Audit Report

EBRO PULEVA, S.A.
AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2008

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the consolidated financial statements of EBRO PULEVA, S.A. and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2008, the consolidated income statement, consolidated cash flow statement and consolidated statement of recognized income and expense and the notes thereto for the year then ended, the preparation of which is the responsibility of the parent company's directors. Our responsibility is to express an opinion on the aforementioned consolidated financial statements taken as a whole, based upon work performed in accordance with auditing standards generally accepted in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated financial statements, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

2. In compliance with Spanish mercantile law, for comparative purposes the parent company's directors have included for each of the captions presented in the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of recognized income and expense, the consolidated cash flow statement, and the notes to the consolidated financial statements, in addition to the figures of 2008, those of 2007. The figures corresponding to the previous year differ from those included in the consolidated financial statements approved in said year. These differences are explained in Note 2.b) of the accompanying consolidated financial statements. Our opinion refers only to the consolidated financial statements for 2008. On March 26, 2008, we issued our audit report on the 2007 consolidated financial statements, in which we expressed an unqualified opinion.

3. In our opinion, the accompanying 2008 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and financial position of EBRO PULEVA, S.A. and subsidiaries at December 31, 2008 and the consolidated results of its operations, consolidated statement of recognized income and expense, and consolidated cash flows for the year then ended, and contain the required information necessary for their adequate interpretation and understanding, in conformity with the international financial reporting standards adopted by the European Union, which are consistent with those applied in the previous year.

4. The accompanying consolidated management report for the year ended December 31, 2008 contains such explanations as the parent company's directors consider appropriate concerning the situation of EBRO PULEVA, S.A. and its subsidiaries, the evolution of their business and other matters, and is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the consolidated management report mentioned above agrees with the consolidated financial statements for the year ended December 31, 2008. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the group companies' accounting records.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors
under No. S0530)

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José Luis Ruiz

March 26, 2009

Ebro Puleva

EBRO PULEVA, S.A.

CONSOLIDATED FINANCIAL STATEMENTS
AND CONSOLIDATED MANAGEMENT REPORT

for the year ended December 31, 2008

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

EBRO PULEVA GROUP
CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2008 AND 2007
THOUSANDS OF EUROS

	Note	12/31/2008	12/31/2007
NON-CURRENT ASSETS			
Intangible assets	9	300,295	289,100
Property, plant and equipment	10	557,360	800,046
Investment properties	11	30,526	14,506
Financial assets	12	21,836	186,015
Investments in associates	13	13,293	16,067
Deferred tax assets	25	46,688	73,107
Goodwill	14	836,412	806,546
Other non-current assets		6	49
		1,806,416	**2,185,436**
CURRENT ASSETS			
Inventories	15	357,531	505,951
Trade and other receivables	16	423,504	493,759
Current tax	25	1,508	10,677
Tax receivables	25	61,869	63,426
Derivatives and other financial instruments	28	283	142
Other non-current assets		15,139	21,506
Current assets	17	117,584	94,599
		977,418	**1,190,060**
Non-current assets held for sale	7	639,078	0
TOTAL ASSETS		**3,422,912**	**3,375,496**

	Note	12/31/2008	12/31/2007
EQUITY AND LIABILITIES		**1,228,686**	**1,222,238**
Equity attributable to equity holders of the parent company			
Issued capital	18	92,319	92,319
Share premium	18	34,333	34,333
Other restricted reserves	18	21,633	21,633
Retained earnings	18	1,174,383	1,106,662
Translation differences	18	(57,506)	(45,962)
Treasury shares	18	(62,031)	(10,740)
		1,203,131	**1,198,245**
Equity attributable to minority interests		**25,555**	**23,993**
NON-CURRENT LIABILITIES			
Deferred income	19	15,591	14,299
Provisions for pensions and other post-employment benefits	20	39,060	35,386
Other provisions	21	20,310	189,094
Financial liabilities	22	718,550	706,941
Other non-financial liabilities	23	118	178
Deferred tax liabilities	25	136,199	140,031
		929,828	**1,085,929**
CURRENT LIABILITIES			
Financial liabilities	22	378,432	381,855
Derivatives and other financial instruments	28	547	884
Trade and other payables	24	444,486	594,918
Current tax	25	16,017	7,990
Tax payable	25	16,863	77,105
Other current liabilities		10,929	4,577
		867,274	**1,067,329**
Non-current liabilities held for sale	7	397,124	0
TOTAL EQUITY AND LIABILITIES		**3,422,912**	**3,375,496**

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated balance sheet at December 31, 2008.

EBRO PULEVA GROUP
CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
THOUSANDS OF EUROS

	Note	12/31/2008	12/31/2007
Revenues	6	2,367,902	2,004,182
Change in inventories of finished goods and work in progress		18,140	27,061
Capitalized expenses of Company work on assets		2,549	2,477
Other operating revenues	8	39,371	39,803
Consumption of goods and other external charges	6	(1,423,864)	(1,156,655)
Employee benefits expense	8	(275,212)	(261,074)
Depreciation and amortization	9, 10 y 11	(70,000)	(67,935)
Other operating expenses	8	(464,096)	(424,923)
OPERATING PROFIT		**194,790**	**162,936**
Finance revenue	8	14,546	16,674
Finance expense	8	(84,232)	(84,104)
Impairment of goodwill	14	(7,358)	(8,186)
Share of profit (loss) of associates	13	(14,292)	(4,469)
CONSOLIDATED PROFIT BEFORE TAX		**103,454**	**82,851**
Income taxes	25	(29,549)	(20,629)
CONSOLIDATED PROFIT FOR THE YEAR (from continuing operations)		**73,905**	**62,222**
Profit (loss) for the year from discontinued operations	7	57,965	30,251
CONSOLIDATED PROFIT FOR THE YEAR		**131,870**	**92,473**
Attributable to:			
Equity holders of the parent		**130,637**	**90,577**
Minority interests		1,233	1,896
		131,870	**92,473**

	Note	12/31/2008	12/31/2007
Earnings per share:	18		
-For profit from continuing operations			
Basic		0.484	0.393
Diluted		0.484	0.393
- For profit for the year			
Basic		0.871	0.590
Diluted		0.871	0.590

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated income statement for the year ended December 31, 2008.

EBRO PULEVA GROUP
CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
THOUSANDS OF EUROS

		2008	2007
Gains (Losses) in the valuation of available-for-sale financial assets		-102	-75
Translation differences		-9,439	-14,526
Translation differences reversed to the income statement for the year		-328	0
Actuarial profit and loss		-14,260	0
Tax effect for items recognized against or transferred from equity		5,257	0
Gain (loss) recognized in equity		**-18,872**	**-14,601**
Profit for the year		**131,870**	**92,473**
Total recognized income and expenses for the year	(Note 18)	**112,998**	**77,872**
Attributable to:			
Equity holders of the parent	(Note 18)	109,988	76,327
Minority interests	(Note 18)	3,010	1,545
		112,998	**77,872**

Notes 1 to 31 of the accompanying financial statements are an integral part of the statement of recognized income and expenses for the year ended December 31, 2008.

EBRO PULEVA GROUP
CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
THOUSANDS OF EUROS

	12/31/2008	12/31/2007
Receipts from sales and services	3,374,954	2,999,748
Payments to suppliers and employees	(3,174,476)	(2,633,937)
Interest paid	(65,722)	(71,655)
Interest collected	2,625	1,940
Dividends received	693	13
Other receipts / payments from operating activities	19,382	(10,031)
Income tax paid	(13,753)	(55,134)
Net cash flows from operating activities	**143,703**	**230,944**
Purchase of property, plant and equipment	(100,948)	(87,046)
Sale of property, plant and equipment	3,585	28,440
Purchase of financial investments	(48,867)	(31,053)
Sale of financial investments	40,873	(203)
Other receipts / payments from investing activities	40,084	6.043
Net cash flows from investing activities	**(65,273)**	**(83.819)**
Transactions with treasury shares	(51,283)	(10,640)
Dividends paid to shareholders	(55,440)	(56,956)
Repayment of loans and borrowings	137,975	80,158
Repayment of borrowings	(86,150)	(146,190)
Other financial receipts / payments and government grants	2,819	7,279
Net cash flows from financing activities	**(52,079)**	**(126,349)**
Translation differences of flows from foreign operations	(150)	16
INCREASE (DECREASE) in cash and cash equivalents	**26,201**	**20,792**
Cash and cash equivalents at January 1	94,599	75,070
Effect of foreign exchange rates on the opening balance	1,590	(1,263)
Cash and cash equivalents at December 31	**122,390**	**94,599**

The cash flow statement includes cash flows corresponding to discontinued activities of the Sugar Business whose principal cash flow captions are provided below:

Total net cash flows by operating activities	19,399	93,582
Total net cash flows by investment activities	8,022	(4,405)
Total net cash flows by finance activities	30,271	(24,512)

The following table presents the reconciliation of cash and cash equivalents with the balance sheet at December 31, 2008 and 2007

Cash on the consolidated balance sheet	117,584	94,599
Cash corresponding to discontinued operations	4,806	0
	122,390	94,599

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated cash flow statement for the year ended December 31, 2008.

1. CORPORATE INFORMATION

Ebro Puleva, S.A. (the parent Company) is the outcome of the merger by takeover by Azucarera Ebro Agrícolas S.A. of Puleva S.A. Following said takeover merger, the board of directors resolved to change the name of the company from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A. with effect from January 1, 2001.

The registered office of the company is at Madrid (28046), calle Castellana, 20.

The Company is engaged in the following activities both in Spanish and foreign markets:

a) The production, preparation, sale, research, import and export of all types of food and dietary product for both human or animal consumption, in addition to energy food, including their byproducts and waste and, particularly from sugar, agricultural products, dairy products, rice, pasta and any type of nutritional product, including enteral diets for clinical feeding, formulas, products as well as special composts for the pharmaceutical, healthcare or veterinary and biofuel industries.

b) The production, marketing and sale of all types of refreshment, food and alcoholic beverages.

c) The exploitation of any type of byproducts, services or uses related to the above activities, including refrigeration units, ice, industrial gas, vapor, cold air and energy.

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

e) The execution of projects, construction of installations or the provision of any other technical assistance to other companies of such sectors; the creation, promotion, protection and exploitation of patents, trademarks and other items pertaining to industrial property.

f) Any activities relating to personnel training, computer programming or management, investment and optimization of resources, advertising and corporate image, transport, distribution and sale deemed complementary to the above.

The activities comprising the parent company's corporate purpose may be carried out through the subscription or acquisition of shares or participation units of companies having an identical or similar corporate purpose.

The group currently operates on the domestic and international markets. The composition of its sales is described in Note 6 - Segment information.

2. BASIS OF PRESENTATION Y COMPARABILITY OF INFORMATION

All amounts in these consolidated financial statements are expressed in euros (unless specified otherwise), which is the functional currency of the Ebro Puleva Group. Transactions in foreign currency are translated to euros in accordance with the accounting policies described in Note 3.

a) Basis of presentation

1. General accounting principles

The annual consolidated accounts has been prepared by in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and European Council.

The consolidated accounts for the year ended December 31, 2008, which were prepared by the directors of the parent company on March 25, 2009, are pending approval at the General Shareholders' Meeting. It is expected that they will be approved without modification. The financial statements for 2008 for Ebro Puleva, S.A. and for the Group's subsidiaries and associates are also pending approval at their respective shareholders' meetings.

The consolidated financial statements have been prepared on a historical cost basis, except where the mandatory application of an IFRS required the corresponding restatement.

2. Use of judgments and estimates

The information contained in these financial statements is the responsibility of the Group's directors.

In the preparation of the consolidated financial statements, the Group's management has made some estimates regarding the assets, liabilities, revenues, expenses and commitments herein. These mainly relate to:

- The measurement of assets and goodwill for the existence of impairment losses (Notes 3f, 3g and 3h).
- The assumptions used in the actuarial estimation of pension and other post-employment benefits (Notes 3n and 20).
- The useful life of property, plant and equipment and intangible assets (Notes 3e and 3f).

- The assumptions used in estimating fair value of financial instruments (Note 3r).

- The probability that liabilities of an unspecified amount or contingent liabilities may arise (Note 3o).

- The recoverability of deferred tax assets (Note 3q).

Although these estimations are made based on the best information available at the balance sheet date, events may occur in the future that require adjustments (positive or negative) to be made prospectively in subsequent years. The effects of changes in estimates are recognized in the financial statements of the years in which they are made.

b) Comparability of information

For comparative purposes the Group has included together with the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of recognized income and expense and the notes to the consolidated financial statements, in addition to the figures at December 31, 2008, those at December 31, 2007.

The changes in presentation in the data relating to the year ended December 31, 2007 in the 2008 consolidated financial statements with respect to those included in the 2007 consolidated financial statements were the following:

- To improve the presentation and harmonization of these financial statements, in 2008 certain commercial costs of the American pasta segment and the Herba Group rice segment have been recognized as a decrease in revenue (turnover) rather than as operating expenses. To facilitate comparison of the 2007 figures with those of 2008, the figures of the December 31, 2007 balance sheet have been modified by decreasing the balance of “Revenues” and the balance of “Operating expenses” by 42,767 thousand euros with respect to the figures included in the 2007 financial statements.

- In addition, pursuant to prevailing accounting policy, the 2007 income statement has been modified to show a breakdown of continuing and discontinued operations to present comparative figures that are harmonized with those of the income statement for 2008, in which the sugar business became a discontinued operation (Note 7).

c) Changes in consolidation scope

The main changes in the consolidation scope in 2008 and 2007 and the consolidation method used are shown in Notes 4 and 5.

3. SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies applied in the preparation of the consolidated financial statements were the following:

a) Consolidation principles

Subsidiaries

The consolidated financial statements include all the companies over which the Group has control. Control implies the power to establish financial and operating policies in order to profit from the company's activities.

Upon acquisition, the Group measures the company's assets, liabilities and contingent liabilities at fair value as at the acquisition date. If cost exceeds the fair value of the net assets acquired, the excess is recognized as goodwill. If the fair value of the net assets exceeds the cost, the excess is recognized directly in income. The results of companies acquired during the year are recognized in the income statement from the acquisition date.

The Group applies the following accounting treatment to additional acquisitions or sales of shares of subsidiaries in cases in which it does not lose effective control:

- Acquisitions of additional shares: the difference between the acquisition price and the book value of the minority interests is recorded as an increase in goodwill.

- Sales of shares without the loss of effective control: the difference between the sale price and the net book value of the share sold, including any corresponding goodwill, is recognized in the consolidated income statement.

Minority interests are stated at the acquisition date at the minority proportion of the fair value of the acquiree's assets and liabilities.

The financial statements of some subsidiaries are adjusted, when necessary, to harmonize the accounting criteria and policies established for the Group.

All material intragroup transactions and balances have been eliminated on consolidation.

Associates

The Group's investments in associates (i.e. companies in which the Group has significant influence, but not control) and joint ventures are accounted for under the equity method of accounting. Under this method, investments in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate less any impairment losses. The consolidated income statement reflects the percentage interest in the after-tax results of the associate.

b) Translation differences

The individual financial statements of Group companies are presented in local currency. In the consolidated financial statements, assets and liabilities are translated to euros at the year-end exchange rate. Income statement headings are translated at the average exchange rate for the year. Issued capital, share premium and reserves carried at historical cost are reported using the exchange rate at the date of the transaction. Translation differences arising from investments in Group companies and associates are recognized as a separate component of equity.

Translation differences involving minority interests are recognized in "Equity attributable to minority interests."

Goodwill and fair value adjustments to the carrying amounts of the net assets arising on the acquisition of the foreign operation are treated as part of the assets and liabilities of that foreign operation and therefore translated at the closing rate.

On the sale or disposal of an investment in a Group company or associate, the accumulative amount of the exchange differences in these companies to the date of sale or disposal is recognized in the income statement.

c) Foreign currency translation

Transactions in foreign currency are translated to euros at the exchange rate ruling at the date of the transaction. All differences in the settlement of these transactions and in the measurement of monetary assets and liabilities denominated in foreign currency are taken to profit or loss.

d) Liquid assets

These include cash and cash equivalents, which primarily comprise certificates of deposit, short-term deposits, short-term marketable securities, short-term government bonds and other money market assets with an original maturity of three months or less. These assets are recognized at cost, which is similar to realizable value.

e) Property, plant and equipment

Property, plant and equipment are stated at the lower of:

- Purchase price or cost of production, less the corresponding accumulated depreciation and any impairment.

- The recoverable amount through the cash-generating unit to which the item belongs or through sales, capital gains or both.

In addition, certain assets (property, plant and equipment, and investment properties) are carried at the revalued amount, which is the fair value estimated by independent appraisers following the acquisition of subsidiaries or associates based on the measurement criteria explained in section a) above.

Property and plant are transferred to investment properties only when there has been a change in their use. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its carrying amount at the date of change of use is considered as its initial cost for accounting purposes. If the property occupied by the Group becomes a real estate investment, the Group recognizes it in keeping with the criteria applied to property, plant and equipment until the date of change of use.

Real estate investments are derecognized when they are disposed or retired permanently from use and no future economic benefit is expected from their disposal. Any gains or losses from the retirement or disposal of the asset are recognized in the consolidated income statement for the period in which that retirement or disposal occurred.

When factors indicating possible obsolescence of assets are detected, the corresponding write-down provisions are recorded.

Interest cost is not capitalized and is recognized in the consolidated income statement. The costs of any extension, modernization or improvements that increase productivity, capacity or efficiency or prolong the useful life of the assets are capitalized as an increase in the cost of the corresponding assets. Maintenance and upkeep expenses are charged to the profit and loss account in the year in which they are incurred.

Depreciation is calculated by the straight-line method according to the estimated useful life of the respective assets, considering the depreciation actually suffered through operation, use and occupation, as indicated below. The residual value, useful life and amortization method for these assets is reviewed annually.

Depreciation rate	
Buildings	1.0 to 3.0%
Plant and machinery	2.0 to 20%
Other installations, tools and furniture	8 to 25%
Other	5.5 to 25%

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the present value of the remaining balance of the liability. Each lease payment includes principal and interest. Interest on leases is calculated at a fixed rate of the outstanding principal. Leased assets are amortized on a straight-line basis according to the useful life shown previously. Operating lease payments are expensed currently over the lease term.

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

Intangible assets are carried at acquisition or production cost and are tested and adjusted for impairment losses regularly (Note h). In addition, when they can be amortized, their residual life, useful life and amortization method are reviewed annually. Intangible assets include:

- Research and development expenses: Development costs incurred for specific projects aimed at developing new products to be marketed or used for the Group's own organization whose future recoverability is reasonably certain are capitalized and amortized on a straight-line basis over the period during which it is expected that revenue will be obtained from the project upon completion.

  Future recoverability is reasonably assured when the Group can demonstrate the technical viability of completing the intangible asset in order to use it or sell it and how the asset will generate future economic benefits.

- Concessions, patents and licenses: Capitalized development expenses are stated as industrial property when the corresponding patents, etc. are obtained. New trademarks purchased by group companies from third parties are also included, at acquisition cost. On the basis of an analysis of all relevant factors, the Group has established that there is no foreseeable limit to the period during which the most significant brand names are expected to generate net cash flows for the entity, and consequently, those brand names are classified based on indefinite useful lives. However, the useful lives of the brand names are reviewed annually to determine whether their useful lives are finite or indefinite. If applicable, amortization is calculated based on their estimated useful lives, which vary from 10 to 20 years.

- Software: This heading includes the amounts paid for access to ownership or the right to use computer programs, as well as the costs incurred by the Company in the development of software, when these are expected to be used over several years. Software is amortized on a straight-line basis over the estimated useful life, generally three years. Software maintenance expenses are recorded directly in the year incurred.

g) Goodwill

Goodwill represents the excess of the cost of the acquisition of fully-consolidated subsidiaries over the fair value of the net assets acquired at the date of acquisition. The excess of the cost of investments in associates is recognized in the consolidated balance sheet under “Investments in associates” and the expense for potential impairment of this excess under “Share of profit (loss) of associates” in the consolidated income statement.

When new investments entail deferred payment, cost includes the present value of the outstanding balance. When the amount deferred may be affected by future events, the balance is estimated at the date of acquisition and recognized as a liability. Future changes in the deferred price lead to an adjustment to goodwill and the corresponding liability in that year.

Goodwill is not amortized, but is subject to annual impairment testing. Any impairment is recognized directly in the income statement and may not be reversed.

Negative goodwill is recognized in profit and loss once the fair value of the net assets acquired is established.

On the sale or disposal of an investment in a Group company or associate, any goodwill allocated to the company is included in the gain or loss recognized from the sale or disposal.

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

The Group assesses the carrying amount each year of its assets to determine whether there is any indication that an asset may be impaired.

Where the carrying amount of the asset exceeds its realizable value, an impairment loss is recognized in the income statement and the asset is written down to its recoverable amount. An asset's recoverable amount is the higher of its fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate.

For potentially impaired assets that do not generate cash inflows that are independent of those from other assets, the impairment test is performed on the group of assets (cash-generating unit) to which it belongs.

The recoverable value of intangible assets with an indefinite useful life is assessed for impairment annually or whenever there is an indication that the intangible assets may be impaired. The reversal of impairment loss of an asset is recognized in the period consolidated income statement.

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

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

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and as a discontinued operation when the sale is like to occur in the short term (i.e. less than a year) and under the current conditions of the asset.

j) Financial assets (investments)

Financial assets are recognized (or derecognized) on the trade date and initially measured at fair value, which generally coincides with their acquisition cost, plus any attributable transaction costs.

- Investments

Investment are recognized initially at fair value and classified as either available for sale or held for trading. Changes in the value of available-for-sale investments are taking directly to reserves until the investment is sold, at which time the cumulative gain or loss is included in the income statement. Changes in the value of assets classified as held for trading are always recognized in income.

Fair value is determined as follows:

1. Listed securities in an active market: Fair value is deemed to be the listed price at year end.
2. Unlisted securities in an active market: Fair value is obtained using technical valuations, which includes the discount of cash flows, option valuation models or comparable transaction references. When fair value cannot be reliably measured, these investments are recorded at cost.

- Other loans and receivables

Other current and non-current non-trade receivables are carried at the amount received (amortized cost). Interest received is recorded as interest income in the year in which it is accrued, in accordance with financial criteria.

In general, non-trade current loans are not discounted.

k) Trade and other receivables

Trade and other receivables are recognized at the nominal amount which is similar to their amortized cost, less any allowance for uncollectible amounts.

The amount related to discounted bills in trade and other receivables and interest-bearing loans and borrowings (current financial liabilities) is recognized until maturity.

l) Inventories

Inventories are stated at purchase price or cost of production, using the average weighted value method.

The purchase cost includes the amount invoiced plus all additional expenses incurred until the assets reach the warehouse.

The cost of production is calculated as the sum of the purchase costs of raw materials and other consumables, the manufacturing costs directly attributable to the product and the corresponding part of the costs indirectly attributable to the products in question, insofar as they correspond to the production period.

In such cases where the purchase cost less the sales costs and less costs to be incurred to finish inventory production is lower than those indicated in the above paragraph, valuation adjustments are made, and impairment provisions are recorded.

m) Deferred income - Grants

Grants received by the Company are recorded according to the following principles:

a. Outright capital grants: Stated at the amount awarded and released to the income statement using the straight-line method over 10 years, which is approximately equivalent to the average period of depreciation of the assets financed with the grants. They are shown on the consolidated balance sheet under “Liabilities”.

b. Operating grants: Credited to income upon accrual.

n) Pensions and other post-employment benefits

The Group operates a number of defined benefit and defined contribution plans. The cost of defined benefit plans are determined using the projected unit credit method.

The commitments for defined benefits are determined by independent actuarial experts, annually for significant plans and periodically for all others. The actuarial assumptions used to determine the commitments vary depending on the economic circumstances of each country.

The plans may be funded by an external fund and internally via reserves.

For externally funded defined benefit plans, the negative difference between the fair value of the underlying assets and the actuarial value of the obligation as a result of actuarial gain or loss is recognized directly on the cumulative income statement net of its tax effect on equity, and any modifications of past services rendered on the income statement for the year. The positive difference is only recognized in the balance sheet if it represents a future economic benefit either through redemption of the plan or a decrease in future contributions. Actuarial gains and losses mostly arise from changes in the actuarial assumptions or differences between the previous actuarial assumptions and what actually occurred. Prior to 2008, these actuarial gains and losses were insignificant and given that they had no significant effect, in prior years they were recognized directly on the income statement for each year.

For these plans, the actuarial cost recognized in the income statement is the sum of the service cost for the current year, interest costs, the expected return on plan assets and past service costs, whereas actuarial losses and gains when significant are recognized directly in cumulative income and expense in equity. Contributions to defined contribution plans are recognized in the income statement when the contribution is made.

Under the applicable collective labor agreement and based on voluntary agreements reached with employees, Azucarera Ebro, S.L., Ebro Puleva, S.A., Puleva Food, S.L, are obliged to pay various types of annual supplements and bonuses for length of service to certain employees. Where applicable, they are also required to pay retirement bonuses to permanent employees who retire early or at the legal retirement age. The recorded provision represents the current value, based on actuarial studies conducted primarily by independent actuaries, of the future payment commitments of these companies with both retired and current employees. In accordance with prevailing legislation, this provision has been externalized (Note 20). From 2002, these companies are required to make any annual contributions to the externalized retirement funds necessary to adjust the potential commitments accrued at the end of each year. These adjustments do not have a significant impact on consolidated results.

Under the applicable collective labor agreement and based on voluntary agreements reached with its employees, the Riviana Group, the NWP Group and some European companies of the Ebro Puleva Group are obliged to pay various types of annual supplements and bonuses for length of service to certain employees. Where applicable, it is also required to pay retirement bonuses to its permanent employees who retire early or at the legal retirement age.

The recorded provision represents the current value, based on actuarial studies conducted primarily by independent actuaries, of the future payment commitments with both retired and current employees, less the present value of the financial assets in which the funds are invested. These funds are independently managed by a Management Committee made up of employees, managers and third parties.

In addition, some Group companies grant certain employees retirement bonuses voluntarily of an unspecified amount. The amount of these is insignificant and is recognized as an expense when payment is made. Other Group companies either do not have similar obligations or the amount is insignificant.

o) Other provisions

Other provisions are recognized when the Group has a present obligation (either legal or contractual) as a result of a past event, if it is probable that an outflow of cash will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Group records provisions at the end of the year (at present value) to meet the estimated amounts of probable or certain liabilities arising from ongoing litigation or outstanding obligations.

If an outflow of cash is considered possible but not probable, the consolidated financial statements do not reflect any provision for this concept; however, a description of the risk is included in the notes to the consolidated financial statements.

Restructuring provisions are only recognized when a detailed formal plan is adopted for this purpose (e.g. identifying the operations involved, the locations affected, the function and number of employees to be compensated upon termination, the payments required and the date the plan will take effect) and when it is reasonably assured that the restructuring will be carried out (e.g. the plan has commenced or its main features have been announced). These provisions are not estimated merely on their legal framework but also based on their underlying economic reality.

p) Financial liabilities– interest-bearing loans and borrowings

Interest-bearing loans and borrowings maturing in less than 12 months from the balance sheet date are classified as current liabilities, while those with longer maturity periods are classified as non-current liabilities.

All loans and borrowing are recognized at the original consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost. Interest on the loans and borrowings and the related costs are taken to the income statement based on financial criteria.

q) Income taxes

Income tax expense is recognized in the consolidated income statement except when the tax is directly related to equity, in which case the tax is recognized accordingly in this caption.

Deferred income tax is determined using the liability method. According to this method, deferred income tax assets and liabilities are measured based on the temporary differences between the tax bases of assets and liabilities and their carrying amounts at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities relating to changes in equity are taken directly to equity. Deferred tax assets and liabilities are recognized only to the extent that it is probable that they will arise and adjusted subsequently if it is not probable that sufficient profits will be available.

Deferred tax liabilities related to investments in subsidiaries and associated companies are not recognized if the parent company is able to control the timing of the reversal and it is not probable in the foreseeable future.

r) Financial instruments

The Group uses derivative financial instruments to hedge its risks associated with interest rate and foreign currency fluctuation. Such derivatives, whether classified as hedges or not, are initially recognized at fair value. Fair value is considered to be market value for listed instruments or determined using option pricing models or discounted cash flow analysis for unlisted instruments. For the purposes of hedge accounting, the following criteria have been used:

- Cash flow hedges: The effective portion of the net gains or losses arising from the remeasurement to fair value directly in retained earnings (equity) until the transaction is entered into or expected to take place, at which time it is transferred to the income statement. The ineffective portion is recognized directly in profit or loss.

- Hedges of a net investment in foreign operations: Net gains or losses relating to the effective portion following the remeasurement to fair value are recognized directly in "Translation differences" and they are recognized in the consolidated income statement when the hedged investment is sold. The ineffective portion is recognized directly in profit or loss.

- Measurement of financial instruments not designated as hedges or that do not meet the criteria for hedge accounting: Gains or losses relating to the remeasurement to fair value are recognized directly in profit or loss.

s) Recognition of revenues

Income and expenses are recorded following the accruals principle. Ordinary revenue is recognized in the year when the gross economic benefits related to the Group's ordinary activities flow to the Group, provided that any increase in equity is not related to the contributions by owners of this equity and the benefits can be measured reliably. Ordinary revenue is recognized at the fair value of the consideration received or receivable.

Revenue from the rendering of services is only recognized when it can be measured reliably and in accordance with the stage of completion of the service at the balance sheet date.

The Group does not include in ordinary revenues the gross economic benefits received by the Group when it acts as third-party agent or commission agent. In these cases, it only recognizes the ordinary revenue related to its business.

The exchange of assets or services that are not commercial are not regarded as a transaction that generates revenues.

The Group recognizes the net amount of purchase or sale contracts of non-financial assets settled in cash or another financial instruments. Contracts entered into or held with the aim of receiving or delivering these non-financial instruments are recognized in accordance with the terms of the purchase or sale contracts, or requirements of expected usage by the company.

Interest income is recognized on a time proportion basis of the outstanding principal and taking into account the effective yield.

t) Environmental issues

Environmental expenses are those incurred in connection with environmental activities carried out, or which should be carried out, to manage the environmental effects of the Group's operations, as well as those relating to environmental commitments.

Assets incorporated in the Group's equity in the long term for the primary purpose of minimizing the environmental impact of the Group's activities or protecting or improving the environment, including the reduction or elimination of future contamination caused by the Group's operations, are recorded as investments. For accounting purposes, these assets are recorded using the same criteria applied to property, plant and equipment.

u) CO_2 emission rights

The Group's policy is to record CO_2 emission rights as "Non-amortizable intangible assets." The rights received free under the corresponding National CO_2 Emission Rights Assignment Plans are valued at the prevailing market price and deferred income for the same amount is recognized.

In 2008 a new five-year plan for the period from 2008 to 2012 began which assigned free emission rights equivalent to 2,565,392 tons, of which 1,635,167 tons correspond to the sugar business, which was discontinued in 2008.

