FINANCIAL INFORMATION

Ebro Foods, S.A.
Auditors' Report

FOR THE YEAR ENDED 31 DECEMBER 2013

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

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 financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of:
Ebro Foods, S.A.

We have audited the financial statements of Ebro Foods, S.A., which comprise the balance sheet at 31 December 2013 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying financial statements for 2013 present fairly, in all material respects, the equity and financial position of Ebro Foods, S.A. at 31 December 2013, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Without qualifying our audit opinion, it should be noted that, as required by Spanish corporate law, the Company's directors prepared separately consolidated financial statements for the year ended 31 December 2013 for the Group of companies of which Ebro Foods, S.A. is the Parent, in accordance with International Financial Reporting Standards as adopted by the European Union. On this same date we issued our auditors' report on the aforementioned consolidated financial statements, in which we expressed an unqualified opinion. The Group's main consolidated aggregates are disclosed in Note 1 to the accompanying financial statements.

The accompanying directors' report for 2013 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2013. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Victoria López Téllez
1 April 2014

Ebro Foods, S.A.
Individual Annual Accounts

FOR THE YEAR ENDED 31 DECEMBER 2013

Ebro Foods, S.A.
Balance Sheets

AT 31 DECEMBER 2013 AND 2012

ASSETS	NOTES	12-31-2013	12-31-2012
A) NON-CURRENT ASSETS		1,521,482	1,500,798
I. Intangible assets	5	**8,333**	**8,778**
3. Patents, licences, trademarks and others		7,866	7,866
5. Computer software		467	912
II. Property, plant and equipment	6	**1,630**	**2,174**
1. Land and buildings		514	526
2. Plant and other items of property, plant and equipment		1,116	1,648
III. Investment property	7	**12,081**	**12,112**
1. Land		7,276	7,276
2. Buildings		4,805	4,836
IV. Non-current investments in Group companies and associates	8	**1,404,934**	**1,400,252**
1. Equity instruments		1,404,737	1,400,087
2. Loans to companies	8 & 17	197	165
V. Non-current financial assets	9	**71,412**	**56,956**
1. Equity instruments		46,132	29,905
2. Loans to third parties		25,133	26,904
5. Other financial assets		147	147
VI. Deferred tax assets	15	**23,092**	**20,526**
B) CURRENT ASSETS		17,152	20,606
III. Trade and other receivables	9 & 10	**13,526**	**15,235**
1. Trade receivables for sales and services		841	655
2. Receivable from Group companies and associates	17	4,311	8,216
3. Sundry accounts receivable		8	8
4. Employee receivables		52	71
5. Current tax assets	15	7,179	5,896
6. Other accounts receivable from public authorities	15	1,135	389
V. Current financial assets	9	**1,770**	**4,065**
2. Loans to third parties		1,770	4,065
VI. Current prepayments and accrued income		**21**	**0**
VII. Cash and cash equivalents	11	**1,835**	**1,306**
1. Cash		1,835	1,306
TOTAL ASSETS		1,538,634	1,521,404

>> Thousands of euros

The accompanying Notes 1 to 21 are an integral part of the balance sheet at 31 December 2013.

Ebro Foods, S.A.
Balance Sheets
AT 31 DECEMBER 2013 AND 2012

EQUITY AND LIABILITIES	NOTES	12-31-2013	12-31-2012
A) EQUITY		955,919	1,027,042
A.1) SHAREHOLDERS' EQUITY	12	942,352	1,026,329
I. Share capital		**92,319**	**92,319**
1. Registered share capital		92,319	92,319
II. Share premium		**5**	**5**
III. Reserves		**841,686**	**930,472**
1. Legal and bylaw reserves		18,464	18,464
2. Other reserves		823,222	912,008
IV. Treasury shares		**0**	**0**
VII. Profit for the year		**8,342**	**3,533**
VIII. Interim dividend		**0**	**0**
A.2) VALUATION ADJUSTMENTS	9	13,567	713
B) NON-CURRENT LIABILITIES		513,539	407,024
I. Long-term provisions	14	**2,372**	**10,858**
1. Long-term provisions for employee benefit obligations		2,372	2,030
4. Other provisions		0	8,828
II. Non-current payables	9	**210,081**	**171,790**
2. Bank borrowings	13	210,069	171,778
5. Other financial liabilities		12	12
III. Non-current payables to Group companies and associates	17	**252,783**	**182,080**
IV. Deferred tax liabilities	15	**48,303**	**42,296**
C) CURRENT LIABILITIES		69,176	87,338
III. Current payables	9	**36,372**	**59,863**
2. Bank borrowings	13	36,314	59,747
5. Other financial liabilities		58	116
IV. Current payables to Group companies and associates	17	**23,211**	**15,485**
V. Trade and other payables:	9	**9,593**	**11,990**
1. Payable to suppliers		2,830	2,706
2. Payable to suppliers - Group companies and associates		165	1,006
4. Remuneration payable		3,002	3,005
5. Current tax liabilities	15	0	0
6. Other accounts payable to public authorities	15	3,596	5,273
TOTAL EQUITY AND LIABILITIES		1,538,634	1,521,404

>> Thousands of euros

The accompanying Notes 1 to 21 are an integral part of the balance sheet at 31 December 2013.

Ebro Foods, S.A.
Income Statements

FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

	NOTES	2013	2012
CONTINUING OPERATIONS			
Revenue		**18,314**	**17,294**
Services		5,106	5,353
Dividends received from Group companies	8 & 17	13,205	11,939
Finance income from Group companies	17	3	2
Other operating income		**2,965**	**3,086**
Non-core and other current operating income		2,965	3,086
Staff costs		**(9,958)**	(10,904)
Wages, salaries and similar expenses		(8,112)	(8,392)
Employee benefit costs		(1,136)	(1,137)
Termination benefits		(22)	(78)
Provisions		(688)	(1,297)
Other operating expenses		**(7,179)**	**(7,536)**
Outside services		(6,793)	(6,560)
Taxes other than income tax		(382)	(352)
Losses on, impairment of and changes in allowances for trade receivables		(1)	(35)
Other current operating expenses		(3)	(589)
Depreciation and amortisation charge	5, 6 & 7	**(1,169)**	**(1,259)**
Excessive provisions	14	**3,403**	**20,934**
Impairment and gains or losses on disposals of non-current assets		**1**	**27,753**
Impairment and other losses	5	0	(3,588)
Gains or losses on disposals and other	5 & 7	1	31,341
PROFIT FROM OPERATIONS		6,377	49,368
Finance income		**1,296**	**230**
From marketable securities and other financial instruments:			
Associates	17	0	0
Third parties		1,296	230
Finance costs		**(5,786)**	**(7,514)**
On debts to Group companies and associates	17	(3,169)	(2,440)
On debts to third parties		(2,617)	(4,860)
Interest cost relating to provisions	14	0	(214)
Changes in fair value of financial instruments		**0**	**(25,834)**
Held-for-trading financial assets/liabilities and other		0	(18)
Allocation to profit or loss of fair value changes in available-for-sale financial assets	9	0	(25,816)
Exchange differences	9	**524**	**599**
Impairment and gains or losses on disposals of financial instruments		**523**	**(19,144)**
Impairment and other losses	8	**(1,512)**	**(19,144)**
Gains or losses on disposals and other	9	2,035	0
Financial Profit (Loss)		**(3,443)**	**(51,663)**
Profit (Loss) before Tax		**2,934**	**(2,295)**
Income tax	15	**5,408**	**5,828**
Profit for the year from continuing operations		**8,342**	**3,533**
Discontinued operations			
Profit for the year from discontinued operations net of Tax		**0**	**0**
PROFIT FOR THE YEAR		8,342	3,533

>> Thousands of euros

The accompanying Notes 1 to 21 are an integral part of the income statement for the year ended 31 December 2013.

Ebro Foods, S.A.
Statements of Recognised Income and Expense
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

	NOTES	2013	2012
A) Profit per income statement		8,342	3,533
Income and expense recognised directly in equity			
I. Arising from revaluation of financial instruments			
1. Available-for-sale financial assets	9	20,398	(15,006)
2. Other income/expenses			
II. Arising from cash flow hedges			
III. Grants, donations and legacies received			
IV. Arising from actuarial gains and losses and other adjustments			
V. Tax effect		(6,119)	4,502
B) Total income and expense recognised directly in equity		14,279	(10,504)
Transfers to profit or loss			
VI. Arising from revaluation of financial instruments			
1. Available-for-sale financial assets	9	(2,035)	25,816
2. Other income/expenses			
VII. Arising from cash flow hedges			
VIII. Grants, donations and legacies received			
IX. Tax effect		611	(7,745)
C) Total transfers to profit or loss		(1,424)	18,071
TOTAL RECOGNISED INCOME AND EXPENSE (A + B + C)		21,197	11,100

>> Thousands of euros

The accompanying Notes 1 to 21 are an integral part of the statement of recognised income and expense for the year ended 31 December 2013.

Ebro Foods, S.A.
Statements of Changes in Total Equity
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

	SHARE CAPITAL	SHARE PREMIUM	RESERVES	TREASURY SHARES	PROFIT FOR THE YEAR	INTERIM DIVIDEND	VALUATION ADJUSTMENTS	TOTAL
BEGINNING BALANCE AT 12-31-2011	92,319	5	893,916	(46,303)	153,554	(23,080)	(6,854)	1,063,557
I. Adjustments due to changes in policies								0
II. Adjustments due to errors								0
ADJUSTED BALANCE AT 1-1-2012	92,319	5	893,916	(46,303)	153,554	(23,080)	(6,854)	1,063,557
I. Total recognised income and expense					3,533		7,567	11,100
II. Transactions with shareholders or owners:	0	0	36,556	46,303	(153,554)	23,080	0	(47,615)
Dividends paid			(118,815)	20,916		23,080		(74,819)
Treasury share transactions (net)			1,817	25,387				27,204
Other transactions with shareholders			153,554		(153,554)			0
III. Other changes in equity								0
ENDING BALANCE AT 12-31-2012	92,319	5	930,472	0	3,533	0	713	1,027,042
I. Adjustments due to changes in policies								0
II. Adjustments due to errors								0
ADJUSTED BALANCE AT 1-1-2013	92,319	5	930,472	0	3,533	0	713	1,027,042
I. Total recognised income and expense					8,342		12,855	21,197
II. Transactions with shareholders or owners:	0	0	(88,786)	0	(3,533)	0	(1)	(92,320)
Dividends paid (Note 12)			(92,319)					(92,319)
Treasury share transactions (net)								0
Other transactions with shareholders			3,533		(3,533)		(1)	(1)
III. Other changes in equity								0
ENDING BALANCE AT 12-31-2013	92,319	5	841,686	0	8,342	0	13,567	955,919

>> Thousands of euros

The accompanying Notes 1 to 21 are an integral part of the statement of changes in total equity for the year ended 31 December 2013.

Ebro Foods, S.A.
Statements of Cash Flows

FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

	NOTES	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		(2,802)	(3,431)
1. Profit (Loss) for the year before tax		**2,934**	**(2,295)**
2. Adjustments for:		**(11,312)**	**(6,409)**
a) Depreciation and amortisation charge	5, 6 & 7	1,169	1,259
b) Impairment losses (+/-)	8	1,512	22,732
c) Changes in provisions (+/-)(+)	14	688	1,297
e) Gains/Losses on derecognition and disposal of non-current assets (+/-)	7	(1)	(31,341)
f) Gains/Losses on derecognition and disposal of financial instruments (+/-)	8	(2,035)	0
g) Finance income (-)		(1,299)	(232)
h) Finance costs (+)		5,786	7,514
i) Exchange differences (+/-)	9,1	(524)	(599)
k) Other income and expenses (-/+)		(16,608)	(32,873)
3. Changes in working capital		**(9,135)**	**3,193**
b) Trade and other receivables (+/-)		(1,502)	3,416
d) Trade and other payables (+/-)		(2,338)	1,479
f) Other non-current assets and liabilities (+/-)		(5,295)	(1,702)
4. Other cash flows from operating activities		**14,711**	**2,080**
a) Interest paid (-)		(4,224)	(5,998)
b) Dividends received (+)		13,205	11,938
c) Interest received (+)		0	128
d) Income tax recovered (paid) (+/-)		5,730	(3,988)
CASH FLOWS FROM INVESTING ACTIVITIES		**(10,654)**	**6,259**
6. Payments due to investment (-)		**(20,098)**	**(6,859)**
a) Group companies and associates		(19,979)	(1,000)
b) Intangible assets	5	(53)	(14)
c) Property, plant and equipment	6	(66)	(111)
d) Investment property	7	0	(75)
e) Other financial assets		0	(5,659)
7. Proceeds from disposal (+)		**9,444**	**13,118**
b) Intangible assets		2,875	12,619
c) Property, plant and equipment		2,400	0
e) Other financial assets		4,169	499
CASH FLOWS FROM FINANCING ACTIVITIES		**13,985**	**(36,787)**
9. Proceeds and payments relating to equity instruments		**0**	**27,204**
c) Purchase of treasury shares (-)		0	(5,361)
d) Disposal of treasury shares (+)		0	32,565
10. Proceeds and payments relating to financial liability instruments		**106,304**	**7,140**
a) Proceeds from issue		**317,609**	**66,851**
2. Bank borrowings (+)		79,190	0
3. Borrowings from Group companies and associates (+)		238,419	66,851
b) Repayment of		**(211,305)**	**(59,711)**
2. Bank borrowings (-)		(55,496)	(59,711)
3. Borrowings from Group companies and associates (-)		(155,809)	0
11. Dividends and returns on other equity instruments paid		**(92,319)**	**(71,131)**
a) Dividends (-)	12	(92,319)	(71,131)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		0	0
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		529	(33,959)
Cash and cash equivalents at beginning of year		**1,306**	**35,265**
Cash and cash equivalents at end of year		**1,835**	**1,306**

>> Thousands of euros

The accompanying Notes 1 to 21 are an integral part of the statement of cash flows for the year ended 31 December 2013.

Ebro Foods, S.A.
Notes for the Financial Statemens

FOR THE YEARS ENDED 31 DECEMBER 2013

(EXPRESSED IN THOUSANDS OF EUROS)

1. COMPANY ACTIVITIES

The Spanish public limited liability company Ebro Foods, S.A. ("the Company") 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, at the Annual General Meeting held on 1 June 2010, the Company adopted the current name of Ebro Foods, S.A.

The Company's current registered office is in Madrid (28046), at Paseo de la Castellana, 20. The Company's object is to perform the following business activities in the 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 and 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 Company'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.

Ebro Foods, S.A. is the head of the consolidated Group consisting of it, as the parent, and the subsidiaries and associates with which it presented separately consolidated financial statements for 2013, authorised for issue by the directors of Ebro Foods, S.A. on 26 March 2014. The consolidated financial statements for 2012 were approved by the shareholders at the Annual General Meeting of Ebro Foods, S.A. on 04 June 2013 and were filed at the Madrid Mercantile Registry.

This should be taken into consideration when assessing the regular circumstantial working capital position at the end of each year in the separate financial statements of Ebro Foods, S.A., which, as the head of the Group, has other financing options available to it, through the application of the dividend policy, for example.

The main aggregates in the consolidated financial statements for 2013 and 2012, prepared in accordance with Final Provision Eleven of Law 62/2003, of 30 December, applying International Financial Reporting Standards as approved by the Regulations of the European Commission, are as follows:

	At 12-31-2012		At 12-31-2013	
Total assets		**2,731,812**		**2,772,680**
Equity:		**1,693,237**		**1,728,263**
Of the Parent	1,692,209		1,705,757	
Of non-controlling interests	1,028		22,506	
Revenue		**1,981,130**		**1,956,647**
Profit for the year:		**158,451**		**133,982**
Of the Parent	158,592		132,759	
Of non-controlling interests	(141)		1,223	

>> Thousands of euros

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The figures included in the financial statements are expressed in thousands of euros, unless otherwise indicated.

REGULATORY FINANCIAL REPORTING FRAMEWORK APPLICABLE TO THE COMPANY

These financial statements were formally prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.
b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations.
c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
d) All other applicable Spanish accounting legislation.

FAIR PRESENTATION

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2013.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2012 were approved by the shareholders at the Annual General Meeting held on 4 June 2013.

COMPARATIVE INFORMATION

The information relating to 2012 included in these notes to the financial statements is presented for comparison purposes with that relating to 2013.

KEY ISSUES IN RELATION TO THE MEASUREMENT AND ESTIMATION OF UNCERTAINTY

In preparing the Company's financial statements, the directors made estimates based on historical experience and other factors that they considered reasonable in view of current circumstances, which constitute the basis for establishing the carrying amount of assets and liabilities that cannot be easily identified using other sources. The Company reviews its estimates on an ongoing basis. However, in view of the uncertainty of these sources, there is a significant risk that material adjustments might have to be made in the future to the carrying amount of the assets and liabilities affected if there is a significant change in the assumptions, events or circumstances upon which they are based.

The key assumptions regarding the future and other relevant data relating to the estimation of uncertainty at the end of the reporting period that entail a significant risk because they represent significant changes in the value of the assets and liabilities in the coming year are as follows:

- **Taxation**

  Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period from the date the corresponding tax returns have been filed has expired. The directors consider that there are no contingencies that might result in additional material liabilities for the Company in the event of a tax audit (see Note 15).

- **Impairment of non-financial assets**

  The Company analyses once a year whether there are indications of impairment of non-financial assets. Intangible assets with an indefinite useful life are tested for impairment at least once a year. The other non-financial assets are tested for impairment whenever there are indications of impairment (see Notes 5, 6 and 7), and they are depreciated/amortised on the basis of their estimated useful life.

- **Deferred tax assets**

  Deferred tax assets are recognised on the basis of the future estimates made by the Company in relation to the probability that it will have taxable profits in the future (see Note 15).

- **Provisions**

  The Company recognises provisions for contingencies in accordance with the accounting policy indicated in Note 4-n to these financial statements. The Company made judgments and estimates as to the probability that these contingencies will become liabilities and the amount thereof, recognising a provision whenever the risk was considered probable, estimating the cost that gave rise to the related obligation (see Note 14).

Although these estimates were made on the basis of the best information available at 2013 year-end, 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.

CORPORATE TRANSACTIONS PERFORMED IN 2013 AFFECTING THE BASIS OF PRESENTATION

In 2013 no corporate transactions took place that affected the presentation of the financial statements or their comparability. However, the detail of prior years' corporate transactions for which information must be included in the financial statements of subsequent years is as follows:

a) Merger by absorption of Productos La Fallera, S.A.:
See financial statements for 2003.

b) Dissolution of Azucarera Ebro Agrícolas Gestión de Patrimonio, S.L. (GDP) with the transfer of all its assets and liabilities to Ebro Foods, S.A.:
See financial statements for 2003.

c) Non-monetary contribution to Ebro Financial Corporate Services, S.L.:
See financial statements for 2012.

3. DISTRIBUTION OF PROFIT

	AMOUNT
Distributable profit	
Unrestricted reserves	820,053
Profit for the year	8,342
Total	**828,395**

>> Thousands of euros

The profit distribution proposal prepared by the directors of Ebro Foods, S.A. at the Board of Directors Meeting of 26 March 2014, which has not yet been approved by the shareholders at the Annual General Meeting, is as follows:

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 each on 2 April, 2 July, 2 October and 22 December 2014, respectively.

LIMITATIONS ON THE DISTRIBUTION OF DIVIDENDS

The Company 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. Otherwise, until the legal reserve exceeds 20% of share capital, it cannot be distributed to shareholders (see Note 12 c).

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. For this purpose, the profit recognised directly in equity may not be directly or indirectly distributed. If prior years' losses existed that reduced the value of the Company's equity to below that of the share capital, the profit would have to be used to offset those losses.

4. ACCOUNTING POLICIES

A) INTANGIBLE ASSETS

Intangible assets are initially recognised at acquisition or production cost. The cost of intangible assets acquired through business combinations is their acquisition-date fair value.

Following initial recognition, intangible assets are measured at cost, less any accumulated amortisation and, where applicable, any accumulated impairment losses recognised.

Each intangible asset is analysed to determine whether the useful life is finite or indefinite.

Intangible assets with a finite useful life are amortised systematically based on the estimated useful life of the assets and their residual value. The amortisation methods and periods are reviewed at the end of each year and, where appropriate, they are adjusted prospectively. Intangible assets are assessed for indications of impairment at least at the end of each reporting period and, if there are indications of impairment, the recoverable amount is estimated and the appropriate impairment losses are recognised. Patents, licences, trademarks and similar items are amortised on a straight-line basis over their years of useful life, which, in general, is estimated to be four years, as in the case of computer software.

Intangible assets with an indefinite useful life are not amortised and they are analysed for possible impairment at least once a year (see Note 4-e). This indefinite useful life assessment is reviewed at each reporting date.

B) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recognised at acquisition or production cost. The cost of property, plant and equipment acquired through business combinations is their acquisition-date fair value. Following initial recognition, property, plant and equipment are measured at cost, less any accumulated depreciation and any accumulated impairment losses recognised.

The cost of certain assets acquired or produced on or after 1 January 2008 that require more than twelve months to get ready for their intended use includes such borrowing costs as might have been incurred before the non-current assets that meet the requirements for capitalisation are ready for their intended use.

In addition, the value of the property, plant and equipment includes the initial estimate of the present value of the obligations assumed as a result of dismantling or disposal, and other obligations associated with the asset, such as refurbishment costs, whenever these obligations lead to the recognition of provisions.

Repair costs that do not lead to a lengthening of the useful lives of the assets and maintenance costs are charged to the income statement for the year in which they are incurred. The costs of expansion or improvements leading to increased productivity or capacity or to a lengthening of the useful lives of the assets are capitalised.

The depreciation charge is recognised in the income statement. Property, plant and equipment are depreciated from the moment they become ready for use. Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful life of the respective assets, based on the actual decline in value caused by their use and by wear and tear, the detail being as follows:

DEPRECIATION RATE

Buildings	2.0 to 3.0%
Machinery, fixtures and tools	2.0 to 8.0%
Furniture	10.0 to 25.0%
Transport equipment	5.5 to 16.0%

At the end of each reporting period the Company reviews and adjusts, where appropriate, the residual values, useful lives and the depreciation method relating to property, plant and equipment, and the appropriate adjustments are made prospectively.

C) INVESTMENT PROPERTY

"Investment Property" comprises land and buildings leased to third parties or not in use. Buildings are depreciated using the straight-line method over an estimated useful life of 50 years.

The accounting policies for property, plant and equipment fully apply to investment property. Assets are transferred to investment property when, and only when, there is a change in their use.

D) ASSET EXCHANGES

In the case of assets received in an exchange transaction, the Company analyses each transaction in order to establish whether or not the exchange has commercial substance.

An asset received in an exchange with commercial substance is recognised at the fair value of the asset given up plus, where appropriate, any monetary consideration paid, except in the case of transactions in which there is clearer evidence of the fair value of the asset received, in which case it will be recognised at the latter amount. The valuation differences arising on derecognition of the asset given up in the exchange are recognised in the income statement.

Whenever the asset exchange lacks commercial substance or it is not possible to obtain a reliable estimate of the fair value of the assets involved in the transaction, the asset received in the exchange is recognised at the carrying amount of the asset given up plus, where appropriate, any monetary consideration paid.

E) IMPAIRMENT OF NON-FINANCIAL NON-CURRENT ASSETS

The Company tests non-financial non-current assets or, where applicable cash-generating units, for indications of impairment at least at each reporting date. If there are any indications of impairment and, in any case, for goodwill and intangible assets with indefinite useful lives, the Company estimates the recoverable amount of the assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognised.

Value in use is the present value of the estimated future cash flows, using risk-free market interest rates, adjusted for the specific risks associated with the asset. Where the asset itself does not generate cash flows that are largely independent from those generated by other assets or groups of assets, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses and reversals thereof are recognised in the income statement. Impairment losses are reversed when the circumstances giving rise to them cease to exist, expect for those relating to goodwill. Impairment losses may be reversed up to the limit of the carrying amount that would have been determined had no impairment loss been recognised in prior years.

F) LEASES

Leases are classified as finance leases whenever the economic terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

If the company acts as lessee

Assets held under a finance lease are recognised on the basis of their nature at the lower of the fair value of the asset and the present value, at inception of the lease, of the agreed minimum lease payments and a financial liability is also recognised for the same amount. Lease payments are recognised as finance costs and as a reduction of the related liability. The criteria concerning depreciation, impairment and derecognition as are applied to assets that are owned are also used for leased assets of the same nature.

Operating lease payments are recognised as an expense in the income statement on an accrual basis.

If the Company acts as lessor

Lease income from operating leases is recognised in income on an accrual basis. The costs directly attributable to the lease are capitalised to the leased asset and are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

G) FINANCIAL ASSETS

1) Classification and measurement

1.1. *Loans and receivables*

"Loans And Receivables" includes trade and non-trade receivables, including the financial assets that have fixed or determinable payments and are not traded in an active market, for which the Company expects to recover the full amount paid except, where applicable, for reasons attributable to the solvency of the debtor.

Upon initial recognition, loans and receivables are measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given plus the directly attributable transaction costs. These financial assets are subsequently measured at amortised cost.

However, trade receivables maturing within one year, with no contractual interest rate, and advances and loans to employees, guarantees, dividends receivable and capital calls, expected to be received at short term are initially recognised and subsequently measured at their nominal value, whenever the effect of not discounting the cash flows is not material.

1.2. *Held-to-maturity investments*

"Held-to-Maturity Investments" includes the debt securities with fixed maturity and fixed or determinable payments that are traded in an active market and which the Company has the positive intention and financial capacity to hold until maturity.

Upon initial recognition, held-to-maturity investments are measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given plus the directly attributable transaction costs.

These financial assets are subsequently measured at amortised cost.

1.3. *Investments in Group companies, jointly controlled entities and associates*

Investments in Group companies, jointly controlled entities and associates include equity investments in companies over which control, joint control by way of a bylaw or contractual agreement, or significant influence is exercised. Upon initial recognition, these investments are measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is the fair value of the consideration given plus the directly attributable transaction costs, except in the case of non-monetary contributions to a Group company of a business, in which case the investment is recognised at the carrying amount of the assets composing the business. The amount initially recognised includes the amount of the pre-emption and similar rights acquired.

These financial assets are subsequently measured at cost less any accumulated impairment losses.

When an investment is classified as an investment in a Group company, jointly controlled entity or associate, the cost is considered to be the amount at which it had been carried previously, and any valuation adjustments previously recognised in equity are retained in equity until the investment is disposed of or becomes impaired.

If the pre-emption and similar rights are sold or are segregated for exercise, the carrying amount of the respective assets will be reduced by the cost of the rights.

In the case of equity investments in Group companies affording control over the subsidiary, since 1 January 2010 the fees paid to legal advisers and other professionals relating to the acquisition of the investment have been recognised directly in profit or loss.

1.4. *Held-for-trading financial assets*

"Held-for-Trading Financial Assets" includes the financial assets originated or acquired with the intention of obtaining a short-term gain. Derivative instruments that have not been designated as hedging instruments also form part of "Held-for-Trading Financial Assets".

Held-for-trading financial assets are initially recognised at fair value in the balance sheet, which, unless there is evidence to the contrary, is the transaction price. Any directly attributable transaction costs are recognised in the income statement.

The initial value of equity instruments includes the amount of the pre-emption and similar rights acquired.

Held-for-trading financial assets are subsequently measured at fair value including any transaction costs that might be incurred on disposal. Any changes in fair value are recognised in profit or loss.

