Mexico made the difference with its GDP growth of 2.1% in 2014, as compared to 1.1% in 2013, as a result of the U.S. recovery, causing an increase in exports. Additionally, the improvement in the U.S. labor market had an influence on the flow of remittances from such country.

EVOLUTION OF SALES

Millions of Pesos



[1]*Source: International Monetary Fund, World Economic Outlook (Perspectivas de la economía mundial), Washington, January 2015.*
[2]*Source: United Nations – Economic Commission for Latin America and the Caribbean (ECLAC), Balance Preliminar de las Economías de América Latina y el Caribe 2014 (Preliminary Overview of the Economies of Latin America and the Caribbean 2014), Informative Document, December 2014. Statistical data included in the report: 2014, Estimates; 2015, Projections.*
[3]*Source: Argentine Institute of Statistics and Census (INDEC, as per its initials in Spanish), Estimador Mensual Industrial (EMI) (Monthly Industrial Estimator (EMI, as per its initials in Spanish), Argentina, January 2015.*

The Economy and the Company

Arcor Group ended the year with an increase in sales, as compared to the previous year. Foreign companies' sales accounted for 30.4% of the Group's consolidated sales and Argentina's sales, which include exports to third parties, accounted for 69.6% of consolidated sales for 2014.

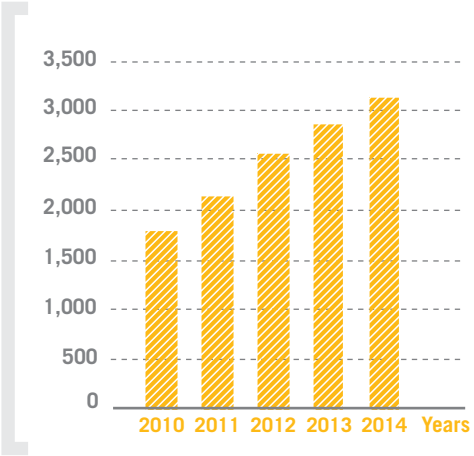
Total consolidated sales to third parties for 2014 amounted to ARS 24,059.8 million and net income, to ARS 508.9 million, which accounts for 2.1% of sales. EBITDA amounted to ARS 2,482.5 million, which accounts for 10.3% of sales. Consolidated net cash flows provided by operating activities reached ARS 1,830.3 million. Financing activities decreased by ARS 461.6 million and cash flows used by investing activities amounted to ARS 1,140.1 million.

Income for fiscal year 2014 attributable to the Company's shareholders amounts to ARS 236.7 million.

The indebtedness level presented by Arcor Group is adjusted to the working capital needs required by the business growth and the financing of the expected investment plan.

CHANGES IN SHAREHOLDERS' EQUITY

Millions of Pesos



Outlook

The global economy will grow 3.5% in 2015, according to the IMF's estimates. It is noteworthy that the lower price of oil and raw materials will have an adverse impact on emerging markets' economies, and that stagnation and the low inflation level continue causing worry in the Eurozone and Japan. The United States is mentioned among the most positive projections, with a 3.6% growth rate as a result of the increase in the domestic demand sustained by the cheaper oil, the moderate tax adjustment and a flexible monetary policy, despite the projected gradual increase in the interest rate. But it is stated that certain attention should be paid to geopolitical factors, such as the situation in Ukraine and Middle East, which could have an adverse impact on the global economy. Also, a steady growth of 4.3% is projected in emerging and developing markets' economies in 2015.

The Eurozone would grow 1.2% in 2015. The weaker investment outlook and the stagnation affect the economic growth, despite the support the decline in oil prices, a more relaxed monetary policy, a more neutral focus of the tax policy and the recent euro depreciation against the U.S. dollar represent.

China would grow 6.8%, continuing with its policy to reduce the investment growth rate to decrease the vulnerabilities caused by the fast growth of credit and investments. India would follow it with a 6.3% growth. The geopolitical stress and the lower oil price would have an impact on Russia, causing an annual -3.0% shrinkage.

According to the ECLAC, the GDP growth in Latin America and the Caribbean for 2015 would reach a rate of about 2.2%, with differentiated growth dynamics between countries and sub-regions. The main challenge currently faced by the countries in the region to accelerate growth is to increase public and private investment rates. To recreate a climate suitable for private investments and promote public investments, which will increase the productive capacity and competitiveness through infrastructure projects. These will not only foster productivity income, but they will also be useful as an incentive for private investments. The countries' ability to promote public investments will depend on the tax situation in which they are and the ability to move resources.

Brazil projects an economic growth of 1.3%, according to the ECLAC's report. This growth will be affected by the different macroeconomic variables and the impact the reported behavior of the major state-owned company will have on the economy.

According to the ECLAC's report, Chile expects a 3.0% growth in the economic activity. The expectations for the country are favorable since the economy is steadier than in the previous year.

In connection with Argentina's growth, the ECLAC believes that the country will grow at a 1.0% rate in 2015. Some of the main matters that will define the course of the economy in the year about to begin are as follows: the value of commodities, the budget financing, the exchange rate, the inflation rate, the imbalance between some relative prices and the level of reserves.

According to the international, national and regional economic outlook and considering the policies that the different governments will implement in 2015, the Board of Directors ratifies the strategy to focus on mass consumption businesses, expense control, development of strategic association projects, increase in sales abroad by opening new international markets and the business globalization, giving priority to liquidity and a sound financing structure in order to ensure compliance with its obligations and commitments, as well as the necessary funds to carry out its operations and investment projects.

Analysis of Business Units

The most significant events of the different business units of Arcor Group for the fiscal year ended December 31, 2014 are briefly explained below.

Argentina

Confectionery and Chocolates

In 2014, sales to third parties in pesos of the Confectionery and Chocolates business amounted to ARS 5,395.5 million.

The most outstanding segments in the Confectionery business were: tabs of chewing gums, wafer nougat candies (turrón oblea) and gummy candies. The main business launches were: Topline Original Mints, Menthoplus Cofler and Honey, Butter Toffees White Chocolate and Mogul Mandarin Orange and Plutonita in the segment of children's "extreme" chewing gum brands.

The advertising campaigns of Topline Seven and Original Mints, Menthoplus Creamix (Bear), Mogul creativity to enjoy and Plutonita had excellent effects.

In 2014, the Group renewed its co-branding agreement with Coca Cola, the largest non-alcoholic beverage company in the world. This strategic alliance that has been kept since 2011 is based on a regional business model, which seeks to develop and market a product portfolio under both companies' brands in some South American countries, such as: Menthoplus Powerade, Fanta Ice-cream and Topline Inca Kola Zero.

The Chocolates business continued with its Cofler's successful advertising campaign under the concept "Chocolate Fanatics", the launch of Cofler-Citos was supported and promoted by campaigns that made the new product immediately known in the market.

The Cofler brand continued offering new launches, with excellent market performance: Cofler Block 300, Cofler White Chocolate Dulce de Leche (Caramel Spread), Cofler White Chocolate with Rocklets, Mix of Bonbons, among others. The brand continued expanding and reached the candies segment under the co-branding with Menthoplus, another leading brand in Arcor Group's Confectionery business.

In the bonbons segment, the new product was the Bon o Bon Mix bonbon, which managed to be one of the 2014 successes, renewing the offer of bonbons under the Bon o Bon brand. This refreshed and

distinguished one of the most important brands of our portfolio. We also have in this segment another very successful and new launch, such as the Cofler Mix bonbons in three new flavors: Almonds, Chocolinas (chocolate cookies) and Milk Chocolate, which are added to the already successful Block bonbon. The latter strongly drove the segment in the previous year.

In the dragée segment, we have revolutionized the market with an innovative proposal under a new brand: Citos, which enables consumers to enjoy their favorite chocolates in smaller portions for a more modest consumption, like a snack. New products were launched: Aguila-Citos (raisins and mint), Cofler-Citos (milk chocolate) and Bon o Bon-Citos (dragées uniquely filled with Bon o Bon).

We may highlight the following main investments in the industrial area: the installation of a new state-of-the-art molding line in the Chocolates business and the installation of a new chewing gum production line in Arroyito in the Confectionery business.

One of the Group's strengths is the vertical integration into Argentina, achieved through the own production of: glucose, sugar, milk, mostly developed by the Agro-industrial business, which ended the year with sales to third parties amounting to ARS 852.0 million. The work related to the new electric power generation plant in the sugar mill La Providencia, which uses bagasse/biomass as main fuel and will supply the electric power demand, was completed in 2014. The works to build the new wet milling plant continued in Arroyito.

The plants in Colonia Caroya, Recreo, San Luis and Arroyito successfully completed the audits to keep the OHSAS 18001, ISO 14001, ISO 9001 certifications and BRC recertification. In Complejo Recreo, the Carlisa plant obtained the BRC certification and the sugar mill plant in Río Seco obtained ISO 9001 certifications in 2014.

For 2015, the above-mentioned investments will boost businesses, focused on brands, optimizing the use of the installed production capacity, commercially supported with advertising actions and launches in segments with greater growth opportunities, while continuing to improve the service and the point-of-sale presence constantly.

Argentina
Packaging

During 2014, sales to third parties of the Packaging business in Argentina amounted to ARS 2,614.0 million.

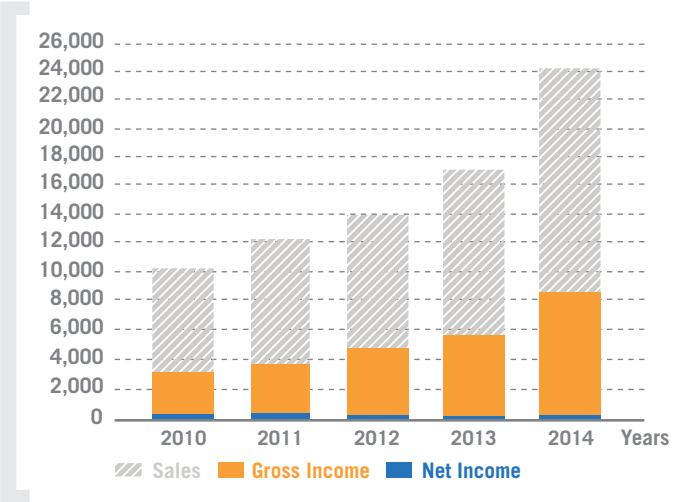
The Paper and Cardboard business launched into the market new boxes with offset printing system, which diversify the products offered and provide a distinctive product, with better printing quality and customer services.

During 2014, the plants in Paraná, Arroyito and Luján successfully completed the audits to keep OHSAS 18001, ISO 14001, ISO 9001 certifications. At the paper plant in Arroyito and at the Luján plant the FSC certification was achieved.

In the Flexible business, large investments were made to recover the production capacity damaged as a result of claims. The new extrusion and metallization plant, the ink room, the state-of-the-art rotogravure printer and rolling mills were started up at the plant in Villa del Totoral. Towards year-end, the new administration offices and the new stock warehouse began being built, which are expected to be completed in the course of 2015. The construction of the new production building and stock warehouse was completed at the plant in Luján. These are built with the highest international safety standards. In addition, the new state-of-the-art flexographic printers, cutting and rolling mill machines were put into operation.

EVOLUTION OF SALES, GROSS INCOME AND NET INCOME

Millions of Pesos



The business strategy based on the differentiation from quality excellence, technical assistance and delivery on time will continue in 2015.

Argentina
Food

The Food business ended 2014 with sales to third parties amounting to ARS 2,640.2 million.

The outstanding segments in the domestic market were the juice powders, quick polentas, fish products, mainly natural tuna, canned vegetables and canned tomatoes.

The advertising campaigns were focused on the juice powders category through *El Exprimidor* (The Juicer) and the Argentineans' historic polenta "Prestopronta", with its campaign *Polenta para cuando necesites polenta* (Polenta when you need polenta$_{TN}$).

In 2015, we will continue with the advertising actions focused on the most developed categories to increase market share.

The outstanding investments in industrial activities were as follows: the automation of the line to separate the kernels from the corn at the San Martín plant, which allows replacing the import of frozen corn with countryside raw material and the technological upgrade of the line Juices ready to drink.

The business kept the certifications under OHSAS 18001, ISO 14001, ISO 9001 standards. The San Juan and San Rafael plants recertified under the BRC standard. During 2015, the plant in Villa Mercedes will have a BRC assessment activity.

Translator's Note (TN): Word in Spanish that means "energy", but is used as wordplay.

Argentina
Cookies and Crackers

The business's sales to third parties for 2014 amounted to ARS 5,235.3 million, managing to maintain the domestic market leadership.

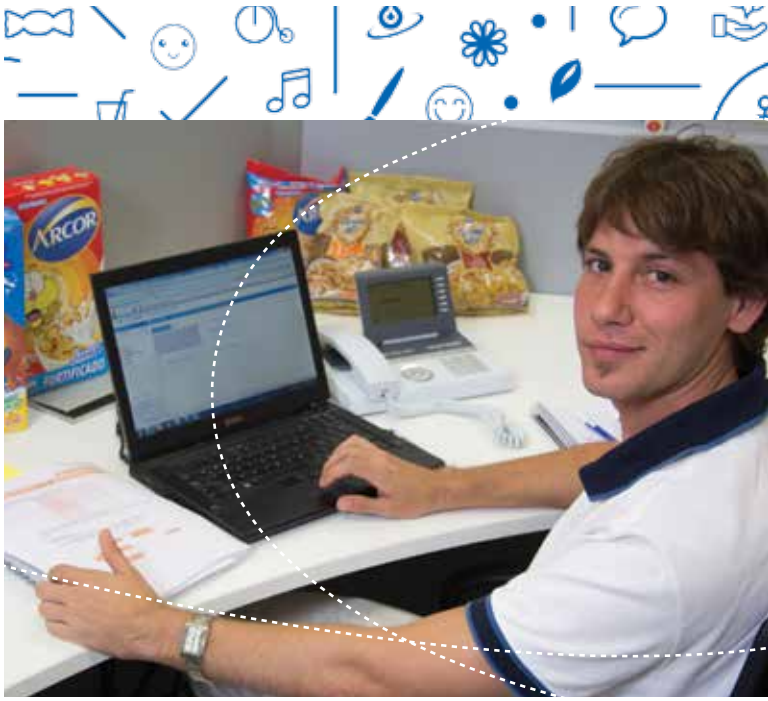
Growth of the cookies and crackers market was lower than in previous years and was heterogeneous among the segments, with decreases in those with the highest value added and moderate growth in the most convenient ones. It was also characterized by the higher growth of family products against individual or impulse products.

The advertising investment focused on the new Saladix line of snacks and the celebration of Bagley's 150th anniversary. The most outstanding launches were as follows: the new Saladix snacks, the rice alfajores, the Cindor cookies and bar, Criollitas Ring-shaped Crackers and Bagley's anniversary can.

The outstanding investments in the industrial activity were a new cooling tunnel at the plant in Villa Mercedes, tailoring the line to handle chocolate coatings that meet the new Argentine regulations regarding the contents of trans fatty acids in products.

The technological investment in 2015 will be core for the greater innovation and development of indulgent and healthy products to attain higher quality in the existing categories and achieve a broader offer to new markets. The market share will be also increased by means of the business's brands through a strong commercial dynamics aimed at achieving effective communication and actions intended for consumers and points of sale, while improving productive and logistics efficiency.

During 2014, the plants in Villa del Totoral, Salto and Córdoba successfully completed the audits to keep OHSAS 18001, ISO 14001, ISO 9001 and BRC standards. The plant in Villa Mercedes keeps the ISO 14001, ISO 9001 and BRC certifications.



Brazil

Confectionery and Chocolates

The sales to third parties of the Confectionery and Chocolates business for 2014 amounted to ARS 1,742.1 million, the most outstanding of which are Easter's sales, as compared to 2013, as a result of aligning the presentation to market trends and better production costs.

The launches made at the end of 2013 and the specific communication actions within the comprehensive business strategy in Brazil consolidated in 2014.

The children's chewing gums segment continued being leader. The Big Big Rolo launch in the North and Northeast region should be highlighted, with high market acceptance. In a high competitiveness environment in the large volumes segment, rise in costs, consumption decrease and economic instability, very good performance was anyhow achieved in connection with the increase in the volume sold, as compared to the previous year, of Big Big regular, Poosh, Plutonita products and filled candies. The association with the Poosh brand with music continued, still leading the children's chewing gums segment.

Under the Butter Toffees brand two new product lines were launched: Premium Line and Temptations Line, adding new attractive flavors for consumers, such as Romeo and Juliet and Brazil's flavors, a product referring to the World Cup that took place in such country. The visual identity was updated and the presentation was aligned with new market trends in the remaining portfolio of candy brands: 7 Belos, Kid's and Big Big lollipops. Additionally, associations were carried out with renowned market brands, such as Três Corações, Burger King and Pizza Hut.

The plants in Rio das Pedras and Bragança Paulist successfully completed the audits to keep ISO 14001, ISO 9001 and BRC standards.

Brazil

Cookies and Crackers

The Cookies and Crackers business's sales to third parties for 2014 amounted to ARS 1,241.1 million.

The Cookies and Crackers market ended the year with a growth in volumes sold and an all-time sales record, which was driven by the launch of news, practical consumption and the ease to find the product at the point of sale, in a mature market that highly penetrates houses and despite the trend of lost space with respect to healthy products.

In this environment, Bagley is still the market leader in the Mina Gerais region.

Regarding the product, the Aymoré brand celebrated 90 years. Accordingly, products with celebratory packaging were launched into the market and campaigns were carried out on the following media: Free-to-air (FTA) TV, Internet and printed press. Again, we are Top of Mind for the 16th consecutive year in Mina Gerais.

The portfolio of Cereal Mix and Grãos da Terra lines continued being expanded, by launching products with a new "flower" shape and new flavors, such as cranberry. Also, the cookies in portions segment continues growing at high rates, boosted by the "easy-to-carry" product, which led to launch the new two-unit 25 gram presentation under the Cookies Danix and Cookies Cereal Mix lines. Products licensed by children's movies were launched into the children segment.

The Campinas and Contagem plants are still compliant with the audit standards regarding the ISO 14001 and ISO 9001 certifications. The Contagem plant expects to certify under BRC standards for the first half of 2015.

Andean Region

Confectionery and Chocolates

Sales to third parties for 2014 amounted to ARS 1,380.1 million and were affected by an economic environment of exchange rate instability, which affected costs and decelerated consumption in the second half of the year, in addition to low sales in the chewing gums segment due to the high competition.

The market increased the trend towards healthy habits, preferring low fat, fortified, functional and natural products. Likewise, the industry is getting ready for the implementation of the new decree that Law No. 20,606 on the nutritional composition of foods will regulate.

Launches were focused on the chewing gums segment of the BigTime seven brand, with two new flavors that had broad advertising presence on the media. In the breath freshener candies segment, Alka, Chile's leading brand, launched Alka Agrupado, whereas in the chocolates segment the Bon o Bon Bitter Tablet was launched.

For 2015, the Business will continue focusing on its brands for the purpose of increasing its market share, by developing higher value-added brands, systematizing innovation and improving the point-of-sale service. The Bicentenario plant will be fully operating to such end.

The investment in the industrial area allowed moving machinery from the Arauco plant, Chile, to the new and modern Bicentenario plant in Cerrillos and Bon o Bon had already begun being produced in Chile in June 2014.

Industrial investments in Peru allowed increasing the Chancay plant's production capacity. The increase in exports will be sought in order to improve the use of such plant's installed capacity. The Bon o Bon and Topline brands stood out among launches, especially with the Topline Inka Kola flavor chewing gum, which arose from the Arcor-Coca Cola alliance and achieved a significant share within its segment.

In Ecuador, sales were affected by the restrictive measures on imports imposed by the Government. The portfolio of products sold was required to be streamlined by focusing sales on core brand products. The advertising investment was also focused on brands such as Bon o Bon and Topline. Ecuador's economy is influenced by the decline in the oil price. Therefore, the measures to be taken by the government, which may affect the economic growth, are expected with some uncertainty for 2015.

Chile
Cookies and Crackers

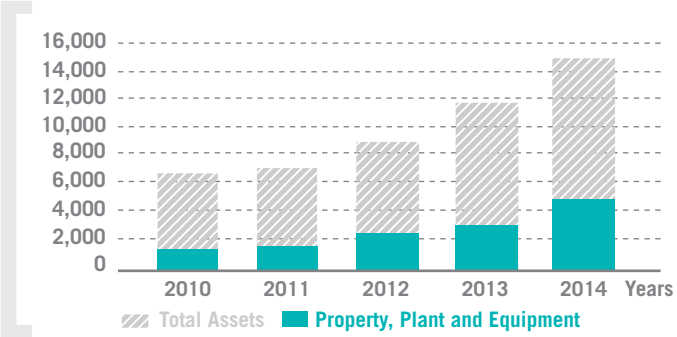
At the end of 2014, sales to third parties amounted to ARS 434.2 million.

The Selz rice cookie, intended for the healthy cookies segment (one of the segments that grew most within the market) was successfully launched in March.

The Business forecasts a growth in sales for 2015 by developing brands with higher value-added, systematizing innovation and with a broader distribution.

EVOLUTION OF THE INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT VS. TOTAL ASSETS

Millions of Pesos



Chile
Packaging

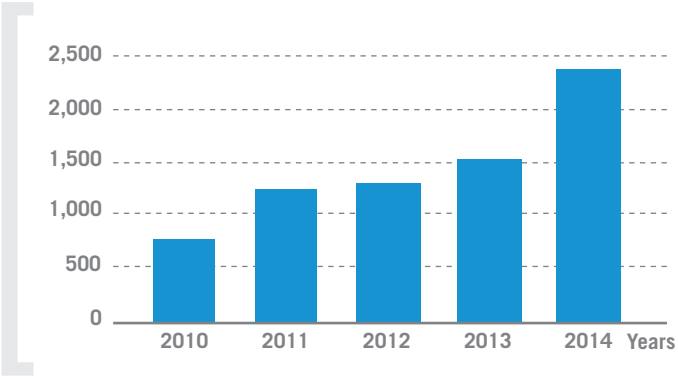
During 2014, the Business's sales to third parties amounted to ARS 492.7 million.

The Business kept its fruit and vegetable market ranking, with growth in the industrial market and in exports.

In 2015, efforts will be made to enhance productivity to consolidate the fruit and vegetable market share, sustain the growth within the industrial market and continue increasing exports.

EVOLUTION OF EBITDA

Millions of Pesos



Southern Subsidiaries

Sales to third parties for the southern subsidiaries segment in 2014 amounted to ARS 1,016.4 million.

In Paraguay, the increase in sales and the brand consolidation with very successful advertising for Topline, Bon o Bon, Chocolate Tablets, Rockets, Ice-creams, Juice Powders and Tomato Sauces, among other products, should be highlighted. Also, in the logistics area, the products in stock could be finally moved to the new warehouse in Itauguá, where all the products marketed are fully sent as from June 2014. During 2015, new launches are expected, broadening the product portfolio. Work will continue being performed to consolidate and improve the core brands' positioning, to consolidate channels and to improve the Business's logistics on an ongoing basis.

In Uruguay, the leadership in Confectionery and Chocolates consolidated in 2014, with the support of the Topline, Cofler and Rocklets brands. The Ice-cream business improved its positioning and additional freezers were installed, mostly on the country's sea and river coasts. For 2015, the business actions will be focused on building greater consumer loyalty to our brands. These actions are the key success factors to develop the juice powders and ice-creams categories.

In Bolivia, the subsidiary's turnover showed a good performance. The Distribution Center in Santa Cruz centralized the operations of the Distribution Center in Cochabamba for a better efficiency of the distribution logistics. The main advertising investments were focused on the Topline and Bon o Bon brands. The core brands had an excellent performance, the most outstanding of which are Rocklets and Cofler. The business actions focused on the core brands will be continued during 2015. Economy is expected to grow, but this will depend on the evolution of oil prices, which will significantly affect it.

Other International Markets

Arcor Group continued fostering the development and expansion of the international mass consumption business as a growth strategy, which was its policy set and sustained over several years. This enabled its expansion to international mass consumption markets, positioning Arcor as the Argentine group with the highest number of open markets around the world, thanks to its business globalization and strategic association agreements.

Among international markets, Mexico, in an environment of exchange rate fluctuations, especially in the last quarter and with the domestic consumption affected by the tax reforms implemented, ended 2014 with a good behavior of domestic market sales. Additionally, a significant increase is noted in export revenues as a result of the work performed to open new international markets. For 2015, domestic market sales are expected to increase, focused on our core brands and on an economic growth environment. Foreign market sales are expected to continue growing, based on the consolidation of sales to Central American and Caribbean customers, and the growth of sales to Asian and African customers.

As a growth policy, during 2014, both in Europe and Asia-Pacific, Arab Countries, India, China, Japan, Central America, the Caribbean, and North America, among others, the business actions were focused on core brands and those markets with potential for such brands. The increase in sales to customers from Africa, Europe, India and Arab Countries should be highlighted. A growth in focused sales and in markets such as Japan, China, Thailand and Nigeria, and in the case of Central America, Panama, Honduras and Puerto Rico, is expected in 2015.

Functional Areas

FINANCE

The financial policy was focused on generating the necessary funds for the normal course of business, as well as the investment plans executed.

In Argentina, in 2014, continuing with the policy to extend the terms of peso-denominated debt, the Group issued new series of corporate bonds in Argentine pesos, focused on the domestic market, at a variable nominal annual rate equal to the average Badlar, plus an applicable spread. The excellent demand allowed placing a total amount of ARS 500 million, with 18- and 36-month terms.

In July 2014, Classes No. 6 and 7 were issued in the amounts of ARS 184.4 million and ARS 315.6 million, respectively. Class No. 6 will mature in January 2016, with an applicable spread of 2.24%, whereas Class No. 7 will mature in July 2017, with an applicable spread of 3.38%.

These issuances, together with those in 2013, total ARS 1.3 billion on the domestic capital market, which allow changing Argentina's indebtedness profile, with a higher share of loans in pesos and longer repayment terms.

In addition, during May 2014, loans were borrowed from local financial institutions in the amount of ARS 400 million, partially repaid as from the first year and finally maturing in May 2017.

As regards the region's financing strategy, the long-term financing term in reais was extended in Brazil to improve Arcor do Brasil Limitada's maturity profile.

The Group's financial goals for 2015 will be to ensure the adequate cash flows to meet working capital needs, the expected investment plan and the fulfillment of financial obligations.

ADMINISTRATION AND SYSTEMS

The corporate reorganization process began in 2012 through the merger of Arcor Group's companies continued to optimize processes and obtain structure synergies. Accordingly, during 2014, La Campagnola S.A.C.I. (merging company) merged with Frutos de Cuyo S.A., Dulciora S.A. and Productos Naturales S.A. (merged companies). During this process, different areas of the Company have actively participated to comply with the agreed-upon terms and purposes.

Regarding the use of technology, the JDE version was updated to 9.1 and platform improvements were made to add functionalities and optimize the time to run these applications. Thus, another important step was taken to align and integrate all operations under international standards.

The first phase of the Antares Project was implemented in Brazil's operation. This implied developing a new operating model both for industrial processes and purchases, supply and maintenance. Antares was also implemented for the cost management in Brazil, Chile and Mexico.

In order to comply with tax regulations and regulatory requirements in the countries where Arcor Group carries out operations, several projects to implement system tools were executed, namely: electronic invoice system in Chile, Uruguay and Ecuador, and the new electronic invoice in Brazil, electronic tax books in Mexico and other system tools implemented to meet Brazil's and Argentina's regulatory requirements.

Arcor Group's technological infrastructure and communication networks were updated and improved, all of them necessary to optimize the above-mentioned business applications. Tools were implemented to monitor networks and applications, which allowed improving internal service.

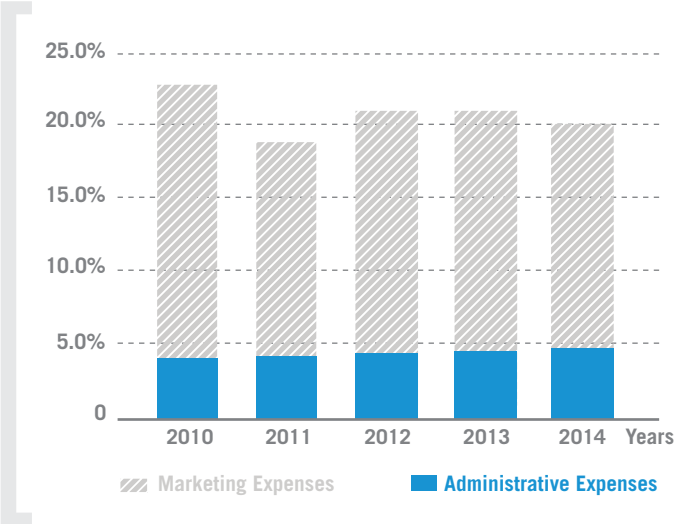
With respect to Information Security, the security authorization and monitoring processes continued during 2014.

For 2015, the Antares operating model is expected to continue being expanded by implementing Antares Phase II in Brazil, which includes logistics, commercial and financial processes, and Phase I in Chile, which covers the industrial, purchase, supply and maintenance processes.

Help initiatives 2.0 will also be executed, updating internal communication tools to achieve more efficient, mobile, integrated and safe solutions. BI tools will continue being implemented in different areas, highlighting the management scorecard for the Purchase area. The information security, network access and infrastructure update projects will continue, further developing the cloud, virtualization and high availability models.

EVOLUTION OF ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

Stated as a % of sales.



HUMAN RESOURCES

In 2014, actions and processes were globally implemented, which seek to continue training our employees and improving the organizational work environment and commitment. Accordingly, Arcor University continued encouraging its employees' in-house training, as it has been doing since 2008. Technical schools by specialty continued being built. The Industrial School implemented its first activities in the Logistics area and continued developing the Quality and Maintenance areas regionally. The development to systematize management tools also continued, designing an internal program through Marketing managers of the whole Group in the Marketing School.

Another goal, aligned with our Company's development, is to identify talents to manage our organization's future. We implemented the fifth edition of the PRE process (initials in Spanish that stand for Strategic Resource Planning), where Training Alignment Workshops were carried out in Argentina and Chile, as well as discussion meetings to map our employees' potential capacity to solve complexity and define the charts to replace 100% of our managerial positions. In addition to this process, during the year, development assessments of the Group's managers were made jointly with specialized consultants, with the respective personalized feedback interviews with each of them.

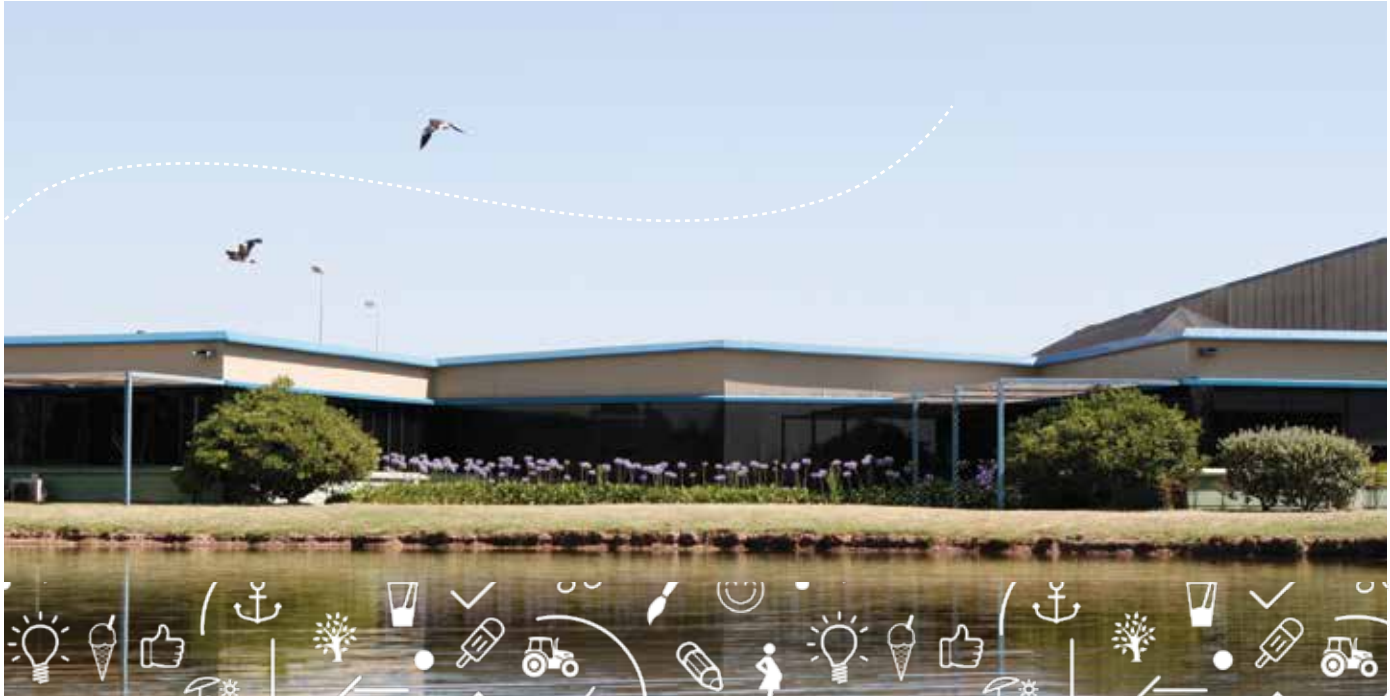
The corporate implementation of the new system to control workday starting time and hours at all the Group's locations in Chile continued, which implied updating all the devices such as clocks, turnstiles and entrance barriers. Furthermore, for the final purpose of having a single corporate payroll processing system for the whole Arcor Group, such tool was added to the payroll of Brazil, Peru and other legal entities in Argentina.

As regards the Work Environment Management, the global results of the survey conducted in August 2013 were finally reported during the first four-month period of 2014. The campaign included mailing, delivering three-page leaflets, organizing focus groups and providing posters with the results reached. Subsequently, the businesses defined their action plans based on the priorities and issues arising from the analysis of qualitative review workshops and considerations. The action plans defined for the different businesses and areas are being currently executed.

Also, the global work environment management and the work relationships were systematized in a module of the PeopleSoft tool for a faster access to information.

ARCOR'S SUSTAINABILITY

During 2014, Arcor Group continued with the plan defined in its 2013/2015 Sustainability Strategy, and outlined the process to be carried out for the strategic planning for the 2016/2020 period. Throughout the year, progress was made in connection with the challenges and goals proposed to integrate sustainability into the business strategy, the people's performance and the management system.



Sustainability in the Business Strategy

In 2014, 840 sustainability initiatives were included in the operational plans of the Group's business: 42% aimed at the commitment to the respect and protection of human and labor rights, 12% to energy efficiency and minimizing the impact on global climate change, 18% to active life and healthy nutrition, 9% to the rational use of water, 10% to the rational use of packaging, and 9% to the general commitment towards the Sustainable Development.

These initiatives were supplemented with 13 corporate projects, such as: the Energy Efficiency Program, the Corporate Sustainable Paper Supply Policy, the Nutritional Platform, the Healthy Lifestyle Habits Project, the Sustainable Agriculture Program, the Gender Equality Program, the Project on Work Inclusion of Persons with Disabilities and the Ergonomics Program, among others.

Sustainability in People's Performance

Throughout the year, the sustainability in the Performance Management System (SGD, as per its initials in Spanish) continued being added to the whole Group's managerial and senior levels. Accordingly, 839 employees in the aggregate set their goals, committing to contributing from their work area for Arcor Group to be a sustainable company.

Sustainability in the Management System

Arcor Group has a Corporate Sustainability Committee and since 2014 Chile's and Brazil's Sustainability Committees began operating. These instances, along with the Corporate Sustainability Management Division, are part of the management and governance system of this matter at the Company, reporting to the highest management authority.

Additional information in this regard is detailed in the Group's 2014 Sustainability Report.

SOCIAL INVESTMENT IN ARCOR

Through its Social Investment Policy, Arcor Group contributes to the comprehensive development of the communities where it acts through the initiatives implemented from the Community Relations area. In addition, it seeks to promote equal opportunities for childhood from the Arcor Foundation in Argentina and the Brazil Arcor Institute.

During 2014, the amount allocated to those investments totaled ARS 62,422,671, out of which ARS 52,626,495 were channeled through product donations and cash contributions, and materials to carry out different initiatives of community relations. The amount of ARS 9,796,176 was allocated to the actions performed by the Arcor Foundation and the Brazil Arcor Institute.

Community Relations Program

In order to foster the comprehensive development of communities, adding value to the Group, the environment and the Company of which it is part, in 2014, Arcor reinforced its commitment towards the regions where it carries out operations through the local share in the education, the environment, the economy and the citizenship.

Within this framework, work was performed on redefining strategies and focuses of action intended to recognize and manage the impact of the Company-community relation, strategically manage risks and opportunities, and promote integrated community development actions.

Through the management of 19 local committees, consolidated in 31 communities in Argentina and Chile, 10 projects involving 2,085 community organizations were implemented, benefiting 539,421 people in the aggregate.

The Arcor Foundation in Argentina and the Brazil Arcor Institute

Contributing so that education may be a tool of equal education opportunities for childhood is the mission guiding the work at the Arcor Foundation in Argentina and the Brazil Arcor Institute. Both entities encourage and support civil society organizations' projects, focused on recreation and active play as a right and significant aspect for childhood.

During 2014, the Arcor Foundation achieved broad national coverage (17 provinces) by means of 82 projects involving 93,376 boys and girls, 100,339 adults who work on childhood matters and 6,602 organizations.

Meanwhile, the Brazil Arcor Institute, which celebrated its 10th work anniversary, supported 37 education projects in 30 municipalities in 7 Brazilian states. These projects involved 12,583 boys and girls, and 21,109 adults.

Proposal for the Allocation of Unappropriated Retained Earnings and Distribution of Dividends

The Individual Statement of Changes in Shareholders' Equity for the fiscal year ended December 31, 2014 shows a positive balance of ARS 236,469,308 in the Unappropriated Retained Earnings account, which includes, among others, income for the fiscal year amounting to ARS 236,676,778 and loss amounting to ARS 228,041 for actuarial income and losses related to the Group's defined benefit plans. The movements of the latter for the fiscal year are recognized in Other Comprehensive Income.

	ARS
PREVIOUS-YEAR UNAPPROPRIATED RETAINED EARNINGS	-
INCOME FOR THE FISCAL YEAR	236,676,778
OTHER COMPREHENSIVE INCOME FOR THE FISCAL YEAR	(228,041)
UNAPPROPRIATED RETAINED EARNINGS AT FISCAL YEAR-END	**236,469,308**
BALANCE AT THE DISPOSAL OF THE SHAREHOLDERS' MEETING	236,469,308

Taking into account the Company's liquidity level and financial commitments, the Board of Directors deems it appropriate to submit the following proposals for consideration at the Shareholders' Meeting:

1) Proposal for the Allocation of Unappropriated Retained Earnings

The amount of the Unappropriated Retained Earnings account is proposed to be allocated as follows:

(i) the amount of ARS 11,822,437 to create the Legal Reserve;

(ii) the amount of ARS 24,646,871 to increase the Special Reserve for Future Dividends; and

(iii) the amount of ARS 200,000,000 to distribute cash dividends.

2) Proposal for the Distribution of Dividends:

The cash dividend distribution of ARS 200,000,000, payable in two installments, made available on the following dates, is submitted for consideration at the Shareholders' Meeting:

(a) first installment: the amount of ARS 80,000,000 as from May 7, 2015; and

(b) second installment: The amount of ARS 120,000,000 as from December 10, 2015.

Directors' and Syndics' Fees, Policy for the Board of Directors' and Management's Compensation

As of December 31, 2014, the Board of Directors' compensation was accrued in the amount of ARS 65,003,402. Such amount includes the following items: (i) paid compensation in the amount of ARS 21,799,185, (ii) unpaid accrued compensation in the amount of ARS 22,302,297, (iii) accrued fees for management duties performed during the fiscal year ended December 31, 2014 in the amount of ARS 20,901,920. Furthermore, the Statutory Audit Committee's fees were accrued in the amount of ARS 1,780,246 for the duties performed during the fiscal year ended December 31, 2014.

It is noteworthy that the accrued fee amounts will be individually allocated and paid after their approval by the Shareholders' Meeting considering this Board of Directors' Report. The Board of Directors' compensation is fixed and approved by the Shareholders' Meeting, taking into account the limit set forth in Section 261 of Law No. 19,550, and the relevant regulations of the National Securities Commission.

Regarding the Policy for Management's Compensation, the Company has established a compensation system made up of a fixed portion and a variable portion. The fixed compensation is related to the responsibility level required for the position and its market competitiveness. The variable compensation is related to the goals set at the beginning of the fiscal year and the degree of compliance therewith during performance throughout the fiscal year. The Company has also established and communicated a pension plan (defined benefits), which include management, among others. The Company has not established stock options for its staff.

Decision-making and Internal Control

A) Governance: the Shareholders' Meeting

The Company's governance body is the Shareholders' Meeting where each Class A common share is entitled to five votes and each Class B common share is entitled to one vote. In all cases, common shares, including those entitled to multiple votes, will only be entitled to one vote per share for the appointment of regular and alternate statutory auditors, and for the assumptions set forth in the last paragraph of Section 244 of Companies Law.

B) Management and Administration

THE BOARD OF DIRECTORS

The Company is run and managed by a Board of Directors made up of five to twelve regular members and the same or lower number of alternates, as resolved by the Shareholders' Meeting. Directors hold office for three fiscal years and may be reelected indefinitely. The directors' term of office is understood to be extended until their successors are appointed by the Shareholders' Meeting, even when the term of office for which they were appointed has expired and until the new members take over.

Pursuant to Corporate Bylaws, the Board of Directors has broad powers to manage the Company's business. The Board of Directors will hold a meeting, called by the Chairman as often as the Company's interests so require, at least once every three months. The decisions will be entered into a minutes book stamped as provided in the Commercial Code.

Below are the members of the Company's Board of Directors as of December 31, 2014, whose terms of office expire on December 31, 2016.

