GRUPO EBRO FOODS, S.A.

CONSOLIDATED FINANCIAL STATEMENTS
AND CONSOLIDATED DIRECTORS' REPORT

for the year ended
31 December 2013

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

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

EBRO FOODS CONSOLIDATED GROUP
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012
THOUSANDS OF EUROS

	Notes	12/31/2013	12/31/2012
NON-CURRENT ASSETS			
Intangible assets	9	373,544	373,993
Property, plant and equipment	10	509,673	496,045
Investment property	11	33,139	32,637
Financial assets	12	85,580	59,543
Investments in associates	13	22,559	3,209
Deferred tax assets	25	55,455	53,024
Goodwill	14	851,617	823,207
		1,931,567	**1,841,658**
CURRENT ASSETS			
Inventories	15	384,947	347,307
Trade and other receivables	16	305,954	325,348
Current income tax	25	11,693	7,958
Tax receivables	25	24,107	23,895
Financial assets	12	11,874	5,798
Derivatives and other financial instruments	28	135	134
Other current assets		8,089	5,974
Cash and cash equivalents	17	94,314	173,740
		841,113	**890,154**
Non-current assets classified as held for sale		0	0
TOTAL ASSETS		**2,772,680**	**2,731,812**

	Notes	12/31/2013	12/31/2012
EQUITY		**1,728,263**	**1,693,237**
Equity attributable to shareholders of the Parent			
Share capital		92,319	92,319
Share premium		4	4
Restricted reserves		21,633	21,633
Unrestricted reserves (retained earnings)		1,646,384	1,588,508
Interim dividends paid		0	0
Translation differences		(54,583)	(10,255)
Treasury shares		0	0
	18	**1,705,757**	**1,692,209**
Non-controlling interests		**22,506**	**1,028**
NON-CURRENT LIABILITIES			
Deferred income	19	2,048	2,723
Provisions for pensions and similar obligations	20	35,931	44,760
Other provisions	21	8,603	21,926
Financial liabilities	22	225,553	182,860
Other non-financial payables	23	17	26
Deferred tax liabilities	25	239,879	229,999
		512,031	**482,294**
CURRENT LIABILITIES			
Financial liabilities	22	205,626	235,567
Derivatives and other financial instruments	28	1,641	318
Trade and other payables	24	305,926	291,367
Current income tax	25	4,677	8,643
Tax payables	25	12,006	14,408
Other current liabilities		2,510	5,978
		532,386	**556,281**
Non-current liabilities held for sale		0	0
TOTAL EQUITY AND LIABILITIES		**2,772,680**	**2,731,812**

The accompanying Notes 1 to 32 are an integral part of the consolidated balance sheet at 31 December 2013.

CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
THOUSANDS OF EUROS

	Notes	2013	2012
Income (revenue)	6	1,956,647	1,981,130
Change in inventories of finished goods and work in progress		6,042	(5,903)
Capitalised in-house work on non-current assets		1,037	647
Other operating income	8	15,988	72,697
Cost of material used and other external expenses	6	(1,084,446)	(1,088,686)
Staff costs	8	(239,623)	(239,940)
Depreciation and amortisation charge	9, 10 & 11	(56,036)	(54,907)
Other operating expenses	8	(386,702)	(383,647)
PROFIT FROM OPERATIONS		**212,907**	**281,391**
Finance income	8	14,384	11,407
Finance costs	8	(19,647)	(43,865)
Impairment of goodwill	14	(177)	(178)
Share of results of associates	13	3,179	1,683
CONSOLIDATED PROFIT BEFORE TAX		**210,646**	**250,438**
Income tax	25	(69,157)	(89,464)
CONSOLIDATED PROFIT (continuing operations)		**141,489**	**160,974**
Net loss from discontinued operations	7	(7,507)	(2,523)
CONSOLIDATED PROFIT FOR THE YEAR		**133,982**	**158,451**
Attributable to:			
Shareholders of the Parent		**132,759**	**158,592**
Non-controlling interests		1,223	(141)
		133,982	**158,451**

	Notes	2013	2012
Earnings per share (euros):	18		
- From continuing operations			
Basic		0.912	1.062
Diluted		0.912	1.062
- Of total profit			
Basic		0.863	1.046
Diluted		0.863	1.046

The accompanying Notes 1 to 32 are an integral part of the consolidated income statement for the year ended 31 December 2013.

EBRO FOODS CONSOLIDATED GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(THOUSANDS OF EUROS)

		12/31/2013			12/31/2012		
	Notes	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
1. Net profit for the year				**133,982**			**158,451**
2. Other income and expense recognised directly in equity:		**-18,132**	**-8,622**	**-26,754**	**-4,697**	**-1,341**	**-6,038**
2.1 To be reclassified to profit or loss in future periods		**-25,963**	**-5,509**	**-31,472**	**770**	**-3,258**	**-2,488**
Gains (losses) on measurement of available-for-sale financial assets	12	20,400	-6,120	14,280	-14,959	4,491	-10,468
Gains (losses) on measurement of available-for-sale financial assets taken to profit or loss	12	-2,035	611	-1,424	25,816	-7,749	18,067
Translation differences	18	-44,328	0	-44,328	-10,087	0	-10,087
Translation differences taken to profit or loss		0	0	0	0	0	0
2.2 Not to be reclassified to profit or loss in future periods		**7,831**	**-3,113**	**4,718**	**-5,467**	**1,917**	**-3,550**
Actuarial gains and losses	20	7,831	-3,113	4,718	-5,467	1,917	-3,550
1+2 Total income and expense recognised in the year	18			**107,228**			**152,413**
Attributable to:							
Shareholders of the Parent	18			106,005			152,553
Non-controlling interests	18			1,223			-140
				107,228			**152,413**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2013.

EBRO FOODS CONSOLIDATED GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
THOUSANDS OF EUROS

			Equity attributable to shareholders of the Parent									
						Restricted reserves		Unrestricted reserves				
	Equity	**Non-controlling interests**	**Total**	Share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Profit or loss	Interim dividend paid	Translation differences	Treasury shares
Balance at 31 December 2011	**1,588,460**	**1,162**	**1,587,298**	**92,319**	**4**	**3,169**	**18,464**	**1,391,350**	**151,542**	**-23,080**	**-167**	**-46,303**
- Distribution of 2011 profit	**0**	0	**0**	0	0	0	0	151,542	-151,542	0	0	0
- Dividends paid	**-74,840**	-20	**-74,820**	0	0	0	0	-118,816	0	23,080	0	20,916
- Purchase/sale of treasury shares (net)	**25,387**	0	**25,387**	0	0	0	0	0	0	0	0	25,387
- Gains and losses on sales of treasury shares	**1,817**	0	**1,817**	0	0	0	0	1,817	0	0	0	0
- Changes in the scope of consolidation	**0**	26	**-26**	0	0	0	0	-26	0	0	0	0
Total distribution of profit and transactions with shareholders	**-47,636**	**6**	**-47,642**	**0**	**0**	**0**	**0**	**34,517**	**-151,542**	**23,080**	**0**	**46,303**
- Net profit for 2012	**158,451**	-141	**158,592**	0	0	0	0	0	158,592	0	0	0
- Change in translation differences	**-10,087**	1	**-10,088**	0	0	0	0	0	0	0	-10,088	0
- Fair value of financial instruments:		0	**0**	0	0	0	0	0	0	0	0	0
1. Unrealised gains	**10,857**	0	**10,857**	0	0	0	0	10,857	0	0	0	0
- Change due to actuarial gains and losses	**-5,467**	0	**-5,467**	0	0	0	0	-5,467	0	0	0	0
- Tax effect of gains and losses recognised in equit	**-1,341**	0	**-1,341**	0	0	0	0	-1,341	0	0	0	0
Total profit for the year	**152,413**	**-140**	**152,553**	**0**	**0**	**0**	**0**	**4,049**	**158,592**	**0**	**-10,088**	**0**
Balance at 31 December 2012	**1,693,237**	**1,028**	**1,692,209**	**92,319**	**4**	**3,169**	**18,464**	**1,429,916**	**158,592**	**0**	**-10,255**	**0**
- Distribution of 2012 profit	**0**	0	**0**	0	0	0	0	158,592	-158,592	0	0	0
- Dividends paid	**-92,319**	0	**-92,319**	0	0	0	0	-92,319	0	0	0	0
- Capital increase/reduction expenses	**-138**	0	**-138**	0	0	0	0	-138	0	0	0	0
- Changes in the scope of consolidation	**20,255**	20,255	**0**	0	0	0	0	0	0	0	0	0
Total distribution of profit and transactions with shareholders	**-72,202**	**20,255**	**-92,457**	**0**	**0**	**0**	**0**	**66,135**	**-158,592**	**0**	**0**	**0**
- Net profit for 2013	**133,982**	1,223	**132,759**	0	0	0	0	0	132,759	0	0	0
- Change in translation differences	**-44,328**	0	**-44,328**	0	0	0	0	0	0	0	-44,328	0
- Fair value of financial instruments:		0		0	0	0	0	0	0	0	0	0
1. Unrealised gains	**18,365**	0	**18,365**	0	0	0	0	18,365	0	0	0	0
- Change due to actuarial gains and losses	**7,831**	0	**7,831**	0	0	0	0	7,831	0	0	0	0
- Tax effect of gains and losses recognised in equit	**-8,622**	0	**-8,622**	0	0	0	0	-8,622	0	0	0	0
Total profit for the year	**107,228**	**1,223**	**106,005**	**0**	**0**	**0**	**0**	**17,574**	**132,759**	**0**	**-44,328**	**0**
Balance at 31 December 2013	**1,728,263**	**22,506**	**1,705,757**	**92,319**	**4**	**3,169**	**18,464**	**1,513,625**	**132,759**	**0**	**-54,583**	**0**

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2013.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
THOUSANDS OF EUROS

	2013	2012
Proceeds from sales and services	2,164,394	2,199,051
Payments to suppliers and employees	(1,935,044)	(1,925,517)
Interest paid	(5,140)	(8,570)
Interest charged	984	2,674
Dividends received	1,696	1,174
Other amounts received/paid in operating activities	6,673	10,644
Income tax paid	(72,445)	(58,722)
Total net cash flows from operating activities	**161,118**	**220,734**
Investments in non-current assets	(61,308)	(52,930)
Disposals of non-current assets	9,122	16,374
Investments in financial assets	(116,491)	(615)
Disposals of financial assets	5,369	2,099
Other proceeds/payments relating to investing activities	(653)	(1,957)
Total net cash flows from investing activities	**(163,961)**	**(37,029)**
Treasury share transactions	0	27,205
Dividends paid to shareholders	(92,319)	(71,501)
Bank borrowing drawdowns	186,262	100,558
Repayment of bank borrowings	(164,692)	(162,852)
Other financial proceeds/payments and grants related to assets	273	540
Total net cash flows from financing activities	**(70,476)**	**(106,050)**
Translation differences on cash flows of foreign companies	(1,093)	(1,237)
INCREASE (DECREASE) in cash and cash equivalents	**(74,412)**	**76,418**
Cash and cash equivalents at beginning of year	173,740	97,870
Effect of year-end exchange rate on beginning balance	(5,014)	(548)
Cash and cash equivalents at end of year	**94,314**	**173,740**

The consolidated statement of cash flows for 2013 and 2012 includes those cash flows relating to the discontinued pasta business in Germany. The main aggregates included are as follows:

Total net cash flows from operating activities	10,238	(7,615)
Total net cash flows from investing activities	(396)	(534)
Total net cash flows from financing activities	0	0

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2013.

1. GROUP ACTIVITIES AND GENERAL INFORMATION

The Spanish public limited liability company Ebro Foods, S.A. ("the Parent") arose from the merger by absorption of Puleva, S.A. into Azucarera Ebro Agrícolas, S.A. on 1 January 2001. As a result of that transaction, the post-merger company's name was changed from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A. and subsequently, the shareholders at the Annual General Meeting held on 1 June 2010 changed it to the company's current name of Ebro Foods, S.A.

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

The Group's object is to perform the following business activities in Spanish and foreign markets:

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

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

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

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

e) The performance of projects and installation work and the provision of all manner of technical assistance for other companies in the aforementioned industries; the creation, promotion, protection and use of patents, trademarks and items of other kinds covered by intellectual property rights.

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

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

The Group currently operates in the Spanish and international markets. A breakdown of the Group's sales is disclosed in Note 6 on operating segment reporting.

The consolidated financial statements for 2012 were approved by the shareholders at the Annual General Meeting of Ebro Foods, S.A. on 4 June 2013, and were filed at the Madrid Mercantile Registry.

The distribution of profit of the Parent proposed by the directors of Ebro Foods, S.A. at the Board of Directors Meeting held on 26 March 2014 for approval by the shareholders at the Annual General Meeting is as follows:

Amounts relating only to the separate financial statements of the Parent	Amount (Thousands of euros)
Distributable profit	
Unrestricted reserves	820,053
Income statement (profit)	8,342
	828,395

The consolidated profit of the Ebro Foods Group for 2013 makes it possible to propose, as in prior years, the distribution of a dividend payable in cash out of unrestricted reserves of EUR 0.50 per share for a total amount of EUR 76,933 thousand to be settled in four equal payments of EUR 0.125 per share on 2 April, 2 July, 2 October and 22 December 2014, respectively.

Restrictions on the distribution of dividends

Ebro Foods, S.A. must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. This reserve may not be distributed to shareholders until it has reached 20% of share capital.

Once the appropriations provided for by law or by the bylaws have been covered, dividends may only be distributed out of the profit for the year or unrestricted reserves if the value of the equity is not already, or as a result of the distribution, lower than that of the share capital. In this connection, profit taken directly to equity cannot be distributed, directly or indirectly. If prior years' losses reduce the Company's equity to below its share capital, profit will be used to offset these losses.

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

These consolidated financial statements are presented in thousands of euros (unless expressly stated otherwise) because the euro is the principal currency in which the Ebro Foods Group operates. Transactions performed in other currencies are translated to euros using the accounting policies indicated in Note 3.

a) Basis of presentation

1. General accounting principles

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

The consolidated financial statements for the year ended 31 December 2013, which were authorised for issue by the Parent's directors on 26 March 2014, have not yet been approved by the shareholders at the Annual General Meeting, although it is considered that they will be approved without any changes (similarly, at the reporting date the 2013 financial statements of Ebro Foods, S.A. and of its subsidiaries and associates had not yet been approved by the shareholders at the related Annual General Meetings).

These consolidated financial statements were prepared using the general historical cost measurement basis, unless revaluations had to be made in accordance with IFRSs.

2. Use of estimates and assumptions

The information in these consolidated financial statements is the responsibility of the directors of the Parent.

In preparing the accompanying consolidated financial statements, estimates were occasionally made by management of the Group companies in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill to ascertain whether there are any impairment losses thereon.
- The assumptions used in the actuarial calculation of the retirement benefit and similar liabilities and obligations.
- The useful life of property, plant and equipment and intangible assets.
- The assumptions used in measuring the fair value of the financial instruments.
- The probability of the occurrence and the amount of liabilities of undetermined amount or contingent liabilities.
- The recoverability of the deferred tax assets.

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future consolidated financial statements.

b) Comparative information

For comparison purposes the Group presents, in addition to the figures for the year ended 31 December 2013 for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, consolidated statement of changes in equity, consolidated statement of comprehensive income and notes to the consolidated financial statements, the figures for the year ended 31 December 2012.

It was necessary to make significant changes to the figures for 2012:

- As indicated in Notes 5 and 7, the sale of the dry pasta business in Germany was formally executed at the end of December 2013. The income and expense of this business in 2013 were classified as discontinued operations and, accordingly, this has also been reflected in the consolidated balance sheet for 2012.

It was not necessary to make other significant changes to the figures for 2012.

c) Changes in the scope of consolidation

The main changes in the scope of consolidation in 2013 and 2012 and the consolidation or accounting method used in each case are shown in Notes 4 and 5.

3. ACCOUNTING POLICIES

The most significant accounting policies used in preparing the consolidated financial statements were as follows:

a) Basis of consolidation

<u>Subsidiaries</u>

The consolidated financial statements include the balances of all the fully consolidated companies over which the Group has control. Control is the power to govern a company's financial and operating policies in order to obtain benefits from its activities.

On the acquisition of a company, its assets, liabilities and contingent liabilities are recognised at fair value on the date of acquisition. Any excess of the cost of acquisition over the fair value of the net assets acquired is recognised as goodwill; any deficiency is credited to the consolidated income statement. The results of companies acquired during the year are included in the consolidated income statement from the effective date of acquisition.

Non-controlling interests are stated at the date of acquisition on the basis of their proportion of the fair value of the assets and liabilities of the related subsidiary.

Where necessary, adjustments are made to the financial statements of certain subsidiaries in order to adapt the accounting policies used to those applied for the Group as a whole.

All material intra-Group balances and transactions were eliminated on consolidation.

<u>Associates</u>

Associates (companies over which the Group exercises significant influence but not control) and joint ventures were accounted for using the equity method. Therefore, investments in associates are recognised in the consolidated balance sheet at cost adjusted by changes subsequent to the date of acquisition in the equity of the associate, in proportion to the percentage of ownership, less any impairment losses that might need to be recognised. The results of these associates are included, net of the related tax effect, in the consolidated income statement.

b) Translation methods

The separate financial statements of the Group companies are expressed in the local currency of each company. For consolidation purposes, assets and liabilities are translated to euros at the exchange rates prevailing at the consolidated balance sheet date, the consolidated income statement items at the average exchange rates for the year and share capital, share premium and reserves at the historical exchange rates. The differences arising from the application of these translation methods derived from investments in subsidiaries and associates are recognised under “Equity - Translation Differences”.

In the case of non-controlling interests, these translation differences are recognised under “Equity - Non-Controlling Interests”.

The goodwill and/or valuation adjustments made to the net assets arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and, therefore, are also translated at the exchange rates prevailing at the consolidated balance sheet date.

When an investment in a subsidiary is disposed of, the accumulated translation differences relating to that company up to the date of disposal are recognised in profit or loss.

c) Foreign currency transactions

Foreign currency transactions are translated to euros by applying the exchange rates prevailing at the date of the transaction. Losses and gains resulting from the settlement of foreign currency transactions and from the measurement of monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are recognised in the consolidated income statement.

d) Cash and cash equivalents

Cash and cash equivalents are mainly certificates of deposits, short-term deposits, short-term marketable securities, short-term government bonds and other money market assets maturing at three months or less, and bank deposits maturing at more than three months, in which the related funds are available immediately without any kind of penalty. These assets are measured at acquisition cost, which approximates their realisable value.

e) Property, plant and equipment and investment property

Property, plant and equipment and investment property are measured at the lower of:

- Acquisition (or production) cost less any accumulated depreciation and any recognised impairment losses; and
- Recoverable amount, i.e. the amount that will be recovered through the cash-generating units to which the assets belong or through their sale, capital appreciation or a combination of the two.

Also, certain items of property, plant and equipment and investment property have been revalued at their fair value determined on the basis of appraisals conducted by independent valuers, as a result of the acquisition of subsidiaries or associates, in accordance with the measurement bases described in Note 3-a above.

Items are only transferred from “Property, Plant and Equipment” to “Investment Property” when there is a change in use. When transferring an item of investment property to owner-occupied property, the property's deemed cost for subsequent accounting is the carrying amount at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for this property in accordance with the policy established for property, plant and equipment up to the date of the change in use.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property are recognised in profit or loss in the period of the retirement or disposal.

When factors indicating the possible obsolescence of these assets are detected, the corresponding impairment losses are recognised.

Borrowing costs on the financing obtained for the construction of non-current assets have been capitalised since 1 January 2009 (until then they were recognised in the consolidated income statement) until the date of entry into service of these assets. The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised. Upkeep and maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

The depreciation of property, plant and equipment is calculated using the straight-line method on the basis of the useful life of the assets, based on the actual decline in value caused by their use and by wear and tear, as shown below. The residual value and the useful life of these assets and the depreciation method used are reviewed once a year.

Depreciation rate	
Buildings and other structures	1.0 to 3.0%
Plant and machinery	2.0 to 20%
Other fixtures, tools and furniture	8 to 25%
Other items of property, plant and equipment	5.5 to 25%

When substantially all the risks and rewards of ownership of assets held under finance leases have been transferred to the Group, these assets are recognised as assets and the present value of the total lease payments outstanding is recognised as a liability. Each lease payment includes principal and interest. Interest is calculated on the basis of the application of a fixed interest rate to the outstanding principal. Leased assets are depreciated on a straight-line basis over the years of useful life of the assets at the rates shown above. Lease payments under operating leases are recognised as an expense on an accrual basis over the lease term.

f) Intangible assets (excluding goodwill and CO_2 emission allowances)

Intangible assets are initially recognised at acquisition or production cost and are reviewed periodically and adjusted in the event of any impairment, as described in Note 3-h). Also, the residual value, useful life and amortisation method for intangible assets with finite useful lives are reviewed once a year. The intangible assets are as follows:

- Development expenditure: the expenditure incurred in specific projects to develop new products that can be sold or used internally and whose future recoverability is reasonably assured is capitalised and amortised on a straight-line basis over the period in which future economic benefits are expected to flow from the project once it has been completed.

  The future recoverability of the expenditure is deemed to be reasonably assured when the related project is technically feasible, the Group has the ability and intention to complete the intangible asset and use or sell it and the intangible asset will generate probable future economic benefits.

- Trademarks, patents and licences: capitalised development expenditure is classified under this heading when the related patent or similar item is obtained. This heading also includes, recognised at acquisition cost, new trademarks acquired from third parties and, at fair value, trademarks acquired in a business combination. Based on an analysis of all of the relevant factors, the Group has established that there is no foreseeable limit to the period over which the most significant trademarks are expected to generate net cash inflows for the entity and, therefore, these trademarks are regarded as having an indefinite useful life. However, the useful life of the trademarks is reviewed each reporting period to determine whether it should be indefinite or finite.

  Any amortisation taken is calculated on the basis of the estimated useful lives of the assets, which range from 10 to 20 years.

- Computer software: “Computer Software” includes the amounts paid for title to or the right to use computer programs and the costs incurred in developing the software in-house, only when the software is expected to be used over several years. Computer software is amortised on a straight-line basis over the years of its useful life, which is generally taken to be around three years.

  Computer software maintenance costs are charged directly to the consolidated income statement for the year in which they are incurred.

g) Goodwill

Goodwill represents the excess price paid in acquiring the fully consolidated subsidiaries over the fair value of the net assets of those companies at the date of acquisition. The excess acquisition cost relating to investments in associates is recognised under “Investments in Associates” in the consolidated balance sheet and any impairment losses are recognised under “Share of Results of Associates” in the consolidated income statement.

When payment for new investments is deferred, the acquisition cost includes the present value of the amount of the deferred payment. When the definitive amount of the deferred price may be affected by future events, the amount of the deferred price is estimated at the date of acquisition and is recognised as a liability. Subsequent changes in the deferred price will give rise to an adjustment to the goodwill in the year in which the change in estimate is made, and the related liability is also adjusted.

Goodwill is not amortised but rather is tested for impairment at least once a year. Any impairment disclosed by these tests is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill must not be reversed in a subsequent period.

Also, a gain from a bargain purchase is recognised in profit or loss once the fair value of the net assets acquired has been established.

When a subsidiary or associate is sold, any goodwill attributed to that company is included in the calculation of the gain or loss on disposal.

h) Impairment of property, plant and equipment and intangible assets

The Group regularly reviews each year the carrying amounts of its non-current assets to determine whether those assets might have suffered an impairment loss.

If this review discloses that the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised in the consolidated income statement to write down the carrying amount of the asset to its recoverable amount. Recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discount rates.

Where the asset that might have become impaired does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of intangible assets with indefinite useful lives is reviewed annually (annual impairment test) or whenever there is an indication that they might have become impaired. A reversal of an impairment loss on an asset is recognised in the consolidated income statement for the year.

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

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

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in less than one year in its present condition.

j) Financial assets (investments)

Financial assets are recognised (or derecognised) at the effective date of the transaction. They are recognised initially at fair value, which generally coincides with acquisition cost, including any transaction costs.

- Investments

  Investments are classified as:

  - Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturity. The Group has the positive intention and ability to hold them from the date of purchase to the date of maturity. This category includes mainly short-term deposits, which are measured at amortised cost.

- Held-for-trading financial assets: assets acquired by the companies with the intention of generating a profit from short-term fluctuations in their prices or from differences between their purchase and sale prices. They are measured at fair value at the date of subsequent measurement where this can be determined reliably. In these cases, the gains and losses arising from changes in fair value are recognised in the consolidated income statement for the year.

- Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the previous categories. The measurement bases are:

either At fair value when it is possible to determine it reliably, based on either the market price or, in the absence thereof, using the price established in recent transactions or the discounted present value of the future cash flows.

The gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of, at which time the cumulative gains or losses previously recognised in equity are recognised in the consolidated income statement for the year. If fair value is lower than acquisition cost and there is objective evidence that the asset has suffered an impairment loss that cannot be considered reversible, the difference is recognised directly in the consolidated income statement.

or At acquisition cost, adjusted for any impairment losses disclosed, in the case of investments in unlisted companies, since it is not always possible to determine the fair value reliably.

At 31 December 2013, available-for-sale financial assets were measured against listed (and unadjusted) market prices and placed on level one of the fair value measurement hierarchy established in IFRS 7.

In 2013 and 2012 no financial assets among the categories defined in the preceding paragraphs were reclassified.

- Other receivables

Short- and long-term non-trade receivables are recognised at the amount delivered (amortised cost). Interest received is considered to be interest income for the year in which it accrues, on a time proportion basis.

Short-term non-trade receivables are generally not discounted.

k) Trade and other receivables

Trade and other receivables are recognised at their nominal value, which coincides with their amortised cost. The valuation adjustments required to cover the risk of doubtful debts are recognised.

Amounts relating to discounted notes and bills are classified until maturity as trade and other receivables and, simultaneously, as bank borrowings (current financial liabilities).

l) Inventories

Inventories are measured at weighted average acquisition or production cost.

Acquisition cost relates to the amount stated in the invoice plus all the additional expenses incurred until the goods are in the warehouse.

Production cost is determined by adding production costs directly attributable to the product and the portion of costs indirectly attributable thereto to the acquisition cost of raw materials and other consumables to the extent that such costs are incurred in the production period.

When the selling price less the estimated costs necessary to make the sale and to complete the production of the inventories is lower than the costs indicated in the preceding paragraph, the carrying amount of the inventories is written down.

m) Deferred income - Grants

Grants received are accounted for as follows:

a. Non-refundable grants related to assets: these grants are measured at the amount awarded and are recognised in profit or loss on a straight-line basis over ten years, which approximates the average period over which the assets financed by these grants are depreciated. They are presented on the liability side of the consolidated balance sheet.

b. Grants related to income: these grants are credited to income when earned.

n) Retirement benefits and similar obligations

The Group manages various defined benefit and defined contribution post-employment benefit plans. The costs of the defined benefit plans are measured using the Projected Unit Credit Method.

The obligations under the defined benefit plans are calculated by an independent actuary once a year in the case of the most significant plans and on a regular basis in the case of the other plans. The actuarial assumptions used for the calculation of the obligations differ on the basis of the economic circumstances of each country.

The plans may be funded through an external pension fund or through in-house provisions.

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

In the case of the defined benefit plans, the actuarial cost charged to the consolidated income statement for the year is the sum of the current service cost, the interest cost, the expected return on any plan assets and the past service cost, while any material actuarial gains and losses are recognised directly in equity. Contributions to defined contribution plans are charged to consolidated profit or loss when they are made.

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

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

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

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

o) Other provisions

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

The provisions are recognised for the estimated amounts (calculated at the reporting date at their present value) required for probable or certain third-party liability arising from litigation in process or outstanding obligations.

If an outflow of economic benefits is considered only possible, but not probable, no provision is recognised in the consolidated financial statements, but rather a description of the related contingent liability is disclosed.

Provisions for restructuring costs are only recognised when there is a detailed formal plan for the restructuring (identifying the business concerned, the locations affected, the function, and number of employees who will be compensated for terminating their services, the expenditures that will be undertaken and when the plan will be implemented) and, in addition, there is a valid expectation in those affected that the restructuring will be carried out because the plan has started to be implemented or because the main features of the plan have been announced to those affected by it. These provisions are estimated on the basis of both their economic substance and their legal form.

p) Financial liabilities - Loans and credit facilities

Loans and credit facilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months are classified as non-current liabilities.