1.5. *Available-for-sale financial assets*

"Available-For-Sale Financial Assets" includes debt securities and equity instruments that are not included in any of the aforementioned categories.

Upon initial recognition, available-for-sale financial assets are measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given plus the directly attributable transaction costs. The initial value of equity instruments includes the amount of the pre-emption and similar rights acquired.

These financial assets are subsequently measured at fair value including any transaction costs that might be incurred on disposal. Any changes in the fair value are recognised directly in equity until the financial asset is derecognised or becomes impaired, at which time the amount recognised in equity will be transferred to profit or loss. However, any exchange gains or losses on monetary financial assets denominated in foreign currency are recognised in the income statement.

Equity instruments the fair value of which cannot be estimated reliably are measured at cost, less, where applicable, any accumulated impairment losses.

If the pre-emption and similar rights are sold or are segregated for exercise, the carrying amount of the respective assets will be reduced by the cost of the rights.

1.6. *Derivative hedging instruments*
Hedging derivatives relate to financial derivatives classified as hedging instruments.

Financial instruments designated as hedging instruments or hedged items are accounted for as described in Note 4-j.

2. Derecognition

Financial assets are derecognised from the Company's balance sheet when the contractual rights on the cash flows of the financial asset have expired or have been transferred, provided that substantially all the risks and rewards incidental to ownership are transferred.

If the Company has neither substantially transferred nor retained all the risks and rewards of ownership of the financial asset, it is derecognised once control is relinquished. If the Company still exercises control over the asset, it continues to recognise it at the amount for which it is exposed to changes in the value of the asset transferred, i.e., to the extent of its continuing involvement, and the associated liability is recognised.

The difference between the consideration received, net of the attributable transaction costs, including any new asset obtained less any new liability assumed, and the carrying amount of the financial asset transferred, plus any accumulated amount recognised directly in equity, will be the gain or loss on derecognition of the financial asset and will be recognised in profit or loss.

The Company does not derecognise financial assets in transfers in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, factoring transactions, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the Company retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses. In these cases, the Company recognises a financial liability for an amount equal to the consideration received.

3. Interest and dividends received from financial assets

Interest and dividends from financial assets earned after the date of acquisition are recognised as income in profit or loss and both dividends and finance income from Group companies are recognised as revenue. Interest must be recognised using the effective interest method and dividend revenue must be recognised when the shareholder's right to receive payment is established.

For this purpose, financial assets are initially recognised separately, based on their maturity, from the amount of the unmatured explicit interest earned at that date, and the amount of the dividends declared by the competent body up to the acquisition date. Explicit interest is understood to be the interest obtained from applying the contractual interest rate of the financial instrument.

In addition, when the dividends are clearly paid out of the profit obtained prior to the acquisition date because amounts were paid in excess of the profit earned by the investee since its acquisition, they are not recognised as revenue and are deducted from the carrying amount of the investment.

H) IMPAIRMENT OF FINANCIAL ASSETS

The carrying amount of the financial assets is adjusted by the Company with a charge to the income statement when objective evidence of an impairment loss exists.

The Company calculates impairment losses on financial assets by assessing the possible impairment losses on individual assets and groups of assets with similar risk characteristics.

Debt instruments

There is objective evidence of impairment on debt instruments, taken to be accounts receivable, loans and debt securities, when an event occurs after the initial recognition of the asset that has an adverse impact on the estimated future cash flows of the asset.

The Company treats as impaired assets (doubtful assets) debt instruments for which there is objective evidence of impairment, due mainly to the existence of delinquency, default, re-financing and the existence of observable data indicating the possibility that all the future flows agreed upon might not be recovered or that there might be a delay in their collection.

In the case of a financial asset measured at amortised cost, the amount of the impairment losses is equal to the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. Financial assets tied to floating interest rates are discounted using the effective interest rate prevailing at the end of the reporting period.

The Company considers trade and other receivables to be doubtful assets when they are more than six months past-due and when there is no guarantee of collection, together with balances relating to companies that have filed for insolvency.

The Company takes the market price of quoted instruments as a substitute for the present value of the future cash flows, provided that it is sufficiently reliable.

A reversal of an impairment loss is recognised as income in the income statement up to the limit of the carrying amount that would have been recognised at the date of reversal had no impairment loss been recognised.

Equity instruments

There is objective evidence that equity instruments have become impaired when an event or a combination of events occurs after initial recognition that indicates that it will not be possible to recover the carrying amount due to a prolonged or significant decline in its fair value. In this regard, the Company considers that an instrument has become impaired if the market value has fallen by 40% over a period of 18 months without the value having recovered.

In the case of equity instruments measured at fair value included in "Available-for-Sale Financial Assets", the impairment loss is calculated as the difference between its acquisition cost and fair value less any previously recognised impairment losses. The unrealised losses recognised under "Equity - Valuation Adjustments" are recognised immediately in the income statement when the decline in fair value is deemed to be a result of impairment. In the case of available-for-sale equity instruments, impairment losses give rise to a new acquisition cost of the financial asset, which is used as a reference in the future to determine whether the investment suffered permanent impairment and, if appropriate, to account for the related loss. If all or a portion of the impairment loss subsequently reverses, these amounts are recognised under "Equity - Valuation Adjustments".

In the case of equity instruments measured at cost included under "Available-for-Sale Financial Assets" and equity investments in Group companies, jointly controlled entities and associates, impairment losses are calculated as the difference between the carrying amount and the recoverable amount, which is the higher of fair value less costs to sell and the present value of the future cash flows arising from the investment. Unless there is better evidence, the estimated impairment loss is based on the equity of the investee, adjusted for any unrealised gains existing at the date of measurement. These losses are recognised in the income statement as a direct reduction in the value of the equity instrument.

In the case of equity investments in Group companies, jointly controlled entities and associates, a reversal of an impairment loss is recognised in profit or loss up to the limit of the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. In the case of available-for-sale financial assets measured at cost, impairment losses recognised in prior years must not be reversed in a subsequent period.

I) FINANCIAL LIABILITIES

1. Classification and measurement

1.1. *Accounts payable*

Accounts payable include the financial liabilities arising from the purchase of goods or services in the normal course of the Company's business and non-trade payables that are not derivative instruments.

They are initially recognised in the balance sheet at their fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration received, adjusted by the directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost. The interest incurred is recognised in the income statement applying the effective interest method.

However, trade payables maturing within one year which do not have a contractual interest rate, and capital payments called by third parties which are expected to be paid at short term are measured at the related nominal value whenever the effect of not discounting the cash flows is not significant.

1.2. *Held-for-trading financial liabilities*

"Held-for-Trading Financial Liabilities" includes financial liabilities issued in order to repurchase them at short term and derivative instruments not designated as hedges. These financial liabilities are recognised and measured using the same criteria as those applied to held-for-trading financial assets.

1.3 *Derivative hedging instruments*

Hedging derivatives include financial derivatives classified as hedging instruments. Financial instruments designated as hedging instruments or hedged items are accounted for as described in Note 4-j.

2. Derecognition

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

An exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability is accounted for in the same way.

The difference between the carrying amount of a financial liability or part of a financial liability derecognised, and the consideration paid, including the attributable transaction costs and any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

In an exchange of debt instruments with terms that are not substantially different, the original financial liability is not derecognised and the amount of fees paid is recognised as an adjustment to its carrying amount. The new amortised cost of the financial liability is determined by applying the effective interest rate, which is the rate that exactly discounts estimated cash payments to the carrying amount of the liability under the new terms.

J) HEDGE ACCOUNTING

The Company usually arranges fair value hedges to hedge the accounts receivable in foreign currency, cash flow hedges to hedge the loans received at floating interest rates and hedges of net investments in foreign operations in the US.

Hedges are only designated as such when they effectively eliminate the risk associated with the hedged item or position over the entire estimated term of the hedge, which means that at the date of arrangement the hedge is expected to be highly effective (prospectively) and that there must be sufficient evidence to indicate that the hedge has been effective during the term of the hedged item or position (retrospective effectiveness).

The hedges are documented adequately, including the way in which the Company expects to be able to achieve and assess hedge effectiveness, in accordance with the Company's risk management policy.

The Company assesses the effectiveness of the hedges by performing tests to check that the differences in the changes in value of the cash flows of the hedged item and the related hedge are within a range of 80% to 125% over the life of the transactions, thereby fulfilling the forecasts at the inception of the hedge.

If at any time this relationship is not achieved, the hedges no longer qualify for hedge accounting and are reclassified as derivatives held for trading.

For measurement purposes, the Company classifies the hedges in the following categories:

- **Fair value hedges:** these cover the risk of the exposure to changes in the fair value of receivables arising from exchange rate fluctuations. Changes due to exchange differences, in the value of both the hedging instrument and the hedged item, are recognised in the income statement.

- **Cash flow hedges:** cash flow hedges hedge exposure to the risk of changes in the cash flows attributable to changes in the interest rates on the loans received. Interest rate swaps are arranged to exchange floating rates for fixed rates. The portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is transferred to profit or loss in the year or years in which the hedge affects profit or loss.

- **Hedges of a net investment in foreign operations:** these hedge the foreign currency risk associated with the net investment in the US subsidiaries. The hedge is achieved through the USD loans that financed the acquisition of these investments. Any changes in value arising from the effects of changes in the exchange rate on hedging instruments and the effects of the investments in subsidiaries are recognised in the income statement.

K) TREASURY SHARES

Treasury shares are deducted from equity for the amount of the consideration paid at the acquisition date, and gains or losses arising from their sale or retirement are not recognised in the income statement. The costs relating to treasury share transactions are recognised directly in equity as a reduction of reserves.

L) CASH AND CASH EQUIVALENTS

"Cash and Cash Equivalents" includes cash on hand and in bank accounts and the short-term deposits and reverse repos that meet the following requirements:

- They are convertible into cash.
- They mature within three months from the acquisition date.
- They are not subject to a significant risk of changes in value.
- They form part of the Company's normal cash management policy.

For the purpose of the statement of cash flows, the circumstantial overdrafts that form part of the Company's cash management are deducted from the balances of cash and cash equivalents.

M) GRANTS

Grants are classified as non-refundable when the conditions attaching to them have been met, at which time they are recognised directly in equity, net of the related tax effect.

Refundable grants are recognised as liabilities until they become non-refundable. No income is recognised until that time.

Grants received to finance specific expenses are allocated to income in the year in which the related expenses are incurred. The grants received to acquire property, plant and equipment are recognised as income for the year in proportion to the depreciation taken on the assets for which the grants were received.

N) PROVISIONS AND CONTINGENCIES

Provisions are recognised in the balance sheet when the Company has a present obligation (legal, contractual, constructive or implied) arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the amount of which can be quantified.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer an obligation to a third party. When discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis. In the case of provisions maturing within or at one year, discounting is not used if the effect thereof is not material. Provisions are reviewed at the end of each reporting period and are adjusted in order to reflect the best current estimate of the related liability at any given time.

O) LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

In accordance with the current collective agreement and its non-statutory agreements, the Company is obliged to make annual supplementary payments of various kinds and pay other bonuses for long service and retirement to its permanent employees who retire at the legally stipulated age or who take early retirement. At present, the Company only has these possible obligations to certain of its current employees.

The provision recognised for long-service bonuses represents the present value, calculated by an independent actuary, of the possible future payment obligations of the Company to these employees.

The provision for possible retirement and similar obligations was externalised pursuant to current legislation. As a result of this externalisation, the Company is obliged to make annual contributions to an external pension fund for the group of employees concerned, for an estimated annual amount that is not material.

In addition, the Company grants its employees certain voluntary retirement bonuses of undetermined amount. These bonuses, which are scantly material, are recognised as an expense when they are paid.

P) INCOME TAX

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deduction of the tax relief and credits, plus the changes in deferred tax assets and liabilities recognised in the year. The current income tax expense is recognised in the income statement, unless it corresponds to transactions recognised directly in equity, in which case the related tax is also recognised in equity, and to business combinations, in which case it is charged or credited to goodwill.

Deferred taxes are recognised for temporary differences existing at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is taken to be the amount attributed to that asset or liability for tax purposes.

The tax effect of temporary differences is recognised under “Deferred Tax Assets” and “Deferred Tax Liabilities” in the balance sheet.

The Company recognises deferred tax liabilities for all taxable temporary differences, with the exceptions provided for in current legislation.

The Company recognises deferred tax assets for all deductible temporary differences, unused tax assets and tax loss carryforwards to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised, with the exceptions provided for in current legislation.

At the end of each reporting period, the Company assesses the deferred tax assets recognised and those that were previously unrecognised. On the basis of this assessment, the Company derecognises a previously recognised asset if its recovery is no longer probable and recognises a previously unrecognised deferred tax asset whenever it is probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, pursuant to the approved legislation in force, and based on the way in which the deferred tax asset is reasonably expected to be recovered or the deferred tax liability is reasonably expected to be settled.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and liabilities.

Q) NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The Company classifies assets under “Non-Current Assets Classified as Held for Sale” if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the following requirements are met:

- They are available for immediate sale in their present condition, subject to the usual terms and conditions of sale.
- Their sale is highly probable.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, except for deferred tax assets, assets arising from employee benefits and financial assets that do not relate to investments in Group companies, jointly controlled entities and associates, all of which are accounted for in accordance with the standards applicable to them. These assets are not depreciated but rather, whenever necessary, the appropriate valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell.

The disposal groups classified as held for sale are measured in accordance with the same rules as those indicated in the preceding paragraph. Once this measurement has been made, the disposal group as a whole is measured at the lower of carrying amount and fair value less costs to sell.

The associated liabilities are classified under "Liabilities Associated with Non-Current Assets Classified as Held for Sale".

R) CURRENT/NON-CURRENT CLASSIFICATION

Assets and liabilities are classified in the balance sheet as current and non-current items. For this purpose, assets and liabilities are classified as current when they relate to the Company's normal operating cycle and are expected to be sold, consumed, realised or settled during its normal operating cycle. Current assets and liabilities also include items expected to mature or be disposed of or realised within a maximum of twelve months, items held for trading and cash or cash equivalents the use of which is unrestricted for a period exceeding one year.

S) REVENUE AND EXPENSE RECOGNITION

Revenue and expenses are recognised on an accrual basis, regardless of the related collection or payment date.

Revenue from sales and services rendered

Revenue is recognised when it is probable that the economic benefits or returns associated with the transaction will flow to the Company and these benefits and the costs incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, price rebates and any other similar items that the Company might grant, and any interest included in the nominal amount of the receivables. Indirect taxes on the transactions chargeable to third parties do not form part of revenue.

Revenue is accounted for in accordance with the economic substance of the transaction and is recognised when all of the following conditions have been met:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods, irrespective of their date of transfer for legal purposes.
b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
c) The amount of revenue can be measured reliably.
d) It is probable that the economic benefits associated with the transaction will flow to the Company; and
e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

T) DISCONTINUED OPERATIONS

Income and expenses from discontinued operations are included in a single line item, net of the related tax effect, under "Profit for the Year from Discontinued Operations Net of Tax". Also included in this heading is the gain or loss after tax resulting from the measurement at fair value less costs to sell of the assets or disposal groups constituting the discontinued operation.

U) FOREIGN CURRENCY TRANSACTIONS

The Company's functional and presentation currency is the euro.

Foreign currency transactions are translated on initial recognition at the spot exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to euros at the spot exchange rates prevailing at year-end. Any resulting gains or losses or those arising when the assets are realised or the liabilities are settled are recognised directly in the income statement in the year in which they arise.

Non-monetary assets and liabilities carried at historical cost are translated to euros at the exchange rates prevailing at the transaction date. As an exception, as indicated in Note 4-j, changes in value arising from the effect of exchange rates on the investments in US subsidiaries are recognised by adjusting the value of these investments with a charge or credit to income.

Non-monetary items carried at fair value are translated to euros at the exchange rates prevailing at the date on which the fair value was determined. The resulting gains or losses are recognised directly in equity if the non-monetary item is recognised in equity and in the income statement if the non-monetary item is recognised in profit or loss for the year.

V) ENVIRONMENTAL ASSETS AND LIABILITIES

Expenses relating to the decontamination and restoration of polluted sites, waste disposal and other expenses arising from compliance with environmental legislation are recognised as an expense in the year in which they are incurred, unless they relate to the cost of acquiring assets to be used on a lasting basis whose main purpose is to minimise environmental impact and to protect and improve the environment, in which case they are recognised in the corresponding line items under "Property, Plant and Equipment" and are depreciated using the same criteria.

X) TERMINATION BENEFITS

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken.

Y) RELATED PARTY TRANSACTIONS

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that might give rise to liabilities in the future.

5. INTANGIBLE ASSETS

The detail of "Intangible Assets" and of the changes therein in 2013 and 2012 is as follows:

NET VALUES

	TRADEMARKS AND PATENTS	COMPUTER SOFTWARE	TOTAL
Balance at 31 December 2011	11,456	1,443	**12,899**
Balance at 31 December 2012	7,868	910	**8,778**
Balance at 31 December 2013	7,866	467	**8,333**

GROSS VALUES

	TRADEMARKS AND PATENTS	COMPUTER SOFTWARE	TOTAL
Balance at 31 December 2011	**14,148**	**2,216**	**16,364**
Business combinations			0
Increases in 2012		14	14
Decreases in 2012	(1,036)		(1,036)
Translation differences			0
Transfers			0
Balance at 31 December 2012	**13,112**	**2,230**	**15,342**
Business combinations			0
Increases in 2013		53	53
Decreases in 2013			0
Translation differences			0
Transfers	(2)	2	0
Balance at 31 December 2013	**13,110**	**2,285**	**15,395**

ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES

	TRADEMARKS AND PATENTS	COMPUTER SOFTWARE	TOTAL
Balance at 31 December 2011	**(2,692)**	**(773)**	**(3,465)**
Business combinations			0
Increases in 2012	(3,588)	(547)	(4,135)
Decreases in 2012	1,036		1,036
Translation differences			0
Transfers			0
Balance at 31 December 2012	**(5,244)**	**(1,320)**	**(6,564)**
Business combinations			0
Increases in 2013		(498)	(498)
Decreases in 2013			0
Translation differences			0
Transfers			0
Balance at 31 December 2013	**(5,244)**	**(1,818)**	**(7,062)**

At 31 December 2013, the Company had fully amortised patents and trademarks amounting to EUR 1,648 thousand (31 December 2012: EUR 1,648 thousand).

None of the intangible assets are located outside Spain, except for the Portuguese trademark "Saludaes" and the "Lassie" trademark in the Netherlands acquired in 2011. At the end of 2013 there were no firm intangible asset purchase commitments.

No significant changes took place in 2013. However, in 2012 the Nomen trademark and other less significant brands were sold. The most significant information in this connection is as follows:

- As indicated in the financial statements for 2012, 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 trademark along with the La Parrilla, La Cazuela, Pavo Real and Nobleza trademarks. 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 13 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 (see Note 9).

  – A mortgage on the Nomen trademarks was arranged in order to secure the deferred price.

- With respect to the obligation to sell 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 was made effective on 13 September 2012.

The charges to profit or loss in 2013 in connection with the period amortisation and impairment losses recognised relating to these intangible assets amounted to EUR 498 thousand and EUR 0 thousand, respectively (2012: EUR 547 thousand and EUR 3,588 thousand, respectively).

The recoverable amount of these trademarks was determined on the basis of their value in use, using cash flow projections based on five-year budgets plus a further five projected years. The discount rates used in the cash flow projections for these assets range from 6.2% for the Netherlands to 10.1% for Portugal, depending on the geographical area in which the trademark 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 0.8% and 1.5%, 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 and possible change in any of the assumptions used increase the current carrying amount of these trademarks to significantly above their recoverable amount or, therefore, give rise to the need to recognise additional impairment losses.

6. PROPERTY, PLANT AND EQUIPMENT

The detail of “Property, Plant and Equipment” and of the changes therein in 2013 and 2012 is as follows:

NET VALUES

	LAND	BUILDINGS	PLANT AND OTHER ITEMS OF PPE	PPE IN THE COURSE OF CONSTRUCTION AND ADVANCES	TOTAL
Balance at 31 December 2011	307	240	2,180	0	**2,727**
Balance at 31 December 2012	307	219	1,648	0	**2,174**
Balance at 31 December 2013	307	207	1,116	0	**1,630**

GROSS VALUES

	LAND	BUILDINGS	PLANT AND MACHINERY	PPE IN THE COURSE OF CONSTRUCTION	TOTAL
Balance at 31 December 2011	**307**	**1,150**	**4,424**	**0**	**5,881**
Increases in 2012			111		111
Decreases in 2012			(21)		(21)
Transfers					0
Balance at 31 December 2012	**307**	**1,150**	**4,514**	**0**	**5,971**
Increases in 2013			66		66
Decreases in 2013					0
Transfers		(1)	1		0
Balance at 31 December 2013	**307**	**1,149**	**4,581**	**0**	**6,037**

ACCUMULATED DEPRECIATION

	LAND	BUILDINGS	PLANT AND MACHINERY	PPE IN THE COURSE OF CONSTRUCTION	TOTAL
Balance at 31 December 2011	**0**	**(910)**	**(2,244)**	**0**	**(3,154)**
Increases in 2012		(11)	(640)		(651)
Decreases in 2012			8		8
Transfers		(10)	10		0
Balance at 31 December 2012	**0**	**(931)**	**(2,866)**	**0**	**(3,797)**
Increases in 2013		(11)	(599)		(610)
Decreases in 2013					0
Transfers					0
Balance at 31 December 2013	**0**	**(942)**	**(3,465)**	**0**	**(4,407)**

In 2013 and 2012 there were no significant changes in property, plant and equipment.

Based on the estimates and projections available to the Company’s directors, these items of property, plant and equipment do not pose any impairment problems. The Company has taken out insurance policies that cover the carrying amount of the property, plant and equipment. The detail of the fully depreciated assets included in property, plant and equipment at 31 December 2013 and 2012 is as follows:

	2013	2012
Other fixtures, tools and furniture	211	211
Other items of property, plant and equipment	971	793

At year-end there were no significant firm purchase commitments relating to new items of property, plant and equipment. There are no items of property, plant and equipment outside Spain.

OPERATING LEASES

The Company has leased its head offices in Madrid, until 6 April 2015 in the case of one and until 31 December 2015 in the case of the other, and the Barcelona office (which opened in 2009) until 1 December 2018, as well as the systems work centre office in Granada. These leases will subsequently be automatically renewed if none of the parties object. There are no significant contingent payments. In 2013 the expenses relating to these leases amounted to EUR 1,211 thousand (2012: EUR 1,371 thousand). The future minimum lease payments under non-cancellable leases at 31 December 2013 were as follows:

	12-31-2013
Within one year	1,211
Between one and five years	1,078
After five years	0
	2,289

7. INVESTMENT PROPERTY

The detail of "Investment Property" and of the changes therein in 2013 and 2012 is as follows:

NET VALUES

	LAND	BUILDINGS	TOTAL
Balance at 31 December 2011	7,276	4,697	**11,973**
Balance at 31 December 2012	7,276	4,836	**12,112**
Balance at 31 December 2013	7,276	4,805	**12,081**

GROSS VALUES

	LAND	BUILDINGS	TOTAL
Balance at 31 December 2011	**7,276**	**5,832**	**13,108**
Increases in 2012		200	200
Decreases in 2012			0
Balance at 31 December 2012	**7,276**	**6,032**	**13,308**
Increases in 2013		30	30
Decreases in 2013			0
Balance at 31 December 2013	**7,276**	**6,062**	**13,338**

ACCUMULATED DEPRECIATION

	LAND	BUILDINGS	TOTAL
Balance at 31 December 2011	**0**	**(1,135)**	**(1,135)**
Increases in 2012		(61)	(61)
Decreases in 2012			0
Balance at 31 December 2012	**0**	**(1,196)**	**(1,196)**
Increases in 2013		(61)	(61)
Decreases in 2013			0
Balance at 31 December 2013	**0**	**(1,257)**	**(1,257)**

In 2013 and 2012 there were no significant changes in investment property.

There is no investment property outside Spain. At 31 December 2013, the fully depreciated investment property amounted to EUR 81 thousand (31 December 2012: EUR 81 thousand). The expenses associated with investment property correspond to those relating to their annual depreciation and maintenance costs. In 2013 the latter amounted to EUR 340 thousand (2012: EUR 355 thousand). All the expenses are recognised in the income statement on an accrual basis. There are no contractual obligations relating to the acquisition, construction or development of investment property or repairs, maintenance or improvements.

The detail of the future minimum lease payments under non-cancellable operating leases is as follows:

	12-31-2013
Within one year	148
Between one and five years	200
After five years	0
	348

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.

8. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The detail of the investments in Group companies and of the changes therein in 2013 and 2012 were as follows:

	BALANCE AT 12-31-2011	INCREASES	DECREASES	TRANSFERS	BALANCE AT 12-31-2012
Equity instruments of Group companies:	1,320,028	150,000	(6,142)	0	1,463,886
Valuation adjustments	(44,655)	(19,144)	0	0	(63,799)
	1,275,373	**130,856**	**(6,142)**	**0**	**1,400,087**
Loans to Group companies	135,007	158	(135,000)	0	165
Total Investments in Group Companies and Associates	**1,410,380**	**131,014**	**(141,142)**	**0**	**1,400,252**

	BALANCE AT 12-31-2011	INCREASES	DECREASES	TRANSFERS	BALANCE AT 12-31-2012
Equity instruments of Group companies	1,463,886	1,978	(13,816)	0	1,452,048
Equity instruments of associates	0	18,000	0	0	18,000
Valuation adjustments	(63,799)	(3,047)	1,535	0	(65,311)
	1,400,087	**16,931**	**(12,281)**	**0**	**1,404,737**
Loans to Group companies	165	32	0	0	197
Total Investments in Group Companies and Associates	**1,400,252**	**16,963**	**(12,281)**	**0**	**1,404,934**

A) EQUITY INSTRUMENTS OF GROUP COMPANIES:

The increases and decreases in 2013 and 2012 relate mainly to:

2013

1. Decrease of EUR 7,448 thousand: the historical acquisition cost of the investment in Riviana Foods Inc. is EUR 240,753 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value gives rise to an adjustment that changes the aforementioned historical cost. In 2013 the adjustment led to a decrease of EUR 7,448 thousand in its value, which was charged to the income statement for the year. The total negative net accumulated adjustment at 31 December 2013 amounted to EUR 18,249 thousand.

2. Decrease of EUR 6,368 thousand: the historical acquisition cost of the investment in New World Pasta Co. is EUR 285,884 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value gives rise to an adjustment that changes the aforementioned historical cost. In 2013 the adjustment led to a decrease of EUR 6,368 thousand in its value, which was charged to the income statement for the year. The total negative net accumulated adjustment at 31 December 2013 amounted to EUR 15,603 thousand.

3. Increase of EUR 1,200 thousand relating to the investment in Azucarera Energías, S.A. for the acquisition of 40% of its share capital. Following this additional investment, the Company's percentage of ownership was increased to 100%.

4. Increase of EUR 778 thousand relating to the capital increase at the wholly-owned subsidiary Dosbio 2010, S.L.

2012

1. Decrease of EUR 3,311 thousand: the historical acquisition cost of the investment in Riviana Foods Inc. is EUR 240,753 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value gives rise to an adjustment that changes the aforementioned historical cost. In 2012 the adjustment led to a decrease of EUR 3,311 thousand in its value, which was charged to the income statement for the year. The total negative net accumulated adjustment at 31 December 2012 amounted to EUR 10,802 thousand.