In 2008 and 2007 the Group received free emission rights equivalent to 516,940 and 640,753 tons, respectively, as per the national assignment plan approved in Spain (330,895 and 439,427 tons, respectively, correspond to the sugar business, which was discontinued in 2008). These plans also establish the assignment of free emission rights in 2009 equivalent to 516,214 tons, of which 330,169 tons correspond to the sugar business discontinued in 2008.

The Company consumed 445,018 tons and 504,078 tons of emission rights in 2008 and 2007, respectively, of which 271,296 and 326,822 tons, respectively, correspond to the sugar business, which was discontinued in 2008.

These rights are initially recorded at the market value as "Intangible assets" and "Deferred income" on the date on which the rights are received and are taken to "Other operating income" on the consolidated income statement as the CO_2 emissions which the rights are to cover are released.

As of 2005, companies that emit CO_2 in their operating activities must submit CO_2 emission rights equivalent to their CO_2 emissions in the early months of the following year.

The obligation to submit CO_2 emission rights for the CO_2 emissions during the year is recorded in “Other current liabilities,” while the corresponding cost is recorded in “Consumption of goods and other external charges” in the consolidated profit and loss account.

This obligation is valued at the same amount at which the CO_2 emissions rights submitted to cover CO_2 emissions are recorded under “Intangible assets” in the consolidated balance sheet.

If at the date of the consolidated balance sheet the Group does not have the CO_2 emission rights necessary to cover CO_2 emissions, the related cost and provision are recorded based on the Group's best estimate of the price that it would have to pay to acquire them. When a more adequate estimate does not exist, the estimated acquisition price of emission rights which the Group must acquire is the market price of these rights at the close of the consolidated financial statements.

At December 31, 2008 (2007) the provision included in the consolidated balance sheet for CO_2 emitted by the Group in 2008 (2007) amounted to 6,809 (49) thousand euros. Of this amount, 4,150 (10) thousand euros correspond to the sugar business, which was discontinued in 2008. The amount of 6,809 (49) thousand euros will be covered by the emission rights received from the corresponding emission assignment plans.

v) Treasury shares

The Entity’s own equity instruments which are re-acquired (treasury shares) are deducted directly from equity. Gains and losses are not recognized on the consolidated income statement for purchases, sales, issue or cancellation of the Group’s own equity instruments.

w) New IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 11 - Group and Treasury Share Transactions was applied as of January 1, 2008. Its adoption did not have a material impact on the financial position of the Company in the period of its application.

IFRIC 14: *IAS 19 – The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction* was applied as of January 1, 2008. Its adoption did not have a material impact on the financial position of the Company in the period of its application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

Amendments to IAS 39 and IFRS 7: *Reclassification of financial instruments* was applied as of July 1, 2008. The effects of its adoption in the current period have not been significant.

At the date these consolidated financial statements were prepared, the interpretation of IFRIC 12: *Service concession agreements,* which came into effect for the year ended December 31, 2008, has been published but has not been adopted by the European Union. The application of this interpretation would not have had an impact on the 2008 consolidated financial statements.

On the other hand, the following IFRS and IFRIC interpretations as published were adopted effective for the year ended December 31, 2008:

Standards and amendments		**Mandatory application: financial years beginning on or after**
Amendment to IAS 23	*Borrowing Costs*	January 1, 2009 (*)
Amendment to IAS 1	*Presentation of Financial Statements – Revised presentation*	January 1, 2009
IFRS 3R	*Business combinations*	July 1, 2009
Amendment to IAS 27	*Consolidated and individual financial statements*	July 1, 2009
Amendment to IFRS 2	*Share-based payments – Vesting conditions and cancellations*	January 1, 2009
Amendment to IAS 32 and IAS 1	*Puttable financial instruments and obligations arising on liquidation*	January 1, 2009
Amendment to IFRS 1 and IAS 27	*Cost of an investment in a group company, associate or joint venture*	January 1, 2009
Amendment to IAS 39	*Eligible hedged items*	July 1, 2009
IFRS 8	*Operating segments*	January 1, 2009
IFRS 1R	*First-time adoption of IFRS*	January 1, 2009
IFRS improvements		January 1, 2009 (**)

(*) Financial costs related to qualified capitalized assets as of January 1, 2009.

(**) Improvements to IFRS 5 are applicable in financial years beginning on or after July 1, 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

Interpretations		**Mandatory application: financial years beginning on or after**
IFRIC 13	*Customer loyalty programs*	July 1, 2008
IFRIC 15	*Agreements for the Construction of Real Estate*	January 1, 2009
IFRIC 16	*Hedge of a net investment in a foreign operation.*	October 1, 2008
IFRIC 17	*Distributions of Non-cash Assets to Owners*	July 1, 2009
IFRIC 18	*Transfers of Assets from Customers*	July 1, 2009 (*)

(*) Applies to transfers carried out on or after July 1, 2009.

The Group is currently analyzing the impact of the adoption of the aforementioned standards, amendments and interpretations. Given that the number of modifications is significant, they may have some impact on the consolidated financial statements in the period of their initial application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

4. SUBSIDIARIES AND ASSOCIATES

Ebro Puleva, S.A.'s direct or indirect investments in Group subsidiaries and associates are the following:

SUBSIDIARIES AND ASSOCIATES	% Shareholding 12/31/08	% Shareholding 12/31/07	Parent Company	Registered address	Activity
Azucarera Ebro S.L. (Group) (AE) **(A)**	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of sugar
Dosbio 2010, S.L	100.0%	100.0%	EP	Madrid (Spain)	Bioenergy
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EP	Madrid (Spain)	Crop farming
Arotz Foods, S.A.	99.9%	99.9%	EP	Madrid (Spain)	Banana growing and canned vegetables
Puleva Food, S.L. (Group) (PF)	100.0%	100.0%	EP	Granada (Spain)	Production and sale of dairy products
Lactimilk, S.A. (Group) (LACT)	100.0%	100.0%	EP	La Coruña (Spain)	Production and sale of dairy products
Puleva Biotech, S.A. (Group) (PB) **(C)**	51.10%	62.11%	EP	Granada (Spain)	Development and marketing of new products
Jiloca Industrial, S.A.	100.0%	60.0%	EP	Teruel (Spain)	Production of organic fertilizer
Biocarburantes de C. y León, S.A. **(B)**	50.0%	50.0%	Dosbio	Seville (Spain)	Production bioethanol
Beira Terrace Ltda.	100.0%	100.0%	EP	Porto (Portugal)	Real estate
Riviana Foods Inc (Group) (Riviana)	100.0%	100.0%	EP	Houston, Texas (USA)	Production and sale of rice
Panzani, SAS (Group) (Panzani)	100.0%	100.0%	EP	Lyon (France)	Production and sale of pasta and sauces
New World Pasta Comp. (Group) (NWP)	100.0%	100.0%	EP	Harrisburg, PA (USA)	Production and sale of pasta and sauces
Birkel Teigwaren Gmbh (Birkel)	100.0%	100.0%	EP	Germany	Production and sale of pasta and sauces
Lince Insurance Ltd. **(D)**	100.0%	100.0%	EP	Dublin (Ireland)	Insurance
Agroteo, S.A. **(A)**	73.0%	73.0%	AE	Benavente (Spain)	Services for farmers
Azucarera Energías, S.L.	60.0%	60.0%	AE	Madrid (Spain)	Electricity cogeneration
Unión Azucarera, A.I.E. **(A)**	98.9%	98.9%	AE	Madrid (Spain)	Joint venture
Compañía de Melazas, S.A. **(B) (A)**	50.0%	50.0%	AE	Madrid (Spain)	Sale of molasses
Sucran France, SAS **(A)**	100.0%	100.0%	AE	Lyon (France)	Sale of sugar
Nueva Comercial Azucarera, S.A. **(A)**	87.5%	87.5%	AE	Madrid (Spain)	Sale of sugar
Puleva Networks, S.A.	100.0%	100.0%	PF	Granada (Spain)	IT development and services
Puleva Salud, S.A.	91.25%	91.25%	PF	Granada (Spain)	Internet
Grelva, S.L.	100.0%	100.0%	PF	Granada (Spain)	Electricity cogeneration
Yofres, S.A.	100.0%	100.0%	PF	Granada (Spain)	Sale of fermented dairy products
Miguel Sancho Puleva, S.A.	100.0%	100.0%	PF	Granada (Spain)	Idle
Edda, S.A.	100.0%	100.0%	PF	Granada (Spain)	Idle
Uniasa, S.A.	100.0%	100.0%	PF	Granada (Spain)	Idle
Formalac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Idle
Nutrilac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Idle
Fundación Puleva	100.0%	100.0%	PF	Granada (Spain)	Foundation
JJ. Software de Medicina, S.A. **(B)**	26.8%	26.8%	PF	Madrid (Spain)	Sale of software
Castillo Castelló, S.A.	80.0%	80.0%	LACT	Lleida (Spain)	Sale of dairy products
Eurodairy, S.L.	100.0%	100.0%	LACT	Barcelona (Spain)	Sale of dairy products
Innovalact El Castillo, S.A.	100.0%	100.0%	LACT	Lleida (Spain)	Sale of dairy products
El Castillo Madibic, S.L.	50.0%	50.0%	LACT	Barcelona (Spain)	Sale and production of dairy products
Herba Foods S.L. (HF)	100.0%	100.0%	EP	Madrid (Spain)	Investment management
Herba Ricemills S.L (HR)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of rice
Herba Nutrición S.L (HN)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of rice
Fallera Nutrición, S. L.	100.0%	100.0%	HN	Valencia (Spain)	Production and sale of rice
S&B Herba Foods Ltd. (Group)	100.0%	100.0%	HF / R. Int.	London (UK)	Production and sale of rice
Herba Germany, GmbH	100.0%	100.0%	HF	Hamburg (Germany)	Patent holder
Riceland Magyarorszag	100.0%	100.0%	HF /EP	Budapest (Hungary)	Production and sale of rice

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SUBSIDIARIES AND ASSOCIATES	% Shareholding 12/31/08	% Shareholding 12/31/07	Parent Company	Registered address	Activity
Danrice A.S.	100.0%	100.0%	HF	Orbaek (Denmark)	Production and sale of rice
Boost Nutrition C. V. (Boost)	100.0%	100.0%	HF / N.C.	Merksem (Belgium)	Production and sale of rice
Euryza	100.0%	100.0%	Boost	Germany	Production and sale of rice
Mundi Riso S.R.L.	100.0%	100.0%	HF	Vercelli (Italy)	Production and sale of rice
Herba Hellas, S.A.	75.0%	75.0%	HF	Thessalonica (Greece)	Production and sale of rice
Mundi Riz, S.A.	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Agromeruan	100.0%	100.0%	HF	Larache (Morocco)	Farm land concessionaire
Rivera del Arroz S.A	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Mundi Vap	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Katania Magreb **(B)**	50.0%	50.0%	HF	Larache (Morocco)	Production and sale of legume
Arrozeíras Mundiarroz, S.A.	100.0%	100.0%	HF	Lisbon (Portugal)	Production and sale of rice
Josep Heap Properties, Ltd.	100.0%	100.0%	HF	Líverpool (UK)	Investment management and administration
Risella OY	100.0%	100.0%	HF	Helsinki (Finland)	Sale of rice
Bosto Poland, S.L.	100.0%	100.0%	HF	Warsaw (Poland)	Sale of rice
Herba Bangkok	100.0%	100.0%	HF	Thailand	Production and sale of rice
Herba Egypt	100.0%	100.0%	HF	Egypt	Production and sale of rice
Herba Puerto Rico	100.0%	100.0%	HF	Puerto Rico	Sale of rice
Herba Ricemills Rom, SRL	100.0%	100.0%	HF	Romania	Sale of Rice
Herba Ukraine, LLC	100.0%	100.0%	HF	Kiev (Ukraine)	Sale of Rice
Herba India	100.0%	0.0%	HF	New Delhi (India)	Production and sale of rice
Nuratri, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Nutramas, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Nutrial, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Pronatur, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Vitasan, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Herto, N.V.	0.0%	66.7%	HF / N.C.	Idegem (Belgium)	Production and sale of rice
Riviana International Inc. (R. Int.)	100.0%	100.0%	Riviana	Houston (USA)	Investment management
Riviana Puerto Rico	100.0%	100.0%	R. Int.	San Juan (Puerto Rico)	Sale of rice
Ebro Puleva de Guatemala, S. A.	100.0%	100.0%	R. Int.	Guatemala	Production and sale of food
Ebro Puleva de Costa Rica S.A.	100.0%	100.0%	R. Int.	San José (Costa Rica)	Production and sale of food
Riveland, Inc **(B)**	50.0%	50.0%	Riviana	USA	Electricity cogeneration
South LaFourche, Inc **(B)**	50.0%	50.0%	Riviana	USA	Electricity cogeneration
Jonesboro Gasifier, Inc	100.0%	100.0%	Riviana	USA	Electricity cogeneration
Jonesboro Power Island, Inc	49.0%	49.0%	Riviana	USA	Electricity cogeneration
Stuttgart Power Island, Inc	51.0%	51.0%	Riviana	USA	Electricity cogeneration
N&C Boost N. V. (N.C. Boost)	100.0%	100.0%	R. Int.	Belgium	Investment management
Mahatma Foods Ltd Australia	100.0%	100.0%	Riviana	Australia	Idle
Lastarmco Inc. (Louisiana)	100.0%	100.0%	Riviana	Louisiana (USA)	Idle
River Brand Rice Mills Inc. (Texas)	100.0%	100.0%	Riviana	Texas (USA)	Idle
Arkansas State Rice Milling Co	100.0%	100.0%	Riviana	Delaware (USA)	Idle
Louisiana State Rice Milling Co	100.0%	100.0%	Riviana	Delaware (USA)	Idle
Lustucru Riz	99.8%	99.8%	Panzani	Lyon (France)	Being liquidated
Lustucru Frais	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of fresh pasta
Ferico	99.9%	99.9%	Panzani	Lyon (France)	Production and sale of other pasta
Grands Moulins Maurel	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of flour and semolina
Silo de la Madrague	100.0%	100.0%	Panzani	Lyon (France)	Production and sale of flour and semolina
Rizerie Franco Americaine et Col, S.A	100.0%	100.0%	Panzani	Paris (France)	Production and sale of rice
Siepa	0.0 %	98.1 %	Panzani	Lyon (France)	Idle and being liquidated
Alp'imprim **(D)**	100.0%	100.0%	Panzani	Lyon (France)	Printing
Española de I+D, S.A.	60.0%	60.0%	Biotech	Valencia (Spain)	Development and marketing of new products
Bosto Panzani Benelux, S.A.	100.0%	0.0%	Boost/Pzni	Merksem (Belgium)	Sale of rice and pasta
Ronzoni Pty.	100.0%	100.0%	NWP	Montreal (Canada)	Production and sale of pasta and sauces
Mowe Teigwaren Gmbh	100.0%	0.0%	Birkel	Waren (Germany)	Production and sale of pasta and sauces

(A) These companies comprise the sugar business that was discontinued in 2008 (Note 7).

(B) Companies consolidated using the equity method.

(C) The directors of the parent company consider Ebro Puleva, S.A.'s 51.10% direct control (vs. 62.11% in 2007) over Puleva Biotech, S.A. as part of the securities portfolio. Therefore, the full consolidation method has been applied to Puleva Biotech, S.A.

(D) Although it is a share in a subsidiary it is consolidated using the equity method. The effect of consolidating it using the full consolidation method would not be material (Note 13).

None of the subsidiaries or associates is listed on the stock exchange, except for Puleva Biotech, S.A., whose shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. All of the shares comprising said company's share capital are listed. The shares were first listed on December 17, 2001 and the average listing in the last quarter of 2008 (2007) and at December 31, 2008 (2007) was 1.20 (2.35) and 0.89 (2.12), euros per share, respectively.

The financial statements of all companies included in the consolidation scope are those corresponding to December 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

5. CORPORATE TRANSACTIONS PERFORMED DURING THE YEAR 2008 AND 2007 AND THEIR EFFECT ON THE BASIS FOR COMPARISON:

5.1 Internal transactions in 2007

Non-monetary contribution of the shares of Bicarburantes de Castilla y León, S.A. to Dosbio 2010, S.L. through the capital increase of Dosbio 2010, S.L., fully subscribed by Ebro Puleva, S.A. with the non-monetary contribution of its entire share (50% of share capital) in Biocarburantes de Castilla y León, S.A.. For tax purposes, this transaction was filed under the special tax scheme for non-monetary contributions in Chapter VIII, Title VII of the revised Spanish Corporation Tax Law, approved by Legislative Royal Decree 4/2004, dated March 5.

5.2 2008 internal transactions

No other significant internal transactions took place in 2008.

5.3 External corporate transactions carried out in 2008 and 2007 which affect the basis of comparison – Changes in the consolidation scope:

In 2007 there were changes to the consolidation scope in addition to those described in point 5.1 above, the most significant of which were the following:

Companies added in 2007 to the consolidation scope:			
Company affected	**Subgroup**	**%**	**Comments**
Birkel Teigwaren Gmbh (German group)	Pasta	100,0	Acquired by Ebro Puleva
Jiloca Industrial, S.A.	Other	40%	Acquired by Ebro Puleva
Herba Rumanía	Herba	100%	Formation of the Company
Herba Ucrania	Herba	100%	Formation of the Company
Puleva Salud, S.A.	Dairy products	2.95%	Additional acquisition of this %
Companies removed in 2007 from consolidation scope:			
Company affected	**Subgroup**	**%**	**Comments**
Nueva Comercial Azucarera, S.A.	Sugar	12.5%	New shareholders
Sociadore, SAS	France	100%	Sale of share
Puleva Biotech, S.A.	Other	1.69%	Shares sold on the stock exchange

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

Based on the above chart, the transaction having the most significant impact on the comparability of the consolidated financial statements is the acquisition of the Birkel Group. The following chart shows the effects of its incorporation to the consolidation scope in 2007.

Thousand of Euros	Date of inclusion 10/01/2007 Purchase of 100% of BIRKEL
Intangible assets	13,816
Property, plant and equipment	27,609
Investments in associates	0
Financial assets	6
Goodwill	0
Deferred tax assets	257
Other non-current assets	0
Inventories	7,325
Other current assets	18,941
TOTAL ASSETS	**67,954**
Equity	20,534
Equity attributable to minority interests	0
Provisions for pensions and other post-employment benefits	3,737
Other provisions	0
Non-current financial liabilities	18,449
Other non-current liabilities	0
Deferred tax liabilities	6,567
Current financial liabilities	1,207
Trade payables	15,575
Other current liabilities	1,885
TOTAL EQUITY AND LIABILITIES	**67,954**
Carrying amount of net assets acquired	5,210
Difference between carrying amount of net assets and their fair value	15,324
Goodwill	0
Total investment	**20,534**
Financed with Financial liabilities	20,534
Total investment	**20,534**
Net cash acquired from the subsidiary	-17,857
Revenues (*)	21,235
Profit (loss) contributed (*)	-4,469

(*) From the date of inclusion in the Group. Results and estimated income for all of 2007 would have been -10.5 million and 92 million euros, respectively.

In 2008 no changes took place between initial and final recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

In 2008 there were changes to the consolidation scope in addition to those described in point 5.2 above, the most significant of which were the following:

Companies added in 2008 to the consolidation scope:			
Company affected	**Subgroup**	**%**	**Comments**
Exxentia, Grupo Fitoterapeútico, S.A.	Other	100%	Acquired by Puleva Biotech
Bosto Panzani Benelux, S.A.	Herba	100%	Formation of the Company
Herba India	Herba	100%	Formation of the Company
Companies removed in 2008 from consolidation scope:			
Company affected	**Subgroup**	**%**	**Comments**
Azucarera Ebro, S.L. and subsidiaries comprising the sugar business	Sugar	100%	Prior agreement for its sale to be signed in the first months of 2009 (a)
Herto, N.V (Belgium)	Herba	66.7%	Sale of share
SIEPA (France)	Pasta	100%	Sale of share
Puleva Biotech, S.A.	Other	11.01%	Sale of this percentage of the holding

(a) The assets and liabilities of this segment (the sugar business) were classified as held-for-sale on the accompanying 2008 consolidated balance sheet, and its 2008 and 2007 income and expenses were reclassified and shown on the accompanying consolidated income statement for both years as net results from discontinued operations (Note 7).

Based on the above chart, the companies removed in 2008, except for the discontinued sugar business (Note 7), did not have a significant impact on the comparability with 2007, and what had the most significant impact on the consolidated annual accounts was the acquisition of the Exxentia Group. The following chart shows the effects of its incorporation to the consolidation scope in 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

Purchase of 100% of Exxentia Thousand of Euros	Date of inclusion 01/02/2008	
	Carrying amount	Fair value
Intangible assets	156	3,826
Property, plant and equipment	4,676	8,181
Investments properties	357	573
Investment in associates	42	42
Financial assets	86	86
Deferred tax assets	88	88
Other non-current assets	0	0
Inventories	2,721	2,721
Other current assets	5,155	5,155
Total Assets	**13,281**	**20,672**
Deferred income	1,716	1,716
Non-current financial liabilities	74	74
Deferred tax liabilities	0	2,217
Current financial liabilities	4.931	4,931
Trade payables	2,447	2,447
Other current liabilities	943	943
Total Equity and Liabilities	**10,111**	**12,328**
Total net assets and liabilities	**3,170**	**8,344**
Goodwill		25,728
Total investment		**34,072**
Financed with Financial liabilities		33,738
Direct transaction costs paid		334
Total investment		**34,072**
Net cash acquired from the subsidiary		-4,442
Revenues (*)		9,412
Profit (loss) contributed (*)		-1,080

(*) From the date of inclusion in the Group. Results and estimated income for all of 2008 would have been the same amount as indicated above.

6. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

As described in Note 7, in 2008 the sugar business became a discontinued operation. Therefore, Note 7 includes a chart with a breakdown of the continuing businesses, except for the discontinued sugar business, which serves as a reconciliation of the data shown below related solely to continuing businesses.

The Ebro Puleva Group is divided into the following business lines and/or activities:

- Rice business
- Pasta business
- Dairy business
- Sugar business (discontinued in 2008, see Note 7)
- Other business lines and/or activities

These business lines and/or activities provide the basis for the Group's segment reporting. The financial information pertaining to segments is shown in the breakdown at the end of Note 6.

<u>Rice business:</u>

<u>Herba Group:</u> This unit is specialized in activities pertaining to the rice business. We are the top ranked rice producer in Europe and one of the leading rice groups worldwide. Through our modern production facilities and sales networks, we do business in more than 60 countries.

Our trademark portfolio includes the most successful and widely recognized brand names on the market, making us a rice Group with a multi-brand strategy.

In addition, we are the largest supplier of rice for Europe's leading food companies:

- ✓ Beverages
- ✓ Industrial rice
- ✓ Baby foods: cereals, formula, etc.
- ✓ Pre-cooked foods: non-refrigerated, dehydrated and frozen food products
- ✓ Animal feed

Through the Herba Group, we are the leading producers of rice for both direct and industrial consumption in Spain (Herba Nutrición) and part of Europe (Herba Foods).

Riviana Group: This unit is specialized in activities pertaining to the rice business in the US through Riviana Inc., the largest rice company in the U.S.

Riviana is the leading seller of rice in 19 of the 20 largest consumer markets in the U.S. Through its robust distribution network, the company markets its products under several brands, including "Mahatma," the top selling brand of the last 10 years.

Pasta business:

Panzani Group & Birkel Group : This unit is specialized in pasta and sauces. The French Panzani Group is the leader in France in pastas, rice, semolina and sauces. The German Group Birkel is the leader in the pasta sector of the German market.

It is the national leader in rice, through two brands: Lustucru, for conventional rice, and Taureau Ailé, for exotic rice. In sauces for pasta, Panzani has steadily increased its market share since 1997, growing faster than the rest of the industry. The fresh sauce and fresh pasta product lines combine to make a high added-value offer to consumers. It is a leading company in Belgium and the Czech Republic.

In semolina, Panzani is the country's number two player through its Regia and Ferrero brands. The German Group operates in the pasta sector with the brand names of Birkel and 3Glocken.

NWP Group (North America): New World Pasta is a leading company in the dry pasta sector in the United States and Canada with an extensive, solid and complementary portfolio of brand names with respective market shares of 28.5% and 40.9%.

The most representative brand names are Ronzoni, Skinner, Prince, American Beauty, San Giorgio and Creamette in the United Sates, and Catelli, Lancia and Ronzoni in Canada. Its manufacturing facilities are located in Montreal (Québec), Fresno (California), Saint Louis (Missouri) and Winchester (Virginia).

Dairy business:

This unit is devoted to the dairy product business. We are one of Spain's leading producers of milk as well as other dairy products, including milk drinks, cream and butter.

Puleva's strategy is based on three pillars: R&D, as a differentiating factor in technology; positioning in the functional food market; and the promotion of brand awareness by linking Puleva to quality, health and well-being. Through Puleva Food, we are the undisputed market leaders in milk products with added nutrients and we have increased our market share in milk drinks.

Other business lines and/or activities:

The other main business lines and/or activities are:

Puleva Biotech Exxentia, S.A.:

This unit is devoted to biotechnology, i.e. the development and sale of new products based on natural substances having positive effects on consumer health. These products can improve the quality of life for the general population by reducing the incidence of certain illnesses.

R&D projects are thus pillars for creating value. The ultimate aim of our R&D projects is to make us the number one producer of natural products for the functional and pharmaceutical food market.

Property Management (GDP):

This unit specializes in managing the Group's real estate assets not used in industrial operations (i.e. investment properties). It controls all of the Group's investment properties, analyzing their current status and reducing costs, disposing of buildings not used for industrial activities and taking the necessary managerial measures to ensure that buildings are in saleable condition prior to sale.

Criteria for distribution among business segments and/or activities:

The restructuring and reorganization processes carried out by the Group in recent years have enabled us to streamline each of the principal business lines, facilitating management and decision-making, and improving financial control. Consequently, consolidated revenues, expenses, assets and liabilities are distributed among business segments based on the segments to which they actually correspond. It has not been necessary to establish criteria for distributing inter-segment revenues and expenses or assets and liabilities.

In this regard, although the structure of property, plant and equipment and fixed non-financial liabilities, and current assets and liabilities corresponds to the individual needs of each business or activity, it should be pointed out that the financial structure of the accompanying balance sheets by segments was prepared using internal financial management criteria based on Group criteria.

Inter-segment transactions:

Although inter-segment transactions are not significant in terms of the total consolidated figures, transactions among the various business units have been included to determine each unit's revenues, expenses and results. These transactions are recognized at market prices applied to similar merchandise invoiced to the Group's external clients and have been eliminated on consolidation.

6.1 Geographical segments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers by geographical segments are based on the location of the customer. The above descriptions of each of the Group's business segments have already partly indicated the geographical locations in which each segment operates.

The summary of the Group's businesses and/or activities by geographical areas is the following.

- Spain – the dairy and rice business of Herba
- Rest of Europe – primarily the rice businesses of Herba, Panzani and Birkel.
- America – Riviana's business and NWP.
- Rest of the World – primarily the rice business of Herba plus part of Panzani.