All the loans and credit facilities are recognised at their original cost less the costs associated with their arrangement. After their initial recognition, they are subsequently measured at amortised cost. Interest on the payables and all the costs associated with them are recognised in profit or loss on a time proportion basis.

q) Income tax

The income tax expense for the year is recognised in the consolidated income statement, except in cases in which it relates to items that are recognised directly in equity, in which case the related tax is also recognised in equity.

Deferred tax is accounted for using the balance sheet liability method. Under this method, deferred tax assets and liabilities are recognised on the basis of the temporary differences between the carrying amounts of the assets or liabilities and their tax bases and are measured on the basis of the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates and laws approved or in the process of being approved at the balance sheet date.

Deferred tax assets and liabilities arising from changes in consolidated equity are charged or credited directly to consolidated equity. Deferred and other tax assets are recognised when their future realisation is reasonably assured and they are subsequently adjusted if benefits are unlikely to be obtained in the future.

Deferred tax liabilities associated with investments in subsidiaries and associates are not recognised if the Parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

r) Financial instruments

The Group uses certain financial derivatives to manage its exposure to changes in foreign exchange rates and interest rates. All these derivatives, whether or not they have been designated as hedging instruments, are measured at fair value, which is the market value in the case of quoted instruments and, in the case of unquoted instruments, is established on the basis of measurements based on option pricing models or discounted cash flow analyses. These instruments were recognised as follows:

- Cash flow hedges: the gains and losses obtained as a result of changes in fair value, at the balance sheet, date of financial instruments designated as hedges, provided that the hedges are considered to be effective, are recognised, net of the related tax effect, directly in equity until the forecast transaction occurs, at which time they are transferred to consolidated profit or loss. Gains and losses considered ineffective are recognised directly in the consolidated income statement.

- Hedges of a net investment in a foreign operation: the portion of the gains or losses on a hedging instrument determined to be an effective hedge arising from fair value adjustments to these investments are recognised, net of the related tax effect, directly under “Translation Differences” and are transferred to the consolidated income statement when the hedged operation is disposed of. Gains and losses considered ineffective are recognised directly in the consolidated income statement.

- Accounting for financial instruments not designated as hedges or which do not qualify for hedge accounting: the gains and losses from fair value adjustments to such financial instruments are recognised directly in the consolidated income statement.

s) Revenue recognition

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

Revenue associated with the rendering of services is only recognised if it can be estimated reliably, by reference to the stage of completion of the transaction at the balance sheet date.

The Group excludes from the revenue figure gross inflows of economic benefits received when it is acting in an agency relationship on behalf of third parties, and only recognises as revenue economic benefits received for its own account.

When goods or services are exchanged or swapped for goods or services in a non-commercial transaction, the exchange is not regarded as a transaction which generates revenue.

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

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

t) Information on environmental issues

Expenses incurred in relation to environmental activities performed or that must be performed and in managing the effects on the environment of the Group's operations and those arising from obligations relating to the environment are considered to be environmental expenses.

Assets intended to be used on a lasting basis in the Group's operations whose principal purpose is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of the pollution caused in the future by the Group's operations, are considered to be environmental investments. These assets are accounted for in accordance with the policies established for property, plant and equipment.

u) CO_2 emission allowances

The Group recognises CO_2 emission allowances as intangible assets with indefinite useful lives. The allowances received at zero cost under the related National Allocation Plans are measured at the market price prevailing on the date on which they are received, and an item of deferred income is recognised for the same amount.

From 2013 onwards CO_2 emission allowances have not been not allocated as it is not necessary to meet the established requirements.

v) Treasury Shares

Treasury shares re-acquired are deducted directly from consolidated equity. No gains or losses are recognised in the consolidated income statement as a result of acquisitions, sales, issues or retirements of the Group's own equity instruments.

w) New IFRSs and IFRICs

The measurement bases (accounting policies) adopted in preparing the consolidated financial statements and the explanatory notes thereto are consistent with those applied in preparing the consolidated financial statements for the year ended 31 December 2012, except for the following new IFRSs and IFRICs and changes to existing standards or interpretations that came into force from 1 January 2013:

- Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income.

- Amendments to IAS 19 - Employee Benefits: elimination of the "corridor" in the defined benefit plans.

- IFRS 13 - Fair Value Measurement: sets out a framework for measuring fair value.

- Amendments to IFRS 7 - Offsetting Financial Assets and Financial Liabilities

- Improvements to IFRSs - 2009-2011 cycle - Minor amendments to a series of standards.

The adoption of these standards, interpretations and amendments had no material impact on the Group's financial position or results. The Group did not opt for the early application of any standard, interpretation or amendment that had been published but whose application was not obligatory.

At the date of issue of these consolidated financial statements, the following main standards and interpretations had been issued by the IASB but had not yet become effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union: The Group did not opt for the early application of any standard, interpretation or amendment that had been published but whose application was not obligatory.

(EXPRESSED IN THOUSANDS OF EUROS)

Standards and amendments to standards		Obligatory application in annual reporting periods beginning on or after
Not yet approved for use in the European Union		
IFRS 9, Financial Instruments: Classification and Measurement	Replaces the IAS 39 classification, measurement and derecognition requirements for financial assets and liabilities.	To be determined.
Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets	Clarifies when certain disclosures are required when recoverable amount is based on fair value less costs to sell.	Annual reporting periods beginning on or after 1 January 2014
Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions.	To allow employee contributions to be deducted from the service cost in the same period in which they are paid, provided certain requirements are met.	Annual reporting periods beginning on or after 1 July 2014
Improvements to IFRSs - 2010-2012 cycle and 2011-2013 cycle	Minor amendments to a series of standards.	Annual reporting periods beginning on or after 1 July 2014
Approved for use in the European Union		
IFRS 10, Consolidated Financial Statements	Supersedes the requirements relating to consolidated financial statements in IAS 27.	Annual reporting periods beginning on or after 1 January 2014
IFRS 11, Joint Arrangements	Supersedes IAS 31 on joint ventures.	Annual reporting periods beginning on or after 1 January 2014
IFRS 12, Disclosure of Interests in Other Entities	Single IFRS presenting the disclosure requirements for interests in subsidiaries, associates, joint arrangements and unconsolidated entities.	Annual reporting periods beginning on or after 1 January 2014
IAS 28 (Revised) - Investments in Associates and Joint Ventures	Revision in conjunction with the issue of IFRS 11, Joint Arrangements.	Annual reporting periods beginning on or after 1 January 2014
Transition rules: Amendments to IFRSs 10, 11 and 12.	Clarification of the rules for transition to these standards	Annual reporting periods beginning on or after 1 January 2014
Amendment to IAS 32, Offsetting Financial Assets and Financial Liabilities	Additional clarifications to the rules for offsetting financial assets and financial liabilities under IAS 32 and introduction of new related disclosures under IFRS 7.	Annual reporting periods beginning on or after 1 January 2014

- IFRS 9, Financial Instruments: Classification and Measurement

  IFRS 9 will in the future replace the current part of IAS 39 relating to classification and measurement. There are very significant differences with respect to the current standard, in relation to financial assets, including the approval of a new classification model based on only two categories, namely instruments measured at amortised cost and those measured at fair value, the disappearance of the current “held-to-maturity investments” and “available-for-sale financial assets” categories, impairment analyses only for assets measured at amortised cost and the non-separation of embedded derivatives in financial asset contracts.

In relation to financial liabilities, the classification categories proposed by IFRS 9 are similar to those currently contained in IAS 39 and, therefore, there should not be any very significant differences, except, in the case of the fair value option for financial liabilities, for the requirement to recognise changes in fair value attributable to own credit risk as a component of equity.

The Group is analysing what effect these new standards will have, but, in theory, no significant changes with respect to the current situation are expected to arise.

- IFRS 10, Consolidated Financial statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities, IAS 27 (Revised) Separate Financial Statements and IAS 28 (Revised), Investments in Associates and Joint Ventures.

  IFRS 10 modifies the current definition of control. The new definition of control sets out the following three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns. IFRS 11, Joint Arrangements supersedes IAS 31. The fundamental change introduced by IFRS 11 with respect to the current standard is the elimination of the option of proportionate consolidation for jointly controlled entities, which will now be accounted for using the equity method.

  The Group analysed how the control relating to these new standards will affect the consolidated companies as a whole and no significant changes with respect to the current situation are expected to arise.

  IAS 27 and IAS 28 are revised in conjunction with the issue of the aforementioned new IFRSs.

- Lastly, IFRS 12 is a comprehensive disclosure standard setting out the disclosure requirements for interests in other entities (whether these be subsidiaries, associates, joint ventures or other interests) and including new disclosure requirements. Accordingly, its entry into force will foreseeably give rise to an increase in the disclosures that the Group has been making, i.e., those currently required for interests in other entities and other investment vehicles.

4. SUBSIDIARIES AND ASSOCIATES

The detail of Ebro Foods, S.A.'s direct and indirect investments in Group subsidiaries and associates is as follows:

(EXPRESSED IN THOUSANDS OF EUROS)

SUBSIDIARIES AND ASSOCIATES	% Ownership Interest 12/31/2013	% Ownership Interest 12/31/2012	Parent 12/31/2013	Parent 12/31/2012	Location/ Registered Office	Line of business
Dosbio 2010, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Flour production
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Agricultural exploitation
Arotz Foods, S.A.	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and canning of vegetables
Jiloca Industrial, S.A.	100.0%	100.0%	EF	EF	Teruel (Spain)	Production of organic fertiliser
Beira Terrace, Ltda.	100.0%	100.0%	EF	EF	Porto (Portugal)	Property (dormant)
Riviana Foods Inc. (Group) (Riviana)	100.0%	100.0%	EF	EF	Houston (Texas - US)	Production and sale of rice
Panzani, SAS (Group) (Panzani)	100.0%	100.0%	EF	EF	Lyon (France)	Production and sale of pasta and sauces
New World Pasta Comp. (Group) (NWP)	100.0%	100.0%	EF	EF	Harrisburg (US)	Production and sale of pasta and sauces
Ebro Germany, GmbH (Group) (EFG)	100.0%	100.0%	EF/Boost	EF/Boost	Hamburg (Germany)	Holding company
Ebro Alimentación México, S.A.	100.0%	100.0%	EF	EF	Mexico	Sale of rice
Azucarera Energías, S.L.	100.0%	60.0%	EF	EF	Madrid (Spain)	Combined heat and pow er
Netw orks Meal Solutions, S.A. (NMS)	100.0%	100.0%	EF	EF	Madrid (Spain)	Dormant
JJ. Softw are de Medicina, S.A. **(A)**	26.8%	26.8%	NMS	NMS	Madrid (Spain)	Dormant
Fundación Ebro Foods	100.0%	100.0%	EF	EF	Madrid (Spain)	Foundation
Ebro Financial Corporate Services, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Insurance and finance
Herba Foods, S.L. (HF)	100.0%	100.0%	EF	EF	Madrid (Spain)	Investment management
Herba Ricemills, S.L. (HR)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Herba Nutrición, S.L. (HN)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Riso Scotti, S.p.a. (Group) **(A)**	25.0%	-	EF	-	Milan (Italy)	Production and sale of rice
Fallera Nutrición, S.L.	100.0%	100.0%	HN	HN	Valencia (Spain)	Production and sale of rice
Herba Germany, GmbH	100.0%	100.0%	EFG	EFG	Hamburg (Germany)	Ow nership of trademarks
Euryza, GmbH	100.0%	100.0%	EFG	EFG	Hamburg (Germany)	Sale of rice
T.A.G. Nahrungsmittel GmbH	100.0%	100.0%	EFG	EFG	Stuttgart (Germany)	Dormant
Bertolini Import Export GmbH	100.0%	100.0%	EFG	EFG	Mannheim (Germany)	Dormant
Ebro Frost, GmbH (Efrost)	55.0%	-	HF	-	Munich (Germany)	Investment management
Danrice A.S.	100.0%	100.0%	Efrost	HF	Orbaek (Denmark)	Production and sale of rice and pasta
Keck Spezializaten, GmbH	100.0%	-	Efrost	-	Munich (Germany)	Production and sale of rice and pasta
S&B Herba Foods, Ltda. (Group)	100.0%	100.0%	HF/R. Int.	HF/R. Int.	London (UK)	Production and sale of rice
Riceland Magyarorszag, KFT.	100.0%	100.0%	HF/EF	HF/EF	Budapest (Hungary)	Sale of rice
Boost Nutrition C.V. (Boost)	100.0%	100.0%	HF / N.C.	HF / N.C.	Merksem (Belgium)	Production and sale of rice
Mundi Riso, S.R.L.	100.0%	100.0%	HF	HF	Vercelli (Italy)	Production and sale of rice
Herba Hellas, S.A.	75.0%	75.0%	HF	HF	Thessalonica (Greece	In liquidation
Mundi Riz, S.A.	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and sale of rice
Agromeruan, S.A.	100.0%	100.0%	HF	HF	Larache (Morocco)	Farmland concession operator
Rivera del Arroz, S.A.	100.0%	100.0%	HF	HF	Larache (Morocco)	Rice production
Mundi Vap, Ltda.	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and distribution of rice
Katania Magreb, Ltda.	100.0%	100.0%	HF	HF	Larache (Morocco)	Production and distribution of legumes
Arrozeíras Mundiarroz, S.A.	100.0%	100.0%	HF	HF	Lisbon (Portugal)	Production and sale of rice
Josep Heap Properties, Ltda.	100.0%	100.0%	HF	HF	Liverpool (UK)	Investment management and administration
Risella, Oy	100.0%	100.0%	HF	HF	Helsinki (Finland)	Sale of rice
Bosto Poland, S.L.	100.0%	100.0%	HF	HF	Warsaw (Poland)	Sale of rice
Herba Bangkok, S.L.	100.0%	100.0%	HF	HF	Bangkok (Thailand)	Production and sale of rice
Herba Egipto Rice Mills, S.A.E.	100.0%	100.0%	HF	HF	Cairo (Egypt)	Production and sale of rice
Herba de Puerto Rico, LLC.	100.0%	100.0%	HF	HF	San Juan (Puerto Rico	Sale of rice
Herba Ricemills Rom, SRL	100.0%	100.0%	HF	HF	Romania	Sale of rice
Herba India, Pty.	100.0%	100.0%	HF	HF	New Delhi (India)	Dormant
Ebro India, Ltda.	100.0%	-	HF	-	New Delhi (India)	Production and sale of rice
TBA Suntra Beheer, B.V. (Group) **(B)**	100.0%	100.0%	HF	HF	Netherlands and Belgiu	Production and sale of rice
TBA Suntra UK, Ltd. **(B)**	100.0%	100.0%	HF	HF	Goole (UK)	Production and sale of rice
Ebro Foods Netherland, B.V. (EFN)	100.0%	100.0%	HF	HF	Amsterdam (Netherlan	Investment management
Lassie Netherland, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlan	Production and sale of rice
Lassie, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlan	Industrial operations
Lassie Property, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlan	Industrial operations
Herba Ingredients, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlan	Industrial operations
Mediterranean Foods Label, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlan	Production and sale of rice

(EXPRESSED IN THOUSANDS OF EUROS)

SUBSIDIARIES AND ASSOCIATES	% Ownership Interest 12/31/2013	% Ownership Interest 12/31/2012	Parent 12/31/2013	Parent 12/31/2012	Location/ Registered Office	Line of Business
Nuratri, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Nutramas, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Nutrial, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Pronatur, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Vitasan, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale of rice
Yofres, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Herba Trading, S.A.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Formalac, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Eurodairy, S.L.	100.0%	100.0%	HR	HR	Seville (Spain)	Sale of rice
Española de I+D, S.A.	60.0%	60.0%	HR	HR	Valencia (Spain)	Development and sale of new products
American Rice, Inc. (ARI)	100.0%	100.0%	Riviana	Riviana	Houston (US)	Production and sale of rice
Riviana International Inc. (R. Int.)	100.0%	100.0%	Riviana	Riviana	Houston (US)	Investment management
Ebro Riviana de Guatemala, S.A.	100.0%	100.0%	R. Int.	R. Int.	Guatemala	Investment management
Ebro de Costa Rica, S.A.	100.0%	100.0%	R. Int.	R. Int.	San José (Costa Rica)	Investment management
R&R Partnership **(A)**	50.0%	50.0%	Riviana	Riviana	Houston (US)	Production and sale of rice
South La Fourche, Inc **(A)**	50.0%	50.0%	Riviana	Riviana	Houston (US)	Agricultural exploitation
N&C Boost N. V. (N.C. Boost)	100.0%	100.0%	R. Int.	R. Int.	Antwerp (Belgium)	Investment management
Lustucru Riz	99.8%	99.8%	Panzani	Panzani	Lyon (France)	In liquidation
Lustucru Frais	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Production and sale of fresh pasta
Grands Moulins Maurel	99.8%	99.8%	Panzani	Panzani	Lyon (France)	Production and sale of flour and semolina
Silo de la Madrague	100.0%	100.0%	Panzani	Panzani	Lyon (France)	Production and sale of flour and semolina
Rizerie Franco Americaine et Col., S.A.	100.0%	100.0%	Panzani	Panzani	Marseille (France)	Production and sale of rice
Bosto Panzani Benelux, S.A.	100.0%	100.0%	Boost/Pzni	Boost/Pzni	Merksem (Belgium)	Production and sale of rice
Catelly Corp. (Ronzoni)	100.0%	100.0%	NWP	NWP	Montreal (Canada)	Production and sale of pasta and sauces

(A) Associates accounted for using the equity method.

(B) In 2011 the Ebro Group acquired ownership interests of 50% of Grupo TBA Suntra B.V. and 75% of TBA Suntra UK from one of its two shareholders. In addition, the Ebro Group entered into an agreement with the other shareholder for the future acquisition of the other 50% of Grupo Suntra B.V. and the remaining 25% of TBA Suntra UK, through a put option held by the shareholder whereby the Ebro Group, where applicable, would be required to acquire the remaining shares, and also entered into an agreement between shareholders whereby the Suntra Group allocates control to the Ebro Group. The Ebro Group has ensured that other third parties may not acquire the aforementioned ownership interests by means of a pre-emption right. Lastly, the Ebro Group has an irrevocable purchase option on these ownership interests in the event of the other shareholder's death or incapacity. Therefore, the Suntra Group's shares were included in the scope of consolidation as a wholly-owned company and a non-current financial liability was recognised for the estimated cost of the purchase option on the remaining 50% and 25%, respectively.

None of the subsidiaries and associates is listed on the stock exchange. The financial statements of all the consolidated companies were at 31 December 2013 and 2012.

(EXPRESSED IN THOUSANDS OF EUROS)

5. MOST SIGNIFICANT CORPORATE TRANSACTIONS (BUSINESS COMBINATIONS AND/OR SALES) IN 2013 AND 2012 AND EFFECT ON COMPARABILITY

5.1 Intra-Group transactions in 2013

There were no significant intra-Group corporate transactions in 2013.

5.2 Intra-Group transactions in 2012

At the beginning of 2012 Ebro Financial Corporate Services, S.L. (a new wholly-owned subsidiary of Ebro Foods, S.A.) commenced its business activities. This company was incorporated to assume - with effect from 2012 - the integrated management of the insurance policies taken out to cover the Group subsidiaries located in the EU, the most significant aspects of which had previously been carried out locally, and also to undertake separate management of the financial activity (which refers to the granting of loans, provision of guarantees, the performance of economic and financial studies, etc.). In this connection, Ebro Foods, S.A. made a non-monetary contribution to Ebro Financial Corporate Services, S.L. comprising the loans it had granted to Group subsidiaries. As a result, independent management of two highly related areas, such as Insurance and Finance, allows the Group to gain stricter and better control of both activities. This restructuring had no impact whatsoever on the consolidated financial statements of the Ebro Foods Group, since both before and after this restructuring, the Group had 100% control over all of the companies involved.

There were no other significant intra-Group corporate transactions in 2012.

5.3 Corporate transactions affecting the scope of consolidation in 2013 and 2012 and effect on comparability. Changes in the scope of consolidation

In 2012, in addition to the matters described in Note 5.2 above, there were no changes in the scope of consolidation.

In 2013 there were various changes in the scope of consolidation, the most significant of which were as follows:

Inclusions in the scope of consolidation in 2013:			
Company affected	**Subgroup**	**%**	**Comments**
Ebro India, Ltda. (India)	Rice	100%	Acquisition of 100% of the business
Keck Spezializaten, GmbH (Germany) and Danrice SAS (Denmark)	Rice	55% Keck 45% Danr.	Acquisition of 55% of Keck and sale of 45% of Danrice
Olivieri (fresh pasta and sauces business) (Canada)	Pasta	100%	Acquisition of 100% of the business
Scotti Group (Italy)	Associate	25%	Acquisition of ownership interest

(EXPRESSED IN THOUSANDS OF EUROS)

Inclusions or reductions in the scope of consolidation in 2013:			
Company affected	**Subgroup**	**%**	**Comments**
Ebro Germany, GmbH	Pasta	100%	Sale of the pasta business

- **Investment in India:** in the first quarter of 2013 a rice production plant in India was acquired from Olam International. On 18 April 2013, once the appropriate approval was granted by the Competition Commission of India, the agreements necessary to complete the transaction were entered into, through the wholly-owned subsidiary Ebro India, Ltda. This modern, cutting-edge rice production plant has a capacity to process 18 tonnes of paddy per hour, more than 100,000 tonnes of rice per year. In addition to the plant's industrial assets, all of its employees and its sales network were transferred to Ebro India, Ltda.

  With this investment in the largest basmati rice-producing region in the world, the Ebro Group ensures the supply of this type of rice to all of its subsidiaries and begins operations in India, a vast domestic market with high growth rates, into which the Ebro Group will introduce its extensive portfolio of rice, pasta and sauces.

  The initial investment totalled EUR 12,246 thousand -equity financed- and was performed through the purchase of assets, the detail of which is shown, by items acquired, in the summary table at the end of this note.

- **Investment in Germany: i**n May 2013 an agreement was reached with the shareholders of the German company Keck Spezialitaten, GmbH for its inclusion in the Ebro Group. This company engages mainly in the production and sale of frozen food products (mainly rice and pasta) in Northern Europe. A new company, Ebro Frost, GmbH, was incorporated for the process, to which all the shares of Keck and Danrice, A.S. were contributed. (Danrice) (Danish subsidiary, wholly-owned by the Ebro Group until this point). Once the contributions were made, 55% of the capital of Ebro Frost, GmbH belonged to the Ebro Group and 45% to the shareholders of Keck.

  The fair value of Keck's 55% investment amounted to EUR 11,827 thousand, settled with 45% of the fair value of Danrice plus EUR 629 thousand paid in cash, the detail of which is shown, by items acquired, in the summary table at the end of this note.

  From 1 January 2019 onwards, the shareholders of Keck will have the option to oblige the Ebro Group to acquire their 45% ownership interest in Ebro Frost, GmbH, at a variable price based on its results in the last three years.

- **Investment in Canada**: the Canadian group Maple Leaf Foods' fresh pasta and sauces business, Olivieri Foods, a subsidiary of the Canadian Bread Company, Ltd., was acquired at the end of November 2013. Olivieri is the leading fresh pasta and sauces brand in Canada, with approximately 375 employees. This acquisition will see Ebro enter the Canadian fresh pasta and sauce segment through its leading brand, which will enable the Group to consolidate its position as the leader in all the categories in which we operate. Ebro already has a strong presence in Canada through Catelli Foods, with the Catelli dry pasta trademark and the Minute trademark among its rice products. This operation will also provide numerous commercial, industrial and marketing synergies with our European fresh pasta business, headed by Lustrucu Frais.

  The investment totalled EUR 82,832 thousand, paid with borrowings and equity, and was formalised through the purchase of assets, the detail of which is shown, by items acquired, in the summary table at the end of this note. The detail, by items acquired, must be considered as provisional, prior to the finalisation of the relevant valuations and analyses that will allow the fair value of the net assets acquired to be definitively established.

- **Investment in Italy**: in August 2013 25% of the Italian company Riso Scotti S.p.A., Parent of the Scotti Group, was acquired. The Scotti Group is an Italian group specialising in rice production and processing and is the leading risotto rice producer in Italy. It has a wide range of products which it markets under the Scotti trademark in more than 70 countries. Its portfolio includes numerous high value-added products (rice and soy milk, rice biscuits, rice bran oil, ready meals, etc.) which bring the tradition of Italian cuisine up to date and are targeted at the premium sector. The 25% ownership interest in the Scotti Group is an investment in associates and, accordingly, it is accounted for in the Ebro Group using the equity method (see Note 13). The investment totalled EUR 18,000 thousand -equity financed- and the net assets of the Scotti Group are as recognised in its most recent available balance sheet, as disclosed in Note 13.

- **Divestment in Germany**: on 23 December 2013, Ebro Foods, S.A. entered into an agreement with Newlat Group, S.A. for the sale of the pasta business which the Ebro Group had in Germany through its trademarks Birkel and 3Glocken. From the perspective of Ebro Foods, this transaction represents a further advance in its current strategic plan, among the objectives of which is the focus of efforts and resources on those business areas that will enable it to maintain or increase the profitability ratios achieved by the Company until now. This sale was classified as a sale of assets. The summary of the effects of this sale is detailed as follows (the detail of the income and expense accounts of this activity for 2013 and 2012, which is recognised as a discontinued operation in the consolidated income statement, is shown in Note 7):

(EXPRESSED IN THOUSANDS OF EUROS)

	Thousands of euros
Carrying amount of net assets sold and costs to sell	33,472
Selling price	21,300
Loss before tax	-12,172
Income tax	4,280
Net loss	-7,892

The following table shows the effects of the inclusions in the scope of consolidation in 2013 of the investments in Ebro India, Keck Spezializaten and Olivieri:

	Ebro India	Keck Spez.	Olivieri	
	Inclusion date			
	05/01/2013	06/01/2013	12/01/2013	TOTAL
Thousands of euros	Fair value	Fair value	Fair value	Fair value
Intangible assets	3	18	27,728	27,749
Property, plant and equipment	11,797	8,410	19,397	39,604
Financial assets	29	326	0	355
Inventories	22	1,302	5,094	6,418
Other current assets	445	2,608	5,792	8,845
Total assets	**12,296**	**12,664**	**58,011**	**82,971**
Provisions for pensions and similar obligations	18	0	0	18
Other non-current liabilities	0	62	0	62
Current financial liabilities	0	2,086	0	2,086
Trade payables	0	907	2,849	3,756
Other current liabilities	32	2,711	3,249	5,992
Total liabilities	**50**	**5,766**	**6,098**	**11,914**
Total net assets and liabilities	**12,246**	**6,898**	**51,913**	**71,057**
Goodwill	0	14,606	30,919	45,525
Total investment	**12,246**	**21,504**	**82,832**	**116,582**
Non-controlling interests	0	9,677	0	9,677
Financed with financial liabilities and cash	12,246	11,827	82,832	106,905
Total investment	**12,246**	**21,504**	**82,832**	**116,582**
Net cash acquired with the subsidiary	199	-2,086	0	-1,887
Revenue since acquisition date	665	9,935	5,656	16,256
Net profit/loss contributed since acquisition date	-2,053	1,563	202	-288
Revenue since 1 January (a)	35,938	17,500	52,000	105,438
Net profit/loss contributed since 1 January (a)	719	2,900	1,500	5,119

(a) Estimated as if it had been acquired on 1 January 2013

The figures relating to revenue and net profit for the full year beginning 1 January relate to the 2014 budget estimate, as they correspond to a normal business year for these companies.

(EXPRESSED IN THOUSANDS OF EUROS)

6. SEGMENT REPORTING

The operating segments are organised and managed separately on the basis of the nature of the products and services provided, and each segment represents a strategic business unit that offers different products and serves different markets. Therefore, the Group's segment reporting is organised by business segments since the risks and rates of return of the Group are affected mainly by differences in the products and services offered.

The Ebro Foods Group continues to be divided into the following business segments and/or activities:

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

These businesses and/or activities constitute the basis for the Group's segment reporting. The financial information relating to these business segments is presented in the table at the end of this Note.

Rice business

Herba Group: this group specialises in the rice business. The Group has consolidated its position as the leading rice group in Europe and as one of the most important in the world. It has an extensive and modern structure of production facilities and sales networks with which it maintains commercial relations in more than 60 countries.