2. Decrease of EUR 2,831 thousand: the historical acquisition cost of the investment in New World Pasta Co. is EUR 285,884 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value gives rise to an adjustment that changes the aforementioned historical cost.

   In 2012 the adjustment led to a decrease of EUR 2,831 thousand in its value, which was charged to the income statement for the year. The total negative net accumulated adjustment at 31 December 2012 amounted to EUR 9,235 thousand.

3. Increase of EUR 150,000 thousand in the investment in the wholly-owned subsidiary Ebro Financial Corporate Services, S.L. through the non-monetary contribution of long-term receivables from other Group companies amounting to EUR 135,000 thousand and of short-term receivables from other Group companies totalling EUR 15,000 thousand.

B) EQUITY INSTRUMENTS OF ASSOCIATES:

In 2013 the increase of EUR 18,000 thousand related to the acquisition in August 2013 of 25% of the Italian company Riso Scotti S.p.A., the parent of the Scotti Group. 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.

C) LONG-TERM LOANS TO GROUP COMPANIES:

The most significant item under loans to Group companies in 2013 and at 31 December 2012 (see Note 17) relates to the loan granted to Beira Terrace Soc. de Construçoes, Ltda., a wholly-owned Portuguese subsidiary, with an outstanding balance of EUR 197 thousand at 31 December 2013 (31 December 2012: EUR 165 thousand).

None of these receivables have a specific maturity date and they earn interest at 3-month Euribor plus 1.125%.

D) VALUATION ADJUSTMENTS:

The increases and decreases in 2013 and 2012 relate to the valuation adjustments on the investments in Beira Terrace Soc. de Construçoes, Ltda., Ebro German, GmbH (formerly Birkel), Dosbio, S.L. and Azucarera Energías, S.A.

The results of the Group companies indicated in the table at the end of this Note correspond in full to continuing operations, except in the case of the business of Ebro Germany, GmbH.

None of the Group companies is officially listed.

The Company made the corresponding notifications to the investees provided for in the Spanish Limited Liability Companies Law.

The direct ownership interests of Ebro Foods, S.A. in Group companies and associates at 31 December 2013 are presented in the following table:

SUBSIDIARIES AND ASSOCIATES

	INVESTMENT	VALUATION ADJUSTMENT	% OF OWNERSHIP	LOCATION	LINE OF BUSINESS	(A) SHARE CAPITAL AND RESERVES	(A) PROFIT (LOSS) 2013	DIVIDEND PAID IN 2013	TOTAL EQUITY	PROFIT (LOSS) FROM OPERATIONS
Dosbio 2010, S.L.	22,297	(11,834)	100,00%	Madrid (Spain)	Production of flour	12,612	(2,149)	–	10,463	(3,106)
Fincas e Inversiones Ebro, S.A.	4,926	–	100,00%	Madrid (Spain)	Farming	7,757	22	–	7,779	31
Azucarera Energías, S.A.	3,048	(899)	100,00%	Madrid (Spain)	Combined heat and power generation	1,501	398	–	1,899	369
Arotz Foods, S.A.	22,864	–	100,00%	Madrid (Spain)	Preserved vegetables	30,727	386	–	31,113	226
Herba Foods, S.L.	59,695	–	100,00%	Madrid (Spain)	Investment management	86,131	3,690	–	89,821	3,194
Herba Ricemills, S.L.	153,451	–	100,00%	Madrid (Spain)	Production and sale of rice	205,577	17,212	–	222,789	25,144
Herba Nutrición, S.L.	526	–	100,00%	Madrid (Spain)	Production and sale of rice	13,480	2,172	(12,748)	2,904	227
Jiloca Industrial, S.A.	1,500	–	100,00%	Teruel (Spain)	Production of organic fertiliser	1,762	500	(457)	1,805	785
Networks Meal Solutions, S.A.	2	–	100,00%	Madrid (Spain)	Dormant	1	0	–	1	0
Fundación Ebro	0	–	100,00%	Madrid (Spain)	Foundation	303	(2)	–	301	(2)
Ebro Financial Corporate Services, S.L.	150,003	–	100,00%	Madrid (Spain)	Financing and insurance management	151,810	1,343	–	153,153	(194)
Beira Terrace Soc, de Const., Ltda.	12,436	(10,881)	100,00%	Porto (Portugal)	Real estate	1,520	35	–	1,555	37
Riceland, Ltda. (*)	597	–	20,00%	Budapest (Hungary)	Production and sale of rice	1,232	98	–	1,330	113
Riviana Foods Inc. (Group) (**)	222,504	–	75,00%	Houston (Texas–US)	Production and sale of rice	437,462	36,245	–	473,707	52,245
Panzani, SAS (Group)	440,838	–	100,00%	Lyon (France)	Production and sale of pasta and sauces	523,769	34,510	–	558,279	61,612
New World Pasta Comp, (Group)	270,282	–	100,00%	Harrisburg (US)	Production and sale of pasta and sauces	440,440	36,925	–	477,365	53,669
Ebro Germany, GmbH (Group) (***)	87,078	(41,697)	68,90%	Germany	Production and sale of pasta and sauces	73,372	(7,507)	–	65,865	(10,938)
Ebro Foods Alimentación, S.A.	1	–	100,00%	Mexico	Sale of rice	334	86	–	420	113
Riso Scotti, S.p.a.	18,000	–	25,00%	Milan (Italy)	Production and sale of rice	71,998	3,969	–	75,967	7,929
Total	**1,470,048**	**(65,311)**						**(13,205)**		

(a) Whenever "Group" appears after the name of the subsidiary, the figures relating to share capital, reserves and results correspond to the consolidated figures of the aforementioned company and its subsidiaries and associates before the dividend for 2013 was paid. To unify the information presented on the various companies or groups, the figures relating to share capital, reserves and results are those obtained by applying the International Financial Reporting Standards adopted by the European Union.

(*) The company is a wholly-owned investee of Ebro Foods, S.A., which holds 20% directly and 80% indirectly through Herba Foods, S.L.

(**) Ebro Foods, S.A. owns all the shares of this company, of which 75% are held directly and 25% indirectly through Riviana's wholly-owned subsidiaries.

(***) The company is a wholly-owned investee of Ebro Foods, S.A., which holds 68.9% directly and 31.1% indirectly through its subsidiaries.

The direct ownership interests of Ebro Foods, S.A. in Group companies and associates at 31 December 2012 are presented in the following table:

SUBSIDIARIES

	INVESTMENT	VALUATION ADJUSTMENT	% OF OWNERSHIP	LOCATION	LINE OF BUSINESS	(A) SHARE CAPITAL AND RESERVES	(A) PROFIT (LOSS) 2013	DIVIDEND PAID IN 2013	TOTAL EQUITY	PROFIT (LOSS) FROM OPERATIONS
Dosbio 2010, S.L.	21,519	(9,686)	100,00%	Madrid (Spain)	Production of flour	13,158	(1,325)	–	11,833	(2,067)
Fincas e Inversiones Ebro, S.A.	4,926	–	100,00%	Madrid (Spain)	Farming	7,722	35	–	7,757	50
Azucarera Energías, S.A.	1,848		60,00%	Madrid (Spain)	Combined heat and power generation	1,920	(419)	–	1,501	(466)
Arotz Foods, S.A.	22,864	–	100,00%	Madrid (Spain)	Preserved vegetables	30,281	446	–	30,727	170
Herba Foods, S.L.	59,695	–	100,00%	Madrid (Spain)	Investment management	86,380	(505)	–	85,875	(1,991)
Herba Ricemills, S.L.,	153,451	–	100,00%	Madrid (Spain)	Production and sale of rice	192,206	21,751	–	213,957	31,818
Herba Nutrición, S.L.	526	–	100,00%	Madrid (Spain)	Production and sale of rice	11,627	425	(11,528)	524	557
Jiloca Industrial, S.A.	1,500	–	100,00%	Teruel (Spain)	Production of organic fertiliser	1,716	457	(411)	1,762	688
Networks Meal Solutions, S.A.	2	–	100,00%	Madrid (Spain)	Dormant	1	(1)	–	0	0
Fundación Ebro	0	–	100,00%	Madrid (Spain)	Foundation	302	0	–	302	0
Ebro Financial Corporate Services, S.L.	150,003	–	100,00%	Madrid (Spain)	Financing and insurance management	150,002	1,808	–	151,810	(162)
Beira Terrace Soc,de Const., Ltda.	12,436	(10,916)	100,00%	Porto (Portugal)	Real estate	9,336	(7,816)	–	1,520	(7,815)
Riceland, Ltda. (*)	597	–	20,00%	Budapest (Hungary)	Production and sale of rice	1,107	146	–	1,253	146
Riviana Foods Inc. (Group) (**)	229,952	–	75,00%	Houston (Texas–US)	Production and sale of rice	413,052	40,923	–	453,975	64,321
Panzani, SAS (Group)	440,838	–	100,00%	Lyon (France)	Production and sale of pasta and sauces	489,429	35,097	–	524,526	58,833
New World Pasta Comp. (Group)	276,650	–	100,00%	Harrisburg (US)	Production and sale of pasta and sauces	437,192	32,301	–	469,493	51,350
Birkel Teigwaren GmbH (Group) (***)	87,078	(43,197)	68,90%	Germany	Production and sale of pasta and sauces	69,337	(5,649)	–	63,688	(9,053)
Ebro Foods Alimentación, S.A.	1		100,00%	Mexico	Sale of rice	1	361	–	362	505
Total	**1,463,886**	**(63,799)**						**(11,939)**		

9. FINANCIAL INSTRUMENTS

9.1 FINANCIAL ASSETS

The detail of financial assets, except for the equity investments in Group companies, jointly controlled entities and associates (see Note 8) at 31 December 2013 and 2012 is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (ASSETS)

	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS AND RECEIVABLES AND DERIVATIVES		TOTAL	
CATEGORIES	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12
Assets at fair value through profit or loss:								
a) Held for trading							0	0
b) Other							0	0
Held-to-maturity investments							0	0
Loans and receivables					25,477	27,216	25,477	27,216
Available-for-sale financial assets:								
a) At fair value	46,132	29,905					46,132	29,905
b) At cost							0	0
Hedging derivatives							0	0
Total	**46,132**	**29,905**	**0**	**0**	**25,477**	**27,216**	**71,609**	**57,121**

CURRENT FINANCIAL INSTRUMENTS (ASSETS)

	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS AND RECEIVABLES AND DERIVATIVES		TOTAL	
CATEGORIES	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12
Assets at fair value through profit or loss:								
a) Held for trading							0	0
b) Other							0	0
Held-to-maturity investments							0	0
Loans and receivables					15,296	19,300	15,296	19,300
Available-for-sale financial assets:								
a) At fair value							0	0
b) At cost							0	0
Hedging derivatives							0	0
Total	**0**	**0**	**0**	**0**	**15,296**	**19,300**	**15,296**	**19,300**

AVAILABLE-FOR-SALE FINANCIAL ASSETS

1. **Investment in Deoleo Corporación, S.A.**

   "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, representing 8.272% of the share capital thereof at 31 December 2013 (31 December 2012: 9.3%) following the capital increases performed at Deoleo in 2013. 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).

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, at both 30 June 2012 and at 31 December 2012, amounting to EUR 15,044 thousand, were reversed to the 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. **Investment in Biosearch, S.A.**
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 (2012: 1,056,249 shares) of Biosearch, S.A. were sold. 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, in accordance with current accounting legislation, this increase in value was recognised as follows:

– Directly increasing equity by EUR 1,241 thousand (relating to gross income of EUR 1,772 thousand less EUR 531 thousand for the related tax effect); and
– Decreasing equity by EUR 1,424 thousand (relating to gross income of EUR 2,035 thousand less EUR 611 thousand for the related tax effect) with a credit (reversal) to income for the shares sold in 2013.

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 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.

LOANS AND RECEIVABLES	12-31-13	12-31-12
Non-current financial instruments		
Loans to Group companies (Notes 8 & 17)	197	165
Loans to third parties	25,133	26,904
Long-term guarantees	147	147
	25,477	**27,216**
Current financial instruments		
Trade and other receivables (Note 10)	13,526	15,235
Loans to third parties	1,770	4,065
	15,296	19,300
Total	**40,773**	**46,516**

The balances of “Loans to Third Parties” in 2013 and 2012 relate mainly to:

- The deferred amount of the Nomen trademark sale, in accordance with the payment agreement reached in 2012 (see Note 5), amounting to EUR 25,133 thousand at long term (2012: EUR 26,904 thousand) and EUR 1,770 thousand at short term (2012: EUR 1,699 thousand). This account receivable earns implicit interest at 4.2% and has final maturity in June 2025.
- In 2012 the balance included at short term related to the final outstanding collection of the deferred amount of the Alagón land sale, in accordance with the payment agreement reached in 2009, amounting to EUR 2,366 thousand at short term and collected in full in 2013.

Exchange differences recognised in profit or loss

The detail, by class of financial instrument, of the exchange differences recognised in profit or loss in 2013 and 2012 is as follows:

EXCHANGE DIFFERENCES ALLOCATED TO PROFIT OR LOSS AS (EXPENSES) INCOME

	LOANS AND RECEIVABLES		EQUITY INSTRUMENTS OF GROUP COMPANIES		LOANS AND PAYABLES		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
On transactions settled in the year	(314)	286	0	0	0	(12)	(314)	274
On transactions not yet settled at year-end	0	(18)	0	0	838	343	838	325
On foreign currency hedges	0	0	(13,816)	(6,142)	13,816	6,142	0	0
Total expense/(income) recognised in profit or loss for the year	**(314)**	**268**	**(13,816)**	**(6,142)**	**14,654**	**6,473**	**524**	**599**

9.2 FINANCIAL LIABILITIES

The detail of the financial liabilities at 31 December 2013 and 2012 is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)

	BANK BORROWINGS		DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES		DERIVATIVES AND OTHER PAYABLES		TOTAL	
CATEGORIES	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12
Accounts payable	210,069	171,778			12	12	210,081	171,790
Liabilities at fair value through profit or loss								
a) Held for trading							0	0
b) Other							0	0
Hedging derivatives							0	0
Total	**210,069**	**171,778**	**0**	**0**	**12**	**12**	**210,081**	**171,790**

CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)

	BANK BORROWINGS		DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES		DERIVATIVES AND OTHER PAYABLES		TOTAL	
CATEGORIES	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12
Accounts payable	36,314	59,747			9,651	12,106	45,965	71,853
Liabilities at fair value through profit or loss								
a) Held for trading							0	0
b) Other							0	0
Hedging derivatives					0		0	0
Total	**36,314**	**59,747**	**0**	**0**	**9,651**	**12,106**	**45,965**	**71,853**

a) Bank borrowings: see Note 13.

b) Derivatives and other payables:

The detail of the financial liabilities classified as derivatives and other payables is as follows:

	2013	2012
Non-current		
Derivatives	0	0
Guarantees	12	12
	12	**12**
Current		
Derivatives	0	0
Trade and other payables	9,593	11,990
Other financial liabilities	58	116
	9,651	**12,106**

>> Thousands of euros

c) Information on the nature and level of risk of financial instruments

The main objective of the capital management policy is to guarantee a financial structure based on compliance with current legislation in the countries in which the Group operates. In addition, the Group's capital management policy seeks to guarantee the maintenance of stable credit ratings and to maximise value for shareholders.

As a result of the business activities and operations performed, the Company is exposed to financial risks such as foreign currency and interest rate risks.

Interest rate risk: the Company is exposed to the risk of changes in market interest rates, due mainly to long-term payment obligations bearing floating interest. The policy consists of managing borrowing costs using, whenever necessary, a combination of fixed and floating interest rates. The policy is to reduce as far as possible the Company's exposure to this risk and, accordingly, it monitors intensively the changes in interest rates with the support required from external experts.

Whenever it is considered necessary, interest rate derivatives are arranged in which it is agreed to exchange, in certain periods, the difference between the amounts of fixed and floating interest calculated on the basis of the notional amount of the principal agreed upon between the parties. These derivative or structured instruments are designed to hedge the underlying payment obligations.

Foreign currency risk: as a result of the investments in North America, the Company's balance sheet could be significantly affected by fluctuations in the USD/EUR exchange rate. The Company attempts to mitigate the effect of its exposure to structural foreign currency risk by obtaining loans in USD. 61.3% of the investment in the US is hedged in this way.

At 31 December 2013, "Non-Current Payables - Bank Borrowings" included three loans totalling USD 327 million (31 December 2012: USD 301 million) (see Note 13) and "Non-Current Payables to Group Companies and Associates" included a loan of USD 68 million (31 December 2012: USD 130 million) (see Note 17), which were designated as a hedge of the net investments in US subsidiaries, and are used to hedge the Company's exposure to the foreign currency risk on these investments. The gains or losses on the translation of these loans to euros are recognised in the income statement and the gains or losses recognised in the translation of the net investments in subsidiaries are offset for the same amount (see Notes 8-a and 9.1).

Liquidity risk: the Company manages the risk of a short-term lack of cash through a liquidity planning tool. This tool takes into account the maturity of the financial investments and the financial assets, as well as the cash flow projections relating to the transactions.

Ebro Foods, S.A. is the head of the consolidated Group consisting of it and the subsidiaries and associates with which it presents separately consolidated financial statements. This fact should be taken into consideration when assessing the purely circumstantial working capital position at the end of each year in the separate financial statements of Ebro Foods, S.A., which, as the head of the Group, has other financing options available to it, through the application of the dividend policy, for example.

10. TRADE AND OTHER RECEIVABLES

The detail of the trade receivables in 2013 and 2012 is as follows:

	12-31-13	12-31-12
Trade receivables for sales and services	841	655
Receivable from Group companies and associates (Note 17)	4,311	8,216
Sundry accounts receivable	8	8
Employee receivables	52	71
Current tax assets (Note 15)	7,179	5,896
Other accounts receivable from public authorities	1,135	389
	13,526	**15,235**

>> Thousands of euros

Valuation adjustments: "Trade Receivables for Sales and Services" is presented net of write-downs. In 2013 these write-downs were increased by EUR 1 thousand (2012: EUR 28 thousand) and EUR 0 thousand (2012: EUR 20 thousand) were charged to profit or loss in this connection, signifying that the accumulated balance of the write-downs at 31 December 2013 totalled EUR 24 thousand (31 December 2012: EUR 23 thousand).

The balance of "Trade Receivables for Sales and Services" is denominated in full in euros.

11. CASH AND CASH EQUIVALENTS

Cash equivalents generally relate to bank deposits maturing, when arranged, at less than three months.

There are no restrictions on the availability of cash.

12. SHAREHOLDERS' EQUITY

a) **Registered 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. All the shares are of the same class and confer the same rights.

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 (2012: 10,702,282) shares representing 6.959% (2012: 6.959%). In total, holder of 24,432,883 (31 December 2012: 24,432,883) shares representing 15.879% of the share capital (31 December 2012: 15.879%).
- ❖ Sociedad Anónima Damm: indirect holder, through Corporación Económica Damm, S.A., of 15,000,000 (31 December 2012: 15,000,000) shares representing 9.749% of the share capital (31 December 2012: 9.749%).
- ❖ Sociedad Estatal de Participaciones Industriales: indirect holder, through Alimentos y Aceites, S.A., of 15,940,377 (31 December 2012: 15,880,688) shares representing 10.36% of the share capital (31 December 2012: 10.321%).
- ❖ Corporación Financiera Alba, S.A.: indirect holder, through Alba Participaciones, S.A., of 12,625,080 (31 December 2012: 12,625,080) shares representing 8.205% of the share capital (31 December 2012: 8.205%).
- ❖ Juan Luis Gómez-Trenor Fos: indirect holder, through Empresas Comerciales e Industriales Valencianas, S.L., of 7,847,135 (31 December 2012: 0) shares representing 5.1% (31 December 2012: 0%).
- ❖ USB, AG.: direct holder of 0 (31 December 2012: 4,976,689) shares representing 0% of the share capital (31 December 2012: 3.234%) and indirect holder of 0 (31 December 2012: 384,832) shares representing 0% of the share capital (31 December 2012: 0.250%). In total, holder of 0 (31 December 2012: 5,361,521) shares representing 0% of the share capital (31 December 2012: 3.484%).

b) **Share premium:** the Consolidated Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

c) **Legal reserve:** 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 legal reserve had reached the legally required minimum.

d) **Voluntary reserve:** this is an unrestricted reserve with the limitations imposed by Spanish corporate law in relation to unamortised research and development expenditure.

e) **Revaluation Reserve Law 7/1996, of 7 June:** as a result of revaluations made in the past by Sociedad General Azucarera de España, S.A. and Puleva, S.A. pursuant to Royal Decree-Law 7/1996, of 7 June, revaluation reserves of EUR 21,767 thousand were recognised. Following the spin-off of the sugar line of business in 2001 and the dissolution of A.E. Gestión de Patrimonio, S.L. in 2003, EUR 3,169 thousand of these reserves remained in the Company's balance sheet (included under "Other Reserves").

This balance can be used, free of tax, to offset accounting losses (both prior years' accumulated losses and current year losses) or losses which might arise in the future, and to increase share capital. From 1 April 2007, the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised.

The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised. If the balance of this account were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

f) **Treasury shares:** 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 hold any treasury shares.

In 2012 the Company 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 treasury shares were purchased, 2,255,161 treasury shares were sold and 1,538,653 treasury shares were delivered to shareholders as a dividend in kind. At 31 December 2012, the Company did not hold any treasury shares.

g) **Dividends paid in 2013:** 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.

h) **Valuation adjustments:** See comments in Note 9.1.

13. BANK BORROWINGS

The detail of "Non-Current Payables - Bank Borrowings" and "Current Payables - Bank Borrowings" at 31 December 2013 and 2012 is as follows (in thousands of euros):

	2013	2013	2012	2012
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Bank borrowings drawn down in euros	–	–	–	–
Bank borrowings drawn down in US dollars	210,069	26,744	171,778	55,907
Credit facilities in euros	–	8,935	–	3,324
Unmatured accrued interest	–	635	–	516
Total	**210,069**	**36,314**	**171,778**	**59,747**

The long-term bank loans financed the investments in Riviana Inc. (2004), Panzani SAS (2005) and New World Pasta Company (2006). They 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, at 31 December 2013, to USD 36.8 million (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 is being 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.
- 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.

The Company must achieve at all times certain ratios over the term of the aforementioned loans based on the consolidated financial statements of the Group of which the Company is the parent. 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 ratios were being achieved.

In addition, at 31 December 2013, the Company had credit facilities at banks with a limit of EUR 22 million (31 December 2012: EUR 17 million) arranged as unsecured credit facilities, against which a total of EUR 8,935 thousand had been drawn down (31 December 2012: EUR 3,324 thousand). The average annual interest rate on these borrowings, excluding the long-term loans, is 3-month EURIBOR plus an average market spread of 2.15% (31 December 2011: 2.0%).

Also, the guarantees and other bank guarantees granted to third parties totalled EUR 29,633 thousand at 31 December 2013 (31 December 2012: 27,276 thousand) (see Note 16).

The repayment schedule of the bank borrowings is as follows:

Maturing in 2014	USD 36,883 thousand (EUR 26,744 thousand at 12/31/13)
Maturing in 2015	USD 195,000 thousand (EUR 141,220 thousand at 12/31/13)
Maturing in 2016	USD 95,000 thousand (EUR 68,849 thousand at 12/31/13)

14. LONG-TERM PROVISIONS

The detail of the provisions and of the changes therein in 2013 and 2012 is as follows:

LONG-TERM PROVISIONS

	EMPLOYEE BENEFIT OBLIGATIONS			OTHER PROVISIONS FOR CONTINGENCIES			TOTAL
	LONG-SERVICE BONUSES	LONG-TERM REMUNERATION	TOTAL	GUARANTEES FOR SUGAR BUSINESS SALE	GUARANTEES FOR DAIRY BUSINESS SALE	TOTAL	
Beginning balance: 31 December 2011	**383**	**869**	**1,252**	**8,544**	**28,825**	**37,369**	**38,621**
Charge for the year (reversal of provisions)	44	1,434	1,478	0	(20,934)	(20,934)	(19,456)
Amounts used	(251)	(449)	(700)	0	(7,891)	(7,891)	(8,591)
Adjustments due to interest cost	0	0	0	284	0	284	284
Ending balance: 31 December 2012	**176**	**1,854**	**2,030**	**8,828**	**0**	**8,828**	**10,858**
Charge for the year (reversal of provisions)	(47)	667	620	(3,403)	0	(3,403)	(2,783)
Amounts used	0	(278)	(278)	(5,425)	0	(5,425)	(5,703)
Adjustments due to interest cost	0	0	0	0	0	0	0
Ending balance: 31 December 2013	**129**	**2,243**	**2,372**	**0**	**0**	**0**	**2,372**

>> Thousands of euros

PROVISION FOR CONTINGENCIES - GUARANTEES ARISING FROM THE SALE OF THE SUGAR BUSINESS AND DAIRY PRODUCT 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.

PROVISION FOR LONG-SERVICE BONUSES

Certain employees of Ebro Foods, S.A. are beneficiaries of long-service bonuses for 25 and 40 years of service covered by an in-house provision at the Company. The provision of EUR 129 thousand (31 December 2012: EUR 176 thousand) recognised for these long-service bonuses at 31 December 2013 represents the present value, calculated by an independent actuary, of the possible future payment obligations of the Company to its employees. The basic assumptions used in the most recent actuarial studies at 31 December 2013 and 2012 were as follows:

a) Annual discount rate of 3.41% (2012: 2.85%).
b) Increase in salaries: a cumulative annual increase of 3% was assumed (2012: 3%).
c) Mortality and life expectancy tables: PERM/F 2000P tables.

LONG-TERM PROVISION FOR REMUNERATION OF EXECUTIVES

The provisions for 2013 relate to the 2013-2015 Plan and will be settled from 2015 to 2017 and the provisions for 2012 relate to the 2010-2012 Plan, to be settled in 2012, 2013 and 2014 (see Note 18).

15. TAX MATTERS

The detail of the tax receivables and payables at 31 December 2013 and 2012 is as follows:

	12-31-13	12-31-12
Current		
Current tax assets	7,179	5,896
Other accounts receivable from public authorities	1,135	389
Current tax liabilities	0	0
Other accounts payable to public authorities	(3,596)	(5,273)
	4,718	**1,012**
Non-current		
Deferred tax assets	23,092	20,526
Deferred tax liabilities	(48,303)	(42,296)
	(25,211)	**(21,770)**

>> Thousands of euros

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the statute-of-limitations period has expired.

In June 2013, the Company was notified of the commencement of a tax review for 2008 to 2011, inclusive. This tax review is in progress. Additionally, the Company has all years since 2012 open for review for all taxes applicable to it. The Company's directors do not consider it necessary to recognise provisions for any possible further contingencies that might arise from the various interpretations of tax legislation.

The taxable profit, calculated pursuant to tax legislation, is taxed at 30%.

15.1 The consolidated tax group comprises:

Ebro Foods, S.A. (head of the tax group), Ebro Financial Corporate Services, S.L., Network Meal Solutions, S.L., Fincas e Inversiones Ebro, S.A., Dosbio 2010, S.L., Arotz Foods, S.A., Herba Foods, S.L., Herba Ricemills, S.L. and its subsidiaries, Herba Nutrición, S.L., Fallera Nutrición, S.L. and Jiloca, S.A.