CHAIRMAN	Mr. Luis Alejandro PAGANI
VICE-CHAIRMAN	Mr. Alfredo Gustavo PAGANI
SECRETARY	Mr. Jorge Luis SEVESO
REGULAR DIRECTORS	
Mr. José Enrique MARTÍN	
Mr. Hugo Enrique LAFAYE	
Mr. Alejandro Fabián FERNÁNDEZ	
Mr. Víctor Daniel MARTÍN	
Mr. Fulvio Rafael PAGANI	
Mr. Luis María BLAQUIER	
Miss Lilia María PAGANI	
ALTERNATE DIRECTORS	
Mrs. Claudia Susana PAGANI MARTÍN	
Mrs. María Rosa PAGANI BABINI	
Mrs. Zunilda Ramona GIORDANO MARANZANA	

C) Audit Committee

An Audit Committee was created in 2010, whose duties are as follows: (a) monitor the operation of internal control systems and the administrative accounting system, as well as the reliability of the latter and all the financial information and other significant events; (b) oversee the application of the Company's risk management reporting policies; (c) review the internal and external auditors' plans and assess their performance; (d) consider the internal and external audit budget; and (e) evaluate the different services provided by the external auditors and their relationship with their independence, as established by accounting standards in force.

This Committee does not apply the regulations established by the National Securities Commission, since the Company is not required to create it under such terms.

D) Syndic's Committee

The Company's oversight is under the charge of a Syndic's Committee made up of three regular syndics and three alternate syndics, appointed by the Shareholders' Meeting for a three-year term of office. They may be indefinitely reelected, according to the Corporate Bylaws. The syndics' terms of office expire on December 31, 2016.

REGULAR SYNDICS	ALTERNATE SYNDICS
Mr. Victor Jorge ARAMBURU	Mr. Hugo Pedro GIANOTTI
Mr. Gabriel Horacio GROSSO	Mr. Alcides Marcelo Francisco TESTA
Mr. Carlos Gabriel GAIDO	Mr. Daniel Alberto BERGESE

E) External Auditors

The Shareholders' Meeting annually appoints independent external auditors in charge of auditing and certifying the Company's accounting documentation. Law No. 26,831, Decree No. 1,023/2013 and National Securities Commission's Regulations (N.T. 2013), as approved by General Resolution No. 622/2013 issued by such agency, provide the requirements to be met by those who act as external auditors of companies that publicly offer marketable securities and the companies which appoint them to ensure their independence and professional qualification.

F) Internal Control

The Group has internal systems and procedures devised respecting the basic internal control criteria. An effective budgetary control is in place to follow up the course of business, which allows preventing and detecting deviations.

The Information Security area of the Corporate IT Management Division, within an ongoing improvement and update program, has centralized duties and high controls over the world-class methodology database, formalizing and aligning the initiatives and procedures related to the access to the Group's IT assets and being responsible for compliance with data privacy and protection regulations.

The Internal Audit area is accountable to one of Arcor S.A.I.C.'s directors and functionally reports to the Audit Committee. Its purpose is to contribute to mitigating the potential impact the operational risks may cause on attaining the Group's goals, supporting the different areas by implementing and optimizing controls and procedures.

G) Corporate Governance

The Report on the Degree of Compliance with the Code of Corporate Governance for fiscal year 2014 is enclosed as Annex I, pursuant to the provisions set out in Title IV "Periodic Reporting System" of the National Securities Commission's Regulations (N.T. 2013), approved by General Resolution 622/2013, as amended, issued by such agency.

Arcor S.A.I.C.'s Individual Financial Statements Data

Furthermore, in connection with the individual financial statements, the Board of Directors reports below the Investments and Relationships with Parent, Subsidiaries and Associates of Arcor S.A.I.C.

ARCOR S.A.I.C.'S INDIVIDUAL FINANCIAL STATEMENTS

With respect to the fiscal year under consideration of Arcor S.A.I.C., the Board of Directors highlights the following:

A) BALANCE SHEET VARIATIONS IN ADJUSTED VALUES

	2014 %	2013 %	2012 %
Current Assets / Total Assets	35.72	35.84	37.21
Non-current Assets / Total Assets	64.28	64.16	62.79
Current Liabilities / Total Liabilities + Shareholders' Equity	30.46	28.90	30.84
Shareholders' Equity / Total Liabilities + Shareholders' Equity	32.15	37.04	43.69

B) INCOME AND EXPENSE VARIATIONS WITH RESPECT TO SALES

	2014 %	2013 %
Gross Income	40.26	39.08
Marketing Expenses	(23.47)	(23.95)
Administrative Expenses	(6.96)	(6.77)
Other Income / Expenses, Net	(1.14)	(1.33)
Income from Investments in Companies	4.56	4.89
Extraordinary Income	0.00	0.28
Net Financial Income (Expense)	(11.41)	(10.84)
Income Tax	0.77	0.98
Net Income for the Fiscal Year	2.62	2.35

ARCOR S.A.I.C.'S INVESTMENTS

The main investments of Arcor S.A.I.C. added during the fiscal year ended December 31, 2014 were as follows:

Item	Amount in ARS
Land and Constructions	921,733
Machinery and Facilities	10,496,037
Furniture, Tools, Vehicles and Other Equipment	23,779,648
Construction Works and Equipment in Transit	783,577,224

RELATIONSHIPS WITH PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT CONTROL.

COMPANIES		LOANS GRANTED
		ARS
ARCOR A.G. (S.A. Ltd.) Paid-in Shares: CHF Irrevocable Contributions: ARS	7,850,000.00 1,184.00	-
ARCOR ALIMENTOS BOLIVIA S.A. Paid-in Shares: BOB	-	-
ARCOR CANADA INC. Paid-in Shares: USD Irrevocable Contributions: ARS	99.00 807,407.00	-
ARCOR DE PERU S.A. Paid-in Shares: PEN	-	-
ARCOR DO BRASIL LIMITADA Paid-in Shares: BRL	203,339,709.00	-
ARCOR TRADING (SHANGAI) CO. LTD. Paid-in Shares: RMB	-	-
ARCOR U.S.A. INC. Paid-in Shares: USD	9,990.00	-
ARCORPAR S.A. Paid-in Shares: PYG	6,400,000,000.00	-
BAGLEY ARGENTINA S.A. Paid-in Shares: ARS	9,279.00	-
BAGLEY CHILE S.A. Paid-in Shares: CLP	-	-
BAGLEY LATINOAMERICA S.A. Paid-in Shares: EUR	49,700,611.00	-
CARTOCOR S.A. Paid-in Shares: ARS	7,399,778.00	-
CARTOCOR CHILE S.A. Paid-in Shares: CLP	6,221,551,426.34	-
CARTOCOR DO BRASIL S.A. Paid-in Shares: BRL	1.00	-
CARTOCOR PERU S.A. Paid-in Shares: PEN	8,773.00	-
CONSTRUCTORA MEDITERRANEA S.A.C.I.F.I. Paid-in Shares: ARS	2,330,279.36	-
CONVERFLEX ARGENTINA S.A. Paid-in Shares: ARS	303,202.00	206,236,521
CONVERFLEX S.A. Paid-in Shares: ARS	1,638,360.00	51,872,450
DOS EN UNO DO BRASIL LTDA. Paid-in Shares: BRL	3,000,000.00	-
GAP INVERSORA S.A. Paid-in Shares: ARS	33,686.00	664,522
GAP REGIONAL SERVICES S.A. Paid-in Shares: UYU	-	-
GAP INTERNATIONAL HOLDING S.A. Paid-in Shares: USD	49,950.00	-
INDALAR S.A. Paid-in Shares: ARS	331,428.00	4,938,048
INDUSTRIA ALIMENTOS DOS EN UNO S.A. Paid-in Shares: CLP	47,967,636,639.71	-
INDUSTRIA DOS EN UNO DE COLOMBIA LTDA. Paid-in Shares: COP	1,023,023,160.000	-
LA CAMPAGNOLA S.A.C.I. Paid-in Shares: ARS	372,820,735.00	213,158,194
MUNDO DULCE S.A. DE C.V. Paid-in Shares: MXN	-	-
UNIDAL ECUADOR S.A. Paid-in Shares: USD	-	-
UNIDAL MEXICO S.A. DE C.V. Paid-in Shares: MXN	933,785,300.00	-
UNIDAL VENEZUELA S.A. Paid-in Shares: VEF	57,974,964.00	-
VAN DAM S.A. Paid-in Shares: UYU	70,000,000.00	-

LOANS RECEIVED	ACCOUNTS RECEIVABLE	ACCOUNTS PAYABLE	OTHER RECEIVABLES
ARS	ARS	ARS	ARS
-	2,672,807	10,416,754	169,020
-	20,096,362	-	-
-	-	-	-
-	8,962,595	-	-
-	348,819	23,430	-
-	-	-	-
-	13,352,946	11,328,517	-
-	38,820,006	-	-
259,859,463	160,041,912	12,393,369	-
-	152,650	-	-
-	-	-	29,316,724
51,811,373	14,890,515	5,275,430	-
-	2,687,587	-	-
-	-	-	-
-	-	-	-
700,156	321,292	370,111	-
-	1,939,378	6,677,503	-
-	134,685	1,585,958	-
-	104,119	-	-
-	-	-	-
-	-	11,773,637	-
-	-	-	-
-	-	-	-
-	55,099,727	317,935	-
-	1,166,532	-	-
-	29,684,130	6,343,250	-
-	76,059	-	-
-	12,096,987	-	-
-	2,392,841	295,399	-
-	1,017,566	-	1,075,322
-	10,716,829	-	-

RELATIONSHIPS WITH PARENT, SUBSIDIARIES, ASSOCIATES AND JOINT CONTROL (CONTINUED).

COMPANIES	SALES OF GOODS AND SERVICES	RECOVERY OF SERVICE EXPENSES	PURCHASE OF GOODS
	ARS	ARS	ARS
ARCOR A.G. (S.A. Ltd.)	22,312,907	-	-
ARCOR ALIMENTOS BOLIVIA S.A.	88,221,770	690,904	-
ARCOR CANADA INC.	4,756,218	-	-
ARCOR DE PERU S.A.	23,824,594	-	-
ARCOR DO BRASIL LIMITADA	18,840,810	-	19,128,760
ARCOR U.S.A. INC.	93,924,910	-	-
ARCORPAR S.A.	141,648,068	2,080,244	-
BAGLEY ARGENTINA S.A.	888,831,812	12,068,798	41,381,542
BAGLEY CHILE S.A.	218,070	-	-
CARTOCOR CHILE S.A.	5,665,630	-	-
CARTOCOR S.A.	135,082,299	4,161,309	165,625,687
CONSTRUCTORA MEDIT. S.A.C.I.F.I.	126,500	50,706	-
CONVERFLEX ARGENTINA S.A.	26,045,130	1,453,860	225,830,236
CONVERFLEX S.A.	2,801,773	243,656	35,483,308
GAP INVERSORA S.A.	-	-	-
GRUPO ARCOR S.A.	91,669	-	-
INDALAR S.A.	53,057	-	-
INDUSTRIA ALIMENTOS DOS EN UNO S.A.	203,458,307	-	-
INDUSTRIA DOS EN UNO DE COLOMBIA LTDA.	3,032,933	-	-
LA CAMPAGNOLA S.A.C.I.	333,705,723	6,741,876	34,265,879
MUNDO DULCE S.A. DE C.V.	294,165	-	-
UNIDAL ECUADOR S.A.	34,142,434	-	-
UNIDAL MEXICO S.A.	4,605,178	-	-
UNIDAL VENEZUELA S.A.	4,858,819	-	-
VAN DAM S.A.	81,886,440	837,916	-

PURCHASE OF SERVICES	OTHER EXPENSES	FINANCIAL INTEREST INCOME	FINANCIAL INTEREST EXPENSE
ARS	ARS	ARS	ARS
28,860,907	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	5,910,702	-	-
-	-	-	-
6,518,269	-	-	54,299,802
-	-	-	-
-	-	-	-
-	-	6,779,083	6,257,062
2,017,943	-	-	375,100
7,540,933	-	40,128,747	-
-	-	7,046,744	-
-	-	105,567	-
-	-	-	-
-	-	532,713	-
-	-	-	-
-	-	-	-
5,266,210	-	48,871,342	-
-	-	-	-
-	-	-	-
2,076,800	-	-	-
-	-	-	-
-	-	-	-

We submit for the shareholders' consideration this Board of Directors' Report and the related documentation, stating that the notes referred to above relate to the Individual Financial Statements for the fiscal year ended December 31, 2014 and requesting that the management performed be approved.

In addition, the Board of Directors thanks the shareholders, customers, suppliers and employees for the cooperation received.

March 9, 2015.

THE BOARD OF DIRECTORS

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REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	FULL	PARTIAL		
PRINCIPLE I. MAKE THE RELATIONSHIP TRANSPARENT AMONG THE ISSUER, THE GROUP HEADED THEREBY AND/OR OF WHICH IT IS A MEMBER AND ITS RELATED PARTIES				
RECOMMENDATION I.1:				
Ensure the disclosure by the Management Body of the applicable policies to the Issuer's relationship with the group headed thereby and/or of which it is a member and its related parties. Answer whether the Issuer has an internal standard or policy to authorize related party transactions, pursuant to Section 73 of Law No. 17,811, transactions executed with shareholders and members of Management Bodies, first-line managers and statutory auditors and/or members of the oversight committee in the sphere of the group headed thereby or of which it is a member. Specify the main guidelines of the internal standard or policy.		X		Arcor Sociedad Anónima Industrial y Comercial (hereinafter "Arcor S.A.I.C." or "the Company", indistinctly) complies with the legal regulations in force, which include matters such as conflicts of interests, related party transactions and the disclosure of this type of transactions. In addition, considering that the Company does not publicly offer its shares, the guidelines set out in Section 72, and related provisions of Law No. 26,831 are not applicable thereto. Notwithstanding the foregoing, the Board of Directors approved a Code of Ethics and Conduct (hereinafter, the "Code of Ethics and Conduct") and a Conflict-of-Interest Procedure (hereinafter, the "Conflict-of-Interest Procedure "), which are applied both to members of the Management Body and all payroll employees. The Ethics and Conduct Committee is responsible for solving situations arising from compliance with the Code of Ethics and Conduct and the Conflict-of-Interest Procedure. Such Code is based on eight ethical principles, which include, to act with transparency and respect the agreements established with the different publics to which the Company relates, encouraging long-standing and reliability relationships; to promote a communication based on the truthfulness of information and facts; respect national and international laws and conventions integrating our value chain into this commitment and encouraging a sustainable and competitive business environment, among others. The Ethics and Conduct Committee is made up of a regular director, the General Human Resources Manager, the Corporate Environment, Health and Industrial Protection Manager (MAHPI, as per its initials in Spanish), the Corporate Sustainability Manager and a Legal Affairs Manager. The Company's Board of Directors understands that the level of transparency and control reached through the above-mentioned practices and policies is adequate.
RECOMMENDATION I.2:				
Ensure the existence of mechanisms that would prevent conflicts of interest. Answer whether, notwithstanding effective regulations, the Issuer has clear policies and specific procedures to identify, manage and solve conflicts of interest that may arise among members of the Management Body, first-line managers, statutory auditors and/or members of the oversight committee in their relationship with the Issuer or persons related thereto.	X			The Company has a Code of Ethics and Conduct, by which the members of Arcor S.A.I.C.'s Board of Directors, Statutory Audit Committee, and Arcor Group's employees abide, and a Conflict-of-Interest Procedure, applicable to the members of the Board of Directors, members of the Statutory Audit Committee and all the staff that has a direct labor relationship with the Company and Arcor Group's companies. For Arcor Group, a conflict of interest takes when the conduct, participation or interests of an employee or a member of the Board of Directors (or his/her spouse, children,

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	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	FULL	PARTIAL		
PRINCIPLE I. MAKE THE RELATIONSHIP TRANSPARENT AMONG THE ISSUER, THE GROUP HEADED THEREBY AND/OR OF WHICH IT IS A MEMBER AND ITS RELATED PARTIES				
RECOMMENDATION I.2:				
Describe the significant aspects thereof.				parent, brother or sister) interferes or seems to interfere in any manner with the Company's interests. In addition, the Company has an Ethics and Conduct Committee, a body responsible for solving any arising situations in relation to the compliance with the Code of Ethics and Conduct, and the Conflict-of-Interest Procedure. This Committee receives help from the Internal Audit Management Division, which is responsible for managing the ethics line whereby cases to be submitted to the Committee are received, recorded and analyzed. All Arcor Group's employees covered by the Performance Management System (SGD, as per its initials in Spanish) (this group includes senior management officers and those performing sensitive duties for the Company), shall annually complete as affidavit a personal conflict-of-interest statement through the IT system enabled to such end.
RECOMMENDATION I.3:				
Prevent the misuse of inside information. Answer whether, notwithstanding effective regulations, the Issuer has policies and feasible mechanisms that prevent the misuse of inside information by members of the Management Body, first-line managers, statutory auditors and/or members of the oversight committee, controlling shareholders or those who exert significant influence, professionals involved and the other persons listed in Sections 7 and 33 of Decree No. 677/01. Describe the significant aspects thereof.		X		Notwithstanding compliance with effective regulations regarding the use of inside information, by means of the Code of Ethics and Conduct, the Company has a mechanism that contemplates preventing the members of the Company's Board of Directors and Statutory Audit Committee, and all Arcor Group's payroll employees from using inside information. In this respect, conduct standards establish: (i) that Arcor Group ensures that the information on their actions to the press and the society in general be communicated in an open, transparent, truthful and qualified manner; and (ii) that all that information considered to be confidential shall be treated by the Company and the employees with integrity, ensuring its exclusive use for business management-related matters. There are also IT security policies in place regarding the Company's data protection, as well as confidentiality commitment agreements are signed with suppliers. Furthermore, it is reported that the Company has certified ISO 27001 regarding the Company's data protection and access.
PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
RECOMMENDATION II.1:				
Ensure that the Management Body assumes the management and supervision of the Issuer and its strategic focus.				

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	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	FULL	PARTIAL		
PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.1.1:				
Answer whether the Management Body approves:				
II.1.1.1:				
Answer whether the Management Body approves the strategic or business plan, as well as performance goals and annual budgets.	X			Pursuant to effective regulations, the Board of Directors is the Company's top management body and, as such, assesses and approves the Company's strategic and operational plans, the budget for the next calendar year and the current-year goals.
II.1.1.2:				
Answer whether the Management Body approves the policy on investments (in financial assets and capital assets) and financing.	X			The policy on investments and financing arises from the budget and strategic plan guidelines approved by the Board of Directors. Additionally, the Company has a Finance, Investments and Strategies Committee in charge of assessing the alternative financing sources, the investment plans and the new businesses, making investment and financing proposals through Management to the Board of Directors. The above-mentioned committee is made up of three regular directors of the Company, one of whom qualifies as independent and the Chief Executive Officer and the Chief Financial Officer take part therein.
II.1.1.3:				
Answer whether the Management Body approves the Corporate Governance Policy (compliance with the Code of Corporate Governance).			X	The Company has implemented a series of policies and/or mechanisms contemplated in good corporate governance practices, mainly related to the ethics and conduct of its Management Body and payroll employees, management control, goal setting and compliance, sustainability and environmental care, among others. Regardless of the above-mentioned policies and/or mechanisms, the Company does not currently have a Code of Corporate Governance.
II.1.1.4:				
Answer whether the Management Body approves the policy on the selection, assessment and compensation of first-line managers.	X			Senior management members are selected based on the descriptions of the duties and responsibilities of each Management Division, and the competencies required for performance in those positions. The senior management's assessment is based on a performance tool called Performance Management System (hereinafter "SGD", as per its initials in Spanish), which consists in setting goals and later assessing the degree of compliance , in addition to assessing the management skills defined in the description of the competencies required for each senior management position.

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	TOTAL	PARCIAL		
PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.1.1.4:				
				In connection with senior management's compensation, the Company has established a compensation system made up of a fixed portion and another variable portion. The fixed compensation is related to the level of responsibility required for the position and market competitiveness. The variable compensation is related to the goals set at the beginning of the fiscal year and the degree of compliance therewith through performance throughout the fiscal year.
II.1.1.5:				
Answer whether the Management Body approves the policy on the assignment of duties to first-line managers.	X			The Company has descriptions of duties, responsibilities and competencies required for each senior management position.
II.1.1.6:				
Answer whether the Management Body approves the control over first-line managers' succession plans.	X			Arcor Group manages succession plans for every managerial level through the so-called Strategic Resources Planning Process (PRE, as per its initials in Spanish). The process is focused on achieving a better identification of our talents through tools that validate their development potential. It is a key process that contributes to managing the organization's future. By means thereof we seek to ensure our talents' generation, development and retention for the business sustainability. The Human Resources Management Division periodically reports to the Company's Board of Directors regarding significant PRE indicators, such as internal coverage rate of managerial positions, positions mapped with internal replacement charts. Moreover, the evolution of the system in question is verified upon preparing the Annual Report.
II.1.1.7:				
Answer whether the Management Body approves the Corporate Social Responsibility Policy.	X			The Company has a Code of Ethics and Conduct, which guides the Company's and its employees' acts towards a responsible management and entails an explicit statement on values, ethical principles and conduct standards. Also, the Group has a Sustainability Policy, which is made up of a general commitment and five specific commitments, with the most significant and priority issues for our business from the sustainability standpoint.

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	FULL	PARTIAL		

PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER

II.1.1.7:

(i) General Commitment:

a) Establish a sustainable process management, based on balance among the economic, social and environmental aspects.

b) Foster the comprehensive development of the communities where we act and contribute to the sustainable development of the regions where we operate.

c) Support and respect the protection of human rights within our area of influence, ensuring not to be accomplices in cases of infringements of these rights.

d) Facilitate and sponsor actions and projects to promote sustainability and human development.

e) Apply the best practices of environmental preservation, minimizing and compensating the impact of our operations.

f) Promote awareness and training programs, seeking to make each member of our company and the whole value chain, as active agents, aware of building a corporate culture committed towards sustainability.

(ii) Specific commitments:

a) Rational use of water.

b) Rational use of packaging.

c) Energy efficiency and minimizing impact on the global climate change.

d) Respect and protection of human and labor rights.

e) Active life and healthy nutrition.

Furthermore, Arcor Group has an organizational structure for the sustainability management and governance, of which the Sustainability Committee is part, which is made up of senior management and the Board of Directors' Chairman, and the Corporate Sustainability Management Division. Such structure helps prepare, monitor and assess corporate projects and operational plans of the different businesses' sustainability.

Based on the Sustainability Policy, the Risk Matrices and Sustainability Opportunities defined for the Group, as well as for each business, and their respective priority lines of action, the corporate sustainability projects and the operational sustainability plans for the next year are annually defined.

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	TOTAL	PARCIAL		
PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.1.1.7:				
				In addition, Arcor Group has a strategy to manage community impact focused on recognizing and managing the impact of the Company-community relation, strategically managing risks and opportunities, and promoting integrated community development actions. Finally, the Group's Social Childhood Investment Policy guides the work performed by the Arcor Foundation in Argentina and the Brazil Arcor Institute, whose mission is to contribute so that education may be a tool of equal education opportunities for childhood.
II.1.1.8:				
Answer whether the Management Body approves the integrated risk, internal control and fraud prevention management policies.		X		In order to manage risks, the Board of Directors performs a periodic control over compliance with the budget, monitors the strategic goals and requests specific reports from senior management and specialized consultants. Additionally, the Company's senior management supports its decisions about business risk management through interdisciplinary work and reports from specialized sources. The specific risks of each area of responsibility are managed by the respective management division. It is noteworthy that Arcor Group has prepared a Risk and Control Matrix considering as a basis the conceptual internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission ("the conceptual framework of COSO"). Accordingly, the Board of Directors understands that the actions carried out by the Company's key stakeholders are adequate in order to mitigate the risks faced by Arcor Group. Additionally, the Company has an Audit Committee, an Ethics and Conduct Committee and a Finance, Investments and Strategies Committee, which assess different risks inherent to the Company and information related to risk management and possible fraud detection considerations.
II.1.1.9:				
Answer whether the Management Body approves the ongoing training policy for members of the Management Body and first-line managers. If such policy is in place, describe the main aspects thereof.		X		By applying the SGD and describing the duties, responsibilities and competencies required for each position, the Company encourages and guides senior management members' training. Additionally, both members of the Board of Directors and senior management attend the different courses, forums, conferences, fairs and take part in several chambers, update and refresher course activities for the purpose of keeping up to date regarding regulations, situations and environments that affect their areas of responsibility.

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PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.1.2:				
If considered material, add other policies applied by the Management Body that have not been mentioned and specify significant issues.	X			Notwithstanding the above-mentioned policies, Arcor Group has developed the Comprehensive Management System (CMS or SGI, as per its initials in Spanish). The SGI is a tool designed by and for Arcor Group to manage industrial and logistics operations, taking into account the Company's culture and the world-class concepts, requirements and tools of improvement. The SGI integrates the Group's Vision, Mission, Ethical Values and Principles, Code of Ethics and Conduct and Sustainability Policy, international standards including Occupational Health and Safety Management Systems (OHSAS 18001), Quality Management Systems (ISO 9001), Environmental Management Systems (ISO 14001), the Good Manufacturing Practices (GMP or BPM, as per its initials in Spanish), the Business Excellence Management Model (MGEE, as per its initials in Spanish), which contains the criteria defined in the National Quality Award, the Global Food Safety Standard of the British Retail Consortium (BCR) and the Good Agricultural Practices (GAP or BPA, as per its initials in Spanish), as well as improvement tools such as total productive maintenance (TPM), a Japanese philosophy focused on people self-management and loss reduction, the management philosophy focused on loss reduction and value added to the whole chain, Lean Manufacturing, the 6 Sigma methodology, based on ongoing improvement to the process capacity seeking zero defect, the Japanese philosophy for the order, cleanliness and standardization called 5S, the Theory of Constrains (TOC) and the methodology to achieve quick product changes in manufacturing processes (Single Minute Exchange of Die, SMED). The SGI is supported by six components that are the focal point on which the system is structured: (i) Management's Commitment and Leadership, (ii) Focus on Customers, Consumers and the Community, (iii) Key Process Management, (iv) Support Process Management, (v) People Management and (vi) Ongoing Improvement. The system is applicable to activities, products and services carried out within the environment of Arcor Group's operations and supply chain, and is focused on meeting our stakeholders' needs. The guidelines designed under the SGI framework comprise, among others, those related to managing customer and community relations, the product design, the integrated supply chain management, the manufacturing processes, the good manufacturing processes, the identification and assessment of environmental impact, the identification and assessment of health and safety risks, the evaluation and selection of suppliers, and the verification of whether SGI requirements were implemented in the Group's processes. The Chief Executive Officer, the General Supply Chain and Industrial Strategy Management Division and the Corporate Quality, MAHPI, Engineering, Human

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	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	TOTAL	PARCIAL		
PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.1.2:				
				Resources and Logistics Management Divisions are in charge of designing, implementing and assessing the strategies defined under the SGI framework In this context, Arcor Group's plants have been subject to third-party audits and have achieved certification under ISO 9001 and ISO 14001 at most of its plants, OHSAS 18001 at 24 plants and three dairy farms, BRC at 16 plants and the Food Safety Standard ISO 22000 was recently certified at two packaging plants. The paper manufacturing and corrugated cardboard box plants achieved certification by the Forest Stewardship Council (FSC). Additionally, under the framework of the Conflict-of-Interest Procedure, the Board of Directors approved the standard to accept and offer gifts and entertainment, which sets out that employees shall refrain from giving or receiving gifts, benefits or favors that condition Arcor Group's business relationship with third parties. The above-mentioned standard specifies the conditions under which gifts or entertainment may be accepted or offered, how to act if a gift is received, in breach of the guidelines set out, and the situations that shall be communicated to the Ethics and Conduct Committee.
II.1.3:				
Answer whether the Issuer has a policy aimed at ensuring the availability of information material to its Management Body's decision-making and a direct consultation of the managerial lines in such a way that it is symmetrical for all members (external and independent executives) and quite in advance so as to allow an appropriate analysis of its contents. Please specify.	X			The Company's Bylaws state in Section 30 that it is the responsibility of the Board of Directors' Chairman to submit for the Management Body's consideration all the Company's matters or businesses, with the necessary background information and data for their due consideration and resolution. In addition, senior management has periodic reports related to the Company's management and the national and international environments, which are made available to all the members of the Board of Directors at their request. Furthermore, there are committees in which the Company's managers and the independent member of the Board of Directors take part. Finally, it should be noted that the several management divisions and committees make periodic submissions to the Board of Directors, reporting about their areas of responsibility and establishing such opportunity as a suitable environment to share opinions among the members of the Board of Directors and the speakers
II.1.4:				
Answer whether the matters submitted for the Management Body's consideration are supported by an analysis of risks associated with the decisions that may be made, considering the business risk level defined as acceptable by the Issuer. Please specify.	X			The matters submitted for the Board of Directors' consideration are previously analyzed by the areas with the respective technical knowledge and submitted to the Board of Directors by senior management members with responsibility for the matter in question. The risks associated with the decisions that may be made are specified in such submission, if appropriate.

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PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
Recommendation II.2:				
Ensure an effective business management control.				
II.2.1:				
Answer whether the Management Body verifies compliance with the annual budget and business plan.	X			Senior management periodically submits the evolution of operations to the Board of Directors, comparing the budget with its level of execution and the performance in the same period of the previous year. The reasons for deviations from the budget are explained in this instance.
II.2.2:				
Answer whether the Management Body verifies the first-line managers' performance and their compliance with the goals set for them (the level of expected profits against the level of profits achieved, financial rating, accounting report quality, market share, etc.). Describe the significant aspects of the Issuer's Management Control Policy specifying techniques used and the frequency of the Management Body's monitoring.	X			Upon approving the budget, the Board of Directors determines goals for senior management. Also, the management divisions periodically submit management reports to the Management Body regarding the evolution of the different businesses and aspects of the Company, which allows following up and verifying the degree of compliance with goals. The Company's Management Control Policy consists in issuing and communicating a report on results to senior management members on a monthly basis. The results obtained by each business, and by the Company on a consolidated basis, are compared in such report with the budgeted levels and the previous-year performance, specifying the reasons for the main deviations that may occur. This report is periodically submitted to the Board of Directors. During 2014, the Board of Directors held six meetings at which the Company's results of operations and financial position were reported.
Recommendation II.3:				
Report the Management Body's performance evaluation process and the related impact.				
II.3.1:				
Answer whether each member of the Management Body complies with the Corporate Bylaws and, as the case may be, with the Regulations governing the Management Body's operation. Specify the main guidelines set out in the Regulations. State the degree of compliance with the Corporate Bylaws and Regulations.	X			All the members of the Board of Directors comply with the Company's Bylaws. It is also reported that the Board of Directors does not have operation regulations under the provisions set out in Section 5 and related provisions of the Companies Law
II.3.2:				
Answer whether the Management Body discloses the results of its management considering the goals set at the beginning		X		The Board of Directors makes the information and documentation available to the shareholders under the provisions set out in effective legal regulations so that

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PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.3.2:				
of the period so that the shareholders may assess the degree of compliance with such goals, which include both financial and non-financial aspects. Additionally, the Management Body submits a diagnosis about the degree of compliance with the policies mentioned in Recommendation II, items II.1.1 and II.1.2. Specify the main aspects of the assessment of the General Shareholders' Meeting about the degree of compliance by the Management Body with the goals set and the policies mentioned in Recommendation II, items II.1.1 and II.1.2, stating the date of the Shareholders' Meeting where such assessment was submitted.				they may perform an adequate management assessment upon holding the Shareholders' Meeting. The above-mentioned documents disclose both financial and non-financial data and the description of the global goals for the next year, as well as the strategy to be used, and the degree and means of compliance. The last Shareholders' Meeting that addressed the above-mentioned documents was held on April 26, 2014. The Board of Directors' Report, the Financial Statements and the Summary of Events for the fiscal year ended December 31, 2013 were approved on the second item of the Agenda, and the Board of Directors' management for the fiscal year ended December 31, 2013 was approved on the third item on the Agenda.
Recommendation II.4:				
That the number of external and independent members represents a significant proportion in the Management Body.				
II.4.1:				
Answer whether the proportion of external and independent executive members (the latter defined according to this Commission's regulations) of the Management Body correlates with the Issuer's capital structure. Please specify.	X			The Company's General Shareholders' Meeting held on April 26, 2014 decided to appoint ten regular members and three alternate members to be part of the Board of Directors. One of the regular members qualifies as independent according to the criteria established by the National Securities Commission's Regulations. Considering that the controlling shareholder holds 99.68% of the Company's votes, the Board of Directors considers that its structure is adequate for the capital structure.
II.4.2:				
Answer whether during the current year, at the General Shareholders' Meeting, the shareholders agreed on a policy aimed at keeping a proportion of less than 20% of independent members of the total number of members of the Management Body. Describe the significant aspects of such policy and any shareholders' agreement that allows understanding the way in which the members of the Management Body are appointed and for how much time. State whether the independence of the members of the Management Body was challenged in the course of the year and if there have been abstentions due to conflicts of interest.			X	Section 14 of the Company's Bylaws sets forth that the Company will be run and managed by a Board of Directors made up of five to twelve regular members and the same or lower number of alternates, as resolved by the Shareholders' Meeting. Moreover, it provides that directors will hold office for three years and may be reelected indefinitely. In turn, Section 15 of the Company's Bylaws provides that while the Company is admitted into the Public Offering System and is mandatory, it will have an Audit Committee made up of three regular members and three alternates, out of which most of them shall qualify as independent in accordance with National Securities Commission's Regulations and all of them belong to the Company's Board of Directors. With respect to the provisions of Section 15 of the Company's Bylaws, it should be noted that the Company has no authorization to issue shares and, therefore, the Audit Committee's creation is not mandatory. The Company's

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PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.4.2:				
				General Shareholders' Meeting held on April 26, 2014 decided to appoint ten regular members and three alternate members to be part of the Board of Directors. One of the regular members qualifies as independent according to the criteria established by the National Securities Commission's Regulations. Additionally, it is reported that (i) the Company has not become aware of the existence of shareholders' agreements, (ii) the independence of none of the independent directors was challenged in the last fiscal year, and (iii) there were no abstentions for conflicts of interest in the last fiscal year.
Recomendación II.5:				
Agree on the existence of standards and procedures inherent to selecting and proposing members of the Issuer's Management Body and first-line managers.				
II.5.1:				
Answer whether the Issuer has an Appointment Committee:			X	The Company's Board of Directors considers that the duties assigned by General Resolution No. 606/2012 and the 2013 revised text of the National Securities Commission's Regulations to the Appointment Committee are appropriately fulfilled by the Shareholders' Meeting as regards the members of the Management Body, and by the directors as regards the Company's Chief Executive Officer.
II.5.1.1:				
Answer whether the Issuer has an Appointment Committee made up of at least three members of the Management Body, most of who are independent.				Not applicable.
II.5.1.2:				
Answer whether the Issuer has an Appointment Committee chaired by an independent member of the Management Body.				Not applicable.
II.5.1.3:				
Answer whether the Issuer has an Appointment Committee that has members proving to be qualified and experienced enough in matters related to human capital policies.				Not applicable.
II.5.1.4:				
Answer whether the Issuer has an Appointment Committee that meets at least twice a year.				Not applicable.

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PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.5.1.5:				
Answer whether the Issuer has an Appointment Committee whose decisions are not necessarily binding for the General Shareholders' Meeting, but for consultation as regards the selection of the members of the Management Body.				Not applicable.
II.5.2:				
If there is an Appointment Committee, answer whether it:				
II.5.2.1:				
Answer whether the Appointment Committee verifies the annual review and evaluation of its regulations and suggests changes to the Management Body for its approval.				Not applicable.
II.5.2.2:				
Answer whether the Appointment Committee proposes the development of criteria (qualification, experience, professional reputation and ethics, others) to select new members of the Management Body and first-line managers.				Not applicable.
II.5.2.3:				
Answer whether the Appointment Committee identifies the candidates for members of the Management Body to be proposed by the Committee to the General Shareholders' Meeting.				Not applicable.
II.5.2.4:				
Answer whether the Appointment Committee suggests members of the Management Body who will be the members of the different Management Body's Committees according to their track-record.				Not applicable.
II.5.2.5:				
Answer whether the Appointment Committee recommends that the Board of Directors' Chairman is not also the Issuer's Chief Executive Officer.				Not applicable.
II.5.2.6:				
Answer whether the Appointment Committee ensures the availability of the curricular vitaes of the members of the Management Body and first-line managers on the Issuer's web page, where in the first case the term of their office is specified.				Not applicable.

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PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.5.2.7:				
Answer whether the Appointment Committee validates the existence of a succession plan of the Management Body and first-line managers.				Not applicable.
II.5.3:				
If deemed significant, add policies implemented by the Issuer's Appointment Committee that were not mentioned in the preceding point.				Not applicable.
Recommendation II.6:				
Assess whether it is advisable for members of the Management Body and/or statutory auditors and/or members of the oversight committee to perform duties at several Issuers. Answer whether the Issuer establishes a limitation on the members of the Management Body and/or statutory auditors and/or members of the oversight committee to fulfill duties at other entities that are not part of the group headed by the Issuer or of which the Issuer is a member. Specify such limitation and detail if any breach of such limitation was verified in the course of the year.		X		The Board of Directors considers that, as long as its members and/or statutory auditors duly meet their responsibilities, it is not necessary to establish limitations on taking part in the Board of Directors or other companies' oversight committee. However, the Code of Ethics and Conduct and the Conflict-of-Interest Procedure, documents by which the members of the Company's Statutory Audit Committee abide, determine that the employees or directors who perform external labor activities personally shall ensure they do not cause any conflict of interest with Arcor Group.
Recomendación II.7:				
Ensure the training and development of members of the Management Body and first-line managers of the Issuer.				
II.7.1:				
Answer whether the Issuer has ongoing Training Programs related to the existing needs of the Issuer for the members of the Management Body and first-line managers, which include matters about their roles and responsibilities, the integrated business risk management, specific business knowledge and the related regulations, the dynamics of corporate governance and corporate social responsibility matters. In the case of the members of the Audit Committee, international accounting, auditing and internal control standards, as well as specific capital market regulations. Describe the programs that were carried out in the course of the year and their degree of compliance.		X		The members of the Board of Directors and senior management attend forums, courses, conferences, fairs and take part in several chambers, update and refresher course activities. By applying the SGD and describing the duties, responsibilities and competencies required for each position, the Company encourages and guides the courses of action to be taken by senior management members regarding their education and training needs.

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PRINCIPLE II. LAY THE BASIS FOR A SOUND MANAGEMENT AND SUPERVISION OF THE ISSUER				
II.7.2:				
Answer whether the Issuer, through other means not mentioned in II.7.1, encourages the Management Body and first-line managers to be constantly trained so as to supplement their education level thus adding value to the Issuer. State how this is done.		X		The SGD and the description of positions are means used by the Company to encourage its employees to keep an ongoing training attitude that supplements its education level. Within the SGD, the Company's employees shall annually put forward their development plan, considering the Company's descriptions of duties, responsibilities and competencies required for each position and their performance during the previous period.
PRINCIPLE III. GUARANTEE AN EFFECTIVE POLICY TO IDENTIFY, ASSESS, MANAGE AND DISCLOSE THE BUSINESS RISK				
Recommendation III:				
The Management Body shall have a policy on the integrated business risk management and monitors its appropriate implementation.				
III.1:				
Answer whether the Issuer has integrated business risk policies (on compliance with strategic, operational, financial, accounting reporting, laws and regulations goals, among others). Describe the most significant aspects thereof.		X		Please refer to answer to point II.1.1.8.
III.2:				
Answer whether there is a Risk Management Committee inside the Management Body or General Management Division. Report on the existence of manuals of procedures and detail the main risk factors that are specific to the Issuer or its activity and the mitigation actions implemented. If there is not such a Committee, the risk management supervision role performed by the Audit Committee shall be described. Also, specify the degree of interaction between the Management Body or its committees with the Issuer's General Management Division in relation to the integrated business risk management.		X		In addition to what is reported in points II.1.1.8, II.1.3 y II.1.4, both management and senior management make risk assessments on an ongoing basis for decision-making and evaluate the business management. As regards risk management, the Audit Committee receives from the Internal Audit Management Division and analyzes the evaluations used in planning and conducting the audit work, which are prepared with management's involvement. Arcor Group manages its industrial operations according to documented guidelines. To manage these documents (policies, manuals, procedures, instructions, program, records, lists) there is an IT system called Loyal ISO, with broad access to employees, which meets the requirements set forth in the international standards for the matter and evaluated on several occasions during external audits, such as ISO 9001, ISO 14001, OHSAS 18001, BRC. The methodology defined for the control over documents ensures their preparation by the staff with deep knowledge of the process associated with each document and the

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PRINCIPLE III. GUARANTEE AN EFFECTIVE POLICY TO IDENTIFY, ASSESS, MANAGE AND DISCLOSE THE BUSINESS RISK				
III.2:				
				authorization by the appropriate executives according to each case. The Company's committees have been structured in such a way that both members of the Management Body and senior management members take part in them, thus achieving an adequate risk management interaction.
III.3:				
Answer whether there is an independent function within the Issuer's General Management Division that implements the integrated risk management policies (Risk Management Officer function or equivalent one). Please specify.			X	There is no independent Risk Management Officer function or equivalent one.
III.4:				
Answer whether the integrated risk management policies are permanently updated according to authoritative recommendations and methodologies in the field. Please state which.		X		The Food, Confectionery and Chocolates, Cookies and Crackers, Agro-industry and Other and Packaging business units, as well as the corporate subsidiaries and areas, have a Risk and Control Matrix, which has been prepared considering as a basis the COSO conceptual framework.
III.5:				
Answer whether the Management Body reports the results of monitoring the risk management performed jointly with the General Management Division in the financial statements and the Annual Report. Please specify the main aspects of the above disclosures.	X			The Board of Directors reports in its Financial Statements, Annual Report and Sustainability Report on the environment in which the Company's activities were carried out and its outlook, as well as the actions undertaken and the goals attained, along with the Company's main goals, its different businesses and functional areas, thus communicating not only the Company's financial income (expense), but also the challenges and courses of action executed and planned.
PRINCIPLE IV. SAFEGUARD THE INTEGRITY OF FINANCIAL INFORMATION WITH INDEPENDENT AUDITS				
Recommendation IV:				
Ensure the independence and transparency of the duties the Audit Committee and the External Auditor are entrusted with.				
IV.1:				
Answer whether the Management Body, when appointing the members of the Audit Committee, considering that most of them shall be independent, assesses whether it is advisable to be chaired by an independent member.			X	The Company has an Audit Committee created by the Board of Directors' voluntary decision, as the Company does not publicly offer its shares. The Audit Committee is made up of five members of the Board of Directors, one of whom meets the

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PRINCIPLE IV. SAFEGUARD THE INTEGRITY OF FINANCIAL INFORMATION WITH INDEPENDENT AUDITS				
IV.1:				
				independence conditions established by the National Securities Commission. Also, the Corporate Internal Audit Manager takes part in the Audit Committee.
IV.2:				
Answer whether there is an internal audit function that reports to the Audit Committee or the Management Body's Chairperson and that is responsible for assessing the internal control system. State whether the Audit Committee or the Management Body annually assesses the internal audit area's performance and the degree of independence of their professional work, understanding as such that the professionals in charge of such function are independent from the other operating areas and also meet the independence requirements regarding the controlling shareholders or related entities that exert significant influence on the Issuer. Also specify whether the internal audit function performs its work in conformity with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors (IIA).	X			The Internal Audit area is accountable to a regular member of Arcor S.A.I.C.'s Board of Directors and functionally reports to the Audit Committee. The Audit Committee assesses both the internal and external auditors' performance. Both assessments are documented in the related Audit Committee's minutes of meeting. The professionals in charge of the Internal Audit function are independent from the other operational areas of the Company. The Internal Audit Area performs its tasks respecting the guidelines set forth in the International Standards for the Professional Practice of Internal Auditing issued by the IIA.
IV.3:				
Answer whether the members of the Audit Committee annually assess the qualification, independence and performance of the External Auditors appointed by the Shareholders' Meeting. Describe the significant aspects of the procedures used to perform the assessment.	X			The Audit Committee's duties are, among others, to review the external auditors' plans, assess the different services provided, their performance and whether they keep the independence condition, as established by effective accounting standards. In this regard, such annual assessments are entered in the related Audit Committee's minutes of meeting.
IV.4:				
Answer whether the Issuer has a policy on the turnover of the members of the Statutory Audit Committee and/or the External Auditor, and, in the case of the latter, if turnover includes the external audit firm or only natural persons.			X	The members of the Statutory Audit Committee are appointed by the Shareholders' Meeting for a three-year term of office and may be reelected indefinitely, according to the Company's Bylaws. The Shareholders' Meeting appoints the Company's external auditors so that they perform duties for annual periods.

