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.

<u>Credit risk</u>

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.

<u>Cash flow interest rate risk</u>

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.

<u>Foreign currency risk</u>

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.

<u>Liquidity risk</u>

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).

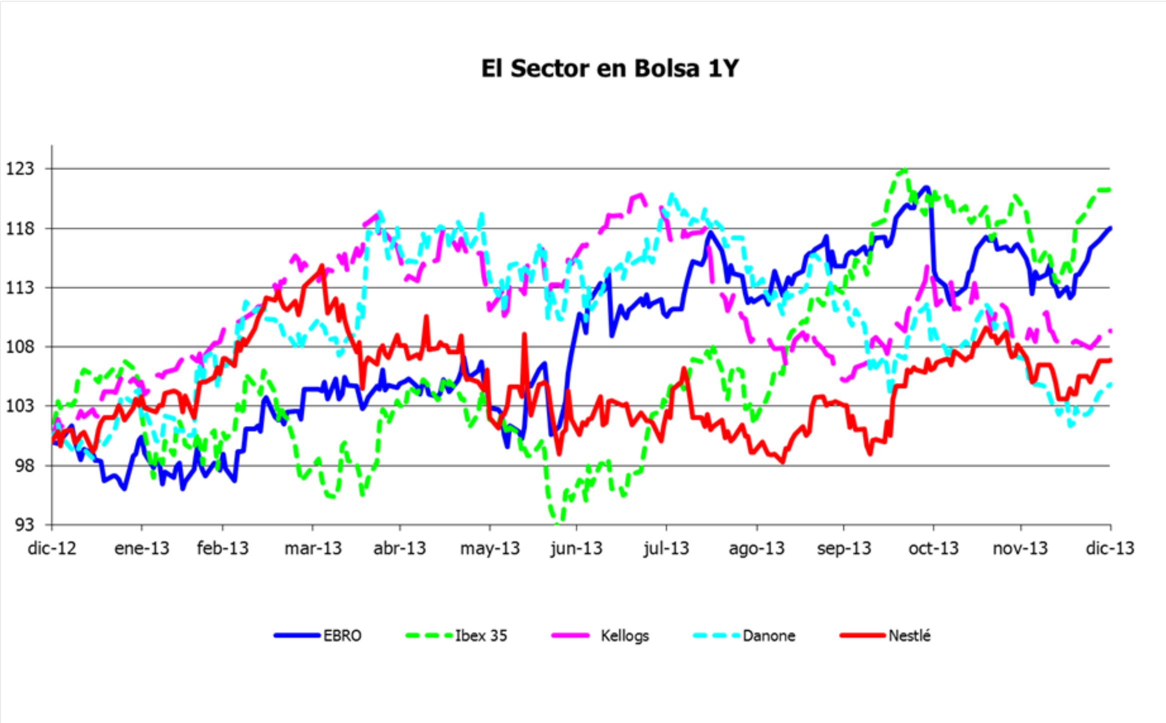
9. TREASURY SHARE TRANSACTIONS

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



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.