The Group is the European leader in the retail market for rice, food service and rice supplies, rice-based products or ingredients for industrial uses. It follows a multi-brand strategy with a brand portfolio that includes successful and prestigious brands in the market in which it operates which include, inter alia: SOS, La Fallera, La Cigala, Saludades, Lassie, Reis fit, Rix fix, Oryza, Bosto, Riceland, Risella, Peacock, Phoenix, El Mago and Sello Rojo.

The Group's market share in the main retail markets in which it operates is provided in the following table:

Country	Volume	Value	Position
Spain	23.0%	33.9%	Leader
Portugal	13.8%	16.4%	Leader
Germany	9.5%	17.5%	2nd
Belgium	23.1%	29.3%	2nd
The Netherlar	19.5%	28.1%	Leader

In addition, the Group acts as a rice supplier for the leading European food companies:

- ✓ Beverage industries.
- ✓ Industrial rice companies.
- ✓ Infant food: cereals, baby food, etc.

- ✓ Pre-cooked ready meals: non-refrigerated, dehydrated, frozen, etc.
- ✓ Animal and pet food.

Riviana Group: This is the Group's unit that specialises in the rice business in the US through Riviana Inc., the largest rice company in the US, with facilities for rice processing and production in Tennessee, Texas and Arkansas.

Riviana is the leading group in rice sales in the US retail market, with a wide range of brands which include, inter alia, Mahatma and Minute, which are both leaders in the traditional and instant rice segments, respectively.

The Group's overall market share in the North American retail market is 28.8% in terms of volume, extending its presence to markets under expansion such as the microwave and frozen rice segment under the Minute flagship brand.

It also has a strong international presence in those markets traditionally more associated with the US such as Mexico and various Caribbean and Middle Eastern states, under the Abu Bint brand in the case of the latter, which is the market leader in the parboiled rice market.

Pasta business

Panzani Group: this unit specialises in the pasta and sauce business.

The French Group Panzani is the leader in France in the dry and fresh pasta, rice, semolina and sauces industries.

The fresh sauce and fresh pasta product line is a high value added proposition for consumers in which it is the undisputed leader in the French market. Products are sold under the Panzani and Lustucru brands with market shares of 30.5% and 35.7%, respectively. This line continue to grow strongly spearheading the Group's innovation with products for skillet cooking, new risotto sauces, fresh ready to eat dishes and new fresh specialities with a potato base.

Panzani markets rice under two brands: Lustucru, focusing on conventional and quick-cook rice, and Taureau Ailé, marketing exotic rice and currently the market leader in France.

Semolina is marketed through the market leaders Regia and Ferrero brands.

Additionally, it is a leading company in Belgium and the Czech Republic with market shares of 10.48% and 10.70%, respectively, and exports pasta and semolina to the Maghreb and French-speaking countries.

New World Pasta Group: New World Pasta is the leading company in the dry pasta industry in the US and Canada.

Its production facilities are located in Montreal (Quebec), Fresno (California), Saint Louis (Missouri) and Winchester (Virginia).

New World Pasta implements a multi-brand strategy through brands with a strong local presence and an important business segment focusing on health and wellbeing under the Healthy Harvest, Smart Taste and Garden Delight brands.

The New World Pasta Group has an extensive, complementary and solid portfolio of brand names, which includes inter alia: Ronzoni, Skinner, Prince, American Beauty, San Giorgio, Creamette and No Yolks in the US, and Catelli, Lancia and Ronzoni in Canada. The Group's overall market share in the US and Canada was of 22.9% and 33.7%, respectively. At the end of 2013 it included the fresh pasta brand Olivieri, with a 52.7% market share in fresh pasta in Canada and 38.1% in fresh sauces.

Other businesses and/or activities:

The other businesses and/or activities include most notably the following:

Asset management (GDP):

This unit specialises in managing the Group's investment property. It controls all of the Group's properties, analysing their status and reducing costs, disposing of buildings not used for industrial activities and taking the necessary measures to ensure that their value is maximised prior to their sale.

Basis and methodology for segment reporting

The restructuring and re-adaptation processes that have taken place in recent years at the Group have made it possible to establish the size of each of the main businesses separately, which facilitates management and decision-making and improves financial control. Therefore, the consolidated expenses, income, assets and liabilities directly pertaining to each segment are allocated to that segment. It was not necessary to establish criteria for allocating common expenses and income and common assets and liabilities to the segments.

In this regard, although the structure of non-financial non-current assets and liabilities and current assets and liabilities corresponds to the needs of each business or activity, it should be noted that the financial structure of the accompanying balance sheets by segment was established on the basis of internal financial management criteria based on an appropriate and necessary degree of centralisation and coordination at Group level.

Inter-segment transactions

Although the inter-segment transactions are not significant with respect to the total consolidated figures, in order to determine the income, expenses and profit or loss of the segments the inter-segment transactions were included. These transactions are measured at the market prices at which similar goods and services are billed to non-Group customers. These transactions were eliminated on consolidation.

(EXPRESSED IN THOUSANDS OF EUROS)

6.1 Geographical information

The geographical information was determined on the basis of the location of the Group's assets. The sales to non-Group customers are based on the geographical location of the customers. The geographical areas in which each of the Group's operating segments operates were stated in the preceding description of the operating segments. The businesses and/or activities carried on by the Group are summarised by geographical area as follows:

- In Spain - the rice business of Herba.
- In the rest of Europe - basically the Herba and Panzani businesses.
- In the Americas - the Riviana, American Rice, NWP and Olivieri businesses.
- Rest of the world - basically the Herba rice business, plus a portion of the exports of Panzani and of American Rice.

The breakdown of the assets and revenue by geographical market of the activities, without considering the place in which the goods are produced, is as follows:

2012 - Geographical area	Spain	Europe	Americas	Other	TOTAL
Segment revenue	152,658	994,466	842,517	118,483	2,108,124
Inter-segment sales	-3,634	-61,859	-60,999	-502	-126,994
Total revenue	**149,024**	**932,607**	**781,518**	**117,981**	**1,981,130**
Intangible assets	31,723	135,188	207,032	50	373,993
Property, plant and equipment	71,238	211,436	201,180	12,191	496,045
Other assets	310,509	868,720	658,701	23,844	1,861,774
Total assets	**413,470**	**1,215,344**	**1,066,913**	**36,085**	**2,731,812**
Non-current asset acquisitions	**5,360**	**36,243**	**11,531**	**330**	**53,464**

2013 - Geographical area	Spain	Europe	Americas	Other	TOTAL
Segment revenue	146,110	991,346	839,439	113,539	2,090,434
Inter-segment sales	-5,343	-62,433	-65,990	-21	-133,787
Total revenue	**140,767**	**928,913**	**773,449**	**113,518**	**1,956,647**
Intangible assets	31,059	120,418	222,028	39	373,544
Property, plant and equipment	67,055	218,533	204,449	19,636	509,673
Other assets	318,063	871,847	623,510	76,043	1,889,463
Total assets	**416,177**	**1,210,798**	**1,049,987**	**95,718**	**2,772,680**
Non-current asset acquisitions	**4,675**	**45,425**	**12,142**	**1,004**	**63,246**

6.2 Operating segments

The following tables present information on the revenue and profit or loss of the continuing operations and certain information on assets and liabilities relating to the Group's operating segments for the years ended 31 December 2013 and 2012.

INFORMATION ON BUSINESS SEGMENTS - CONTINUING OPERATIONS

EBRO FOODS GROUP (In thousands of euros)	TOTAL CONSOLIDATED FIGURES		Rice business		Pasta business		EF Holding company		Other businesses and consolidation adjustments	
BALANCE SHEET	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Intangible assets	373,544	373,993	149,194	154,409	212,237	206,973	11,921	12,366	192	245
Property, plant and equipment	509,673	496,045	266,675	263,350	233,136	222,105	1,630	2,174	8,232	8,416
Investment property	33,139	32,637	33,336	32,803	1	1	12,081	12,112	-12,279	-12,279
Financial assets	97,454	65,341	1,333	1,254	22,913	3,040	73,182	61,021	26	26
Investments in associates	22,559	3,209	48,786	47,390	31,776	31,776	1,292,517	1,274,049	-1,350,520	-1,350,006
Deferred tax assets	55,455	53,024	15,486	16,497	22,495	23,971	23,092	20,526	-5,618	-7,970
Goodwill	851,617	823,207	307,005	303,146	543,884	519,933	0	0	728	128
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Receivable from Group companies	0	0	91,643	87,565	151,095	204,162	45,200	117,837	-287,938	-409,564
Other current assets	829,239	884,356	492,296	453,602	299,746	349,740	23,459	65,412	13,738	15,602
	2,772,680	**2,731,812**	**1,405,754**	**1,360,016**	**1,517,283**	**1,561,701**	**1,483,082**	**1,565,497**	**-1,633,439**	**-1,755,402**
Assets classified as held for sale	0	0							0	0
Total assets	**2,772,680**	**2,731,812**							**-1,633,439**	**-1,755,402**
Total equity	1,728,263	1,693,237	975,323	917,385	1,088,425	1,054,538	988,029	1,048,136	-1,323,514	-1,326,822
Deferred income	2,048	2,723	1,911	2,539	0	0	0	0	137	184
Provision for pensions and obligations	35,931	44,760	12,943	19,789	20,505	22,835	2,372	2,030	111	106
Other provisions	8,603	21,926	2,200	7,043	6,403	5,755	0	8,828	0	300
Non-current and current financial liabilities	431,179	418,427	73,619	77,293	80,703	79,285	276,467	261,390	390	459
Other non-financial payables	17	26	17	26	0	0	0	0	0	0
Deferred tax liabilities	239,879	229,999	90,964	85,740	88,223	93,719	60,714	50,562	-22	-22
Payable to Group companies	0	0	118,197	126,732	49,337	125,221	146,003	183,437	-313,537	-435,390
Other current liabilities	326,760	320,714	130,580	123,469	183,687	180,348	9,497	11,114	2,996	5,783
	2,772,680	**2,731,812**	**1,405,754**	**1,360,016**	**1,517,283**	**1,561,701**	**1,483,082**	**1,565,497**	**-1,633,439**	**-1,755,402**
Liabilities classified as held for sale	0	0							0	0
Total liabilities	**2,772,680**	**2,731,812**							**-1,633,439**	**-1,755,402**
Investments in the year (accrual)	63,246	53,464	22,884	29,032	38,551	34,950	149	325		
Capital employed	1,286,515	1,212,424	751,292	729,320	508,429	520,948	15,664	19,428		
ROCE	17.7	20.0	14.8	18.3	22.4	25.7	-	-		
Average leverage	15.3%	17.4%								
Average headcount for the year	4,665	4,741								
Stock market data:										
Number of shares (in thousands)	153,865	153,865								
Market capitalisation at year-end	2,621	2,308	Millions of euros							
Earnings per share	0.86	1.04								
Dividend per share	0.6	0.63								
Underlying carrying amount per share	11.09	11.00								

INFORMATION ON BUSINESS SEGMENTS - CONTINUING OPERATIONS

EBRO FOODS GROUP (In thousands of euros)	TOTAL CONSOLIDATED FIGURES		Rice business		Pasta business		EF Holding company		Other businesses and consolidation adjustments	
INCOME STATEMENT	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
External revenue	1,956,647	1,981,130	1,032,690	1,051,224	898,704	903,180	683	947	24,570	25,779
Net inter-segment revenue			57,769	54,514	16,416	17,513	4,727	4,814	-78,912	-76,841
Total revenue	**1,956,647**	**1,981,130**	**1,090,459**	**1,105,738**	**915,120**	**920,693**	**5,410**	**5,761**	**-54,342**	**-51,062**
Changes in inventories	6,042	-5,903	5,505	-9,430	551	3,634	0	0	-14	-107
In-house work on non-current assets	1,037	647	93	13	944	634	0	0	0	0
Other operating income	15,988	72,697	7,811	12,961	6,004	7,881	6,815	55,710	-4,642	-3,855
Cost of materials used and other expenses	-1,084,446	-1,088,686	-677,110	-659,075	-462,021	-484,680	0	0	54,685	55,069
Staff costs	-239,623	-239,940	-108,128	-109,182	-118,771	-117,439	-10,076	-10,684	-2,648	-2,635
Depreciation and amortisation charge	-56,036	-54,907	-27,470	-27,107	-27,230	-26,361	-1,169	-1,259	-167	-180
Other operating expenses	-386,702	-383,647	-188,404	-184,065	-199,316	-194,179	-9,516	-26,624	10,534	21,221
Profit/Loss from operations	**212,907**	**281,391**	**102,756**	**129,853**	**115,281**	**110,183**	**-8,536**	**22,904**	**3,406**	**18,451**
Finance income	14,384	12,910	8,418	9,483	4,826	5,757	32,530	21,673	-31,390	-24,003
Finance costs	-19,647	-45,368	-12,914	-13,993	-6,054	-4,843	-5,323	-32,931	4,644	6,399
Impairment of goodwill	-177	-178	-177	-178	0	0	0	0	0	0
Investments in associates	3,179	1,683	4,288	2,405	0	0	0	0	-1,109	-722
Consolidated profit/loss before tax	**210,646**	**250,438**	**102,371**	**127,570**	**114,053**	**111,097**	**18,671**	**11,646**	**-24,449**	**125**

7. DISCONTINUED OPERATIONS

As indicated in Note 5, on 23 December 2013, Ebro Foods, S.A. entered into an agreement with Newlat Group, S.A. for the sale of the pasta business which the Ebro Group had in Germany through its trademarks Birkel and 3Glocken. This sale was classified as a sale of assets, in accordance with the following conditions:

- Collection schedule: the deferred portion of the sale of the net assets of the pasta business in Germany for EUR 10,461 thousand at long term and EUR 9,775 at short term. This loan bears interest (between explicit and implicit) at 2.85%. The first due-date of the long-term portion is 31 March 2015 and, with quarterly maturities, the final-due date will be in July 2019.

- The trademarks sold ensure the payment of the deferred price and it is foreseen that they will be returned to the seller if non-payment occurs.

The summary of the effects of this sale and of the income and expense accounts of this activity for 2013 and 2012, which is recognised as a discontinued operation in the accompanying consolidated income statement, is as follows:

(EXPRESSED IN THOUSANDS OF EUROS)

Thousands of euros	2013 Birkel Twelve months	2012 Birkel Twelve months
- Income (revenue)	57,134	60,136
- Change in inventories	0	(323)
- Other operating income	1,153	896
	58,287	60,709
- Cost of materials used and other expenses	(28,423)	(32,801)
- Staff costs	(8,416)	(8,253)
- Depreciation and amortisation charge	(2,257)	(2,374)
- Outside services	(17,439)	(19,305)
- Other operating expenses	(518)	(158)
	(57,053)	(62,891)
Profit (loss) from operations	**1,234**	**(2,182)**
Net finance costs	(462)	(355)
Financial loss	**(462)**	**(355)**
Consolidated profit (loss) for the year before tax	**772**	**(2,537)**
Income tax	(387)	14
Consolidated profit (loss)	**385**	**(2,523)**
- Gains or losses on sale of business before income tax	-12,172	0
- Income tax on gains or losses on sale	4,280	0
Net loss from discontinued operations	**(7,507)**	**(2,523)**

8. OTHER INCOME AND EXPENSES

8.1 Other operating income

		2013		2012
Government grants (related to income and assets)		1,382		1,200
Income due to CO_2 allowances		0		56
Other current operating income		6,753		8,574
Gains on non-current asset disposals		2,166		36,926
Income from reversals of impairment losses on non-current assets		731		1,898
Other income		4,956		24,043
Reversal of the provision for guarantees arising from the sale of businesses	3,403		20,934	
Reversal of provisions for other litigation	942		2,103	
Other minor items of income	611		1,006	
		15,988		**72,697**

"Other Operating Income" in 2013 includes the following less-recurring items:

- Income of EUR 4,345 thousand on the reversal of provisions for litigation procedures, which had ended. The most significant issue in this connection relates to the resolution of various litigations relating to the sugar business, the net impact of which resulted in the reversal of a provision amounting to EUR 3,403 thousand (see Note 21).
- Gains of EUR 2,897 thousand on the sale of property, plant and equipment.

(EXPRESSED IN THOUSANDS OF EUROS)

- The remaining operating income related to grants and other lesser amounts of current operating income.

"Other Operating Income" in 2012 included the following non-recurring items:

- Gains of EUR 31,492 thousand obtained on the disposal of the Nomen trademark and other less significant brands.
- Income of EUR 23,037 thousand on the reversal of provisions for litigation procedures, which had ended. The most significant issue in this connection related to the resolution reached for the litigations relating to the sale of the dairy product business, which resulted in the reversal of a provision amounting to EUR 20,934 thousand.
- Gains of EUR 3,431 thousand on the sale of property, plant and equipment, of EUR 1,898 thousand for reversal of impairment losses on property, plant and equipment and of EUR 2,003 thousand on disposal of CO_2 emission allowances.
- The remaining operating income related to grants and other lesser amounts of current operating income.

8.2 Other operating expenses

		2013		2012
External expenses and outside services		(281,635)		(281,020)
Advertising expenditure		(72,188)		(66,560)
Research and development expenditure		(1,542)		(1,739)
Expenses relating to CO_2 emission allowances		0		(57)
Taxes other than income tax		(10,035)		(8,476)
Losses on disposals of non-current assets and impairment losses		(4,263)		(5,244)
Other expenses and provisions recognised		(17,039)		(20,551)
Provision for litigation and disputes	(2,597)		(4,052)	
Industrial and logistics restructuring costs	(10,032)		(10,037)	
Expenses relating to acquisitions of new businesses and investments	(3,400)		(4,985)	
Other minor expense items	(1,010)		(1,477)	
		(386,702)		**(383,647)**

"Other Operating Expenses" in 2013 include the following non-recurring items:

- Losses of EUR 3,134 thousand on the derecognition or disposal of various items of industrial equipment and fixtures.
- Recognition of a EUR 1,129 thousand impairment loss on a pasta trademark in the US.
- Expenses and period provisions of EUR 2,597 thousand for certain contingencies and legal proceedings in process.
- Industrial and logistic restructuring expenses of EUR 10,032 thousand in various work centres. These include termination benefit costs, costs of factories closed in prior years and warehouse restructuring and logistics costs.

(EXPRESSED IN THOUSANDS OF EUROS)

- New business acquisition costs and investments not eligible for capitalisation, amounting to EUR 3,400 thousand.

"Other Operating Expenses" in 2012 included the following non-recurring items:

- Losses and expenses of EUR 7,933 thousand arising from the decision to close the rice plant in Germany, which included impairment losses on property, plant and equipment amounting to EUR 2,670 thousand and provisions for workforce restructuring costs of EUR 4,695 thousand.
- Losses of EUR 236 thousand on the derecognition or disposal of various items of industrial equipment and fixtures.
- Recognition of a EUR 2,338 thousand impairment loss on investment property.
- Expenses and period provisions of EUR 4,052 thousand for certain contingencies and legal proceedings in process.
- Industrial restructuring expenses of EUR 5,342 thousand in various work centres.
- Investment expenses not eligible for capitalisation and the start-up of new IT systems amounting to EUR 4,985 thousand.

8.3 Finance costs and finance income

	2013	2012
Finance costs		
On debts to third parties	(5,925)	(8,277)
Arising from interest relating to provisions for litigation	0	(214)
On financial cost of pensions and similar obligations	(1,270)	(557)
Losses on derecognition or disposal of financial assets and liabilities	0	(39)
Impairment of available-for-sale investments (Note 12)	0	(25,816)
Impairment of other financial assets	(2,852)	(3,505)
Expenses and losses relating to derivatives and financial instrum	(2,968)	(1,471)
Exchange losses	(6,632)	(3,986)
	(19,647)	(43,865)
Finance income		
On investments with third parties	3,448	2,621
Gains on derecognition or disposal of financial assets and liabiliti	2,035	2
Reversal of impairment losses on financial assets	873	4,079
Gains on derivatives and financial instruments	112	699
Exchange gains	7,916	4,006
	14,384	**11,407**
Net financial loss	**(5,263)**	**(32,458)**

8.4 Staff costs

The detail of the staff costs and the average number of employees in 2013 and 2012 and at the respective year-ends at the Group companies is as follows:

(EXPRESSED IN THOUSANDS OF EUROS)

	2013	2012
Wages and salaries	(181,760)	(181,242)
Other employee benefit costs	(18,120)	(17,980)
Social security and similar costs	(33,179)	(33,668)
Post-employment benefit and similar costs	(6,564)	(7,050)
	(239,623)	**(239,940)**

AVERAGE NUMBER	MEN		WOMEN		
2013	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	TOTAL
Executives	124	0	38	0	162
Middle management	400	13	166	17	596
Clerical staff	210	14	341	21	586
Assistants	545	145	145	34	869
Sales personnel	140	7	54	1	202
Other staff	1,547	446	306	86	2,385
TOTAL	**2,966**	**625**	**1,050**	**159**	**4,800**
Ebro Germany (discontinued operation)	112	0	23	0	135
TOTAL excluding Ebro Germany	**2,854**	**625**	**1,027**	**159**	**4,665**

AVERAGE NUMBER	MEN		WOMEN		
2012	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	TOTAL
Executives	97	0	38	0	135
Middle management	372	10	147	16	545
Clerical staff	216	15	351	30	612
Assistants	483	251	134	44	912
Sales personnel	134	8	53	40	235
Other staff	1,548	489	349	59	2,445
TOTAL	**2,850**	**773**	**1,072**	**189**	**4,884**
Ebro Germany (discontinued operation)	118	0	25	0	143
TOTAL excluding Ebro Germany	**2,732**	**773**	**1,047**	**189**	**4,741**

YEAR-END HEADCOUNT	MEN		WOMEN		
2013	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	TOTAL
Executives	128	0	38	0	166
Middle management	403	12	178	19	612
Clerical staff	214	14	341	24	593
Assistants	490	48	146	18	702
Sales personnel	148	7	56	0	211
Other staff	1,720	309	351	73	2,453
TOTAL	**3,103**	**390**	**1,110**	**134**	**4,737**
Ebro Germany (discontinued operation)	112	0	23	0	135
TOTAL excluding Ebro Germany	**2,991**	**390**	**1,087**	**134**	**4,602**

YEAR-END HEADCOUNT	MEN		WOMEN		
2012	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	TOTAL
Executives	98	0	38	0	136
Middle management	366	13	150	18	547
Clerical staff	213	16	348	21	598
Assistants	438	214	134	38	824
Sales personnel	135	6	56	1	198
Other staff	1,527	384	338	85	2,334
TOTAL	**2,777**	**633**	**1,064**	**163**	**4,637**
Ebro Germany (discontinued operation)	112	0	22	0	134
TOTAL excluding Ebro Germany	**2,665**	**633**	**1,042**	**163**	**4,503**

The average number of employees at 2013 year-end included 278 staff members of the Olivieri fresh pasta business, acquired in December.

9. INTANGIBLE ASSETS

The detail of the consolidated Group's intangible assets at 31 December 2013 and 2012, of the related accumulated amortisation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Net values	Development expenditure	Trademarks and patents	Computer software	CO_2 and other allowances	Intangible assets in progress	Total
Balance at 31 December 2011	11	362,014	5,999	1,415	10,685	**380,124**
Balance at 31 December 2012	29	358,891	13,500	459	1,114	**373,993**
Balance at 31 December 2013	0	362,027	9,613	276	1,628	**373,544**

Gross values	Development expenditure	Trademarks and patents	Computer software	CO_2 and other allowances	Intangible assets in progress	Total
Balance at 31 December 2011	**196**	**373,173**	**27,473**	**1,451**	**10,685**	**412,978**
Business combinations						0
Sales (disposals) of businesses						0
Increases in 2012			12,937	1,087	(9,023)	5,001
Decreases in 2012		(1,197)	(380)	(2,043)		(3,620)
Translation differences		(3,747)	(256)	7	(8)	(4,004)
Assets classified as held for sale						0
Transfers		541	37	(1)	(540)	37
Balance at 31 December 2012	**196**	**368,770**	**39,811**	**501**	**1,114**	**410,392**
Business combinations		27,731	18			27,749
Sales (disposals) of businesses	(31)	(13,409)	(365)			(13,805)
Increases in 2013		4	922	10	531	1,467
Decreases in 2013		(136)	(4,721)	(186)		(5,043)
Translation differences		(10,089)	(580)		(17)	(10,686)
Assets classified as held for sale						0
Transfers						0
Balance at 31 December 2013	**165**	**372,871**	**35,085**	**325**	**1,628**	**410,074**

Accumulated amortisation and impairment losses	Development expenditure	Trademarks and patents	Computer software	CO_2 and other allowances	Intangible assets in progress	Total
Balance at 31 December 2011	**(185)**	**(11,159)**	**(21,474)**	**(36)**	**0**	**(32,854)**
Business combinations						0
Sales (disposals) of businesses						0
Increases in 2012	(6)	(16)	(5,118)	(6)		(5,146)
Decreases in 2012		1,037	378			1,415
Translation differences		(11)	220			209
Assets classified as held for sale						0
Transfers	24	270	(317)			(23)
Balance at 31 December 2012	**(167)**	**(9,879)**	**(26,311)**	**(42)**	**0**	**(36,399)**
Business combinations						0
Sales (disposals) of businesses			310			310
Increases in 2013	2	(1,146)	(4,712)	(7)		(5,863)
Decreases in 2013		136	4,717			4,853
Translation differences		45	524			569
Assets classified as held for sale						0
Transfers						0
Balance at 31 December 2013	**(165)**	**(10,844)**	**(25,472)**	**(49)**	**0**	**(36,530)**

Changes in the year

In 2013 the most significant changes in “Intangible Assets” were as follows:

(EXPRESSED IN THOUSANDS OF EUROS)

- Increase of EUR 1,467 thousand for new intangible assets: acquisition of computer hardware amounting to EUR 922 thousand.
- Decrease of EUR 10,117 thousand due to translation differences.
- Decrease due to the EUR 4,734 thousand amortisation charge for the 2013 (of which EUR 70 thousand relate to discontinued operations) and due to the impairment loss on a pasta trademark in the US amounting to EUR 1,129 thousand.
- Increase due to business combinations for an amount of EUR 27,749 thousand (see Note 5).
- In 2013 net disposals or reductions amounted to EUR 13,685, of which EUR 13,495 related to the sale of the assets of the pasta business in Germany (see Notes 5 and 7).

In 2012 the most significant changes in “Intangible Assets” were as follows:

- Increase of EUR 5,001 thousand for new intangible assets: acquisition of computer hardware amounting to EUR 3,914 thousand and the remaining amount relating to CO_2 emission allowance.
- Decrease of EUR 3,795 thousand due to translation differences.
- Decrease due to the amortisation charge for 2012 of EUR 5,146 thousand (of which EUR 113 thousand related to discontinued operations).
- Decrease due to the disposal and derecognition of CO_2 emission allowances of EUR 2,043 thousand.
- In 2012 net disposals or reductions amounted to EUR 162 thousand and transfers increased by EUR 14 thousand.

Trademarks

The trademarks and patents included in intangible assets were acquired directly or through business combinations. Substantially all these intangible assets were regarded as having an indefinite useful life and they were measured using the cost model.

In 2013 and 2012 the most significant trademark assets were tested for impairment (mainly by independent valuers -American Appraisal-) and the following carrying amounts were allocated to the following cash-generating units:

Segment	Cash-generating unit: trademarks	Number of trademarks	Balance at 12/31/2012 Gross	Impairment	Net	Increase	Decrease and other	Reduction due to impairment	Translation differences	Balance at 12/31/2013 Gross	Impairment	Net
Herba rice	Herba Germany	2	21,065	(7,772)	13,293					21,065	(7,772)	13,293
Herba rice	Risella (Finland)	1	4,000		4,000					4,000	0	4,000
Herba rice	SOS business Europe	3	39,723		39,723					39,723	0	39,723
US rice	Riviana (US)	5	92,063		92,063				(3,984)	88,079	0	88,079
US rice	ARI (SOS) (US)	4	14,170		14,170				(613)	13,557	0	13,557
European rice	Panzani (France)	4	83,195		83,195	3				83,198	0	83,198
European rice	Ebro Germany	2	13,409		13,409		(13,409)			0	0	0
US pasta	NWP (US and Canada	16	98,433		98,433	27,728		(1,129)	(5,447)	120,673	(1,088)	119,585
			366,058	(7,772)	358,286	27,731	(13,409)	(1,129)	(10,044)	370,295	(8,860)	361,435
Other trademarks and patents with a finite useful life			2,712	(2,107)	605	4	0	(17)		2,576	(1,984)	592
			368,770	**(9,879)**	**358,891**	**27,735**	**(13,409)**	**(1,146)**	**(10,044)**	**372,871**	**(10,844)**	**362,027**

At 31 December 2013, there were three trademarks with a total gross carrying amount of EUR 23,771 thousand, with recognised impairment amounting to EUR 8,860 thousand.