The distribution of assets and revenues by geographical area of continuing operations is shown in the following table (no indication is given of the origin of production):

2007 – Geographical area	Spain	Europe	America	RoW	TOTAL
Segment revenues	669,937	819,226	531,825	74,338	2,095,326
Inter-segment sales					-91,144
Total revenues	**669,937**	**819,226**	**531,825**	**74,338**	**2,004,182**
Intangible assets	18,017	120,767	140,587	7,671	287,042
Property, plant and equipment	212,856	233,478	109,138	25,351	580,823
Other assets	381,536	849,187	443,137	66,924	1,740,784
Total continuing operations	612,409	1,203,432	692,862	99,946	2,608,649
Non-current assets held for sale	766,847	0	0	0	766,847
Total assets	**1,379,256**	**1,203,432**	**692,862**	**99,946**	**3,375,496**

Acquisitions of property, plant and equipment	**29,716**	**23,295**	**14,235**	**8,016**	**75,262**

2008 – Geographical area	Spain	Europe	America	RoW	TOTAL
Segment revenues	670,145	1,083,397	675,492	58,212	2,487,246
Inter-segment sales	-27,700	-60,992	-30,718	66	-119,344
Total revenues	**642,445**	**1,022,405**	**644,774**	**58,278**	**2,367,902**
Intangible assets	23,045	123,308	153,901	41	300,295
Property, plant and equipment	207,311	195,120	132,401	22,528	557,360
Other assets	445,921	873,087	587,099	20,072	1,926,179
Total continuing operations	676,277	1,191,515	873,401	42,641	2,783,834
Non-current assets held for sale	639,078	0	0	0	639,078
Total assets	**1,315,355**	**1,191,515**	**873,401**	**42,641**	**3,422,912**

Acquisitions of property, plant and equipment	**27,038**	**16,372**	**20,012**	**6,261**	**69,683**

6.2 Business segments

The following tables present revenue and profit and certain asset and liability information from continuing operations (Note 7 on discontinued operations) regarding the Group's business segments for the years ended December 31, 2008 and 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

INFORMATION ON OPERATING SEGMENTS – CONTINUING OPERATIONS												
EBRO PULEVA GROUP (Thousands of euros)	**CONSOLIDATED TOTAL**		**RICE BUSINESS**		**PASTA BUSINESS**		**DAIRY BUSINESS**		**EP HOLDING**		**Other businesses and consol. Adjustments**	
BALANCE SHEET	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**
Intangible assets	300,295	287,042	115,665	108,592	161,703	160,558	8,310	7,961	9,175	9,175	5,442	756
Property, plant and equipment	557,360	580,823	179,262	186,237	219,531	240,156	109,707	113,337	9,397	9,153	39,463	31,940
Investment properties	30,526	14,506	24,437	1,147	318	741	8,965	88	9,647	9,681	-12,841	2,849
Financial assets	21,836	19,834	2,109	3,133	447	984	4,426	6,010	1,518,023	1,793,998	-1,503,169	-1,784,291
Investments in associates	13,293	15,899	28,589	27,125	421	3,776	4	0	0	1	-15,721	-15,003
Deferred tax assets	46,688	39,106	12,033	11,936	8,249	6,997	6,752	5,601	13,977	11,272	5,677	3,300
Goodwill	836,412	806,546	238,081	227,038	518,290	525,187	54,185	54,193	0	0	25,856	128
Other non-current assets	6	49	0	0	6	14	0	0	0	0	0	35
Receivables from Group companies	0	0	36,717	23,164	37,482	35,530	136,879	97,596	134,409	88,606	-345,487	-244,896
Other current assets	977,418	844,844	403,787	322,037	381,223	336,394	118,316	129,724	28,869	38,919	45,223	17,770
	2,783,834	**2,608,649**	**1,040,680**	**910,409**	**1,327,670**	**1,310,337**	**447,544**	**414,510**	**1,723,497**	**1,960,805**	**-1,755,557**	**-1,987,412**
Assets held for sale	639,078	766,847									639,078	766,847
TOTAL ASSETS	**3,422,912**	**3,375,496**									**-1,116,479**	**-1,220,565**
Equity	1,228,686	1,222,238	504,252	448,068	828,790	801,196	283,430	275,363	794,524	929,343	-1,182,310	-1,231,732
Deferred income	15,591	13,453	2,942	4,383	0	0	7,342	8,611	0	0	5,307	459
Provisions for pensions and other post-employment benefits	39,060	24,600	13,570	6,400	21,381	17,908	0	0	3,766	140	343	152
Other provisions	20,310	17,137	951	177	6,916	7,924	4,737	1,081	6,175	3,986	1,531	3,969
Current and non-current financial liabilities	1,096,982	1,025,849	254,449	231,530	119,460	127,139	64,680	20,224	649,056	646,156	9,337	800
Other non-financial payables	118	178	118	178	0	0	0	0	0	0	0	0
Deferred tax liabilities	136,199	134,383	39,492	35,102	52,494	57,929	809	1,076	40,775	40,276	2,629	0
Payables to Group companies	0	0	74,509	43,980	65,159	78,437	10,571	32,967	219,158	331,329	-369,397	-486,713
Other current liabilities	488,842	454,114	150,397	140,591	233,470	219,804	75,975	75,188	10,043	9,575	18,957	8,956
	3,025,788	**2,891,952**	**1,040,680**	**910,409**	**1,327,670**	**1,310,337**	**447,544**	**414,510**	**1,723,497**	**1,960,805**	**-1,513,603**	**-1,704,109**
Liabilities held for sale	397,124	483,544									397,124	483,544
TOTAL EQUITY AND LIABILITIES	**3,422,912**	**3,375,496**									**-1,116,479**	**-1,220,565**
Payments on investments in the year	69,683	75,262	26,012	24,257	20,144	24,921	14,425	19,447	625	1,270		
Capital employed	1,335,238	1,208,898	556,299	498,237	511,570	478,785	182,363	196,938	34,327	20,160		
ROCE	15.1	13.0	15.1	11.1	13.9	18.4	19.2	19.1	39.8	189.0		
Gearing	1.10	1.04										
Average number of employees	6,063	5,829	Continuing operations									
Per share data												
Number of shares	153,865,392	153,865,392										
Market cap at December 31	1,507,881	1,929,472	Thousands of euros									
EPS	0.87	0.59										
Dividend per share	0.36	0.36										
Underlying carrying amount per share	7.99	7.79										

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

INFORMATION ON OPERATING SEGMENTS – CONTINUING OPERATIONS												
EBRO PULEVA GROUP (Thousands of euros)	**CONSOLIDATED TOTAL**		**RICE BUSINESS**		**PASTA BUSINESS**		**DAIRY BUSINESS**		**EP HOLDING**		**Other businesses and consol. adjustments**	
PROFIT & LOSS	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**
						(a)						
Sales to external customers	2,367,902	2,004,182	843,417	726,476	977,048	729,564	505,532	526,163	45	-162	41,860	22,141
Inter-segment sales			47,552	31,906	16,649	15,651	532	1,326	27,598	54,039	-92,331	-102,922
TOTAL REVENUES	**2,367,902**	**2,004,182**	**890,969**	**758,382**	**993,697**	**745,215**	**506,064**	**527,489**	**27,643**	**53,877**	**-50,471**	**-80,781**
Changes in inventories	18,140	27,061	16,057	7,067	-1,023	3,855	2,439	16,647	0	0	667	-508
Capitalized expenses of Company work on assets	2,549	2,477	15	24	183	21	2,328	2,432	0	0	23	0
Other operating revenues	39,371	39,803	9,622	5,951	4,087	14,820	8,714	5,642	12,077	13,918	4,871	-528
Consumption of goods and other external charges	-1,423,864	-1,156,655	-555,013	-429,595	-573,715	-398,429	-335,292	-365,498	0	0	40,156	36,867
Employee benefits expense	-275,212	-261,074	-85,977	-86,245	-121,796	-111,283	-48,298	-49,016	-8,991	-7,604	-10,150	-6,926
Depreciation and amortization	-70,000	-67,935	-20,836	-20,897	-30,412	-30,176	-15,142	-15,492	-344	-265	-3,266	-1,105
Other operating expenses	-464,096	-424,923	-146,972	-160,400	-205,708	-167,312	-89,241	-85,825	-18,336	-25,511	-3,839	14,125
OPERATING PROFIT	**194,790**	**162,936**	**107,865**	**74,287**	**65,313**	**56,711**	**31,572**	**36,379**	**12,049**	**34,415**	**-22,009**	**-38,856**
Net finance revenue (cost)	-69,686	-67,430	-18,246	-18,514	-8,544	-8,149	1,924	1,860	-45,406	-46,376	586	3,749
Impairment of goodwill	-7,358	-8,186	-523	0	-6,827	-7,805	-8	-381	0	0	0	0
Share of profit (loss) of associates	-14,292	-4,469	1,489	1,721	-3,589	-2,500	0	0	0	0	-12,192	-3,690
PROFIT BEFORE TAX	**103,454**	**82,851**	**90,585**	**57,494**	**46,353**	**38,257**	**33,488**	**37,858**	**-33,357**	**-11,961**	**-33,615**	**-38,797**

(a) Includes 3 months of operations by the Birkel Group in 2007 and 12 months in 2008.

7. DISCONTINUED OPERATIONS

In their ordinary general meeting held on June 9, 2008, the shareholders agreed, inter alia, on the following:

To authorize the Board of Directors to undertake studies and contacts related to exploring the possible sale or spin-off and stock market debut of the Ebro Puleva Group's sugar business as well as other related agro industrial businesses, granting broad discretion to the Board of Directors subsequent to the corresponding process to either carry out one of the aforementioned transactions within a period of twenty four months in the most favorable terms for the Company, or opt out of the transaction if market conditions are not favorable.This authorization to the Board includes, but is not limited to, the following:

- The choice of a sale or a spin-off depending on market conditions.
- The determination of the exact scope of the businesses, assets and liabilities, rights and obligations of the Ebro Puleva Group included in the transaction, which may include, in addition to the sugar business and related agro industrial businesses, other less significant agro industrial businesses that are not part of the Ebro Puleva Group's strategic core businesses.
- The terms of the purchase-sale agreement or the spin-off, which can be complete or partial.
- The possibility of opting out of the transaction if market conditions are not favorable.

This agreement by the shareholders in general meeting to consider a transaction of this nature was deemed suitable at a time when the feasibility and stability of the sugar business has been assured for the next few years after the CMO sugar reform was satisfactorily completed.

On December 15, 2008, Ebro Puleva, S.A., owner of 100% of Azucarera Ebro, S.L., and Associated British Foods (ABF), owner of 100% of British Sugar, signed an agreement for the purchase-sale of Azucarera Ebro, S.L.

The terms of the agreement are as follows:

- ABF will purchase the sugar business for 385 million euros, debt free. The deduction will be in the amount of debt at the transaction closing date.
- In addition, Ebro Puleva will earn approximately 141 million euros corresponding to other compensations, mainly from restructuring aid to the sugar sector related to the EU CMO sugar reform.
- The agreement also states that two group companies wholly owned by Ebro Puleva, S.A. have added to its real estate assets with over 200 hectares of land classified for various uses from Azucarera Ebro, S.L., valued at an estimated 42 million euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

The sale is expected to take place in early 2009, subject to approval by the anti-trust authorities.

This sales transaction is expected to add value to the shareholders of Ebro Puleva and make it possible to carry out the sugar business in an individualized way for its medium and long-term future, without the limits of the circumstance of forming a part of a group of principally brand name businesses.

In accordance with the above and as required by prevailing accounting policies, the assets and liabilities of this segment (the sugar business) were classified as held-for-sale on the accompanying 2008 consolidated balance sheet, and its 2008 and 2007 income and expenses were reclassified and shown on the accompanying consolidated income statement for both years as net results from discontinued operations.

EBRO PULEVA GROUP (Thousands of euros)	TOTAL		Continuing operations		Discontinued operations	
BALANCE SHEETS	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07
Intangible assets	306,385	289,100	300,295	287,042	6,090	2,058
Property, plant and equipment	764,683	800,046	557,360	580,823	207,323	219,223
Investment properties	30,526	14,506	30,526	14,506	0	0
Financial assets	150,587	186,015	21,836	19,834	128,751	166,181
Investments in associates	13,422	16,067	13,293	15,899	129	168
Deferred tax assets	76,776	73,107	46,688	39,106	30,088	34,001
Goodwill	836,412	806,546	836,412	806,546	0	0
Other non-current assets	6	49	6	49	0	0
Other current assets	1,244,115	1,190,060	977,418	844,844	266,697	345,216
	3,422,912	**3,375,496**	**2,783,834**	**2,608,649**	**639,078**	**766,847**
Assets held for sale	0		639,078	766,847	-639,078	-766,847
Total assets	**3,422,912**	**3,375,496**	**3,422,912**	**3,375,496**	**0**	**0**
Equity	1,228,686	1,222,238	1,228,686	1,222,238		
Deferred income	17,391	14,299	15,591	13,453	1,800	846
Provisions for pensions and other post-employment benefits	49,787	35,386	39,060	24,600	10,727	10,786
Other provisions	121,069	189,094	20,310	17,137	100,759	171,957
Current and non-current financial liabilities	1,190,201	1,088,796	1,096,982	1,025,849	93,219	62,947
Other non-financial payables	118	178	118	178	0	0
Deferred tax liabilities	138,477	140,031	136,199	134,383	2,278	5,648
Other current liabilities	677,183	685,474	488,842	454,114	188,341	231,360
	3,422,912	**3,375,496**	**3,025,788**	**2,891,952**	**397,124**	**483,544**
Liabilities held for sale	0		397,124	483,544	-397,124	-483,544
Total liabilities	**3,422,912**	**3,375,496**	**3,422,912**	**3,375,496**	**0**	**0**
Total investments	112,061	92,090	69,683	75,262	42,378	16,828

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

EBRO PULEVA GROUP

(Thousands of euros)

INCOME STATEMENT	TOTAL 12/31/08	TOTAL 12/31/07	Continuing operations 12/31/08	Continuing operations 12/31/07	Discontinued operations 12/31/08	Discontinued operations 12/31/07
Sales to external customers	2,916,685	2,642,275	2,367,902	2,004,182	548,783	638,093
Inter-segment sales			0	0		
TOTAL REVENUES	**2,916,685**	**2,642,275**	**2,367,902**	**2,004,182**	**548,783**	**638,093**
Changes in inventories	-43,478	-44,609	18,140	27,061	-61,618	-71,670
Capitalized expenses of Company work on assets	6,516	4,141	2,549	2,477	3,967	1,664
Other operating revenues	96,810	57,280	39,371	39,803	57,439	17,477
Consumption of goods and other external charges	-1,754,370	-1,525,508	-1,423,864	-1,156,655	-330,506	-368,853
Employee benefits expense	-332,443	-320,586	-275,212	-261,074	-57,231	-59,512
Depreciation and amortization	-97,070	-99,000	-70,000	-67,935	-27,070	-31,065
Other operating expenses	-541,210	-507,251	-464,096	-424,923	-77,114	-82,328
OPERATING PROFIT	**251,440**	**206,742**	**194,790**	**162,936**	**56,650**	**43,806**
Net finance revenue (cost)	-46,587	-69,888	-69,686	-67,430	23,099	-2,458
Impairment of goodwill	-7,358	-8,186	-7,358	-8,186	0	0
Share of profit (loss) of associates	-14,275	-4,413	-14,292	-4,469	17	56
CONSOLIDATED PROFIT BEFORE TAX	**183,220**	**124,255**	**103,454**	**82,851**	**79,766**	**41,404**
Income taxes	-51,350	-31,782	-29,549	-20,629	-21,801	-11,153
CONSOLIDATED PROFIT FOR THE YEAR	**131,870**	**92,473**	**73,905**	**62,222**	**57,965**	**30,251**

As mentioned above, the criteria for classifying the sugar business as discontinued operations were met on December 15, 2008. Therefore, during almost all of 2008, the business was considered a continuing operation. Consequently, the disclosures in the notes to the financial statements include, when significant and relevant, references or comments that refer specifically to the sugar business discontinued at year end 2008 in regard to its performance over the year and significant income and expenses and therefore, to avoid duplicating that information, it has not been included in this Note 7.

However, a summary of the most significant items composing some of the headings of the previous charts from the discontinued business is shown below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

SUGAR BUSINESS, DISCONTINUED IN 2008 Thousands of euros	2008	2007
Balance sheet – Financial assets:		
- Indemnities pending receipt, CMO sugar reform (Note 12)	126,703	165,838
- Other loans to third parties	2,048	343
	128,751	**166,181**
Balance – Other provisions under liabilities:		
- For litigation and lawsuits (Note 21)	(58,846)	(118,041)
- Sugar business restructuring (CMO) (Note 21)	(36,299)	(53,617)
- CO_2 emission rights	(4,150)	(10)
Other risks	(1,464)	(289)
	(100,759)	**(171,957)**

SUGAR BUSINESS, DISCONTINUED IN 2008 Thousands of euros	2008	2007
Results – Other operating income		
- Reversal of provision for litigation (Note 21)	49,475	0
- Net gains on disposal of property, plant and equipment	990	6,555
- Income for CO2 emission rights and grants	4,345	5,389
- Ancillary income	2,629	5,533
	57,439	**17,477**
Results – Other operating expenses		
- External services	(58,394)	(66,052)
- CO_2 emission rights expenses	(4,150)	(2,513)
- Taxes (other than income tax)	(1,653)	(2,240)
- Losses on the disposal of property, plant and equipment	(4,840)	0
- Sugar business restructuring (CMO) (Note 21)	(2,342)	(11,428)
- Restructuring fee for unproduced quota	(5,674)	0
	(61)	(95)
	(77,114)	**(82,328)**

8. OTHER REVENUES AND EXPENSES

8.1 Other operating revenues (continuing operations)

	2008		2007	
Government grants (operating and capital grants)		6,637		7,598
Income from CO_2 emission rights		2,582		471
Ancillary income		7,951		8,466
Net gains on disposal of property, plant and equipment		837		855
Proceeds on disposal of investment properties		0		912
Proceeds on sale of investments in companies		13,077		7,656
Reversal of provisions		4,372		4,900
Other revenues		3,915		8,945
Commitments with employees: premiums and release of provisions	34		1,618	
Insurance settlements	0		1,202	
Recovery of amounts paid in respect of tax assessments	0		1,587	
Income from litigation (recovery of provisions)	2,780		3,912	
Other minor revenues	1,101		626	
		39,371		**39,803**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

"Other operating revenues" for 2008 include the following less recurring items:

- 13,077 thousand euros profit from the sale of a package of shares in Puleva Biotech, S.A., Herto N.V. (Belgium) and SIEPA, S.A. (France) (Note 5).
- Recoveries of impairment provisions for intangible assets and other liability provisions for claims amounting to 7,152 thousand euros.

8.2 <u>Other operating revenues (continuing operations)</u>

		2008		2007
External services		(321,382)		(303,172)
Advertising costs		(85,913)		(81,169)
Research and development costs		(8,211)		(7,441)
CO_2 emission rights expenses		(2,582)		(471)
Taxes (other than income tax)		(14,708)		(13,456)
Losses on the disposal of property, plant and equipment		(17,261)		(6,561)
Other expenses and provisions		(14,039)		(12,653)
Provisions for litigation and court cases	(6,021)		(3,243)	
Tax assessments paid	0		(2,141)	
Industrial restructuring of other businesses	(5,916)		(3,056)	
Other minor expenses	(2,102)		(4,213)	
		(464,096)		**(424,923)**

"Other operating expenses" for 2008 include the following less recurring items:

- 7,580 thousand euros in losses for the disposal or sale of several PP&E items as well as software.
- 7,500 thousand euro impairment allowance for PP&E as a result of the cancelation of the project for a biodiesel factory in Jédula (Cádiz).
- 2,188 thousand euro impairment allowance for PP&E related to the factory in Houston, Texas (USA) as a result of investments in the new future factory in Memphis, Tennessee (USA).
- 6,021 thousand euro provision to cover certain contingencies related to ongoing litigation.
- 5,916 thousand euros in various employee restructuring plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

8.3 Finance revenue and costs (continuing operations)

	2008	2007
Finance costs		
Payables to third parties	(70,589)	(72,256)
Losses on disposal of financial assets and liabilities	(1)	(16)
Impairment of financial assets	(3,095)	(2,248)
Expenses-losses on financial derivative instruments	(2,243)	(114)
Exchange losses	(8,304)	(9,470)
	(84,232)	**(84,104)**
Finance revenue		
Income from investments	3,478	6,969
Gains on disposal of financial assets and liabilities	34	26
Reversal of write-downs of financial assets	546	1,179
Income-profit on financial derivative instruments	4,568	14
Exchange-rate gains	5,920	8,486
	14,546	**16,674**
Net finance cost	**(69,686)**	**(67,430)**

8.4 Employee benefits expense (continuing operations)

	2008	2007
Wages and salaries	(210,251)	(199,334)
Other welfare charges	(17,455)	(17,818)
Social security costs, et. al.	(42,619)	(39,995)
Termination benefits	(320)	(147)
Post-employment benefits other than pensions	(4,567)	(3,780)
	-275,212	**-261,074**

The average and year-end number of employees of Group companies in 2008 and 2007 (taking into account changes in the consolidation scope) is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

AVERAGE 2007	MEN PERMANENT	MEN TEMPORARY	WOMEN PERMANENT	WOMEN TEMPORARY	TOTAL
Management	173	0	54	0	227
Middle management	398	8	176	8	590
Administrative staff	540	30	445	25	1,040
Auxiliary staff	93	10	62	9	174
Sales	698	14	169	11	892
Other personnel	1,964	609	503	65	3,141
	3,866	**671**	**1,409**	**118**	**6,064**
Sugar business (Discontinued)	855	156	95	56	1,162
TOTAL	**4,721**	**827**	**1,504**	**174**	**7,226**

AVERAGE 2008	MEN PERMANENT	MEN TEMPORARY	WOMEN PERMANENT	WOMEN TEMPORARY	TOTAL
Management	150	0	44	0	194
Middle management	458	9	183	15	665
Administrative staff	502	19	433	22	976
Auxiliary staff	526	6	245	11	788
Sales	228	8	81	5	322
Other personnel	1,759	551	505	69	2,884
	3,623	**593**	**1,491**	**122**	**5,829**
Sugar business (Discontinued)	815	107	93	39	1,054
TOTAL	**4,438**	**700**	**1,584**	**161**	**6,883**

NUMBER AT YEAR END 2007	MEN PERMANENT	MEN TEMPORARY	WOMEN PERMANENT	WOMEN TEMPORARY	TOTAL
Management	172	0	58	0	230
Middle management	393	14	179	7	593
Administrative staff	523	35	455	22	1,035
Auxiliary staff	93	10	61	9	173
Sales	592	12	167	10	781
Other personnel	1,955	440	494	89	2,978
	3,728	**511**	**1,414**	**137**	**5,790**
Sugar business (Discontinued)	838	254	92	106	1,290
TOTAL	**4,566**	**765**	**1,506**	**243**	**7,080**

NUMBER AT YEAR END 2008	MEN PERMANENT	MEN TEMPORARY	WOMEN PERMANENT	WOMEN TEMPORARY	TOTAL
Management	140	0	42	0	182
Middle management	435	6	178	15	634
Administrative staff	474	17	420	22	933
Auxiliary staff	526	6	166	8	706
Sales	213	6	76	3	298
Other personnel	1,824	375	439	56	2,694
	3,612	**410**	**1,321**	**104**	**5,447**
Sugar business (Discontinued)	776	239	88	98	1,201
TOTAL	**4,388**	**649**	**1,409**	**202**	**6,648**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

9. INTANGIBLE ASSETS

The breakdown of movements in intangible assets and accumulated amortization at December 31, 2008 and 2007 is the following (thousands of euros):

Net amounts	Development expenses	Patents and licenses	Software	CO_2 emission rights	Intangible assets in progress	Total
Balance at December 31, 2006	3,574	268,861	8,522	9,290	518	**290,765**
Balance at December 31, 2007	2,772	271,411	12,669	95	2,153	**289,100**
Balance at December 31, 2008	4,070	284,847	8,061	2,799	518	**300,295**

Gross amounts	Development expenses	Patents and licenses	Software	CO_2 emission rights	Intangible assets in progress	Total
Balance at December 31, 2006	**8,346**	**281,867**	**30,252**	**9,290**	**518**	**330,273**
Business combinations	23	13,428	365			13,816
Increases	51	172	6,932	1,992	1,635	10,782
Decreases	(2,328)	(109)	(1,398)	(11,187)		(15,022)
Translation differences	(1)	(15,675)	(661)			(16,337)
Transfers	78	(6)	1,169			1,241
Balance at December 31, 2007	**6,169**	**279,677**	**36,659**	**95**	**2,153**	**324,753**
Business combinations		3,809	17			3,826
Sales of businesses		(427)	(149)			(576)
Increases	3,372	684	1,577	7,777	(1,543)	11,867
Decreases	(767)		(3,801)	(18)		(4,586)
Translation differences		6,691	170			6,861
Assets held for sale (note 7)		(188)	(5,720)	(5,052)	(92)	(11,052)
Transfers			(30)	16		(14)
Balance at December 31, 2008	**8,774**	**290,246**	**28,723**	**2,818**	**518**	**331,079**

Accumulated amortization and impairment	Development expenses	Patents and licenses	Software	CO_2 emission rights	Intangible assets in progress	Total
Balance at December 31, 2006	**(4.772)**	**(13.006)**	**(21.730)**	**0**	**0**	**(39.508)**
Business combinations						0
Increases in the year	(846)	(242)	(3.909)			(4.997)
Decreases in the year	2.309	4.958	1.775			9.042
Translation differences		24	268			292
Transfers	(88)		(394)			(482)
Balance at December 31, 2007	**(3.397)**	**(8.266)**	**(23.990)**	**0**	**0**	**(35.653)**
Business combinations						0
Sales of businesses			141			141
Increases in the year	(1.722)	(461)	(4.250)	(3)		(6.436)
Decreases in the year	163	3.500	2.522			6.185
Translation differences		75	(59)			16
Assets held for sale (note 7)			4.962			4.962
Transfers	252	(247)	12	(16)		1
Balance at December 31, 2008	**(4.704)**	**(5.399)**	**(20.662)**	**(19)**	**0**	**(30.784)**

The patents and licenses included in intangible assets have either been acquired directly or through business combinations. Virtually all these intangibles were considered to have an indefinite life and the cost model was used for their measurement. In 2008 and 2007, impairment tests (performed by independent experts) were performed on the main intangible assets, with the values allocated to the following cash-generating units:

- 4,000 (4,000) thousand euros of licenses to the Risella (Finland) cash-generating unit as part of the Rice business – Herba segment.
- 20,043 (16,532) thousand euros of licenses to the cash-generating unit of the Rice business – Herba segment.
- 87,277 (82,515) thousand euros in brand names to the cash-generating unit of the Riviana US Rice business.
- 83,182 (83,607) thousand euros of licenses to the cash-generating unit of the Pasta Business – Panzani segment.
- 9,150 (9,150) thousand euros of licenses to the Puleva Infantil cash-generating unit as part of the Dairy business segment.
- 63,485 (61,497) thousand euros in brand names to the cash-generating unit of the NWP US Pasta business segment.
- 13,407 (18,816) thousand euros in brand names to the cash-generating unit of the Birkel European Pasta business segment.
- 3,809 thousand euros of the value of brands and other intangible assets similar to the CGU of Puleva Biotech.

The recoverable amount of these licenses or the cash-generating unit to which they are allocated has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. The discount rates applied to cash flow projections ranged from 8.32 to 9.68% according to the area for each license or cash-generating unit and cash flows beyond the 5-year period are extrapolated using a growth rate equal to the long-term average growth rate for the corresponding unit, which generally ranges from 0.0% to 2.0% depending on the business.

With regard to the assessment of value in use of the brand, Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the brand to materially exceed its recoverable amount.

Movements in the year

In 2007 the brand names of the German Birkel Group were incorporated, acquired effective October 1, 2007. In 2007 a large investment was made in software to adapt the U.S. subsidiaries' computers to the systems that the Group normally uses.

In 2008 the brand names of the Exxentia Group were incorporated (acquired by Puleva Biotech, S.A.), effective on January 1, 2008. In 2008 as well, a large investment effort was made in software to adapt the U.S. subsidiaries' computers to the systems that the Group normally uses, and investments were stepped up in developing new products, especially in the dairy business.

With regard to decreases, in 2007, with the exception of decreases in CO2 emission rights, the only significant decreases are fully amortized development costs and in 2008, the software that was replaced.

Consequently, at December 31, 2008, the caption under "Intangible assets" relating to brand names includes principally:

- The brand names acquired in 2003 and 2004 (Reis Fit, Puleva Infantil and Risella).
- The brand names of the Riviana Group incorporated in 2004 (primarily this group's principal brand names).
- The brand names of the Panzani Group incorporated in 2005 (the four principal brand names).
- Those of the NWP Group incorporated in 2006 (the eight primary brand names).
- The US Minute Rice rice brands, adquired in October 2006.
- The two brands in the German Birkel Group acquired in 2007.
- The brands and similar intangible assets of Exxentia Group acquired in 2008

The charges and, where applicable, credits to the 2008 (2007) consolidated income statement for these intangible assets were as follows: 6,436 (4,996) thousand euros amortization allowance, zero (zero) thousand euros in amortization, zero (zero) thousand euros in losses due to disposals in ongoing projects, 1,883 in losses on these assets and a credit for 3,500 (4,900) thousand euros for the reversal of an impairment provision for same given how well the products performed on the market. It should be noted that the aforementioned amount for 2008 (2007) amortization includes 327 (1) thousand euros corresponding to the assets of the sugar businesses which were sold off, the related income and expenses of which were reclassified to "Discontinued operations" (Note 7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

10. PROPERTY, PLANT AND EQUIPMENT

The breakdown of the movement and accumulated depreciation of property, plant and equipment at December 31, 2008 and 2007 are the following (thousands of euros):

Net amounts	Land	Buildings	Plant and Machinery	Other installations, tools and Furniture	Other plant and equipment	Work in progress	TOTAL
Balance at December 31, 2006	101,223	242,408	547,284	19,260	9,329	19,018	**938,522**
Balance at December 31, 2007	99,331	203,717	444,207	21,826	6,956	24,009	**800,046**
Balance at December 31, 2008	75,362	126,394	298,791	18,380	7,494	30,939	**557,360**

Gross amounts	Land	Buildings	Plant and machinery	Other installations, tools and furniture	Other plant and equipment	Work in progress	Total
Balance at December 31, 2006	**101,223**	**386,314**	**1,330,300**	**46,315**	**29,162**	**19,340**	**1,912,654**
Business combinations	2,231	5,144	19,015	1,219	0	0	27,609
Additions in the year	1,372	10,201	61,035	3,484	1,480	5,311	82,883
Disposals	(1,139)	(9,637)	(31,202)	(1,378)	(1,607)	0	(44,963)
Translation differences	(1,456)	(4,161)	(11,957)	(143)	(157)	(320)	(18,194)
Transfers	(2,900)	(361)	(75)	986	(988)	0	(3,338)
Balance at December 31, 2007	**99,331**	**387,500**	**1,367,116**	**50,483**	**27,890**	**24,331**	**1,956,651**
Business combinations	331	276	6,082	136	355	1,001	8,181
Sales of businesses	(2,713)	(14,013)	(31,376)	(2,954)	0	(172)	(51,228)
Additions	546	10,886	49,009	2,354	3,604	40,844	107,243
Disposals	1,780	(58,130)	(308,840)	(614)	(617)	0	(366,421)
Translation differences	296	32	2,144	(26)	(271)	511	2,686
Assets held for sale (note 7)	(10,502)	(88,855)	(356,479)	(3,726)	(8,953)	(27,754)	(496,269)
Transfers	(13,707)	(3,803)	(16)	0	31	0	(17,495)
Balance at December 31, 2008	**75,362**	**233,893**	**727,640**	**45,653**	**22,039**	**38,761**	**1,143,348**

Accumulated depreciation and impairment	Land	Buildings	Plant and machinery	Other installations, tools and furniture	Other plant and equipment	Work in progress	Total
Balance at December 31, 2006	**0**	**(143,906)**	**(783,016)**	**(27,055)**	**(19,833)**	**(322)**	**(974,132)**
Business combinations	0	0	0	0	0	0	0
Additions	0	(46,001)	(165,345)	(3,770)	(2,565)	0	(217,681)
Disposals	0	5,180	23,853	1,249	1,141	0	31,423
Translation differences	0	667	3,339	72	60	0	4,138
Transfers	0	277	(1,740)	847	263	0	(353)
Balance at December 31, 2007	**0**	**(183,783)**	**(922,909)**	**(28,657)**	**(20,934)**	**(322)**	**(1,156,605)**
Business combinations	0	0	0	0	0	0	0
Sales of businesses	0	5,308	20,606	2,759	0		28,673
Additions	0	(12,228)	(83,200)	(3,935)	(2,212)	(7,500)	(109,075)
Disposals	0	54,828	306,187	827	438	0	362,280
Translation differences	0	28	(436)	36	113	0	(259)
Assets held for sale (note 7)	0	28,328	250,837	1,721	8,060		288,946
Transfers	0	20	66	(24)	(10)	0	52
Balance at December 31, 2008	**0**	**(107,499)**	**(428,849)**	**(27,273)**	**(14,545)**	**(7,822)**	**(585,988)**

The Group has a policy of taking out all the insurance policies considered necessary to cover any risks that may affect its property, plant and equipment.

Movements in the year

“Work in progress” and “Other plant and equipment” include amounts relating to projects aimed at manufacturing new products, as well as improving the overall quality of industrial processes and environmental conditions. Here most notably, in 2008, a significant portion of investments are for the new sugar refinery in Guadalete (Spain), the new rice factory in Memphis (USA) and the rice treatment at the factory in Egypt. The acquisition of the Exxentia Group in 2008 added 8,181 thousand euros to these assets.

Disposals in 2007 are due to the sale of assets in the sugar business, the dairy factory in Leon, the Fericó pasta factory in France, and other minor disinvestments. Decreases in 2008 are due to the following:

- The sale of PP&E through the sales of the Herto (Belgium) and Siepa (France) companies and the GMM soft wheat operation. These operations are part of the rice and pasta businesses but do not add up to form a significant portion of them.
- The disposals of these assets as a result of the closing of the sugar factories in Peñafiel, Guadalcacín and Rinconada, in relation to the CMO sugar reform, and other lesser disposals at other work places that are fully depreciated and no longer in use.

Transfers for the net amount of 15,355 thousand euros relate mainly to the land where the sugar factories are located that were in relation to the CMO sugar reform (mentioned in the preceding paragraph), which have been classified as “Investment properties”. The remaining transfers amounting to 2,088 thousand euros correspond to an addition in 2008 to the impairment provision allocated at year end 2007, for the closed sugar factories, as a readjustment of the provision made at year end 2007 (Note 21).

Grants have been received from public bodies in 2008 and in previous years related to investments made in various group companies. The amounts of these grants are given in Note 19.