15.2 The reconciliation of the net income and expense for the year to the tax loss for 2013 and 2012 is as follows:

INCOME TAX	2013		2012	
	ACCRUED	TAX	ACCRUED	TAX
Profit (Loss) before tax from continuing operations	**2,934**	**2,934**	**(2,295)**	**(2,295)**
Permanent differences	512	512	(4,258)	(4,258)
Permanent differences due to tax consolidation adjustments	(13,205)	(13,205)	(11,939)	(11,939)
Adjusted accounting loss	**(9,759)**	**(9,759)**	**(18,492)**	**(18,492)**
Temporary differences arising in the year		19,865		(8,395)
Temporary differences arising in prior years		(4,602)		(4,667)
Temporary differences due to tax consolidation adjustments		2,148		1,324
Tax loss carryforwards		(8,878)		0
Tax loss of the Company	**(9,759)**	**(1,226)**	**(18,492)**	**(30,230)**
Tax charge at 30%	(2,928)	(368)	(5,547)	(9,069)
Tax credits	(2,480)	(2,480)	0	0
Prior year's tax adjustment	0	0	(281)	0
Total income tax: Expense (Benefit)	**(5,408)**	**(2,848)**	**(5,828)**	**(9,069)**

>> Thousands of euros

The reconciliation of the net income tax refundable to Ebro Foods, S.A. to the net income tax refundable arising from the consolidation of all the tax payables (receivables) of the tax group companies is as follows:

	2013	2012
Net tax refundable to Ebro Foods, S.A.	(2,848)	(9,069)
Tax pre-payments made in the year	(9,028)	(3,988)
Tax withholdings	(26)	(33)
Net tax refundable from prior years	(4,102)	(2,123)
Net tax payable by the rest of the companies in the tax group	8,825	9,317
Tax payable by (refundable to) the tax group	**(7,179)**	**(5,896)**

>> Thousands of euros

15.3 The reconciliation of the income tax benefit to the result of multiplying the tax rates applicable to the total recognised income and expense, showing separately the balance in the income statement, is as follows:

INCOME STATEMENT	2013	2012
Profit (Loss) before tax from continuing operations	2,934	(2,295)
Applicable tax rate	30%	30%
Theoretical tax charge	**880**	**(689)**
Effect of:		
Non-deductible expenses	161	224
Non-computable income	0	(1,500)
Dividends within the tax group	(3,962)	(3,582)
Tax credits and other	(2,487)	(281)
	(5,408)	**(5,828)**
Tax expense (detail):		
Current	(2,848)	(9,069)
Deferred	(2,560)	3,522
Adjustment	0	(281)
Effective tax expense (benefit)	**(5,408)**	**(5,828)**

>> Thousands of euros

15.4 The detail of the temporary differences in 2013 and 2012 of Ebro Foods, S.A. is as follows:

TEMPORARY DIFFERENCES	2013	2012
Increases		
Credit to long-term provisions for remuneration	734	1,434
Period provision for long-service bonuses	(47)	44
Impairment losses on investments in Group companies	3,047	19,144
Amortisation of trademarks for tax purposes	0	760
Available-for-sale financial assets	18,362	1,019
Non-deductible 30% relating to depreciation and amortisation charge	351	0
Period provision for remuneration and termination benefits	0	71
Total increases	**22,447**	**22,472**
Decreases		
Expense relating to amortisation of merger goodwill for tax purposes	401	401
Long-term provisions for remuneration used	278	449
Temporary difference due to amortisation of goodwill for tax purposes	4,045	4,266
Amortisation of trademarks for tax purposes	312	229
Payments of long-service bonuses	0	251
Payments of termination benefits	0	2,270
Non-computable gains	0	26,344
Total decreases	**5,036**	**34,210**
Total net temporary differences	**17,411**	**(11,738)**

15.5 The detail of the permanent differences in 2013 and 2012 of Ebro Foods, S.A., is as follows:

PERMANENT DIFFERENCES	2013	2012
Increases		
Penalties and fines	4	0
Donations	513	537
Other non-deductible expenses	18	228
Total increases	**535**	**765**
Decreases		
Adjustments for dividends of tax group subsidiaries	13,205	11,939
Amortisation of goodwill for tax purposes	23	23
Non-computable gains	0	5,000
Total decreases	**13,228**	**16,962**
Total net permanent differences	**(12,693)**	**(16,197)**

The non-computable gains relate to the gains obtained on the sale of several trademarks in 2012. 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 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 (elapsing in September 2015) in the terms and conditions set forth in Article 42 of the aforementioned Law. The total reinvestment obligation outstanding at 31 December 2013 amounts to EUR 26.4 million.

15.6 Ebro Foods, S.A. took EUR 2.5 million of tax credits in 2013, which relate mainly to donations and to the reinvestment of gains obtained on sales of assets. EUR 7.6 million remain to be used for the coming years.

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.

15.7 The changes in 2013 and 2012 in the deferred tax assets and liabilities of Ebro Foods, S.A. were as follows:

	12-31-11	ADDITIONS	REDUCT.	ADJUSTMENTS	12-31-12	ADDITIONS	REDUCT.	ADJUSTMENTS	12-31-13
Deferred tax assets									
Merger goodwill	4,815		(119)		4,696		(120)		4,576
Intangible assets: Trademarks	2,646		(66)		2,580		(47)	(763)	1,770
Property, land and equipment: Land	129				129				129
Property, land and equipment: Accumulated depreciation	0				0	105			105
Financial assets	0	306			306	5,587	(79)		5,814
Long-term remuneration	261	451	(135)		577	137		106	820
Provisions for long-service bonuses	128	13	(76)		65		(14)		51
Impairment losses on invest. in Group companies	6,285	5,744		144	12,173	914		(6,810)	6,277
Provisions for termination benefits	681		(681)		0				0
Tax credit carryforwards	0				0			3,550	3,550
Tax loss carryforwards	0				0		(2,663)	2,663	0
	14,945	**6,514**	**(1,077)**	**144**	**20,526**	**6,743**	**(2,923)**	**(1,254)**	**23,092**
Deferred tax liabilities									
Amortisation of goodwill for tax purposes	(34,440)	(1,213)		2,010	(33,643)	(1,215)			(34,858)
Amortisation of trademarks for tax purposes	(240)	(69)	229	34	(46)	(47)			(93)
Deferral of taxation of gains on sale of trademarks	0	(9,403)	1,500		(7,903)			763	(7,140)
Deferral of gains relating to the tax group	(398)				(398)				(398)
Fair value of financial assets	2,938		(3,244)		(306)	(5,587)	79		(5,814)
	(32,140)	**(10,685)**	**(1,515)**	**2,044**	**(42,296)**	**(6,849)**	**79**	**763**	**(48,303)**

>> Thousands of euros

No deferred tax assets with an estimated deadline for deduction exceeding ten years were recognised for material amounts. As regards deferred tax assets arising from impairment losses on investments in Group companies, only those assets that are estimated to be recovered by the aforementioned deadline were recognised.

16. GUARANTEE COMMITMENTS

At 31 December 2013 and 2012, the following bank guarantees had been provided:

	2013	2012
Guarantees received from banks		
For courts and agencies due to economic-administrative claims and deferral of taxes	0	4,500
To third parties to secure the fulfilment of ordinary trading obligations	770	770
Guarantees provided by Ebro Foods, S.A		
Guarantees provided to banks for other companies	28,863	22,006

The guarantees provided to banks for other companies relate mainly to the guarantees that Ebro Foods, S.A. provided to its subsidiaries Herba Ricemills, S.L. (directly wholly owned) and Ebro India, Ltda. (indirectly wholly owned) in relation to short-term credit facilities.

17. ACCOUNTS WITH GROUP COMPANIES AND ASSOCIATES

Note 8 includes a list of subsidiaries and associates of Ebro Foods, S.A. In 2013 and 2012 transactions with associates did not represent a material amount.

In 2013 and 2012 the main transactions performed by the Company with Group companies and associates were as follows:

	2013		2012	
	GROUP COMPANIES	ASSOCIATES	GROUP COMPANIES	ASSOCIATES
Outside services	(587)		(581)	
Staff costs	0		0	
Finance costs	(3,169)		(2,440)	
Total purchases and costs	**(3,756)**	**0**	**(3,021)**	**0**
Services rendered and other income	7,805		6,695	
Finance income	3		2	
Income from dividends received	13,205		11,939	
Total sales and income	**21,013**	**0**	**18,636**	**0**

The balances of Ebro Foods, S.A. with Group companies and associates at 31 December 2013 and 2012 were as follows:

AT 31 DECEMBER 2013

BALANCES WITH GROUP COMPANIES AND ASSOCIATES	LONG-TERM LOANS	ACCOUNTS RECEIVABLE	SHORT-TERM LOANS	ACCOUNTS PAYABLE NON-CURRENT	ACCOUNTS PAYABLE CURRENT	PAYABLE TO SUPPLIERS
Panzani, SAS		76				(14)
Herba Foods, S.L.		215		(20,470)		(59)
Arotz Foods, S.A.		416		(28,965)	(55)	(6)
New World Pasta, Inc.		217		(50,866)		
Ebro de Costa Rica, S.A.				(13,627)		
Ebro Riviana de Guatemala, S.A.				(7,821)		
Dosbio 2010, S.L.					(863)	(8)
Herba Ricemills, S.L.		1,605			(22,000)	(76)
Riviana Foods, Inc.		382				
Ebro Financial Corporate Services, S.L.		447		(129,000)	(293)	
Lassie Group (Netherlands)		168				
Jiloca, S.A.		226				
Fundación Ebro Foods				(299)		
Other companies (minor balances)	197	559		(1,735)	0	(2)
	197	**4,311**	**0**	**(252,783)**	**(23,211)**	**(165)**

AT 31 DECEMBER 2012

BALANCES WITH GROUP COMPANIES AND ASSOCIATES	LONG-TERM LOANS	ACCOUNTS RECEIVABLE	SHORT-TERM LOANS	ACCOUNTS PAYABLE NON-CURRENT	ACCOUNTS PAYABLE CURRENT	PAYABLE TO SUPPLIERS
Panzani, SAS		331				
Herba Foods, S.L.		139		(31,745)		(91)
Arotz Foods, S.A.		429		(28,682)	(54)	(7)
New World Pasta, Inc.		196		(99,616)		
Ebro de Costa Rica, S.A.				(13,918)		
Ebro Riviana de Guatemala, S.A.				(8,119)		
Dosbio 2010, S.L.						(897)
Herba Ricemills, S.L.		5,510				(10)
Riviana Foods, Inc.		193				
Ebro Financial Corporate Services, S.L.		701			(15,130)	
Lassie Group (Netherlands)		191				
Jiloca, S.A.		199				
Fundación Ebro Foods					(301)	
Other companies (minor balances)	165	327		0	0	(1)
	165	**8,216**	**0**	**(182,080)**	**(15,485)**	**(1,006)**

All of the balances are denominated in euros except for the amounts payable to New World Pasta, Inc., Ebro de Costa Rica, S.A. and Ebro Riviana de Guatemala, S.A., which are denominated in US dollars.

The non-current payables have no fixed maturity and, therefore, the Company classified them as non-current since they are not expected to be repaid in the short term. The account payable to New World Pasta, Inc. had a nominal value of USD 68 million at 31 December 2013 (31 December 2012: USD 130 million) and is hedging the investments in assets in US dollars (see Note 9.2-c) and bears interest at 3-month LIBOR + 0.90 points.

The Company has entered into an agreement relating to a corporate current account with most of its Spanish and foreign subsidiaries, guaranteeing coverage of all their financing requirements and, where applicable, interest earned on their cash surpluses, all, as a general rule, at market interest rates.

18. 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. No other guarantees were provided or received in relation to the accounts receivable from or payable to related parties.

In the years ended 31 December 2013 and 2012 the Company 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.

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

Note 12 lists the companies that have a significant ownership interest in the share capital of Ebro Foods, S.A.

In 2013 and 2012 Ebro Foods, S.A. did not perform any transactions, excluding dividends, with these significant shareholders (unless they are directors, in which case they are reflected in Note 18.3).

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

In 2013 and 2012 Ebro Foods, S.A. performed the following transactions with one director (in thousands of euros), in addition to the dividends and remuneration reflected in Notes 18.3 and 18.6.

DIRECTOR	TYPE OF TRANSACTION	AMOUNT IN 2013	AMOUNT IN 2012
Antonio Hernández Callejas (Luis Hernández González)	Lease (Expense)	37	36

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

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

- Dividends 2013:
  – Dividends to significant shareholders: 17,146 (2012: 24,183)
  – Dividends to directors and executives: 26,739 (2012: 20,352)

18.4 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). This ownership interest is accounted for in the Ebro Group's financial statements as an available-for-sale-financial asset.

  Biosearch, S.A. is a listed company with a similar object to that of Ebro Foods, S.A. that 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, S.A.

  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	AMOUNT IN 2013	AMOUNT IN 2012
Ebro Foods, S.A.	Rendering of services	74	90

- 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	AMOUNT IN 2013	AMOUNT IN 2012
Ebro Foods, S.A.	Rendering of services	254	224

18.5 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 financial statements discloses information that the directors, in compliance with their duty of loyalty, have notified to the Company 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:
  – 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 Deóleo, S.A. He held the position of Director until his resignation on 31 January 2014 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
Fundación Ebro Foods	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 Cuétara 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.

18.6 Remuneration of directors and executives

Remuneration of directors. In 2013 the remuneration earned by the members of the Board of Directors of Ebro Foods, S.A. amounted to EUR 4,518 thousand (2012: EUR 4,508 thousand), the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITS	2013	2012
Items of remuneration		
Attendance fees	285	306
Bylaw-stipulated profit sharing	2,565	2,565
Total non-executive directors	**2,850**	**2,871**
Wages, salaries and professional fees	1,668	1,637
Termination benefits and other		
Total executive directors	**1,668**	**1,637**
Total remuneration	**4,518**	**4,508**
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 of Directors also resolved to maintain attendance fees at EUR 1,600 for attending Board meetings and EUR 800 for attending the various committee meetings.

The breakdown, by director, 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	24	690	978	2,079
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**	**285**	**690**	**978**	**4,518**

Of the total variable remuneration for the Chairman of the Board of Directors for the discharge of his executive duties, in 2013 EUR 271 thousand (2012: EUR 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 2011 financial statements.

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 this Note, EUR 7 thousand relating to 2011 was paid in 2013 (2012: EUR 5 thousand). This amount was provisioned in the 2011 financial statements.

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.

It should be noted that the remuneration of all the executives of Ebro Foods, S.A. was taken into consideration, although they are not all senior executives.

Lastly, Ebro Foods, S.A. took out and has in force a third-party liability insurance policy covering its directors and executives 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.

19. OTHER DISCLOSURES

A) FOREIGN CURRENCY TRANSACTIONS

The Company normally performs its transactions in euros, except for the financing transactions in US dollars mentioned in Notes 13 and 17.

B) EMPLOYEES

2013

	AT YEAR-END		TOTAL
	MEN	WOMEN	AVERAGE
Executives	10	3	13
Middle management	17	10	27
Clerical staff	10	10	20
	37	23	60

2012

	AT YEAR-END		TOTAL
	MEN	WOMEN	AVERAGE
Executives	10	3	13
Middle management	16	8	24
Clerical staff	8	14	22
	34	25	59

C) FEES PAID TO AUDITORS

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 205 thousand (2012: EUR 220 thousand) and those for other attest services amounted to EUR 62 thousand (2012: EUR 48 thousand).
- The fees for tax advisory and/or other services amounted to EUR 0 thousand (2011: EUR 0 thousand).

D) INFORMATION ON THE ENVIRONMENT

The activities carried on by the various companies of the Ebro Foods Group require the necessary investments to manage and control environmental risks. Accordingly, investments leading to increased productivity of the plant and machinery are capitalised and depreciated on a straight-line basis in accordance with their estimated useful life. As a holding company, Ebro Foods, S.A. does not have to make these investments and, therefore, such environmental investments and expenses are made and incurred by each Group company. The work performed in the last few years has been very extensive, especially to ensure the proper control of wastewater discharge, the emission of combustion gases and dust, and solid inert, organic and other waste.

The Company's directors do not expect any material contingencies to arise in relation to environmental protection and enhancement and do not consider it necessary to recognise any provision in this connection.

E) DISCLOSURES ON THE PAYMENT PERIODS TO SUPPLIERS. «DISCLOSURE OBLIGATION" PROVIDED FOR IN LAW 15/2010, OF 5 JULY.» (THOUSANDS OF EUROS)

AMOUNTS PAID AND PAYABLE AT THE END OF THE REPORTING PERIOD

	12-31-13		12-31-12	
	AMOUNT	%*	AMOUNT	%*
Within the maximum payment period (**)	6,321	86,00%	6,977	97,00%
Remainder	1,061	14,00%	216	3,00%
Total payments made in the year	**7,382**	**100,0%**	**7,193**	**100,0%**
Weighted average period of late payment (days)	20		33	
Payments at year-end not made in the maximum payment period	66		1	

* Percentage of total.

** The maximum payment period in each case will be that applicable based on the nature of the good or service received by the Company pursuant to the provisions of Law 3/2004, of 29 December, on combating late payment in commercial transactions.

20. EVENTS AFTER THE REPORTING PERIOD

From the end of 2013 until the authorisation for issue of these financial statements, 57,475,572 shares of Deoleo Corporación, S.A. were sold (see Note 9.1).

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

21. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

Ebro Foods, S.A.
Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2013
(EXPRESSED IN THOUSANDS OF EUROS)

Directors' Report for 2013

(EXPRESSED IN THOUSANDS OF EUROS)

1. SITUATION OF THE COMPANY

Ebro Foods, S.A. is the parent of the Ebro Foods Group, 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.

As a holding company, its main objective is to lead, coordinate and drive the development of the Group which it heads, the strategy of which 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 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 the production and distribution of pasta and rice, their derivatives and culinary supplements while four large regions stand out in terms of geography: North America, Spain, Europe and the rest of the world.

Decisions are made at the instigation of the Board of Directors, which is responsible for defining the Company's general strategy and management guidelines. The Board delegates certain tasks to the Executive Committee, including 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 in relation to the Company's management and administration.

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

The directors' report relating to the consolidated financial statements includes information on the business performance and activities carried on in 2013 by the various segments or businesses composing the Ebro Foods Group.

2. BUSINESS PERFORMANCE AND EARNINGS OF EBRO FOODS, S.A.

The income of Ebro Foods, S.A. is generated mainly through dividends from its subsidiaries, services rendered to those subsidiaries and transactions with its real estate assets. The costs correspond mainly to the borrowing costs on its debts as the head of the Ebro Foods Group. Also, impairment losses are recognised and reversed on the basis of changes in the equity of the subsidiaries. Recurring income and expenses stayed in line with prior years.

Profit from operations amounted to EUR 6,377 thousand in 2013, as compared with EUR 49,368 thousand in 2012. The decrease was due to the fact that no non-recurring income was earned in 2013, unlike in 2012, which saw gains on the sale of certain trademarks and the reversal of provisions as a result of the resolution of the litigation pending in connection with the dairy product business for which the Company had provided guarantees when the business was sold.

The financial loss totalled EUR 3,443 thousand in 2013, as compared with a financial loss of EUR 51,663 thousand in 2012. In spite of greater indebtedness, as described below, due to the payment of dividends and acquisition of the ownership interest in Riso Scotti, S.p.A., low interest rates have kept costs contained. The change arose as a consequence of the permanent impairment losses on investments classified as available for sale and investment valuation allowances for investments in Group companies.

The profit after tax amounted to EUR 8,342 thousand in 2013, as compared with a profit of EUR 3,533 thousand in 2012.

Set forth below are the most noteworthy events in the year relating to the Company's activity as head of the Ebro Foods Group.

MOST SIGNIFICANT INVESTMENTS AND DISPOSALS MADE BY THE GROUP

Note 8 to the financial statements includes a list of the direct investments of Ebro Foods, S.A. in Group companies and associates. The main corporate transactions in 2013 in which Ebro Foods, S.A. exercised its management and administrative role were as follows:

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.

Investment in Germany

In May 2013 an agreement was reached with the shareholders of the German company Keck Spezialitaten, GmbH (Keck) 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.

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 8). The total investment amounted to EUR 18,000 thousand.

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.

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 for EUR 21,300 thousand. 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.

3. INFORMATION ON PERSONNEL AND THE ENVIRONMENT

PERSONNEL

Ebro Foods'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 Group companies 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.

The main information is included in Notes 18 and 19 to the accompanying financial statements.

ENVIRONMENT

Although the Company's operations do not entail consequences with respect to the environment in and of itself, one of Ebro Foods' basic management principles is the implementation at its subsidiaries of the tools and measures necessary to strike the best possible balance between the pursuit of its business and protecting the environment. See Note 19-d to the financial statements.

4. LIQUIDITY AND CAPITAL RESOURCES

Ebro Foods, S.A. manages the Group's financial needs in relation to the strategic aspects of the Group's dividend payment policy and organic growth. To this end, it depends on the cash generated by its subsidiaries, which act as guarantors of the long-term loans necessary for these operations.

The consolidated directors' report provides an appropriate overview of the Group's liquidity and financial position.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES RELATING TO THE BUSINESS ACTIVITIES

Ebro Foods, as the head of its corporate Group, is indirectly exposed to the risks associated with its subsidiaries through changes in the value of its investment portfolio and the dividends received from them. The activity of the subsidiaries composing the Ebro Foods Group is carried on in an environment in which external factors can influence their transactions and earnings.

The main risks are environmental, business, financial, credit, employment and technology risks. These risks and the policies applied in their recognition and management are described in the Group's consolidated directors' report and in the corporate governance report.

A Corporate Risk Map has been drawn up and the instruments for mitigating these risks and the main processes and controls associated therewith were analysed. This analysis will be reviewed annually with the implementation of control and improvement projects.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The principal financial instruments employed include bank loans, bank overdraft facilities, cash and short-term deposits. The main purpose of these financial instruments is to increase the financial resources for the Group's operations.

Derivative products were arranged in prior years to manage interest rate and foreign currency risk. The Company does not use financial instruments for speculative purposes.

The main risks from the financial instruments used are credit risk, cash flow interest rate risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and establishes policies for managing each of these risks and the Financial Department identifies and manages them in order to minimise or limit the possible impact on the Group's earnings.

Credit risk

Ebro Foods, S.A. does not have a significant concentration of credit risk. In addition, cash is placed and financial instruments are arranged with institutions of acknowledged solvency and with a high credit rating.

Cash flow interest rate risk

The Company is exposed to the risk of changes in market interest rates, primarily in connection with its long-term payment obligations that bear floating interest rates.

The Company uses, where necessary, a combination of floating and fixed interest rates. The aim is to achieve a balance in the debt structure, thereby minimising its cost with reduced volatility. To this end it closely monitors the changes in interest rates with the support of external experts. When it is deemed necessary, Ebro Foods arranges derivative financial instruments to hedge interest rate risk.

Foreign currency risk

As a result of the investments made in the US, the Company's balance sheet could be significantly affected by changes in the USD/EUR exchange rate. In order to mitigate this structural foreign currency risk, loans were obtained in USD. Most of the investments in the US was hedged in this way.

The transactions performed by operating subsidiaries in currencies that are not the functional currency are also exposed to foreign currency risk. In these cases, the subsidiaries arrange foreign currency hedges or other hedging instruments following the Group's policies.

Liquidity risk

The objective of Ebro Foods, S.A. is to maintain a balance between continuity of the financing and flexibility through the use of revolving credit facilities, bank loans and current financial assets.

6. EVENTS AFTER THE REPORTING PERIOD

From the end of 2013 until the authorisation for issue of this directors' report, 57,475,572 shares of Deoleo Corporación, S.A. were sold (see Note 9.1 to the financial statements).

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

7. OUTLOOK FOR THE COMPANY

The earnings obtained by Ebro Foods in future years will be determined by the dividends it receives from the subsidiaries, the gains on properties not considered to be strategic and the borrowing costs relating to the debt financing its assets.

The Company's directors consider that the dividends established for the subsidiaries will be sufficient for Ebro Foods to obtain the profit that will enable it to implement an appropriate shareholder remuneration policy.

8. RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development is performed by the subsidiaries (as disclosed in the consolidated directors' report).

9. TREASURY SHARE TRANSACTIONS

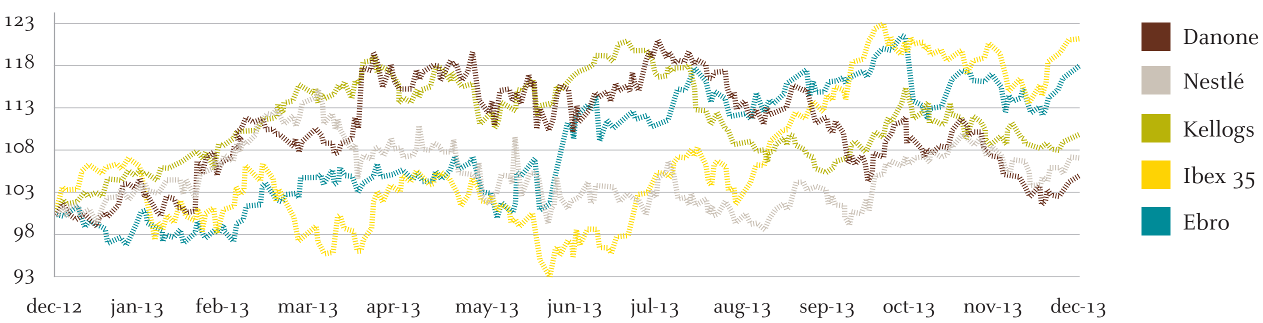
In 2013, the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 4 June 2013 and 29 May 2012, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly.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

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

10. OTHER SALIENT INFORMATION

SHARE PRICE

THE INDUSTRY ON THE STOCK MARKET OVER ONE YEAR



DISTRIBUTION OF DIVIDENDS

The shareholders at the Annual General Meeting on 4 June 2013 approved the distribution of 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.

Ebro Foods, S.A.
Annual Corporate Governance Report

FOR THE YEAR ENDED 31 DECEMBER 2013

ANNEX 1

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

DETAILS OF ISSUER

YEAR ENDED	31/12/2013

TAX REGISTRATION NUMBER	A47412333

NAME
EBRO FOODS, S.A.