The recoverable amount of these trademarks, or of the cash-generating units to which they belong, was determined on the basis of their value in use, using, as a general rule, cash flow projections based on five-year budgets, plus five further projected years.

The discount rates used in the cash flow projections of these assets range from 6.7% to 6.9% in the US and Canada, to 5.9% in the German markets, to 6.5% in the French market, 8.1% in the Spanish market and 10.1% for Portugal, depending on the geographical area in which the trademark or cash-generating unit is located, and the cash flows for periods beyond the five-year period are extrapolated using a growth rate equal to the average long-term growth rate of the unit in question, which is usually between 0.0% and 2.1% depending on the business concerned.

As regards the assumptions used in calculating the value in use of these trademarks, it is considered that in no case would any reasonable, possible change in any of the assumptions used increase the carrying amount of these trademarks to above their recoverable amount, except for those trademarks that have already been written down. Accordingly, even if the discount rates used were to increase by 10% no material impairment losses would arise, and this would also apply in the event that the royalty ratios used were to vary by 10%.

Other disclosures

No other significant events arose in 2013, except for the sale of the German pasta trademarks (see Notes 5 and 7). However, in 2012 Nomen and other less significant trademarks were sold, the most relevant details of which are as follows:

- Lastly, as indicated in the 2012 financial statements, in September 2011 the Spanish National Competition Commission approved the acquisition of the SOS rice business in Spain, subject to the obligation that Ebro Foods, S.A. licence or transfer the Nomen as well as the La Parrilla, La Cazuela, Pavo Real and Nobleza brands. As a result, on 26 April 2012 Ebro Foods, S.A. and Arrossaires del Delta de L'Ebre, SCCL entered into an agreement whereby the former undertook to sell the latter its Nomen business under the following terms and conditions:
  - The subject matter of the transaction comprised all the trademarks, distinguishing signs and other intellectual property rights associated with the Nomen products.
  - The price agreed upon was EUR 30.1 million, to be settled in instalments, the initial payment consisting of an industrial building located in La Aldea (Tarragona) valued at EUR 1.5 million (sold to Herba Ricemills, S.L., a wholly-owned subsidiary of Ebro Foods, S.A.), plus thirteen further annual instalments of EUR 2.9 million each. Therefore, the total amount to be received by Ebro, including interest on the deferral of payment, will amount to EUR 39.2 million.
  - The parties mortgaged the Nomen trademarks in order to secure the deferred price.
- With respect to the sales obligation on the other trademarks, La Parrilla, La Cazuela, Pavo Real and Nobleza, on 26 June 2012 an agreement was reached for their sale to a third party for EUR 2 million. This agreement became effective on 13 September 2012.

10. PROPERTY, PLANT AND EQUIPMENT

The detail of the consolidated Group's property, plant and equipment at 31 December 2013 and 2012, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Net values	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other plant and equipment	In the course of construction	Total
Balance at 31 December 2011	70,983	146,592	247,702	13,207	4,166	25,110	**507,760**
Balance at 31 December 2012	73,364	143,378	238,915	11,334	3,716	25,338	**496,045**
Balance at 31 December 2013	75,495	136,724	252,834	11,583	3,168	29,869	**509,673**

Gross values	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other plant and equipment	In the course of construction	Total
Balance at 31 December 2011	**70,983**	**252,285**	**678,416**	**37,389**	**12,623**	**25,110**	**1,076,806**
Business combinations							0
Sales (disposals) of businesses							0
Increases in 2012	6,583	5,410	34,708	1,864	545	236	49,346
Decreases in 2012		(128)	(4,567)	(249)	(143)		(5,087)
Translation differences	(410)	(1,484)	(3,869)	(32)	34	(8)	(5,769)
Assets classified as held for sale							0
Transfers	(3,792)	(68)	1,010	(977)			(3,827)
Balance at 31 December 2012	**73,364**	**256,015**	**705,698**	**37,995**	**13,059**	**25,338**	**1,111,469**
Business combinations	7,401	5,737	24,518	1,368	77	503	39,604
Sales (disposals) of businesses	(2,608)	(4,555)	(19,108)	(1,721)	(171)	(414)	(28,577)
Increases in 2013	976	5,433	47,903	2,089	637	4,711	61,749
Decreases in 2013	(454)	(5,829)	(34,138)	(625)	(798)		(41,844)
Translation differences	(2,511)	(4,680)	(12,397)	(157)	(193)	(269)	(20,207)
Assets classified as held for sale							0
Transfers	(673)	(1,054)	106		11		(1,610)
Balance at 31 December 2013	**75,495**	**251,067**	**712,582**	**38,949**	**12,622**	**29,869**	**1,120,584**

Accumulated depreciation and impairment losses	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other plant and equipment	In the course of construction	Total
Balance at 31 December 2011	**0**	**(105,693)**	**(430,714)**	**(24,182)**	**(8,457)**	**0**	**(569,046)**
Business combinations							0
Sales (disposals) of businesses							0
Increases in 2012		(8,843)	(42,152)	(2,725)	(1,017)		(54,737)
Decreases in 2012		1,663	4,260	181	130		6,234
Translation differences		236	1,864	11	1		2,112
Assets classified as held for sale							0
Transfers			(41)	54			13
Balance at 31 December 2012	**0**	**(112,637)**	**(466,783)**	**(26,661)**	**(9,343)**	**0**	**(615,424)**
Business combinations							0
Sales (disposals) of businesses		833	10,897	1,248	126		13,104
Increases in 2013		(8,612)	(41,123)	(2,665)	(1,279)		(53,679)
Decreases in 2013		4,177	31,046	592	928		36,743
Translation differences		840	6,250	133	134		7,357
Assets classified held for sale							0
Transfers		1,056	(35)	(13)	(20)		988
Balance at 31 December 2013	**0**	**(114,343)**	**(459,748)**	**(27,366)**	**(9,454)**	**0**	**(610,911)**

The Group takes out the insurance policies it considers necessary to cover the possible risks that might affect its property, plant and equipment.

The additions to "Property, Plant and Equipment in the Course of Construction" include the amounts relating to the manufacture of new product lines and, in general, to the improvement of the quality of industrial processes, products and environmental conditions.
In relation to certain investments made by various Group companies in 2013 and prior years, grants were obtained from public agencies, the amounts of which are indicated in Note 19.

There are no property, plant and equipment of significant amounts that are not used in the business.

Changes in 2013

The most significant changes in “Property, Plant and Equipment” in 2013 were as follows:

- Decrease of EUR 12,850 thousand due to translation differences.
- Decrease due to the depreciation charge for 2013 of EUR 53,492 thousand (of which EUR 2,187 thousand related to discontinued operations).
- Increase of EUR 61,749 thousand due to new investments, basically arising from technical improvements and new facilities in the Group's plants.
- Increase due to business combinations for an amount of EUR 39,604 thousand (see Note 5).
- In 2013 net disposals or reductions amounted to EUR 20,574 thousand, of which EUR 15,473 thousand related to the sale of the assets of the pasta business in Germany (see Note 7).
- Decrease due to the impairment losses recognised in 2013 amounting to EUR 187 thousand and an increase due to the reversal of impairment losses amounting to EUR 731 thousand (see Note 8).
- Decrease due to transfers to investment property for a net amount of EUR 622 thousand (see Note 11).

Changes in 2012

The most significant changes in “Property, Plant and Equipment” in 2012 were as follows:

- Decrease of EUR 3,657 thousand due to translation differences.
- Decrease due to the depreciation charge for the period of EUR 52,066 thousand (of which EUR 2,260 thousand related to discontinued operations).
- Increase of EUR 49,346 thousand due to new investments, basically arising from technical improvements and new facilities in the Group's plants.
- In 2012 the net disposals amounted to EUR 751 thousand.
- Decrease due to impairment losses of EUR 2,670 thousand recognised in 2012 (of which EUR 80 thousand related to discontinued operations) and an increase due to the reversal of impairment losses amounting to EUR 1,898 thousand.
- Decrease due to transfers to investment property for a net amount of EUR 3,792 thousand.

The depreciation charges and/or impairment losses in consolidated profit or loss relating to these items of property, plant and equipment amounted to EUR 53,492 thousand and EUR 187 thousand, respectively in 2013 (2012: EUR 52,066 thousand and EUR 2,670 thousand, respectively). Of these amounts, those classified as discontinued operations (see Note 7) comprise EUR 2,187 thousand for depreciation (2012: 2,260 thousand) and EUR 0 thousand for impairment (2012: 80 thousand) .

Also, in relation to the sale or disposal of property, plant and equipment in 2013, in some cases, there were losses of EUR 3,134 thousand (2012: EUR 317 thousand) and, in other cases, there were gains of EUR 2,166 thousand on the sale of these assets (2012: EUR 3,431 thousand).

11. INVESTMENT PROPERTY

The detail of the consolidated Group's investment property at 31 December 2013 and 2012, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

Net values	Land	Buildings	Total
Balance at 31 December 2011	21,160	10,762	**31,922**
Balance at 31 December 2012	23,759	8,878	**32,637**
Balance at 31 December 2013	24,364	8,775	**33,139**

	Gross values			Accumulated depreciation and impairment losses		
	Land	Buildings	Total	Land	Buildings	Total
Balance at 31 December 2011	**21,744**	**14,980**	**36,724**	**(584)**	**(4,218)**	**(4,802)**
Business combinations			0			0
Sales (disposals) of businesses			0			0
Increases in 2012	4	200	204		(2,406)	(2,406)
Decreases in 2012	(548)	(315)	(863)			0
Translation differences	(30)	17	(13)		1	1
Transfers	3,173	619	3,792			0
Balance at 31 December 2012	**24,343**	**15,501**	**39,844**	**(584)**	**(6,623)**	**(7,207)**
Business combinations			0			0
Sales (disposals) of businesses			0			0
Increases in 2013		30	30		(67)	(67)
Decreases in 2013			0			0
Translation differences	(67)	(16)	(83)			0
Transfers	672	949	1,621		(999)	(999)
Balance at 31 December 2013	**24,948**	**16,464**	**41,412**	**(584)**	**(7,689)**	**(8,273)**

The depreciation charge for 2013 amounted to EUR 67 thousand (2012: EUR 68 thousand) and impairment losses amounting to EUR 0 thousand (2012: EUR 2,338 thousand) were recognised.

The most significant changes in 2013 related to the increase for the transfer of property, plant and equipment amounting to EUR 622 thousand (see Note 10).

The most significant change in 2012 related to the increase due to the transfer of property, plant and equipment amounting to EUR 3,792 thousand.

There are no restrictions on the realisation of the investment property, on the collection of the income therefrom or on the funds obtained from its sale or disposal by other means.

Investment property is carried at cost. The most significant investment property in terms of fair value relates to the land of old dismantled factories and certain unoccupied buildings in Spain, Portugal, and in two specific cases, in England and in the US.

The fair value represents the amount for which the assets can be exchanged on the date of the appraisal by two willing parties in an arm's length transaction, as provided for by International Valuation Standards.

To determine fair value, buildings are valued on an individual basis. The value of each one is considered separately, rather than as part of a portfolio of investment properties. Accordingly, in certain cases the values considered were those arising from the appraisals undertaken by independent valuers (updated using internal appraisals whenever necessary). In other cases the comparative method was used, which reflects market reality and the prices at which transactions relating to assets with similar characteristics are currently being closed, adjusted, where applicable, to reflect any changes in economic conditions from the date of the transactions under comparison. All of the foregoing is coordinated by the Group’s Property Management Unit which, as indicated in Note 6 to the consolidated financial statements, is a specialised unit in charge of the management and control of the Group’s investment property that analyses the status of the investment property and aims to reduce costs, disposing of buildings not used for industrial activities and taking the necessary measures to ensure that their value is maximised prior to their sale.

For information purposes, the fair value of the investment property is approximately EUR 86 million at 31 December 2013 (31 December 2012: EUR 93 million).

12. FINANCIAL ASSETS

The detail of “Financial Assets” in the consolidated balance sheets at 31 December 2013 and 2012 is as follows (in thousands of euros):

	12/31/2013			12/31/2012		
	Total	**Non-Current**	**Current**	**Total**	**Non-Current**	**Current**
Held-for-trading financial assets	**1,060**	**1,056**	**4**	**1,028**	**1,024**	**4**
Available-for-sale financial assets	**46,132**	**46,132**	**0**	**29,905**	**29,905**	**0**
Held-to-maturity investments						
- Deposits and guarantees	**2,275**	**2,074**	**201**	**1,351**	**1,075**	**276**
Loans and receivables:						
- Associates	0	0	0	0	0	0
- Third parties	47,987	36,318	11,669	33,057	27,539	5,518
	47,987	**36,318**	**11,669**	**33,057**	**27,539**	**5,518**
TOTAL FINANCIAL ASSETS	**97,454**	**85,580**	**11,874**	**65,341**	**59,543**	**5,798**

<u>Available-for-sale financial assets</u>

1. <u>Investment in Deoleo Corporación, S.A.</u>

"Available-For-Sale-Financial Assets" relates to the EUR 47,756 thousand investment in Deoleo Corporación, S.A. (Deoleo) made in December 2010 through the subscription of 95,510,218 shares in the capital increase performed by the aforementioned company at a cost of EUR 0.5 per share, At 31 December 2013, it represented 8.272% of its capital, after the capital increases performed at Deoleo in 2013 (31 December 2012: 9.3%). This financial asset is recognised at fair value through equity, until it is derecognised or becomes impaired, at which time the previously recognised gains or losses will be recognised in net profit or loss for the year.

At 31 December 2013, the fair value based on the market price of this investment was EUR 44,890 thousand (31 December 2012: EUR 26,265 thousand) equal to EUR 0.470 per share (31 December 2012: EUR 0.275 per share) and, therefore, a net increase in value of EUR 13,038 thousand was recognised directly in equity at that date with respect to 31 December 2012 (gross income of EUR 18,626 thousand less EUR 5,588 thousand for the related tax effect).

In 2012 it was determined that this investment had become permanently impaired since its acquisition and, therefore, the cumulative impairment losses recognised in equity, at both 30 June 2012 and at 31 December 2012, amounting to EUR 15,044 thousand, were reversed to the consolidated income statement for 2012 and related to a gross expense of EUR 21,492 thousand (included under "Finance Costs") less EUR 6,448 thousand for the related tax effect.

2. <u>Investment in Biosearch, S.A.</u>

On 13 January 2011, the Board of Directors of Ebro Foods, S.A. resolved to sell to Grupo Lactalis Iberia, S.A. 17,252,157 shares, representing 29.9% of the share capital of Biosearch, S.A. Following the disposal, the remaining investment in this company was recognised as an available-for-sale financial asset. This financial asset is recognised at fair value through equity, until it is derecognised or becomes impaired, at which time the previously recognised gains or losses will be recognised in net profit or loss for the year.

In 2013, 7,905,000 shares of Biosearch, S.A. were sold (2012: 1,056,249). At 31 December 2013, this investment related to 1,801,000 shares of Biosearch, S.A. (31 December 2012: 9,706,000 shares), representing 3.121% (31 December 2012: 16.82%) of its share capital. At 31 December 2013, the fair value based on the market price of this investment was EUR 1,243 thousand (31 December 2012: EUR 3,640 thousand) equal to EUR 0.690 per share (31 December 2012: EUR 0.375 per share) and, therefore, under current accounting legislation, the increase in the share's par value since 31 December 2012 was recognised as follows:

- By directly increasing equity: EUR 1,241 thousand (which correspond to gross income of EUR 1,772 thousand less EUR 541 thousand for the related tax effect) and, on the other hand,

- By decreasing equity by EUR 1,424 thousand with a credit (reversal) to income for the shares sold in 2013 (corresponding to gross income of EUR 2,035 thousand less EUR 611 thousand for the related tax effect).

On 30 June 2012, it was determined that this investment had become permanently impaired since its acquisition and, therefore, the cumulative impairment losses recognised in equity, amounting to EUR 3,027 thousand, were reversed to the consolidated income statement for 2012 and related to a gross expense of EUR 4,324 thousand (included under "Finance Costs") less EUR 1,297 thousand for the related tax effect.

<u>Loans and receivables - third parties</u>

The changes in the balance of “Loans and Receivables - Third Parties” at 31 December 2013 with respect to 31 December 2012 is due to the amounts received under the repayment schedule and new receivables generated in 2013. The balance receivable relates mainly to:

➢ The deferred amount of the Nomen trademark sale, in accordance with the payment agreements reached in 2012, amounting to EUR 25,133 thousand (2012: EUR 26,904 thousand) at long term and EUR 1,770 thousand (2012: EUR 1,699 thousand) at short term. This receivable earns interest at 4.2% and final maturity is in September 2025. The parties agreed to mortgage the Nomen trademarks in order to secure the deferred price.

➢ The deferred amount of the sale of the net assets of the pasta business in Germany, in accordance with the payment agreement reached in December 2013 (see Note 7), amounting to EUR 10,461 thousand at long term and EUR 9,775 thousand at short term. This loan bears interest (between explicit and implicit) at 2.85%. The first due date of the long-term portion is 31 March 2015 and, with quarterly payments, the final due date will be in July 2019. The trademarks sold ensure the payment of the deferred price and they will be returned to the seller if non-payment occurs.

➢ The 2012 current balance related to the outstanding final payment of the deferred portion of the Alagón land sale, in accordance with the payment agreement reached in 2009, for an amount of EUR 2,366 at short term, collected in full in 2013.

Of the total balance of this line item in 2012, EUR 47,255 thousand (2011: EUR 32,422 thousand) were denominated in euros and EUR 732 thousand (2011: EUR 635 thousand) were denominated in US dollars.

In relation to the aforementioned non-current receivables, EUR 4,320 thousand will fall due in 2015, EUR 4,398 thousand in 2016, EUR 4,468 thousand in 2017, EUR 4,549 thousand in 2018, and the remaining EUR 18,583 thousand will fall due from 2019 onwards.

13. INVESTMENTS IN ASSOCIATES

The changes in 2013 and 2012 were as follows (in thousands of euros):

Associate	Balance 12/31/2012	Increase in investments	Decrease due to sales	Dividends paid	Profit for the year	Translation differences	Other changes	Balance 12/31/2013
Riso Scotti, S.p.a.	0	18,000			992			18,992
Associate- Riviana Foods Inc.	3,209			(1,671)	2,187	(158)		3,567
	3,209	**18,000**	**0**	**(1,671)**	**3,179**	**(158)**	**0**	**22,559**

Associate	Balance 12/31/2011	Increase in acquisitions	Decrease due to sales	Dividends paid	Profit for the year	Translation differences	Other changes	Balance 12/31/2012
Associate- Riviana Foods Inc.	2,740			(1,148)	1,683	(66)		3,209
	0							0
	2,740	**0**	**0**	**(1,148)**	**1,683**	**(66)**	**0**	**3,209**

With respect to the year ended 31 December 2012, the most significant change in 2013 was the acquisition of 25% of the Italian Scotti Group (see Note 5).

The associates of Riviana Foods, Inc. do not have any significant assets, income, financial debt or number of employees. No associates have been provided with guarantees for significant amounts by the Ebro Foods Group.

The most significant information relating to the Scotti Group is as follows:

Thousands of euros	**Acquisition date**	**12/31/2013**
Trademarks and other intangible assets	41,524	40,780
Goodwill	5,496	5,496
Property, plant and equipment	72,580	82,673
Other non-current assets	10,777	10,387
Inventories	10,243	13,508
Cash	29,223	13,261
Other current assets	47,622	47,019
Provisions for contingencies and other ol	-11,054	-10,705
Deferred tax	-19,213	-20,038
Financial liabilities	-63,252	-52,013
Current non-financial liabilities	-46,372	-48,687
Non-controlling interests	-5,576	-5,714
	71,998	75,967
% of ownership acquired	25%	25%
	18,000	**18,992**
Revenue (five months)		77,813
Net profit for the period (five months)		3,968
Number of employees		287

14. GOODWILL

The changes in 2013 and 2012 in "Goodwill" were as follows (in thousands of euros):

Segment	Cash-generating unit or groups	12/31/2012	Increase	Decrease and other	Reduction due to impairment	Translation differences	12/31/2013
Herba rice	Danrice (Denmark)	14,524					14,524
Herba rice	Vogan (UK)	1,294				(28)	1,266
Herba rice	Riceland (Hungary)	2,126					2,126
Herba rice	Steve & Brotherton (UK)	618					618
Herba rice	Mundiriz (Morocco)	1,412			(177)	(10)	1,225
Herba rice	Suntra Group (Belgium)	11,141				13	11,154
Herba rice	SOS business Spain	28,390					28,390
Herba rice	KECK (Germany)	0	14,606				14,606
Riviana (US)	Riviana Group (US)	229,530				(9,933)	219,597
Riviana (US)	ARI Group (US)	14,110				(611)	13,499
Panzani France	Panzani Group	417,449					417,449
Pasta (US)	NWP Group	102,484				(6,458)	96,026
Pasta (US)	Olivieri (Catelli - Canada)	0	30,919			(511)	30,408
Other	Jiloca, S.A.	129					129
Other	Azucarera Ebergías, S.A.	0	600				600
		823,207	**46,125**	**0**	**(177)**	**(17,538)**	**851,617**
Total gross value		855,031	46,125			(17,538)	883,618
Total cumulative impairment		(31,824)			(177)		(32,001)

Segment	Cash-generating unit or groups	12/31/2011	Increase	Decrease and other	Reduction due to impairment	Translation differences	12/31/2012
Herba rice	Danrice (Denmark)	14,524					14,524
Herba rice	Vogan (UK)	1,263				31	1,294
Herba rice	Riceland (Hungary)	2,126					2,126
Herba rice	Steve & Brotherton (UK)	618					618
Herba rice	Mundiriz (Morocco)	1,593			(178)	(3)	1,412
Herba rice	Suntra Group (Belgium)	11,157				(16)	11,141
Herba rice	SOS business Spain	28,390					28,390
Riviana (US)	Riviana Group (US)	234,073				(4,543)	229,530
Riviana (US)	ARI Group (US)	14,388				(278)	14,110
Panzani France	Panzani Group	417,449					417,449
Pasta (US)	NWP Group	103,163				(679)	102,484
Other	Jiloca, S.A.	129					129
		828,873	**0**	**0**	**(178)**	**(5,488)**	**823,207**
Total gross value		860,519				(5,488)	855,031
Total cumulative impairment		(31,646)			(178)		(31,824)

Various business combinations took place in 2013. The most relevant data on these business combinations is included in Note 5. Another significant change in 2013 was the decrease arising from translation differences of US subsidiaries.

In 2012 the only significant change was the decrease arising from translation differences.

The goodwill arose from business combinations. On 31 December 2013 and 2012, these assets were tested for impairment (by independent valuers -American Appraisal-), and their value was allocated to the cash-generating units or groups of units shown in the preceding table.

The goodwill was tested for impairment calculating the value in use of each of the cash-generating units, by discounting the associated cash flows, generally projected over a period of five years, and the related residual value was calculated as the permanent income of the last cash flow projected using a perpetual growth rate. The projected cash flows were calculated on the basis of historical information and the best estimates of the managers of each cash-generating unit. In addition, the fair value of the cash-generating units was checked based on an analysis of comparable market transactions.

The growth rates used to extrapolate the cash flow projections beyond the projected period and the discount rates applied to the cash flow projections for the most significant cash-generating units were as follows at 31 December 2013:

- In the European rice and pasta businesses, average discount rates of 5.9% (2012: 5.4%) and growth rates between 1.0% and 1.7% (2012: 1.4% and 1.7%) were used except in Hungary where, as a result of its special characteristics, a discount rate of 8.9% (2012: 9.8%) and a growth rate of 3% (2012: 3%) were used. In Spain a discount rate of 7.2% (2012: 8.6%) and a growth rate of 1.2% (2012: 1.4%) were used.

- In the US rice and pasta businesses, discount rates of 6.0% (2012: 5.2%) and growth rates of between 0.4% and 2.1% (2012: 1% and 2.1%) were used.

The most significant assumptions used to measure each cash-generating unit relate to the average growth of sales for each projected period, the annual rate of compound growth of EBITDA, the evolution of the number of days of working capital and average annual investments based on a percentage of projected EBITDA.

It was considered that no reasonable, possible change in any of the assumptions used in calculating the recoverable amount of the cash-generating unit to which the goodwill was allocated would cause its carrying amount to exceed its recoverable amount. Accordingly, even if the discount rates used were to increase by 20% no material impairment losses would arise, and this would also apply in the event that the growth rates were to vary by 20%. This sensitivity analysis is applicable to all the CGUs in the foregoing table, except for the "ARI Group (US)" CGU, the goodwill of which amounted to EUR 13,499 thousand at 31 December 2013.

In 2013 the "ARI Group (US)" CGU suffered a significant decrease in earnings due to the consequences on raw material and industrials costs arising from the persistent drought in Texas (US). This CGU's earnings projections included estimates that this situation will continue in the short and medium term. Considered together with the increase in the discount rate applied (from 5.2% in 2012 to 6.0% in 2013), this resulted in a decrease in the fair value of this CGU although this did not entail the recognition of any impairment of goodwill at 31 December 2013. However, a 5% or 10% increase in the discount rate applied in 2013 would give rise to potential impairment losses of EUR 5 million or EUR 9 million, respectively.

15. INVENTORIES

The detail of "Inventories" at 31 December 2013 and 2012 is as follows (in thousands of euros):

	12/31/2013	12/31/2012
Goods held for resale	16,243	15,136
Raw materials	185,073	152,705
Consumables and replacement parts	4,698	4,673
Containers	22,498	21,961
Work in progress	17,579	21,699
Finished goods	120,350	111,109
By-products and waste	2,817	2,548
Advances to suppliers	20,306	21,457
TOTAL GROSS INVENTORIES	**389,564**	**351,288**
Inventory write-downs	(4,617)	(3,981)
TOTAL NET INVENTORIES	**384,947**	**347,307**

At 2013 year-end the balance of "Advances to Suppliers" in the consolidated balance sheet included EUR 19,649 thousand (2012: EUR 18,764 thousand) relating to payments made to rice growers and there were firm rice purchase agreements with rice farmers, cooperatives and exporters amounting to EUR 71,360 thousand (2012: EUR 45,693 thousand). Also, the Group in the US and France has raw material purchase commitments totalling EUR 94,246 thousand (2012: EUR 88,146 thousand).

In 2013 the inventory write-downs recognised and reversed amounted to EUR 2,020 thousand and EUR 1,280 thousand (2012: EUR 3,196 thousand and EUR 2,616 thousand, respectively) and the negative translation differences to EUR 104 thousand (2012: EUR 21 thousand).

16. TRADE AND OTHER RECEIVABLES

The detail of "Trade and Other Receivables" at 31 December 2013 and 2012 is as follows (in thousands of euros):

	12/31/2013	12/31/2012
Trade receivables	302,994	317,261
Receivable from associates	392	0
Sundry accounts receivable	10,447	14,096
Write-downs	(7,879)	(6,009)
TOTAL	**305,954**	**325,348**

The terms and conditions applicable to the accounts receivable from related parties are disclosed in Note 27. The trade receivables are not interest earning and generally fall due at between 30 and 85 days. The detail of the age of the trade receivables at 31 December 2013 is as follows:

Age of debt	Gross	Write-down	Net
Within 3 months	293,789	(1,398)	292,391
Between 3 to 6 months past due	3,734	(465)	3,269
Between 6 to 12 months past due	3,082	(2,228)	854
Between 12 to 18 months past due	774	(774)	0
Between 18 to 24 months past due	100	(100)	0
After 24 Months	1,515	(1,515)	0
	302,994	**(6,480)**	**296,514**

At 31 December 2013 and 2012 no amounts in "Trade and Other Receivables" that were in arrears have not been impaired by the Company.

In 2013 the provision recognised for trade and other receivables amounted to EUR 1,977 thousand (2012: EUR 3,642 thousand), the amounts used in this connection amounted to EUR 55 thousand (2012: EUR 5,142 thousand), transfers from other accounts amounted to EUR 0 thousand (2012: EUR 477 thousand) and negative translation differences amounted to EUR 52 thousand (2012: EUR 14 thousand).