Depreciation and/or impairment recognized in the 2008 (2007) income statement for these assets were 90,552 (93,956) thousand euros in accumulated depreciation and 18,523 (123,725) thousand euros in impairment. From the amounts mentioned related to depreciation and impairment, certain deductions must be made: for 2008, 26,743 and 8,728 thousand euros, respectively, and for 2007, 31,064 and 122,618 thousand euros, respectively, related to the portion of the sugar business assets whose income and expenses were reclassified to “Discontinued operations” (Note 7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

Of the impairment allowance in 2008 (2007), 8,728 (122,618) thousand euros correspond the effect of restructuring the sugar business (Note 21). The rest of the impairment allowance in 2008 relates mainly to impairment amounting to 7,500 thousand euros in PP&E as a result of the cancelation of the project to build a biodiesel factory in Jédula (Cádiz) and 2,118 thousand euros in impairment of assets at the plant in Houston (USA), given that it will be moved in the future to the new factory in Memphis (USA).

Losses in Property, plant and equipment in 2008 were also due to the disposal or sale of same amounting to 5,276 thousand euros.

Irrespective of the above, there are no items of property, plant and equipment of significant value that are not used in operations.

11. INVESTMENT PROPERTIES

The breakdown of movements in “Investment properties” for the consolidated Group at December 2008 and 2007 and the accumulated depreciation and impairment for each year are the following (thousands of euros):

Net amounts	Land	Buildings	**TOTAL**
Balance at December 31, 2006	3,043	9,383	**12,426**
Balance at December 31, 2007	5,659	8,847	**14,506**
Balance at December 31, 2008	19,101	11,425	**30,526**

	Gross amounts			**Accumulated depreciation and impairment**		
	Land	Buildings	Total	Land	Buildings	Total
Balance at December 31, 2006	**3,043**	**14,187**	**17,230**	**0**	**(4,804)**	**(4,804)**
Business combinations			0			0
Additions	43	374	417		(192)	(192)
Disposals	(320)	(840)	(1,160)		166	166
Translation differences		(82)	(82)			0
Transfers	2,893	(847)	2,046		885	885
Balance at December 31, 2007	**5,659**	**12,792**	**18,451**	**0**	**(3,945)**	**(3,945)**
Business combinations	122	451	573			0
Additions	111	617	728	(421)	(82)	(503)
Disposals	(103)	(89)	(192)		218	218
Translation differences		(204)	(204)		6	6
Transfers	13,733	3,777	17,510		(2,116)	(2,116)
Balance at December 31, 2008	**19,522**	**17,344**	**36,866**	**(421)**	**(5,919)**	**(6,340)**

Investment properties are stated at cost. For informational purposes, the fair value of the main investment properties amounts to between 70 and 100 million euros. The fair values of most of the investment properties have been determined based on valuations performed by independent experts during the last four years. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards.

The depreciation allowance in 2008 (2007) amounts to 82 (48) thousand euros and the impairment allowance is 421 (144) thousand euros.

The decreases correspond to sales of buildings to third parties. Transfers relate mainly to the land where the sugar factories are located that were in relation to the CMO sugar reform (mentioned above in Note 10), which have been classified as "Investment properties".

There no restrictions on the realizability of investment property or on the collection/remittance of rental income or proceeds from their disposal or use by other means, except for the following:

One of the sale contracts, which was signed at the end of 2006 and which generated a capital gain of 28 million euros before taxes, was contingent upon the signing of an urban agreement with the Town Hall of Alagón (Zaragoza). In January 2007, the Company provided bank guarantees amounting to 6,000 thousand euros to ensure the first payment made by the buyers of that land. As described below, given that the amended urban planning agreement was published in November 2008, the guarantee is no longer in force, although it has not been recovered from the buyer.

In regard to this sale agreement, once the amended urban agreement with the Town Hall of Alagón (Zaragoza) was published in November 2008, given that the buyer did not attend the ratification by public deed of the agreement to pay the outstanding amount of 24,000 thousand euros, in January 2009, a lawsuit was filed against the buyers demanding compliance with the signing of the agreement and payment of the amounts payable. The Company's directors expect the lawsuit to be settled and the total sale amount to be paid in 2009.

12. FINANCIAL ASSETS

The breakdown of this balance sheet heading at December 31, 2008 and 2007 is the following (in thousands of euros):

	12/31/08	12/31/07
Assets held for trading:		
-Other financial assets	299	89
	299	**89**
Investments held to maturity:		
- Guarantees and deposits	2,206	3,668
Bank loans and credit facilities		
- Loans and receivables from associates	12,117	6,610
- Loans and receivables from third parties	135,965	175,648
	148,082	**182,258**
Reclassification to Non-current assets held for sale (Note 7)	(128,751)	
TOTAL FINANCIAL ASSETS	**21,836**	**186,015**

Loans and receivables from associates

At December 31, 2008 (2007) a participative loan granted in 2004 to the associated company Biocarburantes de Castilla y León, S.A. remained outstanding, as well as an additional loan granted in 2008 for 9,000 thousand euros. These loans amount to a total of 12,117 (2,946) thousand euros, which includes 861 (690) thousand euros in capitalized interest as the main principal of the loan. No maturity date has been established for these loans. The 2004 loan bears interest at Euribor plus 2 points and the 2008 loan bears Euribor plus 0.65 points.

The remainder of the balance for 2007 corresponded to loans granted to the companies of the Panzani Group, the majority of which are being liquidated. These loans were granted at an interest rate linked to Euribor and were settled in 2008.

Loans and receivables from third parties

The balance of loans and receivables from third parties at December 31, 2008 (2007) mainly comprises:

- 7,574 (5,451) thousand euros from the Puleva Food and Herba groups (finance loans made to livestock raisers and farmers) and other companies for lesser amounts.
- Non-current loans of zero (1,142) thousand euros, for the sale of land belonging to the parent company (guaranteed by a mortgage on the land sold), collected in 2008.

Under “Discontinued operations” (Note 7) the balance at December 31, 2008 (2007) of “Loans and borrowing facilities for third parties” is mainly composed of the following:

- 1,967 (7,831) thousand euros in restructuring aid for the sugar sector (2005 CMO) granted in 2006 as a result of the shutdown of the Ciudad Real sugar plant and the termination of the production quota formerly assigned to said plant.
- 124,736 (156,315) thousand euros from the indemnity allowance for the termination of the additional production quota, presented at the end of 2007, for restructuring the sugar sector in keeping with the 2007 modification (Note 21). The indemnity amounted to a total of 161,210 thousand euros (revalued net amount). The rest was collected at the end of 2008.

Of these balances, 135,470 (175,136) thousand euros are denominated in euros, 495 (509) thousand euros in US dollars.

These loans mature as of 2009, with 7,052 thousand euros in 2009, 93,981 thousand in 2010, 34,285 thousand in 2011 and 107 thousand in 2012. The remaining 540 thousand euros mature as of 2013.

Guarantees and deposits

The most significant balance in this heading, 871 (2,431) thousand euros, 1,212 (3,578) thousand US dollars, relates to a deposit made through a trust company to third parties to guarantee compliance with contractual clauses to cover guarantees given to the buyer in the process of selling the Costa Rican subsidiary’s rice business in 2006. This type of guarantee is common in transactions of this nature and covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale or within the first three years as of the date of the sale (up to August 10, 2009). 60% of this deposit was released in August of 2007 and 30% in August of 2008 (these amounts have already been redeemed), and the remainder in August of 2009. The parent company does not expect that any difficulties will arise with respect to the recovery of this deposit.

13. INVESTMENTS IN ASSOCIATES

The movements in this heading in 2008 and 2007 (in thousands of euros) are the following:

Associate	Balance at 12/31/2006	Increases (acquisitions)	Decreases (disposals)	Dividends paid	Profit (loss) for the year	Translation differences	Other movements	Balance at 12/31/2007
Biocarburantes de Castilla León, S.A.	14,244				(4,963)			9,281
Lince Insurance, Ltd.	2,321				1,273			3,594
Associates of Riviana Foods Inc.	2,674			(1,797)	1,721	(277)		2,321
Associates of Azucarera	210				56		(94)	172
Associates of Herba	26	65				(2)		89
Associates of Panzani being liquidated	4,209	2,740	(3,839)		(2,500)			610
	23,684	**2,805**	**(3,839)**	**(1,797)**	**(4,413)**	**(279)**	**(94)**	**16,067**

Associate	Balance at 12/31/2007	Increases (acquisitions)	Decreases (disposals)	Dividends paid	Profit (loss) for the year	Translation differences	Other movements	Balance at 12/31/2008
Biocarburantes de Castilla León, S.A.	9,281	8,500			(12,685)			5,096
Lince Insurance, Ltd.	3,594				493			4,087
Associates of Riviana Foods Inc.	2,321			(682)	1,496	157		3,292
Associates of Azucarera	172				17		(60)	129
Associates of Dosbio 2010, S.L.	0	306						306
Associates of Exxentia, S.A.	0	42					(4)	38
Associates of Herba	89				(7)	1		83
Associates of Panzani being liquidated	610	3,589			(3,589)		(219)	391
	16,067	**12,437**	**0**	**(682)**	**(14,275)**	**158**	**(283)**	**13,422**
Reclassification to Non-current assets held for sale (Note 7)								(129)
								13,293

Except for Biocarburantes de Castilla y León, S.A. (Notes 12, 26 and 27.2 for additional information on this company), none of these companies has significant financial liabilities and/or guarantees of significant amounts granted by the Ebro Puleva Group.

The Group owns 100% of Lince Insurance, Ltd. (the company that manages our insurance policies on property, plant and equipment), but consolidates it under the equity method as its full consolidation would not have a significant impact on the Group's accounts. In any event, the main assets and liabilities of this company are the following:

Lince Insurance, Ltd.	**12/31/08**	**12/31/07**
Current assets	280	354
Liquid assets	4,937	4,789
Provisions (insurance)	(1,021)	(1,477)
Current liabilities	(109)	(72)
Net assets	**4,087**	**3,594**
Total revenues	1,764	1,880
Profit (loss) for the year	493	1,273

14. GOODWILL

The movement in this heading in 2008 and 2007 is the following (in thousands of euros):

Segment	**Cash-generating unit**	Balance at 12/31/2006	Increases (acquisitions)	Decreases (disposals)	Decreases (impairment)	Translation differences	Balance at 12/31/2007
Rice business – Herba	Danrice (Denmark)	14,524					14,524
Rice business – Herba	Vogan (England)	1,800				(362)	1,438
Rice business – Herba	Riceland (Hungary)	2,126					2,126
Rice business – Herba	Steve & Brotherton (England)	611					611
Rice business – Herba	Mundiriz (Morocco)	2,971				(359)	2,612
Dairy business	Puleva Food	53,754					53,754
Dairy business	Lactimilk, S.L.	818			(381)		437
America business – Riviana	Riviana Group	90,331				(9,518)	80,813
America business – Riviana	Minute Rice	139,625				(14,711)	124,914
Pasta business – Panzani	Panzani Group	417,449					417,449
Pasta business – America	Group NWP	125,028			(7,805)	(9,484)	107,739
Others	Jiloca, S.A.	0	129				129
		849,037	**129**	**0**	**(8,186)**	**(34,434)**	**806,546**

Segment	**Cash-generating unit**	Balance at 12/31/2007	Increases (acquisitions)	Decreases (disposals)	Decreases (impairment)	Translation differences	Balance at 12/31/2008
Rice business – Herba	Danrice (Denmark)	14,524					14,524
Rice business – Herba	Vogan (England)	1,438				(331)	1,107
Rice business – Herba	Riceland (Hungary)	2,126					2,126
Rice business – Herba	Steve & Brotherton (England)	611					611
Rice business – Herba	Mundiriz (Morocco)	2,612			(523)	25	2,114
Dairy business	Puleva Food	53,754					53,754
Dairy business	Lactimilk, S.L.	437			(8)		429
America business – Riviana	Riviana Group	80,813				4,663	85,476
America business – Riviana	Minute Rice	124,914				7,209	132,123
Pasta business – Panzani	Panzani Group	417,449					417,449
Pasta business – America	Group NWP	107,739			(6,827)	(70)	100,842
Others	Jiloca, S.A.	129					129
Others	Exxentia Group	0	25,728				25,728
		806,546	**25,728**	**0**	**(7,358)**	**11,496**	**836,412**

In 2007, no business combinations took place that generated goodwill, except for the purchase of an additional 40% in the subsidiary Jiloca, S.A.. In 2008, the Exxentia Group was acquired (Note 5).

The goodwill was acquired through business combinations or the purchase of intangible assets. At December 31, 2008 and 2007, impairment tests had been performed on the main assets, with the values allocated to the cash-generating units shown in the preceding table. The recoverable amount of the cash-generating unit to which the goodwill is allocated has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period.

The discount rates applied to cash flow projections ranged from 6.7 to 8.5% according to the area in which each license or cash-generating unit is operated and cash flows beyond the 5-year period are extrapolated using a growth rate equal to the long-term average growth rate for the corresponding unit, which, in general is between 1% and 2.5%, depending on the unit.

15. INVENTORIES

The breakdown of this heading at December 31, 2008 and 2007 is the following (in thousands of euros):

	Amount	
ITEM	**12/31/08**	**12/31/07**
Commercial	13,924	15,468
Raw materials	123,627	103,402
Consumables and spare parts	13,349	13,824
Containers	19,294	16,267
Work in Progress	63,748	50,541
Finished goods	284,740	286,808
By-products and waste	17,833	13,233
Advance payments to suppliers	14,076	10,238
TOTAL GROSS INVENTORIES	**550,591**	**509,781**
Write-down of inventories	(8,588)	(3,830)
TOTAL NET INVENTORIES	**542,003**	**505,951**
Reclassification to Non-current assets held for sale (Note 7)	(184,472)	
	357,531	

Of the balance of “Advance payments to suppliers” in the balance sheet at December 31, 2008 (2007), 10,536 (7,006) thousand euros corresponds to payment made to rice growers. At year end, the Group had firm commitments to purchase 22,936 (14,413) thousand euros of paddy rice. In addition, the Riviana Group had commitments to sell products amounting to 20,873 (26,730) thousand euros.

In 2008, 5,071 thousand euros were allocated to the inventory provision and 313 thousand euros were applied. In 2007, there were no significant movements in these provisions.

16. TRADE AND OTHER RECEIVABLES

The breakdown of this heading at December 31, 2008 and 2007 is the following (in thousands of euros):

ITEM	12/31/08	12/31/07
Trade receivables	466,794	467,490
Receivable from associates	288	324
Other receivables	37,196	39,496
Provisions	(14,960)	(13,551)
	489,318	**493,759**
Reclassification to Non-current assets held for sale (Note 7)	(65,814)	
TOTAL	**423,504**	

For terms and conditions applied to related party receivables, refer to Note 27. Trade receivables are non-interest bearing and are generally on 30-90 days' terms. A breakdown of the age of trade receivable balances at December 31, 2008 is as follows:

Age of receivable	Amount
Less than 6 months	456,060
Between 6 and 12 months	4,267
Between 12 and 18 months	2,763
Between 18 and 24 months	571
Over 24 months	3,133
	466,794

17. CASH AND SHORT-TERM DEPOSITS

The breakdown of this heading at December 31, 2008 and 2007 is the following (in thousands of euros):

CONCEPT	12/31/08	12/31/07
Cash at banks and in hand	105,469	49,194
Short-term deposits and equivalents	16,921	45,405
	122,390	**94,599**
Reclassification to Non-current assets held for sale (Note 7)	(4,806)	
TOTAL	**117,584**	

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents at December 31, 2008 (2007) is 122,390 (94,599) thousand euros.

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Group companies have invested their surplus cash in repos and similar instruments during the year to increase profitability. All these investments are denominated in euros except a small portion in US dollars. The average annual return on these investments in the year was around 3.0% (3.5%).

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

			Equity attributed to shareholders of the parent company								
						No available		Available reserves			
	Total Equity	Minority-Interests	Total	Share Capital	Share Premium	Revaluation reserve	Legal reserve	Retained Earnings	Profit for the year	Translation Differences	Treasury Shares
Balance at December 31, 2006	1,212,442	24,480	1,187,962	92,319	34,333	3,169	18,464	891,104	180,363	-31,787	-3
- Distribution of prior year profit	0	0	0	0	0	0	0	180,363	-180,363	0	0
- Dividends paid	-56,918	-1,527	-55,391	0	0	0	0	-55,391	0	0	0
- Acquisition/sale of treasury shares (net)	-10,737	0	-10,737	0	0	0	0	0	0	0	-10,737
- Gain (loss) on sale of treasury shares	-101	0	-101	0	0	0	0	-101	0	0	0
- Tax effect of preceding movements	33	0	33	0	0	0	0	33	0	0	0
- Changes in consolidation scope	-505	-505	0	0	0	0	0	0	0	0	0
- Other movements	152	0	152	0	0	0	0	152	0	0	0
Total distribution of profit and transactions with shareholders	-68,076	-2,032	-66,044	0	0	0	0	125,056	-180,363	0	-10,737
- Profit (loss) for the year(P&L)	92,473	1,896	90,577	0	0	0	0	0	90,577	0	0
- Movement in translation differences	-14,526	-351	-14,175	0	0	0	0	0	0	-14,175	0
- Fair value of financial instruments											
1. Unrealized gains	57	0	57	0	0	0	0	57	0	0	0
2. Realized gains	-132	0	-132	0	0	0	0	-132	0	0	0
Total income and expense for the year	77,872	1,545	76,327	0	0	0	0	-75	90,577	-14,175	0
Balance at December 31, 2007	1,222,238	23,993	1,198,245	92,319	34,333	3,169	18,464	1,016,085	90,577	-45,962	-10,740
- Distribution of prior year profit	0	0	0	0	0	0	0	90,577	-90,577	0	0
- Dividends paid	-57,008	-1,617	-55,391	0	0	0	0	-55,391	0	0	0
- Acquisition/sale of treasury shares (net)	-51,291	0	-51,291	0	0	0	0	0	0	0	-51,291
- Gain (loss) on sale of treasury shares	9	0	9	0	0	0	0	9	0	0	0
- Changes in consolidation scope	169	169	0	0	0	0	0	0	0	0	0
- Other movements	1,571	0	1,571	0	0	0	0	1,571	0	0	0
Total distribution of profit and transactions with shareholders	-106,550	-1,448	-105,102	0	0	0	0	36,766	-90,577	0	-51,291
- Profit (loss) for the year (P&L)	131,870	1,233	130,637	0	0	0	0	0	130,637	0	0
- Movement in translation differences	-9,439	1,777	-11,216	0	0	0	0	0	0	-11,216	0
- Translation differences reversed to the income statement	-328	0	-328	0	0	0	0	0	0	-328	0
- Fair value of financial instruments											
1. Unrealized gains	-102	0	-102	0	0	0	0	-102	0	0	0
2. Realized gains	0	0	0	0	0	0	0	0	0	0	0
- Changes in actuarial gains and losses	-14,260	0	-14,260					-14,260	0	0	0
- Tax effect of losses and gains in pension funds	5,257	0	5,257					5,257	0	0	0
Total income and expense for the year	112,998	3,010	109,988	0	0	0	0	-9,105	130,637	-11,544	0
Balance at December 31, 2008	1,228,686	25,555	1,203,131	92,319	34,333	3,169	18,464	1,043,746	130,637	-57,506	-62,031

18.1 Shareholders’ equity

Issued capital

At December 31, 2008 and 2007 share capital consisted of 153,865,392 bearer shares with a nominal value of 0.60 euros each, fully subscribed and paid and listed on Spanish stock exchanges.

According to data (the most recent data available), the total direct and indirect equity investment in Ebro Puleva, S.A. of companies owning more than 5% of Ebro Puleva S.A.’s share capital at December 31, 2008 (2007) are: Instituto Hispánico del Arroz, S.A. 15.344% (15.259%), 8.620% (8.535%) directly and 6.724% (6.724%) indirectly through Hispafoods Invest, S.L.- Alimentos y Aceites, S.A., 8.446% (8.446%), Casa Grande de Cartagena, S.L. 6.158% (6.158%), Caja de Ahorros de Salamanca y Soria, 6.01% (6.01%), Caja España Group, 5.037% (5.037%), Bestinver Gestion, S.A., S.G.I.I.C., 4.057% (5.930%) and Corporación Económica DAMM, S.A. 5.011% (5.011%).

Share Premium

With regard to the share premium, the revised text of Spanish Corporation Law expressly states that the Company may use this account to increase share capital, and does not stipulate any specific restriction with regard to how it is to be used.

Restricted reserves

Companies that obtain profits during the year are obliged to transfer 10% of the net profit for the year to the legal reserve, until said reserve is equivalent to 20% of the capital. Except in the event of dissolution, this reserve may not be distributed, but may be used to offset losses, provided that there are no other reserves available for this purpose, and to increase capital in the amount by which it exceeds 10% of the increased capital.

With regard to restrictions on the reserves of subsidiaries, there are legal reserves of Spanish subsidiaries at December 31, 2008 (2007) amounting to 25.3 (24.8) million euros, to which the regulation described in the above paragraph for the parent company is applicable. The portion of these reserves resulting from the consolidation process is included in the reserves of consolidated companies.

Equity includes 38,531 (38,531) thousand euros corresponding to Herba Foods S.L. The distribution of profits depends on the corresponding income tax. For this purpose, the Group considers tax incurred once the distribution has been agreed. The Group does not envisage such distribution in the short or medium term.

In addition and as a result of revaluations of assets recorded by Sociedad General Azucarera de España, S.A. and by Puleva, S.A. by virtue of Royal Decree Law 7/96, dated June 7, "Revaluation reserves" were recorded amounting to 22,606 thousand euros (19,437 thousand euros of which are included in "Reserves in fully-consolidated companies").

This balance may be applied, tax free, to eliminate book losses, from previous years or the current period, or to offset any that may arise in the future and for capital increases. As from April 1, 2007 it may be transferred to freely distributable reserves, provided that the capital gain has been realized. The capital gain will be deemed realized in the part corresponding to the amortization made or when the restated assets have been transferred or written off the accounting records. If the balance of this account were to be used otherwise than as established in Royal Decree-Law 7/1996, it would become taxable.

Translation differences – Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effects of hedging net investments in foreign operations.

The breakdown by company of translation differences at December 31, 2008 and 2007 is the following (in thousands of euros):

	12/31/08	12/31/07
Companies of the Rice business segment	(9,859)	(3,133)
RIVIANA Group	(25,136)	(24,088)
NWP Group	(22,511)	(18,741)
TOTAL	**(45,962)**	**(45,962)**

Treasury shares

In 2007, the Company purchased and sold shares as authorized for 18 months by the shareholders in their general meeting held on April 18, 2007. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. In 2007 it bought 1,141,851 and sold 420,427 of its own shares. The Company ended 2007 with 721,655 treasury shares, representing 0.469% of share capital. At that time the Company had not yet decided on the final use of these shares.

The Company also bought and sold treasury shares in 2008, as authorized by the shareholders in their general meetings held on April 18, 2007 and Jun 9, 2008. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. In the year it bought 4,483,601 and sold 126,521 of its own shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

The Company ended 2008 with 5,078,735 treasury shares, representing 3.301% of share capital. At year end 2008, except for the potential delivery of a portion of these treasury shares in the extraordinary in-kind dividend described in Note 18.3, the Company has not yet decided on the final use of these shares.

18.2 Earnings per share:

Earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the average number of ordinary shares outstanding in the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting interest on the convertible non-cumulative redeemable preference shares –Ebro Puleva, S.A. did not have such shares at December 31, 2008 and 2007-) by the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential financial instruments into ordinary shares. Ebro Puleva, S.A., did not have such financial instruments at December 31, 2008 and 2007.

The following reflects the income and share data used in the basic and diluted earnings per share computation:

	12/31/2008	12/31/2007
Net profit attributable to ordinary equity holders of the parent from continuing operations	72.672	60,326
Loss attributable to ordinary equity holders of the parent from discontinued operations	57,965	30,251
Net profit attributable to ordinary equity holders of the parent	130,637	90,577
Interest on convertible non-cumulative redeemable preference shares	0	0
Net profit attributable to ordinary equity holders of the parent from adjusted for the effect of convertible preference shares	130,637	90,577

	2008	2007
	Thousand	Thousand
Weighted average number of ordinary shares for earnings per share (*)	150,023	153,576
Effect of dilution:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	150,023	153,576

(*) taking into account the average number of ordinary shares during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

18.3 Dividends

	2008	2007
Declared and paid during the year (thousand euros):		
Equity dividends on ordinary shares:		
Final dividend for 2007: 36 cents (2006: 36 cents)	55,391	55,391
First dividend for 2008: 0 cents (2007: 0 cents)	0	0
	55,391	55,391
Proposed for approval at General Shareholders' Meeting (not recognized as a liability as at December 31)		
Equity dividends on ordinary shares:		
Final ordinary dividend for 2008 (see comments below): 36 cents (2007: 36 cents)	55,391	55,391

On March 25, 2009, Ebro Puleva, S.A.'s Board of Directors proposed that the following distribution of 2008 profit be submitted to the shareholders in general meeting for approval:

a) Consolidated profit for 2008 for the Ebro Puleva Group has allowed the Board to put before the General Meeting a proposal to pay an ordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in quarterly installments of 9 cents each on April 2, July 2, October 2 and December 22, 2009.

b) In addition, subject to a favorable outcome of the sale of the sugar business (Azucarera Ebro, S.L. and some of its subsidiaries) and in view of expected returns on the sale (as described in Note 7) an extraordinary dividend is proposed consisting of:

b.1) An extraordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in 2009 in three installments of 12 cents each to coincide with the three final payments of the ordinary dividend (July 2, October 2 and December 22, 2009).

b.2) An extraordinary in-kind dividend consisting of treasury shares to meet the existing share premium (34,334 thousand euros) with an approximate exchange ratio, in view of an estimated listed price of 9 euros per share, of 1 new share for every 40 existing shares, for a total of approximately 3.8 millions shares (about 2.5% of share capital). The exchange ratio will be specified at the Board of Directors Meeting held just before prior to the General Shareholders' Meeting, once the listed share price from the trading session the day before is known. Shareholders will receive this extraordinary in-kind dividend in the first days of May 2009.

19. DEFERRED INCOME

This heading mainly includes government grants and the deliveries recived of emission's right of CO2. The breakdown of the movement in 2008 and 2007 is the following:

	Government grants		Other deferred income		Total	
	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07
At January 1	14,137	16,044	162	1,182	14,299	17,226
Increases from business combinations	1,716				1,716	0
Grants cancelled	(2,201)	(2,200)			(2,201)	(2,200)
Grants received	7,624	2,004			7,624	2,004
Increase from CO2 emission rights			7,736	1,995	7,736	1,995
Other increases/decreases			213	(372)	213	(372)
Transfers to other accounts	(28)	(310)	0	301	(28)	(9)
To income statement, continuing operations	(4,953)	(602)	(2,670)	(431)	(7,623)	(1,033)
To income statement, discontinued operations	(195)	(799)	(4,150)	(2,513)	(4,345)	(3,312)
At December 31	**16,100**	**14,137**	**1,291**	**162**	**17,391**	**14,299**
Reclassification to Non-current assets held for sale (Note 7)	**(899)**		**(901)**		(1,800)	
	15,201		**390**		**15,591**	

The balance at December 31, 2008 and 2007 corresponds to official government grants awarded to various group companies for certain investment projects in property, plant and equipment (to date, these companies have met all the requirements for receiving those grants) and the value assigned to the CO_2 emissions rights received from state CO_2 emission rights assignment plans and other less significant items.

In 2008, the Industrial Technological Development Center (ITDC) gave a grant to the Consortium composed of 16 companies and headed by Puleva Biotech, S.A. to develop a CENIT research project on weight control and obesity prevention. This project has an estimated duration of four years (2008-2011).

The breakdown of the balance of grants by maturities is the following:

CAPITAL GRANTS	Pending release to the income statement			
	< 1 year	2-5 years	> 5 years	Total
Composition of final balance by maturity	3,887	9,785	2,428	16,100

20. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The movements in this heading in the Group during the year were the following (in thousands of euros):

	12/31/08			12/31/07
	Cont. Oper.	Discont. Op.	Total	Total
Balances at January 1	**24,600**	**10,786**	**35,386**	**37,376**
Translation differences	(526)	0	(526)	(1,278)
Business combinations	0	0	0	3,737
Application and payments	(6,634)	(1,984)	(8,618)	(9,410)
Transfers to other headings	2,768	0	2,768	(1,750)
Overprovision taken to the income statement	(543)	0	(543)	(1,618)
Provision for actuarial changes	14,260	0	14,260	0
Allocation to finance revenue	52	379	431	1,204
Allocation to profit	4,567	1,546	6,113	5,978
Allocation to other operating expenses	516	0	516	1,147
Balance at December 31	**39,060**	**10,727**	**49,787**	**35,386**

The breakdown by company is the following (in thousands of euros):

	12/31/08	12/31/07
Herba Group companies	5,294	5,797
Riviana Group companies	8,276	603
Panzani Group companies	8,477	8,979
NWP Group companies	9,529	5,239
Birkel Group	3,375	3,690
Dosbio 2010, S.L.	171	152
BPB (Belgium)	172	0
Ebro Puleva, S.A.	3,766	140
TOTAL	**39,060**	**24,600**
Discontinued operations (Azucarera Ebro, S.L. See Note 7)	10,727	10,786
TOTAL	**49,787**	**35,386**

The summary of the types of commitments by company and by segment is the following:

	Defined contribution pension plan commitments	Defined benefit plan commitments	Other defined benefit plan commitments	Retirement bonuses	Seniority bonuses	Dismissal or retirement benefits
Azucarera Ebro, S.L.	Yes (a)			Yes (b)	Yes (b)	
Ebro Puleva, S.A.	Yes (a)				Yes (b)	
Dosbio 2010, S.L.					Yes (b)	
Puleva Group Food				Yes (a)		
Riviana Group USA		Yes (c)	Yes (c)			
NWP Group (USA and Canada)		Yes (c)	Yes (c)			
Panzani Group (France)				Yes (b)	Yes (b)	
Boost (Herba) (Belgium)	Yes (d) 2007	Yes (d) 2006				Yes (b)
BPB (Belgium)						Yes (b)
Mundiriso (Herba) (Italy)						Yes (b)
Euryza (Herba) (Germany)		Yes (b)				
S&B Group (Herba) (UK)	Yes (e)	Yes (c) (e)				
Birkel Group (Germany)		Yes (b)		Yes (b)		

(a) Externalized commitments covered by an insurance policy (the company is liable for the CPI increase). These commitments were originally defined benefit plans; however, following externalization they meet the minimum requirements for being considered defined contribution plans.
(b) These commitments have not been externalized. They are provided for and managed internally.
(c) These commitments are managed externally. The related investments are managed by the Directors' Committee, which is independent of Company management.
(d) These become defined contribution plan commitments as of 2007.
(e) As of 2007, all active personnel have defined contribution plan commitments, whereas retired employees have defined benefit commitments.

Below is a description of the most significant commitments in terms of their relative importance and/or those which envelope specific circumstances that must be disclosed.