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PRINCIPLE V. RESPECT THE SHAREHOLDERS' RIGHTS				
Recommendation V.1:				
Ensure that the shareholders have access to the Issuer's information.				
V.1.1:				
Answer whether the Management Body fosters periodic informative meetings with the shareholders, which take place at the same time with the presentation of the interim financial statements. Specify stating the number and frequency of meetings held in the course of the year.			X	The Company complies with the effective standards regarding the financial statements presentation and disclosure of material information established by the National Securities Commission, and with the related laws regarding the shareholders' access to information. Furthermore, upon calling to attend the Shareholders' Meetings in advance, as required by effective regulations, the necessary information and documentation is made available to the shareholders at the registered office.
V.1.2:				
Answer whether the Issuer has mechanisms for reporting to investors and a specialized area to answer inquiries. It also has a website, which may be accessed by shareholders and other investors and which allows an access channel for them to establish contact between them. Please specify.		X		The Company uses its website (www.arcor.com), the National Securities Commission's website (www.cnv.gob.ar) and the Shareholders' Meetings as means of communication with investors.
Recommendation V.2:				
Encourage the active participation of all shareholders.				
V.2.1:				
Answer whether the Management Body takes measures to encourage the participation of all the shareholders at the General Shareholders' Meetings. Specify by differentiating the measures required by law from those voluntarily offered by the Issuer to its shareholders.	X			The Company complies with the legal regulations in force in order to encourage all the shareholders' participation at Shareholders' Meetings.
V.2.2:				
Answer whether the General Shareholders' Meeting has Regulations to govern its operation, which ensure that the information is available well in advance for decision-making. Describe the main guidelines thereof.			X	The Company complies with effective legal regulations as regards making available to the shareholders the necessary information and documentation for decision-making. Therefore, prior to holding the Shareholders' Meeting, as required by the legal regulations in force, the necessary information and documentation for decision-making is made available to the shareholders at the registered office. Furthermore, and simultaneously with their submission to the National Securities Commission through the Financial Information Highway, the quarterly financial statement and the Annual Report are made available to the shareholders at the registered office.

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PRINCIPLE V. RESPECT THE SHAREHOLDERS' RIGHTS				
V.2.3:				
Answer whether the mechanisms implemented by the Issuer are applicable so that minority shareholders propose matters to be discussed at the General Shareholders' Meeting, in conformity with the provisions set out in effective regulations. Please specify the results.	X			The Board of Directors shall ensure compliance with the standards applicable to the Company and, in this respect, there are no obstacles for the minority shareholders to propose matters to be addressed at the Shareholders' Meeting to the Board of Directors. It is reported that to date there are no precedents regarding matters to be addressed at the Shareholders' Meeting proposed by the minority shareholders.
V.2.4:				
Answer whether the Issuer has policies to encourage the participation of the most significant shareholders, such as institutional investors. Please specify.			X	The Board of Directors considers it appropriate that the Company does not make any distinction among its shareholders upon calling on them to attend the Shareholders' Meetings or provide them with information. Therefore, the possibility of implementing policies with these characteristics has not been considered.
V.2.5:				
Answer whether at the Shareholders' Meetings, where appointments of members of the Management Body are proposed, the following is informed prior to voting: (i) each candidate's position regarding whether to adopt or not a Code of Corporate Governance; and (ii) the grounds for such position.			X	The standards that are applicable to the Company upon appointing and accepting positions of members of the Board of Directors do not require such statements.
Recommendation V.3:				
Ensure the principle of equity between share and vote. Answer whether the Issuer has a policy that fosters the principle of equity between share and vote. State how the structure of outstanding shares by Class has changed over the last three years.		X		Although the Company's capital is represented by Class A shares entitled to five votes each and Class B shares entitled to one vote each, Class A shares represent only 0.024 % of the total shares issued by the Company and entitled to 0.118 % possible votes of the Company. Over the last three years, the relative structure of votes by share classes has not been changed. Considering the limited voting power of Class A shares regarding the total possible votes of the Company, the Board of Directors does not expect to propose any changes in this regard to the Shareholder' Meeting.
Recommendation V.4:				
Establish mechanisms of protection for all shareholders against takeovers. Answer whether the Issuer joins the public offering system for mandatory acquisition. Otherwise, specify whether there are other alternative mechanisms, set forth in the bylaws, such as the tag-along one or others.			X	The Company has no authorization for the public offering of shares and, therefore, is under no legal obligation to implement those mechanisms. If authorization for the public offering of shares is requested and, according to effective regulations, the Company shall mandatorily join the public offering system for mandatory acquisition.

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PRINCIPLE V. RESPECT THE SHAREHOLDERS' RIGHTS				
Recommendation V.5:				
Encourage the Issuer's dispersion of shares. Answer whether the Issuer has a dispersion of shares of at least 20% for its common shares. Otherwise, the Issuer has a policy to increase its dispersion of shares in the market. State the percentage of dispersion of shares as a percentage of the Issuer's capital stock and how it has changed over the last three years.			X	The Company does not publicly offer its shares and, therefore, has no policy to increase its dispersion in the market. The Board of Directors does not expect to propose any changes in this regard to the Shareholders' Meeting. The controlling shareholder owns 99.6865% of the shares representing the capital stock. No significant changes have occurred over the last three years.
Recommendation V:6:				
Ensure that there is a transparent policy on dividends.				
V.6.1:				
Answer whether the Issuer has a policy on the distribution of dividends provided in the Corporate Bylaws and approved by the Shareholders' Meeting, in which the conditions to distribute dividends in cash or on shares are established. If there is such a policy, state the criteria, frequency and conditions that shall be met for the payment of dividends.			X	The Board of Directors annually submits for the consideration of the Shareholders' Meeting the allocation of the Company's income for the fiscal year and reserves, stating in the Annual Report and other relevant documents, the proposed distribution of profits and the limitations that the Shareholders' Meeting shall consider regarding the above-mentioned allocation of funds.
V.6.2:				
Answer whether the Issuer has documented processes to prepare the proposal for allocation of the Issuer's Unappropriated Retained Earnings that result in legal, statutory and voluntary reserves, carryforward to new fiscal year and/or payment of dividends. Specify those processes and detail the Minutes of the General Shareholders' Meeting whereby the distribution of dividends (in cash or on shares) was or was not approved, if this is not provided in the Corporate Bylaws.	X			In the Financial Statements and the Board of Directors' Report of each fiscal year, the Board of Directors reports on the effects and restrictions set out in effective standards regarding the allocation of unappropriated retained earnings. In addition, the Company's Board of Directors submits for the shareholders' consideration, prior to holding the Shareholders' Meeting called to such end, a proposal for the distribution of dividends. For the purposes described above, it is based on the reports prepared by senior management. The following was resolved at the Shareholders' Meeting held on April 26, 2014: (i) to create a Legal Reserve in the amount of ARS 7,768,795; (ii) to reverse the Special Reserve for Future Dividends in the amount of ARS 2,392,895; and (iii) distribute cash dividends with charge to the Unappropriated Retained Earnings account and the reversed amount of the Special Reserve for Future Dividends in the amount of ARS 150,000,000. The following was resolved at the Shareholders' Meeting held on November 28, 2014: (i) partially reverse the Special Reserve for Future Dividends in the amount of ARS 130,000,000; and (ii) apply the reversed amount of the Special Reserve for Future Dividends to distribute cash dividends in the amount of ARS 130,000,000.

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REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	TOTAL	PARCIAL		
PRINCIPLE VI. KEEP A DIRECT AND RESPONSIBLE RELATION WITH THE COMMUNITY				
Recommendation VI:				
Provide the community with the disclosure of matters relating to the Issuer and a channel of direct communication with the Company.				
VI.1:				
Answer whether the Issuer has an updated website of public access, which does not only furnish material information of the Company (Corporate Bylaws, group, members of the Management Body, financial statements, Annual Report, among others), but it also gathers inquiries of users in general.	X			The Company has several channels that gather the inquiries of users in general, such as: - Institutional website (www.arcor.com): from where the Sustainability Report and the National Securities Commission's section can be accessed, where the Company makes its Corporate Bylaws, information about the members of the its Management Body and the financial statements, among other reports and documents, to the public in general. In addition, the contact information of each of the Company's subsidiaries is available on the website www.arcor.com: e-mail, telephone, postal address and other interesting data for the public in general. - Social Networks - Consumer Service - Arcor Buy Portal to contact suppliers Additionally, under the framework of its strategy of building relations with the communities where it operates, Arcor Group encourages several instances of dialogue with key community stakeholders, including face-to-face interviews with referent people in the area (members of organizations and neighbors), face-to-face meetings based on talks and workshops carried out in local organizations (schools, community kitchens, associations), alliances created with local, provincial governments and civil society organizations for the local management and projects organized with social organizations.
VI.2:				
Answer whether the Issuer issues a Social and Environment Responsibility Report on a yearly basis, which is verified by an independent External Auditor. If any, state the legal or geographic scope or coverage thereof and where it is available. Specify the standards or initiatives adopted to carry out its policy on corporate social responsibility (Global Reporting Initiative and/or the Global United Nations Compact, ISO 26000, SA 8000, Millennium Development Goals, SGE 21-Foretica, AA 1000, Equator Principles, among others).		X		Since 2005, Arcor Group has been annually publishing its Sustainability Report. It has a corporate scope and it is available on the Company's website (www.arcor.com). By means of this document, the Company reports on the economic, social and environmental performance of its stakeholders. To prepare its Sustainability Report, Arcor Group follows the guidelines and indicators proposed by the Core option of the Global Reporting Initiative (GRI) G4 Guidelines. It has migrated into the most updated version of this framework, which is currently the most accepted globally as regards accountability. Specific indicators of the food industry supplement are also included, which were considered as aspects material to the Company's operations. Additionally, the Sustainability Report follows the reporting recommendations of ISO 26000 - Social

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REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Annex IV to Chapter I of Title IV of National Securities Commission's Regulations (N.T. 2013)

	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	FULL	PARTIAL		
PRINCIPLE VI. KEEP A DIRECT AND RESPONSIBLE RELATION WITH THE COMMUNITY				
VI.2:				
				Responsibility, and discloses the aspects required by the United Nations Global Compact's Communication on Progress (COP) Advanced Level. Although there is no External Assurance for the Report, many of the processes disclosed therein have been certified by independent third parties under renowned international standards.
PRINCIPLE VII. COMPENSATE FAIRLY AND RESPONSIBLY				
Recommendation VII:				
Establish clear policies on the compensation of the members of the Management Body and first-line managers, with special focus on establishing conventional or statutory limitations based on the existence or inexistence of profits.				
VII.1:				
Answer whether the Issuer has a Compensation Committee:			X	The Board of Directors considers that the duties assigned by General Resolution No. 606/2012 and the 2013 revised text of the National Securities Commission's Regulations to the Compensation Committee are appropriately fulfilled by the Shareholders' Meeting, the Company's Board of Directors and the Human Resources Management Division.
VII.1.1:				
Answer whether the Issuer has a Compensation Committee made up of at least three members of the Management Body, most of who are independent.				Not applicable.
VII.1.2:				
Answer whether the Issuer has a Compensation Committee chaired by an independent member of the Management Body.				Not applicable.
VII.1.3:				
Answer whether the Issuer has a Compensation Committee that has members proving to be qualified and experienced enough in matters related to human capital policies.				Not applicable.
VII.1.4:				
Answer whether the Issuer has a Compensation Committee that meets at least twice a year.				Not applicable.

ANNEX I

REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Annex IV to Chapter I of Title IV of National Securities Commission's Regulations (N.T. 2013)

	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	TOTAL	PARCIAL		
PRINCIPLE VIII. ENCOURAGE THE BUSINESS ETHICS				
VII.1.5:				
Answer whether the Issuer has a Compensation Committee whose decisions are not necessarily binding for the General Shareholders' Meeting or the Oversight Committee, but for consultation as regards the compensation of the members of the Management Body.				Not applicable.
VII.2:				
Answer whether the Compensation Committee, if any:				
VII.2.1:				
Answer whether the Compensation Committee ensures that there is a clear relationship between the key personnel's performance and their fixed and variable compensation, considering the risks taken and their management.				Not applicable.
VII.2.2:				
Answer whether the Compensation Committee monitors that the variable portion of compensation of members of the Management Body and first-line managers matches with the Issuer's mid- and long-term performance.				Not applicable.
VII.2.3:				
Answer whether the Compensation Committee reviews the competitive position of the Issuer's policies and practices regarding comparable companies' compensation and benefits, and recommends changes or not.				Not applicable.
VII.2.4:				
Answer whether the Compensation Committee defines and communicates the policy on retention, promotion, dismissal and suspension of key personnel.				Not applicable.
VII.2.5:				
Answer whether the Compensation Committee reports the guidelines to determine the retirement plans of the members of the Management Body and first-line managers of the Issuer.				Not applicable.
VII.2.6:				
Answer whether the Compensation Committee regularly informs the Management Body and the Shareholders' Meeting about the actions taken and the matters discussed at their meetings.				Not applicable.

ANNEX I

REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Annex IV to Chapter I of Title IV of National Securities Commission's Regulations (N.T. 2013)

	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	FULL	PARTIAL		
PRINCIPLE VIII. ENCOURAGE THE BUSINESS ETHICS				
VII.2.7:				
Answer whether the Compensation Committee guarantees the attendance of the Compensation Committee's Chairperson at the General Shareholders' Meeting that approves the compensation payable to the Management Body so that he/she may explain the Issuer's policy on compensation of the members of the Management Body and first-line managers.				No aplicable.
VII.3:				
If deemed significant, add policies applied by the Issuer's Compensation Committee that were not mentioned in the preceding point.				No aplicable.
VII.4:				
If there is no Compensation Committee, explain how the duties described in VII. 2 are performed within the Management Body itself.	X			Below is a detail of how the duties described in point VII.2 of this Annex are carried out by the Company's Board of Directors and Human Resources Management Division: VII.2.1 – The Policy for Management's Compensation is based on a compensation system made up of a fixed portion and a variable portion. The fixed compensation is related to the level of responsibility required for the position and market competitiveness. The variable compensation is related to the goals set at the beginning of the fiscal year and the degree of compliance therewith through performance throughout the fiscal year. In order to assess the relationship among the senior management's compensation, the risks assumed and their management, the SGD of each Company's employee is annually approved, in which the employee's primary responsibilities and specific goals are determined. Compliance therewith is finally controlled at each year-end. Additionally, it is periodically reviewed whether each manager's position has an annual compensation (salary and benefits) according to what is being established by the local market. This comparison is made based on the HAY Grade of each position, supported in positions cards and descriptions prepared with the HAY Compensation System globally. VII.2.2 – The fees of the members of the Board of Directors are proposed by the Management Body to the Shareholders' Meeting based on the applicable standards (Section 261 of Companies Law and related provisions of 2013 Revised Text of the National Securities Commission's Regulations), the tasks performed and the Company's performance. In addition, 10% of senior management's variable compensation is affected by attaining the goals set in Arcor's Sustainability Policy, the sustainability

ANNEX I

REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Annex IV to Chapter I of Title IV of National Securities Commission's Regulations (N.T. 2013)

	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
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PRINCIPLE VIII. ENCOURAGE THE BUSINESS ETHICS

VII.4:

plans of the Group's businesses, the corporate projects encouraged from the Sustainability Committee and the respective Risks and Sustainability Opportunities Matrices and Arcor Group's priority lines of action, thus associating the variable compensation portion with the Company's performance in the mid- and long-term. The documents mentioned in this paragraph may be consulted in the Company's Sustainability Report published on its website web www.arcor.com.

VII.2.3 – The Human Resources Management Division prepares, jointly with specialists, and periodically submits several reports to the Company's Board of Directors in order to inform the extent to which the Company's salaries and benefits adjust to the data observed in the markets where it carries out operations.

VII.2.4 – The Board of Directors, exercising its duties, together with the Human Resources Management Division, has established descriptions of duties, responsibilities and competencies required for each senior management position, as well as the Human Resources Management Division has reported all the Company's employees Arcor Group's Competency Model, the Performance Management System, the HAY Method-Based Compensation System and the Strategic Resources Plan, which, along with the Code of Ethics and Conduct, are the policy for the retention, promotion, dismissal, training and suspension of the whole Arcor Group's staff.

VII.2.5 – The Board of Directors has established a Pension Plan and an Early Retirement Plan, which include, among others, senior management and the members of the Board of Directors who perform duties as payroll employees.

VII.2.6 – The Board of Directors is accountable to the shareholders regarding the issues addressed in this recommendation, by means of the information made available in the Board of Directors' Report, the Sustainability Report and the annual financial statements.

VII.2.7 – The members of the Board of Directors are at the disposal of the shareholders at the Shareholders' Meetings in order to clear up any doubt that may arise from the Company's policy regarding the Board of Directors' and senior management's compensation.

PRINCIPLE VIII. ENCOURAGE THE BUSINESS ETHICS

Recommendation VIII:

Ensure ethical behaviors at the Issuer.

ANNEX I

REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Annex IV to Chapter I of Title IV of National Securities Commission's Regulations (N.T. 2013)

	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	FULL	PARTIAL		
PRINCIPLE VIII. ENCOURAGE THE BUSINESS ETHICS				
VIII.1:				
Answer whether the Issuer has a Code of Business Conduct: State the main guidelines and whether it is publicly known. Such code is signed by, at least, the members of the Management Body and first-line managers. Indicate whether its application to suppliers and customers is encouraged.	X			Arcor Group's Code of Ethics and Conduct formally establishes the set of values, principles and rules guiding the Company's responsible conduct. In order to ensure compliance therewith, a procedure was developed to manage it, an Ethics and Conduct Committee was created and an ethics line was enabled for all employees, suppliers and customers of Arcor Group to be able to make inquiries or anonymous and confidential reporting. The provisions of the Code of Ethics and Conduct, by which the members of Arcor S.A.I.C.'s Statutory Audit Committee abide, are applied to the members of the Company's Board of Directors and all the staff that has a direct labor relationship with Arcor Group's companies. The members of the Board of Directors and the Company's management level (managers) have signed their formal agreement to the Code of Ethics and Conduct. The application of Arcor Group's ethical principles is encouraged at customers and suppliers by communicating the ethics line to them. Likewise, upon beginning the business relationship, Arcor Group's suppliers are requested to sign a letter whereby they agree to the basic responsible management principles and during 2012 the same policy began being applied to Arcor Group's customers.
VIII.2:				
Answer whether the Issuer has mechanisms to receive any unlawful or unethical conduct reporting, either personally or electronically, ensuring that the information furnished is aligned with the highest confidentiality and integrity standards, as well as the record and conservation of the information. State whether the service to receive and assess reporting is rendered by the Issuer's staff or by external and independent professionals for further protection of those who report these events.	X			The Company has an ethics line whereby inquiries, reporting and comments are received, and an Ethics and Conduct Committee, which ensures compliance with the Code of Ethics and Conduct. The ethics line is a tool to facilitate the anonymous and confidential submission of inquiries or events that may show a breach of the Code of Ethics and Conduct. It is a fax number, e-mail and postal address. The service to receive and analyze reporting is internal and is under the charge of the Internal Audit Management Division.
VIII.3:				
Answer whether the Issuer has policies, processes and systems to manage and resolve the reporting mentioned in point VIII.2. Describe the most significant aspects thereof and indicate the Audit Committee's degree of involvement in such resolutions, particularly in that reporting associated with internal control matters for accounting reporting and as regards the behaviors of the	X			To manage compliance with the Code of Ethics and Conduct and ensure its consistent implementation in the business's daily activities, Arcor Group has established a procedure, the steps of which are stated below: 1) RECEPTION: with complete confidentiality and reserve, the Internal Audit Management Division receives and analyzes the cases presented.

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REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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	COMPLIANCE		NON-COMPLIANCE	INFORM EXPLAIN
	TOTAL	PARCIAL		
PRINCIPLE VIII. ENCOURAGE THE BUSINESS ETHICS				
VIII.3:				
members of the Management Body and first-line managers.				2) RECORD: each case is recorded and the analysis process to be submitted to the Ethics and Conduct Committee begins. 3) ANALYSIS: an analysis of the case is carried out, for which purpose explanatory questions may be made and actions are performed to establish the truthfulness of the situations posed. 4) DECISION: the Ethics and Conduct Committee holds a meeting to address the cases and the decisions are communicated to the stakeholders, performing a follow-up to ensure compliance therewith. The Internal Audit Area informs the Audit Committee about material reporting related to internal control matters and frauds.
PRINCIPLE IX: BROADEN THE SCOPE OF THE CODE				
Recommendation IX:				
Recommendation IX: Foster the inclusion of provisions related to good corporate governance practices in the Corporate Bylaws. Answer whether the Management Body evaluates whether the provisions of the Code of Corporate Governance shall be reflected, either fully or partially, in the Corporate Bylaws, including the general and specific responsibilities of the Management Body. State the provisions actually included in the Corporate Bylaws from the effectiveness of the Code to date.			X	Given the regulatory framework governing the Company's activities and those of its corporate bodies, the provisions set out in the Company's Bylaws, and the principles and policies adopted thereby do not consider it necessary to include in the Corporate Bylaws the set of corporate governance guidelines. However, the Board of Directors does not disregard the future evaluation of the possibility of including in the Bylaws new corporate governance practices.

ARCOR S.A.I.C.

Luis Alejandro Pagani
Arcor Group's President

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

FREE TRANSLATION FROM THE ORIGINAL IN SPANISH FOR PUBLICATION IN ARGENTINA

CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2014 AND 2013

CONTENT

GLOSSARY TERMS

Term	Definition
ARG PCGA	TP (technical pronouncements) issued by the FACPCE with the exception of TP No. 26 (amended by TP No. 29) which adopts the IFRS. These TP include general and specific standards for valuation and disclosure in effect in Argentina, for the companies that are not obliged or have not opted to adopt IFRS
ARS	Argentine Peso
Associates	Companies over which Arcor S.A.I.C. has significant influence as established by IAS 28
BOB	Bolivian Peso
B.N. DES.	Brazilian Development Bank
BRL	Brazilian Real
CAD	Canadian Dollar
CLP	Chilean Peso
CNV	National Securities Commission of the Argentine Republic
CCL	Comercial Companies Law
COP	Colombian Peso
EUR	Euro
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
FASB	Financial Accounting Standards Board
Group/Arcor Group	Economic group formed by the Company and its subsidiaries
IAS	International Accounting Standard
IASB	International Accounting Standard Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
The Company / Arcor S.A.I.C.	Indistinctively, Arcor Sociedad Anónima, Industrial y Comercial
MXN	Mexican Peso
PEN	Peruvian Nuevo Sol
PYG	Paraguayan Guaranies
RG / CNV	General Resolutions issued by the CNV
RMB	Renminbis
RT / FACPCE	Technical Pronouncements issued by the FACPCE
Subsidiaries	Companies on which is exposed or have right to variable yields and have the capacity to exert influence on the amount of this variable yields through its control over the subsidiary, as set forth by IFRS 10
TO / CNV	Restated Text of the National Securities Commission
USD	United States Dollar
US GAAP	General Accepted Accounting Principles in the United States
UYU	Uruguayan peso
VEF	Venezuelan Bolivar
VPP	Proportional Equity Value or Equity Method

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2014 AND 2013
(Values expressed in Argentine Peso)

ASSETS	Notes	12.31.2014	12.31.2013
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,238,811,066	2,927,645,018
Investment properties	6	39,743,759	34,699,123
Intangible assets	7	410,963,386	384,122,693
Investment in associates	8	7,042	23,536
Biological assets	9	87,741,141	62,419,083
Deferred tax assets	10	288,052,566	232,164,357
Other investments at amortized cost	13	4,645,210	5,256,290
Other receivables	11	402,501,942	500,313,194
Trade accounts receivable	11	2,841,224	45,781
TOTAL NON-CURRENT ASSETS		**5,475,307,336**	**4,146,689,075**
CURRENT ASSETS			
Biological assets	9	16,252,753	10,503,065
Inventories	12	4,092,788,575	3,424,707,435
Other receivables	11	1,017,554,648	816,566,013
Trade accounts receivable	11	3,139,369,113	2,628,114,791
Other investments	13	4,936,335	1,672,098
Derivative financial instruments	14	11,311,368	466,037
Cash and cash equivalents	15	1,191,473,026	866,597,053
TOTAL CURRENT ASSETS		**9,473,685,818**	**7,748,626,492**
TOTAL ASSETS		14,948,993,154	11,895,315,567

The accompanying notes are an integral part of these consolidated financial statements.

Victor Jorge Aramburu
Chairman Syndics Committee

Jorge Luis Seveso
Secretary Member of the Board

Luis Alejandro Pagani
Chairman

See our report date March 9, 2015
PRICE WATERHOUSE & CO. S.R.L.
(Partner)
C.P.C.E.C. Nº 21.00004.3
Dra. Corina I. Pando. Public Accountant (UBA)
Mat. Prof. 10.16301.8 - C.P.C.E.C.

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2014 AND 2013
(Values expressed in Argentine Peso)

LIABILITIES AND EQUITY	Notes	12.31.2014	12.31.2013
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Outstanding shares	17	700,000,000	700,000,000
Treasury stock		(70,244)	(70,244)
Legal reserve		117,623,016	109,854,221
Optional reserve for future investments		799,713,359	799,713,359
Special reserve for future dividends		211,108,851	343,501,746
Special reserve, adoption of IFRS	18	203,256,621	203,256,621
Retained earnings	18	236,469,308	155,375,900
Other equity components	19	899,053,796	563,812,372
SUB TOTAL		**3,167,154,707**	**2,875,443,975**
Non-controlling interest	20	1,291,191,470	1,011,745,577
TOTAL EQUITY		**4,458,346,177**	**3,887,189,552**
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	21	3,715,813,075	2,918,400,128
Deferred tax liabilities	10	53,845,319	39,315,246
Employee retirement benefits obligations	22	131,822,559	79,183,303
Provisions	23	155,260,404	88,094,820
Trade accounts payable and other liabilities	24	17,744,025	65,504,051
TOTAL NON-CURRENT LIABILITIES		**4,074,485,382**	**3,190,497,548**
CURRENT LIABILITIES			
Loans	21	1,966,969,846	1,293,445,895
Derivative financial instruments	14	23,099,642	1,212,652
Income tax payable		168,797,177	80,460,769
Employee retirement benefits obligations	22	32,238,123	20,552,351
Provisions	23	68,724,311	60,129,034
Advances from customers		92,427,400	64,962,680
Trade accounts payable and other liabilities	24	4,063,905,096	3,296,865,086
TOTAL CURRENT LIABILITIES		**6,416,161,595**	**4,817,628,467**
TOTAL LIABILITIES		**10,490,646,977**	**8,008,126,015**
TOTAL EQUITY AND LIABILITIES		14,948,993,154	11,895,315,567

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Values expressed in Argentine Peso)

	Notes	For the years ended:	
		12.31.2014	12.31.2013
Sales of goods and services	26	24,059,757,539	17,260,914,062
Cost of products sold and services provided	27	(15,826,901,071)	(11,444,965,040)
SUBTOTAL		**8,232,856,468**	**5,815,949,022**
Results generated by biological assets	30	40,553,599	(22,174,784)
GROSS PROFIT		**8,273,410,067**	**5,793,774,238**
Selling expenses	28	(4,891,321,468)	(3,615,641,619)
Administrative expenses	28	(1,133,632,463)	(801,256,839)
Other income / (losses) – net	31	(188,100,531)	(163,808,028)
OPERATING INCOME		2,060,355,605	1,213,067,752
Exceptional results	32	120,187,560	136,649,648
Financial income	33	372,493,263	213,847,104
Financial expense	33	(1,008,686,460)	(499,375,621)
Net foreign exchange difference	34	(512,934,442)	(458,725,642)
NET FINANCIAL RESULTS		**(1,149,127,639)**	**(744,254,159)**
Net loss on investments in associates	8	(19,832)	(10,836)
INCOME BEFORE INCOME TAX		**1,031,395,694**	**605,452,405**
Income tax	35	(522,470,115)	(290,948,962)
NET INCOME FOR THE YEAR		**508,925,579**	**314,503,443**
Income attributable to:			
Company's shareholders		236,676,778	154,666,969
Non-controlling interest		272,248,801	159,836,474
TOTAL		508,925,579	314,503,443
Earnings per share attributable to Company's shareholders			
BASIC AND DILUTED EARNINGS PER SHARE	36	0.00338	0.00221

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Values expressed in Argentine Peso)

	Notes	For the years ended:	
		12.31.2014	12.31.2013
NET INCOME FOR THE YEAR		**508,925,579**	**314,503,443**
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items that can later be reclassified to income/loss			
Cash flow hedges	19	1,212,652	3,921,724
SUBTOTAL		**1,212,652**	**3,921,724**
Currency translation differences and the hyperinflation effect of companies		400,213,986	433,777,750
Income tax effect	19 and 35	(2,617,805)	(1,543,881)
SUBTOTAL		**397,596,181**	**432,233,869**
Total items that can later be reclassified to income/loss		**398,808,833**	**436,155,593**
Items that will not be reclassified to income/loss			
Actuarial gain/(loss) of defined benefit plans	22	(937,751)	1,235,423
Tax effect	35	470,765	(432,398)
Total Items that will not be reclassified to income/loss		**(466,986)**	**803,025**
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**398,341,847**	**436,958,618**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		907,267,426	751,462,061
Other comprehensive income for the year attributable to:			
Company's shareholders		335,013,383	363,700,484
Non-controlling interest		63,328,464	73,258,134
TOTAL		398,341,847	436,958,618
Total comprehensive income for the year attributable to:			
Company's shareholders		571,690,161	518,367,453
Non-controlling interest		335,577,265	233,094,608
TOTAL		907,267,426	751,462,061

The accompanying notes are an integral part of these consolidated financial statements.

Victor Jorge Aramburu
Chairman Syndics Committee

Jorge Luis Seveso
Secretary Member of the Board

Luis Alejandro Pagani
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Dra. Corina I. Pando. Public Accountant (UBA)
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Values expressed in Argentine Peso)

CAPTIONS	OWNERS' CONTRIBUTIONS	TREASURY STOCK	RETAINED		
	COMMON STOCK OUTSTANDING SHARES		LEGAL RESERVE	OPTIONAL RESERVE FOR FUTURE INVESTMENTS	SPECIAL RESERVE FOR FUTURE DIVIDENDS
Balances at January 1, 2014	700,000,000	(70,244)	109,854,221	799,713,359	343,501,746
Net income for the year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**
Contribution of capital of non-controlling interest	-	-	-	-	-
Setting-up of reserves (2)	-	-	7,768,795	-	-
Cash dividend (3)	-	-	-	-	(132,392,895)
Prescribed Dividend (4)	-	-	-	-	-
TOTAL AT DECEMBER 31, 2014	700,000,000	(70,244)	117,623,016	799,713,359	211,108,851

(1) Special reserve that may only be allocated to capitalization or absorption of possible negative balances of the Unappropriated Retained Earnings account, as established by the CNV and as resolved by the Ordinary and Extraordinary Shareholders´ Meeting held on April 27, 2013.
(2) As per the Ordinary and Extraordinary Shareholders' Meeting held on April 26, 2014.
(3) Distribution of cash dividends wich amounts to ARS 150,000,000 as per Ordinary and Extraordinary Shareholders' Meeting held on April 26, 2014 and ARS 130,000,000 as per Ordinary and Extraordinary Shareholders' meeting held on November 28, 2014. The non-controlling interest includes mainly the distribution of cash dividends for ARS 28,452,536 of the subsidiary Bagley Latinoamerica S.A., ARS 21,450,825 of the subsidiary Arcorpar S.A. and ARS 6,211,895 of the subsidiary Mundo Dulce S.A de C.V
(4) As set out by article 40 of the Corporate Bylaws, the unclaimed uncollected dividends become prescribed in favor of the company 3 years after they have been made available.

The accompanying notes are an integral part of these consolidated financial statements.

Victor Jorge Aramburu

Chairman Syndics Committee

Jorge Luis Seveso

Secretary Member of the Board

EARNINGS		OTHER EQUITY COMPONENTS		SUBTOTAL ATTRIBUTABLE COMPANY'S SHAREHOLDERS	NON-CONTROLLING INTEREST (Note 20)	TOTAL EQUITY
SPECIAL RESERVE, ADOPTION OF IFRS (1)	RETAINED EARNINGS (Note 18)	TRANSLATION RESERVE (Note 19)	RESERVE FOR CASH FLOW HEDGES (Note 19)			
203,256,621	155,375,900	565,025,024	(1,212,652)	2,875,443,975	1,011,745,577	3,887,189,552
-	236,676,778	-	-	236,676,778	272,248,801	508,925,579
-	(228,041)	334,028,772	1,212,652	335,013,383	63,328,464	398,341,847
-	**236,448,737**	**334,028,772**	**1,212,652**	**571,690,161**	**335,577,265**	**907,267,426**
-	-	-	-	-	1,084	1,084
-	(7,768,795)	-	-	-	-	-
-	(147,607,105)	-	-	(280,000,000)	(56,132,456)	(336,132,456)
-	20,571	-	-	20,571	-	20,571
203,256,621	236,469,308	899,053,796	-	3,167,154,707	1,291,191,470	4,458,346,177

Luis Alejandro Pagani

Chairman

See our report date March 9, 2015
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. Nº 21.00004.3
Dra. Corina I. Pando. Public Accountant (UBA)
Mat. Prof. 10.16301.8 - C.P.C.E.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Values expressed in Argentine Peso)

CAPTIONS	OWNERS' PARTNERS' CONTRIBUTIONS			TREASURY STOCK	RETAINED		
	COMMON STOCK OUTSTANDING SHARES	SHARES TO BE ISSUED AS A RESULTS OF A MERGER	ADDITIONAL PAID-IN CAPITAL		LEGAL RESERVE	OPTIONAL RESERVE FOR FUTURE INVESTMENTS	SPECIAL RESERVE FOR FUTURE DIVIDENDS
Balances at January 1, 2013	700,000,000	-	-	(70,244)	86,340,623	799,713,359	300,000,000
Net income for the year	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase of capital (Note 40)	-	44,806	90,861	-	-	-	-
Decrease of capital (Note 40)	-	(44,806)	(90,861)	-	-	-	-
Setting-up of reserves (2)	-	-	-	-	23,513,598	-	83,501,746
Acquisition of non-controlling interest (Note 40)	-	-	-	-	-	-	-
Capital contribution of the non-controlling interest	-	-	-	-	-	-	-
Cash dividend (3)	-	-	-	-	-	-	(40,000,000)
TOTAL AT DECEMBER 31, 2013	700,000,000	-	-	(70,244)	109,854,221	799,713,359	343,501,746

(1) Special reserve that may only be allocated to capitalization or absorption of possible negative balances of the Unappropriated Retained Earnings account, as established by the CNV and as resolved by the Ordinary and Extraordinary Shareholders´ Meeting held on April 27, 2013.
(2) As per the Ordinary and Extraordinary Shareholder's Meeting held on April 27, 2013.
(3) Distribution of Company's cash dividends for ARS 160,000,000, as per ordinary and extraordinary shareholders´ meeting of held on April 27, 2013. and ARS 40,000,000 as per the Ordinary and Extraordinary Shareholders' Meeting held on November 2, 2013. The non-controlling interest mainly includes the distribution of cash dividends for the subsidiary Arcorpar S.A., for ARS 9,736,836 and Mundo Dulce S.A. de C.V. for ARS 9,926,599.

The accompanying notes are an integral part of these consolidated financial statements.

Victor Jorge Aramburu

Chairman Syndics Committee

Jorge Luis Seveso

Secretary Member of the Board

EARNINGS		OTHER EQUITY COMPONENTS		SUBTOTAL ATTRIBUTABLE COMPANY'S SHAREHOLDERS	NON-CONTROLLING INTEREST (Note 20)	TOTAL EQUITY
SPECIAL RESERVE, ADOPTION OF IFRS (1)	RETAINED EARNINGS (Note 18)	TRANSLATION RESERVE (Note 19)	RESERVE FOR CASH FLOW HEDGES (Note 19)			
-	470,271,965	205,955,195	(5,134,376)	2,557,076,522	799,056,106	3,356,132,628
-	154,666,969	-	-	154,666,969	159,836,474	314,503,443
-	708,931	359,069,829	3,921,724	363,700,484	73,258,134	436,958,618
-	**155,375,900**	**359,069,829**	**3,921,724**	**518,367,453**	**233,094,608**	**751,462,061**
-	-	-	-	135,667	-	135,667
-	-	-	-	(135,667)	-	(135,667)
203,256,621	(310,271,965)	-	-	-	-	-
-	-	-	-	-	(163,700)	(163,700)
-	-	-	-	-	179,492	179,492
-	(160,000,000)	-	-	(200,000,000)	(20,420,929)	(220,420,929)
203,256,621	155,375,900	565,025,024	(1,212,652)	2,875,443,975	1,011,745,577	3,887,189,552

Luis Alejandro Pagani

Chairman

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	Notes	12.31.2014	12.31.2013
CASH FLOWS FOR OPERATING ACTIVITIES			
Net income for the year		**508,925,579**	**314,503,443**
Income tax and minimum notional income tax	35	522,470,115	290,948,962
Adjustments to reconcile the income for the year to the net cash generated by operations:			
Depreciation of property, plant and equipment and investment properties	28	398,889,031	276,604,326
Amortization of intangible assets	28	23,208,973	14,403,152
Setting up of allowances deducted from assets and provisions included in liabilities, net		215,250,092	116,765,698
Financial results, net	33 and 34	1,149,127,639	744,254,159
Net gain (loss) on investments in associates		19,832	10,836
Results from initial recognition and changes in the fair value of biological assets	30	(11,077,533)	31,147,205
Results from the sale of property, plant and equipment and investment properties	31	(63,671,301)	(18,685,672)
Deletion of inventories and property, plant and equipment caused by casualties	32	-	66,769,196
(Payments due to purchase and sale of biological assets)		(19,994,213)	(13,835,629)
Net (acquisitions) / collections from derivative financial instruments		(22,722,113)	12,494,976
Payment of income tax and minimum notional income tax		(485,863,920)	(508,793,055)
Net variation in operating assets and liabilities		(384,260,441)	(311,395,912)
Net cash flows provided by operating activities		**1,830,301,740**	**1,015,191,685**
CASH FLOWS FOR INVESTMENT ACTIVITIES			
Payments for advances and acquisition of property, plant and equipment, intangible assets and others		(1,227,359,732)	(977,121,211)
Sale of property, plant, equipment and investment properties (1)		91,924,090	34,012,104
Acquisition of shares to non-controlling interest		-	(163,700)
Net variation of financial receivables		(4,362,740)	(4,813,683)
Net collection of acquisitions of investments at amortized cost		(297,693)	2,084,584
Net cash flows (used in) investment activities		**(1,140,096,075)**	**(946,001,906)**
CASH FLOWS FOR FINANCING ACTIVITIES			
Net increase in bank loans (1)		263,461,663	232,762,604
Collections for corporate bonds issuance net of associated costs		494,871,053	796,236,078
Payment of finance leases		(5,624,475)	(3,555,566)
Payment of interest		(828,741,487)	(378,511,770)
Capital contributions from non-controlling interest		1,084	179,492
Repayment of debt and costs with former shareholders of the parent company		(77,891,303)	(56,060,438)
Dividends paid (2)		(307,679,920)	(220,420,929)
Net cash flows (used in) provided by financing activities		**(461,603,385)**	**370,629,471**
NET INCREASE IN CASH AND CASH EQUIVALENTS		228,602,280	439,819,250
Cash, cash equivalents at the beginning of the year	**15**	**866,597,053**	**449,772,331**
Net financial results and currency translation differences from cash and cash equivalents		96,273,693	(22,994,528)
Net increase in cash and cash equivalents		228,602,280	439,819,250
Cash and cash equivalents at the end of the year	**15**	**1,191,473,026**	**866,597,053**

The accompanying notes are an integral part of these consolidated financial statements.