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

ANNUAL CORPORATE GOVERNANCE REPORT
LISTED COMPANIES

A OWNERSHIP STRUCTURE

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

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

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

YES ☐ NO ☒

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

Name of shareholder	Number of direct voting rights	Number of indirect voting rights	Interest / total voting rights (%)
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	15,940,377	10.36%
SOCIEDAD ANÓNIMA DAMM	0	15,000,000	9.74%
CORPORACIÓN FINANCIERA ALBA, S.A.	0	12,625,080	8.20%
JUAN LUIS GÓMEZ-TRENOR FOS	0	7,847,135	5.10%

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of voting rights
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	15,940,377
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	15,000,000
CORPORACIÓN FINANCIERA ALBA, S.A.	ALBA PARTICIPACIONES, S.A.	12,625,080
JUAN LUIS GÓMEZ-TRENOR FOS	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	7,847,135

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

Name of shareholder	Date of transaction	Description of the transaction
JUAN LUIS GÓMEZ-TRENOR FOS	21/11/2013	Interest raised to above 5% of the capital

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

Name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	0	0.00%
DEMETRIO CARCELLER ARCE	0	39,898	0.02%
ALIMENTOS Y ACEITES, S.A.	15,940,377	0	10.36%
FERNANDO CASTELLÓ CLEMENTE	2,307,828	0	1.50%
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	303,030	0	0.19%
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0	404,040	0.26%
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0	1,320,209	0.85%
SOL DAURELLA COMADRÁN	0	202	0.00%
SOL DAURELLA COMADRÁN	0	3,922	0.00%
SOL DAURELLA COMADRÁN	0	52,878	0.03%
SOL DAURELLA COMADRÁN	0	1,267,289	0.82%
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	7,847,135	0	5.10%
HISPAFOODS INVEST, S.L.	10,707,282	0	6.95%
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	13,725,601	10,707,282	15.87%
JOSÉ NIETO DE LA CIERVA	8,969	2,044	0.00%
JOSÉ ANTONIO SEGURADO GARCÍA	100	0	0.00%
EUGENIO RUIZ-GÁLVEZ PRIEGO	153	0	0.00%

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	39,898
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MENDIBEA 2002, S.L.	404,040
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	1,320,209
SOL DAURELLA COMADRÁN	SOL VILARRUBI DAURELLA	202
SOL DAURELLA COMADRÁN	JOSÉ ALBIOL DAURELLA	3,922
SOL DAURELLA COMADRÁN	SURFUP SICAV, S.A.	52,878
SOL DAURELLA COMADRÁN	BEGINDAU, S.L.	1,267,289
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HISPAFOODS INVEST, S.L.	10,707,282
JOSÉ NIETO DE LA CIERVA	Mª MACARENA AGUIRRE GALATAS	2,044

Total % of voting rights held by board members	41.95%

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

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

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

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

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

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

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

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

Name of related parties
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
ALIMENTOS Y ACEITES, S.A.

Type of relationship: Corporate
Brief description:
Sociedad Estatal de Participaciones Industriales holds a direct interest of 91.963% in Alimentos y Aceites, S.A.

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

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

YES ☐ NO ☒

Comments

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

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
0	0	0.00%

(*) Through:

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

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

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

a. Conditions of the authorisation

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

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

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

- The shares acquired must be fully paid up.

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

b. Contents of the authorisation

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

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

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

c. Term of the authorisation

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

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

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

YES ☐ NO ☒

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

B. GENERAL MEETING

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

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

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

	Details of Attendance				
Date General Meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
29/05/2012	10.88%	54.28%	0.00%	0.00%	65.16%
04/06/2013	1.71%	63.69%	0.00%	0.00%	65.40%

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

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

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

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

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

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

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

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

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

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1 Board of Directors

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

Maximum number of directors	15
Minimum number of directors	7

C.1.2 Give details of the board members:

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
ANTONIO HERNÁNDEZ CALLEJAS		CHAIRMAN	24/01/2002	01/06/2010	VOTE AT AGM
DEMETRIO CARCELLER ARCE		VICE-CHAIRMAN	01/06/2010	01/06/2010	VOTE AT AGM
ALIMENTOS Y ACEITES, S.A.	CONCEPCIÓN ORDÍZ FUERTES	DIRECTOR	23/07/2004	01/06/2010	VOTE AT AGM
FERNANDO CASTELLÓ CLEMENTE		DIRECTOR	29/05/2012	29/05/2012	VOTE AT AGM
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL		DIRECTOR	29/05/2012	29/05/2012	VOTE AT AGM
SOL DAURELLA COMADRÁN		DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
HISPAFOODS INVEST, S.L.	MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	DIRECTOR	30/01/2013	04/06/2013	VOTE AT AGM
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	FÉLIX HERNÁNDEZ CALLEJAS	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
JOSÉ NIETO DE LA CIERVA		DIRECTOR	29/09/2010	15/06/2011	VOTE AT AGM
RUDOLF-AUGUST OETKER		DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
EUGENIO RUIZ-GÁLVEZ PRIEGO		DIRECTOR	25/07/2000	01/06/2010	VOTE AT AGM
JOSÉ ANTONIO SEGURADO GARCÍA		DIRECTOR	29/05/2012	29/05/2012	VOTE AT AGM
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	JUAN LUIS GÓMEZ-TRENOR FOS	DIRECTOR	18/12/2013	18/12/2013	COOPTATION

Total Number of Directors	13

Indicate any retirements from the board during the reporting period:

Name of director	Type of director at time of retirement	Date of retirement
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	Proprietary	30/01/2013

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

EXECUTIVE DIRECTORS

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

Total number of executive directors	1
% of board	7.69%

NON-EXECUTIVE PROPRIETARY DIRECTORS

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

Total number of proprietary directors	7
% of board	53.85%

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of Director
JOSÉ ANTONIO SEGURADO GARCÍA

Profile

Born in Barcelona. Graduate in Law and Economics. Insurance Broker and Entrepreneur. Chairman of SEFISA, AEF and AEIM. Joint founder of CEIM and CEOE. President of the Liberal Party and MP in the National Government in the III and IV Parliamentary Terms. Member of the Trilateral Commission. Director of Unión y Fénix, Acerinox, J.W.Thompson and Vusa. Currently Chairman of SyG and of the Advisory Council of Alkora, Honorary Chairman & Founder of CEIM and member of the Management Board and Executive Committee of CEOE. Grand Cross of the Order of 2 May awarded by the Community of Madrid.

Name of Director
FERNANDO CASTELLÓ CLEMENTE

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

Name of Director
SOL DAURELLA COMADRÁN

Profile
Born in Barcelona. Graduate in Business Studies and MBA (ESADE). Her professional career is closely linked with management of the family business of Coca Cola concessions on the Iberian Peninsula and in Africa. Currently Vice-Chairman and CEO of Cobega, S.A. and Director of Casbega, S.A., Norbega, S.A., Refrige, S.A., Banco de Sabadell and Acciona, S.A.

Name of Director
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

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

Total number of independent directors	4
% of board	30.77%

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

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

OTHER NON-EXECUTIVE DIRECTORS

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

Total number of other non-executive directors	1
% of board	7.69%

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

Name of Director
EUGENIO RUIZ-GÁLVEZ PRIEGO

Company, executive or shareholder with which he is related
AZUCARERA EBRO, S.L.U.

Profile
Up to 30 April 2009, Eugenio Ruiz-Gálvez Priego was an Executive Director because up to that date he was CEO of Azucarera Ebro, S.L.U., a company then wholly-owned by Ebro Foods, S.A. On 30

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

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

	Number of female directors				Female directors / total directors of each type (%)			
	2013	**2012**	**2011**	**2010**	**2013**	**2012**	**2011**	**2010**
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	2	1	1	1	28.57%	16.67%	14.29%	14.29%
Independent	1	1	1	1	25.00%	25.00%	25.00%	25.00%
Other non-executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	3	2	2	2	23.08%	16.67%	15.38%	15.38%

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

Explanation of measures

No measures of this nature have been adopted because the board members are appointed regardless of gender, so there is no positive or negative discrimination of any nature in the election of directors.

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

Explanation of measures

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

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

Explanation of reasons

Not applicable.

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

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

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

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

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

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

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

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

YES ☐ NO ☒

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

Name of director:
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Reason for retirement:
Resignation tendered personally to the Board for professional reasons.

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

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

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	A W MELLISH LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	AMERICAN RICE, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BERTOLINI IMPORT UND EXPORT, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BLUE RIBBON MILLS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BOSTO PANZANI BENILUX, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	EBRO AMERICA, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	EBRO FOODS, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	FUNDACIÓN EBRO FOODS	TRUSTEE
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD	DIRECTOR

ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP&SONS, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NEW WORLD PASTA COMPANY	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RISO SCOTTI, S.P.A.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	SOS CUETARA USA, INC	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN, LTD	DIRECTOR

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

Name of Director	Listed Company	Position
ANTONIO HERNÁNDEZ CALLEJAS	DEOLEO, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
DEMETRIO CARCELLER ARCE	GAS NATURAL SDG, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SACYR VALLEHERMOSO, S.A.	VICE-CHAIRMAN 2
EUGENIO RUIZ-GÁLVEZ PRIEGO	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	BANCO DE SABADELL, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	ACCIONA, S.A.	DIRECTOR
JOSÉ NIETO DE LA CIERVA	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR

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

YES ☒ NO ☐

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

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

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

C.1.15 Indicate the overall remuneration of the board:

Remuneration of the board (thousand euros)	4,545
Amount of the overall remuneration corresponding to the vested rights of directors in pension schemes (thousand euros)	0
Overall remuneration of the board (thousand euros)	4,545

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

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

Total remuneration top management (thousand euro)	2,120

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

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

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

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

Name of director
ALIMENTOS Y ACEITES, S.A.
Name of significant shareholder
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
Description of relationship
Sociedad Estatal de Participaciones Industriales has a direct holding of 91.9625% in Alimentos y Aceites, S.A.

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

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

YES ☐ NO ☒

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

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

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

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

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

As regards the role of the Nomination and Remuneration Committee in the appointment of directors, see the duties of this Committee in section B.2.3 of this Report.

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

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

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

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

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

YES ☒ NO ☐

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

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

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

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

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

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

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

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

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

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

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

YES ☒ NO ☐

Measures taken to limit risks
With a view to establishing corrective measures in the Articles of Association to prevent excessive concentration of power in the Chairman when he is also the most senior executive of the company, Article 25 creates the figure of a Vice-Chairman appointed from among the non-executive directors to boost the management supervision and control duties. In accordance with this provision, the current Vice-Chairman of the Board, Demetrio Carceller Arce (non-executive proprietary director), performs the aforesaid duties.

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

YES ☒ NO ☐

Explanation of the rules

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

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

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

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

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

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

YES ☐ NO ☒

If yes, describe the differences:

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

YES ☐ NO ☒

C.1.25 Does the Chairman have a casting vote?

YES ☒ NO ☐

Matters on which there is a casting vote

All.

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

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

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

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

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

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

Committee	No. meetings
EXECUTIVE COMMITTEE	7
AUDIT AND COMPLIANCE COMMITTEE	6
NOMINATION AND REMUNERATION COMMITTEE	6
STRATEGY AND INVESTMENT COMMITTEE	1

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

Attendance of directors	10
% attendance over total votes during the year	99.25%

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

YES ☒ NO ☐

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

Name	Position
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN
ALFONSO FUERTES BARRO	FINANCE MANAGER
PABLO ALBENDIA SOLÍS	CHIEF OPERATING OFFICER
MIGUEL ÁNGEL PÉREZ ÁLVAREZ	SECRETARY

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

Relations with the auditors are expressly regulated in Article 19 of the Regulations of the Board, which stipulates in section 2 that the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

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

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

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

YES ☐ NO ☒

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

Appointment and removal procedure

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

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

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

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

YES ☒ NO ☐

Comments

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

a) Ensure that the Board's actions:

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

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

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

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

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

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

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

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

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

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

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

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

YES ☐ NO ☒

Explain any disagreements with the outgoing auditor:

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

YES ☒ NO ☐

	Company	Group	Total
Cost of work other than auditing (thousand euro)	62	149	211
Cost of work other than auditing / Total amount invoiced by the auditors (%)	23.22%	10.92%	12.93%

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

YES ☐ NO ☒

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

	Company	**Group**
Number of years in succession	5	5
Number of years audited by current auditors / Number of years that the company has been audited (%)	21.70%	21.70%

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

YES ☒ NO ☐

Details of procedure

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

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

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

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

YES ☒ NO ☐

Details of procedure

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

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

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

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

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

YES ☒ NO ☐

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

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

YES ☒ NO ☐

Name of Director
DEMETRIO CARCELLER ARCE

Criminal Case
Tax offence

Comments:
The director informed the company on 12 September 2013 of the criminal action brought against him and the board was informed at its meeting on 30 September 2013. Subsequently, the director informed of the stay of proceedings and shelving of the criminal case, which was reflected in the minutes of the Executive Committee meeting of 15 January 2014 and the Board meeting of 29 January 2014.

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

YES ☒ NO ☐

Decision adopted:

None

Reasoned explanation:

The criminal proceedings against the director have been discontinued and shelved.

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

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

Number of beneficiaries: 2

Type of beneficiary:
Executives

Description of the agreement:

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

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

	Board of Directors	General Meeting
Body authorising the clauses	**Yes**	**No**

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

C.2 Committees of the Board

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

EXECUTIVE COMMITTEE

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

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

AUDIT AND COMPLIANCE COMMITTEE

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

% executive directors	0.00%
% proprietary directors	20.00%
% independent directors	60.00%
% other non-executive directors	20.00%

NOMINATION AND REMUNERATION COMMITTEE

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

% executive directors	0.00%
% proprietary directors	40.00%
% independent directors	60.00%
% other non-executive directors	0.00%

STRATEGY AND INVESTMENT COMMITTEE

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

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

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

	Number of female directors							
	2013		**2012**		**2011**		**2010**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
STRATEGY AND INVESTMENT COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
NOMINATION AND REMUNERATION COMMITTEE	2	40.00%	2	40.00%	2	50.00%	2	50.00%
EXECUTIVE COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
AUDIT AND COMPLIANCE COMMITTEE	2	40.00%	2	40.00%	2	40.00%	2	40.00%

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

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

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

STRATEGY AND INVESTMENT COMMITTEE. This Committee has a minimum of 3 and a maximum of 5 Directors, including the Chairman, appointed by the Board. The Secretary of the Board is Secretary of this Commission, with voice but no vote. The Strategy and Investment Committee studies, issues reports, reviews and submits proposals for the Board on the following matters: a) setting of targets for growth, yield and market share of the company; b) development plans, new investments and strategic restructuring processes; and c) coordination with subsidiaries in the matters contemplated in a) and b), for the common interest and benefit of the Company and its subsidiaries.

NOMINATION AND REMUNERATION COMMITTEE. This Committee has a minimum of 3 and a maximum of 5 non-executive directors. The Chairman is appointed by the Committee and the Secretary of the Board is Secretary of this Commission, with voice but no vote. The Committee studies, issues reports and submits proposals for the Board on the following matters: a) definition and revision, where necessary, of the criteria to be followed for the composition and structure of the Board and for selection of candidates to sit on the Board, informing always prior to the appointment of a director by cooptation or the submission of any proposals to the general meeting regarding the appointment or removal of directors; b) appointment of the Chairman, Vice-Chairman and Secretary of the Board, and assignment of the directors to the Executive Committee, the Audit and Compliance Committee and the Strategy and Investment Committee, and appointment of the members of the Management Committee, and appointment and possible dismissal of senior executives and their termination benefit clauses; c) proposal of directors' emoluments, according to the system of remuneration established in the Articles of Association and the executive directors' relationship with the Company; d) inform in advance on any resolution or proposal of the Board on the remuneration of directors and executives indexed to the value of the shares in the Company or consisting of the delivery of shares in the Company; e) supervision of the senior management remuneration and incentives policy; f) assessment of the principles of the management training, promotion and selection policy; g) examination and organisation of the succession of the Chairman and chief executive; and h) preparation and proposal of the Annual Report on Directors' Remuneration in accordance with the laws and regulations in place from time to time.

EXECUTIVE COMMITTEE. This Committee consists of the Chairman and the Vice-Chairman of the Board and other Directors up to a maximum of 7 members, all appointed by the Board, which specifies what powers are delegated to it, subject to votes in favour of at least two-thirds of the Board members. The Chairman and Secretary of the Board are Chairman and Secretary of the Executive Committee. The committee generally holds one meeting a month. Its powers include, among others: a) adopt resolutions corresponding to the powers delegated to it by the Board of Directors; b) study and propose to the Board of Directors the guidelines defining business strategy, supervising their implementation; c) debate and inform the Board on any issues corresponding to the following matters, regardless of whether or not they have been delegated by the Board: (i) separate and consolidated annual budget; (ii) monthly monitoring of the financial management, deviations from the budget and proposed corrective measures, if necessary; (iii) significant financial investments and investments in property, plant and equipment; (iv) alliances and agreements with other companies which, by virtue of their amount or nature, are important for the company; and (v) assessment of the achievement of objectives by the different operating units of the company.

AUDIT AND COMPLIANCE COMMITTEE. This Committee has a minimum of 3 and a maximum of 5 non-executive directors appointed by the Board. The Board appoints one of the independent directors on the

Committee to be Chairman, who must be replaced every four years, becoming eligible for re-election one year after his retirement as such. The Secretary of the Board is Secretary of this Committee, with voice but no vote. Its powers include, among others: a) supervise and promote internal control of the company and the risk management systems and submit recommendations to the Board regarding the risk management and control policy; b) supervise and promote the policies, procedures and systems used for drawing up and controlling the company's financial information; c) receive and guarantee the truth of the financial information disclosed to the markets and the annual accounts; d) establish regular contact with the External Auditors to receive information on any issues that may jeopardise their independence; e) report to the Board on related party transactions; f) implement a whistle-blowing channel and establish a protocol for investigating and solving any issues reported through that channel according to their importance and nature, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud; and g) supervise compliance with the internal codes of conduct and rules of corporate governance and, in particular, oversee the implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in general and the financial reporting process in particular.

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

STRATEGY AND INVESTMENT COMMITTEE
There is no separate text regulating the Strategy and Investment Committee, which is sufficiently regulated in the Regulations of the Board (Article 15).

The Regulations of the Board are available for consultation on the company's website (www.ebrofoods.es) and the website of the National Securities Market Commission (www.cnmv.es).

NOMINATION AND REMUNERATION COMMITTEE
There is no separate text regulating the Nomination and Remuneration Committee, which is sufficiently regulated in the Regulations of the Board (Article 14).

EXECUTIVE COMMITTEE
There is no separate text regulating the Executive Committee, which is sufficiently regulated in the Regulations of the Board (Article 12).

AUDIT AND COMPLIANCE COMMITTEE
There is no separate text regulating the Audit and Compliance Committee, which is sufficiently regulated in the Regulations of the Board (Article 13).

MANAGEMENT COMMITTEE
There is no separate text regulating the Management Committee, which is sufficiently regulated in the Regulations of the Board (Article 16).

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

YES ☒ NO ☐

D. RELATED PARTY AND INTER-COMPANY TRANSACTIONS

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

Body competent for approving related party transactions

BOARD OF DIRECTORS

Procedure for approving related party transactions

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

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

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

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

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

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

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Contractual	Sale of goods (finished or otherwise)	918
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Contractual	Sale of goods (finished or otherwise)	3,229

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

Name of director or executive	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
ANTONIO HERNÁNDEZ CALLEJAS	Luis Hernández González	Relative	Leases	37
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Leases	93
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	6,588
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	140
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	28
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	102
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	89
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Receipt of services	183
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Receipt of services	50
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Sale of goods (finished or otherwise)	202
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Sale of goods (finished or otherwise)	140
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Sale of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	82

INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	140
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	28
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	89
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	198
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	140
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	260
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	39
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	98
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	144
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	98
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	75
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	61
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	87
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	213
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	8
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	59
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	77
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	96

INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	89
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	171
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	77
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	69
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	62
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	77
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	28
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	98
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	90
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	98
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	81
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	158
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	59
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	28
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Sale of goods (finished or otherwise)	167
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Sale of goods (finished or otherwise)	157
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Sale of goods (finished or otherwise)	27

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

YES ☐ NO ☒

Name any subsidiaries listed in Spain:

Listed subsidiary

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

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

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

Mechanisms for solving possible conflicts of interest

E. RISK CONTROL AND MANAGEMENT SYSTEMS

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

The Group designed a risk map in 2011. That risk map is based on a software tool called GIRO, through which information is input by the risk managers of each unit in each of the subsidiaries. In the process of pinpointing, assessment and management of risks, the risks are ranked from greater to lesser impact for the Group and by probability of occurrence. The risk universe is structured in four main groups: compliance, operational, strategic and financial, and all of them are subdivided into a large number of categories.

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

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

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

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

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

Article 9.1 of the Regulations of the Board establishes that the Board shall receive information on the most important aspects of business management and any foreseeable risk situations for the Company and its subsidiaries, together with the actions proposed by the senior management in respect thereof. And Article 6.3, which addresses the board's scope of action, establishes in respect of the transparency and truth of the company's reporting, that the Board shall, as such and through its different Committees:

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

In particular, the Audit and Compliance Committee is responsible for ensuring that the internal audit procedures, the internal control systems in general, including the risk management control system and, in particular, the financial reporting internal control system are adequate; that the external auditors and internal audit manager are selected on the basis of professional, objective criteria, guaranteeing their independence in the performance of their duties; informing the board on any related party transactions submitted for its consideration; controlling possible conflicts of interest; and making sure, in general, that the company's reporting, particularly financial reporting, complies with the principle of truth and maximum transparency for shareholders and markets.

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

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

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

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

The principal control points are grouped into:

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

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

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

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

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

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

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

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

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

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

* Changes in lifestyle: Low carbohydrate diets.

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

Finally, there are another two risks to which the Group is exposed: regulatory and country/market risk. The food industry is a sector subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the directives laid down in the Common Agricultural Policy (CAP). The country or market risks have been mitigated over recent years through a firm business and geographical diversification policy, increasing our presence in Europe, America (United States and Canada), Asia (Thailand and India) and Africa (Egypt and Morocco).

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

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

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

E.5 What risks have occurred during the year?

* On the Spanish domestic market, there has been a combination of supply and market risk, owing to the impossibility of acquiring the required quantity of paddy rice at sufficiently competitive prices to meet our export needs. To mitigate the effect of this shortage, it was decided to increase purchases of foreign rice to supply directly to our subsidiaries. The impact of this risk was felt in Herba Ricemills, where our production of parboiled rice was reduced by approx. 40,000 tonnes, which would have contributed around €2.4 million to profit.

* There was also commercial credit risk in Spain, consisting of the reduction of the credit rating of one of our main brand clients. Although no default has actually occurred, risk mitigation measures have been taken, stepping up the commercial credit insurance by taking out additional cover (2nd layer) of up to approximately 50% of the risk. The average balance of this client is around €4 million, so the contingent risk is €2 million.

* A supply risk occurred in the Central European business units Boost and Euryza, owing to defaults of the contracts of some of our Indian basmati suppliers when the market price of this type of rice rose. To mitigate the supply problem, additional quantities of rice were purchased, although at higher prices, which dented profit margins by €1.5 million.

In the medium term, a solution has been found to deal with these supply problems, whereby the Ebro Group has set up a new subsidiary in India with the main mission of supplying the Ebro Group with all kinds of Indian rice (mainly basmati) with the required price and service levels.

* In the Moroccan business unit, Mundiriz, a competition risk occurred when a large volume of Egyptian rice with a cost considerably lower than that of our subsidiary was imported into the country. Consequently, sales by our subsidiary plummeted. To mitigate the effects, the subsidiary had to lower its selling prices and, consequently, cut its margin. The consequences of this risk are calculated at around €2.2 million.

This risk is not easy to solve as it is essentially a regulatory issue (import quotas). Nevertheless, the Group has established contact with the Moroccan government to explain the problems affecting the sector.

* In our UK subsidiary, average collection periods have lengthened owing to the smaller liquidity of some of our clients. Collection times and credit limits have been established according to the financial position of each client, for which we have obtained commercial and bank reports on all of them.

* Two risks occurred in France, one of which was the detection of horsemeat in several items sold under different brands, which generated considerable concern among consumers. To mitigate this risk, our subsidiary ran a large number of tests to detect horsemeat in our pastas and sauces, all giving negative results. In addition, as from 2013 all the meat used in our pastas and sauces has been French beef. Panzani was also affected by the price rise in basmati rice from the beginning of the year, which forced us to raise our prices to clients in the spring to reduce the negative impact on our margins to €1.9 million.

* Finally, in our US rice subsidiary the persistent drought in Texas has generated supply and logistics problems in our Freeport plant. Our subsidiary Riviana had to transfer part of the production to another plant in Tennessee, where it is easier to obtain rice from Arkansas and Louisiana. Shifts and headcount were also reduced at our Freeport plant. The total effect on our profit and loss account is €8 million.

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

The management committee in each subsidiary is responsible for monitoring the subsidiary's risk supervision system. Management committees usually meet monthly to analyse any risks that may have materialised and follow up the contingency plans and actions taken to mitigate them.

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

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

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

F.1 Control environment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Code aims to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F.2 Measurement of risks in financial reporting

Report at least on:

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

- Whether the process exists and is documented.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Which governing body of the company supervises the process.

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

F.3 Control activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F.4 Information and communication

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

F.4.1 A specific department responsible for defining the accounting policies and keeping them up to date (accounting policy department or division) and solving queries or conflicts deriving from their interpretation, maintaining fluent communication with those

responsible for operations in the organisation, as well as an updated accounting policy manual distributed among the units through which the company operates.

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

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

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

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

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

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

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

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

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

The Ebro Group has established a reporting system for the Financial Reporting Internal Control System, which is available in the Group for all the subsidiaries included within the Scope. Through that reporting system, the management of the parent coordinates maintenance of the system in the rest of the subsidiaries annually through the assignment of persons responsible for their maintenance and updating in the event of any significant change to be taken into consideration in the documentation. Finally, if any weaknesses are detected in the financial reporting internal control system, the subsidiaries are notified of the necessary action plans and they are monitored by management of the parent.

F.5 Supervision of the functioning of the system

F.5.1 Inform on the FRICS supervisory activities performed by the Audit Committee and whether the company has an internal audit department responsible, among its duties, for assisting the committee in its supervision of the internal control system, including the financial reporting internal control system (FRICS). Inform also on the scope of the FRICS appraisal made during the year and the procedure through which the department or body responsible for the appraisal informs on the outcome, whether the company has an action plan defining any possible corrective measures and whether their impact on the financial information has been considered.

The board is ultimately responsible for the existence, maintenance and supervision of an adequate, effective financial reporting internal control system, which is designed and implemented by the management committee. Among the duties defined in the Regulations of the Board, the Audit and Compliance Committee assists and supports the board in its supervision of the accounting and financial information, the internal and external audit services and corporate governance.

The audit and compliance commission must see that the internal audit procedures, the internal control systems in general, including the risk management control system and in particular the financial reporting internal control system, are adequate; the external auditor and manager of the internal audit department are selected on the basis of objective, professional qualifications, guaranteeing their independence in the performance of their duties; report to the board on any related party transactions submitted for its consideration; control any possible conflicts of interest; and, in general, make sure that all the company's information and reporting, particular financial, complies with the principle of truth and maximum transparency for shareholders and markets.

The internal audit department has submitted its annual working plan to the Audit and Compliance Committee and reported directly to said committee on any incidents detected in the performance of that work, proposing the corresponding action plan defining any necessary corrective measures; and at the end of each year, it has submitted an activity report.

The results of checks made by the internal audit department and any incidents detected have been reported to the Audit and Compliance Committee. Moreover, the action plan devised for remedying those incidents has been sent to both the person responsible for remedying them and the Audit and Compliance Committee.

7.5.2 Inform on whether the company has a discussion procedure whereby the auditor (according to the provisions of the auditing standards), the internal audit department and other experts can inform the senior management and audit committee or company directors of any significant weaknesses detected in internal control during the auditing or checking of the annual accounts or any other processes commissioned to them. Indicate also whether the company has an action plan to remedy or mitigate the weaknesses observed.

The Audit and Compliance Committee has a stable, professional relationship with the external auditors and the main companies in its group, strictly respecting their independence. That relationship favours communication and discussion of any internal control weaknesses pinpointed during the auditing of annual accounts or any other audit work commissioned to them.

In this regard, the Audit and Compliance Committee receives information from the external auditor at least every six months on the audit plan and outcome of its performance, and checks that the senior management heeds the auditor's recommendations.