17. CASH AND CASH EQUIVALENTS

The detail of “Cash and Cash Equivalents” at 31 December 2013 and 2012 is as follows (in thousands of euros):

	12/31/2013	12/31/2012
Cash on hand and at banks	94,014	156,724
Short-term bank deposits and equivalents	300	17,016
TOTAL	**94,314**	**173,740**

The cash at banks earns floating interest based on the daily interest rate for bank deposits. The maturities of the short-term deposits range from one day to three months depending on the Group's immediate liquidity needs; the deposits earn interest at the rates applied. The fair value of the cash and cash equivalents was EUR 94,314 thousand at 2013 year-end (2012 year-end: EUR 173,740 thousand). During the year the companies invested their specific cash surpluses in debt repos and other similar instruments in order to obtain returns on them. All these investments are denominated in euros, except for an amount denominated in US dollars. In 2013 these investments earned annual average interest of around 2.5% (2012: 3.075%).

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

18.1 Share capital and reserves

Share capital

At 31 December 2013 and 2012, the share capital was represented by 153,865,392 fully subscribed and paid bearer shares of EUR 0.60 par value each traded on the Spanish Stock Exchanges.

At 31 December 2013 and 2012, the direct and indirect ownership interests in the share capital of Ebro Foods, S.A. held by shareholders owning more than 3% of the capital, is as follows, according to the information furnished to the Spanish National Securities Market Commission (CNMV) and to Ebro Foods, S.A.:

- Instituto Hispánico del Arroz, S.A.: direct holder of 13,725,601 (2012: 13,725,601) shares representing 8.921% (2012: 8.921%) and indirect holder, through Hispafoods Invest, S.L., of 10,707,282 (2011: 10,702,282) shares representing 6.959% (2012: 6.959%). In total, holder of 24,432,883 (2012: 24,432,883) shares representing 15.879% (2012: 15.879%).
- Sociedad Anónima Damm: indirect holder, through Corporación Económica Damm, S.A., of 15,000,000 (2012: 15,000,000) shares representing 9.749% (2012: 9.749%).
- Sociedad Estatal de Participaciones Industriales: indirect holder, through Alimentos y Aceites, S.A., of 15,940,377 (2012: 15,880,688) shares representing 10.36% (2012: 10.321%).
- Corporación Financiera Alba, S.A.: indirect holder, through Alba Participaciones, S.A., of 12,625,080 (2012: 12,625,080) shares representing 8.205% (2012: 8.205%).
- Juan Luis Gómez-Trenor Fos: indirect holder, through Empresas Comerciales e Industriales Valencianas, S.L., of 7,847,135 (2012: 0) shares representing 5.1% (2012: 0%).
- USB, AG.: direct holder of 0 (2012: 4,976,689) shares representing 0% (2012: 3.234%) and indirect holder of 0 (2012: 384,832) shares representing 0% (2012: 0.250%). In total, holder of 0 (2012: 5,361,521) shares representing 0% (2012: 3.484%).

Share premium

The Consolidated Spanish Limited Liability Companies Law permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use. The share premium was distributed substantially in full in 2009 through the payment of an extraordinary dividend using treasury shares.

Restricted reserves

Also, Spanish companies that report a profit for the year must transfer 10% of that net profit to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses, provided that sufficient other reserves are not available for this purpose, and to increase capital, provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. At 31 December 2013 and 2012, the Parent's legal reserve had reached the legally required minimum.

Noteworthy regarding the restrictions on the reserves of the subsidiaries is the existence of legal reserves of Spanish and certain foreign subsidiaries amounting to approximately EUR 19.1 million (2012: EUR 18.8 million), which are generally subject to the same restrictions as those described in the preceding paragraph on the Parent's legal reserve. The portion of these reserves that arose in the consolidation process is presented under “Retained Earnings”.

The consolidated equity includes EUR 38,531 thousand in 2013 (2012: EUR 38,581 thousand) relating to Herba Foods S.L. Any distribution of these profits would be subject to income tax. In this connection, the tax point is considered to arise when the decision is taken to distribute the profits, which is not expected to occur at short or medium term.

Translation differences - Reserve due to translation of foreign currency

The reserve for translation of foreign currency is used to record the exchange differences that arise from the translation of the financial statements of foreign subsidiaries. It is also used to recognise hedges of net investments in foreign operations.

The detail, by company, of the translation differences at 31 December 2013 and 2012 is as follows (in thousands of euros):

	12/31/2013	12/31/2012
Herba business companies	(7,036)	(3,055)
RIVIANA Group (US)	(30,722)	(21,530)
ARI Group (US)	2,700	7,683
NWP Group (US)	(19,497)	6,648
Ebro Alimentación México	(28)	(1)
TOTAL	**(54,583)**	**(10,255)**

Treasury shares

In 2013 the Parent was able to make treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 4 June 2013 and 29 May 2012, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2013 20,784 treasury shares were acquired and delivered to employees. At 31 December 2013, the Company did not have any treasury shares.

In 2012 the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 15 June 2011 and 29 May 2012, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2012 409,720 shares were purchased, 2,255,161 shares sold and 1,538,653 treasury shares delivered to shareholders as dividends payable. At 31 December 2012, the Company did not have any treasury shares.

(EXPRESSED IN THOUSANDS OF EUROS)

18.2 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders of the Parent (after deducting interests in non-cumulative redeemable and convertible preference shares -of which there were none at Ebro Foods, S.A. at 31 December 2013 and 2012) by the average number of ordinary shares outstanding in the year (plus the average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares -of which there were none at Ebro Foods, S.A. at 31 December 2013 and 2012).

The detail of the profits and information on the shares used in calculating the basic and diluted earnings per share is as follows:

	12/31/2013	12/31/2012
Net profit attributable to the ordinary shareholders of the Parent from continuing operations	140,266	161,115
Net profit attributable to the ordinary shareholders of the Parent from discontinued operations	(7,507)	(2,523)
Net profit attributable to ordinary shareholders of the Parent	132,759	158,592
Interest on non-cumulative, convertible and redeemable preference shares	0	0
Net profit attributable to ordinary shareholders of the Parent adjusted for the effect of non-cumulative, convertible and redeemable preference shares	132,759	158,592

	2013 Thousands	2012 Thousands
Weighted average number of ordinary shares used for basic earnings per share (*)	153,865	151,659
Effect of dilution:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	153,865	151,659

(*) Taking into account the average number of treasury shares held in the year.

There were no transactions involving ordinary shares or potential ordinary shares in the period from the date of the consolidated financial statements to the date of their authorisation for issue.

18.3 Dividends

Distribution of dividends approved by the shareholders at the Annual General Meeting on 4 June 2013: it was resolved to distribute a dividend payable in cash with a charge to unrestricted reserves of EUR 0.60 per share for a total of EUR 92,319 thousand, of which EUR 0.16 per share was paid in January, May and September 2013 and the remainder of EUR 0.12 per share was paid on 10 December 2013.

(EXPRESSED IN THOUSANDS OF EUROS)

Dividends declared, paid and payable in 2013:	2013	2012
Dividends paid:		
Final dividend paid for 2012: EUR 0.48 (2011: EUR 0.60)	73,855	92,319
Extraordinary dividend for 2012 paid in 2013: EUR 0.12	18,464	0
Extraordinary dividend for 2011 paid in 2012 with treasury shares	0	27,589
	92,319	**119,908**
Proposal for approval by the shareholders (not recognised as a liability at 31 December)		
Dividend payable for 2013: EUR 0.50 (2012: EUR 0.48)	76,933	73,855
	76,933	**73,855**

19. DEFERRED INCOME

This account includes essentially grants related to assets and CO_2 emission allowances received (none received from 2013 onwards) and other deferred income which are not significant on an individual basis. The changes in 2013 and 2012 were as follows:

	Government grants		CO_2 emission allowances		Other deferred income		TOTAL	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Beginning balance	1,204	1,679	244	1,252	1,275	1,785	2,723	4,716
Increases due to business combinations	0	0	0	0	0	0	0	0
Decrease from sale or disposal of businesses	0	0	0	0	0	0	0	0
Grants received	0	5	0	0	0	0	0	5
Increase due to CO_2 emission allowances	0	0	0	1,087	0	0	0	1,087
Other increases/decreases	157	75	(41)	(2,046)	(206)	0	(90)	(1,971)
Translation differences	(1)	1	0	7	(48)	(22)	(49)	(14)
To (profit) loss from continuing operations	(536)	(556)	0	(56)	0	(488)	(536)	(1,100)
Ending balance	**824**	**1,204**	**203**	**244**	**1,021**	**1,275**	**2,048**	**2,723**

"Deferred Income" at 31 December 2013 and 2012 relates to grants related to assets granted to various Group companies in relation to investments in property, plant and equipment (to date these companies have met all the terms and conditions associated with the grants), the value assigned to the CO_2 emission allowances received (none received from 2013 onwards) under the related national plans and other more minor items.

The detail, by due date, of the grants is as follows:

GRANTS RELATED TO ASSETS	Not yet taken to income			
	< 1 year	2-5 years	> 5 years	Total
Detail, by due date, of ending balance	294	479	51	824

20. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The detail of "Provisions for Pensions and Similar Obligations" at the Group in 2013 and 2012 is as follows (in thousands of euros):

	12/31/2013	12/31/2012
	Total	Total
Balance at 1 January	**44,760**	**40,948**
Translation differences	(1,323)	(186)
Business combinations	18	0
Sales of businesses	(464)	0
Amounts used and payments	(7,760)	(9,461)
Transfers from other accounts	154	415
Excessive provisions and employee terminations	(6)	(174)
Period provisions for changes in actuarial calculations	(7,831)	5,467
Period provisions to financial profit (loss)	1,270	557
Period provisions to staff costs	6,564	7,050
Period provisions to other operating expenses	211	0
Period provisions of discontinued operations	338	144
Balance at 31 December	**35,931**	**44,760**

The detail, by type of obligation, is as follows (in thousands of euros):

	12/31/2013	12/31/2012
Defined benefit obligations	15,852	27,462
Retirement bonus and other similar obligations	14,924	13,181
Incentive scheme for senior executives (Note 27.7)	5,155	4,117
TOTAL	**35,931**	**44,760**

The obligations, by company or segment, are summarised as follows:

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

(a) Non-externalised obligations. In-house provisions and management.

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(b) External management of these obligations. The administration, management and investment decisions relating to these assets are performed by an Administration Committee that is independent of Company management.
(c) In 2007 they became defined contribution obligations.
(d) In 2007 all obligations to current employees became defined contribution obligations, whereas the obligations to former employees continued to be defined benefit obligations.

Below is a description of the most significant obligations in terms of their relative importance as regards all the obligations taken as a whole and/or those which, due to their specific circumstances, should be disclosed due to their significance.

20.1 Retirement bonus and other similar obligations

The detail, by company or business, is as follows:

	12/31/2013	12/31/2012
Ebro Foods, S.A. (EF)	130	177
Panzani Group (Panzani) (France)	13,322	11,673
Herba Rice Group (Herba)	912	777
BIRKEL Group	189	121
US Riviana Group (Riviana)	260	304
Other minor provisions for retirement bonuses and other similar obligations	111	129
SUBTOTAL	**14,924**	**13,181**

20.1.1 Ebro Foods, S.A.

The balance of the account at 31 December 2013 of Ebro Foods, S.A. totalling EUR 130 thousand (31 December 2012: EUR 177 thousand) relates to the provision to meet the possible long-service bonus obligations to employees that do not have to be externalised by law. The expense for 2013 was EUR 21 thousand (2012: EUR 44 thousand). The decrease in the provision is due to the payments made in the year.

20.1.2 Panzani Group companies

The Panzani Group companies have obligations to employees, basically for retirement bonuses (provisions of EUR 12,267 thousand and EUR 10,713 thousand at the end of 2013 and 2012, respectively) and for long-service bonuses (provisions of EUR 1,055 thousand and EUR 960 thousand at the end of 2013 and 2012, respectively). The aforementioned provisions were recorded on the basis of in-house actuarial calculations. The related expense for 2013 was EUR 2,223 thousand (2012: EUR 2,484 thousand), of which EUR 1,106 thousand (2012: EUR 1,870 thousand) were charged directly to equity due to actuarial changes. These provisions are in-house provisions and are not invested in specific assets. The interest rate applied in 2013 was 3.10% (2012: 2.70%). The increase in the provision is due mainly to the impact of the update of mortality tables and other actuarial assumptions.

20.1.3 Herba Rice Group companies

The collective agreement applicable to the Italian, Belgian, Thai and Indian subsidiaries provides for termination obligations (voluntary or otherwise) to their employees. The related provisions were recognised on the basis of in-house actuarial calculations. At 2013 year-end the provisions amounted to EUR 738 thousand (2012 year-end: EUR 596 thousand). The related expense in 2013 was EUR 178 thousand (2012: EUR 103 thousand).

Also, certain Herba Group subsidiaries (S&B Herba in the UK, Boost in Germany, Danrice in Denmark and TBA Suntra in the UK) have defined contribution pension obligations to certain of their employees, on the basis of an annual contribution based on a percentage of their salaries. The related expense in 2013 was EUR 662 thousand (2012: EUR 585 thousand).

Lastly, pursuant to the collective agreement for the rice sector, Herba Ricemills, S.L. has retirement bonus obligations externalised through an insurance policy. At 2013 year-end the related provision amounted to EUR 174 thousand (2012 year-end: EUR 181 thousand). The related expense in 2013 was EUR 37 thousand (2012: EUR 65 thousand).

20.1.4 Birkel Group (Germany)

In addition to the defined benefit obligations discussed in the section below, the Birkel Group companies have obligations to their employees, basically in connection with retirement bonuses (provisions of EUR 189 thousand and EUR 121 thousand at the end of 2013 and 2012, respectively). The related provisions were recorded on the basis of in-house actuarial calculations. These provisions are in-house provisions and are not invested in specific assets.

20.1.5 Riviana Foods, Inc. and NWP, Inc.

In addition to the defined benefit obligations discussed below, Riviana and NWP have voluntary contribution plans in place for all employees in the US. The companies contribute a total amount equal to a percentage of the contribution of the employees. The total expense relating to these plans in 2013 was EUR 1,193 thousand (2012: EUR 1,173 thousand).

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20.2 Defined benefit pension and other obligations

The detail, by company, is as follows:

Defined benefit	12/31/2013			12/31/2012		
Thousands of euros	Pension obligations	Other obligations	Total	Pension obligations	Other obligations	Total
Riviana Group (US)	5,933	-3,306	2,627	12,254	-3,193	9,061
NWP Group (US and Canada)	2,077	1,233	3,310	6,060	1,473	7,533
Boost (Herba) (Belgium)	315		315	309		309
Euryza (Herba) (Germany)	3,830		3,830	3,509		3,509
Lassie Group (the Netherlands)	645		645	647		647
S&B Group (Herba) (UK)	3,428		3,428	4,752		4,752
Birkel Group (Germany)	1,697		1,697	1,651		1,651
	17,925	**-2,073**	**15,852**	**29,182**	**-1,720**	**27,462**

The changes in 2013 and 2012 in the obligations included in the foregoing table, broken down by geographical area (since this is the most appropriate and uniform basis for reporting obligations of this nature), were as follows:

	Rivana Group		NWP Group		European subsidiaries	
Thousands of euros	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Provisions for pensions - obligations						
Beginning balance	26,607	25,933	23,226	22,398	24,026	20,641
Business combinations	0	0	0	0	0	0
Period provisions	2,620	2,754	858	957	1,598	1,593
Changes in actuarial calculations	-4,215	1,918	-1,740	1,314	92	2,493
Payments for the year	-2,036	-511	-1,140	-1,041	-769	-966
Employee restructuring	0	-3,004	0	0	-304	0
Translation differences	-1,173	-483	-1,073	-402	-269	265
Balance at 31 December	21,803	26,607	20,131	23,226	24,198	24,026
Provisions for pensions - assets invested						
Beginning balance	-17,546	-16,660	-15,693	-13,908	-13,158	-10,863
Business combinations	0	0	0	0	0	0
Return on assets	-577	-1,087	-581	-1,629	-414	-632
Contributions by the Parent	-2,467	-3,309	-1,227	-1,504	-613	-766
Changes in actuarial calculations	-1,415	-351	-769	0	-714	-1,254
Payments for the year	2,036	3,515	1,140	1,023	445	529
Translation differences	793	346	309	325	171	-172
Balance at 31 December	-19,176	-17,546	-16,821	-15,693	-14,283	-13,158
Net balance at 31 December	**2,627**	**9,061**	**3,310**	**7,533**	**9,915**	**10,868**
Net on-balance sheet balance at 31 December	**2,627**	**9,061**	**3,310**	**7,533**	**9,915**	**10,868**

	Rivana Group		NWP Group		European subsidiaries	
Net annual cost, by line item	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Annual service cost	1,645	1,654	31	29	748	693
Interest cost	975	1,100	827	929	756	900
Return on assets	-577	-1,087	-581	-1,069	-323	-604
Employee restructuring	0	0	0	0	0	-22
Estimate of unrecognised losses	0	0	0	0	0	0
	2,043	**1,667**	**277**	**-111**	**1,181**	**967**
Changes in actuarial calculations recognised directly in consolidated equity: (gain) loss	-5,630	1,572	-2,509	785	-813	709

Actuarial assumptions	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Discount rate	4.89%	3.93%	4.50%	3.75%	3.2% to 4.1%	3.2% to 4.1%
Salary performance	3.00%	3.00%	0.00%	0.00%	1.2% to 3.0%	1.2% to 3.0%
Return on assets	4.89%	7.50%	4.50%	7.50%	3.2% to 4.1%	3.2% to 5.7%

In general, the obligations relate to pension plans for most of the employees of the Riviana and NWP Groups and for certain employees of European subsidiaries. At the

S&B Group, these obligations currently relate solely to former employees (since the obligations to current employees were transferred to defined contribution schemes on 1 January 2006). Since February 2006 no new employees have been included in this defined benefit scheme at the Riviana Group. At the Canadian subsidiary of the NWP Group the pension plan has been settled through the payment of the amounts vested by the employees up to 31 December 2009.

Also, at the Riviana and NWP Groups, the other obligations relate to healthcare cover, medicines and life insurance for only a portion of the employees.

The most noteworthy developments in respect of the amendments to IAS 19, Employee Benefits, which entered into force for reporting periods beginning on or after 1 January 2013, were as follows:

- In relation to the elimination of the "corridor" in defined benefit plans, the Ebro Group has never applied the corridor method and, therefore, this had no effect.

- As regards the requirement that the interest rate applicable to invested assets should not exceed the discount rate of committed liabilities, the application of this standard in 2013 did not have a significant impact on consolidated profit and it was not considered necessary to apply it retrospectively to 2012 as the impact thereof was not material.

21. OTHER PROVISIONS

The changes in "Other Provisions" in 2013 and 2012 were as follows (in thousands of euros):

Changes in other provisions	12/31/2013 Total	12/31/2012 Total
Beginning balance	21,926	49,067
Translation differences	(11)	(14)
Transfers	41	0
Amounts used and payments	(15,128)	(18,166)
Other period provisions	6,120	14,019
Period provisions charged to income for CO_2 allowances	0	57
Provisions reversed with a credit to income	(4,345)	(23,037)
Ending balance	**8,603**	**21,926**

The provisions, by company or segment, are summarised as follows (in thousands of euros):

Summary, by line item, of other provisions	12/31/2013	12/31/2012
Provision for the outcome of litigation relating to the sale of the sugar and dairy product businesses	0	8,828
Other litigation and disputes	5,385	5,553
Modernisation and restructuring plan	2,022	6,771
CO_2 emission allowances	0	145
Other sundry, non-significant contingencies	1,196	629
	8,603	**21,926**

	12/31/2013	12/31/2012
Ebro Foods, S.A.	0	8,828
Panzani Group	5,003	5,050
Herba Group	2,018	6,663
Rivana Group	182	380
Birkel Group	1,400	447
Other	0	558
TOTAL CONTINUING OPERATIONS	**8,603**	**21,926**

21.1 Provision for the outcome of litigation relating to the sale of the sugar business and the sale of the dairy business:

The provision for the outcome of litigation relating to the sale of the sugar and dairy businesses related to the guarantees provided to the buyers of the businesses which, in the event of an unfavourable outcome of the litigation, would lead to a reduction in the selling price thereof. The provisions or reversals recognised constitute an adjustment to the selling price and, consequently, are recognised as a decrease or increase in the gains of the year in which they are recognised or reversed. At 31 December 2013, no significant litigation remained pending and, therefore, these provisions currently have a zero balance.

Developments in 2013: with respect to this litigation, in the first half of 2013 the Spanish Supreme Court handed down a judgment in favour of Ebro Foods, S.A. in one of these disputes, whereas in the second half of 2013 the Supreme Court found against the Company in relation to a claim brought about by third parties. These two judgments gave rise to payments totalling EUR 5,425 thousand and to the reversal for accounting purposes of the remaining provision amounting to EUR 3,403 thousand (see Note 8.1).

21.2 Summary of the status of other litigation and disputes

In addition to the litigation discussed in Notes 21.1 above, at 31 December 2013 provisions had been recognised for other litigation and disputes amounting to EUR 5,385 thousand (31 December 2012: EUR 5,553 thousand).

These provisions recognised for other litigation and disputes related to court proceedings in progress and other claims. The Parent's directors and internal and external legal advisers do not expect any additional material liabilities to arise in connection with the final outcome of these court proceedings and claims.

The detail of the maximum liability arising from this litigation is as follows (in thousands of euros):

	12/31/2013	12/31/2012
Various contested tax and customs assessments	1,076	1,056
Judicial review contingencies	6,976	8,796
	8,052	**9,852**

22. FINANCIAL LIABILITIES

The detail of “Financial Liabilities” is as follows (in thousands of euros):

Financial liabilities	12/31/2013		12/31/2012	
	Non-Current	Current	Non-Current	Current
Bank borrowings	214,255	26,957	172,821	65,469
Bank credit facilities		178,430		170,096
Other financial liabilities	11,233	224	9,974	0
Payable to associates	0	0	0	0
Guarantees and deposits received (financial)	65	15	65	2
Total financial liabilities	**225,553**	**205,626**	**182,860**	**235,567**

The detail, by segment or company and maturity, of bank borrowings is as follows (in thousands of euros):

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Detail, by segment or company, of bank borrowings	12/31/2012	12/31/2013	2015	2016	2017	2018	Subsequent years
- Ebro Foods, S.A	171,778	210,069	141,220	68,849			
- Herba Rice Group	628	3,825	741	698	703	707	976
- Panzani Group (France)	25	29	16	13			
- Arotz Foods, S.A.	378	330	48	48	48	48	138
- Jiloca, S.A.	12	2	2				
Non-current bank borrowings	**172,821**	**214,255**	**142,027**	**69,608**	**751**	**755**	**1,114**
- Ebro Foods, S.A	89,600	66,386					
- Panzani Group (France)	35,452	78,098					
- Herba Rice Group	31,416	60,845					
- Riviana Group (US)	37,338	0					
- NWP Group	41,685	0					
- Other companies	74	58					
Current bank borrowings	**235,565**	**205,387**					
Total bank borrowings	**408,386**	**419,642**					

The detail of the aforementioned borrowings on the basis of the currency in which they are denominated is as follows:

CURRENCY	12/31/2013	12/31/2012
Euro (EUR)	157,742	97,531
US dollar (USD)	236,358	307,027
Indian rupee (INR)	21,774	0
Pound sterling (GBP)	214	0
Egyptian pound (EGP)	1,135	3,020
Thai baht (THB)	426	436
Hungarian forint (HUF)	1,573	372
Other	420	0
Total	**419,642**	**408,386**

The long-term bank loans financed the investments in Riviana Inc. (2004), Panzani SAS (2005) and New World Pasta Company (2006), are guaranteed by the subsidiaries Herba Food, S.L., Herba Ricemills, S.L., Panzani SAS and Riviana Foods Inc., and correspond to:

- A syndicated loan agreement entered into in May 2005, novated in November 2006, April 2009 and August 2010, amounting to USD 36.8 million at 31 December 2013 (an initial USD 440 million less USD 44 million repaid early in the April 2009 novation and less USD 175 million repaid early in the August 2010 novation), the principal of which will be repaid in six half-yearly instalments of USD 36.8 million from October 2011 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread. This loan matures in April 2014.

- Bilateral loan agreement entered into in November 2006 and novated in April 2009 and June 2010, amounting to USD 190 million, the principal of which will be repaid in four half-yearly instalments of USD 47.5 million from May 2015 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.

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- Bilateral loan agreement entered into in November 2013 amounting to USD 100 million, the principal of which will be repaid upon maturity in two years, which may be extended for one additional year by the agreement of the parties. This US dollar loan bears annual interest at 1-, 2-, 3- or 6-month LIBOR plus a market spread.

In relation to the other bank borrowings, at 31 December 2013 the various Group companies had arranged unsecured credit facilities with banks with a total limit of approximately EUR 304 million (31 December 2012: EUR 309 million), against which a total of EUR 178 million had been drawn down at 31 December 2013 (31 December 2012: EUR 142 million). The credit facilities of the Panzani Group, with a limit of EUR 90 million in 2013 (2012: EUR 90 million) are secured by collection rights.

At 31 December 2013 and 2012, there were also note and bill discounting facilities, issues of guarantees and other bank guarantees, the detail being as follows:

At 31 December 2013 FINANCING ARRANGEMENTS	Amount drawn down	Amount Available	Total limit
Draft discounting lines	4,863	137	5,000
Bank guarantee facilities	36,929	73,222	110,151
Total consolidated Group	**41,792**	**73,359**	**115,151**

At 31 December 2012 FINANCING ARRANGEMENTS	Amount drawn down	Amount Available	Total limit
Draft discounting lines	12	4,000	4,012
Bank guarantee facilities	30,928	94,875	125,803
Total consolidated Group	**30,940**	**98,875**	**129,815**

The average annual interest rate on the short-term loans in 2013 was 3.0% (2012: 3.0%).

Certain ratios over the term of the loans, based on the consolidated financial statements of the Ebro Foods Group, must be achieved at all times. The failure to achieve these ratios would increase borrowing costs and, depending on the cases, lead to a situation that could trigger the early repayment of the loans. At 31 December 2013 and 2012, all the main ratios were being adequately achieved.

23. OTHER NON-FINANCIAL PAYABLES

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

24. TRADE AND OTHER PAYABLES

The detail of “Trade and Other Payables” is as follows:

	12/31/2013	12/31/2012
Trade payables	235,637	234,079
Other payables	33,170	23,701
Remuneration payable	36,600	33,587
Payable to associates	519	0
TOTAL	**305,926**	**291,367**

Trade payables do not bear interest and, in general, fall due at between 60 and 80 days. The other payables are also non-interest bearing, with average maturity of three months.

They relate mainly to payables on purchases of property, plant and equipment, trade discounts and rebates and commercial media and marketing payables.

Disclosures on the payment periods to suppliers. "Disclosure obligation" provided for in Law 15/2010, of 5 July.

The information on the Group's Spanish companies is as follows (in thousands of euros):

Amounts paid and payable at the balance sheet date

	12/31/2013		12/31/2012	
	Amount	%*	Amount	
- Paid in the maximum payment period (**)	230,081	84.78%	262,847	94.85%
- Remainder	41,308	15.22%	14,276	5.15%
Total payments made in the year	271,389	100.00%	277,123	100.00%
Weighted average period of late payment (days)	25.2		39.8	
Payments at year-end not made in the maximum payment period	627		769	

* Percentage of total
** The maximum payment period in each case will be based on the nature of the goods and services received by the company in accordance with Law

25. TAX MATTERS

The detail of the tax receivables and payables at 31 December 2013 and 2012 is as follows (in thousands of euros):

	Receivables		Payables	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
VAT and personal income tax withholdings	22,969	23,078	(7,302)	(8,841)
Accrued social security taxes	29	27	(999)	(1,358)
Grants receivable	909	693		
Other	200	97	(3,705)	(4,209)
Total tax receivables and payables	**24,107**	**23,895**	**(12,006)**	**(14,408)**
Net income tax payable	**11,693**	**7,598**	**(4,677)**	**(8,643)**

Certain companies in the consolidated Group file consolidated tax returns on the basis of the applicable tax and other legislation in each country. The companies that file tax returns in this way are: most of the Spanish companies (Spanish tax group), the Riviana Group (US), the French Panzani Group and, from 2012 onwards, the Group companies in Germany.