(1) As of December 31, 2014, the effects of acquisitions of Property, Plants and Equipment by leasing were eliminated (Note 5 and 21).
(2) As of December 31, 2014, the effects of the distribution of dividends of the subsidiary Bagley Latinoamerica S.A. were eliminated for ARS 28,452,536.

Victor Jorge Aramburu
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 1. GENERAL INFORMATION

1.1 Company's background

Arcor Sociedad Anónima, Industrial y Comercial, is an entity organized under the laws of the Argentine Republic (Law 19,550 and amendments). The legal address is Av. Fulvio Salvador Pagani 487, Arroyito, Province of Córdoba.

With its subsidiaries, they jointly form a multinational corporation producing a wide range of products for mass consumption (candies, chocolates, cookies, food, etc.) and industrial products (corrugated cardboard, printing of flexible films, etc.) in Argentina, Brazil, Chile, Mexico and Peru and it sells them in many countries worldwide.

The Company's Bylaws were registered in the Public Registry of Commerce on January 19, 1962. The last amendment thereto was introduced by the Ordinary and Extraordinary Shareholder's Meeting held on November 2, 2013 and approved through Resolution No. 512/2014 –B– of the Superintendency of Commercial Companies of the Province of Córdoba on April 7, 2014, issued on File N° 0007-108775/2013, and recorded in the Public Registry of Commerce – Protocol of Agreements and Dissolution – under Registration 76-A27, in Córdoba, on April 7, 2014. The Company's term of duration will expire on January 19, 2061.

On February 27, 2010, the Ordinary Shareholders' Meeting approved the Global Program of Issuance of non-convertible Notes, in accordance with the 23,576 law modified by the 23,962 law. On October 15, 2010, the Superintendency of Commercial Companies of the Province of Córdoba, through the Resolution 1,931/2010-B, registered the mentioned program in the Public Registry of Commerce. Lastly, on October 25, 2010, the CNV through the Resolution No. 16,439 authorized the Company to create a program of non-convertible Corporate Bonds. On November 28, 2014, the extension of the Program for another five-year term was approved by the Ordinary and Extraordinary Shareholders' Meeting, to be counted as from the authorization of such extension by the CNV.

These consolidated financial statements, corresponding to the 54th year, have been approved by the Board of Directors' Minute No. 2,225 dated on March 9, 2015.

1.2 Data of the parent company

The Company is controlled by Grupo Arcor S.A., holding 99.686534% and 99.679719% of interest in equity and votes, respectively and it is engaged in investment and financial transactions .

Grupo Arcor S.A. is an entity organized under the laws of the Argentine Republic (Law 19,550 and amendments) with legal address at Maipú N° 1210, 6to floor, Of. “A”, Autonomous City of Buenos Aires.

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

Below are some of the most relevant accounting standards used by the Group to prepare these consolidated financial statements.

2.1 Basis for preparation

These consolidated financial statements were prepared in accordance with IFRS issued by the IASB and they represent the full, explicit and unreserved adoption of those international standards. Figures that are disclosure at these consolidated financial statements are stated in pesos without cents as in the notes, except for net earnings per share.

The accounting policies applied are based on the IFRS issued by the IASB and interpretations issued by the IFRIC that are applicable at the date of these consolidated financial statements.

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make estimates and assessments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of issue of these consolidated financial statements as well as recorded income and expenses.

The Company makes estimates to calculate, for example, depreciation and amortization, the value of biological assets, the recoverable value of non-current assets, the income tax charge, certain labor charges, the provision for contingencies, labor, civil and commercial lawsuits and allowances for bad debts and provisions for discounts and rebates to customers. Actual future results may differ from those estimates and assessments made at the date these consolidated financial statements were prepared.

Going concern

At the date of these consolidated financial statements, there are no uncertainties as regards events or conditions that might give rise to doubts as to the possibility that the Group continues operating normally as a going concern.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.2 Changes in accounting policies. New accounting standards

(a) New standards, amendments and interpretations which have come into force for fiscal year beginning on January 1, 2014 and have not generated impacts on the comparative consolidated financial statements:

IFRIC 21 "Levies": provides guidance on when to recognize a liability for a levy imposed by a government, other than for income tax, both for levies that are accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and those where the timing and amount of the levy is certain. Amendments of this standard had not significant impact on the consolidated financial statements of the Company.

Amendment to IAS 39: it provides an exception, of restricted application under certain conditions, to the requirement to discontinue hedge accounting when the novation of a hedging instrument consists in the replacement of the original counterparty by one or more clearing counterparties, including other changes, if any, to be limited to those necessary to replace the counterparty. Amendments introduced to this standard have no impact on the consolidated financial statements of the Group.

(b) New published standards, amendments and interpretations which have not yet come into force for fiscal years beginning on or after January 1, 2014 and have been early adopted:

IFRS 9 "Financial Instruments" (issued in 2010): addresses the classification, measurement and recognition of financial assets and liabilities. It replaces the guidelines of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 maintains but simplifies the mixed measurement model and establishes three main measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. This classification depends on the business model of the Entity to manage its financial assets and on the characteristics of the contractual cash flows of the financial assets. In its initial recognition, an entity may irrevocably choose to record in other comprehensive income subsequent changes to the fair value of an investment in an equity instrument not held for trading. There were no changes in the classification and measurement of financial liabilities, except for the recognition of changes in its own credit risk (own credit rating) under other comprehensive income, for liabilities at fair value through profit or loss.

(c) New published standards, amendments and interpretations which have not yet come into force for fiscal years beginning on or after January 1, 2014 and have not been early adopted:

IAS 19 "Employee benefits": the amended standard requires an entity to consider contributions from employees or third parties when recording for defined benefit plans. If the amount of contributions is independent of the number of years of service, the entity is allowed to recognize these contributions as a reduction of service cost in the period in which the related service is rendered. If the amount of contributions varies according to the number of years of service, the entity is required to attribute those contributions to the remaining periods of service. This amendment is of mandatory application for the years initiated on or after July 1, 2014. Amendments introduced by this standard shall be applied by the Group for the years beginning on January 1, 2015, and is not expected to have significant impact on the consolidated financial statements.

IFRS 15 "Revenue from contracts with customers": is a standard revenue recognition jointly agreed by the IASB and FASB (Financial Accounting Standards Board) which allows for improvements in financial reporting on revenue, and eases its comparability at an international level. It was published in May 2014, and is effective for annual periods commencing on January 1, 2017. The Group is assessing the impacts that could result in the application of this rule, which are not considered significant, and it intends to apply this standard from January 1, 2017.

IFRS 9 "Financial Instruments" (issued in 2014): The complete version of this regulation was issued in July 2014 and it adds Chapter 6 on hedge accounting. IFRS 9 relaxes the requirements for effectiveness of hedge instruments by replacing the rules on effectiveness tests for hedge instruments. It requires the existence of an economic relationship between the item hedged and the hedge instrument and that the reason for hedging be the same as that used by risk management. It maintains the requirement for formal documentation on the initial hedging ratio but it is different to that prepared under IAS 39. Also, this standard adds a model of expected receivable losses which replaces the financial assets impairment model used under IAS 39 The standard becomes effective for accounting periods commencing on or after January 1, 2018. Early adoption is permitted. The Group is analyzing the impact of IFRS 9 issued in 2014, but no significant impacts are expected from the application of this standard to the consolidated financial statements.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.2 Changes in accounting policies. New accounting standards (Cont.)

Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" by "Bearer plants": amendments are introduced to the model of accounting of "bearer plants" which must be accounted for similarly as property, plant and equipment as they are comparable in their operation production schemes. "Bearer plants" are defined as a plant that is used in the production or supply of agricultural produce, that is expected to bear produce for more than one period and which has a remote probability of being sold or traded as agricultural produce. These amendments require that "bearer plants" be accounted for as elements of "Property, plant and equipment" under the scope of IAS 16, maintaining agricultural products developed therein under the scope of IAS 41. These regulatory amendments are effective for the annual periods commencing on or after January 1, 2016 and may be applied in advance. The Group has decided not to apply these amendments early in these financial statements.

There are no other IFRS or IFRIC interpretations effective yet and which are expected to have a significant effect on the Group.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.3 Shares in subsidiaries and associates

(a) Subsidiaries

Subsidiaries are all those entities over which the group has the control. The company controls a subsidiary when is exposed or have right to variable yields from its involvement/participation in the subsidiary and have the capacity to use the power to govern the financial and operating policies of the subsidiary to exert influence over its variable yields. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are de-consolidated from the date on which that control ceases.

In the table below there is a detail of the subsidiaries included in the consolidation:

COMPANIES	COUNTRY	LOCAL CURRENCY	FUNCTIONAL CURRENCY	CLOSING DATE	PERCENTAGE OF INTEREST (*)			
					12.31.2014		12.31.2013	
					DIRECT	DIRECT PLUS INDIRECT	DIRECT	DIRECT PLUS INDIRECT
Agrofrutos S.A. (1)	Argentina	ARS	ARS	12.31.2014	-	-	99.99006	99.99056
Arcor Canada Inc.	Canada	CAD	CAD	12.31.2014	99.00000	99.05000	99.00000	99.05000
Arcor A.G. (S.A., Ltda.) (3)	Switzerland	EUR	EUR	12.31.2014	100.00000	100.00000	100.00000	100.00000
Arcor Alimentos Bolivia S.A. (a)	Bolivia	BOB	BOB	12.31.2014	-	99.00000	-	99.00000
Arcor de Perú S.A.	Peru	PEN	PEN	12.31.2014	-	99.93329	-	99.93329
Arcor do Brasil Limitada (4)	Brazil	BRL	BRL	12.31.2014	75.87232	99.97755	73.56759	99.97540
Arcor U.S.A. Inc.	USA	USD	USD	12.31.2014	99.90000	99.90500	99.90000	99.90500
Arcorpar S.A.	Paraguay	PYG	PYG	12.31.2014	50.00000	50.00000	50.00000	50.00000
Arcor Trading (Shangai) Co. Ltda	China	RMB	RMB	12.31.2014	-	100.00000	-	100.00000
Bagley Argentina S.A.	Argentina	ARS	ARS	12.31.2014	0.00401	50.64327	0.00401	50.63925
Bagley Chile S.A.	Chile	CLP	CLP	12.31.2014	-	51.00000	-	51.00000
Bagley do Brasil Ltda.	Brazil	BRL	BRL	12.31.2014	-	51.00000	-	51.00000
Bagley Latinoamérica S.A. (5)	Spain	EUR	EUR	12.31.2014	51.00000	51.00000	51.00000	51.00000
Cartocor S.A. (6)	Argentina	ARS	ARS	12.31.2014	99.99700	99.99715	99.99700	99.99715
Converflex Argentina S.A.	Argentina	ARS	ARS	12.31.2014	0.99990	99.99718	0.99990	99.99718
Cartocor Chile S.A.	Chile	CLP	CLP	12.31.2014	28.07196	99.99787	28.07196	99.99787
Cartocor do Brasil Ind. Com. e Serv. Ltda.	Brazil	BRL	BRL	12.31.2014	0.00016	99.99715	0.00016	99.99715
Cartocor de Perú S.A.	Peru	PEN	PEN	12.31.2014	0.45321	99.99716	0.45321	99.99716
Constructora Mediterránea S.A.C.I.F.I.	Argentina	ARS	ARS	12.31.2014	99.92857	99.92857	99.92857	99.92857
Converflex S.A.	Argentina	ARS	ARS	12.31.2014	99.90000	99.90500	99.90000	99.90500
Dos en Uno do Brasil Imp. e Com. de Alim. Ltda.	Brazil	BRL	BRL	12.31.2014	26.38242	99.98347	26.38242	99.98189

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.3 Shares in subsidiaries and associates (Cont'd)

(a) Subsidiaries (Cont'd)

COMPANIES	COUNTRY	LOCAL CURRENCY	FUNCTIONAL CURRENCY	CLOSING DATE	PERCENTAGE OF INTEREST (*)			
					12.31.2014		12.31.2013	
					DIRECT	DIRECT PLUS INDIRECT	DIRECT	DIRECT PLUS INDIRECT
Dulciora S.A. (2)	Argentina	ARS	ARS	12.31.2014	-	-	99.99360	99.99388
Frutos de Cuyo S.A. (2)	Argentina	ARS	ARS	12.31.2014	-	-	99.99000	99.99050
GAP International Holding S.A. (7)	Chile	CLP	USD	12.31.2014	99.90000	99.90500	99.90000	99.90050
GAP Regional Services S.A.	Uruguay	UYU	USD	12.31.2014	-	99.90500	-	99.90500
Hegolo S.A. (1)	Argentina	ARS	ARS	12.31.2014	-	-	99.90000	99.90500
Indalar S.A. (1)	Argentina	ARS	ARS	12.31.2014	96.45807	96.45820	96.00000	96.00000
Industria de Alimentos Dos en Uno S.A. (8)	Chile	CLP	CLP	12.31.2014	100.00000	100.00000	100.00000	100.00000
Industrias Dos en Uno de Colombia Ltda.	Colombia	COP	COP	12.31.2014	51.36849	100.00000	51.36849	100.00000
La Campagnola S.A.C.I. (2)	Argentina	ARS	ARS	12.31.2014	99.91801	99.92211	99.90000	99.90500
Mundo Dulce S.A. de C.V. (9)	Mexico	MXN	MXN	12.31.2014	-	49.99993	-	49.99993
Productos Naturales S.A. (2)	Argentina	ARS	ARS	12.31.2014	-	-	99.99000	99.99050
Unidal Ecuador S.A.	Ecuador	USD	USD	12.31.2014	-	99.98129	-	99.98100
Unidal México S.A. de C.V. (10)	Mexico	MXN	MXN	12.31.2014	99.99985	99.99985	99.99983	99.99983
Unidal Venezuela S.A.	Venezuela	VEF	VEF	12.31.2014	99.99993	99.99993	99.99960	99.99962
Van Dam S.A.	Uruguay	UYU	UYU	12.31.2014	100.00000	100.00000	100.00000	100.00000

(*) Percentage of shares/capital stock and voting rights.

(1) On December 19, 2013, the Board of Directors of Indalar S.A., Hegolo S.A. and Agrofrutos S.A. approved a preliminary merger agreement whereby, if approved by the pertinent Shareholders' Meetings, Indalar S.A. will absorb the assets and liabilities of the other companies effective as from January 1, 2014 (Note 40).
(2) On December 19, 2013, the Board of Directors of La Campagnola S.A.C.I., Dulciora S.A., Frutos de Cuyo S.A., and Productos Naturales S.A. approved a preliminary merger agreement whereby, if approved by the pertinent Shareholders' Meetings, La Campagnola S.A.C.I. will absorb the assets and liabilities of the other companies effective as from January 1, 2014 (Note 40)
(3) It consolidates Arcor Alimentos Bolivia S.A. y Arcor Trading (Shangai) Co., Ltda. and includes the branches in Spain and South Africa.
(4) It consolidates Dos en Uno do Brasil Importaçao and Comercio de Alimentos Ltda.
(5) It consolidates Bagley Chile S.A., Bagley do Brasil Alimentos Ltda. and Bagley Argentina S.A.
(6) It consolidates Converflex Argentina S.A., Cartocor Chile S.A., Cartocor do Brasil Industria Comercio e Servicios Ltda. and Cartocor de Perú S.A.
(7) It consolidates GAP Regional Services S.A.
(8) It consolidates Arcor de Perú S.A. y Unidal Ecuador S.A.
(9) According to the articles of incorporation, Arcor Group, through Unidal México, S.A. de C.V., assumed corporate control of Mundo Dulce, S.A. de C.V. by holding the simple majority of voting rights, and in addition it took charge of the operating and financial management of this company, with competence to chair the Administrative Council and to appoint the key officers in charge of operations.
(10) It consolidates Mundo Dulce S.A. de C.V.
(a) In July 30th, 2014, the subsidiary "La Serrana S.A", and modified its business name to "Arcor Alimentos Bolivia S.A."

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.3 Shares in subsidiaries and associates (Cont'd)

(a) Subsidiaries (Cont'd)

The Group applies the acquisition method to account for the acquisition of subsidiaries. The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. The price agreed includes, where applicable, the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are considered expenses as incurred. Identifiable assets acquired and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the acquisition cost on the fair value of the Group's interest over the net identifiable assets acquired is recorded as goodwill. If the acquisition cost is lower than the fair value of net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

Transactions, balances, incomes and expenses arised in operations between group companies are eliminated. Also, intercompany profits and losses included in the final balances of assets resulting from those transactions are eliminated.

The financial statements used in the consolidation process were prepared with a closing date that agrees with the consolidated financial statements date, for equal periods. They are also prepared using consistent valuation and disclosures criteria to those used by the Company.

(b) Transactions with non-controlling interest

The Group applies the policy to consider transaction with non-controlling interest as transactions with Group's shareholders. In the case of acquisitions of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposals, as long as control is held, are also recorded in equity.

(c) Associates

The associates are all entities over which the Group has a significant influence, namely the power to intervene in the decisions about the financial and operating policies of the subsidiary, without having control. Investments in associates are accounted using the equity method of accounting and are initially recognized at cost. The group's investment in associates includes goodwill identified on acquisition, net of any loss for accumulated impairment, where applicable.

The group's share in post-acquisition profit or loss is recognized in statement of income, and its share in other comprehensive income post-acquisition is recognized in other comprehensive income. Post-acquisition movements are adjusted to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognizes further losses, unless it incurred in obligations or made payments on behalf of the associate.

Unrealized profit resulting from transactions between the Group and its associates, if any, are eliminated based on the Company's equity percentage. Unrealized losses, where applicable, are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of income.

2.4 Segment information

Segment information is presented in a consistent manner with the internal reporting provided to:

(i) Senior Management, who is the maximum authority in operating decision-making and is responsible for allocating resources and assessing the performance of operating segments, and
(ii) The Board of Directors, who takes the strategic decisions for the Group.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.5 Financial reporting in hyperinflationary economies

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy, shall be stated in terms of the measuring unit current at the end of the reporting period, in accordance with the method established by IAS No. 29 "Financial reporting in hyperinflationary economies".

In Venezuela, the cumulative inflation rate over the last three years was close to or exceeded 100%. This situation, combined with other economic indicators have led the Group to classify the economy of this country as hyperinflationary. As a consequence, the financial statements of the subsidiary Unidal Venezuela S.A. were restated in constant currency at year-end, using coefficients calculated based on the National Consumer Price Index (INPC) published by the Central Bank of Venezuela. The value of this index and its variations over the last three years is disclosed in the table below:

Date	INPC	Annual variation	Accumulated variation over the last three years
12.31.2012	318.9	20.1%	94.8%
12.31.2013	498.1	56.2%	139.2%
12.31.2014	839.5	68.5%	216.1%

Gains and losses on the net monetary position shall be disclosed in the caption financial results, net of the consolidated income statement.

At the date of these financial statements, the conditions established by IAS 29 "Financial reporting in Hyperinflationary economies" are not met to consider Argentina as an hyperinflationary economy, due to the fact that the accumulated rate of inflation over the last three years does not amount to or exceed 100%, considering for such purpose the internal wholesale price index published by the National Institute of Statistics and Census; therefore, these financial statements must not be restated.

2.6 Foreign currency translation

(a) Functional and presentation currency

The figures included in the financial statements for each of the Group´s entities are stated in their functional currency. In general, for the case of foreign Group´s entities, functional currency has been defined as the currency of each country, since it is the currency of the primary economic environment in which the entities operate. The consolidated financial statements are presented in ARS which is the functional currency of the Company and the Group's presentation currency. The closing exchange rates used in the currency translation process are as follows:

		LOCAL CURRENCY PER ARS	
COUNTRY	LOCAL CURRENCY	12.31.2014	12.31.2013
Bolivia	BOB	0.8236	1.0739
Brazil	BRL	0.3143	0.3615
Canada	CAD	0.1373	0.1641
Chile	CLP	71.9424	80.9458
China	RMB	0.7241	0.9357
Colombia	COP	282.1410	297.3044
Ecuador	USD	0.1183	0.1543
USA	USD	0.1183	0.1543
Mexico	MXN	1.7436	2.0159
Paraguay	PYG	549.3030	711.4504
Peru	PEN	0.3538	0.4314
Switzerland – Spain	EUR	0.0974	0.1119
Uruguay	UYU	2.8836	3.3057
Venezuela	VEF	1.4200	0.9721

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.6 Foreign currency translation (Cont'd)

(b) Transactions and balances

Foreign currency transactions are converted into the functional currency at the exchange rate prevailing at the date of the transactions or valuation when the items are measured at closing date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income, under the caption "Net foreign exchange difference" except when deferred in equity as qualifying cash flow hedges, where applicable.

(c) Translation of financial statements of companies whose functional currency corresponds to a hyperinflationary economy

The results and financial position of the Group's entities which have a different functional currency from the presentation currency and which is not related to a hyperinflationary economy, are converted as follows:

(i) Assets and liabilities are translated at the exchange rate prevailing at year end;
(ii) Income and expenses are translated at the average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the exchange rates prevailing at the date of each transaction, in which case the income and expenses are translated at the exchange rates prevailing at the date of each transaction); and
(iii) Resulting exchange differences are recorded in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of investments are treated as assets and liabilities of the entity acquired and are translated into the presentation currency at the exchange rate prevailing at closing date. Resulting exchange differences are recorded in other comprehensive income.

When an investment is sold or disposed off, the exchange differences are recognized in the statement of income as part of the gain or loss on that sale/disposal.

(d) Translation of financial statements of companies whose functional currency is related to that of a hyperinflationary economy

The results and financial position of the Group´s companies that have a functional currency different from the presentation currency and which are related to a hyperinflationary economy are restated firstly in accordance with IAS 29 "Financial reporting in hyperinflationary economies" (Note 2.5 to these consolidated financial statements) and then, all assets, liabilities, equity items and income statement accounts are translated at the exchange rate prevailing at year end.

2.7 Property, plant and equipment

They were valued at acquisition cost or construction cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost includes expenses which are directly attributable to the acquisition or construction of these items.

Property, plant and equipment acquired through business combinations were valued initially at fair value estimated at the time of acquisition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other repair and maintenance expenses are charged to the consolidated statement of income during the year in which they are incurred.

Greater maintenance costs are recognized as part of the cost value of the asset as long as general recognition criteria for assets is met, and are depreciated in the period estimated until the next great maintenance. Any resulting net carrying value from prior maintenance is charged to results.

The Group has capitalized interest on the construction of plant and equipment which necessarily require a substantial period before they are ready for use.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.7 Property, plant and equipment (Cont'd)

Depreciation of these assets is computed by the straight-line method, using annual rates sufficient to extinguish asset values by the end of their estimated useful lives. In case of an asset includes significant components with different useful lives, they are recognized and depreciated as separate items.

Below is the useful life for each of the items that make up the property, plant and equipment caption:

ITEM	USEFUL LIFE
Land	without depreciation
Buildings	30 – 50 years
Machinery and facilities	10 years
Furniture, tools, vehicles and other equipment	3 – 10 years
Works in progress and equipment in transit	without depreciation

The net carrying values of property, plant and equipment, the useful lives and the depreciation methods are reviewed and adjusted, if appropriate, at the closing date of each year.

The carrying value of property, plant and equipment is immediately reduced to its recoverable amount when the carrying value is higher than the estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment, are calculated comparing the proceeds with the carrying amount of the respective asset and are included in the caption Other gain/ (losses), net of the consolidated statement of income.

The Company has used the option foreseen in IFRS 1 "First time adoption of IFRS" as to the use of the deemed cost of property, plant and equipment. In this way, the cost of property, plant and equipment, restated in accordance with ARG GAAP was adopted as deemed cost at the transition date to IFRS (January 1st 2011), since it can be similar to the cost or depreciated cost in accordance with IFRS, adjusted to reflect the changes in a general or specific price index.

2.8 Investment properties

Investment properties are formed by property (land and/or buildings) held by the Group to obtain a rent and/or to appreciate capital or both, rather than for its use in the production of goods and services or for administrative purposes.

Investment properties were valued at acquisition cost or construction cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost includes expenses which are directly attributable to the acquisition or construction of these items.

Land is not depreciated. The estimated useful life of buildings ranges from 30 to 50 years.

The net carrying values of investment properties, their useful life and the depreciation methods are reviewed and adjusted, if appropriate, at the closing date of each year.

The carrying value of investment property is immediately reduced to its recoverable amount when the carrying value is higher than the estimated recoverable amount.

Gains and losses on disposals of investment property are calculated comparing the proceeds with the carrying amount of the respective asset and are included in the caption Other gain/ (losses), net of the consolidated statement of income.

Repairs and maintenance expenses are recognized in the caption Other gain/(losses), net in the consolidated income statement during the financial year in which they are incurred.

The Company has used the option foreseen in IFRS 1 "First time adoption of IFRS" as to the use of deemed cost of investment property. In this way, the cost restated in accordance with ARG GAAP was adopted as deemed cost at the transition date to IFRS (January 1st 2011), since it can be similar to the cost or depreciated cost in accordance with IFRS, adjusted to reflect the changes in a general or specific price index.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.9 Intangible assets

Intangible assets are non-monetary assets, without physical substance, that are identifiable separately or which result from legal or contractual rights. They are recorded when they can be measured reliably and are expected to produce benefits for the Group.

(a) Goodwill

Goodwill arose on the acquisition of subsidiaries, represents the excess of:

(i) the cost of an acquisition, which is measured as the consideration transferred, valued at fair value at the date of acquisition, plus the amount of the non-controlling interest; and
(ii) the fair value of the identifiable assets acquired, the liabilities assumed and contingent liabilities from the acquiree.

Goodwill is included in the caption intangible assets in the consolidated balance sheet.

Goodwill is not amortized. The Group assesses at least annually the recoverability of goodwill based on the future discounted cash flows plus other information available at the date of preparation of the consolidated financial statements. Impairment losses once recorded are not reversed. Gains and losses from the sale of an entity include the balance of goodwill related to the entity sold.

Goodwill is assigned to cash generating units to do the recoverability tests. The assignment is made between those cash generating units (or group of units), identified in accordance with the criteria of the operating segment, which benefit from the business combination from which goodwill arose.

For goodwill resulting from business combinations prior to the transition date to IFRS, the Company used the option foreseen in IFRS 1 "First time adoption of IFRS", as to the retroactive application of IFRS 3 "Business combinations".

(b) Brands, registrations, and patents

Brands, registrations and patents individually acquired are valued at cost, whereas those acquired through business combinations are recognized at fair value estimated at the date of acquisition.

At the closing date of these financial statements, intangible assets with a finite useful life are disclosed net of accumulated amortization and/or accumulated impairment losses, if any. These assets are tested for impairment when there are events or circumstances that indicate that their carrying value may not be recovered.

Intangible assets with an indefinite useful life are those arising from contracts or other legal rights that might be renewed without a significant cost and for which, on the basis of the analysis of all relevant factors, there is no foreseeable limit to the period in which the asset is expected to generate net cash flows for the entity. These intangible assets are not amortized and they are tested annually for impairment either individually or at the level of the cash generating unit. The classification of the indefinite useful life is reviewed on an annual basis to confirm its sustainability.

Brands acquired by the Group are classified as intangible assets with indefinite useful lives. The main factors considered for this classification include years that have been in service and their recognition among customers in the industry.

(c) Intangible assets added as a consequence of a business combination

It is comprised mainly of brands, measured at fair value in local currency, estimated at acquisition date and translated into Argentine pesos, if applicable, at the historical exchange rate of the moment of the business combination.

The Group considers that brands have an indefinite useful life (thus, no amortization is calculated) since, through investments in marketing and commercial actions, their value is maintained. These values have an indefinite useful life. The value of these assets does not exceed their estimated recoverable value.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.9 Intangible assets (Cont'd)

(d) Software and related licenses

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development, acquisition and implementation costs, that are directly attributable to the design and testing of identifiable and unique software products controlled by the group, are recognized as intangible assets.

Development, acquisition or implementation costs, initially recognized as expenses over the financial year, are not subsequently recognized as costs of the intangible asset. Costs incurred in software development, acquisition or implementation recognized as intangible assets, are amortized applying the straight-line method during their estimated useful lives, in a period not exceeding 5 years. Licenses acquired by the Group have been classified as intangible assets with a finite useful life, they are amortized on a straight-line basis throughout the period of the license, which does not exceed 5 years.

2.10 Impairment of non-financial assets

Assets having indefinite useful life are not subject to amortization and are tested annually for impairment. Assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment losses are recognized when the carrying value exceeds recoverable value. The recoverable value of assets is the higher of the net amount to be obtained from its sale or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level in which they generate identifiable cash flows (cash generating units). Carrying value of non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Biological assets

Basically, it is made up by dairy cattle and beef cattle, sugar cane plantations, fruit trees and plantations intended for the production of milk, sugar, fruit and grains.

They are measured at fair value less direct costs to sell or transfers for their use.

Gains and losses from the initial recognition of a biological asset at fair value less the estimate of direct costs to sell /transfer and those related to subsequent changes in the fair value, are disclosed as gains and losses in the consolidated statement of income in the period in which they are generated under the caption Results generated by biological assets.

(a) Dairy cattle

Cattle is recorded at fair value estimated based on the price of transactions close to the year-end date of the consolidated financial statements, for animals with similar features, net of the estimate of direct expenses of sales.

These biological assets are used by the Group, mainly for the production of milk, which will be consumed in the manufacture of other products such as candies, chocolate or cookies.

These biological assets are expected to be used for production during five lactation periods (representing approximately five years), until they reach the category of dry cow, when they are destined for slaughter. As a result, they are classified as non-current assets.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.11 Biological assets (Cont'd)

(b) Sugar cane plantations

At the initial phase of their biological development, i.e. the replanting stage, and until the sugar-cane plantation is apt for production, they are valued at historical cost. Once this stage is gone through, they are valued at fair value less harvest and transport costs up to the use/sales point.

Since there is no active market for this type of biological assets in their location and condition at the date of these consolidated financial statements, the fair value is estimated based on the present value of the net cash flows to be received, discounted using an appropriate rate under the circumstances.

The fair value of these biological assets is determined on a separate basis from the land where they are planted, which is measured in accordance with criteria adopted for property, plant and equipment.

These biological assets are used by the Group mainly for the production of sugar, which will be used in the manufacture of other products such as candies, chocolate or cookies.

Given that these biological assets are expected to be used in the following five years from its initial recognition, they are classified as non-current assets. The sale of these assets as agricultural produce at the end of their useful life is not expected.

(c) Fruit trees

At the initial phase of their biological development, i.e. the replanting stage, and until the fruit plantation is apt for production, they are valued at historical cost. Once this stage is gone through, they are valued at fair value less harvest and transport costs up to the use/sales point.

Since there is no active market for this type of biological assets in their location and condition at the date of these consolidated financial statements, the fair value is estimated based on the present value of the net cash flows to be received, discounted using an appropriate rate under the circumstances.

The fair value of these biological assets is determined on a separate basis from the land where they are planted, which is measured in accordance with criteria adopted for property, plant and equipment.

This category basically comprises peach plantations. They are used by the Group mainly to obtain fruit, which will be used in the manufacture of other products such as jam, canned fruits, etc.

Given that these biological assets are expected to be used in the following twenty years from its initial recognition, they are classified as non-current assets. The sale of these assets as agricultural produce at the end of their useful life is not expected.

(d) Sown Grain

At the initial phase of their biological development, i.e. until the seed reaches adequate phenological status that indicates the moment when yields can be reasonably estimated, they are valued at historical cost. Once this stage is gone through, they are valued at fair value less harvest and transport costs up to the use/sales point.

Since there is no active market for this type of biological assets in their location and condition at the date of these consolidated financial statements, the fair value is estimated based on the present value of the net cash flows to be received, discounted using an appropriate rate under the circumstances. For the purposes of the estimate, the phenological status of crops, expected yield per hectare, grain price and estimated costs of farm work and inputs up to the harvest date are considered among other factors.

Since these biological assets are harvested within the next twelve months and they are then consumed in other industrial processes, they have been classified as current assets.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.11 Biological assets (Cont'd)

In the current agricultural campaign, there are corn and soy plantations. Agricultural products from corn are mainly transformed into forage to feed the dairy cattle. Soy, on the contrary, is intended for sale.

The fair value of these biological assets is determined on a separate basis from the land where they are planted, which is measured in accordance with criteria adopted for property, plant and equipment.

(e) Beef cattle

They are measured at fair value less direct costs to sell, estimated in accordance with the quotations at the closing date, per kilogram of live weight at the Liniers Market.

This category comprises basically calves and steers to be sold as beef cattle, and also dry cows that exhausted their milk production and were transferred to this category. Since these biological assets are expected to be consumed within twelve months, they are classified as current assets.

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets into the following categories:

(i) Financial assets at amortized cost, and
(ii) Financial assets at fair value.

This classification depends on the business model that the Group applies to manage its financial assets and the characteristics of the asset's contractual cash flows.

(i) Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

(a) the asset is held within a business model aimed at maintaining the assets to obtain contractual cash flows; and

(b) contractual conditions of the financial asset give rise on specified dates to cash flows that are only payments of the principal and interest on the outstanding principal amount.

In addition, and for the assets meeting the conditions mentioned above, IFRS 9 includes an option to designate a financial asset at fair value, at initial recognition, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any financial asset at fair value exercising this option.

(ii) Financial assets at fair value

Financial assets at fair value are those that are not measured at amortized cost.

2.12.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date, when the Group commits to purchase or sell them.

Financial assets classified as "at amortized cost" are initially recognized at fair value, plus the transaction costs. These assets accrue interest according to the effective interest rate method.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.12 Financial assets (Cont'd)

Financial assets classified as "at fair value" through profit or loss are initially recognized at fair value, and the transaction costs are recognized as an expense in the consolidated statement of income. Subsequently, they are valued at fair value.

Financial assets are derecognized when the rights to receive cash flows from investments have expired or have been transferred and the Group has transferred substantially all the risks and benefits of ownership.

Gains and losses from changes in the fair value are included in the consolidated statement of income, in the item "Financial results, net", in the period in which the mentioned changes in the fair value take place.

The Group assesses, at each period-end date, if there is objective evidence of impairment of a financial asset, or a group of financial assets, measured at amortized cost.

Some examples of objective evidence include those cases of certain Group´s debtors having financial difficulties or defaulting their payments, non-compliance in the payment of accounts receivable, probability that those debtors file for reorganization proceedings or bankruptcy, and also experience on the performance and characteristics of the credit portfolio.

A financial asset or a group of financial assets is impaired and an impairment loss is recognized if there is objective evidence of the impairment of value as a result of one or more events that have occurred after the initial recognition of the asset, and such an event (or events) has an impact on the estimated future cash flows from the financial asset or group of financial assets.

2.12.2 Recognition and measurement

The resulting loss, determined as the difference between the accounting value of the asset and the present value of estimated future cash flows, is recognized in the consolidated statement of income. If, in a subsequent period, the amount of the impairment loss decreases and this can be related to an event occurred after the measurement, the reversal of the impairment loss is recognized in the consolidated statement of income.

Impairment tests on accounts receivable are described in Note 2.15.

2.13 Derivative financial instruments and hedging transactions

Derivative financial instruments are initially recognized at fair value on the date when the contract of the derivative instrument is contracted or negotiated, and are subsequently measured at fair value at period-end date. The method for recognizing the gain or loss from changes in the fair value of derivatives depends on whether they are designated as hedging instruments and, if so, of the nature of the item hedged.

The Group applies hedging accounting only for certain interest rate derivatives designated as "Cash flow hedge", the objective of which is to obtain a hedge on variable financial costs. The effective part of changes in the fair value for the derivatives designated and qualifying as cash flow hedge is recognized in other comprehensive income. If the related gain or loss corresponds to the non-effective part, it is immediately recognized in the consolidated statement of income, under the item "Financial results, net".

The amounts accumulated in other comprehensive income are reclassified to the consolidated statement of income in the period in which the hedged item affects income.

At the inception of the transaction, the Group documents the relationship between the hedging instruments and the items hedged, and also the objectives for risk management and the strategy to implement hedging transactions. In addition, the Group evaluates, both at the beginning and on a continuous basis, whether the derivatives used in the hedging transactions are highly effective to compensate changes in the fair value or in the cash flows of the items being hedged.

When a hedging instrument expires or is sold, or when it ceases to meet the criteria to be recognized through hedge accounting, any gain or loss accumulated in other comprehensive income to that date remains there, and it is recognized when the transaction originally intended to be hedged affects the consolidated statement of income. When a projected transaction is not expected to occur, the gain or loss accumulated in other comprehensive income is immediately transferred to the item "Financial results, net" of the consolidated statement of income.

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Chairman Syndics Committee	Secretary Member of the Board	Chairman	

NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.13 Derivative financial instruments and hedging transactions (Cont'd)

Total fair value of the derivatives used as cash flow hedging is classified into non-current assets or liabilities when the maturity date of the remaining balance of the hedged item is in more than twelve months. Otherwise, it is classified as current assets or liabilities.

Changes in the reserve for cash flow hedges are shown in Note 19 – Other components of equity.

The gains or losses for changes in the fair value of derivatives not designated as hedging instruments are recognized in the consolidated statement of income, under the item "Financial results, net". These financial instruments are classified as current assets or liabilities.

2.14 Inventories

Inventories are recorded at the lower of cost or net realizable value. Cost is determined applying the weighted average price method. The cost of finished products and work in process includes the costs of raw material, direct labor, other direct costs and overhead manufacturing expenses, based on normal operating capacity, and it excludes financing costs. Net realizable value is the sale price estimated in the normal course of operation, less direct costs of sales.

A provision for inventories impairment and obsolescence is calculated for those goods that at period-end have a net realizable value lower than their historical cost, and to reduce certain slow-moving or obsolete stock to their probable realizable/service value, at the corresponding dates.

Inventories include the agricultural produce that the Group has harvested or gathered from its biological assets, such as milk, sugarcane, fruits, crops, etc. For initial recognition, they are measured at market value at that date, less direct costs of sales or transfer estimated at the moment of their harvest, milking or gathering.

2.15 Trade accounts receivable and other receivables

Trade and other receivables are initially recognized at fair value and subsequently valued at amortized cost applying the effective interest rate method, less the allowances for doubtful accounts.

Allowances for doubtful accounts for trade and other receivables are set up when there is objective evidence that the Group will not be able to collect all amounts pending according to the original terms of the receivables. The allowance has been determined based on estimates as to the probability of collecting the receivables, taking into account the reports from legal advisors, collections after closing, securities received and the debtors' financial condition.

The carrying value of trade accounts receivable is reduced through an allowance account and the amount of the loss is recognized in the consolidated statement of income in the item "Selling expenses". When an account receivable is considered uncollectible, it is recorded against the corresponding allowance for doubtful accounts. Subsequent recovery of amounts previously recognized as losses is recorded by crediting the item "Selling expenses" in the consolidated statement of income.

2.16 Cash and cash equivalents – Statement of Cash Flows

Cash and cash equivalents include available cash, freely available bank deposits and other short-term highly liquid investments originally falling due within three months or less.

Assets recorded under cash and cash equivalent are measured at fair value or at historical cost that approximates fair value.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.17 Share capital

Ordinary shares are classified as equity and recorded at nominal value. When company's shares (treasury shares) are acquired, the payment made, including all costs directly attributable to the transaction (net of taxes), is deducted from equity until the shares are canceled or sold.

2.18 Loans

Loans are initially recognized at fair value, net of the transaction costs incurred. These loans are subsequently recorded at amortized cost. Any difference between the funds received (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the term of the loan, using the effective interest rate method.

2.19 Trade accounts payable and other liabilities

Trade accounts payable are initially recognized at fair value and subsequently they are valued at amortized cost, according to the effective interest rate method.

2.20 Income tax and minimum notional income tax

(a) Income tax

The income tax charge for the year comprises current and deferred taxes. Taxes are recognized in the consolidated statement of income, except for the items that must be recognized directly in other comprehensive income. In this case, the income tax related to these items is also recognized in that statement.

- Current income tax

The charge for consolidated current income tax corresponds to the addition of the charges for the various companies that form the Group, which were determined, in each case, by applying the tax rate on the taxable income, in accordance with the Income Tax Law of the countries in which each company operates.

The Group regularly assesses the positions on the tax returns regarding situations where the applicable tax regulation is subject to interpretation. If applicable, the Group establishes provisions based on the amounts payable to the tax authorities.

- Deferred income tax

The Company and each of its subsidiaries applied the deferred tax method to account the income tax. This methodology implies accounting recognition of the estimated future tax effect generated by the temporary differences between the accounting and tax valuation of assets and liabilities.

It also considers the effect of the future utilization of accumulated tax loss carryforwards, based on the probability of their use.

In order to determine deferred assets and liabilities, the tax rate expected to be effective at the time of their reversal or use, considering the tax laws enforced in each country at the end of the reporting period for these consolidated financial statements has been applied on identified temporary differences and tax loss carryforwards, if applicable.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.20 Income tax and minimum notional income tax (Cont'd)

Deferred tax assets are recognized only to the extent that tax benefits are likely to be obtained in the future to be able to offset the temporary differences.

The Company records a deferred tax liability on taxable temporary differences related to investments in subsidiaries and associates, unless both the following conditions are met:

(i) The Group controls the timing of reversal of the temporary differences;
(ii) It is probable that the temporary difference will not reverse in the foreseeable future.

The balances of deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to the same taxation authority for the Company or the different subsidiaries where there is an intention and possibility to settle the tax balances on a net basis.

(b) Minimum notional income tax

The Company and its subsidiaries in Argentina compute the minimum notional income tax by applying the current 1% rate on computable assets at the end of the period. This tax complements income tax. The Company's tax obligation will be the higher of the two taxes. If in a fiscal year, however, the minimum notional income tax obligation exceeds income tax liability, the surplus will be computable as a payment on account of income tax through the next ten years.

The minimum notional income tax credit disclosed under Other non-current receivables is the portion that the Company and its Argentine subsidiaries expect to offset against income tax in excess of the minimum notional income tax to be generated in the next ten fiscal years.