In addition, as established in the Regulations of the Board, it is responsible for overseeing the Internal Audit Services, being informed on the financial reporting process and internal control systems.

During 2013, the External Auditor attended 4 meetings of the Audit and Compliance Committee and the Internal Auditor has attended 7 such meetings.

F.6 Other significant information

N/A

F.7 External auditor's report

7.7.1 Inform as to whether the FRICS information sent to the markets was checked by the external auditor, in which case the company should include the corresponding report in an annex. If not, why not.

The external auditor's report is appended.

G EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the recommendations of the Unified Good Governance Code.

If any recommendation is not followed or is only partly followed, include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to assess the company's actions. General explanations are not acceptable.

1. The Articles of Association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24

Complies [X] Explanation [ ]

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:

   a) **The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;**

   b) **The mechanisms in place to solve any conflicts of interest.**

See sections: D.4 and D.7

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:

   a) **Conversion of listed companies into holdings, through spin-off or "subsidiarisation", i.e. reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;**

   b) **Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;**

   c) **Any operations producing effects equivalent to liquidation of the company.**

See section: B.6

Complies [X] Partial compliance [ ] Explanation [ ]

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 27, should be published simultaneously with the notice of call to the General Meeting.

Complies [X] Explanation [ ]

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:

   a) **To the appointment or ratification of directors, which should be voted individually;**

   b) **In the case of alterations to the Articles of Association, to each article or substantially independent group of articles.**

Complies [X] Partial compliance [ ] Explanation [ ]

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on

behalf of different clients can vote according to the latters' instructions.

Complies [X] Explanation [ ]

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.

It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the sectors and territories in which it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies [X] Partial compliance [ ] Explanation [ ]

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

a) General policies and strategies of the Company, particularly:

- **i) The strategic or business plan, management objectives and annual budgets;**
- **ii) Investment and financing policy;**
- **iii) Definition of the structure of the corporate group;**
- **iv) Corporate governance policy;**
- **v) Corporate social responsibility policy;**
- **vi) Policy on the remuneration and performance assessment of senior officers;**
- **vii) Risk management and control policy and the regular monitoring of internal information and control systems;**
- **viii) The dividend policy and treasury stock policy, particularly regarding limits.**

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

- **i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses;**
- **ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts;**
- **iii) The financial information that listed companies are obliged to disclose periodically;**
- **iv) Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;**
- **v) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.**

c) Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions").

This authorisation will not be necessary for related-party transactions that meet all of the following three conditions:

1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;

2. Made at the general prices or rates established by the person supplying the good or service;

3. Made for a sum not exceeding 1% of the company's annual earnings.

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

See sections: D.1 and D.6

Complies [X] Partial compliance [ ] Explanation [ ]

9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.

See section: C.1.2

Complies [X] Explanation [ ]

10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.

See sections: A.3 and C.1.3

Complies [X] Partial compliance [ ] Explanation [ ]

11. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.

This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:

1. **In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.**
2. **In companies with a plurality of unrelated shareholders represented on the Board.**

See sections: A.2, A.3 and C.1.3

Complies [X] Explanation [ ]

12. The total number of Independent Directors should represent at least one-third of the total Directors.

See section: C.1.3

Complies [ ] Explanation [X]

There are 4 independent directors, representing 30.769% of the total directors.

The company considers that the composition of the board reflects the shareholding structure of the company, so it is not necessary to appoint another independent director for the time being, in view of the small difference in respect of the recommended proportion.

13. The Board should explain the nature of each director at the general meeting at which an appointment is to be made or ratified. The type of director should be confirmed or altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why proprietary directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where appropriate, for not meeting formal requests for presence on the board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

See sections: C.1.3 and C.1.8.

Complies	[X]	Partial compliance	[ ]	Explanation	[ ]

14. When there are few or no female directors, when vacancies arise on the Board, the Nomination Committee should ensure that:

    a) There is no hidden bias against female candidates in the selection procedures;

    b) A conscious effort is made to include women with the target profile among the candidates.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4

Complies	[ ]	Partial compliance	[ ]	Explanation	[X]	Not applicable	[ ]

Board members are appointed regardless of candidates' sex, so there is no positive or negative discrimination of any nature in the election of directors.

At present, Sol Daurella Comadrán, Blanca Hernández Rodríguez and Concepción Ordiz Fuertes are on the board.

15. The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.

See section: C.1.19 and C.1.41

Complies	[X]	Partial compliance	[ ]	Explanation	[ ]

16. When the Chairman of the Board is also the chief executive officer of the company, one of the independent directors should be authorised to request the calling of a board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the non-executive directors; and direct the assessment by the Board of its Chairman.

See section: C.1.22

Complies	[ ]	Partial compliance	[X]	Explanation	[ ]	Not applicable	[ ]

The company partially complies with this recommendation, since the Regulations of the Board recognises the right of all directors to request the calling of a board meeting or the inclusion of items on the agenda, not limiting this power exclusively to independent directors.

Article 9.2 of the Regulations of the Board stipulates that one-third of the board members may, at least six days prior to the date of a board meeting, request the inclusion of items which, in their opinion, should be transacted.

Article 9.5 of the Regulations stipulates that the board may discuss and adopt resolutions on issues included on the agenda, as well as any others which all the directors present and represented at the meeting agree to dispatch.

Similarly, Article 25.2.b) of the Regulations establishes that directors shall request a meeting of any corporate bodies they belong to whenever they may consider this to be in the company's interests, proposing such items as they may consider adequate for the agenda.

Finally, Article 33.1 of the Regulations provide that when the chairman of the board is also the chief executive officer of the company, the board may appoint a vice-chairman from among the non-executive directors, who will be entitled to call board meetings or include new items on the agenda and organise meetings to coordinate among non-executive directors, and who will direct the assessment of the chairman. If no vice-chairman is appointed, the board will authorise an independent director to perform these duties.

17. The Secretary of the Board should especially ensure that the Board's actions:

    a) Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;

    b) Conform to the company's Articles of Association and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;

    c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

See section: C.1.34

Complies [X] Partial compliance [ ] Explanation [ ]

18. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.

See section: C.1.29

Complies [X] Partial compliance [ ] Explanation [ ]

19. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to grant a proxy for any Board meeting, the appropriate instructions should be issued.

See sections: C.1.28, C.1.29 and C.1.30

Complies [X] Partial compliance [ ] Explanation [ ]

20. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, and those concerns are not settled by the board, they should be put on record, at the request of those expressing them.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

21. The full Board should assess once a year:

a) The quality and effectiveness of the Board's actions;

b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;

c) The performance of its Committees, based on the reports issued by each one .

See section: C.1.19 and C.1.20

Complies [X] Partial compliance [ ] Explanation [ ]

22. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Articles of Association or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

See section: C.1.41

Complies [X] Explanation [ ]

23. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.

See section: C.1.40

Complies [X] Explanation [ ]

24. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies [X] Partial compliance [ ] Explanation [ ]

25. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:

a) **Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;**

b) **Companies should limit the number of directorships that its Directors may hold.**

See sections: C.1.12, C.1.13 and C.1.17

Complies [X] Partial compliance [ ] Explanation [ ]

26. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:

a) **At the proposal of the Nomination Committee, in the case of independent directors;**

b) **Subject to a report by the Nomination Committee for other directors.**

See section: C.1.3

Complies [X] Partial compliance [ ] Explanation [ ]

27. Companies should publish on their websites and regularly update the following information on their directors:

a) **Professional and biographical profile;**

b) **Other directorships held, in listed or unlisted companies;**

c) **Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.**

d) **Date of first and subsequent appointments as company director; and**

e) **Company shares and stock options held.**

Complies [ ] Partial compliance [X] Explanation [ ]

The company complies with all points of this recommendation except b).

28. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

See sections : A.2, A.3 and C.1.2

Complies [X] Partial compliance [ ] Explanation [ ]

29. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his/her duties or when he or she falls into any of the circumstances by virtue of which he/she would no longer be considered independent, according to the provisions of Order ECC/461/2013.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Complies [X] Explanation [ ]

30. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's reputation. In particular, directors should be obliged to inform the Board of any criminal

proceedings brought against them and the subsequent development of the proceedings.

If a director is tried for any of the offences contemplated in section 213 of the Corporate Enterprises Act, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

See sections: C.1.42 and C.1.43

Complies [X] Partial compliance [ ] Explanation [ ]

31. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board.

And when the Board adopts significant or reiterated decisions regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation.

This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

32. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a regulatory disclosure, the reason shall be indicated in the Annual Corporate Governance Report.

See section: C.1.9

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

33. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors.

This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

34. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies [X] Explanation [ ] Not applicable [ ]

35. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Complies [ ] Explanation [ ] Not applicable [X]

36. In the case of variable remuneration, the pay policies should establish such limits and technical precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies [X] Explanation [ ] Not applicable [ ]

37. When there is an Executive Committee, the balance between the different types of director should roughly mirror

that of the Board and its secretary should be the Secretary of the Board.

See sections: C.2.1 and C.2.6

Complies	X	Partial compliance		Explanation		Not applicable	

38. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies	X	Explanation		Not applicable	

39. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.

The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.

b) These Committees should have a minimum of three members, who should be exclusively non-executive directors. This notwithstanding, executive directors or senior officers may attend their meetings when expressly so decided by the Committee members.

c) The Committees should be chaired by Independent Directors.

d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.

e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

See sections: C.2.1 and C.2.4

Complies	X	Partial compliance		Explanation	

40. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.

See sections: C.2.3 and C.2.4

Complies	X	Explanation	

41. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.

Complies	X	Explanation	

42. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.

See section: C.2.3

Complies	X	Explanation	

43. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.

Complies	X	Partial compliance		Explanation	

44. The risk management and control policy should define at least:

a) The different types of risk (operational, technological, financial, legal, reputational…) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;

b) The level of risk that the company considers acceptable;

c) The measures envisaged to soften the effects of the risks identified, should they materialise;

d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.

See section: E

Complies	X	Partial compliance		Explanation	

45. The Audit Committee should:

1. In connection with the internal reporting and control systems:

a) Ensure that the principal risks identified through supervision of the effective internal control of the company and internal auditing are adequately managed and disclosed.

b) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.

c) Establish and supervise a “whistle-blowing” procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company's conduct, especially in financial and accounting aspects.

2. In connection with the external auditor:

a) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.

b) Guarantee the independence of the external auditor, and for this purpose:

i) The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content.

ii) Investigate the circumstances giving rise to resignation of any external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies	X	Partial compliance		Explanation	

46. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies	X	Explanation	

47. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

a) The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.

b) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group’s transparency.

c) Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.

See sections: C.2.3 and C.2.4

Complies	X	Partial compliance		Explanation	

48. The Board should endeavour to avoid a qualified auditor's report on the accounts laid before the General Meeting, and in exceptional circumstances when such qualifications exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders their content and scope.

See section: C.1.38

Complies	X	Partial compliance		Explanation	

49. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.

See section: C .2.1

Complies	X	Partial compliance		Explanation	

50. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:

a) Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.

b) Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.

c) Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.

d) Report to the Board on the gender issues contemplated in Recommendation 14.

See section: C.2.4

Complies [ ] Partial compliance [X] Explanation [ ] Not applicable [ ]

All the powers indicated in this recommendation correspond to the Nomination and Remuneration Committee except the power indicated in d).

The Nomination and Remuneration Committee does not report to the board on gender issues because the company does not apply any positive or negative discrimination in the election of directors, who are selected regardless of the candidates' sex, as indicated in sections C.1.5 and C.1.6 of this report.

51. The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.

Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

52. Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:

a) Submit proposals to the Board on:

i) The remuneration policy for directors and senior officers;

ii) The individual remuneration of executive directors and other terms of contract;

iii) The basic conditions of senior executive contracts.

b) Ensure compliance with the remuneration policy established by the company.

See sections: C.2.4

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

53. The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.

Complies [X] Explanation [ ] Not applicable [ ]

H OTHER INFORMATION OF INTEREST

1. If you consider there to be any important aspect regarding the corporate governance practices applied by your company or other companies in the group that have not been mentioned in this report, but which should be included to obtain more complete, reasoned information on the corporate governance practices and structure in the company or group, describe them below and give a brief explanation.

2. This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

   In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

3. The company may also state whether it has voluntarily applied any international, sector-based or other codes of ethical principles or good practices. If so, it should name the code in question and the date of its accession.

EXPLANATORY NOTE ONE, ON SECTION A.3

The total percentage of voting rights held by Board members indicated in A.3 (41.95%) includes the 6.95% interest of Hispafoods Invest, S.A. twice: once as a direct holding of Hispafoods and also as an indirect holding of Instituto Hispánico del Arroz, S.A.

Therefore, the percentage of voting rights held by Board members is actually 35%.

EXPLANATORY NOTE TWO, ON SECTION A.4

Instituto Hispánico del Arroz, S.A. and Hispafoods Invest, S.L. are directors and also significant shareholders of the company (see percentage shareholdings indicated in A.3) and the relationships contemplated in explanatory note six to section C.1.17 exist between them.

EXPLANATORY NOTE THREE, ON SECTION A.5

For relationships between the companies of the Ebro Foods Group and the controlling shareholders, see section C.2 of this Report.

EXPLANATORY NOTE FOUR, ON SECTION C.1.6

- In 2013 €7,000 of the total remuneration of executives of the Ebro Foods Group (excluding the Executive Director) corresponded to the Deferred Annual Variable Remuneration for 2011 under the Group’s Strategic Plan 2010-2012. A provision was recognised for this amount in the 2011 accounts.

- A provision of €145,000 was also recognised in the 2012 accounts for the Deferred Annual Remuneration for 2012 under the Group’s Strategic Plan 2010-2012, equivalent to 70% of the three-year bonus. That amount will accrue and be paid in 2014.

- The Deferred Annual Remuneration Scheme is not indexed to the value of the Ebro Foods share, nor does it entail receipt by the beneficiaries of shares or any rights thereover.

- All the executives of Ebro Foods have been taken into account to calculate this remuneration, even though they are not all members of the senior management.

EXPLANATORY NOTE FIVE, ON SECTION C.1.12

Antonio Hernández Callejas stepped down as director of Deóleo, S.A. on 31 January 2014 for professional reasons.

EXPLANATORY NOTE SIX, ON SECTION C.1.17

- Instituto Hispánico del Arroz, S.A. holds 100% of the capital of Hispafoods Invest, S.A. (direct interest of 51.62% and indirect interest of 48.38%) and is director of that company.

- Antonio Hernández Callejas has a direct interest of 16.666% in Instituto Hispánico del Arroz, S.A. and an indirect interest of 16.666% in Hispafoods Invest, S.L. Therefore, Antonio Hernández Callejas has an indirect interest in Ebro Foods, S.A. through the 15.879% interest held directly and indirectly in this company by Instituto Hispánico del Arroz, S.A.

Demetrio Carceller Arce has an indirect interest in Ebro Foods, S.A. through the 9.749% interest held indirectly in this company by Sociedad Anónima Damm.

EXPLANATORY NOTE SEVEN, ON SECTION C.2

The audit committee in Ebro Foods S.A. is called the Audit and Compliance Committee.

The nomination and remuneration committee in Ebro Foods S.A. is called the Nomination and Remuneration Committee (lit. Selection and Remuneration Committee in Spanish).

EXPLANATORY NOTE EIGHT, ON OTHER INFORMATION OF INTEREST

- Ebro Foods, S.A. has an interest of less than 5% (3.121% at 31 December 2013) in Biosearch, S.A. This interest is recognised in the Ebro Group accounts as “Available-for-sale financial assets”.

Biosearch, S.A. is a listed company engaged in activities similar to the objects of Ebro Foods, S.A. It was part of the Ebro Group until January 2011. Miguel Ángel Pérez Álvarez, non-member Secretary of the Board of Ebro Foods is proprietary director of Biosearch, nominated by Ebro as significant shareholder.

The transactions made between 1 January and 31 December 2013 between Biosearch, S.A. and different companies of the Ebro Foods Group are indicated below:

- Herba Ricemills, S.L.U., purchase of goods (finished or otherwise) for €41 thousand.
- Herba Ricemills, S.L.U., operating lease for €26 thousand.
- Dosbio 2010, S.L.U., operating lease for €27 thousand.
- Ebro Foods, S.A., services rendered for €74 thousand.

- The significant interest held by Ebro Foods, S.A. in Deóleo, S.A. (8.272% at 31 December 2013) is also recognised in the Ebro Group accounts as “Available-for-sale financial assets”.

Antonio Hernández Callejas, Chairman of the Board of Ebro Foods, S.A., was proprietary director of Deóleo in 2013, nominated by Ebro as significant shareholder. Mr Hernández Callejas stepped down as director of Deóleo on 31 January 2014 for professional reasons, as mentioned in the explanatory note to section C.1.12 above.

The transactions made between 1 January and 31 December 2013 between Deóleo and different companies of the Ebro Foods Group are indicated below:

- Herba Ricemills, S.L.U., services received for €40 thousand.
- Lassie Nederland BV, services received for €156 thousand.
- Herba Ricemills, S.L.U., purchase of goods (finished or otherwise) for €10 thousand.
- Ebro Foods, S.A., services rendered for €254 thousand.

This Annual Corporate Governance Report was approved by the Board of Directors of the company on 21/03/2014.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

YES ☐ NO ☒

Ebro Foods, S.A.
Auditors' Report on Consolidated

FOR THE YEAR ENDED 31 DECEMBER 2013

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

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.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Ebro Foods, S.A. and Subsidiaries:

We have audited the consolidated financial statements of Ebro Foods, S.A. (the Parent) and Subsidiaries (the Group), which comprise the consolidated balance sheet at 31 December 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2 to the accompanying consolidated financial statements, the Parent's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of Ebro Foods, S.A. and Subsidiaries at 31 December 2013, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

The accompanying consolidated directors' report for 2013 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2013. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Ebro Foods, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Victoria López Téllez
1 April 2014

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Ebro Foods, S.A.
Consolidated Annual Accounts

FOR THE YEAR ENDED 31 DECEMBER 2013

Ebro Foods Consolidated Group
Consolidated Balance Sheets

AT 31 DECEMBER 2013 AND 2012

ASSETS	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

>> Thousands of euros

Ebro Foods Consolidated Group
Consolidated Balance Sheets

AT 31 DECEMBER 2013 AND 2012

	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**

>> Thousands of euros

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

Ebro Foods Consolidated Group
Consolidated Income Statements

FOR DE YEARS ENDED 31 DECEMBER 2013 AND 2012

	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**

>> Thousands of euros

	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 DE YEARS ENDED 31 DECEMBER 2013 AND 2012

		12-31-13			12-31-12		
	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**

>> Thousands of euros

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

Ebro Foods Consolidated Group
Consolidated Statements of Changes in Equity

FOR DE YEARS ENDED 31 DECEMBER 2013 AND 2012

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT

	EQUITY	NON-CONTROLLING INTERESTS	TOTAL	SHARE CAPITAL	SHARE PREMIUM	RESTRICTED RESERVES		UNRESTRICTED RESERVE		INTERIM DIVIDEND PAID	TRANSLATION DIFFERENCES	TREASURY SHARES
						REVALUATION RESERVE	LEGAL RESERVE	RETAINED EARNINGS	PROFIT OR LOSS			
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 equity	(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 equity	(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

>> Thousands of euros

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.

Ebro Foods Consolidated Group
Consolidated Statements of Cash Flows

FOR DE YEARS ENDED 31 DECEMBER 2013 AND 2012

	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**

>> Thousands of euros

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.

Ebro Foods, S.A.
Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

(EXPRESSED IN THOUSANDS OF EUROS)

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

DISTRIBUTABLE PROFIT	AMOUNT
Unrestricted reserves	820,053
Income statement (profit)	8,342
	828,395

>> Thousands of euros

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

Subsidiaries

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.

Associates

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 a 3.0%
Plant and machinery	2.0 a 20%
Other fixtures, tools and furniture	8 a 25%
Other items of property, plant and equipment	5.5 a 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.

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:

SUBSIDIARIES AND ASSOCIATES

	% OWNERSHIP INTEREST		PARENT			
	12-31-2013	12-31-2012	12-31-2013	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 power
Networks Meal Solutions, S.A. (NMS)	100.0%	100.0%	EF	EF	Madrid (Spain)	Dormant
JJ, Software de Medicina, S.A. (A)	26.8%	26.8%	NMS	NMS	Madrid (Spain)	Dormant
Fundación Ebro Foods	100.0%	100.0%	EF	EF	Madrid (Spain)	Foundation
Ebro Financial Corporate Services, S.L.	100.0%	100.0%	EF	EF	Madrid (Spain)	Insurance and finance
Herba Foods S.L. (HF)	100.0%	100.0%	EF	EF	Madrid (Spain)	Investment management
Herba Ricemills S.L. (HR)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
Herba Nutrición S.L. (HN)	100.0%	100.0%	EF	EF	Madrid (Spain)	Production and sale of rice
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)	Ownership 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

SUBSIDIARIES AND ASSOCIATES

	% OWNERSHIP INTEREST		PARENT			
	12-31-2013	12-31-2012	12-31-2013	12-31-2012	LOCATION/REGISTERED OFFICE	LINE OF BUSINESS
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 Belgium	Production and sale of rice
TBA Suntra UK, Ltd. (B)	100.0%	100.0%	HF	HF	Goole (UK)	Production and sale of rice
Ebro Foods Netherland, B.V. (EFN)	100.0%	100.0%	HF	HF	Amsterdam (Netherlands)	Investment management
Lassie Netherland, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Production and sale of rice
Lassie, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Industrial operations
Lassie Property, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Industrial operations

SUBSIDIARIES AND ASSOCIATES

	% OWNERSHIP INTEREST		PARENT			
	12-31-2013	12-31-2012	12-31-2013	12-31-2012	LOCATION/REGISTERED OFFICE	LINE OF BUSINESS
Herba Ingredients, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Industrial operations
Mediterranean Foods Label, B.V.	100.0%	100.0%	EFN	EFN	Amsterdam (Netherlands)	Production and sale of rice
Nuratri, S.L.	100.0%	100.0%	HR	HR	Madrid (Spain)	Sale 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	Sevilla (Spain)	Sale of rice
Herba Trading, S.A.	100.0%	100.0%	HR	HR	Sevilla (Spain)	Sale of rice
Formalac, S.L.	100.0%	100.0%	HR	HR	Sevilla (Spain)	Sale of rice
Eurodairy, S.L.	100.0%	100.0%	HR	HR	Sevilla (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.

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

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

In 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):

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)**

>> Thousands of euros

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	TOTAL
	INCLUSION DATE			
	05-01-13	06-01-13	12-01-13	
	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**

>> Thousands of euros

(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.

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 Netherlands	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.

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	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								

>> Thousands of euros

INFORMATION ON BUSINESS SEGMENTS - CONTINUING OPERATIONS

EBRO FOODS GROUP	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**

>> Thousands of euros

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:

	2013	2012
	BIRKEL	BIRKEL
	TWELVE MONTHS	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)**

>> Thousands of euros

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.
- 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.
- 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 instruments	(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 liabilities	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:

	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 2013

	MEN		WOMEN		TOTAL
	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	
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 2012

	MEN		WOMEN		TOTAL
	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	
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 2013

	MEN		WOMEN		TOTAL
	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	
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 2012

	MEN		WOMEN		TOTAL
	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	
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:

- 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 CO2 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 CO2 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			INCREASE	DECREASE AND OTHER	REDUCTION DUE TO IMPAIRMENT	TRANSLATION DIFFERENCES	BALANCE AT 12-31-2013		
			GROSS	IMPAIRMENT	NET					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**

167

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 as 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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

1. Investment in Deoleo Corporación, S.A.

"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. Investment in Biosearch, S.A.

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.

LOANS AND RECEIVABLES - THIRD PARTIES

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:

	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 obligations	(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

>> Thousands of euros

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	12-31-2013
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):

INVENTORIES	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):

TRADE RECEIVABLES	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):

CASH AND CASH EQUIVALENTS	12-31-2013	12-31-2012
Cash on hand and at banks	90,014	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.

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	2012
	THOUSANDS	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.

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	
	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12	12-31-13	12-31-12
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.
(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).

20.2 DEFINED BENEFIT PENSION AND OTHER OBLIGATIONS

The detail, by company, is as follows:

	12-31-2013			12-31-2012		
	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**

>> Thousands of euros

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	
	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**

>> Thousands of euros

NET ANNUAL COST, BY LINE ITEM

	RIVANA GROUP		NWP GROUP		EUROPEAN SUBSIDIARIES	
	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

	12-31-2013	12-31-2012	12-31-2013	12-31-2012	12-31-2013	12-31-2012
Discount rate	4.89%	3.93%	4.50%	3.75%	3.2% al 4.1%	3.2% al 4.1%
Salary performance	3.00%	3.00%	0.00%	0.00%	1.2% al 3.0%	1.2% al 3.0%)
Return on assets	4.89%	7.50%	4.50%	7.50%	3.2% al 4.1%	3.2% al 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	12-31-2012
	TOTAL	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):

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.
- 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:

FINANCING ARRANGEMENTS

AT 31 DECEMBER 2013	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**

FINANCING ARRANGEMENTS

AT 31 DECEMBER 2012	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 3/2004, of 29 December, on combating late payment in commercial transactions..

25. TAX MATTERS

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

DETAIL OF TAX RECEIVABLES AND PAYABLES

	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**

	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):

	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	
	ASSETS	LIABILITIES	ASSETS	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):

	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):

	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 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
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

DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2013	TOTAL 2012
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

DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2013	TOTAL 2012
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
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

DIRECTOR	EBRO FOODS GROUP COMPANY	TYPE OF TRANSACTION	TOTAL 2013	TOTAL 2012
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.

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.

NET DEBT

	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	

>> Thousands of euros

(1) Ratio of average not 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:

- ❖ 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:

CURRENCY

	NOTIONAL AMOUNT (THOUSANDS)	
	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.

Impact on results

EURO FLUCTUATIONS

	2013				2012			
Due to derivatives: 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: 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

	2013				2012			
Due to derivatives:								
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:								
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

	2013				2012			
Due to derivatives:								
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:								
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:

- 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.

Ebro Foods Group, S.A.
Consolidated Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2013

(EXPRESSED IN THOUSANDS OF EUROS)

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).

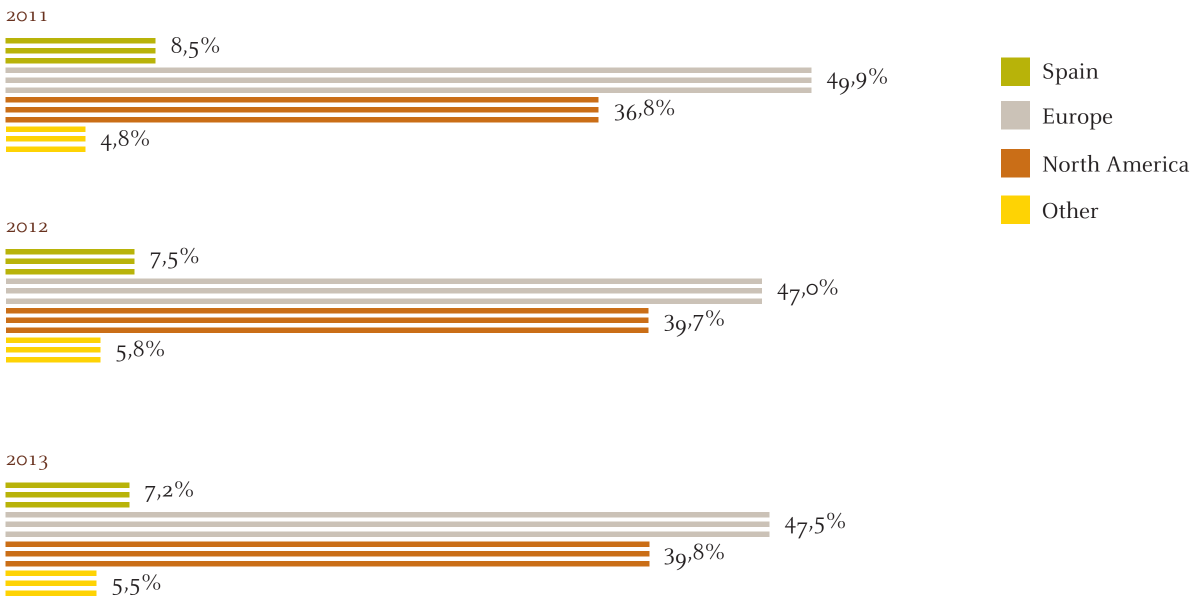
Purchases are made from farmers, cooperatives and milling companies that provide the basic raw material for the production process. The requisite milling and processing is performed at the Ebro Group's processing facilities. Processes differ depending on the product's end purpose and range from cleaning, 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:

GEOGRAPHICAL AREAS



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.