Also, income tax rates vary from one country to another and include most notably due to their relative importance: 30% in Spain, 38% (2012: 36.10%) in France, 37.5% in the US, 30% in Germany and 25.5% in the Netherlands. The specific line item called “Effect of Different Tax Rates (Tax Base)” in the table below shows the effects of the differences in the tax rates in each country with respect to 30%.

The detail of the tax payable by the consolidated Group for accounting purposes for the years ended 31 December 2013 and 2012 is as follows (in thousands of euros):

INCOME STATEMENT - INCOME TAX	12/31/2013	12/31/2012
Current tax expense of continuing operations	61,579	54,593
Current tax expense on sale of discontinued operations	387	0
Total deferred tax expense	767	31,484
Deferred tax expense in equity	8,622	1,341
Adjustment of prior year's tax	(418)	(694)
Adjustment of net deferred tax liabilities	(65)	(1,881)
Equivalent tax charges	7,159	8,425
Tax assessments and penalties	0	(635)
	78,031	**92,633**

Income tax expense recognised directly in equity	12/31/2013	12/31/2012
Expense of changes in share capital of subsidiaries	0	0
Change in fair value of financial assets	5,509	3,258
Change due to actuarial gains and losses	3,113	(1,917)
	8,622	**1,341**

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	12/31/2013		12/31/2012	
	Accounting	Tax	Accounting	Tax
Profit before tax from continuing operations	210,646	210,646	250,438	250,438
Loss before tax from discontinued operations	(11,400)	(11,400)	(2,537)	(2,537)
Profit before tax recognised in equity	26,058	26,058	5,390	5,390
Foreign currency hedges recognised in translation differences	13,816	13,816	6,141	6,141
	239,120	239,120	259,432	259,432
Permanent differences	(11,251)	(11,251)	(6,696)	(6,696)
Tax loss carryforwards for the year	3,845	3,845	14,400	14,400
Offset of tax loss carryforwards of individual companies	(12,303)	(12,303)	(3,463)	(3,463)
Adjusted accounting profit	219,411	219,411	263,673	263,673
Temporary differences		(29,748)		(98,667)
Tax loss carryforwards for the year		1,592		1,719
Offset of tax losses		(1,542)		(1,581)
Adjusted taxable profit	219,411	189,713	263,673	165,144
Effect of different tax rates (Base)	30,751	26,771	30,400	22,049
Taxable profit for the Economic Group	250,162	216,484	294,073	187,193
Tax charge at 30%	75,049	64,945	88,222	56,158
Tax credits used	(3,694)	(2,979)	(804)	(804)
Net income tax payable	71,355	61,966	87,418	55,354
Adjustment of prior year's tax	(418)		(694)	
Adjustment of net deferred tax liabilities	(65)		(1,881)	
Tax assessments and penalties	0		(635)	
Equivalent tax charges	7,159	6,460	8,425	7,102
Adjustment of prior year's tax payable		(1,650)		(2,747)
Total income tax expense	78,031	66,776	92,633	59,709
Income tax expense of discontinued operations	69,157		89,464	
Income tax expense on sale of discontinued operations	(3,893)		(14)	
Income tax expense recognised in equity	8,622		1,341	
Income tax expense recognised in translation differences	4,145		1,842	
	78,031		92,633	

“Foreign Currency Hedges Recognised in Translation Differences” relates to the effect of the exchange differences recognised directly in translation differences due to the natural hedging of the US dollar loan in relation to the investments in Riviana and NWP.

The total expense for tax purposes less withholdings and prepayments in 2012 resulted in income tax payable (net tax payable).

The companies' temporary differences in 2013 and 2012 were as follows:

- Net decrease of EUR 13,816 thousand (2012: EUR 6,141 thousand) as a result of the net exchange differences on the hedging of the US dollar loans.
- Decrease of EUR 27,479 thousand (2012: EUR 5,520 thousand) due to the effect of the recognition at fair value of the available-for-sale financial assets and to the actuarial changes in the pension obligations, recognised directly in equity.
- Increase of EUR 14,267 thousand due to the disposal of discontinued operations.
- Increase of EUR 18,362 thousand due to the tax effects of the recognition at fair value of the available-for-sale financial assets up to the limit of the impairment losses deducted for tax purposes in prior years.
- Decrease of EUR 4,446 thousand (2011: EUR 4,667 thousand) due to the amortisation for tax purposes of the goodwill arising from acquisitions of foreign operations.

- Decrease of EUR 8,893 thousand (2011: EUR 12,228 thousand) due to the temporary differences of NWP relating basically to the amortisation of trademarks and the depreciation and amortisation of other assets for tax purposes, and temporary differences arising from the recognition for accounting and tax purposes of provisions and accrual accounts.
- Decrease of EUR 15,375 thousand (2012: EUR 20,379 thousand) due to the temporary differences of Riviana relating basically to the amortisation of trademarks and the depreciation and amortisation of other assets for tax purposes.
- Decrease of EUR 2,152 thousand (2012: EUR 16,363 thousand) due to the temporary differences of the Herba Group relating basically to the amortisation of trademarks and the depreciation and amortisation of other assets for tax purposes, accelerated depreciation and amortisation in Spain and temporary differences arising from the recognition of provisions for accounting and tax purposes.
- Increase of EUR 9,323 thousand due to the temporary differences of the Panzani Group relating basically to the depreciation of property, plant and equipment.
- Net increase of EUR 461 thousand (2012: decrease of EUR 7,025 thousand), principally due to transactions of other companies with positive or negative tax effects arising from provisions reversed and/or recognised in the year, to the recognition and/or reversal of impairment losses on non-current and financial assets and to provisions for other contingencies that were or were not deductible for tax purposes in the year.
- In addition, decrease of EUR 26,344 thousand in 2012 due to the non-computable gains which in 2012 related to the gains obtained on the sale of several trademarks (see Note 9). In Spain, pursuant to Additional Provision Four of the Consolidated Spanish Corporation Tax Law, approved by Legislative Royal Decree 4/2004, of 5 March, the income obtained from the transfer of the assets and liabilities performed in accordance with antitrust legislation is not included in the tax base if the amount obtained in the transfer is reinvested in a period of three years from the date of sale in the terms and conditions set forth in Article 42 of the aforementioned Law. The total reinvestment obligation amounted to EUR 32.5 million, of which EUR 28 million had not yet been reinvested at the end of 2013.

The companies' permanent differences relate basically to the amounts of equivalent taxes that are not included in the calculation of income tax, to tax expenses that were not reversed, to the application for tax purposes of losses on non-current financial assets and to the reversal of certain provisions that were not deductible for tax purposes when they were recognised in prior years.

The tax credits relate mainly to tax credits for new product development and innovation expenditure, for patronage, double taxation tax credits and the reinvestment of income from non-current asset sales. The amount of reinvestments made by the Spanish tax group that could entitle it to take tax credits for the reinvestment of income in 2013 was EUR 33.1 million (2012: EUR 5.0 million) (EUR 115.3 million, EUR 57.3 million, EUR 1.5 million, EUR 16.2 million, EUR 11.2 million and EUR 76.3 million, in the period from 2011 to 2006, respectively. These amounts were reinvested by the tax group in each of the aforementioned years). Also, the other requirements to be able to take these tax credits for tax purposes were met.

The detail of the deferred taxes for the years ended 31 December 2013 and 2012 is as follows (in thousands of euros):

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	12/31/2013		12/31/2012	
	Assets	Liabilities	Assets	Liabilities
Balance at 1 January	**53,024**	**(229,999)**	**55,582**	**(201,918)**
Transfers of balances	3,814	(3,814)	(138)	(1,693)
Translation differences	(892)	4,908	(314)	2,165
Earned/applied in income	4,230	(5,630)	(3,415)	(26,019)
Earned/applied in equity	(3,113)	(5,509)	1,215	(2,556)
Adjustments	(1,608)	165	94	22
Balance at 31 December	**55,455**	**(239,879)**	**53,024**	**(229,999)**

The detail, by most significant line item, of the deferred taxes at 31 December 2013 and 2012 is as follows:

	12/31/2013		12/31/2012	
	Deferred tax		Deferred tax	
	Asset	Liabilities	Asset	Liabilities
Property, plant and equipment	4,902	(69,086)	5,690	(71,466)
Investment property	4,236	(580)	4,189	(606)
Goodwill	4,576	(34,858)	4,696	(33,643)
Other intangible assets	3,233	(100,350)	4,044	(103,070)
Inventories	(338)	(319)	1,885	(2,055)
Accounts receivable and prepayments and accrued income	732	(476)	466	(541)
Pensions and similar obligations	4,037	(407)	6,042	(326)
Other provisions (long-term)	7,883	(3,498)	5,932	(854)
Accounts payable and accruals and deferred income	11,585	741	11,939	0
Tax credits and tax loss carryforwards	8,795	(430)	7,835	2,483
Accrual of tax benefits	0	(14,645)	0	(13,603)
Adjustments to value of available-for-sale financial assets	5,814	(5,814)	306	(306)
Provisions and gains of tax group investments	0	(10,157)	0	(6,012)
TOTAL	**55,455**	**(239,879)**	**53,024**	**(229,999)**

In addition to the aforementioned tax loss carryforwards of the Group companies, at 31 December 2013 there were tax loss carryforwards available for offset over the coming 15 years amounting to EUR 30 million (31 December 2012: EUR 40 million).

In June 2013, the Company received notification from the tax authorities of the commencement of a tax review for 2008 to 2011, inclusive. This tax review is in progress. Also, the Company has all years since 2012 open for review by the tax authorities for all the taxes applicable in those years. The other Group companies have the taxes and years open for review that have not previously been subject to tax audit pursuant to the applicable local legislation, in most cases being the years since 2008 or 2009. The directors do not consider it necessary to recognise any provisions for any possible additional contingencies as may arise from differing interpretations of tax legislation.

26. OBLIGATIONS AND CONTINGENCIES

Obligations under operating leases - Group as lessee

The Group holds certain vehicles, machinery, warehouses and offices under operating leases. These operating leases have an average term of between three and five years, without any renewal clauses in the leases, except for the concession agreement for the land of one of the plants in the US which is for a renewable term of 20 years. There are no restrictions on the lessee with respect to the arrangement of these leases. The detail of the future minimum lease payments under non-cancellable operating leases at 31 December 2013 and 2012 is as follows (in thousands of euros):

Obligations under operating leases – Group as lessee

	12/31/2013	12/31/2012
Within one year	12,366	9,352
Between one and five years	26,817	22,183
After five years	7,742	8,870
Total	**46,925**	**40,405**

Obligations under operating leases - Group as lessor

The Group has leased out various buildings within its investment property portfolio. These non-cancellable leases have residual terms of between three and five years. All the leases include a clause to increase the lease payments annually, based on prevailing market conditions. The detail of the future minimum lease payments receivable under non-cancellable operating leases at 31 December 2013 and 2012 is as follows (in thousands of euros):

Obligations under operating leases – Group as lessor

	12/31/2013	12/31/2012
Within one year	823	912
Between one and five years	2,258	2,049
After five years	837	591
Total	**3,918**	**3,552**

Non-current asset investment and divestment commitments

At 31 December 2013, the Group had investment commitments for acquisitions and renewals of machinery amounting to EUR 16,600 thousand (31 December 2012: EUR 15,100 thousand).

Commitments to invest in companies

- In 2011 the Ebro Group acquired a 50% ownership interest in the TBA Suntra Group and a 75% ownership interest in TBA Suntra UK from one of their two shareholders. In addition, the Ebro Group entered into an agreement with the other shareholder for the future acquisition of the other 50% of the Suntra Group and the remaining 25% of TBA Suntra UK through a put option held by the shareholder whereby the Ebro

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Group, where applicable, would be required to acquire the remaining portion of these investments, and entered into an agreement between shareholders whereby the Suntra Group allocates control to the Ebro Group.

The Ebro Group has ensured that other third parties may not acquire the aforementioned ownership interests by means of a pre-emption right. Lastly, the Ebro Group has an irrevocable purchase option on the ownership interests in the event of the other shareholder's death or incapacity. Therefore, the related shares were included in the scope of consolidation as wholly-owned companies and a non-current financial liability was recognised for the estimated cost of the purchase option on the remaining 50% and 25%, respectively.

- In May 2013 an agreement was reached with the shareholders of the German company Keck Spezialitaten, GmbH (Keck) for its inclusion in the scope of consolidation of the Ebro Group. A new company, Ebro Frost, GmbH, was incorporated for the process, to which all the shares of Keck and Danrice, A.S. were contributed. (Danrice) (Danish subsidiary, wholly-owned by the Ebro Group until this point). Once the contributions were made, 55% of the capital of Ebro Frost, GmbH belonged to the Ebro Group and 45% to the shareholders of Keck.

  From 1 January 2019 onwards, the shareholders of Keck will have the option to oblige the Ebro Group to acquire their 45% ownership interest in Ebro Frost, GmbH, at a variable price based on its results in the last three years.

Commitments relating to inventories

See information disclosed in Note 15.

Legal proceedings and guarantees relating to disputes

See information disclosed in Note 21.

Guarantees

At the end of 2013 and 2012 the following bank guarantees had been provided:

	12/31/2013	12/31/2012
From banks: provided to courts and agencies in relation to economic-administrative claims and tax deferral (Note 21)	1,192	4,872
From banks: provided to the Spanish Agricultural Guarantee Fund (FEGA), customs and third parties to guarantee fulfilment of obligations in ordinary business operations	35,737	20,050
Provided to banks to guarantee fulfilment of obligations in business operations of other associates or non-Group companies	318	6,296
TOTAL	**37,247**	**31,218**

Lastly, the credit facilities granted to the Panzani Group with a limit of EUR 90 million in 2013 (2012: EUR 90 million) are secured by collection rights.

27. RELATED PARTY TRANSACTIONS

The sales to and purchases from related parties were performed on an arm's length basis. At year-end the balances relating to commercial transactions are not secured, are not interest bearing and are settled in cash.

During the years ended 31 December 2013 and 2012 the Group did not recognise any allowances for doubtful debts from related parties. The need for allowances is assessed each year on the basis of an examination of the financial position of the related party and of the market in which it operates.

27.1 Related-party transactions with significant shareholders (or parties related to them) of Ebro Foods, S.A., excluding directors

Note 18.1 lists the companies that have a significant ownership interest in the share capital of Ebro Foods, S.A. (Parent of the Ebro Foods Group).

The transactions, excluding dividends, of any Ebro Foods Group company with these significant shareholders (unless they are directors, in which case they are reflected in Note 27.3) are summarised as follows (in thousands of euros):

SIGNIFICANT SHAREHOLDER	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2013	TOTAL 2012
Sociedad Anónima DAMM (Estrella de Levante, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	918	1,195
Sociedad Anónima DAMM (Cía Cervecera Damm, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	3,229	3,701

27.2 Related-party transactions with directors and executives (or parties related to them) of Ebro Foods, S.A.

The transactions, excluding dividends and remuneration, between Ebro Foods, S.A. and its directors and executives is as follows (in thousands of euros):

DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2013	TOTAL 2012
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Lease (expense)	93	49
Antonio Hernández Callejas (Luis Hernández González)	Ebro Foods, S.A.	Lease (expense)	37	36
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	6,588	7,401
Instituto Hispánico del Arroz, S.A.	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	140	74
Instituto Hispánico del Arroz, S.A.	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	28	408
Instituto Hispánico del Arroz, S.A.	Arrozeiras Mundiarroz	Purchases of goods (finished goods or work in progress)	102	0
Instituto Hispánico del Arroz, S.A.	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	89	0
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	82	73
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	140	71
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	28	212

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DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2013	TOTAL 2012
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	89	106
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Arrozeiras Mundiarroz	Purchases of goods (finished goods or work in progress)	27	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	260	73
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	76	265
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	39	183
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	TBA Suntra UK, Ltd.	Purchases of goods (finished goods or work in progress)	0	25
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Arrozeiras Mundiarroz	Purchases of goods (finished goods or work in progress)	56	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	98	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	75	123
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	76	219
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	61	73
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Arrozeiras Mundiarroz	Purchases of goods (finished goods or work in progress)	56	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	87	79
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	59	59
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	77	72
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	96	408
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Arrozeiras Mundiarroz	Purchases of goods (finished goods or work in progress)	27	0
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	89	0
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	62	124
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	77	212
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	28	173
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	98	33
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Arrozeiras Mundiarroz	Purchases of goods (finished goods or work in progress)	56	0
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	81	113
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Boost Nutrition, C.V.	Purchases of goods (finished goods or work in progress)	158	139
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	S&B Herba Foods, Ltd.	Purchases of goods (finished goods or work in progress)	59	95
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Arrozeiras Mundiarroz	Purchases of goods (finished goods or work in progress)	27	0
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	TBA Suntra BV	Purchases of goods (finished goods or work in progress)	28	105
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Rendering of services	0	1
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Services received	183	123
Instituto Hispánico del Arroz, S.A.	Herba Foods, S.L.U.	Services received	50	50

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DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2013	TOTAL 2012
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	202	488
Instituto Hispánico del Arroz, S.A.	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	140	53
Instituto Hispánico del Arroz, S.A.	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	0	4
Instituto Hispánico del Arroz, S.A.	Arrozeiras Mundiarroz	Sales of goods (finished goods or work in progress)	27	0
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	198	423
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	140	49
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	0	4
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Arrozeiras Mundiarroz	Sales of goods (finished goods or work in progress)	27	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	144	271
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	76	264
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	0	1
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	TBA Suntra UK, Ltd.	Sales of goods (finished goods or work in progress)	0	3
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Arrozeiras Mundiarroz	Sales of goods (finished goods or work in progress)	56	0
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	TBA Suntra BV	Sales of goods (finished goods or work in progress)	98	0
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	213	270
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	76	219
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	8	4
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Arrozeiras Mundiarroz	Sales of goods (finished goods or work in progress)	56	0
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	171	482
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	77	51
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	69	4
Instituto Hispánico del Arroz, S.A. (El Cobujon, S.A.)	Arrozeiras Mundiarroz	Sales of goods (finished goods or work in progress)	27	0
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	90	345
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	76	191
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	0	4
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Arrozeiras Mundiarroz	Sales of goods (finished goods or work in progress)	56	0
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	TBA Suntra BV	Sales of goods (finished goods or work in progress)	98	0
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	167	329
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Boost Nutrition, C.V.	Sales of goods (finished goods or work in progress)	157	118
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	S&B Herba Foods, Ltd.	Sales of goods (finished goods or work in progress)	0	4
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Arrozeiras Mundiarroz	Sales of goods (finished goods or work in progress)	27	0

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

Within the framework of the overall dividend policy of Ebro Foods, S.A., the following amounts expressed in thousands of euros, were distributed:

Dividends 2013:

- Dividends to significant shareholders: 17,146 (2012: 24,183)
- Dividends to directors and executives: 26,739 (2012: 20,352)

27.4 Related-party transactions with other Ebro Foods Group companies which were not eliminated in the process of preparing the consolidated financial statements and which do not form part of the Group's normal business activities in terms of their purpose and terms and conditions

There were no related-party transactions of this type in 2013.

27.5 Other matters of interest

- Ebro Foods, S.A. has an ownership interest of less than 5% in Biosearch, S.A. (3.121% at 31 December 2013), which is recognised in the Ebro Group's financial statements under "Available-for-Sale Financial Assets".

  Biosearch, S.A. is a listed company with a similar object to that of Ebro Foods, S.A. which formed part of the Ebro Group until January 2011, and Miguel Ángel Pérez Álvarez, the Non-Director Secretary of the Board of Directors of Ebro Foods, is a proprietary director of Biosearch.

  The transactions performed from 1 January to 31 December 2013 between Biosearch, S.A. and various Ebro Foods Group companies are detailed below (in thousands of euros):

Ebro Group company with which Biosearch performed transactions	Type of transaction	Total 2013	Total 2012
Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	41	108
Herba Ricemills, S.L.U.	Services received	0	77
Herba Ricemills, S.L.U.	Lease (income)	26	25
Dosbio 2010, S.L.U.	Lease (expense)	27	28
Ebro Foods, S.A.	Rendering of services	74	90

- In addition, the significant ownership interest that Ebro Foods, S.A. holds in Deóleo, S.A. (8.272% at 31 December 2013) is recognised in the Ebro Group's financial statements under "Available-for-Sale Financial Assets".

In 2013 Antonio Hernández Callejas, Chairman of the Board of Directors of Ebro Foods, S.A., was a propriety director of Deóleo following a proposal by Ebro due to his status as significant shareholder. He resigned as director of Deóleo on 31 January 2014 for professional reasons.

The transactions performed between 1 January and 31 December 2013 between Deóleo and various Ebro Foods Group companies are detailed below (in thousands of euros):

Ebro Group company with which Deóleo performed transactions	Type of transaction	Total 2013	Total 2012
Herba Ricemills, S.L.U.	Services received	40	31
Lassie Nederland BV	Services received	156	156
Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	10	32
Herba Ricemills, S.L.U.	Rendering of services	0	23
Lustucru Riz, S.A.	Purchases of property, plant and equipment, intangible assets or other assets	0	653
Ebro Foods, S.A.	Rendering of services	254	224

27.6 Duties of the directors: conflict of interest and prohibition of competition

Pursuant to Articles 229, 230 and 231 of the Spanish Limited Liability Companies Law, this section of the notes to the consolidated financial statements discloses information that the directors, in compliance with their duty of loyalty, have notified to the Parent on the equity interests and positions held at companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Foods, S.A., whether or not these companies form part of the Ebro Foods Group.

- Alimentos y Aceites, S.A.
  - Direct ownership interest of 1.738% in Biosearch, S.A. No position is held.
- Instituto Hispánico del Arroz, S.A.
  - Direct ownership interest of 100% in the following Hisparroz Group companies: El Cobujón, S.A, Dehesa Norte, S.A., Mundiarroz, S.A., Pesquerías Isla Mayor, S.A., Australian Commodities, S.A. and Islasur, S.A. In all cases it holds the position of director.

    It is hereby stated that Instituto Hispánico del Arroz, S.A. is a company engaging in an activity that is similar to the activity that constitutes the company object of Ebro Foods, S.A. and that it holds an ownership interest of 15.879% therein (direct ownership interest of 8.921% and indirect ownership interest of 6.959% through Hispafoods Invest, S.L., in which it has a 100% direct and indirect ownership interest and holds the position of director).

- Antonio Hernández Callejas:

  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.

  - Direct ownership interest of 0.001% in Deoleo, S.A. He held the position of Director until 31 January 2014, at which time he presented his resignation for professional reasons.

- Dr. Rudolf-August Oetker:

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

  - He is a member of the Advisory board of the following companies belonging to the Dr. August Oetker KG Group: Dr. Oetker GmbH, Dr. August Oetker Nahrungsmittel KG, Dr. Oetker International Beteiligungs GmbH, Dr. August Oetker Nahrungsmittel Beteiligungs GmbH and Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG.

The positions held by Antonio Hernández Callejas at other companies belonging to the Ebro Foods Group, in which he does not have any direct ownership interests are as follows:

Ebro Foods Group company	Position
A.W. Mellish, LTD.	Director
American Rice, Inc.	Chairman
Anglo Australian Rice, LTD.	Director
Arrozeiras Mundiarroz, S.A.	Chairman
Bertolini Import und Export, GmbH	Director acting severally
Ebro Foods, GmbH (Birkel)	Director acting severally
Blue Ribbon Mills, Inc.	Chairman
Boost Nutrition, C.V.	Director
Bosto Panzani Benelux, N.V.	Director
Danrice A/S	Director
Ebro America, Inc.	Chairman
Ebro Foods Foundation	Trustee
Heap Comet, Ltd.	Director
Herba Germany, GmbH	Director acting severally
Joseph Heap Property, Ltd.	Director
Joseph Heap & Sons Ltd.	Director
N&C Boost, N.V.	Director
New World Pasta Company	Chairman
Panzani, S.A.S.	Director
Riso Scotti, S.p.A.	Director
Riviana Foods, Inc.	Chairman
S&B Herba Foods, Ltd.	Director
SOS Cuetara USA, Inc.	Chairman
T.A.G. Nahrungsmittel, GmbH	Director acting severally
Vogan, Ltd.	Director

Except for the aforementioned cases, it is hereby stated that none of the other directors has notified the Parent that they have any percentage of ownership or hold a position in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Foods, S.A. and its Group companies.

In 2013 and 2012 no transactions were performed by the directors of Ebro Foods, S.A. with Ebro Foods Group companies that did not form part of the ordinary course of business of these companies or were not performed under arm's length conditions.

27.7 Remuneration of directors and executives

Directors' remuneration - Ebro Foods, S.A.'s Board members earned total remuneration at all the Group companies amounting to EUR 4,545 thousand in 2013 (2012: EUR 4,556 thousand), the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITS	2013	2012
REMUNERATION		
Attendance fees	312	354
Bylaw-stipulated profit sharing	2,565	2,565
Total non-executive directors	**2,877**	**2,919**
Wages, salaries and professional fees	1,668	1,637
Termination benefits and other	0	0
Total executive directors	**1,668**	**1,637**
TOTAL REMUNERATION	**4,545**	**4,556**
OTHER BENEFITS		
Life insurance and retirement benefits	0	0

The Parent's current bylaws provide for a bylaw-stipulated share in profits of 2.5% of net consolidated profit for the year, provided that the appropriations to the legal reserve have been made and a dividend of at least 4% of the paid-in capital has been declared for shareholders.

The Board of Directors, at its meeting held on 26 February 2014 and at the proposal of the Recruitment and Remuneration Committee, resolved, for 2013, to freeze the bylaw-stipulated profit-sharing at EUR 2,565 thousand, without any change in relation to the three prior years. This will entail proposing to the shareholders at the Annual General Meeting that 1.93% of the consolidated net profit attributable to the Company in 2013 be used.

The Board also resolved to maintain the attendance fees from the previous year at EUR 1,600 for attending Ebro Foods Board meetings and EUR 800 for attending the various committee meetings, giving rise to a total amount of EUR 285 thousand for 2013.

The fees for attending the Board meetings of Deóleo, S.A. (company in which Ebro Foods has an ownership interest of 8.272% at 31 December 2013) amounted to EUR 27 thousand and were earned by the Chairman of the Board of Directors of Ebro Foods, S.A., who was also Director at Deóleo, in 2013.

Therefore, the sum total of the attendance fees earned by the directors of Ebro Foods, S.A., both of the Parent and of the aforementioned subsidiary, amounted to EUR 312 thousand.

The individualised breakdown of the remuneration in 2013 is as follows (in thousands of euros):

Director	Bylaw-stipulated profit sharing	Attendance fees	Fixed remuneration for executive functions	Variable remuneration for executive functions	Total
Hernández Callejas, Antonio	387	51	690	978	2,106
Carceller Arce, Demetrio	362	28	0	0	390
Alimentos y Aceites, S.A.	120	16	0	0	136
Castelló Clemente, Fernando	193	27	0	0	220
Comenge Sánchez-Real, José Ignacio	153	23	0	0	176
Daurella Comadrán, Sol	192	28	0	0	220
Empresas Comerciales e Industriales Valencianas, S.L.	10	1	0	0	11
Hispafoods Invest, S.L.	187	27	0	0	214
Instituto Hispánico del Arroz, S.A	146	19	0	0	165
Nieto de la Cierva, José	267	24	0	0	291
Oetker, Rudolf-August	120	18	0	0	138
Ruiz-Gálvez Priego, Eugenio	154	22	0	0	176
Segurado García, José Antonio	274	28	0	0	302
TOTAL	**2,565**	**312**	**690**	**978**	**4,545**

Of the total variable remuneration for the Chairman of the Board of Directors of Ebro Foods for the discharge of his executive duties, in 2013 EUR 271 thousand (2012: 243 thousand) related to the Deferred Annual Remuneration System associated with the Group's 2010-2012 Strategic Plan for 2011. This amount was provisioned in the financial statements for 2011.

In addition to the total remuneration received in 2013 by the Chairman of the Board of Directors for the discharge of his executive duties, a EUR 524 thousand (2012: EUR 1,297 thousand) provision was recognised as a provisional estimate of the Deferred Annual Remuneration System associated with the Group's 2013-2015 Strategic Plan for 2013 (2012: provisional estimate of the Deferred Annual Remuneration System associated with the Group's 2010-2012 Strategic Plan for 2012), which represents 25% of the three-year period. This amount will be paid in 2015 (2012: amount to be paid in 2014).