2.21 Employee benefits

(a) Defined contributions plan

The Company offers post-employment benefits to certain senior managers, who are specifically selected as beneficiaries, within the framework of a pension plan. The right to obtain these benefits is subject to the permanence of the employee until he/she meets certain requirements of the plan, such as retirement, death, total and permanent disability, etc., and during a minimum period of time. These obligations assumed by the Company qualify as "Defined Benefit Plans" as per the classification of IAS 19 "Employee benefits". Expected costs of these benefits are accrued over the working life of employees. The liability recognized in the consolidated balance sheet is the present value of the obligation at the closing date. The obligation from defined benefits is calculated annually in accordance with the projected unit credit method. The current value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using the interest rates of high-quality corporate bonds, denominated in the same currency in which the benefits will be paid, and whose maturity terms are similar to those of the relevant obligations. In those countries where there is no developed market for those bonds, interest rates of securities are used.

Actuarial gains and losses arising from adjustments due to the experience and changes on actuarial assumptions are recognized in Other Comprehensive Income in the period when they occur.

Costs of past services are recognized to profit or loss immediately.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.21 Employee benefits (Cont'd)

(b) Retirement bonuses

This represents accrued but non-claimable benefits established in the collective bargaining agreements in favor of employees that retire at the required age or before, in case of disability. These benefits consist in the payment of a certain sum, equivalent to three wages, at the moment of retiring due to retirement age or disability. Collective bargaining agreements do not foresee other benefits, such as life insurance, health care plan or others. These obligations assumed by the Company qualify as "Defined Benefit Plans" as per the classification of IAS 19 "Employee benefits". There is no specific fund to face the payment of these benefits. Expected costs of these benefits are accrued over the working life of employees using the same accounting method that is used for defined benefit plans. Actuarial gains and losses arising from adjustments due to the experience and changes of actuarial assumptions are recognized in other comprehensive income in the period when they occur. Costs of past services are recognized to profit or loss immediately.

(c) Early retirement benefits

Early retirement benefits are recognized when employment is terminated before the normal retirement date, or when an employee accepts voluntary termination in exchange for these benefits. These benefits are paid during a period of time that is generally extended until one year after the foreseen retirement date of the employee. The Group recognizes termination benefits when it is demonstrably committed to either: i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or ii) providing termination benefits as a result of an offer made to encourage voluntary retirement. These benefits are recognized at present value of the cash flows expected to be disbursed by the Group.

(d) Bonuses for personnel

The Group recognizes a liability and an expense for bonuses when the benefit is accrued. The Group also records a provision when is legal or contractually obliged or when a past practice has created a constructive obligation.

2.22 Provisions

Provisions are recorded when the Group has a present legal or constructive obligation as a result of past events, it is likely that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at present value of the expenditure required to settle the obligation applying an interest rate that reflect current market conditions on the time value of money and the specific risks of such obligation. The increase in the provision as a result of the passage of time is recognized under the caption "Financial results, net" in the consolidated statement of income. The following provisions are recognized:

For labor, civil and commercial lawsuits: this provision has been determined based on legal advisors' reports on the status of lawsuits and the estimate on any possible losses to be borne by the Group, as well as on additional information related to these lawsuits.

Other various provisions: it has been set up to cover for contingent situations that could create obligations for the Group. In estimating the amounts, the likelihood of occurrence is considered, taking into account the opinion of the Group's professional and legal advisors.

At the date of these consolidated financial statements, the Managements of the Company and of its subsidiaries understand that there are no elements which may determine the existence of other probable contingencies that could materialize and have a negative impact on these consolidated financial statements.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.23 Leases/Leasing

Leases where the lessor retains a significant portion of the risks and benefits of ownership are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

The Group leases buildings, machinery and equipment, and vehicles, and when the Group takes substantially all the risks and benefits of ownership they are classified as financial leases, and capitalized at the lease's inception at the lower of fair value of the leased asset and the present value of the minimum lease payments.

Each lease payments shall be apportioned between the finance charge and the reduction of the liability so as to achieve a constant rate on the balance outstanding. The corresponding lease installment obligation, net of finance charges, is included in “Obligations for financial leases” under the caption Loans, in the consolidated balance sheet. The interest element in the financial cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the outstanding debt for each period.

Assets acquired through a financial lease are depreciated, whichever is shortest, the useful life of the asset or the leasing period.

2.24 Distribution of dividends

Distribution of dividends among the equity holders of the Company and its subsidiaries are recognized as a liability in the financial statements in the year in which the dividends are approved by the equity holders of the Company or its subsidiary companies.

2.25 Revenue recognition on sales

(a) Revenue recognition on sales of goods and services provided

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Group's operation. Revenue from sales are disclosed net of discounts and taxes.

The Group recognizes revenue when the amounts can be measured reliably, when the products have been delivered or the services provided, and when it is probable that future economic benefits will flow to the entity. It is considered that the amount of revenue cannot be measured reliably until all contingencies related to sale or provision of services are solved.

Regarding sales of services, revenue is recognized in the period when the service is rendered, according to the degree of compliance.

In the case of products, they are not considered as delivered until they are dispatched to the place specified by the customer and the risks of obsolescence and loss have been transferred to the buyer.

The Group records provisions for returns based on historical information and accumulated experience, so that provisions are recorded in the same period as the original sale.

(a.1) Local market sales

The Group obtains its incomes mainly from the sale of products for mass consumption and industrial products. Mass consumption products include candies, chocolate, cookies and foodstuff businesses, which are sold mainly through three channels: distributors, wholesalers and supermarkets.

Industrial products comprise sales of corrugated cardboard to industrial and fruit and vegetable customers. The Group also sells other industrial products such as films, industrial chocolate, corn and sorghum by-products, etc.

Incomes from sales, net of value added tax, returns and discounts to customers are recognized after the Group transfers the risks and benefits of ownership of those goods to the purchaser and do not maintain the right to dispose of them, which generally occurs with the delivery and reception at the purchaser’s warehouse.

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NOTE 2. ACCOUNTING STANDARDS AND BASIS FOR PREPARATION

2.25 Revenue recognition on sales (Cont'd)

(a.2) Exports

Revenue recognition is based on Incoterms 2000, which are the official regulations for the interpretation of commercial terms, issued by the International Chamber of Commerce.

In case of discrepancies between the commercial agreements and the Incoterms defined for operation, those established in the agreements shall prevail.

(a.3) Commercial agreements with distributors, wholesalers and supermarket chains

The Group enters into commercial agreements with its customers, distributors, wholesalers and supermarkets establishing discounts, rebates and other compensations in exchange of advertising and publicity, etc.

Payment for services and granting of compensations are recognized when the advertising activities agreed with the customer are performed, and they are recorded as advertisement and publicity, under selling expenses of the income statement.

Items that do not imply compensation are recognized as a reduction of the sales price of the products sold.

(b) Interest

Interest revenue is recognized based on the proportion of time elapsed, using the effective interest rate method.

(c) Rental

Revenue from rental of investment properties is recognized in the consolidated statement of income on a straight-line basis over the term of the lease.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND POLICIES

These consolidated financial statements depend on accounting criteria, assumptions and estimates used in their preparation.

The following accounting estimates, related assumptions and uncertainties inner to our accounting policies have been identified, which are deemed essential to understand the underlying accounting and financial reporting risks and the effect of those accounting estimates, assumptions and uncertainties on these consolidated financial statements.

The Company has evaluated that a reasonably plausible change in one of the significant assumptions would not generate a material impact on these consolidated financial statements.

(a) Recoverability of elements of property, plant and equipment

The Group assesses recoverability of property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of property, plant and equipment is considered impaired by the Group when the value-in-use, calculated based on the estimated cash flows expected from those assets, discounted and separately identifiable, or their net realizable values is lower than their carrying amounts.

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NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND POLICIES

(a) Recoverability of elements of property, plant and equipment (Cont'd)

A previously recognized impairment loss is reversed when there is a subsequent change in the estimates used in computing the asset recoverable amount. In that case, the new amount may not exceed the amount it would have had at the new measurement date if the impairment had not been recognized. Both the impairment charge and its reversal are recognized in income.

The value-in-use calculation requires the use of estimates (Note 2.10) and is based on cash flow projections prepared based on financial budgets for a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates, which do not exceed the long-term average growth rate of each of the business segments involved.

The main key assumptions are related to gross margins which are determined based on past performance, other external sources of information and expectations of market development.

The discount rates used are the respective weighted average cost of capital (WACC), which is considered as a good indicator of the cost of capital. Each WACC used is estimated by industry, country and size of business.

Net realizable values calculation, where necessary, is made based on valuations prepared by independent appraisers, according to the criteria defined by the International Valuation Standards (IVS).

(b) Estimated loss for goodwill impairment

The Group annually assesses the recoverable amount of goodwill. To determine the recoverable amount of goodwill, future cash flow projections of the cash generating unit are used, which have the same characteristics as those detailed for property, plant and equipment.

The Group considers that the estimates are consistent with the presumptions that market operators would use in their estimates of the recoverable amount.

(c) Allowances for doubtful accounts

Allowances for doubtful accounts are calculated on the basis of the estimated losses resulting from customers' ability to meet payments. These estimates are based, when assessing the sufficiency of allowances, on the aging of accounts receivable, our historical uncollectibility experience, the creditworthiness of customers and changes in the payment terms for those accounts. The Group has a policy for provisions based on the aging of trade receivables more than three months past-due and an individual analysis of those receivables. Those cases of items included in a provision and aged less than three months, in general, correspond to balances of customers with a specific fact situation.

(d) Provisions

Provisions are recognized for certain civil, commercial, labor and tax probable contingencies which occasionally take place in the ordinary course of business. With the aim of determining the sufficiency of the provisions for these contingencies, we have considered, based on the advice of our internal and external legal counsel, the probability of adverse judgments or resolutions regarding these matters, as well as the range of probable losses that could result from potentially adverse resolutions. When applicable, the amount of the provisions required for these contingencies is determined after a careful analysis of each particular case.

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NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND POLICIES

(e) Income tax

We must estimate our income taxes in each of the jurisdictions where we operate. This process includes the jurisdiction by jurisdiction estimate of the final tax exposure and the determination of temporary differences arising from the deferred treatment of certain items, such as accruals and amortization, for accounting and tax purposes. These differences may result in deferred tax assets and liabilities, which are included in our consolidated Balance Sheet. In the course of our tax planning procedures, we must determine the fiscal year of reversal of our deferred tax assets and liabilities and whether there will be future taxable profits in those periods. The deferred tax assets and liabilities due to temporary differences that were timely registered are reversed in the pertinent year, if we anticipate that the future reversal will take place in a year with tax losses. A detailed analysis from management is required to determine our provisions for income tax and deferred tax assets and liabilities.

This analysis involves making estimates of taxable profits in the jurisdictions where we operate and the period over which the deferred tax assets and liabilities will be recoverable. If the final results differ from the estimated amounts, or if we adjust these estimates in future periods, our financial condition and results could be affected.

(f) Revenue recognition - Discounts and rebates

It is necessary to assess at each period end the degree to which our customers achieve the goals of volume and other commercial actions agreed upon for them to be entitled to discounts and rebates. In some cases it is necessary to assess compliance with sales volumes in future periods when the goals are set over periods of several months.

(g) Biological assets

In order to measure the fair value of these assets, we have estimated the present value of the expected net cash flows discounted using the rate applicable to the asset in question. Other factors are considered, such as the phenological status of crops/plantations, the expected yield per hectare subject to climatic changes, the price of grains or production and the estimated costs of labor and inputs until the gathering or harvest date.

NOTE 4. SEGMENT INFORMATION

The Group has determined the operating segments based on performance reports that are reviewed by the Board of Directors and the Senior Management, and they are adjusted whenever they are changed.

The Group considers the business both from a geographic and product perspective. Geographically, Management considers the performance of the following segments: (i) Argentina; (ii) Brazil; (iii) Andean Region (including Chile, Peru, Ecuador, Colombia and Venezuela); (iv) Northern, Center and Overseas (including Mexico, USA, Canada, Spain and China); (v) Southern Branches (including operations in Uruguay, Paraguay and Bolivia); and (vi) Rest of countries and businesses. In these locations the industrial plants and commercial units are located. Further, in some geographic segment, the Group is organized according to the following products: (i) Confectionery; (ii) Cookies; (iii) Foodstuff; (iv) Packaging; (v) Agro-industries and other industrial products.

Confectionery, cookies and foodstuff business segment revenues derive from sales to distributors, wholesalers, supermarkets, and others. In the countries where the Group has commercial offices, sales are made in the currencies of those countries. Exports are in general denominated in USD. The main costs of confectionery, cookies and foodstuff business segments are incurred in raw materials, packaging, labor and transport expenses. The main raw materials of the products of those segments are sugar, corn (and its byproducts), cocoa (and its byproducts), flour, milk and fruit.

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NOTE 4. SEGMENT INFORMATION

Packaging segment revenues derive primarily from sales of corrugated cardboard to fruit and vegetables productors and industrial customers in Argentina and Chile.

The agro-industries and other industrial products segment forms part of the vertical integration of the Group in Argentina. Products obtained from these business segments are used basically as raw materials for the confectionery, cookies and foodstuff business in Argentina.

The Board of Directors and the Senior Management assess the performance of the operating segments by measuring: (i) sales; and (ii) Adjusted EBITDA.

Adjusted EBITDA is a measure resulting from the aggregate of operating profit plus depreciation of property, plant and equipment and amortization of intangible assets, both of them included in operating profit. This measurement excludes the effects of exceptional results, such as insured losses, etc.

The eliminations are made with the purpose of excluding the effect of the transactions between the Group´s segments that affect adjusted EBITDA, considering the unrealized income/loss resulting from such transactions.

The results of discontinued operations, if any, are not included in the measurement of adjusted EBITDA.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 4. SEGMENT INFORMATION

a) Segment information at December 31, 2014:

	Argentina					Brazil	
	Confectionery	Cookies	Foodstuffs	Packaging	Agro-industries and other industrial products.	Confectionery	Cookies
Sales to third parties	5,395,530,516	5,235,279,962	2,640,169,966	2,613,995,571	852,021,636	1,742,110,332	1,241,081,403
Inter-segment sales	1,600,872,697	286,855,286	109,323,883	733,122,760	1,095,665,113	67,076,301	19,462,077
TOTAL SALES	6,996,403,213	5,522,135,248	2,749,493,849	3,347,118,331	1,947,686,749	1,809,186,633	1,260,543,480
Adjusted EBITDA	595,450,759	831,074,290	215,907,628	598,852,032	221,331,244	(103,682,880)	(15,715,179)
Depreciation and amortization	(92,922,269)	(53,604,335)	(22,632,487)	(43,110,320)	(19,171,822)	(61,628,572)	(25,016,848)
Income tax	163,276,235	(313,850,887)	(43,486,802)	(230,701,590)	(77,211,552)	-	-
Net result on investments in associates	-	-	-	-	-	-	-

a) Segment information at December 31, 2013:

	Argentina					Brazil	
	Confectionery	Cookies	Foodstuffs	Packaging	Agro-industries and other industrial products.	Confectionery	Cookies
Sales to third parties	3,969,516,679	3,616,931,919	1,906,158,561	1,793,207,140	591,962,214	1,360,642,680	873,419,331
Inter-segment sales	1,211,108,673	204,897,586	92,702,383	617,768,461	927,014,281	44,518,128	11,010,240
TOTAL SALES	5,180,625,352	3,821,829,505	1,998,860,944	2,410,975,601	1,518,976,495	1,405,160,808	884,429,571
Adjusted EBITDA	422,860,391	476,245,609	78,838,455	341,528,784	98,340,966	(8,573,415)	(32,897,985)
Depreciation and amortization	(69,348,643)	(45,458,925)	(17,775,197)	(24,143,094)	(16,871,451)	(35,082,071)	(18,310,523)
Income tax	110,671,505	(183,773,829)	(7,536,528)	(139,596,521)	(40,755,626)	-	-
Net result on investments in associates	-	-	-	-	-	-	-

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Andean Region			Northern, Center and Overseas	Southern Branches	Rest of countries and businesses	Adjustments and eliminations	Total at 12.31.14
Confectionery	Cookies	Packaging					
1,380,058,337	434,200,146	492,690,576	1,014,673,659	1,016,382,714	1,562,721	-	24,059,757,539
346,460,665	2,081,057	8,118,768	59,008,286	1,729,641	25,980,582	(4,355,757,116)	-
1,726,519,002	436,281,203	500,809,344	1,073,681,945	1,018,112,355	27,543,303	(4,355,757,116)	24,059,757,539
41,313,354	6,320,626	32,086,604	5,135,804	74,794,284	(30,287,855)	9,872,898	2,482,453,609
(31,852,040)	(2,668,316)	(22,363,106)	(36,332,716)	(11,857,819)	(1,092,530)	2,155,176	(422,098,004)
(2,939,908)	431,593	-	(11,185,680)	(6,383,816)	(417,708)	-	(522,470,115)
-	-	-	-	-	(19,832)	-	(19,832)

Andean Region			Northern, Center and Overseas	Southern Branches	Rest of countries and businesses	Adjustments and eliminations	Total at 12.31.13
Confectionery	Cookies	Packaging					
1,100,108,629	314,781,577	301,202,283	731,410,770	700,436,846	1,135,433	-	17,260,914,062
227,716,518	3,802,016	7,433,265	39,230,778	940,553	14,841,119	(3,402,984,001)	-
1,327,825,147	318,583,593	308,635,548	770,641,548	701,377,399	15,976,552	(3,402,984,001)	17,260,914,062
92,827,369	8,008,611	8,289,278	(19,681,068)	54,518,384	(14,667,718)	(1,562,431)	1,504,075,230
(18,782,717)	(2,003,121)	(17,746,153)	(20,743,068)	(6,628,702)	(97,604)	1,983,791	(291,007,478)
(11,147,785)	(2,294,778)	(54,072)	2,327,926	(8,689,363)	(10,110,231)	10,340	(290,948,962)
-	-	-	-	-	(10,836)	-	(10,836)

Luis Alejandro Pagani

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NOTE 4. SEGMENT INFORMATION

Inter-segment sales are made at similar prices to those charged to unrelated third parties.

Reported revenues on sales of goods and services to third parties are measured in the same manner as for the preparation of this consolidated statement of income.

Reconciliation of adjusted EBITDA to the profit before taxes is shown below:

	12.31.2014	12.31.2013
Adjusted EBITDA by reportable segments	**2,482,453,609**	**1,504,075,230**
Depreciation of property, plant and equipment and investment property	(398,889,031)	(276,604,326)
Amortization of intangible assets	(23,208,973)	(14,403,152)
Insured losses/Casualties	120,187,560	136,649,648
Financial income	372,493,263	213,847,104
Financial expenses	(1,008,686,460)	(499,375,621)
Net foreign exchange difference	(512,934,442)	(458,725,642)
Net result on investments in associates	(19,832)	(10,836)
INCOME BEFORE INCOME TAX	1,031,395,694	605,452,405

Information on geographical areas

Information on non-current assets located in Argentina (legal domicile of the entity) and abroad is disclosed in the following tables:

	12.31.2014					
	Argentina	**Brazil**	**Chile**	**Mexico**	**Abroad**	**Total**
Property, plant and equipment (1)	2,477,472,781	624,554,618	755,911,066	292,442,977	88,429,624	**4,238,811,066**
Investment properties	17,433,678	15,804,039	5,931,010	-	575,032	**39,743,759**
Intangible assets	335,056,079	70,808,879	5,098,428	-	-	**410,963,386**
Biological assets	87,741,141	-	-	-	-	**87,741,141**

(1) Intercompany income/loss was eliminated in the purchasing company.

	12.31.2013					
	Argentina	**Brazil**	**Chile**	**Mexico**	**Abroad**	**Total**
Property, plant and equipment (1)	1,464,021,991	559,035,906	560,384,368	273,800,222	70,402,531	**2,927,645,018**
Investment properties	15,578,980	13,742,599	5,260,607	-	116,937	**34,699,123**
Intangible assets	321,258,053	60,277,320	2,587,320	-	-	**384,122,693**
Biological assets	62,419,083	-	-	-	-	**62,419,083**

(1) Intercompany income/loss was eliminated in the purchasing company.

Information on consolidated sales to customers located in Argentina (legal domicile of the entity) and abroad is disclosed in the following table:

	12.31.2014			12.31.2013		
	Argentina	**Abroad**	**Total**	**Argentina**	**Abroad**	**Total**
Sales	15,995,943,667	8,063,813,872	**24,059,757,539**	11,339,236,777	5,921,677,285	**17,260,914,062**

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NOTE 5. PROPERTY, PLANT AND EQUIPMENT

The following tables detail the composition and evolution of the caption property, plant and equipment:

	Land and constructions	Machinery and facilities	Furniture, tools, vehicles and other equipment	Construction works and in transit equipment	Total
Cost					
Original value at the beginning of year	**1,854,818,323**	**4,194,551,950**	**604,251,792**	**778,198,700**	**7,431,820,765**
Effect of currency translation	138,989,163	294,840,835	44,382,571	46,184,355	524,396,924
Additions	10,853,168	18,217,810	60,188,016	1,413,982,928	1,503,241,922
Transfers	413,571,340	613,639,971	28,322,611	(1,057,826,294)	(1) (2,292,372)
Deletions	(7,224,905)	(65,211,525)	(61,645,612)	(3,374,041)	(137,456,083)
Original value at the end of year	**2,411,007,089**	**5,056,039,041**	**675,499,378**	**1,177,165,648**	**9,319,711,156**
Depreciation					
Accumulated depreciation at beginning of year	**(954,504,391)**	**(3,071,718,262)**	**(473,769,969)**	**-**	**(4,499,992,622)**
Effect of currency translation	(66,731,441)	(199,538,678)	(32,941,642)	-	(299,211,761)
Transfers	4,338,678	57,077,923	55,532,281	-	116,948,882
Depreciation for the year (2)	(68,946,589)	(267,489,858)	(62,208,142)	-	(398,644,589)
Accumulated depreciation at end of year	**(1,085,843,743)**	**(3,481,668,875)**	**(513,387,472)**	**-**	**(5,080,900,090)**
Impairment of property, plant and equipment (3)					
Opening balance	**(3,506,428)**	**(640,128)**	**(36,569)**	**-**	**(4,183,125)**
Effect of currency translation	(815,723)	(143,741)	(7,863)	-	(967,327)
Decrease/Consumption (4)	4,322,151	783,869	44,432	-	5,150,452
Closing balance (2)	**-**	**-**	**-**	**-**	**-**
TOTAL AT 12.31.2014	1,325,163,346	1,574,370,166	162,111,906	1,177,165,648	4,238,811,066

(1) Transfer to investment properties (Note 6)
(2) The accounting allocation of charges in results for the year is shown in Note 28.
(3) Corresponds to the subsidiary Arcor de Peru S.A.
(4) The accounting allocation of changes in results for the year due to the recovery of the allowances of Property, Plant and Equipment, is shown in Note 31.

Information required by Schedule A, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV. The useful life of components of the item is detailed in Note 2.7.

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NOTE 5. PROPERTY, PLANT AND EQUIPMENT

	Land and constructions	Machinery and facilities	Furniture, tools, vehicles and other equipment	Construction works and in transit equipment	Total
Cost					
Original value at beginning of year	**1,614,069,976**	**3,607,814,823**	**503,714,278**	**365,950,436**	**6,091,549,513**
Effect of currency translation	189,450,351	285,453,972	43,951,403	47,776,309	566,632,035
Additions	1,032,520	16,906,406	63,630,369	779,786,042	861,355,337
Transfers	61,440,995	340,602,363	11,761,040	(413,804,398)	-
Deletions	(11,175,519)	(56,225,614)	(18,805,298)	(1,509,689)	(87,716,120)
Original value at the end of year	**1,854,818,323**	**4,194,551,950**	**604,251,792**	**778,198,700**	**7,431,820,765**
Depreciation					
Accumulated depreciation at beginning of year	**(803,181,118)**	**(2,722,147,214)**	**(401,995,927)**	**-**	**(3,927,324,259)**
Effect of currency translation	(101,660,521)	(196,262,753)	(38,688,607)	-	(336,611,881)
Deletions	2,626,388	24,923,987	13,329,975	-	40,880,350
Depreciation for the year (1)	(52,289,140)	(178,232,282)	(46,415,410)	-	(276,936,832)
Accumulated depreciation at end of year	**(954,504,391)**	**(3,071,718,262)**	**(473,769,969)**	**-**	**(4,499,992,622)**
Impairment of property, plant and equipment (2)					
Opening balance	**(3,253,671)**	**(618,703)**	**(37,009)**	**-**	**(3,909,383)**
Effect of currency translation	(448,024)	(278,619)	(29,165)	-	(755,808)
Decrease / Consumption (1)	195,267	257,194	29,605	-	482,066
Closing balance	**(3,506,428)**	**(640,128)**	**(36,569)**	**-**	**(4,183,125)**
TOTAL AT 12.31.2013	896,807,504	1,122,193,560	130,445,254	778,198,700	2,927,645,018

(1)The accounting allocation of charges in results for the year is shown in Note 28.
(2) Corresponds to the subsidiary Arcor de Peru S.A.

Information required by Schedule A, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV. The useful life of components of the item is detailed in Note 2.7.

Machinery and facilities include the following amounts of which the Arcor Group is a lessee under the terms of financial lease agreements:

	12.31.2014	12.31.2013
Cost – Capitalized finance lease	41,275,814	19,060,002
Accumulated depreciation	(15,538,943)	(7,324,921)
TOTAL	25,736,871	11,735,081

The most significant financial lease periods are until October 2017, date on which the purchase options envisaged in the agreements may be exercised.

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NOTE 6. INVESTMENT PROPERTIES

The following table details the composition and evolution of the caption:

	12.31.2014	12.31.2013
	Land and constructions	Land and constructions
Cost		
Original value at beginning of year	**45,492,804**	**39,161,846**
Effect of currency translation	2,812,996	2,870,486
Additions	636,942	5,867,713
Transfers (1)	2,292,372	-
Decreases	(598,277)	(2,407,241)
Original value at the end of year	**50,636,837**	**45,492,804**
Depreciation		
Accumulated depreciation at beginning of year	**(10,793,681)**	**(10,645,778)**
Decreases	145,045	1,657
Depreciation for the year (2)	(244,442)	(149,560)
Accumulated depreciation at the end of year	**(10,893,078)**	**(10,793,681)**
TOTAL	39,743,759	34,699,123

(1) Transfer from Property, Plant and Equipment (Note 5).
(2) The accounting allocation of depreciation for the year is shown in Note 28.

Information required by Schedule D, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV. The useful life of components of the item is detailed in note 2.8.

Investment properties are carried at amortized cost. Their fair value at December 31, 2014 and 2013 are ARS 858,587,240 and ARS 636,331,189, respectively. Those values were obtained from reports of independent professional appraisers, prepared by an approach of selling prices of comparable properties located in geographically nearby areas from reports prepared by independent professional appraisers (Level 2 of the fair value hierarchy).

Gain and expenses generated by investment properties at December 31, 2014 and 2013 respectively, they are recognized in “Other income/(losses), net”, in the consolidated statement of income (note 31).

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NOTE 7. INTANGIBLE ASSETS

The following tables detail the composition and evolution of the caption intangible assets:

	Brands, registrations, and patents	Goodwill	Software and related licenses	Total
Cost				
Original value at beginning of year	**132,794,147**	**250,529,449**	**91,755,909**	**475,079,505**
Effect of currency translation	11,188,694	1,758,942	2,071,167	15,018,803
Additions	-	-	39,106,464	39,106,464
Original value at end of year	**143,982,841**	**252,288,391**	**132,933,540**	**529,204,772**
Amortization				
Accumulated amortization at beginning of year	**(32,968,562)**	**-**	**(57,988,250)**	**(90,956,812)**
Effect of currency translation	(2,146,991)	-	(1,928,610)	(4,075,601)
Amortization for the year (1)	(1,478)	-	(23,207,495)	(23,208,973)
Accumulated amortization at the end of year	**(35,117,031)**	**-**	**(83,124,355)**	**(118,241,386)**
TOTAL AT 12.31.2014	108,865,810	252,288,391	49,809,185	410,963,386

(1) The accounting allocation of amortization for the year is shown in Note 28.

Information required by Schedule B, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV. The useful life of components of the item is detailed in Note 2.9.

	Brands, registrations, and patents	Goodwill	Software and related licenses	Total
Cost				
Original value at beginning of year	**122,561,616**	**248,746,601**	**80,989,335**	**452,297,552**
Effect of currency translation	10,232,531	1,782,848	1,806,702	13,822,081
Additions	-	-	8,959,872	8,959,872
Original value at end of year	**132,794,147**	**250,529,449**	**91,755,909**	**475,079,505**
Amortization				
Accumulated amortization at beginning of year	**(30,990,069)**	**-**	**(41,820,962)**	**(72,811,031)**
Effect of currency translation	(1,963,374)	-	(1,779,255)	(3,742,629)
Amortization for the year (1)	(15,119)	-	(14,388,033)	(14,403,152)
Accumulated amortization at the end of year	**(32,968,562)**	**-**	**(57,988,250)**	**(90,956,812)**
TOTAL AT 12.31.2014	99,825,585	250,529,449	33,767,659	384,122,693

(1) The accounting allocation of amortization for the year is shown in Note 28.

Information required by Schedule B, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV. The useful life of components of the item is detailed in Note 2.9.

The expenses in research and development that do not meet the criteria for capitalization were recorded under Other miscellaneous expenses in the Consolidated Statement of Income at December 31, 2014 and 2013 for ARS 48,353,800 and ARS 33,959,540, respectively.

These expenses are allocated to selling expenses and production expenses, which in 2014 amounted to ARS 39,369,944 and ARS 8,983,856, respectively, and in 2013 were ARS 27,781,635 and ARS 6,177,905.

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NOTE 7. INTANGIBLE ASSETS

Goodwill recoverability testing

Goodwill is allocated to the cash generating units of Arcor Group on an operating segment basis.

Goodwill allocation at the level of the operating segments is shown below:

	12.31.2014	12.31.2013
Cookies Argentina	135,903,319	135,903,319
Confectionery Argentina	104,190,421	104,190,421
Confectionery Chile	2,759,732	2,447,786
Southern subsidiaries	9,434,919	7,987,923
TOTAL	252,288,391	250,529,449

The recoverable amount of a cash generating unit is determined by value-in-use calculations. These calculations use the cash flow projections based on financial budgets approved covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 1%, which does not exceed the long-term average growth rate of each of the business segments involved.

The main key assumptions relate to gross margins which are determined based on past performance, other external sources of information and its expectations of market development.

The discount rates used are the respective weighted average cost of capital (WACC), which is considered as a good indicator of the cost of capital. A specific WACC was determined for each cash generating unit where assets are allocated, considering the industry, country and size of business. Discount rates used were between 18% and 24% in 2014 and 2013.

Long-term growth rates used to extrapolate cash flow projections beyond the period covered by the budgets were of 0.9% for cash generating units based in Argentina and 1% for the rest.

No impairment was recognized as a result of these analyses.

NOTE 8. INVESTMENTS IN ASSOCIATES

The following table details the evolution and composition of the caption investment in associates:

	12.31.2014	12.31.2013
Opening balances	**23,536**	**31,522**
Loss in associates	(19,832)	(10,836)
Translation reserve	3,338	2,850
CLOSING BALANCES	7,042	23,536

Company	Country	Non-Current assets	Current assets	Non-Current liabilities	Current liabilities	Equity	Income	Other reserves of equity	Interest Percentage	Carrying value at 12.31.14
GAP Inversora S.A. (1)	Argentina	608,952	253,790	-	721,902	140,840	(396,634)	154,850	5.00000	7,042

(1) Financial information prepared under IFRS for the only purpose of being used by the Company to the valuation of its investments in associates.

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NOTE 9. BIOLOGICAL ASSETS

The following tables disclose the composition and evolution of biological assets:

	Fruit trees plantations	Sown Grain (2)	Beef or dairy cattle	Sugar-cane plantations	TOTAL
Total non-current at January 1, 2014	9,964,766	-	44,309,192	8,145,125	62,419,083
Total current at January 1, 2014	-	7,161,109	3,341,956	-	10,503,065
TOTAL AT JANUARY 1, 2014	9,964,766	7,161,109	47,651,148	8,145,125	72,922,148
Additions at historical cost	-	15,269,192	-	12,889,838	28,159,030
Initial recognition and changes in fair value (1)	13,489,110	18,020,691	34,211,028	17,432,246	83,153,075
Decreases due to harvest of biological products (1)	(13,568,577)	(29,775,297)	-	(28,731,668)	(72,075,542)
Decreases due to sale of biological assets	-	-	(8,164,817)	-	(8,164,817)
TOTAL AT DECEMBER 31, 2014	9,885,299	10,675,695	73,697,359	9,735,541	103,993,894
Total non-current at December 31, 2014	9,885,299	-	68,120,301	9,735,541	87,741,141
Total current at December 31, 2014	-	10,675,695	5,577,058	-	16,252,753

(1) The offsetting entry is shown in the item "Initial recognition and changes in the fair value of biological assets", in Note 30.
(2) Depending on phenological status at the year end, were valued at historical cost (Note 2.11).

	Fruit trees plantations	Sown Grain (2)	Beef or dairy cattle	Sugar-cane plantations	TOTAL
Total non-current at January 1, 2013	24,549,945	-	37,522,507	19,777,406	81,849,858
Total current at January 1, 2013	-	5,908,771	2,475,095	-	8,383,866
TOTAL AT JANUARY 1, 2013	24,549,945	5,908,771	39,997,602	19,777,406	90,233,724
Additions at historical cost	-	9,398,548	-	8,997,622	18,396,170
Initial recognition and changes in fair value (1)	(5,999,849)	8,904,010	12,214,087	(4,149,572)	10,968,676
Decreases due to harvest of biological products (1)	(8,585,330)	(17,050,220)	-	(16,480,331)	(42,115,881)
Decreases due to sale of biological assets	-	-	(4,560,541)	-	(4,560,541)
TOTAL AT DECEMBER 31, 2013	9,964,766	7,161,109	47,651,148	8,145,125	72,922,148
Total non-current at December 31, 2013	9,964,766	-	44,309,192	8,145,125	62,419,083
Total current at December 31, 2013	-	7,161,109	3,341,956	-	10,503,065

(1) The offsetting entry is shown in the item "Initial recognition and changes in the fair value of biological assets", in Note 30.
(2) Depending on phenological status at the year end, were valued at historical cost (Note 2.11).

Information related to the harvest of biological products and physical quantities of the main classes of biological assets is as follows:

	Fruit trees plantations	Sown Grain	Beef or dairy cattle	Sugar-cane plantations
Harvest of biological products for the fiscal year ended 12.31.2014 per biological asset	2,518 Tn.	20,674 Tn.	(1) 24,745 Tn.	(4) 225,282 Tn.
Physical quantities of biological assets at December 31, 2014	(2) 240 Has.	(2) 4,857 Has.	(3) 6,803 Heads of cattle	(2) 5,284 Has.
Estimated useful lives	20 years	7 months	5 Lactation periods	5 years

(1) Correspond to Tons of fluid milk.
(2) Area intended for biological assets.
(3) From the total of cattle, 5,222 are dairy cattle and the remaining 1,581 are beef cattle.
(4) Correspond to Tons of sugar- cane plantations.

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NOTE 9. BIOLOGICAL ASSETS

	Fruit trees plantations	Sown Grain	Beef or dairy cattle	Sugar-cane plantations
Harvest of biological products for the fiscal year ended 12.31.2013 per biological asset	6,805 Tn.	9,407 Tn.	(1) 25,293 Tn.	(4) 208,055 Tn.
Physical quantities of biological assets at December 31, 2013	(2) 240 Has	(2) 4,531 Has	(3) 7,175 Heads of cattle	(2) 5,088 Has.
Estimated useful lives	20 years	7 months	5 lactation periods	5 years

(1) Correspond to Tons of fluid milk.
(2) Area intended for biological assets.
(3) From the total of cattle, 5,751 are dairy cattle and the remaining 1,424 are beef cattle.
(4) Correspond to Tons of. Sugar-cane plantations.

The method for measuring the fair value of each of these biological assets is described in Note 2.11 to the consolidated financial statements.

The biological assets of the Company are disclosed measured based on fair value hierarchy at December 31, 2014 and 2013, in accordance with the explanation mentioned in Note 39.2:

	Level 1	Level 2	Level 3	Total
Biological assets at fair value				
Slaughter or dairy cattle	-	73,697,359	-	73,697,359
Sugar-cane plantations	-	-	9,735,541	9,735,541
Fruit trees plantations	-	-	9,885,299	9,885,299
Total Biological assets at fair value at 12.31.14	-	73,697,359	19,620,840	93,318,199

	Level 1	Level 2	Level 3	Total
Biological assets at fair value				
Slaughter or dairy cattle	-	47,651,148	-	47,651,148
Sugar-cane plantations	-	-	8,145,125	8,145,125
Fruit trees plantations	-	-	9,964,766	9,964,766
Total Biological assets at fair value at 12.31.13	-	47,651,148	18,109,891	65,761,039

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NOTE 9. BIOLOGICAL ASSETS

The following non-observable data was used to measure sugar cane plantations and fruit trees plantations:

Biological assets at fair value	Fair value at 12.31.14	Measurement techniques	Non-observable data	Connection of non-observable data with fair value
Sugar cane plantations	9,735,541	Present value of net cash flows	Productive furrows	Greater the number of productive furrows, higher the fair value.
			Return on tons of sugar cane	Higher the return, higher the fair value.
			Market price of sugar used to estimate the market price of sugar cane	Higher the sugar price, higher the fair value.
			Cost of crops	Greater the cost of the crops, lower the fair value.
			Discount rate	Greater the discount rate, lower the fair value.
Fruit trees plantations	9,885,299	Present value of net cash flows	Return on fruit per hectare	Higher the return, higher the fair value.
			Market price of fruits to be harvested	Higher the price, higher the fair value.
			Discount rate	Greater the discount rate, lower the fair value.
			Costs of crops and harvest	Greater the cost of the crops and harvest, lower the fair value.