20.1 Ebro Puleva, S.A. and Azucarera Ebro, S.L. (business discontinued in 2008)

As explained in Note 3.o), some employees of Ebro Puleva, S.A. and Azucarera Ebro, S.L. are eligible for various pension supplements previously established in internal pension funds of each company until 2002.

In accordance with prevailing legislation, these companies met their obligation to externalize their pension commitments prior to November 16, 2002, including those in the event of the death of an employee while in active service.

Azucarera Ebro S.L., a wholly owned subsidiary of Ebro Puleva, S.A., signed a master agreement with an insurance company regulating the technical, economic and legal terms and conditions to be applied to the policies in which the pension commitments acquired in respect of employees from Azucarera Ebro Agrícolas, S.A. were instrumented in 2002, and a 10-year finance loan was arranged with the insurance company (Note 22) at an interest rate of 6.7%, equal to that guaranteed for the first 40 years for the mathematical reserves made on the basis of the premiums of said finance loan.

Upon externalizing insurance policies, each year the relevant adjustments are made to the possible commitments that arise between the previous year and December 31 of the current year including any additional payments accrued due to salaries that differ from those used to calculate the technical bases described in the 2001 financial statements for active employees, and the corresponding premiums paid. As a result of this potential adjustment, the corresponding premiums are paid to the insurance company to ensure that commitments with employees are adequately covered. The premium for 2008 (2007), paid and recognized as a personnel expense, was 1,401 (2,050) thousand euros.

Due to the abovementioned externalization of insurance policies, the provisions that had been recorded for the former internal funds were eliminated from liabilities. The amounts outstanding on the financing plan arranged with the insurance company are shown on the balance sheet as financial debt (Note 22).

The combined balance at December 31, 2008 (2007) of Azucarera Ebro, S.L. of 10,727 (10,786) thousand euros corresponds exclusively to the provision against potential employee commitments that are not legally required to be externalized: long-service bonuses of 8,040 (7,819) thousand euros and compensation for some current employees of the Company for waiving lifelong life insurance policies of 2,687 (3,107) thousand euros. Costs for the year 2008 (2007) were 524 (469) thousand euros. These provisions have been recognized based on actuarial calculations made by independent experts and are internal provisions which are not linked to specific assets.

The balance at December 31, 2008 (2007) of Ebro Puleva, S.A. of 3,766 (140) thousand euros corresponds to the provision against potential employee commitments that are not legally required to be externalized: long-service bonuses of 168 (140) thousand euros and the incentive program for its management team (Note 27.6) of 3,598 (1,550 in 2007, classified as current) thousand euros, with a related expense in 2008 of 1,300 thousand euros. Other group companies have registered the rest of the provision up to the amount mentioned in Note 27.6.

20.2 Puleva Food Group

The collective labor agreement applicable to the work places in Granada, Jérez de la Frontera and Seville, belonging to the former Puleva, S.A., contemplates commitments corresponding to early retirement payments to employees who have worked for the company for more than 10 years and request early retirement (up to a maximum of seven employees a year).

In accordance with prevailing legislation, these companies externalized these commitments prior to November 16, 2002. As a result of externalizing these commitments, the former internal funds have been eliminated from liabilities. The premium paid less return premiums received in 2008 (2007) amounted to net income of 100 (768) thousand euros.

20.3 Panzani Group companies

Panzani group companies have certain commitments with employees, mainly retirement bonuses and long services bonuses. Provisions for the retirement bonuses were recorded based on actuarial calculations made by independent experts (7,463 (7,894) thousand euros at December 31, 2008 (2007)) and for the long services bonuses by internal actuarial estimates (1,014 (1,085) thousand euros at December 31, 2008 (2007)). Costs for the year 2008 (2007) were 895 (363) thousand euros. These are internal provisions which are not linked to specific assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

20.4 Herba Group companies

The collective labor agreement applicable to two of the foreign companies of this group includes early retirement commitments. The corresponding provisions have been recorded based on internal actuarial calculations. The provisions at year end 2008 (2007) amounted to 543 (531) thousand euros. Costs for the year 2008 (2007) were 88 (77) thousand euros.

In addition, several Herba Group subsidiaries (S&B Herba of England, Boost of Germany, Herto of Belgium –which was sold in 2008-, Danrice of Denmark and Herba of Puerto Rico) have defined contribution plan commitments for some of their employees, based on an annual contribution calculated as a percentage of their salaries. Costs for the year 2008 (2007) were 642 (479) thousand euros.

Pursuant to the collective labor agreement applicable to the rice sector, Herba Ricemills, S.L. externalized its pension commitments with the employees through an insurance policy.

20.5 Birkel Group (Germany)

In addition to the next paragraph defined contribution plan commitments, the Birkel Group companies have commitments with employees primarily for retirement payments (343 (421) thousand euro allocation at year end 2008 (2007)). This allowance has been allocated based on actuarial calculations made internally. These are internal provisions which are not linked to specific assets.

20.6 Defined benefit pension plans and other defined benefit obligations

The breakdown by company was the following:

Defined benefit Thousand euros	**12/31/2008**			12/31/2007		
	Pension commitments	Other commitments	Total	Pension commitments	Other commitments	Total
Riviana Group (USA)	9,371	-1,095	8,276	805	-202	603
NWP Group (USA and CANADA)	8,565	964	9,529	3,990	1,249	5,239
Boost (Herba) (Germany)	185		185	279		279
Euryza (Herba) Germany	2,932		2,932	3,091		3,091
S&B Group (Herba)(UK)	1,460		1,460	1,896		1,896
Birkel Group (Germany)	3,032		3,032	3,269		3,269
	25,545	**-131**	**25,414**	**13,330**	**1,047**	**14,377**

The movements pertaining to the commitments in 2008 shown above, broken down by geographical location, were the following:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

	Riviana Group		NWP Group		Europeans	
Thousands of euros	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**
Provisions for pensions and other post-employment benefits						
Opening balance	25,493	30,550	25,580	26,549	17,964	19,234
Business combinations					0	4,648
Allocations recorded in the year	3,254	3,602	2,055	2,100	959	1,011
Actuarial changes	-376	631	870	248	-1,072	-2,170
Payments made in the year	-3,295	-6,198	-1,866	-1,966	-561	-4,625
Staff restructuring	12	0	-220	0	-94	0
Estimation of unrecognized losses	0	0	190	-107	-327	0
Exchange differences	1,459	-3,092	-849	-1,244	-2,281	-134
Balance at December 31	26,547	25,493	25,760	25,580	14,588	17,964
Provisions for pensions – invested assets						
Value at beginning of period	-24,890	-28,657	-20,340	-20,452	-10,870	-12,274
Business combinations					0	-1,400
Return on investments during the year	6,876	-2,502	3,568	-515	1,241	-1,427
Contributions by the Company	-2,333	-2,897	-1,727	-1,895	-99	-159
Payments made in the year	3,295	6,197	1,603	1,721	329	4,315
Exchange differences	-1,219	2,969	665	800	2,087	75
Balance at December 31	-18,271	-24,890	-16,231	-20,341	-7,312	-10,870
Net balance at December 31	**8,276**	**603**	**9,529**	**5,239**	**7,276**	**7,094**
Net actuarial gains (losses)	0	0	0	0	333	1,441
Net balance at December 31	**8,276**	**603**	**9,529**	**5,239**	**7,609**	**8,535**

	Riviana Group		NWP Group		Europeans	
Net annual cost per component	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**
Annual service cost	1,684	1,903	618	523	63	188
Interest cost	1,545	1,668	1,437	1,658	738	800
Return on assets	-1,782	-2,092	-1,488	-1,507	-744	-749
Personnel restructuring	0	0	0	0	0	0
Estimation of unrecognized losses	-85	-31	25	1,174	-116	-1,533
	1,362	**1,448**	**592**	**1,848**	**-59**	**-1,294**
Actuarial changes recognized directly in consolidated equity (loss) profit	-8,623	0	-5,637	0	0	0
Actuarial assumptions	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**
Discount rate	6.25 %	6.00%	5.40 %	5.75%	5.50 %	5.50%
Wage increases	3.50 %	4.00%	0.00 %	3.50%	3.00 %	3.50%
Rate of return on assets	8.00 %	8.25%	7.43 %	8.00%	6.25 %	7.00%

The commitments correspond primarily to pension plans for the majority of Riviana Group and NWP Group employees and for certain employees of European subsidies. In the S&B Group, these commitments are only for retired employees (given that commitments with active employees were transferred to a defined contribution pension plan as of January 1, 2006). In the Riviana Group, as of February 2006, no new employees were included in this defined benefit plan.

In the Riviana Group and NWP Group, “Other commitments” refer to coverage for health care, medication and life insurance, which are only for some of the employees.

In addition, the Riviana Group has a defined contribution pension plan for all its US employees. The Company contributes a lump sum equal to the percentage of employee contributions. The total amount of the expense for this plan in the current year amounted to 876 (450) thousand euros.

21. OTHER PROVISIONS

The movements in this heading in 2008 and 2007 are the following (in thousands of euros):

Movements in Other provisions	12/31/08			12/31/07
	Cont. Op.	Disc. Op.	Total	Total
Opening balance	17,137	171,957	189,094	159,850
Translation differences	20	0	20	(30)
Business combinations	0	0	0	0
Transfers	1,520	2,659	4,179	5,769
Applied and payments	(7,862)	(16,178)	(24,040)	(27,381)
Allocations to results: CMO sugar reform expense	0	2,578	2,578	49,291
Decrease in allocation: CMO sugar reform expense	0	(6,385)	(6,385)	(4,166)
Allowances charged to the income statement	9,585	4,066	13,651	9,652
CO2 allowances charged to the income statement	2,648	4,150	6,798	0
Provisions against profit (loss) for tax effect	(2,738)	(62,088)	(64,826)	(3,891)
Balance at December 31	**20,310**	**100,759**	**121,069**	**189,094**

The breakdown of these provisions by item, company or segment is the following (in thousands of euros):

	12/31/08			12/31/07		
Summary of provisions by concept:	Total	Cont.	Discont	Total	Cont.	Discont
Litigation and lawsuits	**74,445**	15,599	58,846	**133,456**	15,415	118,041
Modernization and Optimization Plan	**37,407**	1,108	36,299	**54,695**	1,078	53,617
CO2 emission rights	**6,803**	2,653	4,150	**10**	0	10
Contingences of subsidiaries	**633**	633	0	**210**	210	0
Sundry contingencies of an insignificant amount	**1,781**	317	1,464	**723**	434	289
	121,069	**20,310**	**100,759**	**189,094**	**17,137**	**171,957**

	12/31/08	12/31/07
Ebro Puleva, S.A.	6,175	3,986
Panzani Group	6,613	7,509
Azucarera Energías, S.A.	3,248	2,257
Puleva Food Group	2,966	1,081
Arotz Foods, S.A.	54	1,712
Arroz Herba group companies	951	177
NWP Group	303	415
TOTAL CONTINUING OPERATIONS	**20,310**	**17,137**
Discontinued operations (Azucarera Ebro, S.L. See Note 7)	100,759	171,957
TOTAL	**121,069**	**189,094**

21.1 Azucarera Ebro, S.L. (Sugar Business)

This business was discontinued in 2008 (see Note 7). The final balance at December 31, 2007 of this subsidiary included principally the provisions for litigations arising from ongoing judicial proceedings and other claims filed against the company, as well as the estimated cost of measures implemented in 2006 and 2007 relating to the Modernization and Optimization of Industrial Competitiveness Plan as a result of the new European regulation for the sector (new CMO sugar reform).

The amounts applied for 2008 and 2007 correspond primarily to dismissal indemnities for employees who left the company and other expenses related to the Modernization and Optimization of Industrial Competitiveness Plan referred to above as well as allocations for deliveries of CO2 emission rights.

The 2007 financial statements include all the basic and most significant information related to the consequences and effects of the CMO sugar reform. Given that this business was discontinued in 2008 (see Note 7), and that there no significant changes have occurred in the new EU Regulations, except for the following, it is not necessary to reiterate that information.

In 2008, the most significant events in the sugar business that have effected the provisions recognized are as follows:

- In late May 2008, the Supreme Court of Administrative Appeals issued several rulings related to appeals made by Azucarera Ebro, S.L. (through Ebro Puleva, S.A.) against several rulings by the National Court of Justice that had confirmed a set of tax assessments made by the Department of Customs and Special Taxes related to several shipments of alcohol to Portugal made by the company between 1996 and 1998.

- In addition, between November and December 2008, the Supreme Court of Administrative Appeals issued several rulings related to appeals made by Azucarera Ebro, S.L. (through Ebro Puleva, S.A.) against several rulings by the National Court of Justice related to tax payments relating to alcohol tax derived from stock counts for various years.

Given that the financial statement at December 31, 2007 included a provision for this concept of the revalued amount of approximately 62,088 thousand euros, these rulings by the Supreme Court, which cannot be appealed, meant the provision was reversed in 2008 and recognized under "Other operating income" and a decrease in “Finance costs” for 49,475 and 12,613 thousand euros respectively.

The provision for the Modernization and Restructuring Plan corresponds entirely to 36,299 thousand euros (2007: 53,617 thousand euros) as a result of the CMO sugar reform. The most significant developments of this matter in 2008 are as follows:

- The EU set consumption quotas for sugar in the first half of 2008, which in our case confirmed the proposals filed at the end of March 2008. Taking into account the agreement signed with ACOR in the first days of March 2008, which meant an additional quota reduction for Azucarera Ebro, S.L.U. of 8,703.1 tons, the total quota relinquished amounted to 363,241 tons.

- The main consequences of this reform, which were accounted for in the 2007 financial statements, have continued without significant changes at year end 2008. However, the revaluations in files at the closing of each affected factory centre in addition to the current circumstances of forecasts for potential investments to replace the sugar business form a context of permanent although minor adjustments to the provisions that form the accounting basis of this reform. In this regard, the most significant readjustments in 2008 had a negative effect of 2,342 thousand euros in operating expenses (Note 7), as shown in the following summary:

    a) Additional compensation receivable from the EU for the additional relinquished quota of 8,703.1 tons, amounting to 4,895 thousand euros.

    b) Readjustment with a positive effect of the provisions for restructuring (employees, dismantling, etc.) for a net total of 3,726 thousand euros.

    c) Additional 2,236 thousand euro provision for impairment of property, plant and equipment related to three closed factories, plus 8,727 thousand euros in impairment of other assets related to those factories.

- Finally, in 2008, payments were made against the CMO sugar reform provisions for 16,170 thousand euros for revaluations of the financial effect amounting to 2,578 thousand euros and a decrease in provisions of 3,726 thousand euros related to the contents of point b) above.

21.2 Other companies

The majority of their provisions are basically to cover potential liabilities related to litigation and other minor contingencies.

The provision for litigation and lawsuits corresponds to provisions recognized for litigation arising from ongoing lawsuits and other claims in which no significant changes have occurred with respect to December 31, 2007, for continuing operations.

21.3 Summary of ongoing litigation and lawsuits

Of the balance of “Other provisions” at December 31, 2008 (2007), 74,445 (133,456) thousand euros correspond to provisions recorded for litigation related to ongoing lawsuits and other claims. The parent company’s directors estimate that rulings on these will not generate significant additional liabilities. The breakdown of the maximum potential litigation risk is the following (in thousands of euros):

	12/31/08	12/31/07
Tax assessments signed in disagreement	76,897	135,689
Legal risks	7,313	11,540
Other legal risks	847	2,309
	85,057	**149,538**

The following is a summary of the most significant claims:

1.- Internal movements of sugar among plants:

1.1. Azucarera Ebro, S.L. is being held vicariously liable in a civil liability suit currently being heard by the National Court of Justice in respect of crimes of fraud committed against the European Union. 34,879 thousand euros plus late payment interest have been provisioned for this concept. On February 2, 2005, the National Court of Justice ruled against the Company in judicial proceedings relating to alleged fictitious transactions between factories during the 1996-1999 sugar campaigns. Although the Company considered that this decision was not in keeping with the law and filed an appeal with the Supreme Court, the accounts closed at December 31, 2004 included a provision for the full amount that the Company would have to pay in the event the aforementioned sentence were confirmed.

In a sentence handed down on December 15, 2006, the Supreme Court accepted the appeal on the grounds of errors of form, thereby revoking the sentence of the National Court of Justice and ordering said court to issue a new sentence to comply with certain requisites. Consequently, although the sentence rendered by the National Court of Justice was annulled, the aforementioned provision must be maintained until a new sentence has been issued. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.

1.2. In addition, the Company appealed regulatory fines relating to C sugar corresponding to the 1999/2000 sugar campaign and the fee for offsetting storage expenses for 1996/1997 to 1999/2000, the accumulated amount of which total 10,953 thousand euros. A provision has been recorded for this concept. These assessments were confirmed by a ruling by the National Court of Justice on December 22, 2008. An appeal against this ruling has been filed with the Supreme Court. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.

1.3. The fines relating to the proceedings described in 1.2 amount to 6,731 thousand euros. No amounts have been provided for this concept since it is considered that the fines are not legal. For accounting purposes, the likelihood that the fines will materialize is considered possible.

1.4. In addition, a corporation tax assessment signed in disagreement relating to transfer of sugar between plants was raised for the increase in taxable income due to the alleged sugar sales in 1999. According to the assessment, the tax payable for this concept amounted to 3,611 thousand euros. An appeal has been presented to the Central Economic-Administrative Tribunal (TEAC). The Company has not recorded any provision for this concept. For accounting purposes, the likelihood that this contingency will materialize is considered possible.

1.5. The amount of the fine imposed related to the assessment mentioned in point 1.4 above is 2,076 thousand euros. The claim is still subject to administrative appeals. No provision has been recorded for this concept. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.

2.- Tax payments related to alcohol tax on supplies delivered to two customers (Administrative appeal number 394/06). The accumulated amount of this payment, which has been provided for, is 1,813 thousand euros. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.

3.- A judicial claim amounting to 2,645 thousand euros relating to past life pension supplements plus the right to receive a monthly life supplement which would require an estimated additional provision of 10,988 thousand euros. The claim has been dismissed and the sentence has been appealed. No provision has been recorded for this concept. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.

4.- A judicial claim from several sugar customers related to supposed damages arising from the price coalition during 1995 and 1996 declared by the Restrictive Practices Court in the ruling of April 15, 1999. Amount: 4,105,209.02 euros. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.

5.- A claim for overpayment brought by the group to the tax authorities. Amount: 6,415,350.24 euros, for the sugar production quota related to the 2002/03 and 2005/06 campaigns. This claim is based on rulings by the ECJ that annulled the regulations that set rates for the collection of this agricultural levy. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.

6.- Administrative appeals that partially challenge production quotas related to the 2007/08 and 2008/09 campaigns. Accumulated amount: 4,130,819.91 euros. The objective is to trade based on effective production instead of per assigned quota. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.

22. INTEREST-BEARING LOANS AND BORROWINGS

The breakdown of this heading is the following (in thousands of euros):

Financial liabilities	At 12/31/2008		At 12/31/2007	
	Non-current	Current	Non-current	Current
Non-current bank loans	715,495	71,034	699,105	104,455
Current bank loans		392,120		268,381
Payables for externalization of post-employment benefit commitments	285	4,995	5,106	6,663
Other financial liabilities	4,141	1,126	2,650	2,356
Payables to Group companies	900	0	0	0
Guarantees and deposits received (financial)	105		80	
	720,926	**469,275**	**706,941**	**381,855**
Reclassification to Non-current assets held for sale (Note 7)	(2,376)	(90,843)		
Total financial liabilities	**718,550**	**378,432**		

Non-current payables for the externalization of post-employment benefits commitments at December 31, 2008 (2007), related to the sugar business discontinued in 2008 (Note 7), amount to 285 (5,106) thousand euros and current payables to 5,106 (6,663) thousand euros, corresponding to the outstanding balance of the financing plan agreed between Azucarera Ebro, S.L. and insurance company Banco Vitalicio for the externalization of these commitments (Note 20.1). The financing plan accrues annual interest of 6.7% and was established for a period of 10 years, with equal annual installments. The last installment is due July 17, 2010.

The breakdown of bank loans and borrowings by segment or company and maturity is the following (in thousands of euros):

Breakdown by segment or company of Bank loans and borrowings	12/31/07	12/31/08	2010	2011	2012	2013	Subsequent years
- Ebro Puleva, S.A.	568,132	522,303	70,942	52,539	105,078	105,078	188,666
- America business - Riviana Group	116,975	159,076	35,350	35,350	35,350	35,350	17,676
- Rice business – Herba	2,151	0					
- Dairy business	11,556	33,613	25,804	6,317	1,492		
- Pasta business – Panzani	134	99	35	35	29		
- Birkel Group	123	0					
- Jiloca, S.A.	34	21	12	9			
- Sugar business (Discontinued in 2008)	0	383	383				
Non-current bank loans and borrowings	**699,105**	**715,495**	**132,526**	**94,250**	**141,949**	**140,428**	**206,342**
- Ebro Puleva, S.A.	77,997	125,824					
- Pasta business – Panzani	125,798	117,478					
- Rice business – Herba	78,236	95,023					
- Sugar business (Discontinued in 2008)	48,597	85,049					
- America business - Riviana Group	34,158	561					
- Dairy business	7,897	29,080					
- Birkel Group	123	1,423					
- Other companies	30	8,716					
Current bank loans and borrowings	**372,836**	**463,154**					
Total bank loans and borrowings	**1,071,941**	**1,178,649**					
Reclassification to Non-current assets held for sale (Note 7)		(85,432)					
		1,093,217					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

The breakdown of this heading by currency in which the loans are denominated is the following:

CURRENCY	12/31/08	12/31/07
Euros	558,174	478,140
US dollars	613,327	577,475
Pound sterling	183	15,521
Moroccan dirhams	6,053	0
Thb	912	805
DKK	0	0
Total	**1,178,649**	**1,071,941**

Non-current bank loans and borrowings by Puleva, S.A. went to fund the investments in Riviana Inc (2004) and Panzani SAS (2005) and New World Pasta Company (2006). These loans are guaranteed by the subsidiaries Azucarera Ebro, S.L., Puleva Foods, S.L., Herba Food, S.L., Herba Ricemills, S.L. and Panzani SAS and correspond to:

- A 287.9 million euro syndicated loan arranged in November 2004 and renewed in May 2005, and again in November 2006, which, at December 31, 2008, had a balance of 142 million euros pending repayment. The principal will be repaid in eight half-yearly installments of 35.5 million euros from May 2007. The annual interest applicable to the loan is linked to 1-, 3-, 6- and 12-month Euribor plus a market spread.

- A 440 million euro syndicated loan arranged in May 2005 and renewed in November 2006, the principal of which will be repaid in six half-yearly installments of 73.33 million dollars from October 2011. The annual interest applicable to the loan is linked to 1-, 3-, 6- of 12-month Euribor plus a market spread.

- A 190 million US dollar bilateral loan arranged in November 2006, the principal of which will be repaid in 4 quarterly installments of 47.5 million dollars as of October 2015. The annual interest rate was one-, three-, six-, or twelve-month LIBOR plus a market spread.

In addition, included under Non-current loans, is the loan obtained by the Riviana Group in May 2007, which replaced the “bridging loan” granted to the Group in October 2006 amounting to 246 million US dollars for the acquisition of the Minute Rice brand name at Libor plus a market spread. This loan has a five-year amortization period to be paid in 10 half-yearly installments as of November 2007. It is guaranteed by the other American subsidiary, NWP Inc.

As for the remainder at December 31, 2008 (2007), Group companies have credit facilities at banks secured by personal guarantees with a total limit of 660 (630) million euros. The amount drawn down was 384 (263) million euros. Panzani Group credit facilities, up to a limit of 142 (129) million euros, are secured by accounts receivable.

There are also commercial discount lines, non-recourse factoring agreements, and other bank guarantees for the following amounts (in thousands of euros):

FINANCING ARRANGED	Amount drawn down	Amount available	Total limit
Discounted bills	4,682	2,123	6,805
Bank guarantees	135,407	109,632	245,039
Factoring agreements	46,234	0	46,234
Consolidated total	**186,323**	**111,755**	**298,078**

The average annual interest rate on long-term loans in 2008 (2007) was 5.58% (4.35%) for loans to the Puleva Food Group.

The average annual interest rate on short-term loans was three-month Euribor plus 0.42 for Ebro Puleva, S.A., an average of 5.13% for the Rice Group, 4.74% for Azucarera Ebro, S.L., 5.58% for the Dairy Products Group and 4.31% for Panzani Group.

Over the term of the non-current loans of Ebro Puleva, S.A., as well as the loan related to the Riviana Group, a series of rations must be met calculated based on the consolidated financial statements of the Ebro Puleva Group or the aggregate Riviana/NWPC, respectively. In the event of failure to meet the ratios, finance costs will be increased and, on a case-by-case basis, the loan can be called ahead of maturity. At December 31, 2008, all the ratios have been met.

23. OTHER NON-FINANCIAL PAYABLES

This caption corresponds to various debts for immaterial amounts.

24. TRADE AND OTHER PAYABLES

The breakdown of this heading is the following (in thousands of euros):

	12/31/2008	12/31/2007
Trade payables	521,947	510,333
Other payables	36,960	42,722
Employee benefits payable	40,624	41,836
Guarantees and deposits received	327	27
	599,858	**594,918**
Reclassification to Non-current assets held for sale (Note 7)	(155,372)	
TOTAL	**444,486**	

Trade receivables are non-interest bearing and are generally on 60-90 days' terms. Other payables are also non-interest bearing, with average maturity of six months. These mainly correspond to payables on purchases of property, plant and equipment, payables for customer discounts and bonuses and liabilities for commercial media and marketing.

25. TAX SITUATION

The breakdown by of tax receivables and payables at December 31, 2008 and 2007 is the following (in thousands of euros):

	Receivable		Payable	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007
VAT and income tax withholding payable to the Treasury	51,373	49,939	6,772	11,130
Corporate income tax	2,087	10,956		
Social security costs	5	5	1,910	2,687
Grants pending receipt	6,626	1,361		
Other public bodies	1,778	1,165	8,181	63,288
Total public bodies	**61,869**	**63,426**	**16,863**	**77,105**
Corporate income tax	**1,508**	**10,677**	**16,017**	**7,990**

Balances at December 31, 2007 included the sugar business that was discontinued in 2008 (Note 7). The most significant matter related to the comparison between these balances in 2008 and 2007 is that under "Other payables to public administrations" in 2007, the "Restructuring fee" is included that, in view of the CMO sugar reform, was implemented at year end 2005 to replace the "production quota" and new payment periods were established. Consequently, the majority of the aforementioned fee is paid in the following year, but in 2008, this balance was reclassified to non-current liabilities held for sale.

Within the consolidated Group, some companies file consolidated tax statements in accordance with local laws or tax standards. These include virtually all the Spanish companies (Spanish tax group), the companies of the America rice and food business – Riviana and those of the pasta business – Panzani.

In addition, the tax rates vary across countries. Rates in order of importance are: 30% in Spain in 2008 (35% in 2006 and previous years and 32.5% in 2007), 34.93% in France, 37.5% in the US, 30% in Germany and 30-31% in Central America. The effect of tax rates above or below 30% is recognized in the specific heading "Effect of applying differing tax rates".

The breakdown of consolidated Group tax for the year ended December 31, 2008 and 2007 is the following (in thousands of euros):

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

	12/31/08		12/31/07	
	Accounting	Taxable	Accounting	Taxable
Profit (loss) before tax from continuing operations	**103,454**	**103,454**	**82,851**	**82,851**
Profit (loss) before tax from discontinued operations (Nota 7)	**79,766**	**79,766**	**41,404**	**41,404**
Reclassification to expense for goodwill impairment	**6,827**	**6,827**	**7,805**	**7,805**
Profit (loss) before tax recognized in equity (Note 20.6)	**(14,260)**	**(14,260)**	**(101)**	**(101)**
Exchange rate hedge recorded in translation differences	**(24,723)**	**(24,723)**	**50,400**	**50,400**
	151,064	**151,064**	**182,359**	**182,359**
Permanent differences from Group companies	(19,027)	(19,027)	(6,919)	(6,919)
Permanent differences from consolidation adjustments and tax rates	7,177	7,177	(6,679)	(6,679)
Carryforward losses arising during the year	8,520	8,520	458	458
Application of individual loss carryforwards	(75)	(75)	(662)	(662)
Adjusted accounting profit (loss)	**147,659**	**147,659**	**168,557**	**168,557**
Temporary differences from Group companies		(1,792)		(120,547)
Temporary differences from consolidation adjustments		27,730		(3,042)
Carryforward losses arising during the year		1,042		4,378
Application of loss carryforwards from subsidiaries		(24,459)		0
Adjusted tax results	**147,659**	**150,180**	**168,557**	**49,346**
Effect of applying differing tax rates	10,769	10,769	4,486	4,486
Taxable profit (loss) of the tax group	**158,428**	**160,949**	**173,043**	**53,832**
Tax expense in 2008 at 30% rate (32.5% in 2007)	47,528	48,285	56,239	17,495
Deductions applied	(2,743)	(5,144)	(4,294)	(4,368)
Tax payable	**44,785**	**43,141**	**51,945**	**13,127**
Write-off of prior year's tax	200		5,401	
Write-off of deferred taxes	0		(1,167)	
Tax inspections corresponding to the Spanish tax group	518		(245)	
Reclassification to expense for goodwill impairment	(6,827)		(7,805)	
Regularization of corporation income tax payable for prior year and tax rate differences		(205)		(2,792)
Total expense	**38,676**	**42,936**	**48,129**	**10,335**
Tax expense from continuing operations	29,549		20,629	
Tax expense from discontinued operations	21,801		11,153	
Income tax expense recognized in equity	-5,257		-33	
Income tax expense recorded in translation differences	-7,417		16,380	
	38,676		**48,129**	

Consolidated income statement	**12/31/08**	**12/31/07**
Current income tax (continuing operations)	17,296	4,965
Current income tax (discontinued operations)	25,845	8,162
Deferred income tax	6,901	38,818
Reclassification to expense for goodwill impairment	-6,827	-7,805
Deferred tax expense in equity	-5,257	0
Adjustments in respect of current income tax of previous year	200	5,401
Adjustments of deferred tax liabilities net of change in tax rates	0	-1,167
Tax assessments corresponding to the Spanish tax group	518	-245
	38,676	**48,129**

Income tax recognized directly in equity	**12/31/08**	**12/31/07**
Proceeds on sale of treasury shares		-33
Change in actuarial gains and losses	-5,257	0
	-5,257	**-33**

"Exchange rate hedge recorded in translation differences" corresponds to the effect of exchange rate differences recorded directly in translation differences arising from the hedge of a loan in dollars relating to investments in Riviana and NWPC (Note 28).

The total tax expense less withholdings and prepayments made in the year leave a total income tax payable to the treasury.