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

	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		

>> Thousands of euros

(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".

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.

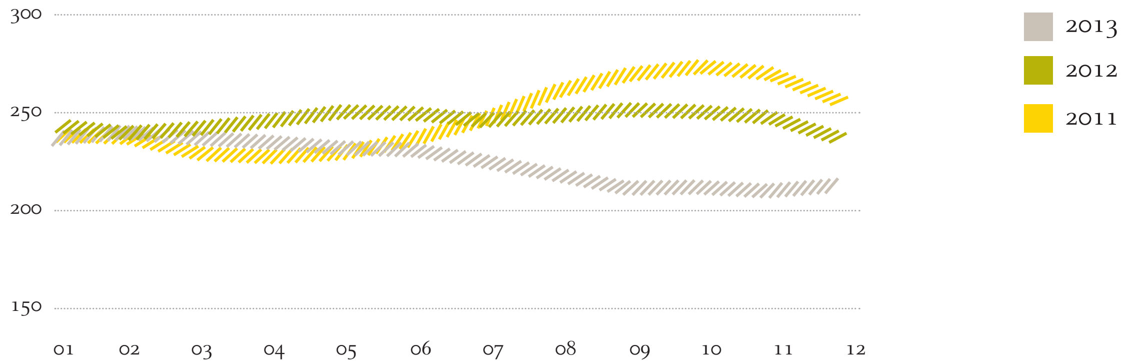
RICE BUSINESS

	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%*	

>> Thousands of euros

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.

RICE PRICE INDEX



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).

US SEASON PRICES

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

Source: USDA

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.

PASTA AREA

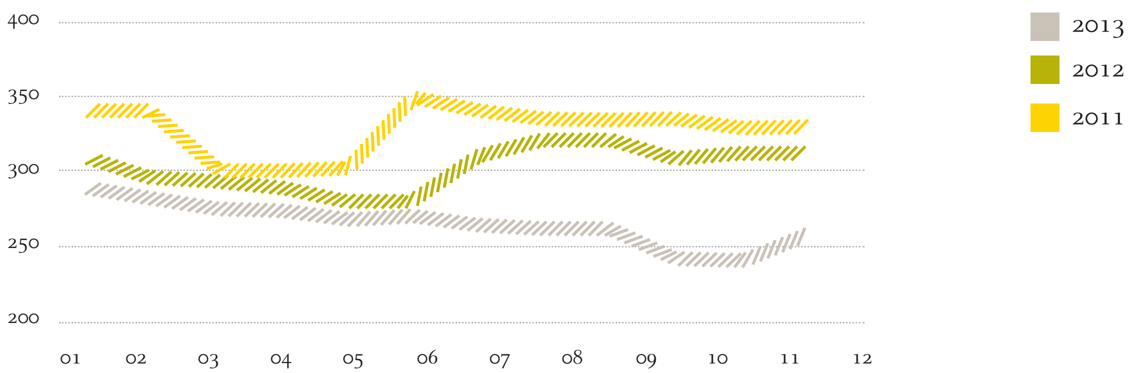
PASTA BUSINESS

	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%*	

>> Thousands of euros

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.

PRICE OF DURUM WHEAT IN EUR/TN



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.

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
2011	66,596
2012	52,930
2013	61,308

>> Thousands of euros

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				
	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	

>> Thousands of euros

(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				
	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)**	

>> Thousands of euros

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 POLICIE

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

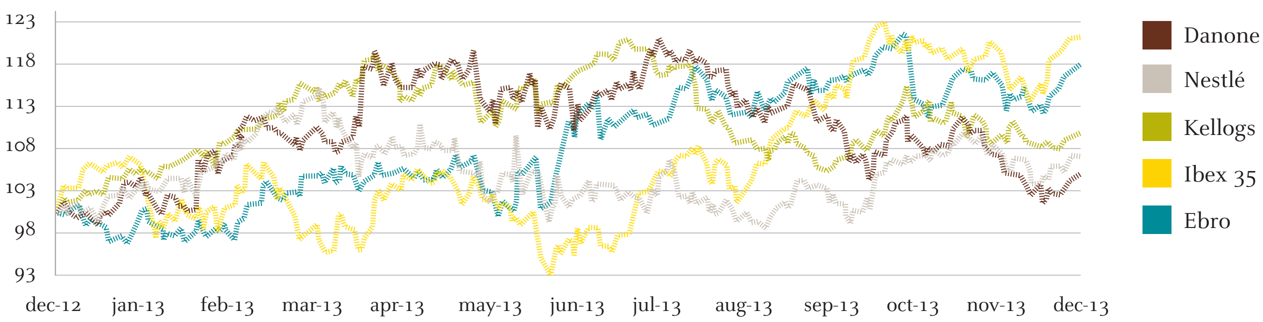
In 2013, the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on 4 June 2013 and 29 May 2012, and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. 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 INDUSTRY ON THE STOCK MARKET OVER ONE YEAR



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.

Ebro Foods, S.A.
Annual Corporate Governance Report

FOR THE YEAR ENDED 31 DECEMBER 2013

ANNEX 1

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

DETAILS OF ISSUER

YEAR ENDED	31/12/2013

TAX REGISTRATION NUMBER	A47412333

NAME

EBRO FOODS, S.A.

REGISTERED OFFICE

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

ANNUAL CORPORATE GOVERNANCE REPORT
LISTED COMPANIES

A OWNERSHIP STRUCTURE

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

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

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

YES ☐ NO ☒

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

Name of shareholder	Number of direct voting rights	Number of indirect voting rights	Interest / total voting rights (%)
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	15,940,377	10.36%
SOCIEDAD ANÓNIMA DAMM	0	15,000,000	9.74%
CORPORACIÓN FINANCIERA ALBA, S.A.	0	12,625,080	8.20%
JUAN LUIS GÓMEZ-TRENOR FOS	0	7,847,135	5.10%

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of voting rights
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	15,940,377
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	15,000,000
CORPORACIÓN FINANCIERA ALBA, S.A.	ALBA PARTICIPACIONES, S.A.	12,625,080
JUAN LUIS GÓMEZ-TRENOR FOS	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	7,847,135

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

Name of shareholder	Date of transaction	Description of the transaction
JUAN LUIS GÓMEZ-TRENOR FOS	21/11/2013	Interest raised to above 5% of the capital

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

Name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	0	0.00%
DEMETRIO CARCELLER ARCE	0	39,898	0.02%
ALIMENTOS Y ACEITES, S.A.	15,940,377	0	10.36%
FERNANDO CASTELLÓ CLEMENTE	2,307,828	0	1.50%
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	303,030	0	0.19%
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0	404,040	0.26%
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0	1,320,209	0.85%
SOL DAURELLA COMADRÁN	0	202	0.00%
SOL DAURELLA COMADRÁN	0	3,922	0.00%
SOL DAURELLA COMADRÁN	0	52,878	0.03%
SOL DAURELLA COMADRÁN	0	1,267,289	0.82%
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	7,847,135	0	5.10%
HISPAFOODS INVEST, S.L.	10,707,282	0	6.95%
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	13,725,601	10,707,282	15.87%
JOSÉ NIETO DE LA CIERVA	8,969	2,044	0.00%
JOSÉ ANTONIO SEGURADO GARCÍA	100	0	0.00%
EUGENIO RUIZ-GÁLVEZ PRIEGO	153	0	0.00%

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	39,898
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	MENDIBEA 2002, S.L.	404,040
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	1,320,209
SOL DAURELLA COMADRÁN	SOL VILARRUBI DAURELLA	202
SOL DAURELLA COMADRÁN	JOSÉ ALBIOL DAURELLA	3,922
SOL DAURELLA COMADRÁN	SURFUP SICAV, S.A.	52,878
SOL DAURELLA COMADRÁN	BEGINDAU, S.L.	1,267,289
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HISPAFOODS INVEST, S.L.	10,707,282
JOSÉ NIETO DE LA CIERVA	Mª MACARENA AGUIRRE GALATAS	2,044

Total % of voting rights held by board members	41.95%

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

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

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

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

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

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

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

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

Name of related parties
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
ALIMENTOS Y ACEITES, S.A.

Type of relationship: Corporate
Brief description:
Sociedad Estatal de Participaciones Industriales holds a direct interest of 91.963% in Alimentos y Aceites, S.A.

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

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

YES ☐ NO ☒

Comments

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

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
0	0	0.00%

(*) Through:

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

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

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

a. Conditions of the authorisation

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

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

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

- The shares acquired must be fully paid up.

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

b. Contents of the authorisation

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

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

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

c. Term of the authorisation

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

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

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

YES ☐ NO ☒

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

B. GENERAL MEETING

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

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

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

	Details of Attendance				
Date General Meeting	**% in person**	**% by proxy**	**% distance voting**		**Total**
			Electronic vote	**Others**	
29/05/2012	10.88%	54.28%	0.00%	0.00%	65.16%
04/06/2013	1.71%	63.69%	0.00%	0.00%	65.40%

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

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

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

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

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

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

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

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

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

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1 Board of Directors

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

Maximum number of directors	15
Minimum number of directors	7

C.1.2 Give details of the board members:

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
ANTONIO HERNÁNDEZ CALLEJAS		CHAIRMAN	24/01/2002	01/06/2010	VOTE AT AGM
DEMETRIO CARCELLER ARCE		VICE-CHAIRMAN	01/06/2010	01/06/2010	VOTE AT AGM
ALIMENTOS Y ACEITES, S.A.	CONCEPCIÓN ORDÍZ FUERTES	DIRECTOR	23/07/2004	01/06/2010	VOTE AT AGM
FERNANDO CASTELLÓ CLEMENTE		DIRECTOR	29/05/2012	29/05/2012	VOTE AT AGM
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL		DIRECTOR	29/05/2012	29/05/2012	VOTE AT AGM
SOL DAURELLA COMADRÁN		DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
HISPAFOODS INVEST, S.L.	MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	DIRECTOR	30/01/2013	04/06/2013	VOTE AT AGM
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	FÉLIX HERNÁNDEZ CALLEJAS	DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
JOSÉ NIETO DE LA CIERVA		DIRECTOR	29/09/2010	15/06/2011	VOTE AT AGM
RUDOLF-AUGUST OETKER		DIRECTOR	01/06/2010	01/06/2010	VOTE AT AGM
EUGENIO RUIZ-GÁLVEZ PRIEGO		DIRECTOR	25/07/2000	01/06/2010	VOTE AT AGM
JOSÉ ANTONIO SEGURADO GARCÍA		DIRECTOR	29/05/2012	29/05/2012	VOTE AT AGM
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	JUAN LUIS GÓMEZ-TRENOR FOS	DIRECTOR	18/12/2013	18/12/2013	COOPTATION

Total Number of Directors	13

Indicate any retirements from the board during the reporting period:

Name of director	Type of director at time of retirement	Date of retirement
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	Proprietary	30/01/2013

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

EXECUTIVE DIRECTORS

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

Total number of executive directors	1
% of board	7.69%

NON-EXECUTIVE PROPRIETARY DIRECTORS

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

Total number of proprietary directors	7
% of board	53.85%

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of Director
JOSÉ ANTONIO SEGURADO GARCÍA

Profile

Born in Barcelona. Graduate in Law and Economics. Insurance Broker and Entrepreneur. Chairman of SEFISA, AEF and AEIM. Joint founder of CEIM and CEOE. President of the Liberal Party and MP in the National Government in the III and IV Parliamentary Terms. Member of the Trilateral Commission. Director of Unión y Fénix, Acerinox, J.W.Thompson and Vusa. Currently Chairman of SyG and of the Advisory Council of Alkora, Honorary Chairman & Founder of CEIM and member of the Management Board and Executive Committee of CEOE. Grand Cross of the Order of 2 May awarded by the Community of Madrid.

Name of Director
FERNANDO CASTELLÓ CLEMENTE

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

Name of Director
SOL DAURELLA COMADRÁN

Profile
Born in Barcelona. Graduate in Business Studies and MBA (ESADE). Her professional career is closely linked with management of the family business of Coca Cola concessions on the Iberian Peninsula and in Africa. Currently Vice-Chairman and CEO of Cobega, S.A. and Director of Casbega, S.A., Norbega, S.A., Refrige, S.A., Banco de Sabadell and Acciona, S.A.

Name of Director
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

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

Total number of independent directors	4
% of board	30.77%

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

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

OTHER NON-EXECUTIVE DIRECTORS

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

Total number of other non-executive directors	1
% of board	7.69%

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

Name of Director
EUGENIO RUIZ-GÁLVEZ PRIEGO

Company, executive or shareholder with which he is related
AZUCARERA EBRO, S.L.U.

Profile
Up to 30 April 2009, Eugenio Ruiz-Gálvez Priego was an Executive Director because up to that date he was CEO of Azucarera Ebro, S.L.U., a company then wholly-owned by Ebro Foods, S.A. On 30

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

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

	Number of female directors				Female directors / total directors of each type (%)			
	2013	**2012**	**2011**	**2010**	**2013**	**2012**	**2011**	**2010**
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	2	1	1	1	28.57%	16.67%	14.29%	14.29%
Independent	1	1	1	1	25.00%	25.00%	25.00%	25.00%
Other non-executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	3	2	2	2	23.08%	16.67%	15.38%	15.38%

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

Explanation of measures

No measures of this nature have been adopted because the board members are appointed regardless of gender, so there is no positive or negative discrimination of any nature in the election of directors.

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

Explanation of measures

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

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

Explanation of reasons

Not applicable.

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

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

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

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

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

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

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

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

YES ☐ NO ☒

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

Name of director:
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Reason for retirement:
Resignation tendered personally to the Board for professional reasons.

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

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

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	A W MELLISH LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	AMERICAN RICE, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BERTOLINI IMPORT UND EXPORT, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BLUE RIBBON MILLS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	BOSTO PANZANI BENILUX, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	EBRO AMERICA, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	EBRO FOODS, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	FUNDACIÓN EBRO FOODS	TRUSTEE
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD	DIRECTOR

ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP&SONS, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NEW WORLD PASTA COMPANY	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RISO SCOTTI, S.P.A.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	SOS CUETARA USA, INC	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN, LTD	DIRECTOR

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

Name of Director	Listed Company	Position
ANTONIO HERNÁNDEZ CALLEJAS	DEOLEO, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
DEMETRIO CARCELLER ARCE	GAS NATURAL SDG, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SACYR VALLEHERMOSO, S.A.	VICE-CHAIRMAN 2
EUGENIO RUIZ-GÁLVEZ PRIEGO	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	BANCO DE SABADELL, S.A.	DIRECTOR
SOL DAURELLA COMADRÁN	ACCIONA, S.A.	DIRECTOR
JOSÉ NIETO DE LA CIERVA	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR

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

YES ☒ NO ☐

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

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

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

C.1.15 Indicate the overall remuneration of the board:

Remuneration of the board (thousand euros)	4,545
Amount of the overall remuneration corresponding to the vested rights of directors in pension schemes (thousand euros)	0
Overall remuneration of the board (thousand euros)	4,545

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

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

Total remuneration top management (thousand euro)	2,120

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

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

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

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

Name of director
ALIMENTOS Y ACEITES, S.A.
Name of significant shareholder
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
Description of relationship
Sociedad Estatal de Participaciones Industriales has a direct holding of 91.9625% in Alimentos y Aceites, S.A.

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

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

YES ☐ NO ☒

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

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

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

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

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

As regards the role of the Nomination and Remuneration Committee in the appointment of directors, see the duties of this Committee in section B.2.3 of this Report.

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

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

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

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

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

YES ☒ NO ☐

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

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

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

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

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

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

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

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

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

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

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

YES ☒ NO ☐

Measures taken to limit risks
With a view to establishing corrective measures in the Articles of Association to prevent excessive concentration of power in the Chairman when he is also the most senior executive of the company, Article 25 creates the figure of a Vice-Chairman appointed from among the non-executive directors to boost the management supervision and control duties. In accordance with this provision, the current Vice-Chairman of the Board, Demetrio Carceller Arce (non-executive proprietary director), performs the aforesaid duties.

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

YES ☒ NO ☐

Explanation of the rules

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

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

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

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

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

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

YES ☐ NO ☒

If yes, describe the differences:

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

YES ☐ NO ☒

C.1.25 Does the Chairman have a casting vote?

YES ☒ NO ☐

Matters on which there is a casting vote

All.

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

YES ☐ NO ☒

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

YES ☐ NO ☒

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

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

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

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

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

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

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

Committee	No. meetings
EXECUTIVE COMMITTEE	7
AUDIT AND COMPLIANCE COMMITTEE	6
NOMINATION AND REMUNERATION COMMITTEE	6
STRATEGY AND INVESTMENT COMMITTEE	1

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

Attendance of directors	10
% attendance over total votes during the year	99.25%

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

YES ☒ NO ☐

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

Name	Position
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN
ALFONSO FUERTES BARRO	FINANCE MANAGER
PABLO ALBENDIA SOLÍS	CHIEF OPERATING OFFICER
MIGUEL ÁNGEL PÉREZ ÁLVAREZ	SECRETARY

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

Relations with the auditors are expressly regulated in Article 19 of the Regulations of the Board, which stipulates in section 2 that the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

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

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

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

YES ☐ NO ☒

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

Appointment and removal procedure

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

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

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

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

YES ☒ NO ☐

Comments

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

a) Ensure that the Board's actions:

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

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

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

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

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

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

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

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

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

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

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

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

YES ☐ NO ☒

Explain any disagreements with the outgoing auditor:

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

YES ☒ NO ☐

	Company	**Group**	**Total**
Cost of work other than auditing (thousand euro)	62	149	211
Cost of work other than auditing / Total amount invoiced by the auditors (%)	23.22%	10.92%	12.93%

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

YES ☐ NO ☒

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

	Company	Group
Number of years in succession	5	5
Number of years audited by current auditors / Number of years that the company has been audited (%)	21.70%	21.70%

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

YES ☒ NO ☐

Details of procedure

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

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

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

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

YES ☒ NO ☐

Details of procedure

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

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

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

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

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

YES ☒ NO ☐

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

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

YES ☒ NO ☐

Name of Director
DEMETRIO CARCELLER ARCE

Criminal Case
Tax offence

Comments:
The director informed the company on 12 September 2013 of the criminal action brought against him and the board was informed at its meeting on 30 September 2013. Subsequently, the director informed of the stay of proceedings and shelving of the criminal case, which was reflected in the minutes of the Executive Committee meeting of 15 January 2014 and the Board meeting of 29 January 2014.

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

YES ☒ NO ☐

Decision adopted:

None

Reasoned explanation:

The criminal proceedings against the director have been discontinued and shelved.

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

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

Number of beneficiaries: 2

Type of beneficiary:
Executives

Description of the agreement:

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

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

	Board of Directors	General Meeting
Body authorising the clauses	Yes	No

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

C.2 Committees of the Board

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

EXECUTIVE COMMITTEE

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

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

AUDIT AND COMPLIANCE COMMITTEE

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

% executive directors	0.00%
% proprietary directors	20.00%
% independent directors	60.00%
% other non-executive directors	20.00%

NOMINATION AND REMUNERATION COMMITTEE

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

% executive directors	0.00%
% proprietary directors	40.00%
% independent directors	60.00%
% other non-executive directors	0.00%

STRATEGY AND INVESTMENT COMMITTEE

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

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

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

	Number of female directors							
	2013		**2012**		**2011**		**2010**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
STRATEGY AND INVESTMENT COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
NOMINATION AND REMUNERATION COMMITTEE	2	40.00%	2	40.00%	2	50.00%	2	50.00%
EXECUTIVE COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
AUDIT AND COMPLIANCE COMMITTEE	2	40.00%	2	40.00%	2	40.00%	2	40.00%

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

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

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

STRATEGY AND INVESTMENT COMMITTEE. This Committee has a minimum of 3 and a maximum of 5 Directors, including the Chairman, appointed by the Board. The Secretary of the Board is Secretary of this Commission, with voice but no vote. The Strategy and Investment Committee studies, issues reports, reviews and submits proposals for the Board on the following matters: a) setting of targets for growth, yield and market share of the company; b) development plans, new investments and strategic restructuring processes; and c) coordination with subsidiaries in the matters contemplated in a) and b), for the common interest and benefit of the Company and its subsidiaries.

NOMINATION AND REMUNERATION COMMITTEE. This Committee has a minimum of 3 and a maximum of 5 non-executive directors. The Chairman is appointed by the Committee and the Secretary of the Board is Secretary of this Commission, with voice but no vote. The Committee studies, issues reports and submits proposals for the Board on the following matters: a) definition and revision, where necessary, of the criteria to be followed for the composition and structure of the Board and for selection of candidates to sit on the Board, informing always prior to the appointment of a director by cooptation or the submission of any proposals to the general meeting regarding the appointment or removal of directors; b) appointment of the Chairman, Vice-Chairman and Secretary of the Board, and assignment of the directors to the Executive Committee, the Audit and Compliance Committee and the Strategy and Investment Committee, and appointment of the members of the Management Committee, and appointment and possible dismissal of senior executives and their termination benefit clauses; c) proposal of directors' emoluments, according to the system of remuneration established in the Articles of Association and the executive directors' relationship with the Company; d) inform in advance on any resolution or proposal of the Board on the remuneration of directors and executives indexed to the value of the shares in the Company or consisting of the delivery of shares in the Company; e) supervision of the senior management remuneration and incentives policy; f) assessment of the principles of the management training, promotion and selection policy; g) examination and organisation of the succession of the Chairman and chief executive; and h) preparation and proposal of the Annual Report on Directors' Remuneration in accordance with the laws and regulations in place from time to time.

EXECUTIVE COMMITTEE. This Committee consists of the Chairman and the Vice-Chairman of the Board and other Directors up to a maximum of 7 members, all appointed by the Board, which specifies what powers are delegated to it, subject to votes in favour of at least two-thirds of the Board members. The Chairman and Secretary of the Board are Chairman and Secretary of the Executive Committee. The committee generally holds one meeting a month. Its powers include, among others: a) adopt resolutions corresponding to the powers delegated to it by the Board of Directors; b) study and propose to the Board of Directors the guidelines defining business strategy, supervising their implementation; c) debate and inform the Board on any issues corresponding to the following matters, regardless of whether or not they have been delegated by the Board: (i) separate and consolidated annual budget; (ii) monthly monitoring of the financial management, deviations from the budget and proposed corrective measures, if necessary; (iii) significant financial investments and investments in property, plant and equipment; (iv) alliances and agreements with other companies which, by virtue of their amount or nature, are important for the company; and (v) assessment of the achievement of objectives by the different operating units of the company.

AUDIT AND COMPLIANCE COMMITTEE. This Committee has a minimum of 3 and a maximum of 5 non-executive directors appointed by the Board. The Board appoints one of the independent directors on the

Committee to be Chairman, who must be replaced every four years, becoming eligible for re-election one year after his retirement as such. The Secretary of the Board is Secretary of this Committee, with voice but no vote. Its powers include, among others: a) supervise and promote internal control of the company and the risk management systems and submit recommendations to the Board regarding the risk management and control policy; b) supervise and promote the policies, procedures and systems used for drawing up and controlling the company's financial information; c) receive and guarantee the truth of the financial information disclosed to the markets and the annual accounts; d) establish regular contact with the External Auditors to receive information on any issues that may jeopardise their independence; e) report to the Board on related party transactions; f) implement a whistle-blowing channel and establish a protocol for investigating and solving any issues reported through that channel according to their importance and nature, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud; and g) supervise compliance with the internal codes of conduct and rules of corporate governance and, in particular, oversee the implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in general and the financial reporting process in particular.

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

STRATEGY AND INVESTMENT COMMITTEE
There is no separate text regulating the Strategy and Investment Committee, which is sufficiently regulated in the Regulations of the Board (Article 15).

The Regulations of the Board are available for consultation on the company's website (www.ebrofoods.es) and the website of the National Securities Market Commission (www.cnmv.es).

NOMINATION AND REMUNERATION COMMITTEE
There is no separate text regulating the Nomination and Remuneration Committee, which is sufficiently regulated in the Regulations of the Board (Article 14).

EXECUTIVE COMMITTEE
There is no separate text regulating the Executive Committee, which is sufficiently regulated in the Regulations of the Board (Article 12).

AUDIT AND COMPLIANCE COMMITTEE
There is no separate text regulating the Audit and Compliance Committee, which is sufficiently regulated in the Regulations of the Board (Article 13).

MANAGEMENT COMMITTEE
There is no separate text regulating the Management Committee, which is sufficiently regulated in the Regulations of the Board (Article 16).

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

YES ☒ NO ☐

D. RELATED PARTY AND INTER-COMPANY TRANSACTIONS

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

Body competent for approving related party transactions
BOARD OF DIRECTORS

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

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

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

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

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

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

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Contractual	Sale of goods (finished or otherwise)	918
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Contractual	Sale of goods (finished or otherwise)	3,229

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

Name of director or executive	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
ANTONIO HERNÁNDEZ CALLEJAS	Luis Hernández González	Relative	Leases	37
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Leases	93
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	6,588
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	140
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	28
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	102
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Purchase of goods (finished or otherwise)	89
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Receipt of services	183
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Receipt of services	50
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Sale of goods (finished or otherwise)	202
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Sale of goods (finished or otherwise)	140
INSTITUTO HISPÁNICO DEL ARROZ, S.A.			Sale of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	82

INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	140
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	28
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	89
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Purchase of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	198
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	140
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DEHESA NORTE, S.A.	Corporate	Sale of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	260
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	39
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Purchase of goods (finished or otherwise)	98
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	144
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	ISLASUR, S.A.	Corporate	Sale of goods (finished or otherwise)	98
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	75
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	61
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Purchase of goods (finished or otherwise)	87
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	213
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	8
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	AUSTRALIAN COMMODITIES, S.A.	Corporate	Sale of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	59
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	77
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	96

INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Purchase of goods (finished or otherwise)	89
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	171
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	77
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	69
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	EL COBUJÓN, S.A.	Corporate	Sale of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	62
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	77
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	28
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	98
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Purchase of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	90
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	56
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	MUNDIARROZ, S.A.	Corporate	Sale of goods (finished or otherwise)	98
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	81
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	158
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	59
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	27
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Purchase of goods (finished or otherwise)	28
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Sale of goods (finished or otherwise)	167
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Sale of goods (finished or otherwise)	157
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	PESQUERÍAS ISLA MAYOR, S.A.	Corporate	Sale of goods (finished or otherwise)	27

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

YES ☐ NO ☒

Name any subsidiaries listed in Spain:

Listed subsidiary

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

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

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

Mechanisms for solving possible conflicts of interest

E. RISK CONTROL AND MANAGEMENT SYSTEMS

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

The Group designed a risk map in 2011. That risk map is based on a software tool called GIRO, through which information is input by the risk managers of each unit in each of the subsidiaries. In the process of pinpointing, assessment and management of risks, the risks are ranked from greater to lesser impact for the Group and by probability of occurrence. The risk universe is structured in four main groups: compliance, operational, strategic and financial, and all of them are subdivided into a large number of categories.