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NOTE 10. DEFERRED TAX ASSETS/LIABILITIES

Deferred income tax is made up of the following for the year ended at December 31, 2014:

	01.01.2014	Translation difference	Application of allowance	Expense charged to income	Expense charged to other comprehensive income	12.31.2014
Assets						
Tax loss carryforward	603,092,116	81,398,216	(9,557,912)	196,613,854	-	871,546,274
Trade accounts receivable and other receivables	91,650,163	10,223,131	-	(2,606,956)	-	99,266,338
Inventories	90,453,306	5,526,087	-	(21,818,842)	-	74,160,551
Biological assets	(11,453,322)	-	-	(4,831,804)	-	(16,285,126)
Property, plant and equipment and investment property	(40,233,231)	268,382	-	(32,045,293)	-	(72,010,142)
Intangible assets	99,765,715	17,109,584	-	2,474,520	-	119,349,819
Other investments	(15,902,277)	-	-	(1,223,141)	(2,617,805)	(19,743,223)
Provisions	41,259,018	391,305	-	21,253,811	-	62,904,134
Trade accounts payable and other liabilities	53,778,439	3,770,690	-	35,567,258	545,521	93,661,908
Loans	1,267,421	1,413,941	-	(224,999)	-	2,456,363
Subtotal - Deferred assets before allowances	**913,677,348**	**120,101,336**	**(9,557,912)**	**193,158,408**	**(2,072,284)**	**1,215,306,896**
Allowance for doubtful recoverability of tax loss carryforwards	(494,488,685)	(78,677,230)	9,557,912	(132,701,322)	-	(696,309,325)
Allowance for doubtful recoverability of other net deferred assets	(187,024,306)	(30,422,770)	-	(13,463,758)	(34,171)	(230,945,005)
Subtotal - Deferred assets	**232,164,357**	**11,001,336**	**-**	**46,993,328**	**(2,106,455)**	**288,052,566**
Liabilities						
Trade accounts receivable and other receivables	(35,491,102)	32,836	-	(8,641,525)	-	(44,099,791)
Inventories	2,305,052	-	-	1,742,119	-	4,047,171
Property, plant and equipment and investment property	6,956,685	-	-	(7,809,380)	-	(852,695)
Intangible assets	(13,299,743)	-	-	-	-	(13,299,743)
Other investments	-	-	-	(13,387)	-	(13,387)
Provisions	224,552	-	-	1,634	-	226,186
Trade accounts payable and other liabilities	(10,690)	-	-	198,215	(40,585)	146,940
Subtotal - Deferred liabilities before allowances	**(39,315,246)**	**32,836**	**-**	**(14,522,324)**	**(40,585)**	**(53,845,319)**
Allowance for doubtful recoverability of other net deferred assets	-	-	-	-	-	-
Subtotal - Deferred assets	**(39,315,246)**	**32,836**	**-**	**(14,522,324)**	**(40,585)**	**(53,845,319)**
Total Net Deferred Tax assets/liabilities	192,849,111	11,034,172	-	32,471,004	(2,147,040)	234,207,247

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NOTE 10. DEFERRED TAX ASSETS/LIABILITIES

Below, it is disclosed the composition of deferred income tax for the year ended at December 31, 2013:

	01.01.2013	Translation difference	Application of allowance	Expense charged to income	Expense charged to other comprehensive income	12.31.2013
Assets						
Tax loss carryforward	356,462,792	70,706,059	(179,180)	176,102,445	-	603,092,116
Trade accounts receivable and other receivables	79,056,771	8,422,458	-	4,170,934	-	91,650,163
Inventories	60,399,094	2,627,418	-	27,426,794	-	90,453,306
Biological assets	(20,685,422)	-	-	9,232,100	-	(11,453,322)
Property, plant and equipment and investment property	(26,477,990)	(3,685,733)	-	(10,069,508)	-	(40,233,231)
Intangible assets	85,661,531	15,647,286	-	(1,543,102)	-	99,765,715
Other investments	(7,592,360)	-	-	(6,766,036)	(1,543,881)	(15,902,277)
Provisions	29,763,202	(22,683)	-	11,518,499	-	41,259,018
Trade accounts payable and other liabilities	56,569,713	(739,305)	-	(1,619,571)	(432,398)	53,778,439
Loans	(3,907,912)	1,646,604	-	3,528,729	-	1,267,421
Subtotal - Deferred assets before allowances	**609,249,419**	**94,602,104**	**(179,180)**	**211,981,284**	**(1,976,279)**	**913,677,348**
Allowance for doubtful recoverability of tax loss carryforwards	(317,050,876)	(68,002,388)	179,180	(109,614,601)	-	(494,488,685)
Allowance for doubtful recoverability of other net deferred assets	(163,250,341)	(17,841,612)	-	(5,932,353)	-	(187,024,306)
Subtotal - Deferred assets	**128,948,202**	**8,758,104**	**-**	**96,434,330**	**(1,976,279)**	**232,164,357**
Liabilities						
Trade accounts receivable and other receivables	3,017,840	(425,795)	-	(38,083,147)	-	(35,491,102)
Inventories	(694,863)	-	-	2,999,915	-	2,305,052
Property, plant and equipment and investment property	(4,787,081)	572,291	-	11,171,475	-	6,956,685
Intangible assets	(13,299,743)	-	-	-	-	(13,299,743)
Provisions	1,586,822	-	-	(1,362,270)	-	224,552
Trade accounts payable and other liabilities	2,079,104	1,412	-	(2,091,206)	-	(10,690)
Subtotal – Deferred liabilities before allowances	**(12,097,921)**	**147,908**	**-**	**(27,365,233)**	**-**	**(39,315,246)**
Allowance for doubtful recoverability of other net deferred assets	-	-	-	-	-	-
Subtotal – Deferred liabilities	**(12,097,921)**	**147,908**	**-**	**(27,365,233)**	**-**	**(39,315,246)**
Total Net Deferred Tax assets/liabilities	116,850,281	8,906,012	-	69,069,097	(1,976,279)	192,849,111

The term for reversal of deferred assets and liabilities is as follows:

	12.31.2014	12.31.2013
Assets		
Deferred taxes to be recovered over 12 months	223,564,600	152,646,357
Deferred taxes to be recovered in 12 months	64,487,966	79,518,000
Subtotal - Deferred tax assets	**288,052,566**	**232,164,357**
Liabilities		
Deferred taxes to be settled over 12 months	(13,862,099)	(6,220,289)
Deferred taxes to be settled in 12 months	(39,983,220)	(33,094,957)
Subtotal - Deferred tax liabilities	**(53,845,319)**	**(39,315,246)**
TOTAL	234,207,247	192,849,111

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NOTE 10. DEFERRED TAX ASSETS/LIABILITIES

The tax rates in effect in each of the countries in which the Group operates are as follows:

COUNTRY	12.31.2014	12.31.2013
Argentina	35.00%	35.00%
Bolivia	25.00%	25.00%
Brazil	34.00%	34.00%
Canada	26.50%	26.50%
Chile	21.00%	20.00%
China	25.00%	25.00%
Colombia	25.00%	25.00%
Ecuador	22.00%	23.00%
Spain	30.00%	30.00%
USA	34.00%	34.00%
Mexico	30.00%	30.00%
Paraguay	10.00%	10.00%
Peru	28.00%	30.00%
Switzerland	30.00%	30.00%
Uruguay	25.00%	25.00%
Venezuela	34.00%	34.00%

Companies	Maturity Year				Total	Tax rates	Total at the tax rate	Allowance	Net
	2015	2016	2017 to 2032	Without maturity					
Arcor AG S.A.	-	-	18,981,938	-	18,981,938	30%	5,694,581	(5,694,581)	-
Arcor de Perú S.A.	10,394,666	23,190,485	22,379,331	-	55,964,482	28%	15,670,055	(15,670,055)	-
Arcor do Brasil Ltda.	-	-	-	564,019,472	564,019,472	34%	191,766,620	(173,297,329)	18,469,291
Arcor S.A.I.C.	1,740,184	12,158,045	396,091,275	-	409,989,504	35%	143,496,326	-	143,496,326
Arcor U.S.A. Inc.	-	-	-	10,903,378	10,903,378	38%	4,143,284	(1,634,579)	2,508,705
Bagley Argentina S.A.	580,000	-	-	-	580,000	35%	203,000	-	203,000
Bagley do Brasil Alimentos Ltda.	-	-	-	713,982,684	713,982,684	34%	242,754,113	(242,754,113)	-
Bagley Latinoamérica S.A.	-	-	449,652,081	-	449,652,081	30%	134,895,624	(134,895,624)	-
Cartocor Chile S.A.	-	-	-	150,845,829	150,845,829	21%	31,677,624	(31,677,624)	-
Cartocor Perú S.A.	-	1,765,368	2,101,760	-	3,867,128	28%	1,082,796	(1,082,796)	-
Constructora Mediterránea S.A.	90,045	-	1,561,284	-	1,651,329	35%	577,965	(577,965)	-
Converflex S.A.	-	-	24,947,815	-	24,947,815	35%	8,731,735	-	8,731,735
Indalar S.A.	872,338	1,507,083	8,679,090	-	11,058,511	35%	3,870,479	(3,870,479)	-
Industria Dos en Uno de Colombia Ltda.	371,825	335,778	769,773	7,355,052	8,832,428	25%	2,208,107	(380,215)	1,827,892
Unidal México S.A. de C.V.	9,374,316	22,379,642	223,233,488	-	254,987,446	30%	76,496,234	(76,496,234)	-
Unidal Venezuela S.A.	24,346,268	-	-	-	24,346,268	34%	8,277,731	(8,277,731)	-
TOTAL	47,769,642	61,336,401	1,148,397,835	1,447,106,415	2,704,610,293		871,546,274	(696,309,325)	175,236,949

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NOTE 11. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The following table shows the breakdown of trade receivables and other receivables:

Trade accounts receivable

	12.31.2014	12.31.2013
Non-Current		
Trade accounts receivable with third parties	2,841,224	45,781
Total Non-Current	**2,841,224**	**45,781**
Current		
Trade accounts receivable with third parties	3,052,394,224	2,515,000,622
Documentary credits	200,583,031	177,334,711
Receivables with related parties (Note 38)	-	5,060
Doubtful account balances and in litigation	140,046,080	129,332,899
Less: Allowances for doubtful accounts	(253,654,222)	(193,558,501)
Total Current	**3,139,369,113**	**2,628,114,791**
TOTAL	3,142,210,337	2,628,160,572

Other receivables

	12.31.2014	12.31.2013
Non-current		
Tax credits	62,074,591	38,450,378
Refunds receivables	61,392,732	129,445,127
Minimum notional income tax credits	159,480,451	87,845,671
Ordinary financial debtors	4,225,500	12,303,506
Guarantee deposits	74,752,473	46,176,532
Advances to suppliers for purchases of property, plant and equipment	53,558,516	189,092,396
Miscellaneous	3,569,078	11,956,161
Less: Allowance for other doubtful accounts	(16,551,399)	(14,956,577)
Total Non-current	**402,501,942**	**500,313,194**
Current		
Refunds receivables	219,495,369	63,321,330
Guarantee deposits	27,367,922	17,533,886
Debtors due to investments sold	42,458	89,229
Tax credits	407,696,569	413,415,339
Advances to suppliers for purchases of inventories and other products and services	135,032,340	146,934,619
Ordinary financial debtors	7,002,909	17,943,342
Financial debtors with related parties (Note 38)	858,052	673,453
Prepaid expenses	119,335,239	76,067,799
Insurance reimbursements receivable (Note 32)	85,510,000	79,386,118
Miscellaneous	28,192,688	17,946,431
Less: Allowance for other doubtful accounts	(12,978,898)	(16,745,533)
Total Current	**1,017,554,648**	**816,566,013**
TOTAL	1,420,056,590	1,316,879,207

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NOTE 11. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The accounting values of the financial instruments classified as trade accounts receivable and other receivables are close to their fair value due to the short-term nature of those financial instruments.

Trade accounts receivable with related parties arise mainly from sale transactions. They are due within twelve months after the sales date and do not accrue interest. These accounts receivable are not secured. No allowances have been recorded for accounts payable with related parties.

At December 31, 2014 and 2013 there are ARS 136,215,590 and ARS 145,096,248, respectively, of trade accounts receivable which are past due but not impaired. They are related to a specific number of customers either with no recent record of events of non-compliance or from which the Group has different guarantees for an amount equivalent to the receivables past due but not covered by an allowance. The aging of these trade accounts receivable is as follows:

	12.31.2014	12.31.2013
From three to six months	30,244,534	38,276,168
From six to twelve months	42,222,329	35,156,972
Over a year	63,748,727	71,663,108
TOTAL DUE – NOT IMPAIRED	136,215,590	145,096,248

At December 31, 2014 and 2013, the amounts of the allowances for impairment of trade accounts receivable were ARS 253,654,222 and ARS 193,558,501, respectively. The aging of these trade accounts receivable is as follows:

	12.31.2014	12.31.2013
Up to three months	14,311,469	17,208,570
From three to six months	10,370,873	18,179,008
From six to twelve months	5,409,630	14,355,195
Over a year	223,562,250	143,815,728
TOTAL	253,654,222	193,558,501

The values recorded for the Group's trade accounts receivable and other receivables are denominated in the following currencies:

	12.31.2014	12.31.2013
ARS	2,205,846,482	1,845,522,856
BOB	42,762,170	31,594,262
BRL	575,820,701	644,690,002
CAD	74,279	48,171
CLP	539,470,625	481,719,140
COP	6,047,783	4,874,140
EUR	15,300,746	12,628,215
MXN	127,998,747	55,476,574
PEN	44,248,671	32,751,807
PYG	54,693,844	35,700,582
RMB	4,150,730	7,916,213
USD	862,956,363	686,552,265
UYU	65,076,613	59,372,400
VEF	17,819,173	46,193,152
TOTAL	4,562,266,927	3,945,039,779

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NOTE 11. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The evolution in allowances for trade accounts receivables and other receivables arise from the table below:

	Trade accounts receivable	Other receivables	TOTAL
At January 1, 2014	193,558,501	31,702,110	225,260,611
Increases	71,403,221	3,328,537	74,731,758
Decreases	(28,266,854)	(5,031,075)	(33,297,929)
Uses	(14,467,503)	(1,893,500)	(16,361,003)
Effect of currency translation	31,426,857	1,424,225	32,851,082
TOTAL AT 12.31.2014	253,654,222	29,530,297	283,184,519

Information required by Schedule E, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

	Trade accounts receivable	Other receivables	TOTAL
At January 1, 2013	131,893,578	32,084,387	163,977,965
Increases	86,242,403	3,286,213	89,528,616
Decreases	(31,667,166)	(3,571,183)	(35,238,349)
Uses	(17,645,233)	(1,891,018)	(19,536,251)
Effect of currency translation	24,734,919	1,793,711	26,528,630
TOTAL AT 12.31.2013	193,558,501	31,702,110	225,260,611

Information required by Schedule E, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

NOTE 12. INVENTORIES

The following table details the composition of caption inventories:

	12.31.2014	12.31.2013
Raw materials and materials	1,924,035,066	1,597,190,013
Raw materials and materials in transit	106,743,017	98,668,726
Work in process	186,274,420	164,833,217
Finished products	1,979,487,876	1,641,891,998
Less: Allowance for inventory losses	(103,751,804)	(77,876,519)
TOTAL	4,092,788,575	3,424,707,435

Changes in allowances for inventory losses for years ended December 31, 2014 and 2013 are as follows:

	TOTAL
At January 1, 2014	77,876,519
Increases	98,175,753
Decreases	(42,279,077)
Uses	(27,079,198)
Effect of currency translation	(2,942,193)
TOTAL AT 12.31.2014	103,751,804

Information required by Schedule E, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

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NOTE 12. INVENTORIES

	TOTAL
At January 1, 2013	70,624,618
Increases	48,762,552
Decreases	(39,435,845)
Uses	(6,841,769)
Effect of currency translation	4,766,963
TOTAL AT 12.31.2013	77,876,519

Information required by Schedule E, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

NOTE 13. OTHER INVESTMENT AT AMORTIZED COST / OTHER INVESTMENT

The following table details the composition of caption other investment at amortized cost:

OTHER INVESTMENT	12.31.2014	12.31.2013
Non-Current		
Government securities	4,234,872	4,867,864
Other	410,338	388,426
NON-CURRENT TOTAL	4,645,210	5,256,290

OTHER INVESTMENT AT AMORTIZED COST	12.31.2014	12.31.2013
Current		
Government securities	4,936,335	1,672,098
CURRENT TOTAL	4,936,335	1,672,098
TOTAL	9,581,545	6,928,388

NOTE 14. DERIVATIVE FINANCIAL INSTRUMENTS

The tables below show the balances of derivative financial instruments:

	Assets	Liabilities
Foreign currency term contracts	11,311,368	23,099,642
Total Current at December 31, 2014	11,311,368	23,099,642

	Assets	Liabilities
Interest rate swaps – cash flow hedges	-	1,212,652
Foreign currency term contracts	466,037	-
Total Current at December 31, 2013	466,037	1,212,652

The fair value of a hedge derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

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NOTE 14. DERIVATIVE FINANCIAL INSTRUMENTS

14.1 Interest rate hedge

The Company entered into interest rate hedge agreement with the objective of obtaining a hedge on variable financial costs (Libor rate) of some financing programs granted by the International Finance Corporation (IFC) – World Bank, as described in Note 21.

The detail of the hedge agreements effective at December 31, 2013 was as follows:

DATE OF AGREEMENT	HEDGE AMOUNT IN USD	MATURITY	
July 2008	4,800,000	January 15, 2014	(*)
August 2008	4,800,000	January 15, 2014	
Total	9,600,000		

(*) Effective dates of these hedges started on January 15, 2009, and the average rate applicable to the hedge amounts is 4.1950%

At December 31, 2013, the estimated values of these derivative instruments amount to ARS 1,212,652 (liability).

These contracts were canceled in January 15, 2014. Consequently all gains and losses recognized in the reserve for cash flow hedges and accumulated to date, were transferred to profit and loss.

14.2 Forward agreement for purchase foreign currency

The Company and some of its subsidiaries entered into forward transactions to purchase US dollars with the purpose of hedging that currency's foreign exchange risk in connection with their financial liabilities. These transactions for years ended December 31, 2014 and 2013 were as follows:

- **Arcor S.A.I.C.**

At December 31, 2014, Arcor S.A.I.C. holds US dollar purchase transactions with due date in March and May 2015, for a total of USD 12,000,000, at a weighted average price of ARS 9.95 per US dollar. As a result of these transactions, the Company has a receivable of ARS 11,311,368 which is disclosed in the item Derivative financial instruments in the consolidated balance sheet. The Company, in connection with the transactions mentioned and others that have been settled, recognized losses of ARS 11,611,500, which were charged at the caption Financial results, net in the Consolidated Statement of Income.

At December 31, 2013 Arcor S.A.I.C. does not hold derivative financial instruments with these characteristics. However, for the year ended December 31, 2013 the Company, in connection with the transactions mentioned above, recognized losses of ARS 387,500, which were charged in “Financial results, net” in the Consolidated Statement of Income.

- **Unidal México S.A. de C.V.**

At December 31, 2014, the subsidiary holds forward contracts for sale of US dollars with monthly due dates in the year 2015 for USD 29,000,000, at an average weighted price of MXN 13.50 per US dollar. As a result of these transactions, the subsidiary has a liability for ARS 23,099,642 which is disclosed in the item Derivative financial instruments in the consolidated balance sheet. The subsidiary, in connection with the transactions mentioned and others that have been settled, recognized losses of ARS 23,744,664, which were charged to the item Financial results, net in the Consolidated Statement of Income.

At December 31st, 2013, the subsidiary entered into forward contracts to sale US dollar, with monthly due dates in the year 2014, for a total of USD 6,000,000 at an average price of MXN 13.41 per US dollar. As a result of these transactions, at December 31, 2013, the subsidiary Company recorded a receivable for ARS 466,037 which is disclosed in the item Derivative financial instruments in the consolidated balance sheet. The subsidiary in connection with the transactions mentioned above and others that were settled, recognized gains for ARS 949,648, which were charged in “Financial Results, net” in the Consolidated Statement of Income.

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NOTE 15. CASH AND CASH EQUIVALENTS

The balances of cash and cash equivalents at December 31, 2014 and 2013 are disclosed below:

	12.31.2014	12.31.2013
Cash	3,814,661	2,542,224
Short-term bank deposits	475,563,946	509,231,317
Time deposits	145,991,108	123,269,292
Financial assets at fair value (1)	566,103,311	231,554,220
TOTAL	1,191,473,026	866,597,053

(1) Correspond to mutual funds and government securities with quotation.

NOTE 16. RESTRICTION ON THE DISTRIBUTION OF PROFITS

In accordance with CCL, the Company's by-laws and the restated text of the National Securities Commission, 5% of the year profits plus (less) prior years' adjustments, transfers from Other Comprehensive Income to Retained Earnings and accumulated losses from previous years, must be appropriated to the Legal Reserve, until such reserve reaches 20% of the adjusted capital.

As required by the CNV, retained earnings generated by adoption of IFRS, amounting to ARS 203,256,621, were reallocated to a special reserve which can only be released for capitalization or to absorb any future negative balances in the account retained earnings. This reallocation was approved on April 27, 2013 by the Ordinary and Extraordinary Shareholders' Meeting that considered the separate and consolidated financial statements for the year 2012.

NOTE 17. CHANGES IN COMMON STOCK

The evolution in the common stock in the last three periods is the following:

	2014	2013	2012
Common stock at the beginning of the year	700,000,000	700,000,000	46,211,714
Increase of capital (1)	-	-	653,788,286
Common stock at the end of the year	700,000,000	700,000,000	700,000,000

At December 31, 2014 the common stock, of ARS 700,000,000, is represented by 16,534,656 registered, non-endorsable Class A shares with a par value of ARS 0.01 each and entitled to 5 votes per share, and by 69,983,465,344 ordinary, registered, non-endorsable Class B shares with a par value of ARS 0.01 each and 1 vote per share.

(1) On April 28, 2012 the Company's equity holders analyzed and approved the following items of the agenda in the 93rd Ordinary and Extraordinary General Meeting: capitalize inflation adjustment of common stock of ARS 65,184,108, additional paid-in capital of ARS 102,202,244, and retained earnings of ARS 486,401,934, to increase the common stock to the amount of ARS 700,000,000, through issuance of 65,378,828,612 released, ordinary, nominative, non-endorsable shares of ARS 0.01 each.

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NOTE 18. RETAINED EARNINGS

The following tables outline the changes in Retained Earnings for the year ended December 31, 2014 and 2013, respectively:

	TOTAL
Balances at January 1, 2014	155,375,900
Net income for the year	236,676,778
Actuarial gains / losses of defined benefit plans	(228,041)
Setting-up of reserves	
- Legal reserve (1)	(7,768,795)
Distribution of dividends (1)	(147,607,105)
Dividends prescribed (2)	20,571
TOTAL AT 12.31.2014	236,469,308

(1) As per the Ordinary and Extraordinary Shareholder's Meeting held on April 26, 2014.
(2) As set out by Article 40 of the Corporate Bylaws, dividends uncollected, or claimed prescribe in favor of the Company for the three years of its availability.

	TOTAL
Balances at January 1, 2013	470,271,965
Net income for the year	154,666,969
Actuarial gains / losses of defined benefit plans	708,931
Setting-up of reserves	
- Legal reserve (1)	(23,513,598)
- Special reserve adoption of IFRS (2)	(203,256,621)
- Special reserve for future dividends (1)	(83,501,746)
Distribution of dividends (1)	(160,000,000)
TOTAL AT 12.31.2013	155,375,900

(1) As per the Ordinary and Extraordinary Shareholder's Meeting held on April 27, 2013.
(2) As required by RG/CNV No. 609/12, retained earnings generated by adoption of IFRS, amounting to ARS 203,256,621, were reallocated to a special reserve which can only be released for its capitalization or to absorb any future negative balances in the item Retained earnings. This reallocation was approved by the Ordinary and Extraordinary Shareholder's Meeting held on April 27, 2013.

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NOTE 19. OTHER EQUITY COMPONENTS

Following is the evolution of Other equity components at December 31, 2014 and December 31, 2013, respectively:

	Translation reserve	Reserve for cash flow hedges	TOTAL
Balances at January 1. 2014	565,025,024	(1,212,652)	563,812,372
Cash flow hedges:			
– Gains and losses for hedge instruments	-	(36,417)	(36,417)
– Transfers to financial results, net	-	1,249,069	1,249,069
Effect of currency translation:			
– Group and Associates	336,646,577	-	336,646,577
– Effect on income tax (Note 35)	(2,617,805)	-	(2,617,805)
TOTAL AT 12.31.2014	899,053,796	-	899,053,796

	Translation reserve	Reserve for cash flow hedges	TOTAL
Balances at January 1. 2013	205,955,195	(5,134,376)	200,820,819
Cash flow hedges:			
– Gains and losses for hedge instruments	-	666,633	666,633
– Transfers to financial results, net	-	3,255,091	3,255,091
Effect of currency translation:			
– Group and Associates	360,613,710	-	360,613,710
– Effect on income tax (Note 35)	(1,543,881)	-	(1,543,881)
TOTAL AT 12.31.2013	565,025,024	(1,212,652)	563,812,372

NOTE 20. NON-CONTROLLING INTEREST

The following tables describe the evolution of non-controlling interests for the year ended December 31, 2014 and 2013, respectively.

	TOTAL
Balances at January 1, 2014	1,011,745,577
Interest in net income for the year	272,248,801
Translation reserve	63,567,409
Actuarial gains (losses) from defined benefit plans	(238,945)
Cash dividends	(56,132,456)
Cash contributions	1,084
TOTAL AL 12.31.2014	1,291,191,470

	TOTAL
Balances at January 1, 2013	799,056,106
Interest in net income for the year	159,836,474
Translation reserve	73,164,040
Actuarial gains (losses) from defined benefit plans	94,094
Cash dividends	(20,420,929)
Purchase of shares to non-controlling interest	(163,700)
Cash contributions	179,492
TOTAL AT 12.31.2013	1,011,745,577

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NOTE 21. LOANS

The composition of loans is disclosed below:

	12.31.2014	12.31.2013
Non-Current		
Bank loans	927,943,350	805,243,220
Corporate Bonds	2,753,540,034	2,095,899,955
Obligations for financial leases	34,329,691	17,256,953
Total Non-Current	**3,715,813,075**	**2,918,400,128**
Current		
Bank loans	1,646,232,473	1,250,884,995
Corporate Bonds	302,618,710	23,838,485
Obligations for financial leases	8,983,340	5,161,714
Discounts of documents	9,135,323	13,560,701
Total Current	**1,966,969,846**	**1,293,445,895**
TOTAL	5,682,782,921	4,211,846,023

The breakdown of consolidated loans by subsidiary and the percentage owed by the subsidiaries arises from the following tables:

Company	12.31.2014			
	Current	Non-Current	Total	%
Arcor S.A.I.C.	1,385,194,514	3,235,642,337	4,620,836,851	81.31%
Arcor do Brasil Ltda.	136,256,690	314,422,279	450,678,969	7.93%
Arcor A.G. (S.A., Ltda.)	18,590,543	-	18,590,543	0.33%
Arcor U.S.A. Inc.	23,724,774	-	23,724,774	0.42%
Bagley Chile S.A.	125,508	-	125,508	0.00%
Bagley do Brasil Alimentos Ltda.	86,904,954	-	86,904,954	1.53%
Cartocor Chile S.A.	65,272,779	-	65,272,779	1.15%
Converflex Argentina S.A.	12,880,051	10,712,859	23,592,910	0.42%
Industria de Alimentos Dos en Uno S.A.	190,755,708	120,705,909	311,461,617	5.48%
La Campagnola S.A.C.I.	132,708	-	132,708	0.00%
Van Dam S.A.	38,148,277	-	38,148,277	0.67%
Subtotal loans	**1,957,986,506**	**3,681,483,384**	**5,639,469,890**	**99.24%**
La Campagnola S.A.C.I. – Financial leases (1)	8,467,365	34,268,707	42,736,072	0.75%
Van Dam S.A. – Financial leases	515,975	60,984	576,959	0.01%
Subtotal Financial leases	**8,983,340**	**34,329,691**	**43,313,031**	**0.76%**
TOTAL	1,966,969,846	3,715,813,075	5,682,782,921	100.00%

(1) On January 1, 2014, a statutory merger of La Campagnola S.A.C.I. (surviving company) with Frutos de Cuyo S.A., Dulciora S.A. and Productos Naturales S.A., took place (note 18).

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NOTE 21. LOANS

Company	12.31.2013			
	Current	Non-Current	Total	%
Arcor S.A.I.C.	731,071,831	2,489,302,271	3,220,374,102	76.46%
Arcor do Brasil Ltda.	125,851,874	244,650,843	370,502,717	8.80%
Arcor A.G. (S.A., Ltda.)	22,884,200	-	22,884,200	0.54%
Arcor U.S.A. Inc.	38,991,316	-	38,991,316	0.93%
Bagley Argentina S.A.	450,266	-	450,266	0.01%
Bagley Chile S.A.	2,659,323	-	2,659,323	0.06%
Bagley do Brasil Alimentos Ltda.	158,088,011	2,771,120	160,859,131	3.82%
Cartocor Chile S.A.	94,478,249	-	94,478,249	2.24%
Converflex Argentina S.A.	7,400,880	21,022,940	28,423,820	0.67%
Industria de Alimentos Dos en Uno S.A.	106,408,231	143,396,001	249,804,232	5.93%
Subtotal of loans	**1,288,284,181**	**2,901,143,175**	**4,189,427,356**	**99.47%**
La Campagnola S.A.C.I. – Financial leases (1)	4,741,641	16,719,643	21,461,284	0.51%
Van Dam S.A. – Financial leases	420,073	537,310	957,383	0.02%
Subtotal of financial leases	**5,161,714**	**17,256,953**	**22,418,667**	**0.53%**
TOTAL	1,293,445,895	2,918,400,128	4,211,846,023	100.00%

(1) On January 1, 2014, a statutory merger of La Campagnola S.A.C.I. (surviving company) with Frutos de Cuyo S.A., Dulciora S.A. and Productos Naturales S.A., took place (note 18).

A breakdown of the carrying value of the consolidated loans according to due dates is below:

-Balances at December 31, 2014:

Non-Current	From one to two years	From two to three years	From three to five years	Over five years	Total
Bank loans	410,818,886	478,346,874	38,777,590	-	927,943,350
Corporate bonds	728,908,352	2,024,631,682	-	-	2,753,540,034
Obligations for financial leases	7,436,130	13,520,300	5,768,069	7,605,192	34,329,691
TOTAL AT 12.31.2014	1,147,163,368	2,516,498,856	44,545,659	7,605,192	3,715,813,075

Current	From one to two years	From two to three years	From three to five years	Over five years	Total
Bank loans	1,139,073,953	229,220,720	158,566,894	119,370,906	1,646,232,473
Corporate bonds	174,360,340	128,258,370	-	-	302,618,710
Obligations for financial leases	2,771,584	1,424,336	2,058,747	2,728,673	8,983,340
Discounts of documents	4,674,211	2,691,634	1,769,478	-	9,135,323
TOTAL AT 12.31.2014	1,320,880,088	361,595,060	162,395,119	122,099,579	1,966,969,846

- Balances at December 31, 2013:

Non-Current	From one to two years	From two to three years	From three to five years	Over five years	Total
Bank loans	533,236,831	202,302,286	69,704,103	-	805,243,220
Corporate bonds	247,310,824	545,934,743	1,302,654,388	-	2,095,899,955
Obligations for financial leases	4,455,350	3,815,576	8,986,027	-	17,256,953
TOTAL AT 12.31.2013	785,003,005	752,052,605	1,381,344,518	-	2,918,400,128

Current	From one to two years	From two to three years	From three to five years	Over five years	Total
Bank loans	945,221,908	122,401,533	98,851,355	84,410,199	1,250,884,995
Corporate bonds	11,550,641	12,287,844	-	-	23,838,485
Obligations for financial leases	1,606,445	1,205,673	1,184,883	1,164,713	5,161,714
Discounts of documents	6,626,217	2,340,544	2,340,544	2,253,396	13,560,701
TOTAL AT 12.31.2013	965,005,211	138,235,594	102,376,782	87,828,308	1,293,445,895

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NOTE 21. LOANS

The carrying value and fair value of loans at December 31, 2014 and 2013 are as follows:

	Carrying value	Fair value
Bank loans	2,574,175,823	2,634,044,413
Corporate Bonds	3,056,158,744	3,127,676,017
Obligations for financial leases	43,313,031	43,313,031
Discounts of documents	9,135,323	9,135,323
TOTAL AT 12.31.2014	5,682,782,921	5,814,168,784

	Carrying value	Fair value
Bank loans	2,056,128,215	2,095,125,142
Corporate Bonds	2,119,738,440	2,216,256,254
Obligations for financial leases	22,418,667	22,418,667
Discounts of documents	13,560,701	13,560,701
TOTAL AT 12.31.2013	4,211,846,023	4,347,360,764

Bank loans include debt at fixed and variable interest rate with a portion at short term where interest has already been fixed. Fair values are estimated based on discounted cash flows, applying a relevant market rate at year end. The fair value of Corporate Bonds is estimated based on the market value at year end. (Note 39)

In the following table are exposed the Company loans which are measured at fair value hierarchy at December 31, 2014 and 2013, according to the explanation of Note 39.2:

	Level 1	Level 2	Level 3	Total
Loans at Fair Value				
Corporate Bonds	1,794,549,297	1,333,126,720	-	3,127,676,017
Bank loans	-	2,634,044,413	-	2,634,044,413
Obligations for financial leases	-	43,313,031	-	43,313,031
Discounts of documents	-	9,135,323	-	9,135,323
Total Loan at fair value at 12.31.14	1,794,549,297	4,019,619,487	-	5,814,168,784

	Level 1	Level 2	Level 3	Total
Loans at Fair Value				
Corporate Bonds	1,406,994,108	809,262,146	-	2,216,256,254
Bank loans	-	2,095,125,142	-	2,095,125,142
Obligations for financial leases	-	22,418,667	-	22,418,667
Discounts of documents	-	13,560,701	-	13,560,701
Total Loan at fair value at 12.31.13	1,406,994,108	2,940,366,656	-	4,347,360,764

The carrying values in ARS of the Group loans are stated in the following currencies:

	12.31.2014	12.31.2013
ARS	2,737,759,606	1,669,264,992
BRL	537,583,923	531,361,848
CLP	311,587,125	252,463,555
EUR	18,590,543	22,884,200
USD	2,077,261,724	1,735,871,428
TOTAL	5,682,782,921	4,211,846,023

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NOTE 21. LOANS

Main loans taken by the Group- Financing programs- Corporate Bonds

a. Issuance of Corporate Bonds

a.1. Global Short and Medium Term Note Program for up USD 500,000,000

On February 27, 2010, the Company's Annual Shareholders' Meeting considered and approved the creation of a new Global Program for the issue of non-convertible Notes for a maximum amount of USD 500 million or the equivalent thereof in other currencies, for a maximum term of five (5) years as from the date of authorization by the CNV or any other extended term generally authorized under the current regulations and in accordance with provisions of the Law on Corporate Bonds, and vested upon the Board of Directors of the Company the power to determine the terms of issue and the performance of any and all formalities necessary and/or advisable for the implementation of such decisions.

On October 25, 2010, the C.N.V. by Resolution N° 16,439 approved the above program.

On November 28, 2014, the Company's Shareholders in the Ordinary and Extraordinary General Meeting approved the extension of the Global Program of Issuance of Corporate Bonds for another five-year (5) term counted as from the authorization of the Program by the CNV as well as the extension of the amount of such Program by USD 300 million, with the maximum outstanding amount, at any time during the Program, totaling a face value of USD 800 million and/or its equivalent in ARS and/or any other currency.

a.2. Issuance of Corporate Bonds

On November 9, 2010, the Company issued Class 1 fixed-rate Corporate Bonds, non-convertible into shares for a total of USD 200 million under the Global Short and Medium Term Note Program, as described in above.

The uses of the net proceeds arising from the offer and sale of Corporate Bonds issued under this Program were the refinancing, repayment and/or cancellation of loans to local and foreign financial institutions and / or multilateral lending agencies, both ARS and USD, and work capital requirements in Argentina.

On July 22, 2013, the Company issued Class 2 Corporate Bonds and Class 3 Corporate Bonds at floating rate, non-convertible into shares, for a nominal value which in the aggregate amounts to ARS 300 million. The net proceeds were allocated in full to refinance bank debts. The public offering of these Class 2 and Class 3 Corporate Bonds issued was authorized by the Under-management of Issuers of the CNV on July 10, 2013.

On December 17, 2013, the Company issued Class 4 Corporate Bonds and Class 5 Corporate Bonds at floating rate, non-convertible into shares, for a nominal value which in the aggregate amounts to ARS 500 million. The net proceeds were allocated in full to refinance bank debts. The public offering of these Class 4 and Class 5 Corporate Bonds issued was authorized by the Under-management of Issuers of the CNV on December 5, 2013.

On July 15, 2014, the Company issued Class 6 Corporate Bonds and Class 7 Corporate Bonds at floating rate, non-convertible into shares, for a nominal value which in the aggregate amounts to ARS 500 million. The net proceeds were allocated in full to refinance bank debts. The public offering of these Class 6 and Class 7 issued was authorized by Management of Issuers of the CNV on July 2, 2014.

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NOTE 21. LOANS

a.3. Principal terms

	Corporate Bonds Class 1	**Corporate Bonds Class 2 (1)**	**Corporate Bonds Class 3**
Aggregate Principal Amount	USD 200,000,000	ARS 140,000,000	ARS 160,000,000
Issuance date	November 9, 2010	July 22, 2013	July 22, 2013
Price of the issuance	100% of the nominal value	100% of the nominal value	100% of the nominal value
Specified Currency	USD	ARS	
Interest rate	Annual nominal fixed rate of 7.25%	Annual Nominal Variable rate equivalent	
Applicable Margin	N/A	2.50% annual nominal rate	3.69% annual nominal rate
Amortization and Maturity date	November 9, 2017 (84 months from the date of issuance)	January 22, 2015 (18 months from the date of issuance)	July 22, 2016 (36 months from the date of issuance)
Interest Payment Dates	Biannual, in arrears, on May 9 and November 9 of each year, until the due date. The first one falls due on May 9, 2011.	Quarterly, in arrears, on January 22, April 22, July 22 and October 22 of each year, until the due date. The first one falls due on October 22, 2013.	Quarterly, in arrears, on January 22, April 22, July 22 and October 22 of each year, until the due date. The first one falls due on October 22, 2013.

(1) Paid in full at maturity, dated on January 22, 2015.

Victor Jorge Aramburu

Chairman Syndics Committee

Jorge Luis Seveso

Secretary Member of the Board

Corporate Bonds Class 4	Corporate Bonds Class 5	Corporate Bonds Class 6	Corporate Bonds Class 7
ARS 111,823,333	ARS 388,176,667	ARS 184,447,777	ARS 315,552,223
December 17, 2013	December 17, 2013	July 15, 2014	July 15, 2014
100% of the nominal value	100% of the nominal value	100% of the nominal value	100% of the nominal value
ARS			
to the aggregate of Badlar rate plus an applicable margin			
3.10% annual nominal rate.	4.19% annual nominal rate.	2.24% annual nominal rate	3.38% annual nominal rate
June 17, 2015 (18 months from the date of issuance)	December 17, 2016 (36 months from the date of issuance)	January 15, 2016 (18 months from the date of issuance)	July 15, 2017 (36 months from the date of issuance)
Quarterly, in arrears, on March 17, June 17, September 17 and December 17 of each year, until the due date. The first one falls due on March 17, 2014.	Quarterly, in arrears, on March 17, June 17, September 17 and December 17 of each year, until the due date. The first one falls due on March 17, 2014.	Quarterly, in arrears, on January 15, April 15, July 15 and October 15 of each year, until the due date. The first one falls due on October 15, 2014.	Quarterly, in arrears, on January 15, April 15, July 15 and October 15 of each year, until the due date. The first one falls due on October 15, 2014.

Luis Alejandro Pagani

Chairman

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NOTE 21. LOANS

a.4. Covenants and transfer restrictions included in the Corporate Bonds

The terms and conditions of Corporate Bonds include certain commitments and restrictions agreed by the Company that are usual to this type of operations, the most relevant are:

- For Class 1 Corporate Bonds under the Global Program, the Company assumes the obligation to offer to repurchase the Corporate Bonds at 101% of the principal amount, plus the interest accrued and not paid, in the case of a "Change in Control", defined in the terms of the Pricing Supplement corresponding to Class 1 Corporate Bonds. In addition, the Company and its Subsidiaries can incur additional indebtedness if the Fixed Charge Coverage Ratio (as defined for Class 1 Corporate Bonds in the terms of the Pricing Supplement to the Global Program) for the most recently ended four quarters has been at least 3 to 1. This limitation does not apply to certain permitted indebtedness mentioned in the Pricing Supplement.

- The Company will not, and will not permit any of its Subsidiaries to, create a lien on its assets or income to secure payment of any debt provided that the Corporate Bonds are secured on an equivalent and proportional basis. This restriction does not apply to certain permitted liens and will only become effective if the Company or its subsidiaries have created a lien to secure debts the principal of which exceeds 10% of their Net Tangible Assets (as defined in the Global Program).

b.Financing program subscribed with the International Finance Corporation (IFC) – World Bank Group

b.1. On May 27, 2009 the Company subscribed to a financing program with IFC, to be applied to the settlement of short-term debts, and also to the funding of Arcor Group's investments plan.

The loan was instrumented in three installments: Tranche A for USD 10,000,000 and Tranche B for USD 80,000,000, early repaid in their entirety in May 2011. Tranche C, for USD 10,000,000, contemplates a 4-year grace period with half-yearly payments as from May 2013. In May 5, 2014 the last installment was cancelled, which amounts to USD 3.400.000. At December 31, 2014 there is no amount due from this tranche.

b.2. On December 20, 2007 the Company was granted financing from IFC, instrumented in two tranches:

Tranche A is for USD 50,000,000, which contemplates a 2-year grace period with half-yearly payments as from January 2010. Due date of the final balance is scheduled for July 15, 2017. The amount of each payment is USD 2,940,000, except for the last installment, which amounts to USD 5,900,000. At December 31, 2014 the outstanding principal corresponding to this tranche amounts to USD 20,600,000.

Tranche B is for USD 80,000,000, which contemplates a 2-year grace period with half-yearly payments as from January 2010. The due date of the final balance occurred on January 15, 2014. The amount of the first two payments is USD 6,400,000, the remaining seven amounting to USD 9,600,000. At December 31, 2014 there is no amount due from this tranche.

In the aggregate, the loans with IFC accrue interest at a variable rate based on Libor plus a weighted average differential spread of 2.6%, to be paid on a half-yearly basis.

Compliance of financial ratios and other restrictions

IFC financing programs establish certain conditions and commitments to be fulfilled by the Company during their effective-term, among which are the compliance with specific financial ratios, certain conditions for the distribution of dividends and the restriction to grant loans in excess of certain amount.

On September 25, 2014, the Company was released from compliance with one of the financial ratios that relates Non-current Liabilities with Tangible Equity, for the period ended September 30, 2014 and for the year ended December 31, 2014.

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NOTE 21. LOANS

c. Long-term loans with other financial entities

During the year ended December 31, 2014 the Company obtained loans with local banking entities at the weighted average indebtedness rate of 32.0%. Following are summarized these operations, ordered by month of taking:

- On May were taken: (i) ARS 400,000,000, at Badlar rate plus a margin, with quarterly interest and quarterly amortization from May 2015. The expiration for the final Balance is planned for May 2017.

The balance owed on December 31, 2014 for these loans amounts to ARS 400,000,000.

During the year ended December 31, 2013, the Company obtained loans with local banking entities at the weighted average indebtedness rate of 20.6%. Following are summarized these operations, ordered by month of taking:

- On January 28, 2013, the Company obtained financing at a fixed rate with monthly interest, for ARS 8,000,000, to be paid on a quarterly basis as from January 2014. The due date of the final balance is scheduled for January 28, 2016.
- During march the following loans were taken:
  - (i) For ARS 225,000,000, at a fixed rate during the first 12 months and at Badlar rate adjusted plus markup over the remaining term until maturity, with quarterly interest and 9 quarterly installments as from March 2014. The due date of the final balance is scheduled for March 2016;
  - (ii) For ARS 150,000,000, at a fixed rate during the first 12 months and at Badlar rate adjusted plus markup over the remaining term until maturity, with quarterly interest and 12 quarterly installments as from June 2014. The due date of the final balance is scheduled for March 2017;
  - (iii) For ARS 7,800,000, at a fixed rate, with monthly interest and 9 quarterly installments as from March 2014. The due date of the final balance is scheduled for March 2016;
- On October 30, 2013 the Company obtained financing, at a fixed rate with monthly interest, for ARS 9,000,000, to be paid on a quarterly basis as from January 2015. The due date of the final balance is scheduled for October 31, 2016.

The outstanding balance at December 31 2014 and 2013 for these loans amounts to ARS 255,288,480 and ARS 399,800,000, respectively.

NOTE 21. LOANS

d. Long-term loans of related companies

d.1 Arcor do Brasil Limitada

During the year ended December 31, 2014, the subsidiary Arcor do Brasil Limitada was granted the following loans by local banking institutions:

(i) In February 2014, for BRL 20,000,000 with final due date in February 2017,
(ii) In November 2014, for BRL 16,401,650 with final due date in October 2016 and
(iii) In November 2014, for BRL 35,000,000 with final due date in October 2017.
(iv) In November 2014, for BRL 32,111,724 with final due date in January 2017.

At December 31, 2014 the amount owed for these loans amounts to ARS 314,422,279, and the weighted average indebtedness nominal annual rate is 10.31%.

During the year ended December 31, 2013, the subsidiary Arcor do Brasil Limitada., obtained the following loans from different local bank entities with a weighted average indebtedness nominal annual of around 8.98%. You may see a quick review of these loans, in a monthly basis, below:

(i) In February 2013, for BRL 35,000,000, with final due date in February 2016, and for BRL 32,050,000, due date January 2017. Both, already cancelled in November 2014.
(ii) In December 2013, BRL 20,000,000, with final due date in November 2015, cancelled in June 2014.

At December 31, 2013 the amount owed for these loans amounts to ARS 244,650,843.

d.2 Industrias de Alimento Dos en Uno S.A.

During the year ended December 31, 2014 and 2013, the subsidiary Industria de Alimentos Dos en Uno S.A. obtained long-term loans with local banking entities, which were used to fund the project of building the "Bicentennial Plant", for an amount equivalent to US dollar 30,000,000. The conditions of the loans are: (i) specified currency: Chilean pesos, (ii) variable interest rate plus applicable margin, (iii) payment of interest and/or principal upon maturity, which will occur in 2018. At December 2014 and 2013, the weighted average indebtedness nominal annual rate amounts to 5.13 % and 7.01 % respectively.