Temporary differences for 2008 (2007) correspond to:

- Net increase of 24,723 (2007: decrease of 50,400) thousand euros due to exchange losses (gains in 2007) from hedges on loans in US dollars.
- Increase of 14,260 (zero) thousand euros due to the effects of actuarial changes in pension commitments recognized directly in equity.
- Decrease of 11,591 (24,015) thousand euros for the NWP temporary differences, as described below in this Note.
- Decrease of 20,780 (20,780) thousand euros for the amortization for tax purposes of goodwill generated in the acquisition of foreign companies.
- Increase of 7,500 (7,500) thousand euros for the reversal in 2008 from the second of the four years that they are eligible to take the deduction made in 2006 due to the investment in NWP.
- Decrease of 15,904 (32,852) thousand euros, primarily for amortization for tax purposes of brand names and transactions by various companies arising and/or applied for tax purposes for reversed and/or allocated provisions in the year, for allocations and/or reversals to/from provisions for assets and other cancelled risks and financial investments which may or may not qualify for deduction in this year.

The temporary differences generated by consolidation adjustments in 2008 relate mainly to the elimination of profit on the intergroup sale of investment properties and the elimination of provisions for investments among group companies.

Permanent differences correspond principally to the monetary adjustment of investment property sold in the year, to unreversed tax expenses, the application, for tax purposes, of investment losses, and the reversal of certain provisions that did not have a tax effect when they were allocated in prior years. Lastly, permanent differences from consolidation adjustments related primarily to the elimination of provisions between companies of subgroups that belong to the same tax group, and also in 2008, to the elimination of intergroup results from companies consolidated using the equity method and to the effects of the disposal of assets acquired in prior years in business combinations.

Deductions from tax payable correspond principally to investments in environmental activities, the development of new products and reinvestment of profits in the sale of investment property.

The amount that must be reinvested to be eligible for deductions for reinvestment is 16.2 million euros in 2008. This amount was previously reinvested by the Spanish tax group in 2008 (11.2; 76.3; 87; 65; 25 and 33.6 million euros, respectively, since 2002, amounts which were already reinvested by the tax group during those years). In addition, the Company has met all other requirements necessary to take these deductions.

The movement in deferred tax assets and liabilities for the years ended December 31, 2008 and 2007 is the following (in thousands of euros):

	12/31/08		12/31/07	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Balance at January 1	**73,107**	**140,031**	**80,578**	**102,763**
Transfer of balances with public administrations	6,082	0	0	0
Exchange differences	(54)	1,146	(526)	(2,571)
Changes in consolidation Scope	88	2,217	257	6,557
Disposals related to the sale of companies	(13)	(1,492)	0	0
Accrued/Applied during the year	(2,180)	(2,642)	(7,253)	24,218
Adjustments due to changes in tax rates	0	0	(144)	(1,311)
Other prior year adjustments	(254)	(783)	195	10,375
Balance at December 31	**76,776**	**138,477**	**73,107**	**140,031**
Reclassification to Non-current assets held for sale (Note 7)	(30,088)	(2,278)		
Balance at December 31	**46,688**	**136,199**		

Corrections in 2007 are primarily attributed to the 9,187 thousand euros of increased tax liability as a result of the deduction for the foreign investment of the acquisition of NWP (see previous paragraph related to temporary differences).

The breakdown of deferred tax assets and liabilities into the most significant headings at December 31, 2008 is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

	12/31/2008	
	Deferred tax assets and liabilities	
	Assets	Liabilities
Property, plant and equipment	5,410	60,861
Investment properties	7,245	62
Goodwill	10,321	29.707
Other intangible assets	6,145	30.394
Inventories	464	2.235
Trade receivables and accruals on assets	0	195
Pensions and similar commitments	32,344	(2,545)
Other non-current provisions	13,789	1,186
Payables and accruals on liabilities	9,488	3,531
Tax credits relating to deductions	394	0
Tax credits for loss carryforwards	33,941	0
Accrued tax benefits	0	4,500
Provisions and capital gains related to tax group investments	1,129	17,305
	120,670	**147,431**
Provision for deferred taxes	(43,894)	(8,954)
TOTAL	**76,776**	**138,477**
Reclassified to non-current assets and liabilities held for sale (Note 7)	(30,088)	(2,278)
TOTAL	**46,688**	**136,199**

These provisions correspond entirely to NWPC in the net amount of 34,940 thousand euros. In 2008 (2007), the subsidiary NWPC (USA) applied tax credits for loss carryforwards and other concepts amounting to 8,963 and 11,591 (2007: zero and 24,015) thousand euros respectively and therefore its current tax was 3,029 (zero) thousand euros. After applying these carryforwards, the maximum amount of tax carryforwards from prior years pending application could be 31 million euros, which were fully provided for in the acquisition balance sheet for this company given: Uncertainty regarding the future recoverability of these tax credits related to their availability given certain legal limitations in their local regulations and as they are pending authorization by the tax authorities in that country. Finally, in accordance with IAS 12, tax expense related to this subsidiary in 2008 (2007) was reclassified as impairment of goodwill amounting to 6,827 (7,805) thousand euros (Note 14).

At December 31, 2008 (2007) the loss carryforwards pending application of group companies, except the aforementioned related to NWPC, amounted to 6 (19) million euros, and can be applied over a period of 15 years. In 2008 15 million euros of the Spanish tax group's loss carryforwards from 2007 were applied.

In addition, the Ebro Puleva Tax Group is open to inspection of all taxes to which it is liable since 2004. The remaining Group companies are open to inspection of the taxes and for the years stipulated by local tax laws and have not been inspected previously, the majority since 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

26. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of between 3 and 5 years, with no renewal option included in the contracts. There are no restrictions placed on the Group by entering into these leases. Future minimum rentals payable under non-cancelable operating leases as at December 31, 2008 are as follows:

	12/31/08	12/31/07
Within one year	10,705	10,947
After one year but not more than five years	13,838	14,573
More than five years	2,259	3,250
TOTAL	**26,802**	**28,770**

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. These leases have an average life of between 3 and 5 years, with no renewal option included in the contracts. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancelable operating leases as at December 31, 2008 are as follows:

	12/31/08	12/31/07
Within one year	612	168
After one year but not more than five years	639	617
More than five years	0	25
TOTAL	**1,251**	**810**

Capital commitments

At December 31, 2008 (2007) the Group has commitments of 40,000 (30,000) thousand euros relating to the acquisition or replacement of machinery (not including the discontinued sugar business).

Inventory commitments

See details in Note 15.

Legal claims

See details in Note 21.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

Guarantees

At year end 2008, the Group had the following bank guarantees:

	12/31/08	12/31/07
From banks: For claims before tax courts and public bodies for deferral of tax liabilities (Note 21.3)	76,098	126,056
From banks: Before the F.E.G.A. customs and third parties to guarantee completion of normal trade transactions	52,691	45,839
Other bank guarantees	6,618	24,786
Before banks to guarantee completion of transactions of associates and non-Group companies	60,907	62,969
TOTAL	**196,314**	**259,650**

The most significant guarantee given to banks to cover the transactions of associates corresponds to the guarantee given by Ebro Puleva, S.A. on behalf of associate Biocarburantes de Castilla y León, S.A. for the syndicated loan signed by the latter with several financial institutions in November 2004 and renewed in 2007. This loan was intended to finance said company's biofuel factory project as well as for borrowing facilities to finance working capital. The total amount of the syndicated loan pending repayment and the drawn-down borrowing facilities to finance working capital at December 31, 2008 net of the available cash balance was 121 million euros, 50% of which is guaranteed by the shareholders of Biocarburantes de Castilla y León, S.A. Consequently, the maximum amount guaranteed by Ebro Puleva, S.A. is 60.5 (62.5 in 2007) million euros.

With respect to “Other bank guarantees,” to ensure compliance with contractual guarantees, a bank guarantee was arranged amounting to 5,160 thousand US dollars (3,918 thousand euros) which was reduced to 860 thousand US dollars (618 thousand euros) in 2008 to cover guarantees given to a buyer in the sale of the Guatemalan subsidiaries business. This type of guarantee covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale or within first three years as of the date of the sale (up to August 10, 2009). In addition, there are guarantees for 6 million euros for the Alagón land transaction (Note 11).

Finally, Panzani Group credit facilities, up to a limit of 142 (129) million euros, are guaranteed by accounts receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

27. RELATED PARTY DISCLOSURES

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables except that indicated in Note 26 related to Biocarburantes de Castilla y León, S.A.

For the year ended December 31, 2008, the Group has not made any provision for doubtful debts relating to amounts owned by related parties (2007: zero). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

27.1 Related party disclosures – transactions with majority shareholders (or related parties) of Ebro Puleva, S.A., excluding directors.

Note 18.1 lists the companies with significant shares in Ebro Puleva, S.A. (parent company of the Ebro Puleva Group).

The summary of transactions, excluding dividends, of any Ebro Puleva Group company with these majority shareholders (except for those directors which are shown in Note 27.2), is the following:

Majority shareholders' name or company name	Group companies	Type of transaction	Amount (thousands of euros) 2008	Amount (thousands of euros) 2007
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	510	411
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Purchase of goods (finished or other)	7,294	4,820
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Purchase of material goods, intangible or other assets	1	4
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Services received	280	211
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Hernández Barrera Servicios)	HERBA RICEMILLS, S.L.U.	Services received	233	224
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Services rendered	---	3
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Leases to Herba Ricemills	86	65
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Leases to Herba Ricemills	---	10
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	Other income Civil liability insurance	---	6
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Dehesa Norte, S.A.)	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	529	406
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Dehesa Norte, S.A.)	HERBA RICEMILLS, S.L.U.	Purchase of goods (finished or other)	540	427
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Dehesa Norte, S.A.)	HERBA RICEMILLS, S.L.U.	Services rendered	---	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

Majority shareholders' name or company name	Group companies	Type of transaction	Amount (thousands of euros) 2008	Amount (thousands of euros) 2007
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Islasur, S.A.)	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	520	435
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Islasur, S.A.)	HERBA RICEMILLS, S.L.U.	Purchase of goods (finished or other)	540	452
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Islasur, S.A.)	HERBA RICEMILLS, S.L.U.	Other income Civil liability insurance	---	4
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Australian Commodities, S.A.)	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	610	424
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Australian Commodities, S.A.)	HERBA RICEMILLS, S.L.U.	Purchase of goods (finished or other)	624	437
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (El Cobujón, S.A.)	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	513	401
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (El Cobujón, S.A.)	HERBA RICEMILLS, S.L.U.	Purchase of goods (finished or other)	527	414
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Mundiarroz, S.A.)	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	530	446
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Mundiarroz, S.A.)	HERBA RICEMILLS, S.L.U.	Purchase of goods (finished or other)	544	458
Instituto Hispánico del Arroz, S.A. (Prorrio, S.A.)	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	---	157
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Prorrio, S.A.)	HERBA RICEMILLS, S.L.U.	Purchase of goods (finished or other)	---	163
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Pesquería Isla Mayor, S.A.)	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	626	439
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Pesquería Isla Mayor, S.A.)	HERBA RICEMILLS, S.L.U.	Purchase of goods (finished or other)	638	452
INSTITUTO HISPÁNICO DEL ARROZ, S.A. (Pesquería Isla Mayor, S.A.)	HERBA RICEMILLS, S.L.U.	Other income Civil liability insurance	---	6
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA NUTRICIÓN S.A.U.	Sale of goods (finished or other)	1	---
INSTITUTO HISPÁNICO DEL ARROZ, S.A (Dehesa Norte, S.A.)	HERBA NUTRICIÓN S.A.U.	Sale of goods (finished or other)	1	---
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	Services received	50	50
SOCIEDAD ANÓNIMA DAMM Cerbedam, S.L.	LACTIMILK, S.A.	Sale of goods (finished or other)	---	5
SOCIEDAD ANÓNIMA DAMM (Cerbedam, S.L.)	PULEVA FOOD, S.L.U.	Sale of goods (finished or other)	49	56
SOCIEDAD ANÓNIMA DAMM (Cerbeleva, S.L.)	PULEVA FOOD, S.L.U.	Sale of goods (finished or other)	55	60
SOCIEDAD ANÓNIMA DAMM (Distridam, S.L.)	PULEVA FOOD, S.L.U.	Sale of goods (finished or other)	535	285
SOCIEDAD ANÓNIMA DAMM (Font Salem, S.L.)	AZUCARERA EBRO, S.L.U.	Sale of goods (finished or other)	---	1,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

Majority shareholders' name or company name	Group companies	Type of transaction	Amount (thousands of euros) 2008	Amount (thousands of euros) 2007
SOCIEDAD ANÓNIMA, DAMM (Font Salem, S.L.)	NUEVA COMERCIAL AZUCARERA, S.A.	Sale of goods (finished or other)	4,078	2,499
SOCIEDAD ANÓNIMA, DAMM (Estrella de Levante)	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	393	216
SOCIEDAD ANÓNIMA, DAMM	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	2,266	2,091
SOCIEDAD ANÓNIMA, DAMM (Plataforma Continental, S.L.)	HERBA RICEMILLS, S.L.U.	Sale of goods (finished or other)	244	82

27.2 Related party disclosures – transactions with directors and executives (or related parties) of Ebro Puleva, S.A.

The summary of transactions, excluding dividends, with directors and executives of Ebro Puleva, S.A. is the following:

Director or executive's name or company name	Group companies	Type of transaction	Amount (thousands of euros) 2008	Amount (thousands of euros) 2007
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Guarantees	Drawable amount: 6,000 Amount drawn: 6,000	Drawable amount: 6,000 Amount drawn: 6,000
CAJA DE AHORROS DE SALAMANCA Y SORIA	AGROTEO, S.A.	Other transactions (advances beet harvest)	Drawable amount: 0 Amount drawn: 1,713	Drawable amount: 0 Amount drawn :869
CAJA DE AHORROS DE SALAMANCA Y SORIA	EBRO PULEVA, S.A.	Financing agreements: loans Borrower	Drawable amount: 55,792 Amount drawn: 55,792	Drawable amount: 52,746 Amount drawn: 52,746
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	Guarantees	Drawable amount: 13,823 Amount drawn: 1,918	Drawable amount: 13,823 Amount drawn: 7,620
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	Financing agreements: loans Borrower	Drawable amount: 31,000 Amount drawn: 8,736	Drawable amount: 31,000 Amount drawn: 1,116
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: loans Borrower	Drawable amount: 10,855 Amount drawn: 10,855	Drawable amount: 12,335 Amount drawn: 12,327
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: other Borrower	Drawable amount: 10,000 Amount drawn: 8,441	Drawable amount: 10,000 Amount drawn: 936
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: loans Borrower	Drawable amount: 20,375 Amount drawn: 20,375	Drawable amount: 23,153 Amount drawn: 23,153
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: loans Borrower	Drawable amount: 5,000 Amount drawn: 229	---
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	AGROTEO, S.A.	Financing agreements: loans Borrower	Drawable amount: 99 Amount drawn: 99	Drawable amount: 127 Amount drawn: 127
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A.	Financing agreements: loans Borrower	Drawable amount: 27,927 Amount drawn: 27,927	Drawable amount: 26,371 Amount drawn: 26,371

Director or executive's name or company name	Group companies	Type of transaction	Amount (thousands of euros) 2008	Amount (thousands of euros) 2007
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A.	Financing agreements: loans Borrower	Drawable amount: 6,000 Amount drawn: 3,880	Drawable amount: 6,000 Amount drawn: 32
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	AZUCARERA EBRO, S.L.U.	Financing agreements: loans Borrower	Drawable amount: 46,000 Amount drawn: 26,164	Drawable amount: 46,000 Amount drawn: 20,500
CAJA ESPAÑA DE INVERSIONES CAJA DE AHORROS Y MONTE DE PIEDAD	AZUCARERA EBRO, S.L.U.	Financing agreements: loans Borrower	---	Drawable amount: 0 Amount drawn: 20,000
JUAN DOMINGO ORTEGA MARTÍNEZ (Quesos Forlasa, S.A.)	PULEVA FOOD, S.L.U.	Sale of goods (finished or other)	---	569

27.3 Other related party disclosures – transactions with shareholders and directors/executives: dividends received from Ebro Puleva, S.A.

The following dividends were distributed in 2008 in accordance with Ebro Puleva, S.A.'s general dividend policy described in Note 18:

Dividends 2008
- Dividends paid to majority shareholders (in thousands of euros): 14,677
- Dividends paid to directors and executives (in thousands of euros): 11,594

Dividends 2007
- Dividends paid to majority shareholders (in thousands of euros): 14,079
- Dividends paid to directors and executives (in thousands of euros): 11,592

27.4 Transactions related to other companies in the Ebro Puleva Group which are not eliminated in the preparation of consolidated financial statements and are not part of the companies' ordinary business

Note 4 provides the list of subsidiaries and associates that make up the Ebro Puleva Group.

The transactions with non-consolidated Group companies and associates carried out during the year are not significant, except for those described in Notes 12 and 26 relating to loans and guarantees granted by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A.

The summary of transactions with associates is the following (in thousands of euros):

Group company name	Type of transaction	Amount (thousands of euros) 2008	Amount (thousands of euros) 2007
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Financing agreements: Subordinated loans	12,117	2,946
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	Guarantees	54,966	62,500

27.5 Related party disclosures – transactions between the Ebro Puleva Group companies and Puleva Biotech Group

This caption describes the relevant transactions involving the transfer of resources during 2008 between the Biotech Group and the following wholly owned associates of its majority shareholder, Ebro Puleva, S.A.

Since Puleva Biotech, S.A. does not have all of the same shareholders as the parent company Ebro Puleva, S.A., which is likewise a listed company, a potential conflict of interests could eventually arise. Consequently, the contractual conditions by which the economic relationships between Ebro Puleva and Puleva Biotech Group companies are governed must be strictly arms length to ensure that no situation may arise that would be detrimental to the minority shareholders of either party, which do not take part in the decision-making process since they are not on the Boards of Directors of the contracting companies

In 2008, Puleva Biotech, S.A. and Española de I+D, S.A. have signed a contract or executed several contracts with the Ebro Puleva Group companies referred to above.

1. R+D+I service contract between Puleva Food, S.L. and Puleva Biotech, S.A.

In 2008, Puleva Biotech, S.A. continued to provide R+D+I services to Puleva Food, S.L. under the terms of separate contracts signed by the parties for each project. These contracts are part of the framework contract signed in 2001, for carrying out these services. The majority of these contracts are extensions of others subscribed in 2004. The projects include the following categories:

- Clinical and nutritional analysis
- Development of new packaging technologies
- New product development
- Quality assurance and food safety
- Product reformulation and ingredient approval

In addition, in 2008 Puleva Food, S.L. acquired a volume of 218,168 kilograms of functional fats (omega3) EPA and DHA manufactured in the industrial plant operated by Puleva Biotech, S.A. in Granada.

The net amount invoiced to Puleva Food, S.L. for products sold and services rendered by Puleva Biotech in 2008 amounted to 5,370 thousand euros.

In addition, Puleva Food, S.L. is the supplier of certain goods and services of Puleva Biotech, i.e. the rental of offices and warehouses in the normal course of business, certain supplies for manufacturing installations, etc.

2.- Contract between Herba Ricemills, S.L. and Puleva Biotech, S.A.

In 2003, Puleva Biotech, S.A. and Herba Ricemills, S.L.U. signed several agreements governing R&D services rendered by Puleva Biotech, S.A. to Herba Ricemills, S.L. These services related to Herba Ricemills' activities.

Those agreements were settled given that in 2007, Herba Ricemills, S.L. (hereinafter Herba) decided to restructure their R+D activities, including the teams from Puleva Biotech, S.A., Española de I+D, S.A. and Herba in a business combination, to carry out an R&D&I project called "Research and Technological Development in the Cereal and Derivatives Sector: Scientific and Technological Fundamentals and the new improved range of starchy products" (Cereals Project). For that purpose, on February 22, 2007, a joint venture ("acuerdo de consorcio") was signed in which Herba, as the company leading the Project, assumed all expenses and investments made by the collaborating companies in carrying out the Project, plus the corresponding profit margin. In 2008, that agreement continued to govern contractual relations between the companies.

This joint venture was established subject to receiving economic aid requested from the Corporación Tecnológica de Andalucía (CTA), and that aid was granted by CTA in a decision issued on May 8, 2007. Herba will pay 50% of the contribution to CTA made by Puleva Biotech.

In 2008 Puleva Biotech, S.A. invoiced Herba Ricemills, S.L. for 680 thousand euros for expenses incurred in the Cereals Project which included an agreed-upon 10% industrial margin and 125 thousand euros corresponding to half of the contribution to CTA that Puleva Biotech, S.A. had made in 2008.

3.- Contract between Herba Ricemills, S.L. and Española de I+D, S.A.

In keeping with the Consortium Agreement for the R&D&I project presented to the Corporación Tecnológica de Andalucía and the Agencia de Innovación y Desarrollo de Andalucía signed on February 22, 2007, and the Addenda to that consortium agreement for the R&D&I project approved by the Corporación Tecnológica de Andalucía, "Exploitation Conditions", signed on September 24, 2007, Española de I+D, S.A. has been contributing to the Project, in accordance with the scientific, technical and staff specifications of the agreement, research and development work, means, and services included in the framework of the activity which is its corporate purpose.

Herba Ricemills, S.L.U., as the leading company in the consortium and the coordinator of the Cereals Project, pays all costs incurred in carrying out and developing the project within the framework set forth as budget incentives by the CTA in its resolution dated May 8, 2007.

In 2008, the value of services provided to Herba Ricemills, S.L. by Española de I+D was 850 thousand euros.

4.- Other.

Exxentia, Grupo Fitoterapéutico, S.A. sold extracts to Puleva Food, S.L.U. amounting to 271 thousand euros in 2008.

In 2008 Puleva Biotech group companies invoiced four thousand euros in product sales to S&B Herba Foods and two thousand euros for services rendered to Panzani, SAS.

There are current account contracts with Puleva Food, S.L. and Ebro Puleva, S.A. Any balances from cash loans or borrowings between these companies and Puleva Biotech, S.A. by virtue of the aforementioned contracts earn interest at market rates. In 2008, the 298 thousand euro net balance of finance costs and income was favorable to Puleva Food, S.L.U.

The net amount invoiced for sale of goods and services rendered by the subsidiaries of Puleva Biotech, S.A. to Puleva Food, S.L.U. in 2008 was 5,642 thousand euros. The net amount invoiced for sale of goods and services rendered by the subsidiaries of Puleva Biotech, S.A. to subsidiaries wholly owned by Ebro Puleva, S.A. in 2008 was 7,177 thousand euros.

The volume of invoicing for goods and services of the above-mentioned companies comprises 38% of net turnover for Puleva Biotech, S.A Group.

27.6 Related parties – Key management personnel

Directors' compensation - The breakdown of total compensation paid to the directors of Ebro Puleva, S.A. in all the companies of the Group during 2008 and 2007 totaled 4,680 and 4,675 thousand euros respectively, as per the following breakdown (in thousands of euros):

BOARD OF DIRECTORS' REMUNERATION AND OTHER BENEFITS	**2008**	**2007**
RETRIBUTION ITEMS		
Expenses	267	279
By-law stipulated profit-sharing	2,055	2,055
Total external board members	**2,322**	**2,334**
Wages, salaries and professional fees	2,358	2,341
Termination benefits	0	0
Total executive directors	**2,358**	**2,341**
TOTAL COMPENSATION	**4,680**	**4,675**
OTHER BENEFITS		
Life and retirement insurance	156	151

The current bylaws of the Company establish a share of 2.5% in the net profit for the year, provided that the legal reserve has been covered and the necessary amount has been set aside to pay the shareholders a dividend of 4% of the share capital.

Ebro Puleva's Board of Directors, at their meeting on February 26, 2009, decided to propose, for the second consecutive year that 2008 by-law stipulated profit-sahring be maintained at their 2007 and 2006 amounts (€2,055,000), which will mean proposing to the General Shareholders' Meeting that 1.57% of consolidated profits attributed to the company in 2008 be applied. They also decided to maintain travel expenses at the amount of 1,400 euros for attending the Ebro Puleva Board meeting and 700 euros for attending various commissions (a 2008 total of €253 thousand euros). Travel expenses for attending the 2010 Dosbio and the Puleva Biotech Board meeting were set at 700 euros, a total amount of €11,200 in Dosbio and €33.000 in Puleva Biotech. Of these figures, the directors of these subsidiaries who belong to the Ebro Puleva, S.A. Board of Directors earned 15,000 euros. Therefore, the total amount of fees earned in 2008 by the directors of the parent company and two aforementioned subsidiaries of Ebro Puleva, S.A. was 267 thousand euros.

In 2006, the Chairman, Mr. Antonio Hernández Callejas, notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit, equal to two years' gross annual remuneration

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what he would have normally received under prevailing employment legislation in Spain.

Mr. Eugenio Ruiz-Gálvez Priego, Chief Executive of Azucarera Ebro, (subsidiary of the parent company Ebro Puleva, of which he is also a Board member), has foregone his entitlement to the safeguard clause originally included in his contract, which consisted of a termination benefit of two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal to all forms of remuneration pending collection up to the age of 65, which will decrease in amount and cease to be paid when he reaches said age, at which time he may remain employed by the company if both parties so desire.

One Board member who has executive duties within the Company are beneficiaries of a supplementary life and retirement insurance policy, amounting to 156 in 2008 (151 in 2007) thousand euros annually, in accordance with the Company's bylaws.

The Company has not granted any loans or advances to Board members or furnished any guarantees or sureties on their behalf.

<u>Article 127 ter, paragraph 4, TRLSA.</u> - In accordance with article 127 ter, paragraph 4, of the Revised Text of the Spanish Corporation Law, this note of the Notes to the Consolidated Financial statements includes the information that the directors, in compliance with their duty of loyalty, have communicated to the Company with respect to the shares and positions they hold in companies whose activity is identical, similar or complementary to that of Ebro Puleva, S.A., irrespective of whether said companies belong to the Ebro Puleva Group:

- Antonio Hernández Callejas:
  - Direct 16.666% shareholding in Instituto Hispánico del Arroz, S.A. He does not hold any position.
  - Indirect 3.62% shareholding in Casarone Agroindustrial, S.A. He does not hold any position.

- Mr. Félix Hernández Callejas:
  - Direct 16.666% shareholding in Instituto Hispánico del Arroz, S.A. He does not hold any position.
  - Indirect 3.620% shareholding in Casarone Agroindustrial. He does not hold any position.
  - Direct 0.002% shareholding in Rivera del Arroz, S.A. He is a Board member.
  - Direct 0.0002% shareholding in Mundi Riz, S.A. He is a Board member.

- Blanca Hernández Rodríguez:
  - Direct 16.666% shareholding in Instituto Hispánico del Arroz, S.A. She does not hold any position.
  - Indirect 3.020% shareholding in Casarone Agroindustrial, S.A. She does not hold any position.

Mr. Antonio Hernández Callejas, Mr. Félix Hernández Callejas and Ms. Blanca Hernández Rodríguez hold indirect shareholdings in Ebro Puleva, S.A. through a shareholding of 15.344% in the company held by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

- Caja de Ahorros de Salamanca y Soria.
  - 40% shareholding in Barrancarnes Industrial. Member of the Board of Directors.

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- 40% shareholding in Jamones Burgaleses, S.A. Member of the Board of Directors.
- 41.290% shareholding in Leonesa Astur de Piensos, S.A. Member of the Board of Directors.
- 27.0101% shareholding in Divaq Diproteg, S.A. Member of the Board of Directors.
- 50% shareholding in Marcos Soterrano, S.A. It does not hold any position.
- 26.469% shareholding in Qualia Lácteos, S.L. It does not hold any position.

➢ Caja España de Inversiones y Montes de Piedad

- 100% shareholding in Campo de Inversiones, S.A. Member of the Board of Directors.

➢ Juan Domingo Ortega Martínez:

- Indirect 60.69% shareholding in Quesos Forlasa, S.A. He is a representative of Forlasa Alimentación, S.L., which is the Chief Executive of the former.
- He directly owns 60.84% of Forlasa Alimentación, S.L. He holds the position of Chief Executive.
- He indirectly owns 59.85% of Forlactaria Operadores Lecheros, S.A. He holds the position of Chairman of the Board of Directors.

The following chart depicts the positions held by the directors in other Ebro Puleva Group companies in which none of them hold a direct share:

Name of Board member	Ebro Puleva Group company	Position
Don José Barreiro Seoane	Dosbio 2010, S.L.U.	Board member
Don Jaime Carbó Fernández	Panzani, S.A.S.	Board member
Don Jaime Carbó Fernández	Dosbio 2010, S.L.U.	Board member
Don Jaime Carbó Fernández	Riviana Foods, Inc.	Board member
Don Jaime Carbó Fernández	Ebro America, inc.	Board member
Don Jaime Carbó Fernández	El Castillo Debic Food Service, S.L.	Board member
Don Jaime Carbó Fernández	New World Pasta Company	Board member
Don Jaime Carbó Fernández	N&C Boost, N.V.	Board member
Don Jaime Carbó Fernández	Boost Nutrition, C.V:	Board member
Don Jaime Carbó Fernández	Herba Germany GMBH	Joint and several director
Don Fernando Castelló Clemente	Castillo Castelló, S.A.	Chairman
Don Fernando Castelló Clemente	El Castillo Debic Food Service, S.L.	Chairman
Don Fernando Castelló Clemente	Lactimilk, S.A.	Chairman
Don Antonio Hernández Callejas	Panzani, S.A.S.	Board member
Don Antonio Hernández Callejas	New World Pasta Company	Board member
Don Antonio Hernández Callejas	Riviana Foods, Inc.	Board member
Don Antonio Hernández Callejas	Dosbio 2010, S.L.U.	Chairman
Don Antonio Hernández Callejas	Puleva Biotech, S.A.	Board member
Don Antonio Hernández Callejas	Azucarera Ebro, S.L.U.	Chairman
Don Antonio Hernández Callejas	Ebro America, Inc.	Chairman
Don Antonio Hernández Callejas	N&C Boost, N.V.	Board member
Don Antonio Hernández Callejas	Boost Nutrition, C.V:	Board member
Don Antonio Hernández Callejas	Danrice, A/S	Board member
Don Antonio Hernández Callejas	Josehp Heap&Sons Limited	Board member
Don Antonio Hernández Callejas	S&Herba Foods Limited	Board member
Don Antonio Hernández Callejas	Anglo Australian Rice Limited	Board member
Don Antonio Hernández Callejas	Vogan & Co Limited	Board member
Don Antonio Hernández Callejas	A W Mellish Limited	Joint and several director

Name of Board member	Ebro Puleva Group company	Position
Don Antonio Hernández Callejas	Josehp Heap Property Limited	Joint and several director
Don Antonio Hernández Callejas	Heap Comet Limited	Joint and several director
Don Antonio Hernández Callejas	Herba Germany GMBH	Joint and several director
Don Antonio Hernández Callejas	Arrozeiras Mudiarroz, S.A.	Chairman
Don Félix Hernández Callejas	Herba Ricemills, S.L.U	Chief Executive Officer
Don Félix Hernández Callejas	Herba Foods, S.L.U.	Joint and several director
Don Félix Hernández Callejas	Herba Nutrición, S.L.U.	Joint and several director
Don Félix Hernández Callejas	Fallera Nutrición, S.L.U.	Joint and several director
Don Félix Hernández Callejas	Nuratri, S.L.U.	Joint and several director
Don Félix Hernández Callejas	Nutrial, S.L.U.	Joint and several director
Don Félix Hernández Callejas	Nutramas, S.L.U.	Joint and several director
Don Félix Hernández Callejas	Pronatur, S.L.U.	Joint and several director
Don Félix Hernández Callejas	Vitasan, S.L.U.	Joint and several director
Don Félix Hernández Callejas	Risella, Oy	Board member
Don Félix Hernández Callejas	S&B Herba Foods, Ltd.	Board member
Don Félix Hernández Callejas	Anglo Australian Rice, Ltd.	Board member
Don Félix Hernández Callejas	Joseph Heap&Sons, Ltd.	Board member
Don Félix Hernández Callejas	Vogan&Co, Ltd	Board member
Don Félix Hernández Callejas	Danrice A/S	Board member
Don Félix Hernández Callejas	Herba Egypt Ricemills, Co.	Board member
Don Félix Hernández Callejas	Arrozeiras Mundiarroz, S.A.	Board member
Don Félix Hernández Callejas	Riviana Foods, Inc.	Board member
Don Félix Hernández Callejas	Herba de Puerto Rico, LLC	Board member
Don Félix Hernández Callejas	Herto, N.V.	Chairman
Don Félix Hernández Callejas	Boost Nutrition, C.V.	Board member
Don Félix Hernández Callejas	Rivera del Arroz, S.A.	Board member
Don Félix Hernández Callejas	Mundi Riz, S.A.	Board member
Don Félix Hernández Callejas	Herba Rice India, PVT, LTD	Joint and several director
Don Félix Hernández Callejas	Herba Hellas, S.A.	Adjuster
Don Félix Hernández Callejas	Puleva Biotech, S.A.	Board member
Don Félix Hernández Callejas	Española de I+D, S.A.	Board member
Don Juan Domingo Ortega Martínez	Dosbio 2010, S.L.U.	Board member
Don Eugenio Ruiz-Gálvez Priego	Azucarera Ebro, S.L.	Chief Executive Officer
Don Eugenio Ruiz-Gálvez Priego	Compañía de Melazas, S.A.	Vice-chairman
Don Eugenio Ruiz-Gálvez Priego	Nueva Comercial Azucarera, S.A	Chairman

Irrespective of the above, no director has informed the Company that he holds any shareholdings or positions in companies with activities identical, similar or complementary to those of Ebro Puleva, S.A. and its Group companies.