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

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

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

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

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

Article 9.1 of the Regulations of the Board establishes that the Board shall receive information on the most important aspects of business management and any foreseeable risk situations for the Company and its subsidiaries, together with the actions proposed by the senior management in respect thereof. And Article 6.3, which addresses the board's scope of action, establishes in respect of the transparency and truth of the company's reporting, that the Board shall, as such and through its different Committees:

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

In particular, the Audit and Compliance Committee is responsible for ensuring that the internal audit procedures, the internal control systems in general, including the risk management control system and, in particular, the financial reporting internal control system are adequate; that the external auditors and internal audit manager are selected on the basis of professional, objective criteria, guaranteeing their independence in the performance of their duties; informing the board on any related party transactions submitted for its consideration; controlling possible conflicts of interest; and making sure, in general, that the company's reporting, particularly financial reporting, complies with the principle of truth and maximum transparency for shareholders and markets.

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

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

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

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

The principal control points are grouped into:

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

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

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

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

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

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

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

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

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

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

* Changes in lifestyle: Low carbohydrate diets.

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

Finally, there are another two risks to which the Group is exposed: regulatory and country/market risk. The food industry is a sector subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the directives laid down in the Common Agricultural Policy (CAP). The country or market risks have been mitigated over recent years through a firm business and geographical diversification policy, increasing our presence in Europe, America (United States and Canada), Asia (Thailand and India) and Africa (Egypt and Morocco).

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

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

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

E.5 What risks have occurred during the year?

* On the Spanish domestic market, there has been a combination of supply and market risk, owing to the impossibility of acquiring the required quantity of paddy rice at sufficiently competitive prices to meet our export needs. To mitigate the effect of this shortage, it was decided to increase purchases of foreign rice to supply directly to our subsidiaries. The impact of this risk was felt in Herba Ricemills, where our production of parboiled rice was reduced by approx. 40,000 tonnes, which would have contributed around €2.4 million to profit.

* There was also commercial credit risk in Spain, consisting of the reduction of the credit rating of one of our main brand clients. Although no default has actually occurred, risk mitigation measures have been taken, stepping up the commercial credit insurance by taking out additional cover (2nd layer) of up to approximately 50% of the risk. The average balance of this client is around €4 million, so the contingent risk is €2 million.

* A supply risk occurred in the Central European business units Boost and Euryza, owing to defaults of the contracts of some of our Indian basmati suppliers when the market price of this type of rice rose. To mitigate the supply problem, additional quantities of rice were purchased, although at higher prices, which dented profit margins by €1.5 million.

In the medium term, a solution has been found to deal with these supply problems, whereby the Ebro Group has set up a new subsidiary in India with the main mission of supplying the Ebro Group with all kinds of Indian rice (mainly basmati) with the required price and service levels.

* In the Moroccan business unit, Mundiriz, a competition risk occurred when a large volume of Egyptian rice with a cost considerably lower than that of our subsidiary was imported into the country. Consequently, sales by our subsidiary plummeted. To mitigate the effects, the subsidiary had to lower its selling prices and, consequently, cut its margin. The consequences of this risk are calculated at around €2.2 million.

This risk is not easy to solve as it is essentially a regulatory issue (import quotas). Nevertheless, the Group has established contact with the Moroccan government to explain the problems affecting the sector.

* In our UK subsidiary, average collection periods have lengthened owing to the smaller liquidity of some of our clients. Collection times and credit limits have been established according to the financial position of each client, for which we have obtained commercial and bank reports on all of them.

* Two risks occurred in France, one of which was the detection of horsemeat in several items sold under different brands, which generated considerable concern among consumers. To mitigate this risk, our subsidiary ran a large number of tests to detect horsemeat in our pastas and sauces, all giving negative results. In addition, as from 2013 all the meat used in our pastas and sauces has been French beef. Panzani was also affected by the price rise in basmati rice from the beginning of the year, which forced us to raise our prices to clients in the spring to reduce the negative impact on our margins to €1.9 million.

* Finally, in our US rice subsidiary the persistent drought in Texas has generated supply and logistics problems in our Freeport plant. Our subsidiary Riviana had to transfer part of the production to another plant in Tennessee, where it is easier to obtain rice from Arkansas and Louisiana. Shifts and headcount were also reduced at our Freeport plant. The total effect on our profit and loss account is €8 million.

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

The management committee in each subsidiary is responsible for monitoring the subsidiary's risk supervision system. Management committees usually meet monthly to analyse any risks that may have materialised and follow up the contingency plans and actions taken to mitigate them.

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

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

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

F.1 Control environment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Code aims to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F.2 Measurement of risks in financial reporting

Report at least on:

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

- Whether the process exists and is documented.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Which governing body of the company supervises the process.

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

F.3 Control activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F.4 Information and communication

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

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

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

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

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

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

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

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

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

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

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

The Ebro Group has established a reporting system for the Financial Reporting Internal Control System, which is available in the Group for all the subsidiaries included within the Scope. Through that reporting system, the management of the parent coordinates maintenance of the system in the rest of the subsidiaries annually through the assignment of persons responsible for their maintenance and updating in the event of any significant change to be taken into consideration in the documentation. Finally, if any weaknesses are detected in the financial reporting internal control system, the subsidiaries are notified of the necessary action plans and they are monitored by management of the parent.

F.5 Supervision of the functioning of the system

F.5.1 Inform on the FRICS supervisory activities performed by the Audit Committee and whether the company has an internal audit department responsible, among its duties, for assisting the committee in its supervision of the internal control system, including the financial reporting internal control system (FRICS). Inform also on the scope of the FRICS appraisal made during the year and the procedure through which the department or body responsible for the appraisal informs on the outcome, whether the company has an action plan defining any possible corrective measures and whether their impact on the financial information has been considered.

The board is ultimately responsible for the existence, maintenance and supervision of an adequate, effective financial reporting internal control system, which is designed and implemented by the management committee. Among the duties defined in the Regulations of the Board, the Audit and Compliance Committee assists and supports the board in its supervision of the accounting and financial information, the internal and external audit services and corporate governance.

The audit and compliance commission must see that the internal audit procedures, the internal control systems in general, including the risk management control system and in particular the financial reporting internal control system, are adequate; the external auditor and manager of the internal audit department are selected on the basis of objective, professional qualifications, guaranteeing their independence in the performance of their duties; report to the board on any related party transactions submitted for its consideration; control any possible conflicts of interest; and, in general, make sure that all the company's information and reporting, particular financial, complies with the principle of truth and maximum transparency for shareholders and markets.

The internal audit department has submitted its annual working plan to the Audit and Compliance Committee and reported directly to said committee on any incidents detected in the performance of that work, proposing the corresponding action plan defining any necessary corrective measures; and at the end of each year, it has submitted an activity report.

The results of checks made by the internal audit department and any incidents detected have been reported to the Audit and Compliance Committee. Moreover, the action plan devised for remedying those incidents has been sent to both the person responsible for remedying them and the Audit and Compliance Committee.

7.5.2 Inform on whether the company has a discussion procedure whereby the auditor (according to the provisions of the auditing standards), the internal audit department and other experts can inform the senior management and audit committee or company directors of any significant weaknesses detected in internal control during the auditing or checking of the annual accounts or any other processes commissioned to them. Indicate also whether the company has an action plan to remedy or mitigate the weaknesses observed.

The Audit and Compliance Committee has a stable, professional relationship with the external auditors and the main companies in its group, strictly respecting their independence. That relationship favours communication and discussion of any internal control weaknesses pinpointed during the auditing of annual accounts or any other audit work commissioned to them.

In this regard, the Audit and Compliance Committee receives information from the external auditor at least every six months on the audit plan and outcome of its performance, and checks that the senior management heeds the auditor's recommendations.

In addition, as established in the Regulations of the Board, it is responsible for overseeing the Internal Audit Services, being informed on the financial reporting process and internal control systems.

During 2013, the External Auditor attended 4 meetings of the Audit and Compliance Committee and the Internal Auditor has attended 7 such meetings.

F.6 Other significant information

N/A

F.7 External auditor's report

7.7.1 Inform as to whether the FRICS information sent to the markets was checked by the external auditor, in which case the company should include the corresponding report in an annex. If not, why not.

The external auditor's report is appended.

G EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the recommendations of the Unified Good Governance Code.

If any recommendation is not followed or is only partly followed, include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to assess the company's actions. General explanations are not acceptable.

1. The Articles of Association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24

Complies [X] Explanation [ ]

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:

a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;

b) The mechanisms in place to solve any conflicts of interest.

See sections: D.4 and D.7

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:

a) Conversion of listed companies into holdings, through spin-off or "subsidiarisation", i.e. reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;

b) Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;

c) Any operations producing effects equivalent to liquidation of the company.

See section: B.6

Complies [X] Partial compliance [ ] Explanation [ ]

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 27, should be published simultaneously with the notice of call to the General Meeting.

Complies [X] Explanation [ ]

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:

a) To the appointment or ratification of directors, which should be voted individually;

b) In the case of alterations to the Articles of Association, to each article or substantially independent group of articles.

Complies [X] Partial compliance [ ] Explanation [ ]

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on

behalf of different clients can vote according to the latters' instructions.

Complies [X] Explanation [ ]

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.

It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the sectors and territories in which it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies [X] Partial compliance [ ] Explanation [ ]

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

a) General policies and strategies of the Company, particularly:

i) The strategic or business plan, management objectives and annual budgets;

ii) Investment and financing policy;

iii) Definition of the structure of the corporate group;

iv) Corporate governance policy;

v) Corporate social responsibility policy;

vi) Policy on the remuneration and performance assessment of senior officers;

vii) Risk management and control policy and the regular monitoring of internal information and control systems;

viii) The dividend policy and treasury stock policy, particularly regarding limits.

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses;

ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts;

iii) The financial information that listed companies are obliged to disclose periodically;

iv) Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;

v) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions").

This authorisation will not be necessary for related-party transactions that meet all of the following three conditions:

1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;

2. Made at the general prices or rates established by the person supplying the good or service;

3. Made for a sum not exceeding 1% of the company's annual earnings.

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

See sections: D.1 and D.6

Complies [X] Partial compliance [ ] Explanation [ ]

9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.

See section: C.1.2

Complies [X] Explanation [ ]

10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.

See sections: A.3 and C.1.3

Complies [X] Partial compliance [ ] Explanation [ ]

11. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.

This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:

1. **In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.**
2. **In companies with a plurality of unrelated shareholders represented on the Board.**

See sections: A.2, A.3 and C.1.3

Complies [X] Explanation [ ]

12. The total number of Independent Directors should represent at least one-third of the total Directors.

See section: C.1.3

Complies [ ] Explanation [X]

There are 4 independent directors, representing 30.769% of the total directors.

The company considers that the composition of the board reflects the shareholding structure of the company, so it is not necessary to appoint another independent director for the time being, in view of the small difference in respect of the recommended proportion.

13. The Board should explain the nature of each director at the general meeting at which an appointment is to be made or ratified. The type of director should be confirmed or altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why proprietary directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where appropriate, for not meeting formal requests for presence on the board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

See sections: C.1.3 and C.1.8.

Complies	X	Partial compliance		Explanation	

14. When there are few or no female directors, when vacancies arise on the Board, the Nomination Committee should ensure that:

a) There is no hidden bias against female candidates in the selection procedures;

b) A conscious effort is made to include women with the target profile among the candidates.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4

Complies		Partial compliance		Explanation	X	Not applicable	

Board members are appointed regardless of candidates' sex, so there is no positive or negative discrimination of any nature in the election of directors.

At present, Sol Daurella Comadrán, Blanca Hernández Rodríguez and Concepción Ordiz Fuertes are on the board.

15. The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.

See section: C.1.19 and C.1.41

Complies	X	Partial compliance		Explanation	

16. When the Chairman of the Board is also the chief executive officer of the company, one of the independent directors should be authorised to request the calling of a board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the non-executive directors; and direct the assessment by the Board of its Chairman.

See section: C.1.22

Complies		Partial compliance	X	Explanation		Not applicable	

The company partially complies with this recommendation, since the Regulations of the Board recognises the right of all directors to request the calling of a board meeting or the inclusion of items on the agenda, not limiting this power exclusively to independent directors.

Article 9.2 of the Regulations of the Board stipulates that one-third of the board members may, at least six days prior to the date of a board meeting, request the inclusion of items which, in their opinion, should be transacted.

Article 9.5 of the Regulations stipulates that the board may discuss and adopt resolutions on issues included on the agenda, as well as any others which all the directors present and represented at the meeting agree to dispatch.

Similarly, Article 25.2.b) of the Regulations establishes that directors shall request a meeting of any corporate bodies they belong to whenever they may consider this to be in the company's interests, proposing such items as they may consider adequate for the agenda.

Finally, Article 33.1 of the Regulations provide that when the chairman of the board is also the chief executive officer of the company, the board may appoint a vice-chairman from among the non-executive directors, who will be entitled to call board meetings or include new items on the agenda and organise meetings to coordinate among non-executive directors, and who will direct the assessment of the chairman. If no vice-chairman is appointed, the board will authorise an independent director to perform these duties.

17. The Secretary of the Board should especially ensure that the Board's actions:

a) Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;

b) Conform to the company's Articles of Association and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;

c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

See section: C.1.34

Complies [X] Partial compliance [ ] Explanation [ ]

18. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.

See section: C.1.29

Complies [X] Partial compliance [ ] Explanation [ ]

19. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to grant a proxy for any Board meeting, the appropriate instructions should be issued.

See sections: C.1.28, C.1.29 and C.1.30

Complies [X] Partial compliance [ ] Explanation [ ]

20. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, and those concerns are not settled by the board, they should be put on record, at the request of those expressing them.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

21. The full Board should assess once a year:

a) The quality and effectiveness of the Board's actions;

b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;

c) The performance of its Committees, based on the reports issued by each one .

See section: C.1.19 and C.1.20

Complies [X] Partial compliance [ ] Explanation [ ]

22. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Articles of Association or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

See section: C.1.41

Complies [X] Explanation [ ]

23. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.

See section: C.1.40

Complies [X] Explanation [ ]

24. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies [X] Partial compliance [ ] Explanation [ ]

25. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:

a) **Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;**

b) **Companies should limit the number of directorships that its Directors may hold.**

See sections: C.1.12, C.1.13 and C.1.17

Complies [X] Partial compliance [ ] Explanation [ ]

26. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:

a) **At the proposal of the Nomination Committee, in the case of independent directors;**

b) **Subject to a report by the Nomination Committee for other directors.**

See section: C.1.3

Complies [X] Partial compliance [ ] Explanation [ ]

27. Companies should publish on their websites and regularly update the following information on their directors:

a) **Professional and biographical profile;**

b) **Other directorships held, in listed or unlisted companies;**

c) **Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.**

d) **Date of first and subsequent appointments as company director; and**

e) **Company shares and stock options held.**

Complies [ ] Partial compliance [X] Explanation [ ]

The company complies with all points of this recommendation except b).

28. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

See sections : A.2, A.3 and C.1.2

Complies [X] Partial compliance [ ] Explanation [ ]

29. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his/her duties or when he or she falls into any of the circumstances by virtue of which he/she would no longer be considered independent, according to the provisions of Order ECC/461/2013.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Complies [X] Explanation [ ]

30. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's reputation. In particular, directors should be obliged to inform the Board of any criminal

proceedings brought against them and the subsequent development of the proceedings.

If a director is tried for any of the offences contemplated in section 213 of the Corporate Enterprises Act, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

See sections: C.1.42 and C.1.43

Complies [X] Partial compliance [ ] Explanation [ ]

31. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board.

And when the Board adopts significant or reiterated decisions regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation.

This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

32. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a regulatory disclosure, the reason shall be indicated in the Annual Corporate Governance Report.

See section: C.1.9

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

33. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors.

This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

34. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies [X] Explanation [ ] Not applicable [ ]

35. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Complies [ ] Explanation [ ] Not applicable [X]

36. In the case of variable remuneration, the pay policies should establish such limits and technical precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies [X] Explanation [ ] Not applicable [ ]

37. When there is an Executive Committee, the balance between the different types of director should roughly mirror

that of the Board and its secretary should be the Secretary of the Board.

See sections: C.2.1 and C.2.6

Complies	X	Partial compliance		Explanation		Not applicable	

38. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies	X	Explanation		Not applicable	

39. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.

The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.

b) These Committees should have a minimum of three members, who should be exclusively non-executive directors. This notwithstanding, executive directors or senior officers may attend their meetings when expressly so decided by the Committee members.

c) The Committees should be chaired by Independent Directors.

d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.

e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

See sections: C.2.1 and C.2.4

Complies	X	Partial compliance		Explanation	

40. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.

See sections: C.2.3 and C.2.4

Complies	X	Explanation	

41. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.

Complies	X	Explanation	

42. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.

See section: C.2.3

Complies	X	Explanation	

43. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.

Complies	X	Partial compliance		Explanation	

44. The risk management and control policy should define at least:

a) The different types of risk (operational, technological, financial, legal, reputational…) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;

b) The level of risk that the company considers acceptable;

c) The measures envisaged to soften the effects of the risks identified, should they materialise;

d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.

See section: E

Complies	X	Partial compliance		Explanation	

45. The Audit Committee should:

1. In connection with the internal reporting and control systems:

a) Ensure that the principal risks identified through supervision of the effective internal control of the company and internal auditing are adequately managed and disclosed.

b) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.

c) Establish and supervise a "whistle-blowing" procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company's conduct, especially in financial and accounting aspects.

2. In connection with the external auditor:

a) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.

b) Guarantee the independence of the external auditor, and for this purpose:

i) The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content.

ii) Investigate the circumstances giving rise to resignation of any external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies	X	Partial compliance		Explanation	

46. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies	X	Explanation	

47. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

a) The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.

b) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.

See sections: C.2.3 and C.2.4

Complies	X	Partial compliance		Explanation	

48. The Board should endeavour to avoid a qualified auditor's report on the accounts laid before the General Meeting, and in exceptional circumstances when such qualifications exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders their content and scope.

See section: C.1.38

Complies	X	Partial compliance		Explanation	

49. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.

See section: C .2.1

Complies	X	Partial compliance		Explanation	

50. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:

a) **Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.**

b) **Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.**

c) **Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.**

d) **Report to the Board on the gender issues contemplated in Recommendation 14.**

See section: C.2.4

Complies		Partial compliance	X	Explanation		Not applicable	

All the powers indicated in this recommendation correspond to the Nomination and Remuneration Committee except the power indicated in d).

The Nomination and Remuneration Committee does not report to the board on gender issues because the company does not apply any positive or negative discrimination in the election of directors, who are selected regardless of the candidates' sex, as indicated in sections C.1.5 and C.1.6 of this report.

51. The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.

Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies	X	Partial compliance		Explanation		Not applicable	

52. Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:

a) **Submit proposals to the Board on:**

i) **The remuneration policy for directors and senior officers;**

ii) **The individual remuneration of executive directors and other terms of contract;**

iii) **The basic conditions of senior executive contracts.**

b) **Ensure compliance with the remuneration policy established by the company.**

See sections: C.2.4

Complies	X	Partial compliance		Explanation		Not applicable	

53. The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.

Complies	X	Explanation		Not applicable	

H OTHER INFORMATION OF INTEREST

1. If you consider there to be any important aspect regarding the corporate governance practices applied by your company or other companies in the group that have not been mentioned in this report, but which should be included to obtain more complete, reasoned information on the corporate governance practices and structure in the company or group, describe them below and give a brief explanation.

2. This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

   In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

3. The company may also state whether it has voluntarily applied any international, sector-based or other codes of ethical principles or good practices. If so, it should name the code in question and the date of its accession.

EXPLANATORY NOTE ONE, ON SECTION A.3

The total percentage of voting rights held by Board members indicated in A.3 (41.95%) includes the 6.95% interest of Hispafoods Invest, S.A. twice: once as a direct holding of Hispafoods and also as an indirect holding of Instituto Hispánico del Arroz, S.A.

Therefore, the percentage of voting rights held by Board members is actually 35%.

EXPLANATORY NOTE TWO, ON SECTION A.4

Instituto Hispánico del Arroz, S.A. and Hispafoods Invest, S.L. are directors and also significant shareholders of the company (see percentage shareholdings indicated in A.3) and the relationships contemplated in explanatory note six to section C.1.17 exist between them.

EXPLANATORY NOTE THREE, ON SECTION A.5

For relationships between the companies of the Ebro Foods Group and the controlling shareholders, see section C.2 of this Report.

EXPLANATORY NOTE FOUR, ON SECTION C.1.6

- In 2013 €7,000 of the total remuneration of executives of the Ebro Foods Group (excluding the Executive Director) corresponded to the Deferred Annual Variable Remuneration for 2011 under the Group's Strategic Plan 2010-2012. A provision was recognised for this amount in the 2011 accounts.

- A provision of €145,000 was also recognised in the 2012 accounts for the Deferred Annual Remuneration for 2012 under the Group's Strategic Plan 2010-2012, equivalent to 70% of the three-year bonus. That amount will accrue and be paid in 2014.

- The Deferred Annual Remuneration Scheme is not indexed to the value of the Ebro Foods share, nor does it entail receipt by the beneficiaries of shares or any rights thereover.

- All the executives of Ebro Foods have been taken into account to calculate this remuneration, even though they are not all members of the senior management.

EXPLANATORY NOTE FIVE, ON SECTION C.1.12

Antonio Hernández Callejas stepped down as director of Deóleo, S.A. on 31 January 2014 for professional reasons.

EXPLANATORY NOTE SIX, ON SECTION C.1.17

- Instituto Hispánico del Arroz, S.A. holds 100% of the capital of Hispafoods Invest, S.A. (direct interest of 51.62% and indirect interest of 48.38%) and is director of that company.

- Antonio Hernández Callejas has a direct interest of 16.666% in Instituto Hispánico del Arroz, S.A. and an indirect interest of 16.666% in Hispafoods Invest, S.L. Therefore, Antonio Hernández Callejas has an indirect interest in Ebro Foods, S.A. through the 15.879% interest held directly and indirectly in this company by Instituto Hispánico del Arroz, S.A.

Demetrio Carceller Arce has an indirect interest in Ebro Foods, S.A. through the 9.749% interest held indirectly in this company by Sociedad Anónima Damm.

EXPLANATORY NOTE SEVEN, ON SECTION C.2

The audit committee in Ebro Foods S.A. is called the Audit and Compliance Committee.

The nomination and remuneration committee in Ebro Foods S.A. is called the Nomination and Remuneration Committee (lit. Selection and Remuneration Committee in Spanish).

EXPLANATORY NOTE EIGHT, ON OTHER INFORMATION OF INTEREST

- Ebro Foods, S.A. has an interest of less than 5% (3.121% at 31 December 2013) in Biosearch, S.A. This interest is recognised in the Ebro Group accounts as “Available-for-sale financial assets”.

Biosearch, S.A. is a listed company engaged in activities similar to the objects of Ebro Foods, S.A. It was part of the Ebro Group until January 2011. Miguel Ángel Pérez Álvarez, non-member Secretary of the Board of Ebro Foods is proprietary director of Biosearch, nominated by Ebro as significant shareholder.

The transactions made between 1 January and 31 December 2013 between Biosearch, S.A. and different companies of the Ebro Foods Group are indicated below:

- Herba Ricemills, S.L.U., purchase of goods (finished or otherwise) for €41 thousand.
- Herba Ricemills, S.L.U., operating lease for €26 thousand.
- Dosbio 2010, S.L.U., operating lease for €27 thousand.
- Ebro Foods, S.A., services rendered for €74 thousand.

- The significant interest held by Ebro Foods, S.A. in Deóleo, S.A. (8.272% at 31 December 2013) is also recognised in the Ebro Group accounts as “Available-for-sale financial assets”.

Antonio Hernández Callejas, Chairman of the Board of Ebro Foods, S.A., was proprietary director of Deóleo in 2013, nominated by Ebro as significant shareholder. Mr Hernández Callejas stepped down as director of Deóleo on 31 January 2014 for professional reasons, as mentioned in the explanatory note to section C.1.12 above.

The transactions made between 1 January and 31 December 2013 between Deóleo and different companies of the Ebro Foods Group are indicated below:

- Herba Ricemills, S.L.U., services received for €40 thousand.
- Lassie Nederland BV, services received for €156 thousand.
- Herba Ricemills, S.L.U., purchase of goods (finished or otherwise) for €10 thousand.
- Ebro Foods, S.A., services rendered for €254 thousand.

This Annual Corporate Governance Report was approved by the Board of Directors of the company on 21/03/2014.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

YES ☐ NO ☒

Ebro Foods, S.A.
Auditor’s Report on the information relating to the system of internal control over financial reporting (ICFR) of Ebro Foods, S.A.

FOR 2013

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

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

AUDITORS' REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF EBRO FOODS, S.A. FOR 2013

To the Directors of
EBRO FOODS, S.A.:

As requested by the Board of Directors of Ebro Foods, S.A. ("the Entity") and in accordance with our proposal-letter dated 20 September 2013, we have applied certain procedures to the accompanying "Information relating to the ICFR" of Ebro Foods, S.A. for 2013, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report.

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2013 described in the accompanying Information on the ICFR system. Therefore, had procedures additional to those provided for in the aforementioned Guidelines been applied or an audit or a review of the system of internal control over the statutory annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report - and assessment of whether this information addresses all the information required considering the minimum content described in section F, relating to the description of the ICFR system, of the ACGR form, as established in CNMV Circular 5/2013 of 12 June 2013.

2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Entity.

3. Review of the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing the ICFR systems. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit and Control Committee.

4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR obtained through the procedures applied during the financial statement audit work.

5. Reading of the minutes taken at meetings of the Board of Directors, Audit and Control Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.

6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the Information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the Information.

This report has been prepared exclusively in the framework of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and by CNMV Circular no. 5/2013, of 12 June 2013, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Victoria López Téllez
1 April 2014

Ebro Foods, S.A.
Disclaimer

Disclaimer by the Directors of Ebro Foods, S.A. Regarding the contents of the Annual Financial Report 2013

The members of the Board of Directors of Ebro Foods, S.A. declare that, to the best of their knowledge and belief, the company's Annual Financial Report 2013 containing the separate and consolidated annual accounts and directors' reports has been prepared in accordance with the applicable accounting principles and gives a true and fair view of the equity, financial position and earnings of the issuer and the companies in its consolidated group overall, and that the directors' report includes an accurate analysis of the business development and results and the position of the issuer and consolidated companies overall, together with a description of the main risks and uncertainties to which they are exposed.

This declaration is made in respect of the separate and consolidated annual accounts of Ebro Foods, S.A. for 2013, as drawn up by the Board of Directors of the company on the twenty-sixth of March two thousand and fourteen.

Madrid, 26 March 2014