Loans taken out with those entities establish certain conditions and commitments to be fulfilled by the Company during their effective term, among which is the compliance with specific financial ratios. In the year ended December 31, 2014, the Company was released from compliance with one of the financial ratios that relates net financial debt with EBITDA until December 31, 2015.

At December 31, 2014 and 2013, the amount owed for these loans amounts to USD 19,265,723 and USD 28,226,800 equivalent to ARS 162,814,629 and ARS 182,937,888, respectively.

d.3 Converflex Argentina S.A.

In the year ended December 31, 2013, the subsidiary Converflex Argentina S.A. obtained loans with local banks for:

(i) In May 2013, for ARS 2,700,000 at fixed rate with monthly interest and quarterly amortized as from May 2014. The due date of the final balance is scheduled for May 2016,
(ii) In June 2013, for ARS 5,500,000 at fixed rate with monthly interest and quarterly amortized as from June 2014. The due date of the final balance is scheduled for June 2016,
(iii) In November 2013, for ARS 20,000,000 at fixed rate with monthly interest and quarterly amortized as from November 2014. The due date of the final balance is scheduled for November 2016.

At December 31, 2014 and 2013, the balance owed for these loans amounts to ARS 23,592,917 and ARS 28,423,820, respectively, and the weighted average indebtedness nominal annual rate is 15.25%.

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NOTE 21. LOANS

Financial leases

The obligations for financial leases subscribed by the subsidiaries La Campagnola S.A. and Van Dam S.A. are actually secured, since ownership rights over the assets will be restored to the lessor in the event of non-compliance.

	12.31.2014	12.31.2013
Obligations for financial leases - minimum payments:		
Up to a year	8,956,483	5,354,879
From a year to two years	8,402,499	5,366,785
From two to three years	16,309,604	5,040,137
From three to five years	6,200,433	11,429,898
Over five years	8,530,293	-
Total minimum payments	**48,399,312**	**27,191,699**
Future financial charges on financial leases	(5,086,281)	(4,773,032)
PRESENT VALUE OF THE OBLIGATIONS FOR FINANCIAL LEASES	43,313,031	22,418,667

	12.31.2014	12.31.2013
Present value of the obligations for financial leases:		
Up to a year	8,983,340	5,161,714
From a year to two years	7,436,130	4,455,350
From two to three years	13,520,300	3,815,576
From three to five years	5,768,069	8,986,027
Over five years	7,605,192	-
Total Present value of the obligations for financial leases:	43,313,031	22,418,667

Purchases of property, plant and equipment financed through financial leases are recorded at the estimated price for cash transactions with counterpart to Loans for the amount to be paid discounted at the rate of return determined at the time of the initial measurement (including the final payment for the purchase option).

On July 21, 2010 the subsidiary Dulciora S.A.(currently merged with La Campagnola S.A.C.I.), entered into two lease agreements for the provision of machinery and equipment for the elaboration and packaging of juice; these agreements establish 84 payments of monthly installments of USD 20,357 and USD 37,855, respectively, with options to purchase for an amount of USD 450,098 and USD 836,989, respectively, which could be exercised in October 2017.

On May 21, 2014, the subsidiary La Campagnola S.A.C.I., undertook a new lease contract for new packing equipment payable in 96 monthly installments of USD 30,213, with a purchase option for USD 2,900,448 which may be exercised in April 2022. As a result of the new addition, on June 24, 2014, the subsidiary amended the existing contract for packing juices by withdrawing one of the equipment pieces and substituting through novation the obligation to a new fee of USD 27,751 and a purchase option for USD 613,595.

During 2013 and 2012 the subsidiary Van Dam S.A. entered into lease contracts for the acquisition of utility vehicles.

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NOTE 22. EMPLOYEE RETIREMENT BENEFITS OBLIGATIONS

Balances of the caption of retirement benefit obligations are presented below:

	12.31.2014	12.31.2013
Non-Current		
Retirement benefits	32,398,801	21,180,768
Retirement bonus (a)	55,312,649	39,143,790
Pension plans	44,111,109	18,858,745
Total non-current	**131,822,559**	**79,183,303**
Current		
Retirement benefits	30,207,951	18,793,284
Retirement bonus (a)	2,030,172	1,759,067
Total current	**32,238,123**	**20,552,351**
TOTAL	164,060,682	99,735,654

The charge allocated to the consolidated income statement is as follows:

	12.31.2014	12.31.2013
Charge to comprehensive income		
Pension plans (*)	24,638,058	15,632,187
Retirement benefits	45,929,909	27,669,216
Retirement bonus	17,161,860	11,524,667
Subtotal	**87,729,827**	**54,826,070**
Charge to other comprehensive income		
Retirement benefits	(1,458,347)	(1,235,423)
Pension plans	2,396,098	-
Actuarial gains / losses of defined benefit plans	**937,751**	**(1,235,423)**
Translation difference	2,737,252	2,744,287
Subtotal – Charges allocated to Other Comprehensive Income	**3,675,003**	**1,508,864**
TOTAL	91,404,830	56,334,934

(*)For the year ended December 31, 2014 the charged to results ARS 3,302,612 are shown under Managers, directors and syndics' fees and the charge of, ARS 15,348,054 under Salaries, wages and other benefits and the remaining balance is disclosed in financial expenses. Regarding previous year`s balance, ARS 2,641,335, is shown under Managers, directors and syndics' fees and ARS 12,990,852, under Salaries, wages and other benefits (Note 29).

(a) Retirement bonus

The amount recorded at December 31, 2014 and 2013 rose ARS 57,342,821 and ARS 40,902,857, respectively. The detail of the variation in the Group´s obligations is as follows:

	12.31.2014	12.31.2013
Balance at beginning of year	**40,902,857**	**32,847,323**
Cost	5,156,377	3,435,660
Interest	12,005,483	8,089,007
Actuarial gain	(1,458,347)	(1,235,423)
Benefits paid to members	(1,107,326)	(4,148,818)
Translation difference	1,843,777	1,915,108
TOTAL	57,342,821	40,902,857

The portion expected to be settled within twelve months as from the issue of these financial statements amounts to ARS 2,030,172.

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NOTE 22. EMPLOYEE RETIREMENT BENEFITS OBLIGATIONS

The charge allotted to the consolidated statement of income for the year ended December 31, 2014 and 2013 is as follows:

	Pension plans	Retirement benefits	Retirement bonus	Total at 12.31.2014
Cost (1)	18,650,666	41,061,371	5,156,377	64,868,414
Interest (2)	5,987,392	4,868,538	12,005,483	22,861,413
Subtotal – Charge to income for the year	**24,638,058**	**45,929,909**	**17,161,860**	**87,729,827**
Actuarial (gain)/ loss	2,396,098	-	(1,458,347)	937,751
Translation difference	39,150	854,325	1,843,777	2,737,252
Subtotal – Charges allotted to other comprehensive income	**2,435,248**	**854,325**	**385,430**	**3,675,003**
TOTAL AT 12.31.2014	27,073,306	46,784,234	17,547,290	91,404,830

(1) For the year ended at December 31, 2014 of the total cost charge for ARS 64,868,414, are included in "Cost of sales" of ARS 36,221,775, "Selling expenses" of ARS 7,033,385 and "Administrative expenses" for ARS 21,613,254.
(2) Allocated on "Financial results, net".

	Pension plans	Retirement benefits	Retirement bonus	Total at 12.31.2013
Cost (1)	15,632,187	31,353,949	3,435,660	50,421,796
Interest (2)	-	(3,684,733)	8,089,007	4,404,274
Subtotal – Charge to income for the year	**15,632,187**	**27,669,216**	**11,524,667**	**54,826,070**
Actuarial (gain)/ loss	-	-	(1,235,423)	(1,235,423)
Translation difference	173,702	655,477	1,915,108	2,744,287
Subtotal – Charges allotted to other comprehensive income	**173,702**	**655,477**	**679,685**	**1,508,864**
TOTAL AT 12.31.2013	15,805,889	28,324,693	12,204,352	56,334,934

(1) For the year ended at December 31, 2013 of the total cost charge for ARS 50,421,796, are included in "Cost of sales" of ARS 26,349,875, "Selling expenses" of ARS 5,414,246 and "Administrative expenses" for ARS 18,657,675.
(2) Allocated on "Financial results, net".

The hypotheses on future mortality rate are based on actuarial advice in accordance with statistics published and with the experience in each territory. The main actuarial assumptions used for the years 2014 and 2013 were as follows:

For the year ended December 31, 2014 and 2013	Argentina	Ecuador	Mexico
Mortality table	G.A.M. 83	IESS 2002	IMSS 1997
Disability table	P.D.T. 85	IESS 2002	Mort. table Mex. 2000
Normal retirement age in men / women	65 / 60 years old	25 years seniority	Average 65 years
Actual discount rate p.a.	6%	4%	7%

At December 31, 2014, the impact of a 1% favorable/unfavorable change in the actuarial assumptions would result in a (gain)/loss before taxes of approximately ARS (5,364,127) and ARS 4,535,232, respectively.

At December 31, 2013, the impact of 1% favorable/unfavorable change in the principal actuarial assumptions would result in a (gain)/ loss before taxes of approximately ARS (3,309,016) and ARS 3,927,525 respectively.

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NOTE 23. PROVISIONS

The following table details the composition of the caption Provisions:

	12.31.2014	12.31.2013
Non-current		
For labor, civil and commercial lawsuits	76,274,147	52,096,072
Other various provisions	78,986,257	35,998,748
Total non-current	**155,260,404**	**88,094,820**
Current		
For labor, civil and commercial lawsuits	38,376,158	38,099,425
Other various provisions	30,348,153	22,029,609
Total current	**68,724,311**	**60,129,034**
TOTAL	223,984,715	148,223,854

The evolution of the item is as follows:

	Labor, civil and commercial lawsuits (1)	Other provisions (2)	TOTAL
Balances at January 1, 2014	90,195,497	58,028,357	148,223,854
Increases	38,256,417	87,656,358	125,912,775
Decreases	(3,559,631)	(4,433,557)	(7,993,188)
Transfers	(597,202)	597,202	-
Payments	(9,976,520)	(32,072,331)	(42,048,851)
Effect of currency translation	331,744	(441,619)	(109,875)
TOTAL AT 12.31.2014	114,650,305	109,334,410	223,984,715

Information required by Schedule E, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

	Labor, civil and commercial lawsuits (1)	Other provisions (2)	TOTAL
Balances at January 1, 2013	72,840,935	38,308,044	111,148,979
Increases	29,348,647	51,746,448	81,095,095
Decreases	(9,305,267)	(18,641,104)	(27,946,371)
Payments	(2,879,268)	(15,961,743)	(18,841,011)
Effect of currency translation	190,450	2,576,712	2,767,162
TOTAL AT 12.31.2013	90,195,497	58,028,357	148,223,854

(1) The accounting allocation of increases and decreases in labor, civil and commercial lawsuits are shown in Notes 28 and 33.
(2) The accounting allocation of increases and decreases of other contingencies is shown in Note 28.

Information required by Schedule E, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

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NOTE 24. TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES

The following table details the breakdown of trade accounts payable and other liabilities:

	12.31.2014	12.31.2013
Non-Current		
Trade accounts payable		
- Third parties	1,356,833	718,489
Tax payables	16,387,192	15,969,131
Other liabilities with third-parties	-	48,816,431
Total Non-Current	**17,744,025**	**65,504,051**
Current		
Trade accounts payable		
- Third parties	2,740,616,503	2,181,537,636
- Related parties (Note 38)	351,419	1,014,324
- Promissory Notes	83,057,596	175,261,098
Tax payables	200,729,658	171,160,161
Salaries and social security contributions	927,489,099	684,291,796
Other Debts:		
- Third parties	71,241,009	60,116,020
- Dividends payable to non-controlling interest	28,452,536	-
Other liabilities with third-parties (Note 38)	11,967,276	23,484,051
Total Current	**4,063,905,096**	**3,296,865,086**
TOTAL	4,081,649,121	3,362,369,137

NOTE 25. COMMITMENTS AND GUARANTEES GRANTED

(a) Expenses commitments

Committed expenditure for at the end of the reporting period but not yet incurred at the date of these financial statements, is as follows:

	12.31.2014	12.31.2013
IT services	58,774,628	7,598,292
Logistic services	103,152,006	71,593,986
Production services	28,793,085	2,852,352
TOTAL	190,719,719	82,044,630

(b) Operating lease commitments

The Group leases certain buildings under non-cancellable operating lease agreements. The lease terms are between one to five years, and the majority of lease agreements are renewable at the end of the lease period at market prices.

The future aggregate minimum lease payments under non-cancellable operating lease agreements are as follows:

	12.31.2014	12.31.2013
Within one year	10,483,769	7,444,356
Between 1 and 5 years	12,248,584	11,054,229
Over 5 years	151,816	-
TOTAL	22,884,169	18,498,585

The Group also leases certain offices, machinery and equipment under cancellable operating lease agreements. The total cancellable and non-cancellable lease expenditure charged to the consolidated statement of income for the years ended 2014 and 2013, is disclosed in note 28 under the item “Operating leases”.

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NOTE 25. COMMITMENTS AND GUARANTEES GRANTED

(c) Guarantees granted for loans taken by subsidiaries

The guarantees granted on loans taken by subsidiaries are detailed in the tables below:

Company	Creditor/Beneficiary	Original currency	Type of guarantee	Maximum amount guaranteed	Net carrying value at 12.31.2014	
					Original currency amount	ARS
Arcor U.S.A. Inc	JP Morgan Chase Bank National Association	USD	Surety Bond	7,000,000	2,807,333	23,724,774
Arcor AG (S.A. Ltda.)	Deutsche Bank	EUR	Surety Bond	3,000,000	1,811,134	18,590,543
Unidal Venezuela S.A. (1)	Banco Provincial	USD	Surety Bond	7,000,000	-	-
	Citibank NA	USD	Surety Bond	8,000,000	-	-

Company	Creditor/Beneficiary	Original currency	Type of guarantee	Maximum amount guaranteed	Net carrying value at 12.31.2013	
					Original currency amount	ARS
Arcor U.S.A. Inc	JP Morgan Chase Bank National Association	USD	Surety Bond	7,000,000	6,000,000	38,991,316
Arcor AG (S.A. Ltda.)	Deutsche Bank	EUR	Surety Bond	3,000,000	2,551,953	22,884,200
Unidal Venezuela S.A. (1)	Banco Provincial	USD	Surety Bond	7,000,000	-	-
	Citibank NA	USD	Surety Bond	8,000,000	-	-

(1) During the year ended December 31, 2013, loans of Unidal Venezuela S.A. were canceled and the guarantees have not been used.

(d) Other guarantees granted and encumbered and restricted assets

Company	Creditor/Beneficiary	Original currency	Type of guarantee	Guarantee	Carrying value of the guarantee granted at 12.31.14 ARS	Carrying value of the guarantee granted at 12.31.13 ARS
Arcor S.A.I.C.	Province of San Luis Government	ARS	Mortgage	Real estate	196,334	196,334
Arcor do Brasil Ltda.	Banco do Brasil	BRL	Surety Bond		3,965,946	5,394,870
Bagley Chile S.A.	Credit and Investment Bank	CLP	Surety Bond	Accounts Receivable-	125,508	2,659,322
Bagley do Brasil Alim. Ltda.	Banco do Brasil	BRL	Surety Bond	Discount Documents	5,043,868	4,357,395
Industria de Alimentos Dos en Uno S.A.	Credit and Investment Bank	CLP	Surety Bond		-	1,149,114
Cartocor S.A.	Other liabilities with third- parties	USD	Surety Bond	Surety bond	72,174,281	110,080,338

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NOTE 25. COMMITMENTS AND GUARANTEES GRANTED

(d) Potential commitments

Under the Framework Investment Agreement with Groupe Danone, the Company has entered into an agreement with the subsidiary Bagley Argentina S.A. whereby the Company obliges itself to provide the services necessary for manufacturing certain products using assets that belong to Bagley Argentina S.A.

As a result, there are equipments that belong to Bagley Argentina S.A. located at the Company's plants that at December 31, 2014 and 2013 have a residual value of ARS 1,505,501 and ARS 207,305, respectively. The Company is obliged to the guard and safekeeping of these assets and to keep the corresponding insurance policies. The residual value of these assets at December 31, 2013 amounted to ARS 207,305.

Due to tolling agreements between the Company and third parties, at December 31, 2014 the Company has in its deposits a stock of sugar belonging to third parties measured at weighted average price for an amount of ARS 65,042,218. At December 31, 2013 the third-party sugar stock amounted to ARS 33,259,860. The Company is obliged to the guard and safekeeping of these assets and to keep the corresponding insurance policies.

Also, the Company has in its deposits a stock of finished products for sale that belong to third parties, for a value of ARS 6,210,611 The stock of these items at December 31, 2013 was for ARS 1,656,753.

NOTE 26. SALES OF GOODS AND SERVICES

The following table details the breakdown of sales:

	12.31.2014	12.31.2013
Sales of goods to third parties net of discounts and bonuses	24,030,861,033	17,240,950,495
Sales of services		
- Third parties	28,804,837	19,898,860
- Related parts (Note 38)	91,669	64,707
TOTAL	24,059,757,539	17,260,914,062

NOTE 27. COST OF SALES AND SERVICES PROVIDED

The following table details the breakdown of the item of cost of sales and services provided:

	12.31.2014	12.31.2013
Inventories at beginning of year	3,424,707,435	2,543,142,546
Purchases for the year	9,855,692,183	7,444,214,155
Transfers of biological products from the agricultural activity (Note 30)	113,657,621	81,324,606
Refunds on exports (1)	(86,099,402)	(61,421,009)
Sale of by products	(59,268,827)	(29,639,306)
Expenses on production and services provided (Note 28)	6,591,728,572	4,788,752,062
Effect of currency translation	79,272,064	103,299,421
Inventories at year end (Note 12)	(4,092,788,575)	(3,424,707,435)
TOTAL	15,826,901,071	11,444,965,040

(1) Net of the effect of (losses) / recovery of allowances for export refunds.

Information required by Schedule F, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

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NOTE 28. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE

The following table details the breakdown of total expenses by nature:

	12.31.2014	12.31.2013
Managers, directors and syndics' fees	78,789,984	58,273,636
Fees and compensation for services	176,970,330	125,718,833
Salaries, wages and social security charges and other benefits (Note 29)	5,520,674,836	4,060,624,446
Taxes, rates and contributions	80,875,665	60,546,097
Direct taxes	529,660,914	364,370,210
Maintenance of property, plant and equipment	595,526,383	433,537,038
Maintenance of investment properties	301,883	86,835
Depreciation of property, plant and equipment (Note 5) (1)	398,644,589	276,454,766
Depreciation of investment properties (Note 6)	244,442	149,560
Amortization of intangible assets (Note 7)	23,208,973	14,403,152
Freight and haulage	1,450,470,495	1,078,101,797
Fuels and lubricants	82,317,762	56,383,471
Export and import expenses	122,395,946	87,742,982
Third-party services	710,997,372	514,739,532
Electricity, gas and communications	676,380,937	466,345,836
Travelling expenses and per diem	181,152,661	144,608,130
Bank services	38,630,591	26,416,348
Cleaning, disinfection and gardening	114,003,300	80,789,852
Quality and environment	33,675,010	22,266,416
Publicity and advertising	686,331,112	608,648,243
Loss (reversal) for doubtful accounts	43,136,367	54,575,237
Loss (reversal) for labor lawsuits and others	25,932,260	13,777,402
Operating leases/ rental	192,804,738	120,351,644
Insurance	99,696,912	55,801,594
Systems and application software	59,666,385	54,997,918
Export duties	97,264,393	76,676,242
Loss (reversal) for inventory losses	55,896,676	9,326,707
Loss (reversal) for contingencies	83,222,801	33,105,344
Loss (reversal) for other receivables	2,013,352	1,988,328
Other miscellaneous expenses	573,742,596	388,029,909
TOTAL	12,734,629,665	9,288,837,505

(1) Depreciation is net of the decrease in the impairment for property, plant and equipment valuation reserve corresponding to the subsidiary Arcor de Perú S.A. for ARS 482,066 for 2014.

Information required by Schedule H, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

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NOTE 28. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE

(a) Product expenses (Note 27)

	12.31.2014	12.31.2013
Fees and compensation for services	26,413,335	29,700,398
Salaries, wages and social security charges and other benefits (Note 29)	3,862,147,492	2,886,762,289
Taxes, rates and contributions	24,438,769	22,124,726
Maintenance of property, plant and equipment	531,287,239	382,262,323
Depreciation of property, plant and equipment (Note 5) (1)	354,352,821	241,457,610
Amortization of intangible assets (Note 7)	5,855,967	1,819,596
Freight and haulage	290,017,244	213,240,727
Fuels and lubricants	66,611,083	45,690,725
Export and import expenses	1,538,245	1,006,680
Third-party services	288,872,181	203,950,412
Electricity, gas and communications	596,269,613	407,959,112
Travelling expenses and per diem	60,349,428	49,410,645
Cleaning, disinfection and gardening	89,479,503	63,162,784
Quality and environment	33,629,377	22,202,003
Loss (reversal) for labor lawsuits and others	13,711,928	8,571,829
Operating leases/ rental	26,277,161	15,321,961
Insurance	70,181,777	40,006,154
Systems and application software	20,599,756	17,779,095
Loss (reversal) for inventory losses	32,902,584	11,266,405
Loss (reversal) for contingencies	813,464	465,969
Loss (reversal) for other receivables	416,368	110,520
Other miscellaneous expenses	195,563,237	124,480,099
TOTAL	6,591,728,572	4,788,752,062

(1) Depreciation is net of the decrease in the impairment for property, plant and equipment valuation reserve corresponding to the subsidiary Arcor de Perú S.A. for ARS 482,066 for 2014.

Information required by Schedule H, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

(b) Biological assets production expenses (Note 30)

	12.31.2014	12.31.2013
Fees and compensation for services	710,841	671,034
Salaries, wages and social security charges and other benefits (Note 29)	19,959,352	14,774,101
Taxes, rates and contributions	2,237,240	1,372,905
Maintenance of property, plant and equipment	7,402,247	6,553,441
Depreciation of property, plant and equipment (Note 5)	1,539,632	1,413,928
Freight and haulage	6,545,905	4,355,357
Fuels and lubricants	2,877,294	2,004,874
Third-party services	22,564,089	16,249,936
Electricity, gas and communications	2,231,112	1,774,905
Travelling expenses and per diem	302,577	381,523
Cleaning, disinfection and gardening	1,100,451	649,590
Loss (reversal) for labor lawsuits and others	333,648	(879)
Quality and environment	45,633	64,413
Operating leases/ rental	5,983,035	3,928,064
Insurance	121,670	65,441
Systems and application software	30,808	21,097
Other miscellaneous expenses	36,344,205	23,763,912
TOTAL	110,329,739	78,043,642

Information required by Schedule H, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

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NOTE 28. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE

(c) Selling expenses

	12.31.2014	12.31.2013
Fees and compensation for services	38,456,949	29,092,434
Salaries, wages and social security charges and other benefits (Note 29)	1,067,173,262	748,628,510
Taxes, rates and contributions	30,520,306	19,367,159
Direct taxes	529,660,914	364,370,210
Maintenance of property, plant and equipment	47,858,598	37,127,695
Depreciation of property, plant and equipment (Note 5)	32,616,167	24,935,124
Amortization of intangible assets (Note 7)	11,084,100	8,066,086
Freight and haulage	1,153,907,346	860,505,713
Fuels and lubricants	11,395,004	7,706,642
Export and import expenses	120,857,701	86,736,302
Third-party services	350,846,299	250,654,709
Electricity, gas and communications	43,179,038	30,604,216
Travelling expenses and per diem	84,589,387	65,151,118
Cleaning, disinfection and gardening	18,512,686	12,986,973
Publicity and advertising	686,331,112	608,648,243
Loss (reversal) for doubtful accounts	43,136,367	54,575,237
Loss (reversal) for labor lawsuits and others	11,221,129	3,447,388
Operating leases/ rental	138,211,917	86,658,098
Insurance	20,537,408	9,426,444
Systems and application software	18,964,852	21,078,275
Export duties	97,264,393	76,676,242
Loss (reversal) for inventory impairment	22,994,092	(1,939,698)
Loss (reversal) for contingencies	9,295,141	6,649,822
Loss (reversal) for other receivables	(135,728)	(90,605)
Other miscellaneous expenses	302,843,028	204,579,282
TOTAL	4,891,321,468	3,615,641,619

Information required by Schedule H, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

(d) Administrative expenses

	12.31.2014	12.31.2013
Managers, directors and syndics' fees	78,789,984	58,273,636
Fees and compensation for services	108,632,754	64,243,429
Salaries, wages and social security charges and other benefits (Note 29)	571,394,593	410,459,546
Taxes, rates and contributions	23,103,177	17,162,890
Maintenance of property, plant and equipment	8,978,299	7,593,579
Depreciation of property, plant and equipment (Note 5)	10,135,969	8,648,104
Amortization of intangible assets (Note 7)	6,268,906	4,517,470
Fuels and lubricants	1,434,381	981,122
Third-party services	45,971,172	42,225,299
Electricity, gas and communications	34,682,614	25,474,739
Travelling expenses and per diem	35,893,721	29,656,721
Bank services	38,630,591	26,416,348
Cleaning, disinfection and gardening	4,897,771	3,973,222
Loss (reversal) for labor lawsuits and others	665,555	1,759,064
Operating leases/ rental	22,298,955	14,434,614
Insurance	8,856,057	6,303,555
Systems and application software	20,070,969	16,119,451
Loss (reversal) for contingencies	72,884,196	25,989,553
Loss (reversal) for other receivables	1,732,712	1,968,413
Other miscellaneous expenses	38,310,087	35,056,084
TOTAL	1,133,632,463	801,256,839

Information required by Schedule H, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

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NOTE 28. INFORMATION ABOUT EXPENSES BY FUNCTION AND NATURE

(e) Investment property maintenance expenses

	12.31.2014	12.31.2013
Fees and compensation for services	2,756,451	2,011,538
Taxes, rates and contributions	137	-
Maintenance of investment properties	576,173	518,417
Depreciation of investment properties (note 6)	301,883	86,835
Fuels and lubricants	244,442	149,560
Third-party services	-	108
Fees and compensation for services	2,743,631	1,659,176
Electricity, gas and communications	18,560	532,864
Travelling expenses and per diem	17,548	8,123
Cleaning, disinfection and gardening	12,889	17,283
Operating leases/ rental	33,670	8,907
Loss (reversal) for other receivables	230,000	-
Other miscellaneous expenses	682,039	150,532
TOTAL	7,617,423	5,143,343

Information required by Schedule H, in compliance with section 1, chapter III, Title 4 of the restated text of the CNV.

NOTE 29. SALARIES, WAGES, SOCIAL SECURITY CHARGES AND OTHER BENEFITS

The following table shows the breakdown of the item salaries, wages, social security charges and other benefits:

	12.31.2014	12.31.2013
Salaries, wages and social security contributions	5,459,109,034	4,012,843,985
Early retirement benefits	41,061,371	31,353,949
Pension plans	15,348,054	12,990,852
Retirement pension	5,156,377	3,435,660
TOTAL	5,520,674,836	4,060,624,446

NOTE 30. RESULTS GENERATED BY BIOLOGICAL ASSETS

The following is disclosed the results generated by the main biological assets:

	Fruit trees	Grains	Beef or dairy cattle	Sugar-cane plantations	Total at 12.31.2014
Sale of biological products	-	18,800,541	8,164,817	-	26,965,358
Cost of sale of biological products	-	(14,619,698)	(8,164,817)	-	(22,784,515)
Subtotal income from sale of biological products	**-**	**4,180,843**	**-**	**-**	**4,180,843**
Harvest of biological products	**13,568,577**	**29,775,297**	**72,159,175**	**28,731,668**	**144,234,717**
Initial recognition and changes in the fair value of biological assets	**(79,467)**	**(11,754,606)**	**34,211,028**	**(11,299,422)**	**11,077,533**
Consumption of harvested biological products	-	-	(8,609,755)	-	(8,609,755)
Production expenses of biological assets (note 28)	(13,857,249)	(3,967,966)	(67,254,255)	(25,250,269)	(110,329,739)
Subtotal production costs of biological assets	**(13,857,249)**	**(3,967,966)**	**(75,864,010)**	**(25,250,269)**	**(118,939,494)**
TOTAL RESULT GENERATED BY BIOLOGICAL ASSETS	(368,139)	18,233,568	30,506,193	(7,818,023)	40,553,599

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NOTE 30. RESULTS GENERATED BY BIOLOGICAL ASSETS

	Fruit trees	Grains	Beef or dairy cattle	Sugar-cane plantations	Total at 12.31.2013
Sale of biological products	-	7,087,326	4,560,541	-	11,647,867
Cost of sale of biological products	-	(5,494,215)	(4,560,541)	-	(10,054,756)
Subtotal income from sale of biological products	**-**	**1,593,111**	**-**	**-**	**1,593,111**
Harvest of biological products	**8,585,330**	**17,050,220**	**52,536,623**	**16,480,331**	**94,652,504**
Initial recognition and changes in the fair value of biological assets	**(14,585,179)**	**(8,146,210)**	**12,214,087**	**(20,629,903)**	**(31,147,205)**
Consumption of harvested biological products	-	-	(9,229,552)	-	(9,229,552)
Production expenses of biological assets (note 28)	(9,937,100)	(1,483,765)	(47,131,214)	(19,491,563)	(78,043,642)
Subtotal production costs of biological assets	**(9,937,100)**	**(1,483,765)**	**(56,360,766)**	**(19,491,563)**	**(87,273,194)**
TOTAL RESULT GENERATED BY BIOLOGICAL ASSETS	(15,936,949)	9,013,356	8,389,944	(23,641,135)	(22,174,784)

The main destination of biological assets production is the transfer from agricultural production to industrial, which is disclosed below:

	Biological assets from the agricultural activity					
	Fruit trees	Grains	Beef or dairy cattle	Sugar-cane plantations	Total at 12.31.2014	Total at 12.31.2013
Biological assets at the beginning of the year	-	4,307,899	-	-	4,307,899	4,008,810
Harvest of biological products	13,568,577	29,775,297	72,159,175	28,731,668	144,234,717	94,652,504
Cost of sale of biological products	-	(14,619,698)	(8,164,817)	-	(22,784,515)	(5,494,215)
Internal transfers	-	(6,005,614)	6,005,614	-	-	-
Consumption of biological products harvested (forage)	-	-	(6,005,614)	-	(6,005,614)	(7,534,594)
Subtotal	**13,568,577**	**13,457,884**	**63,994,358**	**28,731,668**	**119,752,487**	**85,632,505**
Stock at year end of biological products not transferred to the industrial activity (forage) (1)	-	(6,094,866)	-	-	(6,094,866)	(4,307,899)
TOTAL TRANSFERS OF BIOLOGICAL PRODUCTS TO THE INDUSTRIAL ACTIVITY AT 12.31.2014	13,568,577	7,363,018	63,994,358	28,731,668	113,657,621	-
TOTAL TRANSFERS OF BIOLOGICAL PRODUCTS TO THE INDUSTRIAL ACTIVITY AT 12.31.2013	8,585,330	3,722,322	52,536,623	16,480,331	-	81,324,606

(1) Includes under the caption "Raw materials and materials", (Note 12).

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NOTE 31. OTHER INCOME/(LOSSES) - NET

In the following table is detailed the breakdown of the item other income/(losses) - net:

	12.31.2014	12.31.2013
Tax on financial transactions	(248,986,882)	(178,302,127)
Expenses net from income accrued, generated by investment properties (1)	(6,722,869)	(3,229,166)
Income from the sale of property, plant and equipment and investment properties (2)	63,671,301	18,685,672
Others (3)	3,937,919	(962,407)
TOTAL	(188,100,531)	(163,808,028)

(1) Includes maintenance expenses of investments properties for the year ended December 31, 2014 and 2013 for ARS 7.617.423 and ARS 5.143.343 respectively (Note 28).
(2) Includes sale of property of Converflex Argentina S.A.
(3) At December 31, 2014, includes the recovery of the allowance for impairment of Property, Plant and Equipment of the subsidiary Arcor de Perú S.A. for ARS 5,150,452.

- **Converflex Argentina S.A. sale of property**

On October 3, 2014, Converflex Argentina S.A., a company indirectly controlled by Arcor S.A.I.C., sold to Klöckner Pentaplast de Argentina S.A. a building located in the city Villa del Totoral, Province of Cordoba, for USD 4,912,782.

NOTE 32. EXCEPTIONAL RESULTS

	12.31.2014	12.31.2013
Casualties	120,187,560	136,649,648
TOTAL	120,187,560	136,649,648

Incidents occurred during the year ended December 31, 2014 and 2013

During the years ended December 31, 2014 and 2013, casualties took place, due to weather events and fires in our own and third-party plants and warehouses, which affected inventories and property, plant and equipment of the Group. The charges to results generated by these events are shown under the item exceptional results in the consolidated statement of income. The significant events were the following:

a. Damage in third-party deposits

On November 20, 2012 a tornado-like storm affected the premises of a third-party deposit located in city of Villa Mercedes, Province of San Luis, and certain inventory that belonged to the Group. During the period ended December 31, 2013, income was recorded as a result of the compensation by the insurance company of ARS 18,774,239, Furthermore, in the current period, certain additional expenses related to this event were accrued.

On December 21, 2012 there was a fire at a third-party deposit located in the town of San Pedro, Province of Buenos Aires, which affected certain finished products belonging to the Group. During the period ended December 31, 2013, income was recorded as a result of the compensation by the insurance company of ARS 16,143,840, together with the accrual of certain additional expenses related to this event.

Both casualties were fully recovered during the period ended December 31, 2013, as a result of insurance purchased.

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NOTE 32. EXCEPTIONAL RESULTS

b. Damages at Converflex Argentina S.A. plants

On December 21, 2012, a fire broke out in a wing of the production plant of the subsidiary Converflex Argentina S.A., located in the town of Villa del Totoral, Province of Córdoba. The outcome of the fire was total destruction of the PVC plant, inventories warehouse and office sector.

In March 2013, a gain of ARS 49,810,951 (USD 9,900,000) was recorded as a result of the recognition by the insurance companies of an advance payment on account of the total amount of coverage taken out. This advance was fully collected in April 2013. Furthermore, in the current period, certain additional expenses related to this event were accrued.

Additionally, in December 2013, the subsidiary recorded a receivable against insuring companies for ARS 72,050,385 (USD 11,117,000) based on the estimate of the compensation pending refund, including property damage and loss of profits, since it considers that this receivable is almost sure, from the progress of the verification stage at the date of these consolidated financial statements. This advance was fully collected in November 2014.

On July 7, 2013, a fire broke out in the plant of the subsidiary Converflex Argentina S.A., located at Luján, Province of Buenos Aires. The fire produced the destruction of the production facilities and loss of stock.

In September 2013, income for ARS 74,789,000 (USD 13,000,000) was recorded as from recognition by the insurance companies of an advance payment on account of the total amount of coverage taken out. This advance was fully collected in the last quarter of the year 2013.

In September 2014, an income was recorded for compensation of the remaining balance for damages to property from the insurance companies for ARS 63,541,089 (USD 7,627,982), which was fully collected in the last quarter of 2014.

In addition, in December 2014, the Subsidiary recognized a credit with the insurance companies for ARS 85,510,000 (USD 10,000,000), based on the estimate of the compensation pending refund for the coverage of the loss of benefits. This recognition is due to the probability of refund estimated based on the progress of the verification tasks performed by the insurance companies.

Therefore, for the year ended December 31, 2014, Converflex Argentina S.A. was recorded by both casualties additional expenses for ARS 23,172,467.

Under the stated, the damages caused by casualties described above, were sufficiently covered by insurance policies.

c. Damage at Cartocor S.A. deposit

On March 12, 2013, a fire happened in a warehouse of the subsidiary Cartocor S.A. in Allen, Province of Rio Negro. The fire resulted in the total loss of the building as well as the materials stored therein.

During the year ended December 31, 2013, the charge allotted to income from disposals of damaged stock and elements of Property, Plant and Equipment, amounted to ARS 2,410,959.

Therefore, in the period ended December 31, 2013, the gain recorded as a result of the compensation by the insurance company was ARS 7,923,661. at the date of these consolidated financial statements, this amount has been fully collected.

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NOTE 33. FINANCIAL RESULTS

In the following table is detailed the breakdown of financial results:

	12.31.2014	12.31.2013
Financial income		
Interest:		
- Cash equivalents	1,349,541	228,230
- Explicit and implicit	304,139,390	187,370,129
- Explicit and implicit with related parties (Note 38)	247,968	75,284
Changes to the fair value of financial assets	66,756,364	26,173,461
Subtotal financial income	**372,493,263**	**213,847,104**
Financial expenses		
Interest:		
- Banks and notes net of amounts capitalized in property, plant and equipment	(663,812,427)	(344,005,985)
- Financial leases	(1,441,869)	(2,432,577)
- Explicit and implicit	(258,501,816)	(130,976,625)
- Financing expenses	(20,332,703)	(10,322,476)
Gains – (losses) from the fair value of financial instruments:		
- Interest rate swap: transfers from equity	(1,249,069)	(3,255,091)
- Changes in fair value of financial instruments	(35,356,164)	(387,500)
Results from changes in the purchasing power of money	(27,992,412)	(7,995,367)
Subtotal of financial expenses	**(1,008,686,460)**	**(499,375,621)**
TOTAL	(636,193,197)	(285,528,517)

NOTE 34. NET FOREIGN EXCHANGE DIFFERENCES

In the following table is detailed the breakdown of net foreign exchange differences:

	12.31.2014	12.31.2013
Foreign exchange differences generated by assets	239,111,960	160,951,265
Foreign exchange differences generated by liabilities	(752,046,402)	(619,676,907)
TOTAL	(512,934,442)	(458,725,642)

NOTE 35. INCOME TAX

	12.31.2014	12.31.2013
Current income tax	(557,154,084)	(361,781,707)
Income tax - deferred tax method	32,471,004	69,069,097
Net generation of credits for similar taxes abroad	2,253,659	1,869,644
Subtotal	**(522,429,421)**	**(290,842,966)**
Minimum notional income tax	(40,694)	(105,996)
Subtotal – Income tax allocated to the statement of income	**(522,470,115)**	**(290,948,962)**
Income tax - deferred tax method	(2,147,040)	(1,976,279)
Subtotal – Income tax allocated to other comprehensive income	**(2,147,040)**	**(1,976,279)**
TOTAL INCOME TAX CHARGE	(524,617,155)	(292,925,241)

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NOTE 35. INCOME TAX

Below is a reconciliation between income tax charged to earnings and tax resulting from applying the income tax rate applicable in each jurisdiction on the accounting profit before taxes:

	12.31.2014	12.31.2013
Income for the year before tax	**1,031,395,694**	**605,452,405**
Tax rate of the Company	35%	35%
Tax calculated at the Company's tax rate	**(360,988,493)**	**(211,908,342)**
Permanent differences:		
Non-taxable income	8,706,588	2,933,066
Non-deductible expenses	(45,803,012)	(37,221,867)
Result for the adjustment of tax rates of other jurisdictions (2)	13,555,193	13,872,589
Result from investments in Companies	9,701,983	1,992,476
(Increase) in provision for deferred tax	(146,165,080)	(115,546,954)
Net generation of credits for similar taxes abroad	2,253,659	1,869,644
Tax effect of credits for similar taxes abroad	(788,780)	(654,375)
Others nets	(2,901,479)	53,820,797
Subtotal permanent differences at tax rate	**(161,440,928)**	**(78,934,624)**
TOTAL INCOME TAX CHARGE (1)	(522,429,421)	(290,842,966)
Current income tax	(557,154,084)	(361,781,707)
Income tax - deferred tax method	32,471,004	69,069,097
Net generation of credits for similar taxes abroad	2,253,659	1,869,644
TOTAL INCOME TAX CHARGE TO EARNINGS (1)	(522,429,421)	(290,842,966)

(1) At December 31, 2014 and 2013, it does not include the minimum notional income tax charge for ARS 40,694 and ARS 105,996, respectively.
(2) The effect on the position includes the impact of changes in tax rates occurred in the jurisdiction in which the group operates.

NOTE 36. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income attributable to the Company´s shareholders by the weighted average number of ordinary shares outstanding during the year. For the years 2014 and 2013, ordinary shares outstanding were considered at the end of the current year. The Company does not have preferred shares or debt convertible to shares, so the basic earnings per share are equal to the diluted earnings per share.

	Year end	
	12.31.2014	12.31.2013
Net income attributable to the Company's shareholders	236,676,778	154,666,969
Weighted average of outstanding ordinary shares	70,000,000,000	70,000,000,000
BASIC AND DILUTED EARNINGS PER SHARE	0.00338	0.00221

NOTE 37. DIVIDENDS PER SHARE

Dividends paid to the Company's shareholders during 2014 and 2013 amounted to ARS 280,000,000 and ARS 200,000,000, respectively, which on the ordinary shares outstanding at the date of payment, 70,000,000,000 represented ARS 0.00400 and ARS 0.00286 per share, respectively.

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NOTE 38. TRANSACTIONS AND BALANCES BETWEEN RELATED PARTIES

Below is a detail of outstanding balances and transactions with related parties at years end,

(a) Sales of services

	Type of relation	12.31.2014	12.31.2013
Grupo Arcor S.A.	Parent Company	91,669	64,707
TOTAL		91,669	64,707

(b) Other income and expenses with related parties

	Type of relation	12.31.2014	12.31.2013
Other expenses			
Contribution to Fundación Arcor	Others	5,875,000	5,290,000
Contribution to Instituto Arcor Do Brasil	Others	3,921,176	3,915,496
TOTAL		9,796,176	9,205,496

(c) Financial interest

	Type of relation	12.31.2014	12.31.2013
Earned			
GAP Inversora S.A.	Associate	105,567	53,397
Other related parties	Others	142,401	21,887
TOTAL		247,968	75,284

(d) Balances for receivables and liabilities recorded for commercial transactions with related parties

	Type of relation	12.31.2014	12.31.2013
Trade accounts receivable (Note 11)			
Grupo Arcor S.A.	Parent Company	-	5,060
TOTAL		-	5,060
Trade accounts payables and other liabilities (Note 24)			
Remuneration of directors to pay	Others	11,967,276	23,484,051
Other related parties	Others	351,419	1,014,324
TOTAL		12,318,695	24,498,375

Trade accounts receivables and payables with related parties arise mainly of transactions of sale/purchases, they expire within twelve months after of the date of the sale and do not accrue any interest. Trade accounts receivables are not guaranteed. There have been no allowances of these receivables from related parties.