In 2008 and 2007 the directors of Ebro Puleva, S.A. have not carried out any transactions with Ebro Puleva Group companies other than those pertaining to said companies' normal course of businesses or that have not been conducted at arm's length.

Directors' compensation - The management of Ebro Puleva, S.A. at year end 2008 (2007) totaled 7 (7) members, who received total compensation in 2008 (2007) of 1,360 (1,276) thousand euros, of which 1,360 (1,276) thousand euros were in wages and salaries and 0 (0) thousand euros in indemnities.

The contracts of certain directors include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one to three years' annual remuneration. For the remaining cases, indemnities for improper dismissals would be applied as per prevailing employment legislation in Spain.

In addition, in 2006 the Selection and Compensation Committee approved an incentive program for its management team which would enable members to receive a cash amount based on the achievement of the objectives set forth in the Group's Strategic Plan for the period from 2007 to 2009. The Ebro Puleva Group's key management, including Executive Board members, are entitled to benefit from the plan.

The incentive would consist of an amount based on the average annual remuneration received for the period from 2007 to 2009 of each beneficiary, to which a percentage would be applied depending on the degree to which objectives were achieved. Payment of the incentive, which would be made in 2010 (once the previous year's financial statements have been approved by the shareholders), is contingent upon the beneficiaries remaining with the Group until December 31, 2009, as well as meeting EBITDA, EVA and other qualitative objectives established in the Group's Strategic Plan.

In keeping with objectives attained as set forth in the Selection and Compensation Committee's Medium-term Incentives Plan, which was approved by the Ebro Puleva Board of Directors, €2,564,894 (€1,549,856) were allocated in the 2008 consolidated financial statements under "Other provisions" of non-current liabilities (Note 20.1). In accordance with the General Conditions of the Incentive Plan, the abovementioned amount is a provisional estimate recorded for accounting purposes which does not grant the right to collect said amount. That amount, except for cases of death or disability, may be collected only by persons employed by the Company in 2010 when the Ebro Puleva General Shareholders' Meeting approves the 2009 financial statements.

This program is not contingent upon the value of Ebro Puleva shares nor does it entitle the beneficiaries to receive shares or any other such benefits.

Lastly, the parent company has a civil liability insurance policy for directors and managers of Ebro Puleva, S.A. covering all subsidiaries, with a limit on claims per year of 45 million euros, a premium of 84,410 and coverage hasta April 30, 2009. This policy is currently being renewed.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FINANCIAL INSTRUMENTS

The Ebro Puleva Group carries out several actions that enable it to identify, measure, manage and minimize the risks of its main businesses.

The main objective of its risk management policy is to guarantee the value of its assets and the continuing growth of the company. The ultimate aim of its capital management policy is to guarantee a financial structure based on compliance with rules and regulations existing in the countries where the Group operates. The Group's capital management policy also seeks to obtain stable credit ratings and maximize shareholder value. The accompanying consolidated management report includes information on financial leverage.

Risk-related actions extend to the key variables for business management, such as the income statement, debt levels, and investment and to its strategy, enabling the Group to make crucial decisions in order to achieve the objectives indicated above.

The Group was the first in its industry to develop and encourage R&D, environmental and food quality and internal audit. It has committees for environmental and food quality, commercial or counterparty risk, occupational hazard prevention and R&D. These committees are responsible for preventing and mitigating risks.

Beyond general risks affecting any business, there are certain specific risks related to the Group's type of business and how it carries out its business. The main risks and risk-control systems are as follows:

Industry risks

1. Legal / regulatory risk. The Group is subject to a series of legal regulations of various states and international bodies. These regulations establish from production quotas to intervention prices or customs protection. Because of this regulatory risk, the Group's policy entails stable expansion to become more diversified geographically and by product.

   There is also a risk that it will not be able to appropriately protect its brands and intellectual property. To handle this risk, the Company thoroughly monitors its brands and intellectual property, protecting their use before the competent bodies and/or applying for patents where necessary.

2. Environmental and food quality risk. The Group has designed, developed and put into place an environmental management system (EMS) that is UNE-EN-ISO 14 001:2004 standard compliant. It has also defined a quality and food safety management system that complies with the UNE-EN-ISO 9001:2000 standard, certified at most of its production centers in Europe, the US and Canada. In 2008, the pre-cooked meals plants of San Juan de Aznalfarache and Jerez obtained ISO 9001:2000 certification.

   The Group also has a food quality and safety system in place that meets the requirements of the UNE-EN-ISO 17025 standard, endorsed by ENAC for the Spanish subsidiaries. Many of the subsidiaries are Certified Organic Producers. In food safety, the Group has reported no incidents and is still drawing up an HACCP (Hazard Analysis and Critical Control Point) system that meets the requirements of both Spanish and European Union legislation. IFS (International Food Security) certificates have been issued for the majority of the Group's handling processes. Certain initiatives are also underway at the Group aimed at reducing atmospheric gas and waste emissions, improving water quality and reducing sewage waste, and enhancing energy and hydric efficiency, as well as programs to recycle physical waste, such as paper, aluminum and other materials. Also worthy of mention are the GMP (Good Manufacturing Practices program) or the HAACP (Hazard Analysis and Critical Control) programs in place at our American subsidiaries.

   The Company provides appropriate and continuing education on food safety, and work safety and hygiene regulations. Similarly, quality controls are performed by the Group's own and third-party laboratories on its products and production materials.

   Finally, the Group has taken out insurance policies to cover the potential risks related to food safety.

3. Supply risk. Ebro Puleva's business relies on the supply of raw materials such as rice, durum and milk. There is a risk that it will not procure sufficient raw material of the quality that meets the Company's standards at an appropriate price. As a result of this risk, the Company has adopted a two-pronged strategy:

   a. to diversify its supply sources, setting up operations in the main producing markets where this business affords a competitive advantage; and

   b. to enter into long-term sourcing or cooperation agreements with producers considered relevant for the business.

4. Customer concentration risk and credit risk. While the end customer of the Company's products are individual consumers, sales are made to a small number of customers, including large retail chains. The risks arising from this are twofold: 1) the potential loss of product references and 2) potential credit problems of direct customers.

   The Group's policy rests on differentiating its products through innovation and its customer-based focus, backed by leading brands that enable it to find its own niche in distribution lines and among other industrial customers. In addition, with respect to credit risk the Group's policy has always been conservative. It has risk committees that regularly assess the situation, open positions and the automatic alerts placed in the systems, which have historically led to low default rates. The commercial and collection management departments also work together, and based on the credit ratings assigned by the credit insurance companies that operate with the Group, there are insurance policies that ultimately provide guarantees.

   The Group is not exposed to significant concentration of credit risk.

5. Excess capacity risk. The consumer goods sector is exposed to potential excesses in installed capacity, which become particularly evident during the low points in business cycles. The best way to address this type of risk is through a strategy of ongoing product innovation and differentiation, earmarking 3.6% of revenue for advertising spend and investing heavily in R&D&I. The Group also endeavors to adapt and upgrade the structure of production, abandoning assets that are not considered efficient enough (e.g. the Herto or the León plant previously) and investing in new plants (Memphis) or production lines.

Risks specific to the Ebro Puleva Group

1. Risks related to productive assets. The Company's main assets have limited exposure to natural disasters, such as earthquakes or floods. In addition, all Group companies have insurance policies for all their assets, investments, and inventories.

2. Country risk. The company conducts business in some countries considered developing countries. Accordingly, certain investments are exposed to the typical risks of these countries, such as potential political changes that could affect market conditions, restrictions to capital movements, nationalization of assets or currency devaluation. Ebro Puleva has limited operations in these countries, mostly in the form of the positions to optimize supply (basically rice). Because of these potential contingencies, the Company has elected to diversify risks via operations in Europe, North and South America, Asia (Thailand and India) and Africa (Morocco and Egypt).

3. Risk related to the Group's growth strategy. In line with its strategy of becoming the leader in "Meal Solutions", the Group could make certain acquisitions. These acquisitions could have negative implications if the Group fails to fully integrate the companies, brands and processes acquired. Ebro Puleva has a series of procedures for minimizing acquisition risk. The main ones are:

    - Due diligence with renowned firms
    - Negotiation of the final price based on a risk analysis
    - Application for guarantees until litigation is resolved or the liability is clarified
    - Deferred payment or bank guarantee in case of potential contingencies

    In addition, certain investment alternatives (e.g. internal growth) pose a risk if the expected level of success is not achieved. As a result of these risks, a risk analysis is performed for all investment projects before any decisions are made to assess their economic and strategic viability. Investment decisions are made by the appropriate body based on a series of predefined limits. The main projects (i.e. over 2 million euros) require approval by the Board of Directors.

4. Foreign currency risk. Ebro Puleva, S.A. hedges transactions that could be subject to foreign currency risks either via financial derivatives or natural hedges through loan financing with cash flows generated in the same currency (see section on Financial Risks below).

5. Technological risk. The Group, through its biotech and R&D subsidiaries Puleva Biotech, Española de I+D and Crecerpal (Panzani subgroup), supports its main business lines by facilitating product and process development and innovation so they can leverage the commercial launch on the food market of new functional foods, such as Omega 3, and become a benchmark in biotechnology and innovation.

    In line with the Group's philosophy, Puleva Biotech recently acquired Exxentia (see Note 5), which should help it expand and conduct new research projects, as well as broaden its existing product offering.

6. Labor risks. This relates to both attracting human resources and limiting labor risks. Accordingly, the company encourages both personal incentive and remuneration schemes for its main managers linked to results and the improvement in working conditions.

There is a series of protocols to prevent potential claims, including evacuation plans, first aid, etc. There are also specific programs designed to enhance the work environment and maximize protection levels, such as training courses for Group companies and the purchase of material and installations so employees can work properly.

Financial risk management and financial instruments

The Group's principal financial instruments comprise bank loans and overdrafts, forward purchase contracts, and cash and short-term deposits. The Group has various other financial assets and liabilities, such as trade receivables and trade payables. The Group enters into derivative transactions, including principally forward currency contracts and occasionally interest-rates options, swaps and combinations of the two. The purpose is to hedge the interest rate and foreign currency risks arising from the Group's operations and its sources of finance.

The accounting policies followed to measure these financial instruments are described in Note 3.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk, risk of changes in the fair value of equity instruments and credit risk, as indicated previously (see point 5 of this note).

The board reviews and agrees policies for managing each of these risks, as summarized below.

Cash flow interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to its long-term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to minimize its exposure to this risk and therefore it closely monitors fluctuations in interest rates with the help of external experts. When necessary, the Group enters into interest rate swaps. These swaps are designated to hedge underlying debt obligations.

The French subsidiary, Panzani, has entered into two combined interest rate options: a cap with knock-out call and a floor with knock-in put, with notional amounts of 15 and 35 million euros, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

A sensitivity analysis performed on the main financial instruments on the Group balance sheet exposed to interest rate variation risk with impact on Group results showed variations on the income statement of 8.9 million euros with interest rate variations equivalent to 75 basic points.

The principal assumptions used in performing the sensitivity analysis are as follows:

- Only financial instruments subject to material variations with interest rate surges and drops were included.
- Hedges were excluded, as pure hedges are not subject to variation.
- The interest rate was considered as the sole variable, all other variables in the model remaining constant.

The sensitivity analysis performed on financial instruments exposed to interest rate risk are shown in the chart below, which reflects this impact on the income statement. An increase in interest rates would led to higher financial expense; a drop, in a lower one.

Expense In thousand euros	**-0.75%**	**-0.50%**	**-0.25%**	**0.00%**	**0.25%**	**0.50%**	**0.75%**
	-8,919	-5,946	-2,973	0	2,973	5,946	8,919

Foreign currency risk

The ultimate goal of the risk management policy is to offset (at least partially) the potential declines in the value of assets denominated in foreign currency (i.e. other than the euro) by savings on the falls in value of the liabilities in these currencies.

As a result of significant investment operations in the United States, the Group's balance sheet may be affected significantly by movements in the USD/EUR exchange rate.

The Group seeks to mitigate the effect of its structural currency exposure by borrowing in US dollars. 100% of its investment in the US is hedged in this manner.

Included under other loans at December 31, 2008 (2007) is the 630 (630) million US dollar loan (Note 22) designated as a hedge of net investments in US subsidiaries and used to hedge the Group's foreign currency risk arising from these investments. Gains or losses on the translation of this loan to euros are recognized in equity to offset any gain or loss on the translation of the net investments in the subsidiaries.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group requires all its operating units to use forward currency contracts to eliminate the currency exposures on large transactions. The forward currency contracts must be in the same currency as the hedged item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

It is the Group's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

Certain companies of the Herba Rice Group, (Herba, S&B Herba and Euryza) and the Panzini subgroup in France have forward foreign exchange contracts (exchange insurance) to cover the risk of exchange rate fluctuations in customer receivables. These contracts have been arranged to limit foreign currency risk, but have not been classified as hedges. At December 31, 2008 there were contracts open for the following notional values:

Currency	Notional (thousand)
US $	28,108
Cad $	440
Euro	8,582
GBP	2,201

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

- Only financial instruments subject to material variations with modifications in exchange rates were included.
- Liabilities were excluded given that they are a pure hedge for the purpose of the investment.
- The exchange rate was considered as the sole variable, all other variables in the model remaining constant.

Sensitivity of financial instruments (unhedged foreign currency positions) to exchange rate changes, effect on the income statement.

Liabilities. Increase in exchange rate leads to higher expenses

US$/€

-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15.00%
-108	-72	-36	0	36	72	108

Assets. Increase in exchange rate leads to income GBP/€

-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15.00%
-371	-248	-124	0	124	248	371

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008 (IN THOUSANDS OF EUROS)

Notional derivatives, sensitivity
Currency revaluations with a positive effect mean greater expense (or lower income at year end)
Due to lowering of fair value of instrument
US Dollar

Revaluation €/$

	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15.00%
Expense In thousand euros	-1,208	-842	-441	0	441	842	1,208

Revaluation $/THD

	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15.00%
Expense In thousand euros	-296	-206	-108	0	108	206	296

Revaluation GBP/$

	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15.00%
Expense In thousand euros	-918	-640	-335	0	335	640	918

Euro

Revaluation €/THI

	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15,00%
Expense In thousand euros	-15	-11	-6	0	6	11	15

Revaluation €/GBP

	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15,00%
Expense In thousand euros	-1,088	-726	-363	0	363	726	1,088

GBP

Revaluation GBP/THI

	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%
Expense In thousand euros	-30	-21	-10	0	10	21

Liquidity risk

The Group's objective is to match the maturity profile of its debts to its ability to generate cash flow to settle these liabilities. In order to achieve this, it maintains a balance between continuity of funding and flexibility through the use of revolving credit policies, bank loans with grace periods to adapt them to the return on the related assets, and forward purchase contracts.

29. ENVIRONMENTAL ISSUES

Ebro Puleva has always been committed to doing its utmost to strike a balance between carrying out its business and protecting the environment. With the awareness that sustainable development is not possible without such a commitment, the Company has an encompassing policy to respect the environment to prevent, manage and minimize environmental impact.

This environmental policy is based on the concerted action of everyone in the Company's organization and is based on the following fundamentals:

- The definition, development and implementation of an Environmental Management System that is UNE-EN-ISO 14001:2004 standard compliant, or, where applicable, carrying out environmental management practices that improve its productive practices.

- Modernization of material resources that enable the Company to prevent and minimize consumption, emissions, and harmful environmental impact.

- Training and raising the awareness of all Company employees about the environmental aspects of their work and our organization.

- Establishing environmental objectives that foster continuous improvement in this matter, provided with the appropriate financial and operational resources.

- Encouraging the Company's suppliers to adopt principals similar to the aforementioned, collaborating with them to put them into place.

- Ensuring the fulfillment of the objectives set, compliance with legal requirements and the aforementioned principles, carrying out periodical internal and external audits of the Environmental Management System.

Throughout 2008, Ebro Puleva has continued to develop advanced environmental policies to achieve sustainable development in a context of ongoing prevention and improvement. Therefore, the Group has invested 2.5 million euros in implementing improvements that minimize its environmental impact. These steps are based on an efficient use of resources through a reduction in water and energy consumption, gas emissions, and appropriate waste management.

Total environmental management expenses	2,294,974 €
Expense on R+D+I focused on environmental preservation	268,270 €

In addition to the above, all the companies have carried out internal environmental training programs, with employee participation in taking actions to reduce the consumption of water, energy and other resources. The courses related to environmental awareness and training cost 0.6% of the total investment in environmental management activities.

ENVIRONMENTAL MANAGEMENT STANDARDS AND PROGRAMS

To date, the centers certified in accordance with the UNE-EN-ISO 14.001 standard are as follows:

COMPANY	COUNTRY	NAME OF THE CENTER	STANDARDS
PANZANI	FRANCE	SEMOLINA GENNEVILLIERS	ISO 14.001
PANZANI	FRANCE	SEMOLINA MARSEILLE LITTORAL	ISO 14.001
PANZANI	FRANCE	SEMOLINA MARSEILLE ST. JUST	
PULEVA FOOD	SPAIN	PLANT IN GRANADA	ISO 14.001
PULEVA FOOD	SPAIN	COGENERATION PLANT IN GRELVA	ISO 14.001
PULEVA FOOD	SPAIN	PLANT IN LUGO	ISO 14.001

In addition, the group companies in Spain requested the corresponding Integrated Environmental Authorizations in compliance with the EU regulations on integrated pollution prevention and control (IPPC). These new regulations bring together and replace the set of former environmental authorizations and establish environmental standards for the operation of industrial plants carrying out activities that fall within their scope of application.

Group companies in the United States carry out their business in accordance with the following US regulations:

1. Title V Federal Operating Permit
2. General Permit to Dispose of Waste
3. Storm Water Multi-Sector General Permit
4. Air Permit

MAJOR ENVIRONMENTAL INDICATORS

To comply more efficiently with its commitment to respect and protect the environment, in 2008 Ebro Puleva implemented the first phase of a data collection tool that will gradually enable it to offer a breakdown of its major environmental indicators.

These indicators encompass the activity of 37 production plants and 28 headquarters or commercial offices around the world.

Energy consumption

In this first phase of the study, total energy consumption has been quantified. In addition to electricity, the consumption of liquid fuel such as diesel has been measured.

Total energy consumption (kwh)	1,201,612,519
Total energy purchased (kwh)	1,191,518,528
Consumption of electricity (kwh)	240,823,553
Consumption of diesel (tn)	499,193

Action taken during the year to improve energy efficiency

1. Rice division:

- Installation of automatic doors at the precooked products plant in Jerez de la Frontera
- Improvements in the biomass furnaces at the plant in San Juan de Aznalfarache
- Heat-insulation on the condensation and hot water tanks at the plant in San Juan de Aznalfarache
- Thermal insulation of the ceiling at Euryza company headquarters (Germany)
- Instalation of motion-sensing lights at Euryza company headquarters (Germany)
- Energy study of the pilot plant in Memphis (USA)

2. Pasta division:

- Installation of a cold water circuit in the temperature change system in the cooling tower in winter at the plant in St. Louis (USA)
- Installation of an automatic shut-off system at the furnaces at the plant in St. Louis (USA), for more efficient operation
- Fixing compressed air escapes and a preliminary study of the furnaces and ventilation system at the plant in Montreal (Canada)

- Updating the lighting system at the factory in Fresno (USA)
- Implementation of engines regulated by air frequency and vapor systems at the Birkel company plants (Germany)

3. Dairy division:

- Insulation replaced or repaired on steam, hot water, and cooling water pipes at the plant in Granada

Water consumption

Total water consumption (tn)	4,327,831

Action taken during the year to reduce water consumption

1. Rice division:

- Development in the United States of new processing lines for instant rice that considerably reduce water use and the generation of wastewater.

2. Pasta division:

- Substitution of two handwashing stations that tended to have escapes at the plant in St. Louis (USA)
- Use of recycled water in the vacuum pumps at the plant in St. Louis (USA)
- Recycling in closed circuits for all cooling water at the plant in Fresno (USA)
- Investment in new vacuum pumps with no water consumption at the Birkel company plants (Germany)

3. Dairy division:

- Installation of a reverse osmosis rejected water treatment process at the Granada water plant

Toner and paper consumption

Total paper consumption (tn)	1,942,311
Percentage of paper recycled	70.23
Number of ink or toner cartridges used	4,299

Actions taken in 2008 to recycle paper and cardboard

1. Rice division:

   - The Riviana plants in the United States have put programs into use recycling the corrugated cardboard not sent to customers

2. Pasta division:

   - Fostering the use of paper, corrugated cardboard and scrap metal compactors at the plant in St. Louis (USA)
   - Installation of special recycling containers at the plant in Fresno (USA)
   - Recycling all the paper and packaging material at the factory in Montreal (Canadá)
   - Systems for packaging control to optimize materials and the construction of components at the division's plants in Germany

3. Dairy division:

   - Paper recycling containers placed in all facilities

In addition, to ensure compliance with the objectives of reducing, recycling and valuation stipulated in Law 11/97, dated April 24, on containers and container waste, two companies in the dairy division (Puleva Food and Lactimilk) as well as Herba, representing the rice division in Spain, are members of Ecoembalajes España, S.A. (Ecoembes), a not-for-profit private limited company engaged in the design and development of systems for selective collection and recovery of used containers and container waste. Ecoembes uses an item called "Punto Verde" (recycling point) (the symbol on the containers) to verify that the packager of the product has paid an amount of money for each container put on the market.

Sewage and waste management

Tons of waste generated in 2008 (tn)	11,234
Percentage of hazardous waste	2.46%

Actions taken during the year to reduce waste

1. Rice division:

   - Start up of a water conservation program at the plant in Brinkley (USA), which reduced 27% of total waste.

2. Pasta division:

- Start up of a recycled water discharge system from the vacuum pump at the cooling tower at the plant in St. Louis (USA)
- Filter installed at the washing room in the plant in Montreal (Canada) to recover solid waste

3. Dairy division:

- Installation of a pH neutralization system for waste via CO_2 injection on the waste line

Emissions

Total CO2 emissions (tn)	145,367.5
NOx emissions (tn)	356.49
Sulfur dioxide emissions (tn)	2,697.80
Nitrogen monoxide emissions (tn)	11.52
Ammonia gas emissions (tn)	3.2
Smog emissions (non-VOC) (tn)	0.415
Volatile organic compounds emissions (VOC) (tn)	44.41

Actions taken during the year to reduce gas emissions

1. Rice division:

- Assembly of hose filters and dust collectors, as well as quarterly air quality inspections at the plant in Houston (USA)
- Assembly of dust collectors at the plants in Brinkley (USA) and Carlisle (USA)
- Quarterly analysis of the basin furnace at the factory in Houston (USA)

2. Pasta division:

- Substitution of dissolvent-based for water-based cleaning products at the plant in St. Louis (USA)
- Monitoring of furnaces at the plant in Fresno (USA).

Several group companies have civil liability insurance that covers damage to third parties caused by sudden unintentional pollution. This policy is considered to cover any possible risk in this respect.

To date, no significant claims in relation to environmental matters have been filed against the remaining production centers. There have, however, been favorable pronouncements with respect to the results of audits, the absence of allegations in the processing of Integrated Environmental Authorizations, etc.

30. AUDIT FEE

Audit Fees are included under “External services” in the profit and loss account and correspond to the fee paid to the auditors of the consolidated financial statements. The total fee paid in 2008 (2007) for the audit of the financial statements of Ebro Puleva Group companies amounted to 2,063 (1,867) thousand euros. Of this amount, the audits performed by the main auditor (Ernst & Young and its international network) amounted to 1,974 (1,773) thousand euros.

In addition, the Ebro Puleva Group engaged Ernst & Young companies to provide non-audit related services amounting to 297 (228) thousand euros.

31. EVENTS AFTER THE BALANCE SHEET

Except for the matter explained below, no significant events occurred between the balance sheet date and the date of preparation of these consolidated annual financial statements.

On March 25, 2009, Ebro Puleva, S.A.’s Board of Directors proposed that the following distribution of 2008 profit be submitted to the shareholders in general meeting for approval:

a) Consolidated profit for 2008 for the Ebro Puleva Group has allowed the Board to put before the General Meeting a proposal to pay an ordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in quarterly installments of 9 cents each on April 2, July 2, October 2 and December 22, 2009.

b) In addition, subject to a favorable outcome of the sale of the sugar business (Azucarera Ebro, S.L. and some of its subsidiaries) and in view of expected returns on the sale (as described in Note 7) an extraordinary dividend is proposed consisting of:

   b.1) An extraordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in 2009 in three installments of 12 cents each to coincide with the three final payments of the ordinary dividend (July 2, October 2 and December 22, 2009).

   b.2) An extraordinary in-kind dividend consisting of treasury shares to meet the existing share premium (34,334 thousand euros) with an approximate exchange ratio, in view of an estimated listed price of 9 euros per share, of 1 new share for every 40 existing shares, for a total of approximately 3.8 millions shares (about 2.5% of share capital). The ratio will be determined at the Board of Directors meeting immediately prior to the General Shareholders Meeting based on the trading price the day before. Delivery of the extraordinary dividend in kind would be made in the first few days of May 2009.

1. REVIEW OF THE YEAR

The business environment was particularly tricky this year. After the jump in commodity prices the year before, 2008 saw the global economic crisis unfold, with myriad implications for markets and consumer behavior.

For food markets, this situation has led to:

- huge volatility in commodity prices. Commodity prices began rising sharply around mid 2007, before declining across the board towards the middle of 2008, albeit without returning to starting levels; and
- a steady decline in disposable income levels, which affected consumer habits.

Against this backdrop, in 2008 the Ebro Puleva Group managed to achieve significant organic growth, boost margins and complete the business reorganization included in its Strategic Plan.

Ebro Puleva turned the threats in the market into opportunities:

- The company countered the cutbacks in consumption with growth based on anti-cyclical products, leading brands that consumers consider healthy, natural, easy to prepare and do not raise their overall food budget.
- Faced with uncertainty surrounding commodity prices, the Company diversified its supply sources, streamlined the value chain and implemented an aggressive commercial strategy.

The Ebro Puleva Group also completed its business restructuring with the disposal of the sugar business. On December 15, 2008, the Company, owner of 100% of Azucarera Ebro, S.L., signed an agreement to sell Azucarera Ebro, S.L. to Associated British Foods (ABF), which owns 100% of British Sugar.

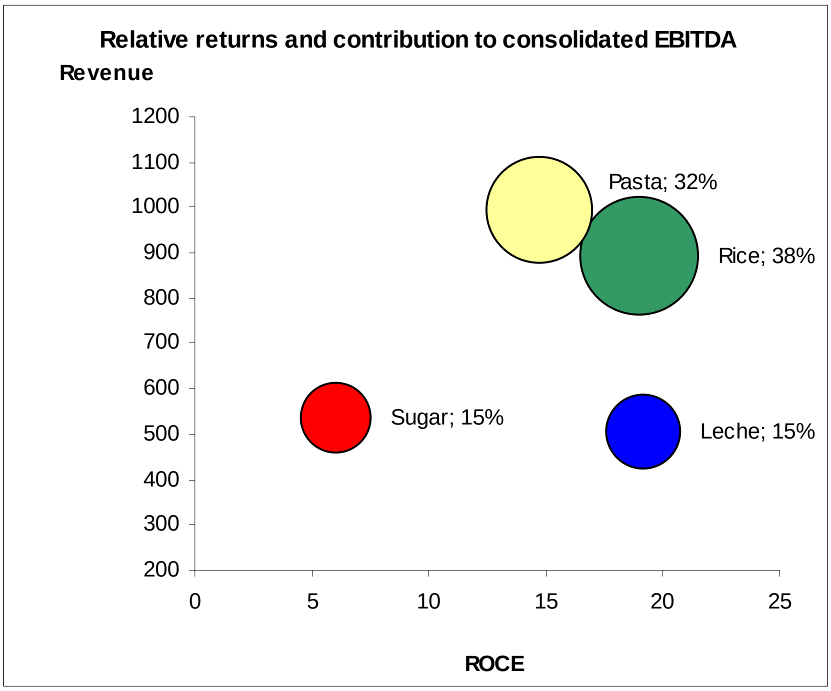
The terms of the sale (see Note 7 for more details) are:

- ABF will acquire the sugar business for 385 million euros, debt free. The amount of debt to be discounted will be the level at the closing date of the transaction.
- Ebro Puleva will receive approximately 141 million euros in other compensation, mainly the restructuring funds envisaged under the CMO sugar reform.
- The Ebro Puleva Group will also add to its real estate assets more than 200 hectares of land classified for various uses from Azucarera Ebro, S.L., valued at 42 million euros.

The sale will enable the Group to focus on consumer-oriented businesses with greater value-creation potential based on healthy products, with a strong element of innovation and backed by leading brands in its markets. At the same time, the sugar business will be merged with one of the industry's largest players, which has the ability to strengthen and integrate an international business.