The aforementioned Deferred Annual Remuneration System is not tied to Ebro Foods' share price and does not entail the receipt by the beneficiaries of shares or of any other right thereon.

None of the members of the Board of Directors are the beneficiaries of supplementary life and retirement insurance. Also, the Company has not granted any loans or advances to the members of its Board of Directors and it does not have any guarantee obligations to them.

Remuneration of executives.- At 31 December 2013, Ebro Foods, S.A. had ten executives (2012: 10), the total aggregate remuneration of which in 2013 was EUR 2,120 thousand (2012: EUR 4,500 thousand), relating to the wages and salaries of the ten executives indicated plus the wages and termination benefits of two whose relationship with the Company ceased in 2012.

In relation to the executives (excluding the Chairman of the Board of Directors) of Ebro Foods, S.A., included in the Deferred Annual Remuneration System associated with the Group's 2010-2012 Strategic Plan described in Note 26, EUR 7 thousand relating to 2011 was paid in 2013 (2012: EUR 5 thousand). This amount was provisioned in the financial statements for 2011.

Also, a EUR 128 thousand (2012: EUR 145 thousand) provision associated with the Group's 2013-2015 Strategic Plan was recognised for 2013 (2012: provision associated with the Group's 2010-2012 Strategic Plan for 2012), which represents 25% of the three-year period. This amount will be paid in 2015 (2012: amount to be paid in 2014).

The employment contracts of two of these executives include guarantee clauses in the event of termination or change of control, the amount of which exceeds that which would result from applying the Spanish Workers' Statute. In the case of the other executives the termination benefits initially established are below the termination benefits due to length of service provided for in the Spanish Workers' Statute.

Lastly, it should be noted that the remuneration of all the directors of Ebro Foods, S.A. was taken into account, even though not all of them are senior executives.

Lastly, the Parent took out and has in force a third-party liability insurance policy covering the directors and executives of Ebro Foods, S.A. with coverage for all its subsidiaries and an indemnity limit per annum of EUR 45 million, at an annual cost of EUR 64 thousand and in force until 30 April 2014. The aforementioned policy is currently in the process of being renewed.

(EXPRESSED IN THOUSANDS OF EUROS)

28. OBJECTIVES AND POLICIES RELATING TO RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The main objective of the risk management policy consists of guaranteeing the value of the assets and the sustainable growth of the Company through an optimum financial structure tailored to the legislation in force in the countries in which the Group operates. In addition, the Group's capital management policy seeks to ensure the maintenance of stable credit ratings and the maximisation of shareholder value.

The measures taken in this respect cover the key parameters of the management of the business, such as the income statement, borrowings, investment and the strategic policy of the Company, in order to make it possible to adopt the decisions that are key to the achievement of the objectives set out above. The accompanying consolidated directors' report and corporate governance report include information on the key risks of the business.

Management of capital

Capital management aims to guarantee the sustainability of the business and to maximise value for shareholders and, accordingly, takes into consideration the following:

- Cost of capital calculated in accordance with industry standards in order to approximate a combination of debt and equity that optimises the aforementioned cost.

- A leverage ratio that makes it possible to obtain and maintain the desired credit rating and to ensure the financing of the Group's long- and short-term projects.

The right combination of structure and costs of resources will make it possible to suitably remunerate shareholders and ensure the continuity and growth of the Ebro Foods Group’s business model.

The Company is also subject to capital requirements included in certain long-term loan agreements, which have been met (see Note 22).

In recent years Ebro Foods has concentrated its activity on key businesses with strategic acquisitions and a low level of financial leveraging.

	CONSOLIDATED				
NET DEBT (Thousands of euros)	2011	2012	*2012/2011*	2013	*2013/2012*
Equity	1,587,298	1,692,209	*6.6%*	1,705,757	*0.8%*
Net debt	390,073	244,804	*-37.2%*	338,291	*38.2%*
Average net debt	139,157	294,114	*111.4%*	260,820	*-11.3%*
Leverage	24.6%	14.5%	*-41.1%*	19.8%	*37.1%*
Leverage of average debt (1)	8.8%	17.4%	*98.3%*	15.3%	*-12.0%*
EBITDA	273,642	299,226	*9.3%*	282,392	*-5.6%*
Hedging	1.43	0.82		1.20	

(1) Ratio of average net financial debt and borrowing costs divided by equity (excluding non-controlling interests)

The level of leveraging is reduced by a seasonality component based on the harvest and setting of prices on the rice markets, which stand as important factors in financing the Company's working capital. In addition, the performance of the US dollar has a considerable impact on debt and the generation of resources, as described below.

Financial risk management and financial instruments

The Group's principal financial instruments include bank loans, bank overdraft facilities, equity instruments, cash and short-term deposits. Also, the Group has other financial assets and liabilities such as trade receivables and payables.

These financial instruments give rise to market risks due to changes in interest rates, exchange rates or the fair value of certain financial instruments, liquidity risk and credit risk.

Depending on the characteristics of the hedged item, the financial instruments used for the purpose of hedging economic risk for this management may or may not be designated as cash flow or fair value hedges.

In order to manage the foreign currency and interest rate risk arising from the Group's operations and, on occasions, the risk relating to possible changes in the price of certain raw materials (gas), the Group arranges hedges using derivative financial instruments (basically in the form of interest rate and foreign currency forwards and options) or non-derivative financial instruments (financing in foreign currencies) in order to minimise or limit the risk.

The aforementioned hedges will be arranged on the basis of:

- The prevailing market conditions,
- The management objectives, and
- The specific features of the transactions giving rise to financial risks.

The accounting policies used to measure these financial instruments are described in Note 3 to these consolidated financial statements.
The Board of Directors and senior executives review and establish policies for managing each of these risks and the Audit Committee is delegated with advancing and supervising the risk management systems.

Cash flow interest rate risk

Interest rate risk arising on financing denominated in euros or foreign currency and at a floating interest rate, due to the potential changes in the cash flows associated with the interest payments on borrowings resulting from changes in interest rates. The Group is exposed to the risk of changes mainly in connection with its long-term payment obligations that bear floating interest rates.

In order to manage this risk a combination of floating and fixed interest rates are used. The Group minimises its exposure to this risk and to do so it continually assesses the changes in interest rates with the support of external experts so as to arrange new instruments or modify the conditions of those already existing, thereby minimising the variability of the cash flows or fair value of the financial instruments.

A sensitivity analysis performed on the main financial instruments in the Group's balance sheet exposed to interest rate change risk with an impact on Group results showed variations on the income statement of EUR 1.5 million with interest rate changes equal to 50 basis points (2012: EUR 2.1 million).

The main assumptions used in the sensitivity analysis model were as follows:

(EXPRESSED IN THOUSANDS OF EUROS)

- Only financial instruments sensitive to material changes as a result of interest rate increases and decreases were included.
- All hedging transactions were excluded, since they are perfect hedges and are not subject to changes.
- The interest rate was considered as the sole variable, with all other variables in the model remaining constant.

Interest rate fluctuations

	2013				2012			
Gain/(Loss)	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**	**-0.50%**	**-0.25%**	**0.25%**	**0.50%**
Profit/Loss before tax	1,501	751	-751	-1,501	2,151	1,076	-1,076	-2,151

Foreign currency risk

Foreign currency risk due to assets, liabilities, net investment in foreign operations or transactions in currencies other than the euro and due to the potential changes in associated cash flows in euros as a result of changes in the spot rate.

As a result of the significant investments in the US, the Group's balance sheet could be significantly affected by fluctuations in the USD/EUR exchange rate.

The ultimate objective of the exchange-rate risk management policy is to offset (at least partially) the potential fall in the value of assets denominated in currencies other than the euro by savings due to decreases in value of the liabilities in these currencies.

The Group endeavours to mitigate the effect of its structural foreign currency risk by obtaining loans in US dollars and, accordingly, most of its investments in the US are hedged in this way.

At 31 December 2013, “Other Loans” included three loans totalling USD 327 million (31 December 2012: two loans totalling USD 301 million) (see Note 22) which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments. The gains or losses on the translation to euros of these loans are recognised in equity to offset any gains or losses on the translation of the net assets at these subsidiaries.

In addition, the Group is exposed to foreign currency risk on its transactions. This risk arises from purchases and sales made by the operating units in currencies other than the functional currency. In relation to important transactions, the Group uses forward foreign currency contracts to eliminate or minimise foreign currency risk.

As indicated in the preceding paragraph, certain Rice Business companies (Herba, S&B Herba, TBA Sundra) and Pasta Business companies (Panzani) have foreign currency forward contracts and foreign currency options (foreign currency swaps) to mitigate the exposure of their commercial transactions. These transactions are carried out in order to minimise foreign currency risk although they do not qualify for hedge accounting. The outstanding contracts at 2013 year-end were as follows:

(EXPRESSED IN THOUSANDS OF EUROS)

	Notional amount (thousands)	
Currency	**2013**	**2012**
USD	90,459	38,879
CZK	102,900	-
EUR	14,401	10,961
GBP	10,463	2,700
THB	404,556	-

The sensitivity analysis performed on the financial instruments in the Group balance sheet exposed to changes in exchange rates was based on the following assumptions:

- Only financial instruments sensitive to material changes as a result of changes in exchange rates were included.
- All borrowings constituting an effective hedge of the object of the investment are excluded.
- The exchange rate was considered as the sole variable, with all other variables in the model remaining constant.

(EXPRESSED IN THOUSANDS OF EUROS)

Due to derivatives:

	2013				2012			
Gain/(Loss)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit/Loss before tax	2,215	1,030	-1,030	-2,215	1,264	665	-665	-1,264

Due to other financial instruments:

	2013				2012			
Gain/(Loss)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit/Loss before tax	215	113	-113	-215	563	295	-295	-563

Pound sterling fluctuations

Due to derivatives:

	2013				2012			
Gain/(Loss)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit/Loss before tax	1,066	550	-550	-1,066	40	17	-17	-40

Due to other financial instruments:

	2013				2012			
Gain/(Loss)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit/Loss before tax	-29	-15	15	29	-169	-89	89	169

US dollar fluctuations

Due to derivatives:

	2013				2012			
Gain/(Loss)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit/Loss before tax	-2,442	-1,164	1,164	2,442	-539	-282	282	539

Due to other financial instruments:

	2013				2012			
Gain/(Loss)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
Profit/Loss before tax	-97	-186	97	186	-120	-228	120	228

Impact on debt

US dollar fluctuations

	2013				2012			
+ Debt/ (-Debt)	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**	**-10.00%**	**-5.00%**	**5.00%**	**10.00%**
On-balance sheet debt	-16,761	-8,779	8,779	16,761	-19,230	-10,073	10,073	19,230

Price risk of other financial assets

The Group is exposed to changes in the price of certain financial assets and liabilities. The most significant effect relates to the shares of Deoleo Corporación Alimentaria, S.A. and Biosearch, S.A., which are recognised as available-for-sale financial assets in the consolidated balance sheet for the year ended 31 December 2013 (see Note 12).

Liquidity risk

The Group's objective is to match the maturities of its payables to its ability to generate cash flows to settle these obligations. In order to achieve this, it maintains a balance between continuity of the financing and flexibility through the use of renewable credit facilities, bank loans that may include grace periods to adapt them to the return on the related assets, and forward purchase contracts. A detail of the borrowings at 31 December 2013 and the related maturity is provided in Note 22.

Credit risk (counterparty)

This risk arises when a counterparty fails to meet its contractual obligations resulting in a financial loss for the Group. The risk is mitigated through an appropriate selection policy in relation to the transactions and banks that act as a counterparty in these transactions based on their credit ratings and obtaining sufficient guarantees to mitigate this risk.

The Group's policy with respect to commercial transactions has always been conservative and there are risk committees that regularly assess the situation, the open positions and the automatic alerts implemented in the systems, which historically have led to low bad debt rates. Also, the commercial and collection management departments work together on a coordinated basis and take into account the credit ratings awarded by the credit insurance companies with which the Group works, which provide the last line of guarantee. The Group’s high level of geographical diversification reduces the concentrations of credit risk at the Group arising from this type of transaction.

Fair value of the financial instruments

Set forth below is a detail of the financial instruments at 31 December 2013 (in thousands of euros), except for accounts payable and receivable and cash or cash equivalents the carrying amount of which is an appropriate approximation of their fair value. The carrying amount detailed in the following table does not differ significantly from the fair value of these instruments.

	Carrying amount at 12/31/2013
Financial assets	
Bank loans	36,318
Equity instruments	69,747
Other instruments	2,074
TOTAL NON-CURRENT	**108,139**
Bank loans	11,669
Other instruments	205
Derivatives	135
TOTAL CURRENT	**12,009**
Financial liabilities	
Loans and credits	214,255
Other financial liabilities	11,298
TOTAL NON-CURRENT	**225,553**
Loans and credits	205,387
Other financial liabilities	239
Derivatives	1,641
TOTAL CURRENT	**207,267**

Hierarchy of financial instruments at fair value

All the financial instruments at fair value are classified into the following levels on the basis of the inputs used to measure them:

(EXPRESSED IN THOUSANDS OF EUROS)

- Level 1. Use of quoted prices in active markets for identical assets or liabilities (unadjusted)
- Level 2. Use of directly or indirectly observables inputs (that are not the quoted prices of the foregoing level)
- Level 3. Use on non-observable inputs

	12/31/2013	Level 1	Level 2	Level 3
Financial assets				
Equity instruments	46,132	46,132	-	-
Derivatives	135	-	135	
Financial liabilities				
Other financial liabilities	8,919	-	8,919	-
Derivatives	1,641	-	1,641	-

Level 1 includes basically the valuation of those investments that are classified as available for sale. Level 2 reflects the liabilities recognised as a result of the application of IAS 39 to the investment in TBA Suntra pending acquisition.

The Group does not have financial instruments the fair value of which cannot be measured and no transfers took place between the various levels in the hierarchy of financial instruments at fair value.

29. INFORMATION ON THE ENVIRONMENT

Being fully aware that the growth of the Group must be sustainable, one of Ebro Foods' basic management principles is the implementation at its subsidiaries of the tools and measures necessary to strike the greatest possible balance between the pursuit of its business and protecting the environment. Accordingly, it has certain environmental performance objectives which it updates according to the new circumstances that arise in the various businesses.

These objectives are as follows:

- Minimise the environmental impact of its activity through the continuous implementation of measures to reduce environmental pollution, promote the rational use of resources, minimise the consumption of water, paper and energy, reduce the generation of waste and emissions, and seek eco-efficient solutions.
- Develop and progressively implement an Environmental Management System which meets the requirements of the UNE-EN-ISO 14001:2004 standard, or, where applicable, carry out environmental management practices that improve its production practices.
- Implement training and environmental awareness programmes for the Company's employees.
- Ensure that the Group companies comply with the environmental legislation applicable to the pursuit of the business.
- Cooperate with the public authorities for the purpose of implementing programmes aimed at restoring the environment or improving biodiversity in areas where the Company has previously carried on a production activity.
- Promote the implementation of environmental best practices among its suppliers and customers, making them aware of Ebro Foods' commitment in this connection.
- In those cases in which it is considered necessary, perform internal and external audits on environmental performance.

Also, in order to ensure the fulfilment of the packaging and packaging waste reduction, recycling and recovery objectives defined in Law 11/1997, of 24 April, the Spanish subsidiary Herba is a member of Ecoembalajes España, S.A. (Ecoembes), a not-for-profit public limited liability company the mission of which is to design and develop systems aimed at the separate collection and recovery of used packaging and packaging waste. Ecoembes uses what is known as the Green Dot concept (a symbol that appears on the packaging) to evidence that the packer of the product has paid an amount of money for each package placed on the market.

In addition, both the European rice companies and Ebro Foods' head office have entered into an agreement with companies similar to Ecoembes for the destruction of paper and other media. This agreement enables them to both comply with the Spanish Data Protection Law and ensure the sustainable management of this documentation through the commitment that these companies have to recycle the related items.

Lastly, various Group companies have taken out third-party liability insurance to cover sudden unintentional pollution, since they consider that such insurance covers all possible risks in this connection. To date, there have been no significant claims in this connection. There have, however, been favourable opinions and reports from audits, inspections, the absence of allegations in the processing of Integrated Environmental Authorisations, etc.

30. FEES PAID TO AUDITORS

“Fees Paid to Auditors” in the consolidated income statement includes the fees paid to the auditors of the consolidated financial statements.

In 2013, the fees for financial audit and other services provided by the Company's auditor, Deloitte, S.L., or by a firm related to the auditor as a result of a relationship of control, common ownership or management were as follows (in thousands of euros):

- The fees for audit services in 2013 amounted to EUR 1,421 thousand (2012: EUR 1,456 thousand) and for other attest services amounted to EUR 99 thousand (2011: EUR 48 thousand).

- The fees for tax advisory and/or other services amounted to EUR 112 thousand (2012: EUR 207 thousand).

31. EVENTS AFTER THE REPORTING PERIOD

From the end of 2013 until the authorisation for issue of these consolidated financial statements, 57,475,572 shares of Deoleo Corporación, S.A. were sold (see Note 12.1).

No other significant events took place between the reporting date and the authorisation for issue of the consolidated financial statements.

32. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

EBRO FOODS GROUP

CONSOLIDATED DIRECTORS' REPORT FOR 2013 (EXPRESSED IN THOUSANDS OF EUROS)

1. SITUATION OF THE COMPANY

Organisational structure

The Ebro Foods Group is the leading Spanish food group. Through its subsidiaries it is present in the rice and pasta markets in Europe and North America and is increasingly making its way into third countries.

The Ebro Foods Group is managed by business segments that combine the type of activity in which they engage and their geographical location. The two main areas of activity are:

Rice business: includes the production and distribution of rice and rice-based products and complementary food products. It engages in industrial and branding activities under a multi-brand model. Its presence spans Europe, the Mediterranean Basin, India and Thailand with the Herba Group companies and covers North America, Central America, the Caribbean and the Middle East through the Riviana Group and its subsidiary American Rice (ARI).

Pasta business: includes the production and marketing of dry and fresh pasta, sauces, semolina and semolina-based products and complementary food products carried on by the New World Pasta Group in North America and the Panzani Group (rest of the world).

Decisions are made at the instigation of the Board of Directors, which is responsible for defining the Group's general strategy and management guidelines. The Board delegates certain tasks to the Executive Committee, including most notably the monitoring and supervision of compliance with strategic and corporate development guidelines, whereas the Management Committee, which includes the heads of the main business areas, is responsible for monitoring and preparing decisions regarding the Group's management and administration.

The Annual Corporate Governance Report contains detailed information on the ownership structure and its administration.

Operations and strategy

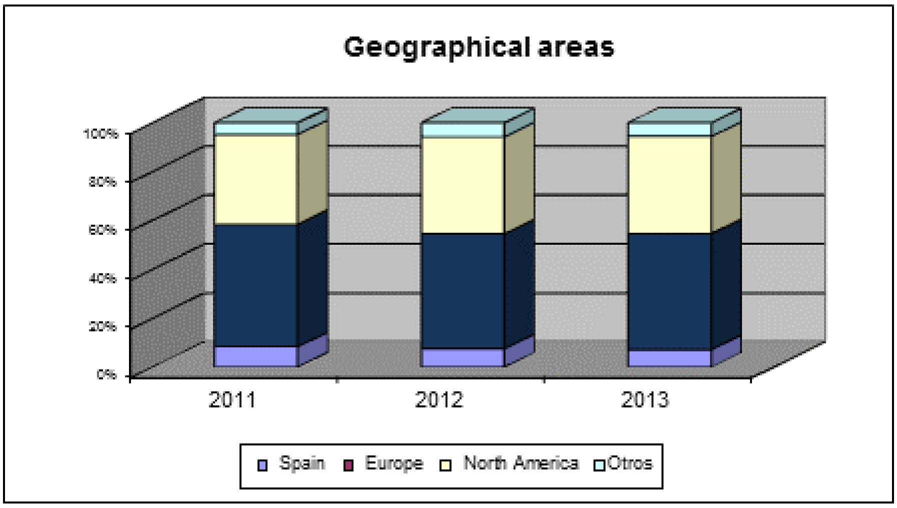
The basic raw materials used in the production process of the products marketed by the Group are rice and durum wheat. Rice is the world's most consumed grain, although the volume of world trade is lower than for other cereals due to the production shortfalls of certain of the world's major producers (China, the Philippines, Indonesia). The origins of the rice marketed by Ebro vary by grain type and the quality/abundance of harvests. There are three major sources of supply relating to different rice varieties: the US, southern Europe and South East Asia. Pasta is produced from a variety of wheat -durum wheat- with a high protein content. Durum wheat has a much smaller geographical distribution and market than other varieties that are used mainly for flour production. Ebro's main sources of supply are in the northern US and Canada and southern Europe (France, Spain and Italy).

Purchases are made from farmers, cooperatives and milling companies that provide the basic raw material for the production process. The requisite milling and processing is performed at the Ebro Group's processing facilities. Processes differ depending on the product's end purpose and range from cleaning, milling, polishing and basic extrusion to the complex processes of pre-cooking, cooking and freezing.

Note 6 to the consolidated financial statements, "Segment Reporting", provides, by activity, an overview of the main activities, brands and market share.

The Group's strategy aims at providing consumers with healthy eating solutions that enable its brands to stand out on the basis of the innovation and development of new formats and products. The broad outlines are reflected in the various three-year Plans:

- Low risk exposure. The Group's structure affords a geographically balanced source of income. The detail of sales, by geographical area, is as follows:



  The business segments in which the Group carries on its activity do not have a marked cyclical character, although fresh and value-added products, which are at the same time the main drivers of growth, are those most closely linked to changes in consumption patterns.

  Also, a low-levered financial position and recurring cash flows make growth possible without exposure to financial storms.

- Differentiation and innovation. The Ebro Foods Group is firmly committed to investment in products along two lines: major innovation and development (R&D+i) and a firm backing of leading brands in its business areas.
- Growth and consolidation of synergies. Ebro Foods is a Group specialising in food with a large presence in the US and Europe and a growing presence in the markets where raw materials are sourced. Growth centres on countries that the management teams know well and where it is possible to share resources and develop synergies. The growth strategy places particular emphasis on these synergies: high value added products in countries with high consumer demand and seeking possible openings in developing countries with high growth potential.

2. BUSINESS PERFORMANCE AND RESULTS

Backdrop

The recession in the euro zone is gradually being left behind. After six consecutive quarters of contraction, GDP growth returned to positive territory in the second quarter of 2013 with a quarter-on-quarter change of 0.3%. Consumer confidence and industrial production indexes closed out 2013 on a positive note and, although growth remains weak -the so-called real economy (employment and disposable income) has yet to be reached in certain cases and there are differences in the growth capacity of various countries- the climate is positive.

The situation in the US is also favourable with a clear improvement in economic data (+1.9% annual GDP) -including employment, confidence levels and home sales- although average household income fell and the number of households receiving food stamps increased, thus reflecting imbalances in the recovery which seemed to retreat only at the end of the year.

Despite these improvements, years of uncertainty and high unemployment rates still recorded in many developed countries have taken their toll in changes in consumers' patterns. In general, consumers have adapted their buying habits by buying less and buying cheaper and have changed their preferences toward quality private labels or name-brand products offered at a good price. At the same time, new alternatives to traditional distribution such as online shopping ("online" supermarket) have appeared and consumers are increasingly looking for fresh products providing a sense of well-being but without increasing household spending.

Grain markets reached a turning point from July onwards. The announcement of a corn harvest surplus and a copious common wheat harvest pushed prices down until the end of the year. With a singularly narrow market, durum wheat followed this trend with a good level of harvests and stocks in Canada, which is the source of approximately 60% of the world trade of this cereal. With the rest of sources in a stable position, prices in Europe dropped from EUR 300/t to EUR 250/t at the end of the year.

Rice prices continued on a downward trend as a result of record harvests across the globe and an abundant global stock pending further attempts by Thailand to lower its levels of government stock. In this global setting, there were certain particularly noteworthy exceptions for the Ebro Group: the drought devastating Texas, US domestic pricing pressures, basmati prices and the shortage of Spain-sourced rice at a competitive price stood as the greatest challenges in 2013.

CONSOLIDATED DIRECTORS' REPORT FOR 2013 (EXPRESSED IN THOUSANDS OF EUROS)

Group earnings

Net profit from continuing operations fell by 12.1% due to the decreased contribution of non-recurring earnings, which arose in 2012 from the gain on the sale of the Nomen brand and from significant reversals of excessive provisions for the litigation relating to the former sugar and dairy businesses.

Year-on-year revenue decreased 1.2% as lower procurement prices were passed on to customers and exchange rate fluctuations at companies using the US dollar absorbed positive performance in terms of volumes.

EBITDA was down 5.6% on 2012. This drop took place entirely in the rice area due to problems in the supply of certain rice sources, which raised the price and thinned the margin, leaving no possibility of passing it on at short term. In addition, the negative impact of the exchange rate compared with 2012 stood at EUR 5.1 million.

The Group's most significant economic aggregates are as follows:

CONSOLIDATED FIGURES (Thousands of euros)	2011	2012	*2012/2011*	2013	*2013/2012*	CAGR 2013-2011
Net Sales	1,736,686	1,981,130	*14.1%*	1,956,647	*-1.2%*	***6.1%***
EBITDA	273,642	299,226	*9.3%*	282,392	*-5.6%*	***1.6%***
% of net sales	*15.8%*	*15.1%*		*14.4%*		
EBIT	226,914	244,319	*7.7%*	226,356	*-7.4%*	***-0.1%***
% of net sales	*13.1%*	*12.3%*		*11.6%*		
Profit before tax	233,829	250,438	*7.1%*	210,646	*-15.9%*	***-5.1%***
% of net sales	*13.5%*	*12.6%*		*10.8%*		
Income tax	(72,163)	(89,464)	*-24.0%*	(69,157)	*22.7%*	***-2.1%***
% of net sales	*-4.2%*	*-4.5%*		*-3.5%*		
Consolidated profit for the year (continuing operations)	161,666	160,974	*-0.4%*	141,489	*-12.1%*	***-6.4%***
% of net sales	*9.3%*	*8.1%*		*7.2%*		
Net loss from discontinued operations	(10,023)	(2,523)	*-74.8%*	(7,507)	*197.5%*	***-13.5%***
% of net sales	*-0.6%*	*-0.1%*		*-0.4%*		
Net profit	151,542	158,592	*4.7%*	132,759	*-16.3%*	***-6.4%***
% of net sales	*8.7%*	*8.0%*		*6.8%*		
Average working capital	315,694	402,403	*-27.5%*	420,517	*-4.5%*	
Capital employed	1,007,686	1,212,424	*-20.3%*	1,286,515	*-6.1%*	
ROCE **(1)**	22.2	20.0		17.7		
Capex **(2)**	66,596	52,930	*-20.5%*	61,308	*15.8%*	
Average headcount	4,743	4,741	*0.0%*	4,665	*-1.6%*	
	12/31/2011	**12/31/2012**	***2012/2011***	**12/31/2013**	***2013/2012***	
Equity	1,587,298	1,692,209	*6.6%*	1,705,757	*0.8%*	
Net debt	390,073	244,804	*-37.2%*	338,291	*38.2%*	
Average net debt	139,157	294,114	*111.4%*	260,820	*-11.3%*	
Leverage **(3)**	8.8%	17.4%		15.3%		
Total Assets	2,710,608	2,731,812		2,772,680		

(1) ROCE = (Profit(Loss) from operations AAR over last twelve months / (Intangible assets - Property, plant and equipment - Working capital
(2) Capex as the outflow of cash for investment
(3) Ratio of average net financial debt and borrowing costs divided by equity (excluding non-controlling interests)

The profitability measured using the EBITDA to Sales ratio dropped slightly to 14.4%, due mainly to the lower returns of the rice business and the efforts made to increase advertising expenditure to consolidate the aforementioned improvements in volume.

This lower profitability was based on basmati rice, which suffered a spiral in prices, breaches in supply contracts and the supply problems mentioned above and discussed below in "Rice Business".