(e) Financial debtors

	Type of relation	12.31.2014	12.31.2013
GAP Inversora S.A.	Associate	664,522	398,469
Other related parties	Others	193,530	274,984
TOTAL		858,052	673,453

(f) Employee benefits

Compensation and other employee benefits paid or payable to the Board of Directors and the Senior Management amount to ARS 156,298,143 and ARS 112,530,682, at December 31, 2014 and 2013, respectively.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.1 Financial instruments by category

The following chart shows the information required under IFRS 7 for financial assets and financial liabilities, in accordance with the categories laid down in IFRS 9.

- At December 31, 2014:

	Amortized cost	Fair value		Total at 12.31.2014
		with changes in the statement of income	with changes in other comprehensive income	
Assets as per balance sheet				
Derivative financial instruments	-	11,311,368	-	11,311,368
Other receivables (1)	558,124,119	-	-	558,124,119
Trade accounts receivable	3,142,210,337	-	-	3,142,210,337
Other investments (1)	4,234,872	-	-	4,234,872
Other investments at amortized cost	4,936,335	-	-	4,936,335
Cash and cash equivalents	-	1,191,473,026	-	1,191,473,026
TOTAL AT DECEMBER 31, 2014	3,709,505,663	1,202,784,394	-	4,912,290,057
Liabilities as per balance sheet				
Loans	5,682,782,921	-	-	5,682,782,921
Derivative financial instruments	-	23,099,642	-	23,099,642
Trade accounts payables and other liabilities (1)	3,860,608,409	3,923,864	-	3,864,532,273
TOTAL AT DECEMBER 31, 2014	9,543,391,330	27,023,506	-	9,570,414,836

(1) It only includes financial assets and liabilities under IFRS 7.

- At December 31, 2013:

	Amortized cost	Fair value		Total at 12.31.2013
		with changes in the statement of income	with changes in other comprehensive income	
Assets as per balance sheet				
Derivative financial instruments	-	466,037	-	466,037
Other receivables (1)	450,565,520	-	-	450,565,520
Trade accounts receivable	2,628,160,572	-	-	2,628,160,572
Other investments (1)	4,867,864	-	-	4,867,864
Other investments at amortized cost	1,672,098	-	-	1,672,098
Cash and cash equivalents	-	866,597,053	-	866,597,053
TOTAL AT DECEMBER 31, 2013	3,085,266,054	867,063,090	-	3,952,329,144
Liabilities as per balance sheet				
Loans	4,211,846,023	-	-	4,211,846,023
Derivative financial instruments	-	-	1,212,652	1,212,652
Trade accounts payables and other liabilities (1)	3,174,049,686	1,190,159	-	3,175,239,845
TOTAL AT DECEMBER 31, 2013	7,385,895,709	1,190,159	1,212,652	7,388,298,520

(1) It only includes financial assets and liabilities under IFRS 7.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.2 Fair value hierarchies

The charts below show the financial instruments measured at fair value, classified by hierarchy according to the measurement method used. Different levels were defined in the following manner:

- Level 1: (Unadjusted) quoted prices in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or the liabilities, either directly (prices) or indirectly (derived from prices).
- Level 3: Inputs for the assets or liability that are not based on observable market data (non-observable data), which requires that the Group prepares its own hypothesis and assumptions.

Below are the Group's assets and liabilities measured at fair value:

- At December 31, 2014:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
Derivative financial instruments	11,311,368	-	-	11,311,368
Cash and cash equivalents	1,191,473,026	-	-	1,191,473,026
TOTAL ASSETS	1,202,784,394	-	-	1,202,784,394

	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value				
Derivative financial instruments	23,099,642	-	-	23,099,642
Trade accounts payable and other liabilities (1)	-	3,923,864	-	3,923,864
TOTAL LIABILITIES	23,099,642	3,923,864	-	27,023,506

(1) It only includes financial assets and liabilities under IFRS 7.

- At December 31, 2013:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value				
Derivative financial instruments	466,037	-	-	466,037
Cash and cash equivalents	866,597,053	-	-	866,597,053
TOTAL ASSETS	867,063,090	-	-	867,063,090

	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value				
Derivative financial instruments	-	1,212,652	-	1,212,652
Trade accounts payable and other liabilities (1)	-	1,190,159	-	1,190,159
TOTAL LIABILITIES	-	2,402,811	-	2,402,811

(1) It only includes financial assets and liabilities under IFRS 7.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.2 Fair value hierarchies (Cont'd)

The fair value of financial instruments traded in active markets is based on the quote price at the closing date. A market is considered active when the quote price is easily and regularly available through a stock exchange, financial agent, sector-specific institution, regulating agency or price services and such price shows transactions regularly performed at current market value between independent parties. The market quote price used for financial assets held by the Group is the purchaser's current price. These instruments are included in Level 1. Instruments included in Level 1 are mainly derivative financial instruments and cash and cash equivalents.

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. These valuation techniques maximize the use of observable market data available and, to the lesser extent possible, are based on specific estimates made by the Group. If all material data required to calculate the fair value of an instrument is observable, the instrument is included in Level 2. The instruments included in Level 2 encompass mainly derivative financial instruments (interest rate swap) and purchase contracts of grains with prices to be fixed.

If material data to calculate the fair value of the financial instrument is not based on observable market data, the instrument is included in Level 3.

At December 31, 2014 and 2013 the Group did not have financial instruments included in Level 3.

39.3 Fair value estimation

Fair value of assets and liabilities carried at fair value

Financial assets and liabilities carried at fair value at December 31, 2014 and 2013, the information and techniques used to its valuation methods and levels are shown below:

(a) Cash and cash equivalents

The carrying value of these assets is similar to their fair value. The mutual funds are also included in this item and its value was estimated using information from active markets, valuing each market prices at the market value thereof at the close of each year, so its valuation qualifies as Level 1.

(b) Derivative financial instruments

- Interest rate swaps

They are included under "Derivative financial instruments". The fair value was determined based on the quotes provided by top-class financial institutions, thus its valuation was classified as Level 2.

- Sales/Purchase future contracts of currency

The fair value of these financial instruments is determined by reference to quotations in active markets, thus, their valuation is qualified as Level 1.

(c) Trade accounts payable and other liabilities – Liabilities for purchases of grains to be fixed

At December 31, 2014 there were purchases of grains made by the Group from producers, the value of which had not yet been fixed.

These debts were carried at estimated fair value using information from active markets and valuing each ton of grain due at its market price at year end, adjusted by the Group's specific hiring conditions. Thus, their valuation was classified as Level 2.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.3 Fair value estimation (Cont'd)

Fair value of assets and liabilities carried at amortized cost

The IFRS 7 requires disclosure of information on the fair value of financial instruments, even they are not valued in that way in the balance sheet, provided that it is possible to estimate such fair value. In this group are included:

(a) Temporary placements (included in cash and cash equivalents)

The Group considers that the carrying value of short-term and high liquid investments, which can be quickly converted into cash, are subject to an insignificant risk of variation in its value, and whose original due date does not exceed ninety days, as cash and cash equivalents, is close to their fair value. It basically includes time deposits with top-class financial institutions.

(b) Trade accounts receivable and other receivables

It is considered that the carrying value is close to their fair value since such receivables are substantially of a short-term nature. All receivables of doubtful recoverability were covered by a provision.

(c) Trade accounts payable and other liabilities

It is considered that the carrying value is close to their fair value since such liabilities are substantially of a short-term nature.

(d) Loans

Loans mainly include:

(i) Corporate Bonds at fixed and variable rate with quotation

The fair value of these instruments was estimated using information from active markets and valuing the debt at market price at each year end (Note 21).

(ii) Loans at a variable rate

They mainly comprise notes issued in ARS which accrue interest at a floating rate determined by the Badlar plus an applicable margin and the loans taken out by the Company within the framework of the financing agreed upon with the International Finance Corporation (IFC), which accrued a variable interest rate based on Libor plus a differential spread. The loans taken out by the subsidiary Arcor do Brasil Ltda, from B.N.DES, have also been included in this category, which accrued a variable interest rate based on the Long-term Annual Interest Rate (Taxa de Juros de Longo Prazo or "TJLP").

Fair value was calculated applying observable rates of similar instruments to discount cash flows (Note 21).

(iii) Fixed rate loans for twelve months which subsequently are converted into floating rate loans

They correspond to loans in ARS for three years, taken by the Group with top-class financial institutions, which accrue interest at an agreed-upon fixed rate during the first twelve months of interest periods and, subsequently, at a floating rate (Badlar) plus an applicable margin.

Fair value was calculated applying observable rates of similar instruments to discount cash flows (Note 21).

(iv) Loans and other financial debts

It mainly includes balances of short and long-term loans taken out by the Group from top-class financial institutions and finance leases. Fair value was calculated applying observable rates of similar instruments to discount cash flows (Note 21).

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.4 Financial risk factors

Financial risk management is encompassed within the global policies of the Group, which are focused on the uncertainty of the financial markets and are aimed at minimizing the potential adverse effects on their financial yield. The Group uses derivative instruments to hedge certain risk exposures, if it is necessary.

The main financial risks, such as foreign exchange, interest rate, liquidity and capital risks, are managed by the Finance and Treasury area, which identifies, assesses and hedges financial risks in close co-operation with the different Group's operating units.

39.5. Market risk

39.5.1 Foreign exchange risk (1):

The Group manufactures and sells its products in various countries around the world, and thus it is exposed to the risk of fluctuations in the exchange rate. Foreign exchange risks arise from:

• Operating and investment activities

Operating income and expenses are mainly stated in the functional currency of the country where they arose. However, exports and imports (mainly raw materials and property, plant and equipment elements) are stated in other currencies, mainly USD and EUR.

Consequently, the Group is exposed to fluctuations in the foreign exchange rate, for financial assets and liabilities recorded and originated in these transactions.

The Group has historically recorded a net asset position as regards its foreign exchange exposure in relation to operating activities, which acts as a natural hedge.

Taking only into account this net monetary exposure at December 31, 2014 and 2013 the Group estimates that the impact of a 10% simultaneous favorable/unfavorable movement in the main exchange rates, with the rest of the variables remaining stable, would result in a pre-tax gain / (loss) of approximately ARS 13,531,595 and ARS 6,072,284, respectively.

• Financing activities

A significant part of the Group's financial debts are stated in USD. To reduce its exchange rate exposure arising from these transactions, the Group may use exchange rate derivative contracts (currency forward or future contracts).

Taking only into account this net monetary exposure at December 31, 2014 and 2013, the Group estimates that the impact, net the effect of derivative instruments, of a 10% simultaneous favorable/unfavorable movement in the main exchange rates, with the rest of the variables remaining stable, would result in a pre-tax gain/(loss) of approximately ARS 233,320,635 and ARS 180,697,995, respectively.

39.5.2 Raw materials price risk:

The Group is exposed to the volatility in the prices of certain basic raw materials purchased from third parties, such as corn, wheat, sugar, cacao (and its derivatives) and paper.

To ensure supply in cases of corn and wheat, the Group, in some cases, entered into purchase agreements and gave the right to the producer to fix the price at any moment between the date of delivery and a future date (grain purchase agreements to be fixed). The Group does not cover potential risks on its financial position and the results of a possible variation in the price of grains.

At December 31, 2014 and 2013, the impact of a 10% simultaneous favorable/unfavorable movement in the price of corn, with the rest of the variables remaining stable, would result in a pre-tax gain/(loss) of ARS 387,301 and ARS 125,884, respectively.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.5. Market risk (Cont'd)

As regards the rest of the raw materials, each Group operating unit makes projections for the next twelve months to estimate supply needs, covering a portion of the purchase price through the use of forward contracts with prices to be fixed, as well as future delivery.

These contracts which classify as a regular purchase are not recorded as derivatives.

39.5.3. Cash flow and fair value interest rate risk:

The Group's interest rate risk arises from its financial debts. The main exposure is related to loans at variable Libor and Badlar rate.

The Group manages cash flow interest rate risk by swapping variable interest rates for fixed rates. The financial instruments convert variable rate debts into fixed rate debts.

Through interest rate swap agreements the Group undertakes to exchange, at specific intervals, the difference between contracts at fixed and variable interest rates calculated on the agreed-upon nominal principal.

These contracts involve cash flow hedge. The resulting interest differences are recognized in the line financial expenses of the consolidated statement of income. Interest is charged on the underlying debt and discharged from the cash flow hedge reserve.

As of December 31, 2014, ratio between fixed rate loans and floating rate loans -excluding finance leases- is disclosed in the chart below:

Type of loan	12.31.2014			
	Excluding the effect of interest rate swaps		Including the effect of interest rate swaps	
	ARS	%	ARS	%
Fixed rate *	3,505,123,668	62	3,505,123,668	62
Variable rate	2,134,346,222	38	2,134,346,222	38
TOTAL	5,639,469,890	100	5,639,469,890	100

* At December 31, 2014, the amount of fixed rate bank loans include ARS 414,181,932 which as from May 2015 will be changed to floating rate loans.

Considering that only 38% of total loans is subject to floating interest rates, if interest rates experienced an increase or decrease of approximately 100 basis points but the other variables remained constant (i.e. exchange rate), such increase or decrease would theoretically result in a loss / (gain) of ARS 3,015,374.

At December 31, 2013, ratio between fixed rate loans and variable rate loans, except for financial leases, is disclosed in the chart below:

Type of loan	12.31.2013			
	Excluding the effect of interest rate swaps		Including the effect of interest rate swaps	
	ARS	%	ARS	%
Fixed rate	2,347,030,099	56	2,410,386,709	58
Variable rate	1,842,397,257	44	1,779,040,647	42
TOTAL	4,189,427,356	100	4,189,427,356	100

Considering that only 42% of total loans (net of interest rate swaps) is subject to variable interest rates, if interest rates experienced an increase or decrease of approximately 100 basis points but the other variables remained constant (e.g. exchange rate), such increase or decrease would theoretically result in a loss/(gain) of ARS 2,242,914.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.6. Credit risk

The credit risk the Group is exposed to, arise mainly from:

39.6.1. Financial instruments with banks/financial institutions

The Group is exposed to credit risk with banks and financial institutions for maintaining financial instruments, such as current account deposits, time deposits, mutual funds and derivative financial instruments.

As part of the general treasury policy, only top-class entities are accepted for the execution of such instruments.

Consequently, the credit risk is not considered relevant for this type of financial instruments.

39.6.2. Trade accounts receivable with domestic mass-consumption customers

The portfolio of domestic customers in Argentina and in the main countries is broken down into supermarket chains, distributors and wholesalers.

All customers are subject to policies, procedures and controls detailed by the Group in the "Credit Manual". The credit limits are set based on an internal rating, which takes into account the economic and financial situation of the customer, its background and the general opinion about him. In addition, it is also considered the channel to which the customer belongs.

The use of credit limits is monitored on a regular basis. The Group has system controls that warn about payment failures and excesses in credit limits, allowing the management to make decisions. In the event of lack of agreement or failure by the customer to make payment when due, upon submission of the relevant claims, the Group's legal counsel will be charged with the collection of the debt.

39.6.3. Trade accounts receivable with industrial customers

It includes mainly trade accounts receivable for sale of industrial products (corrugated cardboard, flex, etc.,) in Argentina and Chile. Credit and collection departments are charged with the risk management tasks of these businesses and, as in the case of retail, there is a Credit Manual that lays down the methodology to set the credit limit.

39.6.4. Trade accounts receivable generated by exports

The Group has a large customer base, which is subject to the policies, procedures and controls established by the Group. In general, the first transactions with new customers are formalized through letters of credit and, once the business relation is solid, transactions are carried out in current account.

Outstanding trade accounts receivable are monitored on a regular basis.

39.7. Liquidity risk

The Corporate Treasury area centralizes liquidity needs based on the Group's liquidity reserve projections and its cash and cash equivalents on the basis of a budget that takes into consideration the expected cash flows. The objective is to ensure that there is enough cash to fulfill the obligations and commitments and to conduct operations and develop investment projects.

To mitigate the liquidity risk, the Group may seek credit lines from financial institutions, if necessary.

The Corporate Treasury area invests surplus in time deposits, mutual funds, etc., taking into account due dates or high liquidity so as to provide a margin to the budget mentioned above. The cash surplus of entities operating abroad, if any, is managed by the entities themselves, with the aid of the Treasury Area in Argentina.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.7. Liquidity risk (Cont`d)

The tables below show the Group's financial liabilities and the net derivative financial liabilities broken down by maturity date, considering the time to be lapsed since December 31, 2014 and 2013 respectively until their due date. The amounts disclosed in the table below are contractual undiscounted cash flows. For their determination, observable variables were considered -exchange rate and interest rate- in effect at December 31, 2014 and 2013, respectively.

	Carrying value	Maturity dates				
		Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total at 12.31.2014
	ARS					
Loans	5,682,782,921	2,428,358,747	1,853,678,910	2,582,576,051	8,530,292	6,873,144,000
Derivative financial instruments	23,099,642	23,099,642	-	-	-	23,099,642
Trade accounts payable and other liabilities	3,864,532,273	3,888,091,606	1,356,833	-	-	3,889,448,439
TOTAL AT DECEMBER 31, 2014	9,570,414,836	6,339,549,995	1,855,035,743	2,582,576,051	8,530,292	10,785,692,081

	Carrying value	Maturity dates				
		Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total at 12.31.2013
	ARS					
Loans	4,211,846,023	1,660,996,403	898,147,426	2,760,983,352	-	5,320,127,181
Derivative financial instruments	1,212,652	1,212,652	-	-	-	1,212,652
Trade accounts payable and other liabilities	3,175,239,845	3,153,505,183	57,526,431	-	-	3,211,031,614
TOTAL AT DECEMBER 31, 2013	7,388,298,520	4,815,714,238	955,673,857	2,760,983,352	-	8,532,371,447

39.8 Capital risk management

The Group´s objectives in relation to management of the capital risk are: (i) guarantee maintenance of a solid credit rating; (ii) ensure a healthy capitalization level to safeguard the business continuation as a going concern, generating returns for the shareholders of the Company; (iii) maintain an optimum financing structure to reduce the capital cost and (iv) fulfill the commitments undertaken in some loan agreements.

To maintain or adjust the capital structure, the Group may choose to adjust the amount of dividends payable to the shareholders, return capital to the shareholders, issue new equity or sell assets to reduce its indebtedness level.

In line with industry practices, the Group monitors its capital on the basis of the indebtedness ratio. This ratio is calculated dividing net financial debts by the equity. The net financial debt corresponds to total loans (including current and non-current loans, as shown in the Consolidated Balance Sheet) less cash and cash equivalents.

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NOTE 39. FINANCIAL RISK MANAGEMENT

39.8 Capital risk management (Cont.)

The indebtedness ratio arises from the following chart:

	12.31.2014	12.31.2013
Loans (note 21)	5,682,782,921	4,211,846,023
Less: Cash and cash equivalents	(1,191,473,026)	(866,597,053)
Net debt	**4,491,309,895**	**3,345,248,970**
Total equity	**4,458,346,177**	**3,887,189,552**
Total capitalization	8,949,656,072	7,232,438,522
INDEBTEDNESS RATIO	1.0074	0.8606

NOTE 40. CORPORATE RE-ORGANIZATION. TRANSACTIONS WITH NON-CONTROLLING INTEREST

a) Statutory merger La Campagnola S.A.C.I. with Frutos de Cuyo S.A., Dulciora S.A. and Productos Naturales S.A.

On December 19, 2013, La Campagnola S.A.C.I. (surviving company), Frutos de Cuyo S.A., Dulciora S.A. and Productos Naturales S.A. (merged companies) signed a preliminary merger agreement whereby La Campagnola S.A.C.I. will absorb the assets and liabilities of Frutos de Cuyo S.A., Dulciora S.A. and Productos Naturales S.A., effective as from January 1, 2014.

This statutory merger took place within the provisions of sections 77 and 78 of Law No. 20,628.

On April 30, 2014, the Shareholders of the merged company Frutos de Cuyo S.A. and on April 16, 2014, the Shareholders of the merged companies Dulciora S.A. and Productos Naturales S.A., approved the merger agreement with the Company in the Extraordinary Shareholders' Meetings, as well as the pertinent dissolution without being liquidated.

On May 5, 2014, the Shareholders of La Campagnola (surviving company) approved the merger agreement in the Extraordinary Shareholders' Meeting.

b)Agreement to statutory merger of Indalar S.A. with Agrofrutos S.A. and Hegolo S.A.

On December 19, 2013, Indalar S.A. (surviving company), Agrofrutos S.A. y Hegolo S.A. (merged companies) signed a preliminary merger agreement whereby Indalar S.A. will absorb the assets and liabilities of Agrofrutos S.A. and Hegolo S.A., effective as from January 1, 2014.

On April 30, 2014, the Shareholders of the merged company Agrofrutos S.A. and on April 10, 2014, the Shareholders of the merged company Hegolo S.A., approved the merger agreement with the Company in the Extraordinary Shareholders' Meetings, as well as the pertinent dissolution without being liquidated.

On May 5, 2014, the Shareholders of Indalar S.A. (surviving company) approved the merger agreement in the Extraordinary Shareholders' Meeting.

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NOTE 41. SUBSEQUENT EVENTS

- Casualty on Cartocor Chile S.A.

On January 3, 2015, a fire broke out in the plant located in the city of San Francisco de Mostazal, Chile.

As a result of the fire, damages to property were recorded in the external yard of reels as well as in the warehouses of reels, the industrial facilities were not affected by the fire and they are in operation. The subsidiary is in the process of assessing the different operating and economic impacts of the fire.

- Casualty on a third-party warehouse

On February 14, 2015, there was a fire at a third-party warehouse located in Avenida Velez Sarsfield No. 6600, City of Cordoba, where the Company and other group companies had raw materials and finished products stored. The subsidiary is in the process of assessing the different operating and economic impacts of the fire.

Furthermore, the Group has insurance coverage sufficient to mitigate the impact arising from the events mentioned above. In this regard, the Group is taking the pertinent action before the insurance companies that assumed the risk coverages, with the purpose of determining the total amount of the damages for both events occurred.

Subsequent to December 31, 2014 and at the date of issue of these financial statements, no other events or circumstances have occurred which might significantly affect the financial position, result of operations and cash flows of the Group.

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CONSOLIDATED BUSINESS HIGHLIGHTS

AT DECEMBER 31, 2014

CONSOLIDATED BUSINESS HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2014, PRESENTED IN COMPARATIVE FORMAT

I. COMMENT ON ARCOR GROUP'S ACTIVITIES

PREVIOUS CONSIDERATIONS

At the end of the 54th year, covering the period from January 1st to December 31, 2014, Group's sales revenue increased respect prior year. Foreign subsidiaries sales represented 30.4% of the Group´s consolidated sales, and the sales in Argentina, including export sales to third parties represented 69.6% of the consolidated sales of the year 2014.

The Company continues with its policy of maintaining suitable liquidity levels in order to fulfill its commitments. As of December 31, 2014, the Group's liquidity level amounted to ARS 1,191,473,026 recording a net increase in cash for ARS 228,602,280 compared with the position at the beginning of the year (without computing the net financial results and cash and cash equivalents translation differences).

Net cash flows generated by operating and financing activities amounted to ARS 1.830,301,740, of which were used for investment activities ARS 461,603,385 and investment activities ARS 1.140,096,075.

INVESTMENTS AND DEVELOPMENTS

The Group's main investments during the year were as follows

• Machinery and equipment	27,678,799
• Furniture, tools, vehicles and other equipment	60,188,016
• Properties – Land, buildings and facilities	10,853,168
• Works in progress and goods in transit	1,413,982,928
TOTAL INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT	1,512,702,911

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CONSOLIDATED BUSINESS HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2014, PRESENTED IN COMPARATIVE FORMAT

II. CONSOLIDATED ASSET AND LIABILITY STRUCTURE, COMPARED WITH THE THREE PREVIOUS YEARS

	12.31.2014	12.31.2013	12.31.2012	12.31.2011
Non-current assets	5,475,307,336	4,146,689,075	2,999,187,232	2,521,037,897
Current assets	9,473,685,818	7,748,626,492	5,885,668,528	4,737,210,780
Total assets	**14,948,993,154**	**11,895,315,567**	**8,884,855,760**	**7,258,248,677**
Non-current liabilities	4,074,485,382	3,190,497,548	1,547,088,133	1,492,135,838
Current liabilities	6,416,161,595	4,817,628,467	3,981,634,999	2,935,055,272
Total liabilities	**10,490,646,977**	**8,008,126,015**	**5,528,723,132**	**4,427,191,110**
Equity attributable to shareholders of the company	3,167,154,707	2,875,443,975	2,557,076,522	2,158,862,713
Non-controlling interest	1,291,191,470	1,011,745,577	799,056,106	672,194,854
Total equity	**4,458,346,177**	**3,887,189,552**	**3,356,132,628**	**2,831,057,567**
TOTAL LIABILITIES AND EQUITY	14,948,993,154	11,895,315,567	8,884,855,760	7,258,248,677

III. CONSOLIDATED INCOME STRUCTURE COMPARED WITH THE THREE PREVIOUS YEARS

	Profit/(Loss)			
	12.31.2014	12.31.2013	12.31.2012	12.31.2011
Operating profit	2,060,355,605	1,213,067,752	1,034,534,309	1,053,904,862
Exceptional results	120,187,560	136,649,648	(51,476,635)	101,350,778
Net financial results	(1,149,127,639)	(744,254,159)	(357,147,105)	(240,438,039)
Net gain/ (loss) on investment in associates	(19,832)	(10,836)	13,733	(2,412)
Income before income tax	**1,031,395,694**	**605,452,405**	**625,924,302**	**914,815,189**
Income tax	(522,470,115)	(290,948,962)	(233,862,421)	(328,481,871)
Net income for the year	**508,925,579**	**314,503,443**	**392,061,881**	**586,333,318**
Other comprehensive income	398,341,847	436,958,618	271,524,359	(20,440,367)
TOTAL INCOME FOR THE YEAR	907,267,426	751,462,061	663,586,240	565,892,951
Net income attributable to				
Company's shareholders	571,690,161	518,367,453	498,213,809	480,790,742
Non-controlling interest	335,577,265	233,094,608	165,372,431	85,102,209
TOTAL	907,267,426	751,462,061	663,586,240	565,892,951

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CONSOLIDATED BUSINESS HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2014, PRESENTED IN COMPARATIVE FORMAT

IV. CASH FLOW STRUCTURE COMPARED WITH THE THREE PREVIOUS YEARS

	Generation/(Uses) of funds			
	12.31.2014	12.31.2013	12.31.2012	12.31.2011
Operating activities	1,830,301,740	1,015,191,685	355,477,869	615,771,817
Investing activities	(1,140,096,075)	(946,001,906)	(454,502,543)	(431,956,501)
Financing activities	(461,603,385)	370,629,471	72,775,405	(563,120,867)
NET INCREASE (DECREASE) IN CASH	228,602,280	439,819,250	(26,249,269)	(379,305,551)

V. STATISTICAL DATA COMPARED WITH THE SAME PERIODS OF THE PREVIOUS FOUR YEARS

a) RETAIL AND CONSUMER PRODUCTS SEGMENTS

	Fourth quarter 2014 Tn.	Fourth quarter 2013 Tn.	Fourth quarter 2012 Tn.	Fourth quarter 2011 Tn.	Fourth quarter 2010 Tn.
Production volume	365,544	342,808	369,159	383,487	352,208
Sales volume – domestic market	269,454	293,827	281,207	284,249	283,952
Sales volume – export market	19,051	22,092	20,972	25,222	32,954

	Accumulated at 12.31.2014 Tn.	Accumulated at 12.31.2013 Tn.	Accumulated at 12.31.2012 Tn.	Accumulated at 12.31.2011 Tn.	Accumulated at 12.31.2010 Tn.
Production volume	1,560,583	1,579,844	1,619,044	1,657,844	1,612,869
Sales volume – domestic market	1,163,894	1,133,744	1,136,576	1,140,823	1,102,718
Sales volume – export market	78,951	83,402	93,438	114,364	126,250

b) INDUSTRIAL SEGMENTS

	Fourth quarter 2014 Tn.	Fourth quarter 2013 Tn.	Fourth quarter 2012 Tn.	Fourth quarter 2011 Tn.	Fourth quarter 2010 Tn.
Production volume	71,589	72,768	69,484	70,183	68,638
Sales volume – domestic market	54,294	53,403	50,230	50,104	46,397
Sales volume – export market	4,718	3,566	2,639	3,119	3,211

	Accumulated at 12.31.2014 Tn.	Accumulated at 12.31.2013 Tn.	Accumulated at 12.31.2012 Tn.	Accumulated at 12.31.2011 Tn.	Accumulated at 12.31.2010 Tn.
Production volume	307,771	321,926	298,067	297,284	282,949
Sales volume – domestic market	231,850	239,606	219,009	217,845	199,906
Sales volume – export market	14,616	12,641	12,154	13,302	13,564

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CONSOLIDATED BUSINESS HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2014, PRESENTED IN COMPARATIVE FORMAT

VI. MAIN CONSOLIDATED FINANCIAL RATIOS AND EBITDA

	12.31.2014	12.31.2013	12.31.2012	12.31.2011
• Liquidity	1.5	1.6	1.5	1.6
• Solvency	0.4	0.5	0.6	0.6
• Capital Immobilization	0.4	0.3	0.3	0.3
• Indebtedness	2.4	2.1	1.6	1.6
• Financial Indebtedness	2.2	2.4	1.9	1.5
• Interest Rate Hedging	3.0	4.0	5.2	6.6
• Profitability	12.2%	8.7%	12.7%	22.2%
• Non-current Liabilities / Tangible Equity	1.0	0.9	0.5	0.6
• EBITDA	2,482,453,609	1,504,075,230	1,293,682,244	1,287,315,580

DEFINITIONS	
• Liquidity	Current Assets / Current Liabilities
• Solvency	Equity attributable to shareholders of the Company / Total Liabilities
• Capital Immobilization	Non-current Assets / Total Assets
• Indebtedness	Total Consolidated Liabilities / Equity attributable to shareholders of the Company
• Financial Indebtedness (1)	(Current Loans + Non-current Loans) / EBITDA
• Interest Rate Hedging	EBITDA / Consolidated Financial Interest
• Profitability	Net income for the year/ Averaged equity
• Non-current Liabilities / Tangible Equity	Non-current Liabilities / (Equity attributable to shareholders of the Company + Non-controlling interest – Intangible Assets)
• EBITDA	Operating Income + Depreciation + Amortization of Intangible Assets

(1) Foreign currency-denominated loans calculated at the exchange rate effective at period-end and EBITDA translated into USD at the annual moving average exchange rate at each closing date published by Banco de la Nación Argentina.

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CONSOLIDATED BUSINESS HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2014, PRESENTED IN COMPARATIVE FORMAT

VII. OUTLOOK

According to the IMF, world economy will grow at a rate of 3,5% in 2015. Highlights that the low price of oil and raw materials will impact negatively on the economies of emerging markets and the stagnation and low inflation remain a concern in the euro area and Japan. Among the most positive projections appointment to the US with a growth rate of 3.6% due to growth in domestic demand supported by lower oil prices, moderation of fiscal adjustment and a flexible monetary policy, despite the increase projected gradual interest rate. But expresses some attention to geopolitical factors, such as the situation in Ukraine and the Middle East, which could negatively impact the global economy. At the same time, the economies of emerging markets and developing stable growth of 4.3% in 2015 is projected.

The euro area, as per the same Report, will grow at 1,2% in 2015. Weaker investment prospects and stagnant affect the growth of the economy, despite the support they represent the fall of oil prices, a more relaxed monetary policy, a more neutral trend of fiscal policy and the recent depreciation of euro against the US dollar.

China would grow by 6.8%, continuing its policy of decreasing the growth rate of investment to reduce vulnerabilities generated by rapid credit growth and investment. India would follow him with a growth of 6.3%. Geopolitical tensions and low oil would impact Russia generating a contraction of -3.0% per year.

In Latin America and the Caribbean, according to ECLAC, GDP growth for 2015 would reach a rate of around 2.2%, with differentiated growth dynamics between countries and sub regions. The main challenge now facing the countries of the region to accelerate growth rates is to increase public and private investment. Recreating a favorable climate for private investment and promote public investment that enhances the productive capacity and competitiveness through infrastructure projects that not only promote productivity gains but also serve as an incentive for private investment. The ability of countries to promote public investment will depend on the fiscal situation they are in and the ability to mobilize resources.

Brazil is projecting growth of the economy of 1.3%, according to ECLAC report. This growth will be affected by the different macroeconomic variables and the impact on the economy that generates complaints about the behavior of most public company.

Chile, according to ECLAC report, expects growth in economic activity of 3.0%. Expectations for the country are favorable because the economy is more stable than the previous year.

In relation to the growth of Argentina, ECLAC estimates that the country will grow at a rate of 1.0% in 2015. Among the main issues that will define the course of the economy in the coming year, we can mention: the value commodity, budget financing, the exchange rate, inflation, imbalance of some relative prices and the level of reserves.

According to the prospects of international, national and regional economy, taking into account the policies that implement the various governments in 2015, the Board confirms the strategy of focusing on consumer business, cost control, project development strategic partnership, increased sales abroad by opening new international markets and the globalization of business, prioritizing liquidity and a sound financing structure in order to ensure compliance with its obligations and commitments, as well as funds necessary for the development of business and investment projects.

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AUDITORS' REPORT

To the
Shareholders, Chairman and Directors of
ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL
Av. Avenida Fulvio Salvador Pagani 487
ARROYITO – CÓRDOBA
Tax Code No.: 30-50279317-5

Report on the financial statements

We have audited the accompanying consolidated financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL and its subsidiaries ("The Company"), including the consolidated balance sheet at December 31, 2014, the consolidated statements of income and of other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory notes.

The balances and other information corresponding to the fiscal year 2013 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and added by the National Securities Commission ("CNV") to its regulations, as approved by the International Accounting Standard Board ("IASB"). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare the consolidated financial statements free of any significant distortions due to misstatements or irregularities. Our responsibility is to issue an opinion on the consolidated financial statements based on the audit performed with the scope detailed in the paragraph "Auditors' responsibility".

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). These standards were adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of FACPCE, as were approved by the IAASB, and require that we comply with the ethics requirements, as well as plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor should take into account the internal control relevant to the preparation and fair presentation of the Company's consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements as a whole.

We believe that the evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements mentioned in the first paragraph present fairly, in all material respects, the consolidated financial position of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL and its subsidiaries as of December 31, 2014, as well as the consolidated comprehensive income and consolidated cash flows for the fiscal year then ended, in accordance with International Financing Reporting Standards.

Report on the compliance with current regulations

In accordance with current regulations, we report that, in connection with ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL:

a) the consolidated financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL are transcribed into the "Inventory and Balance Sheet" book and as regards those matters that are within our competence, they are in compliance with the provisions of the Commercial Companies Law and pertinent resolutions of the National Securities Commission;

b) the separate financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL arise from accounting records carried, in all formal respects, in accordance with current regulations, and which maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;

c) the total amounts corresponding to the consolidated balance sheet and the consolidated statement of income and consolidated statement of other comprehensive income are as follows:

c.1) Consolidated balance sheet at December 31, 2014 and December 31, 2013:

	12.31.14	12.31.13
Assets	14,948,993,154	11,895,315,567
Liabilities	10,490,646,977	8,008,126,015
Equity	4,458,346,177	3,887,189,552

c.2) Consolidated statement of income and statement of other comprehensive income for the years ended December 31, 2014 and 2013, which show a total comprehensive income of ARS 907,267,426 and ARS 751,462,061, respectively.

d) we have read the summary of activity, on which, insofar as concerns our field of competence, we have no observations to make;

e) at December 31, 2014 the debt accrued by ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL in favor of the Argentine Integrated Social Security System according to the Company's accounting records amounted to ARS 75,711,908.83, none of which was claimable at that date.

f) as set forth in Section 21, Subsection e), Chapter III, Section VI, Title II of the National Securities Commission's regulation, we report that total fees for auditing and related services billed to the Company in the year ended December 31, 2014 account for:

f.1) 93.18% of the total fees for services billed to the Company for all items during that fiscal year;
f.2) 56.72% of the total fees for services for auditing and related services billed to the Company, its parent companies, subsidiaries and related companies during that year;
f.3) 54.32% of the total fees for services billed to the Company, its parent companies, subsidiaries and related companies for all items during that year;

g) we have applied the procedures for the prevention of money laundering and anti-terrorist financing for ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL as foreseen in the professional standards issued by the Professional Council in Economic Sciences for the Province of Córdoba.

City of Córdoba, March 09, 2015

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C. 21.00004.3
Dra. Corina I. Pando
Public Accountant (UBA)
Mat. Prof. Nº 10.16301.8 C.P.C.E.Cba.

SYNDICS' COMMITTEE REPORT

To the Shareholders of
ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL Y COMERCIAL
Avenida Fulvio Salvador Pagani 487
City of Arroyito - Province of Córdoba.

1. Pursuant to the provisions of paragraph 5 of Section 294 of the Law No. 19,550 and National Securities Commission regulations, we have examined the consolidated financial statements of ARCOR SOCIEDAD ANONIMA, INDUSTRIAL y COMERCIAL and its subsidiaries, including the consolidated balance sheet at December 31, 2014, the related consolidated statements of income and of other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory notes. In addition, we have reviewed the Annual Report of the Board of Directors corresponding to that fiscal year. The balances and other information corresponding to the year ended December 31, 2013 are an integral part of the audited financial statements mentioned above; therefore, they must be considered in connection with these financial statements.

2. The Board of Directors of the Company, in the exercise of its exclusive powers, is responsible for the preparation and issuance of these consolidated financial statements under International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and incorporated into the regulations of the National Securities Commission (CNV), as approved by the International Accounting Standards Board (IASB), and used in the preparation of the consolidated financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL y COMERCIAL. Further, the Board of Directors is responsible for the existence of adequate internal controls to prepare the consolidated financial statements free of any significant distortions due to misstatements or irregularities. Our responsibility is to express an opinion on those documents, based on the work performed with the scope detailed in the following paragraph.

3. Our analysis was conducted in compliance with the standards applicable to syndics' reviews, set forth by Technical Pronouncement No. 15 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE). These standards require that the review of the consolidated financial statements be made in accordance with the auditing standards of Technical Pronouncement No. 32/2012 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), and include verifying the reasonableness of the significant information contained in the documents examined and their consistency with the information on corporate decisions of which we became aware, as disclosed in Board of Directors and Shareholders' meeting minutes, and the conformity of those decisions to the law and the by-laws insofar as concerns formal and documentary aspects.

To perform our professional tasks on the documents detailed in paragraph 1, we have made a review of the audit performed by the external auditors of ARCOR SOCIEDAD ANONIMA, INDUSTRIAL y COMERCIAL, Price Waterhouse & Co. S.R.L., who issued a report dated March 9, 2015 in accordance with the auditing standards currently in force. An audit requires that the auditor plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements or errors. An audit includes examining, on a test basis, evidence supporting the disclosures in the consolidated financial statements, assessing the accounting standards used and the significant estimates made by the Company, as well as evaluating the overall financial statement presentation. We believe that our work and the Company's external auditors' report provide us with a reasonable basis to support our report.

We have not performed any control over the management, and therefore we have not evaluated the business criteria for administrative, selling and production issues, as such matters are the exclusive responsibility of the Board of Directors and Shareholders' Meeting.

4. Furthermore, we have verified that the Annual Report of the Board of Directors for the year ended December 31, 2014 contains the information required by section No. 66 of the Commercial Companies Law and, insofar as concerns our field of competence, that the numerical data agree with the Company's accounting records and other relevant documentation.

5. Based on the work performed with the scope described above, in our opinion, the consolidated financial statements of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL y COMERCIAL, mentioned in paragraph 1, present fairly, in all material respects, its consolidated financial position as of December 31, 2014, as well as the consolidated comprehensive income and consolidated cash flows for the fiscal year then ended, in accordance with International Financing Reporting Standards.

6. In addition, in accordance with current legal regulations, we report that:

   a) The accompanying consolidated financial statements and the corresponding inventory are transcribed into the "Inventory and Balance Sheet" book and arise from accounting records carried, in all formal respects, in accordance with current regulations.

   b) We have examined the Inventory Register and the Annual Report of the Board of Directors for the year ended December 31, 2014. As regards the matters within our field of competence, we have no observations to make; the statements concerning future events included in the Annual Report are the responsibility of the Board of Directors.

c) We have reviewed the information on the degree of compliance of the Code of Corporate Governance included as Exhibit to the Annual Report and prepared by the government body of ARCOR SOCIEDAD ANÓNIMA, INDUSTRIAL y COMERCIAL. From the work done and as regards those matters within our competence, the information there provided has been prepared in a reliable manner and, in its significant aspects, in accordance with the requirements of General Resolution No. 606/2012 of the National Securities Commission.

d) We have read the summary of activity and, as regards those matters that are within our competence, we have no observations to make.

e) In accordance with National Securities Commission regulations on the independence of the external auditor, on the quality of the auditing policies applied by the auditor and the Company's accounting policies, the report of the external auditor described above includes the representation of having applied auditing standards in effect in Argentina, which comprise independence requirements, and has no qualifications as regards the application of such standards or discrepancies in relation to the professional accounting standards.

f) We have applied money laundering abatement and anti-terrorist financing procedures foreseen in the Resolution No. 40/2011 of the Professional Council in Economic Sciences of the Province of Córdoba (CPCECba.).

7. In the exercise of the legality control falling within our field of competence, we have applied the different procedures described in section No. 294 of the Law 19,550 which we consider are necessary according to the circumstances, there being no observations to make.

City of Córdoba, Province of Córdoba, March 9, 2015.

Cr. Victor Jorge Aramburu
Accountant
Chairman of the Syndics' Committee

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Magical Moments

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