CONSOLIDATED DIRECTORS' REPORT FOR 2013 (EXPRESSED IN THOUSANDS OF EUROS)

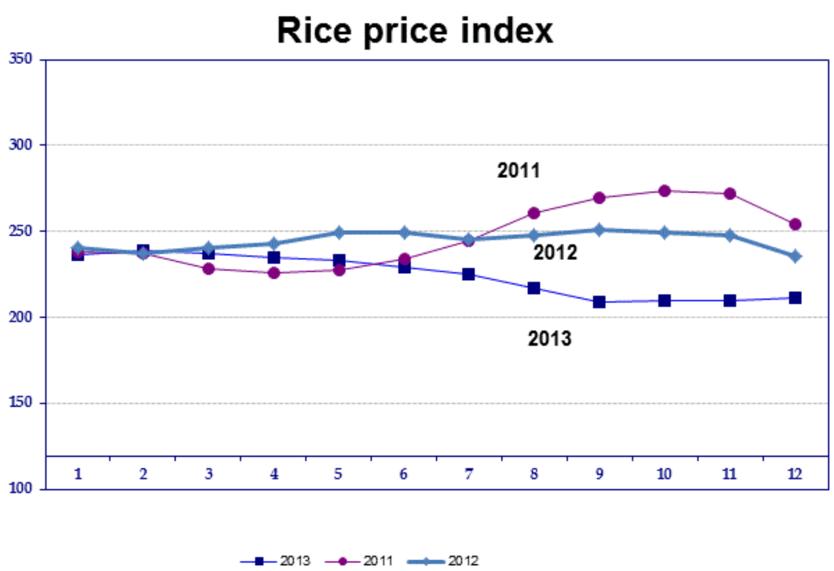
The **return on capital employed** (ROCE) fell back by 17.7%. Narrower rice margins were coupled with the increase in the average working capital required to address the procurement difficulties that prevented counteracting the declines in the cost of supply and to cover the incorporation of Ebro India, which in recent months has been stockpiling the new harvest but has yet to contribute to annual results.

Net profit or loss from discontinued operations reflects the net gains or losses arising from the sale of businesses and those relating to its operations until the effective sale date. In this case, loss from the last three years relates to the pasta business in Germany and the loss on the sale as detailed in Note 7 to the consolidated financial statements.

Rice area

RICE BUSINESS (Thousands of euros)		2011	2012	*2012/2011*	2013	*2013/2012*	CAGR 2013-2011
Net Sales		920,752	1,105,738	*20.1%*	1,090,459	*-1.4%*	***8.8%***
EBITDA		135,953	161,035	*18.4%*	137,627	*-14.5%*	***0.6%***
	% of net sales	*14.8%*	*14.6%*		*12.6%*		
EBIT		113,698	133,927	*17.8%*	110,156	*-17.7%*	***-1.6%***
	% of net sales	*12.3%*	*12.1%*		*10.1%*		
Average working capital		231,686	298,822	*-29.0%*	329,938	*-10.4%*	
Capital employed		582,158	729,320	*-25.3%*	751,292	*-3.0%*	
ROCE		18.8	18.3		14.8		
Capex		26,950	19,105	*-29.1%*	21,186	*10.9%*	

As indicated above, the general market trend was of one of falling prices with global production reaching all-time highs and stock levels also attaining peaks in historical terms. The Thai government maintained its subsidy programme and, despite renewed attempts to place its stocks on the market through bilateral agreements, it is estimated to have approximately 16 million tonnes of white rice equivalent that provide support to the world market.



However, disturbances took place in the supply from certain sources, which had a significant impact on the earnings of this area. More specifically, prices in the US followed an upward trend caused by the drought in the producing area of Texas and a harvest lower than in recent years (levels similar to the 2003/04 season).

CONSOLIDATED DIRECTORS' REPORT FOR 2013 (EXPRESSED IN THOUSANDS OF EUROS)

US season prices (source: USDA)

USD/cwt	13/14	12/13	11/12
Average price	15.62	14.9	14.5
Long grain	15.34	14.4	13.4
Medium grain	16.76	16.7	16.5

August-July

Also, basmati prices (an aromatic variety produced exclusively in certain areas of India and Pakistan) experienced a significant increase from December 2012, which brought up the price of traditional varieties from the approximately of USD 1,200/t FOB for white rice equivalent to USD 2,000/t at 2013 year-end.

Sales increased in volume and price but the impact of the exchange rate on US dollar sales offset the increase. The improvement in volumes was particularly important in the US, where ready-to-serve (RTS) products are sold, and in the Middle East, where the Abu Bint brand is sold, as sales increased by 13% on 2012.

EBITDA decreased by 14.5% in year-on-year terms. Despite the positive sales performance (excluding the impact of the exchange rate), certain external components gave rise to this reduction in profitability:

a) The drought in Texas and the price differential of American long grain rice with respect to other sources.
    - ARI's plant in Freeport is supplied by local rice and, due to the drought, it was required to source a substantial amount of supplies from other states, thus increasing costs. ARI sells private label and industry brands to maximise installed capacity, which proves to be a highly competitive business where the cost of supply is critical.
    - The price differential with respect to other sources led to reduced exports and diverted a portion of large cooperatives' product towards the domestic market - directly impacting the profitability of the less brand-driven businesses and the Food Service.

b) The significant entry into Morocco of rice of a dubious origin prevented Group brands from being competitive and led to a deterioration of the profitability of the Moroccan subsidiary.

c) The failure to meet prices agreed upon with basmati rice producers required the Group to negotiate higher prices without being able to pass these on in full to customers. The purchase in February of a factory located in one of the best basmati producing areas in the country will ensure supply and a better planning of prices of this product.

d) The scarcity of Spain-sourced rice at competitive prices led to reductions in this source of supply and, therefore, in the Group's industrial activity in the area with a decreased absorption of fixed costs that impacted profitability.

Despite the foregoing problems, advertising expenditure increased by EUR 1.6 million (EUR 3 million more than in 2011) and efforts continued to be made in innovation with new varieties of ready-to-serve rice in the US (fried rice, rice with black beans) and the bolstering of the Brillante category (Mix and Go, Brillante Sabroz, Brillante Sartén) and higher-end products (SOS). Lastly, the effect of the exchange rate on the EBITDA generated in US dollars translated into a smaller margin of EUR 3.2 million.

The area's ROCE decreased significantly due to the double effect of lower profitability and an increase in working capital resulting from the need to build up inventory to face the aforementioned price fluctuations, the process of industrial concentration in northern Europe described below and the seasonal purchases made in India to cater for the new plant that is not yet generating resources.

The main investments made in the area related to equipment for improving the productivity of the parboiling plant in Carlisle (USD 2.7 million), the ingredient project in the Netherlands (EUR 2.8 million) and the capacity expansion of frozen products with new individual formats (EUR 2.5 million). The latter two, together with the agreement to acquire the rice and frozen pasta business of Keck Spezializaten, GmbH in Germany, form part of the innovation strategy as a lever for business value in the coming years.

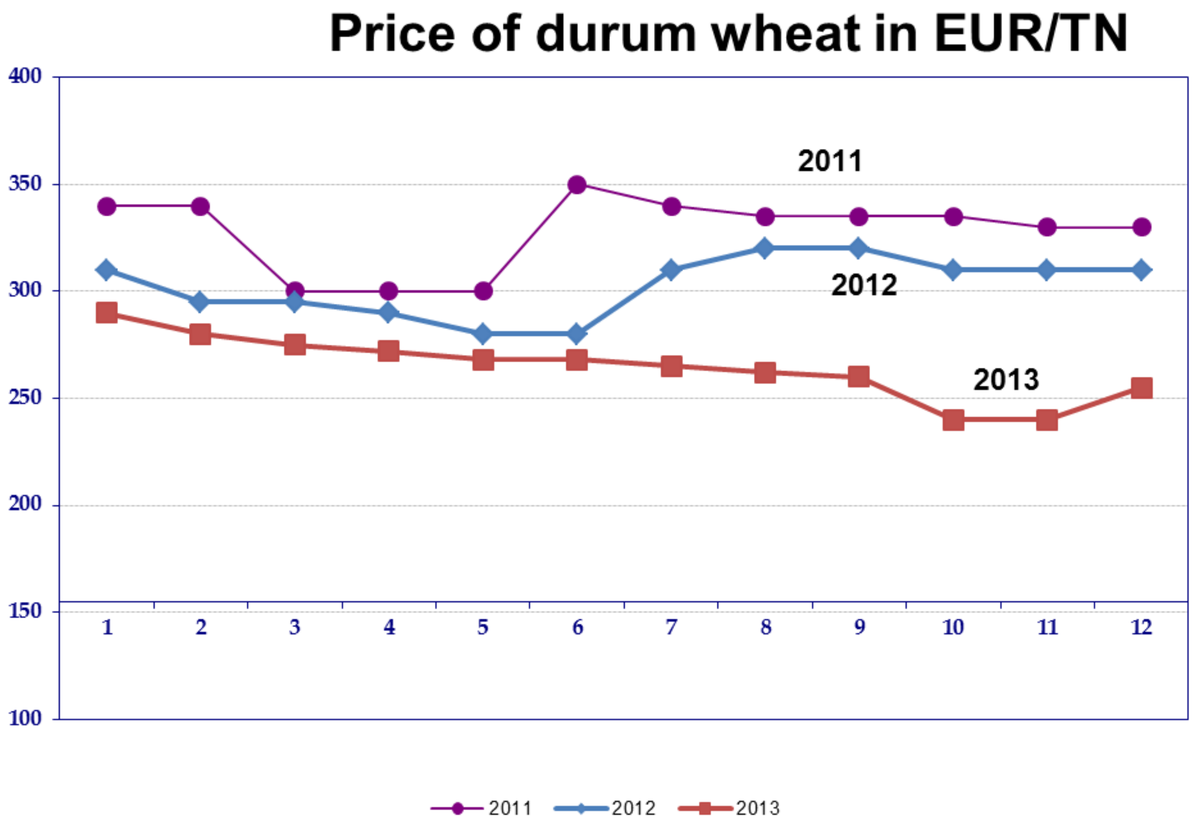
2013 saw the launch of the industrial concentration process in northern Europe. In the first quarter dismantling commenced at the Hamburg plant, from which production was progressively moved to Antwerp. The process was complex and additional costs were incurred (duplication, process outsourcing and increased safety stock) in order to maintain the supply chain and serve customers; nonetheless, it was successfully completed with the sale of the facilities for EUR 3,150 thousand.

CONSOLIDATED DIRECTORS' REPORT FOR 2013 (EXPRESSED IN THOUSANDS OF EUROS)

Pasta area

PASTA BUSINESS (Thousands of euros)		2011	2012	2012/2011	2013	2013/2012	CAGR 2013-2011
Net Sales		860,872	920,693	6.9%	915,120	-0.6%	3.1%
EBITDA		144,993	145,246	0.2%	152,955	5.3%	2.7%
	% of net sales	16.8%	15.8%		16.7%		
EBIT		121,956	118,884	-2.5%	125,725	5.8%	1.5%
	% of net sales	14.2%	12.9%		13.7%		
Average working capital		69,173	90,115	-30.3%	76,369	15.3%	
Capital employed		456,917	520,948	-14.0%	508,429	2.4%	
ROCE		26.7	22.4		25.7		
Capex		37,093	33,040	-10.9%	38,720	17.2%	

Despite the decrease of the French durum wheat harvest, the return to normality of the Spanish harvest left 2013/2014 European production at a similar level to 2012/2013. This situation, coupled with a positive outlook in the US and Canada (world leader in the export market) and the strong season of other cereals, led to the progressive fall in prices and then a significant reduction from the summer onwards.



The figures presented include the disposal of the pasta business in Germany, which is classified as a discontinued operation in the consolidated income statement. Although the business had been earning profits after five years of industrial and commercial restructuring, the particular difficulty of the market (brand and competitor fragmentation, proximity to the surplus-producing Italian market) hindered the ability to grow and improve its contribution and, accordingly, it was decided to sell the business for EUR 21.3 million.

The crisis affects the market by driving distributors to fight over consumers by using prices, which has led a loss of price leadership at hard discount stores following a reduction of margins in traditional distribution. Polarisation is observed in consumption with increases in the low-price segments and higher-end products that provide consumers with a sense of enjoyment.

Against this backdrop, sales remain stable but with significant differences between the Group's major markets:

- ✓ The French market for dry and fresh pasta grew in volume (+2.4 % and +2.3%, respectively), with the increase in the volumes of the Panzani (+1.4% in dry pasta volume) and the Lustucru Frais (+7% in fresh product volume) brands in spite of fierce price competition (discounts and promotions in an increasing percentage of sales), which considerably damaged the market. Brand recognition and innovation made it possible to overcome the drop in prices, especially in lower value-added products. The entry into the category of potato- and potato-based products and by-products (cubed potatoes, noisettes, chips and tortillas) remains on a steady track with sales growth of more than 100% with respect to 2012.
- ✓ In the US, the change in trade policy announced in 2012 made it possible to recover a share in a stagnant market in which, with the exception of Barilla, the other competitors are losing ground. The clear improvement in volumes was offset by a decline in benchmark prices and the effect of the exchange rate.

EBITDA increased 5.3% despite the negative effect of the US dollar amounting to EUR 2.5 million and a EUR 3.5 million increase in advertising expenditure. Growth was based on the improvement of volumes, which offset the reduction in prices.

Falls in the cost of the durum wheat supply had a greater impact in the US, while in Europe, episodes such as the "horsemeat crisis" (which required the purchasing of more expensive certified meat in order to boost consumer confidence) and the basmati rice crisis (in France, where the rice business is coupled with the pasta business) offset this effect.

In December the fresh pasta and fresh sauces of Olivieri Foods were acquired for EUR 82,832 thousand. Olivieri is the leading fresh pasta and sauces brand in Canada and is also present in the US. With this acquisition the Ebro Group will enter the Canadian fresh pasta and sauce segment through its leading brand, thereby consolidating our leadership position in all categories in which we operate and driving the growth of fresh products.

CAPEX was focused on facilities to improve the capacity and productivity of fresh products (EUR 14 million) -the erection of a new factory in Communay (outskirts of Lyon) is being completed-, on upgrading packaging lines in La Montre (EUR 2.4 million) and on investments to improve the productivity of milling activities and pasta production (EUR 8.4 million).

Personnel and environmental matters

The Group's main objective in the workplace is to have in place an adequate framework for labour relations and to make its employees feel an integral part of the organisation by encouraging professional development, promoting equal opportunities and non-discrimination and establishing a climate of social peace.

Each of the Group companies is governed by the labour laws of the country in which it operates. In addition, the largest subsidiaries have their own human resources policies governing the relationships between employees and the company. Above them, and without prejudice to the collective agreements of the various Ebro Foods Group companies, there is a Corporate Code of Conduct (COC) which safeguards not only the ethical and responsible behaviour of the professionals at all Ebro Foods companies in the performance of their work, but also serves as a reference to define the policy's objectives and guarantees employment, occupational health and safety, training and the principles to ensure non-discrimination, diversity and equal opportunities in the access to employment.

Note 8 to the consolidated financial statements provides additional information on personnel.

As regards sustainability policies, one of Ebro Foods' basic management principles is the implementation at its subsidiaries of the tools and measures necessary to strike the greatest possible balance between the pursuit of its business and protecting the environment (see Note 29 to the consolidated financial statements and the Ebro Group's Annual Sustainability Report).

3. LIQUIDITY AND CAPITAL RESOURCES

The Group's financial operations aim to achieve a financial structure that enables maintaining stable credit ratios and operational flexibility at short and long term.

The structure is based on long-term loans that finance the main investments and are generally denominated in the same currency of the investment to provide a natural hedge against foreign currency risk. Other financing is arranged through short-term credit facilities and covers variable working capital needs. Both variables are linked to long- and short-term growth plans that are reflected in annual budgets, the related revisions and the Group's Strategic Plan.

Note 22 to the consolidated financial statements includes a detail of the financial liabilities and capital requirements included in certain long-term loan agreements.

Investment

Growth through the acquisition of assets or businesses

The main investments made in 2013 were the acquisition of the pasta and fresh sauce business in Canada with the Olivieri brand, the acquisition of 25% of the Scotti Group, the acquisition of a rice production plant in India from Olam International and the inclusion in the Ebro Group of a frozen product (mainly rice and pasta) production and marketing business in northern Europe (see Note 5 to the consolidated financial statements).

These investments totalled EUR 116 million plus the related working capital, which was significant in the case of India. Financing was also made using equity and by securing a new long-term loan of USD 100 million.

Also, the pasta business in Germany was disposed as it did not fit into the Group's global strategy.

CONSOLIDATED DIRECTORS' REPORT FOR 2013 (EXPRESSED IN THOUSANDS OF EUROS)

Internal growth

Growth and innovation depend on an investment strategy that requires that virtually all of the production capacity of the instant rice and fresh pasta segments be renewed. CAPEX in the last three years amounts to:

Year	Amount (Thousands of euros)
2011	66,596
2012	52,930
2013	61,308

In 2013 the most significant investments in innovation relate to the fresh pasta plant located on the outskirts of Lyon, which is aimed at increasing the capacity of products of this type, such as gnocchi, to be pan-fried or the new potato-based dish line. In the rice area the most substantial investments were concentrated in the rice-based ingredients project and the capacity expansion of frozen products.

Financial position

The debt position continued to be highly satisfactory.

NET DEBT

	CONSOLIDATED				
NET DEBT (Thousands of euros)	2011	2012	2012/2011	2013	2013/2012
Equity	1,587,298	1,692,209	*6.6%*	1,705,757	*0.8%*
Net debt	390,073	244,804	*-37.2%*	338,291	*38.2%*
Average net debt	139,157	294,114	*111.4%*	260,820	*-11.3%*
Leverage	24.6%	14.5%	*-41.1%*	19.8%	*37.1%*
Leverage of average debt (1)	8.8%	17.4%	*98.3%*	15.3%	*-12.0%*
EBITDA	273,642	299,226	*9.3%*	282,392	*-5.6%*
Hedging	1.43	0.82		1.20	

(1) Ratio of average net financial debt and borrowing costs divided by equity (excluding non-controlling interests)

Hedging ratios were excellent, enabling high investment capacity and organic or inorganic growth. The changes in the level of debt to free cash flow generation can be seen in the following table:

	CONSOLIDATED				
Thousands of euros	2011	2012	2012/2011	2013	2013/2012
Cash flow from operating activities	58,496	220,734	*277.3%*	161,118	*-27.0%*
Cash flow from investment activities	(253,662)	(37,029)	*-85.4%*	(163,961)	*342.8%*
Cash flow from share-based transactions	(177,232)	(44,296)	*-75.0%*	(92,319)	*108.4%*
Free cash flow	**(372,398)**	**139,409**		**(95,162)**	

In 2011 the rise in the price of raw materials triggered a considerable increase in the use of operating cash flows, which resulted in the increase in working capital. In 2013, despite an overall drop in raw material prices, the working capital associated with the new plant in India and the need to hedge the possible risks of certain rice sources gave rise to a negative contribution with respect to 2012. The major changes that took place in other lines related to the purchase or sale of businesses (investment) and the distribution of dividends or treasury share transactions (financing).

4. RISK AND FINANCIAL INSTRUMENT MANAGEMENT OBJECTIVES AND POLICIES

The Ebro Foods Group, influenced by the conceptual framework of the “Committee of Sponsoring Organizations of the Treadway Commission” (COSO) report over internal control has implemented certain risk identification, measurement, management and reporting systems.

In 2011 the Group developed a risk map, managed with the aid of a software tool called GIRO. The risk map includes a risk matrix for the whole Group and by individual company, including the probability of occurrence of these risks, their related impact and the protocols to be put in place to mitigate these risks. The main risks, their associated processes and control mechanisms are reviewed each year.

Section E of the Corporate Governance Report contains a detailed description of the main risks to which the Ebro Foods Group is exposed, the control systems and the managerial efforts made to mitigate them.

Financial risk management and financial instruments

The Group's principal financial instruments include bank loans, bank overdraft facilities, equity instruments, cash and short-term deposits. Also, the Group has other financial assets and liabilities such as trade receivables and payables.

These financial instruments give rise to market risks due to changes in interest rates, exchange rates or the fair value of certain financial instruments, liquidity risk and credit risk.

Through the consultative and decision-making bodies established in its regulations, the Board of Directors reviews and establishes policies for managing each of these risks.

Note 28 to the consolidated financial statements contains a description of these risks and the measures adopted to reduce them.

5. EVENTS AFTER THE REPORTING PERIOD

From the end of 2013 until the authorisation for issue of this consolidated directors' report, 57,475,572 shares of Deoleo Corporación, S.A. were sold (see Note 12.1 to the consolidated financial statements).

No other significant events took place between the reporting date and the authorisation for issue of these consolidated financial statements.

6. OUTLOOK FOR THE GROUP

It appears that 2014 will be a year of growth recovery in most developed countries, where a turnaround in household consumption is being observed. The US economic recovery appears to be solid with employment numbers, consumer surveys (Gallup) and consumer confidence (Nielsen) backing this impression. In the European Union the signals are weaker and follow different speeds, although they generally show a recovery in consumer confidence.

Expectations in the rice and wheat markets remain stable, except for certain varieties such as basmati rice and Italy-sourced rice, which are stressing the market. Lower prices are expected from countries included in the Everything but Arms (EBA) programme and Thailand (where it is increasingly difficult to maintain the current programme providing aid to farmers), which will reduce the competitiveness of Spanish rice. The price differential with the Asian market endures in the US and no substantial changes are expected in production in Texas.

- ✓ **Rice business**

Expectations in the US exert significant pressure on competition to the extent that the price differential with other sources and export difficulties remain in place.

Group plans look to maintain volumes with increased direct marketing and a resolute commitment to quality and innovation (Minute Multigrain Medley, Success Basmati and new mixes of rice with beans in RTS format and mixes) as a lever to retain and boost loyalty among consumers.

At the Freeport plant (Texas) work will focus on increasing productivity in order to compete with producers in Arkansas and Louisiana, although the supply of local rice costs approximately 7% more.

In Europe and other countries innovation is the main value lever. Renewing formats while not overlooking the traditional customer (SOS), consolidating the success of Brillante Sabroz and expanding the distribution of pan-fried and microwaveable products (Mix & Go) are the main objectives in 2014.

From the operational standpoint, the full integration of operations in northern Europe, a comprehensive strategy in the frozen product range and the return to normality of the Moroccan market should all go towards boosting earnings. Parboiling production in Spain is clouded by worse expectations due to the situation of international markets.

The new rice processing plant in India is already operating as a point of basmati rice supply for the Group and, therefore, the risk associated with this variety of rice has decreased and, in addition, a further supply point is obtained for other local non-aromatic varieties.

- ✓ **Pasta business**

The shift in strategy launched in 2013 in the US by New World Pasta bore fruit in the form of a trend change in the dry pasta market. The expansion of the product range and entry into like categories are articulated on this strategy.

The gluten-free (multigrain mixture of rice, corn and quinoa in a range of products), low-calorie and oven-ready dry pasta range of products should be consolidated and their presence in the aisles increased.

In 2013 the entry into the sauce market began, which is key to the "meal solutions" strategy. The acquisition of the Olivieri brand should bolster this movement. Olivieri, the leading brand in fresh pasta and sauces in the Canadian market with a presence in the US, should be a key in the future development of this category with the R&D+i support of the European division.

In Europe the commitment to innovation continues. Fresh products are the cornerstone of growth and throughout the year installation will be completed of the first lines of the new fresh pasta factory in Lyon, which will be crucial to this strategy.

The development of the entire category of potato and potato-based products (chips, cubed potatoes, tortillas, etc.), easy-to-cook pan-fried products and new sauces should drive volumes and defend margins in markets with competitors focused on growth through promotions.

Achieving the objectives of this business and the innovation strategy require increasing productivity and making milling and dry pasta production more efficient. To this end, significant investments have been made in the last three years.

7. R&D+i ACTIVITIES

The Ebro Foods Group has always been a step ahead of new consumer trends and is an international benchmark in the research and development of products applied to the food industry. Aware that R&D+i is an essential tool for the implementation of its quality and differentiation strategy, in 2013 the Group continued its unwavering commitment in this connection.

The total investment made in 2013 amounted to EUR 4.0 million, which was distributed between internal resources (EUR 2.5 million) and external resources (EUR 1.5 million).

The Group has built its R&D+i engine around research centres in France, the US and Spain. These centres and the main projects carried out in the year are:

1. CEREC, located in St. Genis Laval (France), with eight employees, oriented towards developing the pasta division's range of fresh pasta, potato-based dishes, fresh pre-cooked meals and sauces. In 2013 its activity focused on the renewal of the range of tomato sauces, the expansion of the range of "bolo balls", the development of new formats for sauces (PET), the development of new coextrusion and precooked pasta processes and the expansion of the potato-based product category.
2. CRECERPAL, located in Marseilles, with eight technicians working in a raw material testing and analysis laboratory, focuses research on the development of the category of durum wheat, dry pasta, couscous and new food processing technologies applied to cereals. Substantial efforts were made in 2013 to expand the range of durum wheat-based products towards new flour and batter, bread and bakery goods and new recipes for pan-fried rice and to add polenta to the range of products, such as couscous.
3. In the US, with four employees dedicated to the development of new products, processes and technologies or to the adaptation thereof for the rice and pasta divisions in the US. Their work focused on completing the pre-marketing development and launch of gluten-free and low-calorie products, the renewal of the Healthy Harvest range to make it 100% natural, the improvement of the Smart Taste formula, the development of rice and bean mixes and multigrain projects and the upgrade of

new varieties of grain for the RTS lines.

4. Centres associated with the Herba Group in Moncada (Valencia), and the new plant in San José de Rinconada, with 15 researchers dedicated to developing new and/or improved products and technologies and to technical assistance in the areas of rice technology and rice-based products for the modern hospitality industry, i.e. fast-food and catering. The most important project under way is the development of a functional flour and rice-, cereal- and legume-based ingredients line which is the basis of a completely new line of business.

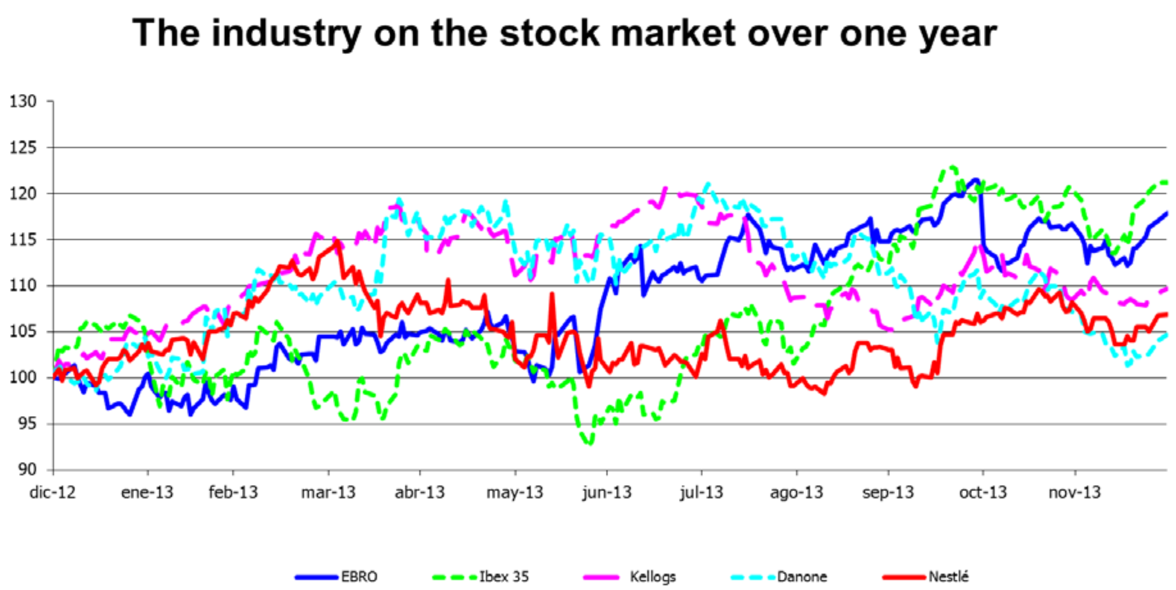
8. TREASURY SHARE TRANSACTIONS

In 2013, the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 4 June 2013 and 29 May 2012, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2013 20,784 treasury shares were acquired and delivered to employees.

At 31 December 2013, the Company did not have any treasury shares.

9. OTHER SALIENT INFORMATION

Share price



The main analyst reports followed by the Company can be found on the Company webpage.

Distribution of dividends

The shareholders at the Annual General Meeting held on 4 June 2013 resolved to distribute a dividend payable in cash with a charge to unrestricted reserves of EUR 0.60 per share for a total of EUR 92,319 thousand, of which EUR 0.16 per share was paid in January, May and September 2013 and the remainder of EUR 0.12 per share was paid on 10 December 2013.