Pursuant to the agreement, in accordance with International Financial Reporting Standards, the results from the sugar business up to the effective date of sale and the net gain on the disposal are presented as discontinued operations in the income statement for 2008 and of the years before its inclusion. Meanwhile, the related assets and liabilities are presented in a separate line in the balance sheet. The information included in this management report reflects this circumstance unless otherwise indicated.

The following chart shows the relative positions of the Group's businesses in 2008 before considering the sugar business as a discontinued operation.



In addition, the sale bolsters the consolidated balance sheet and leaves the Group well placed to take on new challenges and tap the opportunities that arise amid the crisis.

Financial highlights for the Group are as follows:

CONSOLIDATED FIGURES							
Thousands of euros	2005	2006	2007	*2007/2006*	2008	*2008/2007*	*CAGR 2008/2005*
Revenue	1,468,458	1,744,687	2,004,182	*14.9%*	2,367,902	*18.1%*	***17.3%***
EBITDA	166,708	210,257	226,854	*7.9%*	271,821	*19.8%*	***17.7%***
% of revenue	*11.4%*	*12.1%*	*11.3%*		*11.5%*		
EBIT	114,824	146,902	158,919	*8.2%*	201,821	*27.0%*	***20.7%***
% of revenue	*7.8%*	*8.4%*	*7.9%*		*8.5%*		
Profit before tax	135,689	173,031	82,851	*-52.1%*	103,454	*24.9%*	***-8.6%***
% of revenue	*9.2%*	*9.9%*	*4.1%*		*4.4%*		
Income tax	(33,987)	(59,079)	(20,629)	*-65.1%*	(29,549)	*43.2%*	***-4.6%***
% of revenue	*-2.3%*	*-3.4%*	*-1.0%*		*-1.2%*		
Profit for the year (continuing operations)	101,702	113,952	62,222	*-45.4%*	73,905	*18.8%*	***-10.1%***
% of revenue	*6.9%*	*6.5%*	*3.1%*		*3.1%*		
Profit for the year from discontinued operations	56,286	72,396	30,251	*-58.2%*	57,965	*91.6%*	***1.0%***
% of revenue	*3.8%*	*4.1%*	*1.5%*		*2.4%*		
Net profit for the year	155,641	180,363	90,577	*-49.8%*	130,637	*44.2%*	***-5.7%***
% of revenue	*10.6%*	*10.3%*	*4.5%*		*5.5%*		
Average working capital **(*)**	451,215	493,143	472,497	*-4.2%*	587,423	*24.3%*	
Capital employed **(*)**	1,535,036	1,654,931	1,675,831	*1.3%*	1,669,991	*-0.3%*	
ROCE **(1) (*)**	13.5	12.8	12.4		13.3		
Capex **(*)**	99,664	298,225	87,199	*-70.8%*	96,497	*10.7%*	
Average number of employees	4,913	5,476	6,064	*10.7%*	5,829	*-3.9%*	
	12/31/05	**12/31/06**	**12/31/07**	***2007/2006***	**12/31/08**	***2008/2007***	
Equity	1,076,582	1,187,962	1,198,245	*0.9%*	1,203,131	*0.4%*	
Net debt **(*)**	931,322	1,134,894	988,249	*-12.9%*	1,055,853	*6.8%*	
Average net debt **(*)**	841,427	1,046,354	1,129,254	*7.9%*	1,208,078	*7.0%*	
Gearing **(2)**	0.78	0.88	0.94		1.00		
Total assets	2,988,903	3,363,715	3,375,496		3,422,912		

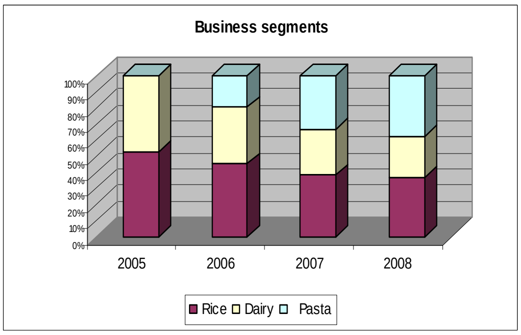
(*) To maintain these parameters' consistency, the calculation includes the sugar business' results in addition to its associated assets and liabilities

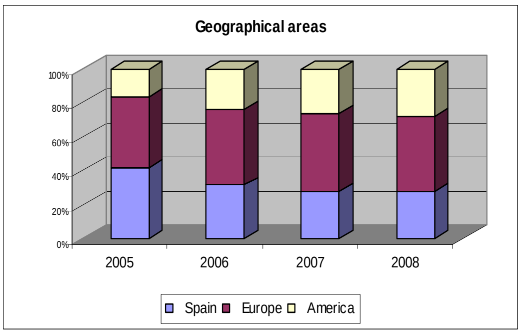
(1) ROCE = (Operating profit CAGR last 12 months/ (Intangible assets- Property, plant and equipment - working capital)

(2) Net interest-bearing loans and borrowings/equity (excluding minority interests)

Revenue increased 18% during the year. Of this, organic growth accounted for 14%, with the rest stemming from the inclusion for a full year of the business of the Birkel Group, which produces and sells pasta and pasta byproducts in Germany.

The structure of the Group affords it a highly balanced revenue mix and a strong capacity to weather crises. The business and geographical mixes are as follows:





The main income statement lines performed well in 2008, with double-digit growth in the main revenue lines. Consolidated operating cash flow (EBITDA) rose 20% to 271.8 million euros, driven by a hefty contribution from non-euro businesses, which accounted for around 40% of the total.

Meanwhile, ROCE (return on capital employed) for the Group also improved considerably, rising 7%, or 16% excluding the assets of the sugar business. In short, growth in operations came alongside substantial improvement in the return on assets.

Profit from continuing operations advanced 19%, in line with the growth in operating profit. At the bottom line, net attributable profit surged 44%. This included profit from the discontinued sugar business, which fared well thanks mainly to the adjustment of certain provisions for litigation that had favorable outcomes in 2008.

The volatility of commodities must be taken into account to better understand the performance of the balance sheet and average balance sheet ratios. Trends in rice and hard wheat prices led to an accumulation of stocks, especially rice, at the end of 2007 and beginning of 2008, in anticipation of further price increases. This move proved successful and enabled the Group to command excellent margins, although it required additional investment in working capital throughout the year. Debt levels at the end of the year showed that the situation had broadly returned to normal, although prices had not rebounded to the levels seen a year-and-a-half earlier.

The Group had a reasonable level of debt at the year-end, which, following the disposal of the sugar business, left it with a strong balance sheet.

Of equal importance is the future outlook. Ebro Puleva is committed to becoming a leader. Therefore, the group:

- has an advertising investment program and supports and reinforces its leading brands. Advertising spend in 2008 amounted to 86 million euros, 6% more than the year before.
- is committed to innovation, with spending on R&D amounting to 8 million euros in 2008. In January 2008, the Puleva Biotech, S.A subsidiary acquired Exxentia.
- invests in assets (CAPEX), placing it at the cutting edge of technology in the food industry. Work on the new rice plant in Memphis is proceeding well and the bulk of the plant should be completed by October 2009.
- is committed to organic growth in new countries. In 2008, Herba Rice India Ltd. was incorporated. This company was designed as the logistics platform in India.

In short, despite the tough environment, Ebro Puleva is strengthening its position (e.g. double-digit growth, sound ratios) and remains committed to consumers (trust, heath, convenience), to growing in the long term, and to reinforcing its leadership.

Results by business line

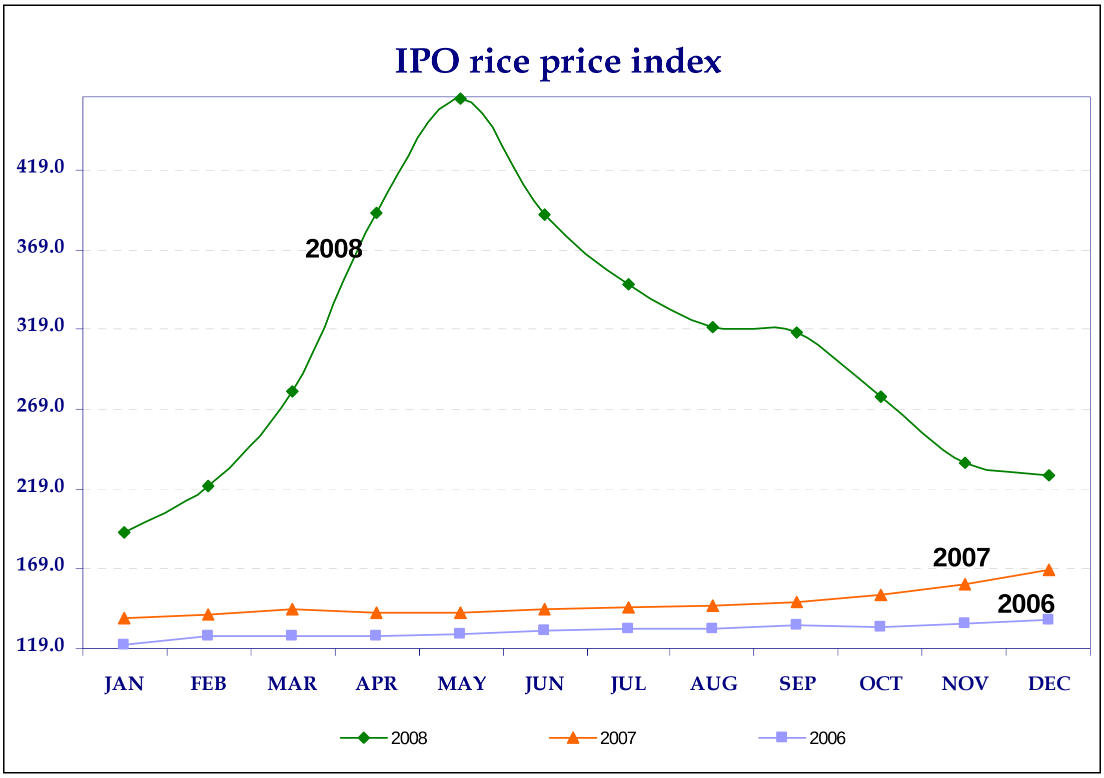
The Ebro Puleva Group is divided into the following business lines:

- ✓ Dairy business: basically milk, fermented products, dairy beverages and baby food. This business is carried out through the Puleva Food and Lactimilk groups.
- ✓ Rice business: includes the industrial and rice brand activity and other products. The Group has operations across Europe, the Mediterranean Basin, North America and Thailand through Herba and Riviana (USA).
- ✓ Pasta: includes the production and sale of dry and fresh pasta, sauces and semolina through the Panzani, New World Pasta and Birkel groups.
- ✓ Other businesses: includes R&D activities by the Biotech Exxentia group in neutraceuticals, real estate management, and other activities related to the food industry and other businesses.

RICE

RICE BUSINESS							
Thousands of euros	2005	2006	2007	*2007/2006*	2008	*2008/2007*	*CAGR 2008/2005*
Revenue	667,988	672,500	741,107	*10.2%*	890,969	*20.2%*	***10.1%***
EBITDA	68,820	71,343	96,194	*34.8%*	126,560	*31.6%*	***22.5%***
% of revenue	*10.3%*	*10.6%*	*13.0%*		*14.2%*		
EBIT	49,147	51,368	75,297	*46.6%*	105,724	*40.4%*	***29.1%***
% of revenue	*7.4%*	*7.6%*	*10.2%*		*11.9%*		
Average working capital	166,035	191,208	188,294	*-1.5%*	263,281	*39.8%*	
Capital employed	455,937	462,702	498,237	*7.7%*	556,299	*11.7%*	
ROCE	13.1	11.1	15.1		19.0		
Capex	25,727	23,098	22,046	*-4.6%*	20,044	*-9.1%*	

- 2008 was a tough year for the rice industry due to the crisis in commodity prices. The jump in market prices and fears of shortages led main rice-producing countries to adopt protectionist measures, pushing up prices globally to unprecedented levels. Prices peaked towards the middle of 2008, after which they began to correct.



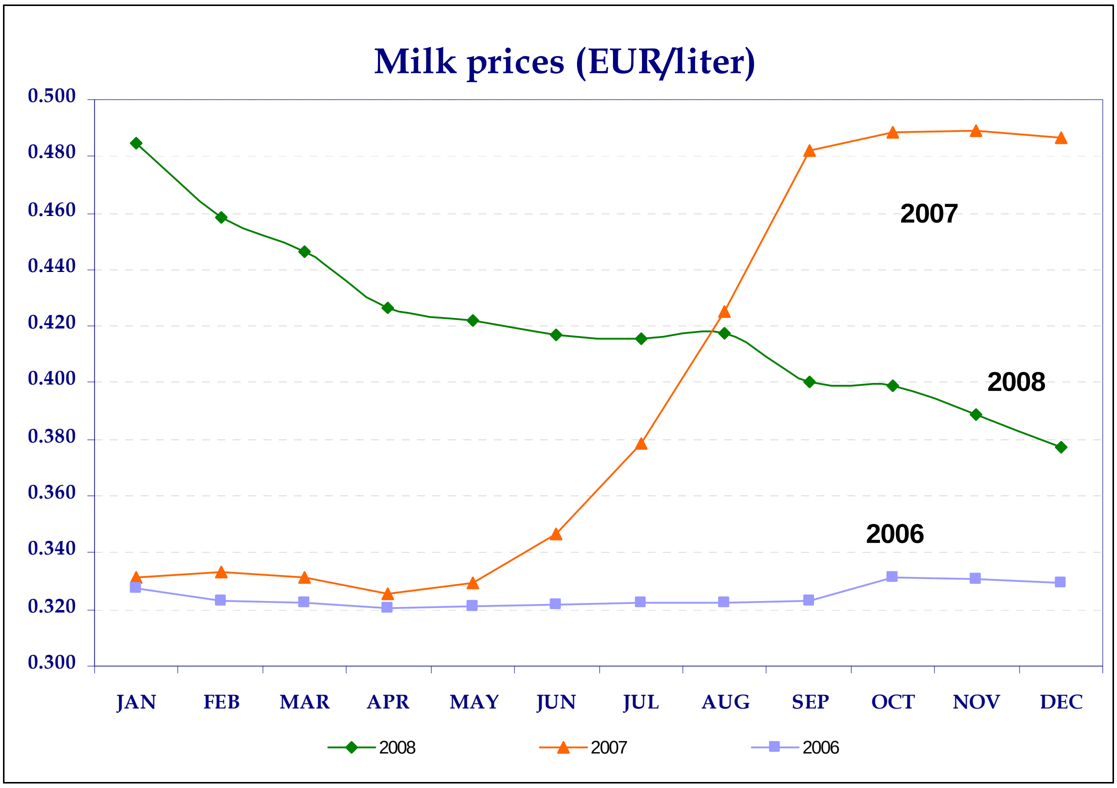
- Ebro Puleva addressed this situation by:
  - following a pro-active commercial policy, leading the market and promptly passing on price increases; and
  - ensuring supply by diversifying sources and taking long positions at the beginning of the year, which enabled it to obtain healthy commercial margins.
- Revenue rose 21% thanks to prices and 3% to volume/product mix. The two subgroups into which this business segment is divided also performed well during the year.

- The Group remained committed to convenience products, achieving nation-wide distribution of its microwave rices in the US and commanding a 16.8% market share in volume (source: Nielsen scantrack, four weeks in December 2008).
- The combination of strong revenue growth and a well-aimed supply policy drove a 31% increase in EBITDA to 126.6 million euros and a 19% ROCE for this segment in 2008.
- The main investments undertaken in this area were the new plant in Memphis, which is slated to come on stream towards the end of 2009, the enlargement and upgrade of the raw materials and finished products storage facilities in Egypt, and the acquisition of certain rice and frozen pasta production facilities in Denmark.

DAIRY BUSINESS

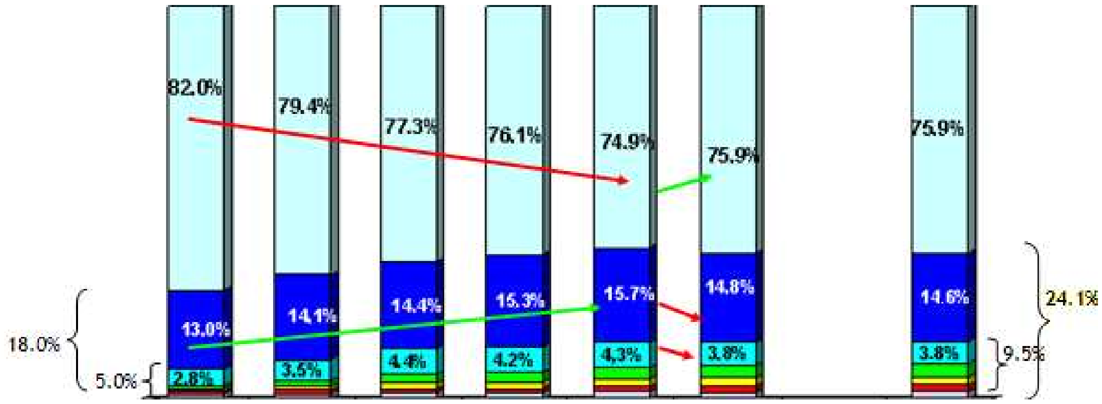
DAIRY BUSINESS							
Thousands of euros	2005	2006	2007	2007/2006	2008	2008/2007	CAGR 2008/2005
Revenue	518,137	504,140	527,489	4.6%	506,064	-4.1%	-0.8%
EBITDA	54,121	55,460	53,033	-4.4%	50,135	-5.5%	-2.5%
% of revenue	*10.4%*	*11.0%*	*10.1%*		*9.9%*		
EBIT	37,507	40,176	37,541	-6.6%	34,993	-6.8%	-2.3%
% of revenue	*7.2%*	*8.0%*	*7.1%*		*6.9%*		
Average working capital	79,597	87,508	74,072	-15.4%	60,738	-18.0%	
Capital employed	225,904	223,511	196,938	-11.9%	182,363	-7.4%	
ROCE	16.6	18.0	19.1		19.2		
Capex	17,501	14,625	16,872	15.4%	10,879	-35.5%	

- The economic crisis also affected the diary industry. Far higher milk supply prices than before inflation hit commodity prices (see chart below) and, accordingly, higher retail selling prices, prompted consumers to action.



- Since milk is a basic commodity, purchase volumes have not fallen. However, there have been :
  - a change in the product mix, with consumers attaching greater importance to price and choosing classic milks, helping to reserve their bearish trend

2008 CONSOLIDATED MANAGEMENT REPORT (IN THOUSAND EUROS)



	TAM ON03	TAM ON04	TAM ON05	TAM ON06	TAM ON07	TAM ON08	…	BIM ON08
Classic	82.0%	79.4%	77.30%	76.1%	74.9%	75.9%		75.90%
Calcium	13.0%	14.1%	14.40%	15.3%	15.7%	14.8%		14.60%
Heart-healthy	2.8%	3.5%	4.40%	4.2%	4.3%	3.8%		3.80%
Soy	0.4%	0.9%	1.30%	1.5%	1.8%	2.1%		2.20%
Energy and growth	0.5%	0.7%	1.00%	1.2%	1.2%	1.3%		1.30%
Infant	0.5%	0.5%	0.60%	0.6%	0.9%	1.1%		1.10%
Enhanced	0.8%	0.9%	1.10%	1.1%	1.2%	1.1%		1.20%

Source: Nielsen scantrack 52 weeks

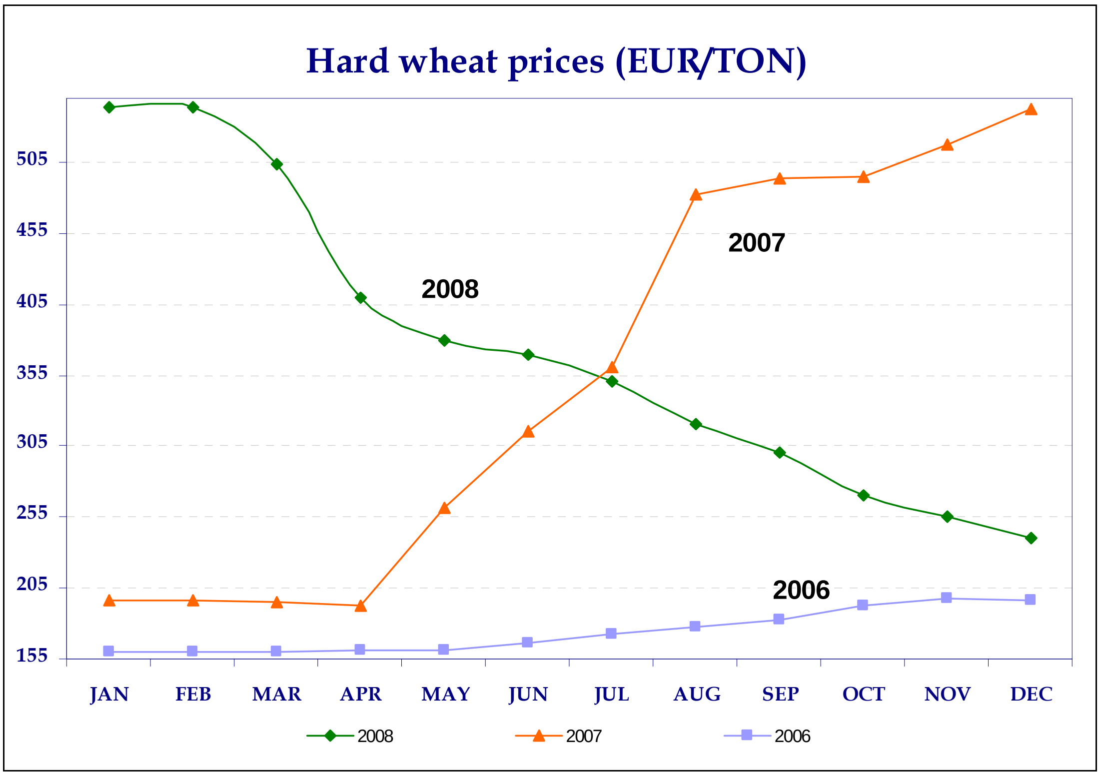
- o a shift towards store brands, whose share of the overall long-life liquid milk market rose 5 percentage points in 2008 to 36.7%.

- In this situation, the Ebro Puleva Group has held steadfast in its endeavors to be the unrivalled leader in functional dairy products. The Group has opted to sacrifice volume in order to sustain the profitability of the business. Its goal is to continue offering highly innovative products, which are key to its recognition in the market.
- Revenue fell 4% in 2008 on the back of lower volume sales, but rose 24% in the range of baby foods, with the Puleva Peques brand achieving a 46.3% market share by volume.
- EBITDA fell to 50.1 million euros, while ROCE advanced to 19.1% thanks to ongoing efforts to raise its industrial efficiency, which enabled the Group to scale back the use of resources for the third straight year.
- The main investments undertaken in the year relate to the installation and start-up of new packaging lines.

PASTA

PASTA BUSINESS							
Thousands of euros	2005	2006	2007	2007/2006	2008	2008/2007	CAGR 2008/2005
Revenue	291,041	588,573	762,489	29.5%	993,696	30.3%	**50.6%**
EBITDA	44,416	92,093	88,450	-4.0%	105,993	19.8%	**33.6%**
% of revenue	*15.3%*	*15.6%*	*11.6%*		*10.7%*		
EBIT	31,492	66,408	58,274	-12.2%	75,581	29.7%	**33.9%**
% of revenue	*10.8%*	*11.3%*	*7.6%*		*7.6%*		
Average working capital	28,889	57,592	69,642	20.9%	121,795	74.9%	
Capital employed	217,927	361,120	441,731	22.3%	511,570	15.8%	
ROCE	14.5	18.4	12.0		14.8		
Capex	15,964	19,419	23,677	21.9%	18,460	-22.0%	

- Wheat prices rose in 2007, but began declining steadily around the middle of 2008 as the economy cooled and the new harvests came in. As a result, once margins stabilized, earnings for this segment increased.



- Revenue for the pasta segment rose 30% in 2008, in part due to the consolidation for a full year of the Birkel Group, the German pasta subsidiary, and partly to the increase in prices led by rises in the last four months of 2007.

- Leadership in the pasta business is underpinned by the growth in the Group's brands, and the high degree of innovation and advertising spend behind its products. The Group spent 9 million euros more on advertising in 2008 than in 2007.

- In France, Panzani held its place in the market despite the growth of store brands, which affected other producers. The Group broadened its range of products by adding the Panzani Plus range, new sauces, fresh pasta cooked in a frying plan and couscous that does not stick.

- Meanwhile, the US subsidiary, New World Pasta, continued to overhaul its product range, launching new pre-cooked dishes under the Bistro name. Now fully integrated into the Group, New World Pasta has streamlined and diversified its supply mix and it is currently gearing efforts towards integrating the logistics and commercial platform with the Riviana Group's.
- This segment achieved a 14.8% ROCE in 2008, overcoming commodity price inflation, which triggered a sharp jump in working capital the year before.

2. OUTLOOK FOR THE GROUP

Prospects point to steadier commodity prices, at least in the first half of 2009, with harvests underway that should lock in global rice and grain supply, and with stable, if not slightly lower, oil and input prices.

Amid the economic crisis, Ebro Puleva stands out for its anti-cyclical characteristics. It operates in staple products, with leading brands in the industry that help it to take advantage of shifts in consumer patterns and remain among consumers' top choice in their shopping baskets.

Ebro Puleva remains committed to being the leader of "Meal Solutions" products and markets. Its strategy entails expanding in these products, combining its ability to streamline and diversify supply sources with recognized brands that set it apart from competitors and adapt to consumers' needs.

Having sold the sugar business, the Group will continue its endeavors to tap synergies across its segments and start preparing for the next step of its corporate development.

✓ **Rice business**

After an exceptional year, the Group will attempt to strengthen its brands. To do so, it has earmarked a hefty amount of advertising investment to back the launch of new ready-to-serve products.

On the industrial front, construction of the plant in Memphis will be completed. With a more efficient production process, this plant will gradually become responsible for a large part of the production in the US.

✓ **Dairy business**

The economic situation is causing products that are not differentiated and/or lack value to disappear. With prices having stabilized to some extent, this situation reinforces the Group's brand name and bodes well for its future.

The Group remains devoted to baby foods. After rigorous industrial tests, the new *Papiya!* brand ready-to-eat microwave milk and cereal baby formulas will be launched in 2009.

✓ **Pasta business**

The strategy for Europe entails boosting margins in a propitious setting for the consumption of the Group's products. Panzani has combined administrative and commercial processes, which should help drive earnings and make the company into a strong cash generator.

The Group will continue to reinforce its brands in the US market via actions that will enable it to be the leader in innovation and market recognition. This includes marketing initiatives, the launch of new items and efforts to shore up the position as the leader in the market for healthy, nutritious and natural products.

3. R&D&I

Ebro Puleva has always been a forerunner in new consumer trends and an international benchmark in R&D of products applied to the food industry. The Group remained firmly committed to R&D&I in 2008, aware that it is an essential tool for developing a quality and differentiated strategy. This entailed myriad nutritional assessment tests and constant innovation in products, technology and formats.

In January 2008, subsidiary Puleva Biotech, S.A. acquired Exxentia, a leader in biotechnology applied to the extraction of active principles from plants. Integrated into the Group's R&D&I activity, Exxentia and Puleva Biotech together form a strong R&D&I company in lipids, pro-biotics and tailored products that help improve cardiovascular health, control weight and obesity, ease pain in joints, improve cognitive development, slow the ageing process and strengthen the immune system, and in nutri-cosmetics.

In conjunction with Puleva Biotech, the Group has gradually built an R&D&I driver, with four research centers in France, the US and Spain, helping it conduct research in the field of cereals. These centers are:

1. CEREC, located in St. Genis Laval (France), with a staff of 14 and focused on the development of the pasta division's range of fresh pasta, fresh cooked meals, sauces and frozen food products.

2. CRECERPAL, with 10 researchers and based in Marseille, focused on research in the development of dried pasta, rice, couscous and new packaging technologies; e.g. the doypack format.

3. TECH Center, with nine researchers, a new product, process, and technologies research and developer for the rice division in the US.

4. Española de I+D, with 14 researchers, dedicated to the development of products and new and/or improved technologies, technology transfer, and technical assistance in rice technology and rice byproducts and in the modern restaurant business (fast food and catering).

In 2008, the Rice division mostly focused on prepared rice products (e.g. prevention of starch retrogradation, control of water migration to solids) and new grain-based food products (e.g. modification of starches for new applications, slow release carbohydrates).

During the year, research continued on baby food products, adding new functional components (DHA, arachidonic acid) to existing follow-up formulas and broadening the range by developing low lactose, vegetable- and cereal-based formulas.

In the Pasta segment, R&D activities continued on pre-cooked dishes, pasta for frying pan products, product quality enhancements, and dishes that do not get ruined while cooking.

4. TRANSACTIONS WITH TREASURY SHARES

In 2008, the Company purchased and sold own shares as authorized at the General Shareholders Meetings held on April 18, 2007 and June 9, 2008, duly notifying the Spanish National Securities Commission (the CNMV) in accordance with current reporting standards. In all, it bought 4,483,601 and sold 126,521 treasury shares in the year. At year-end, the Company held 5,078,735 treasury shares, representing 3.301% of its share capital. At the end of 2008, barring the potential delivery of some of these treasury shares for the extraordinary dividend in kind indicated in Notes 7 and 31, these shares were not earmarked for any specific purpose.

5. EMPLOYEES

The number of employees at Ebro Puleva has grown as new companies and businesses have been added. The Company has been able to mix a variety of cultures and skills with a constant flow of information and knowledge.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FINANCIAL INSTRUMENTS

The Ebro Puleva Group carries out several actions that enable it to identify, measure, manage and minimize the risks of its main businesses.

The main objective of its risk management policy is to guarantee the value of its assets and the continuing growth of the company. The ultimate aim of its capital management policy is to guarantee a financial structure based on compliance with rules and regulations existing in the countries where the Group operates. The Group’s capital management policy also seeks to obtain stable credit ratings and maximize shareholder value. The accompanying consolidated management report includes information on financial leverage.

Risk-related actions extend to the key variables for business management, such as the income statement, debt levels, and investment and to its strategy, enabling the Group to make crucial decisions in order to achieve the objectives indicated above.

The Group was the first in its industry to develop and encourage R&D, environmental and food quality, and internal audit. It has committees for environmental and food quality, commercial or counterparty risk, occupational hazard prevention and R&D. These committees are responsible for both preventing and mitigating risks.

Behind general risks affecting any business, there are certain specific risks related to the Group's type of business and how it carries out its business. The main risks and risk-control systems are as follows:

Industry risks

Legal/regulatory risk. The Group is subject to a series of legal regulations of various states and international bodies. These regulations establish from production quotas to intervention prices or customs protection. As a result of this risk, the Group's policy is to diversify its geographical and product mixes.

There is also a risk that it will not be able to appropriately protect its brands and intellectual property. To handle this risk, the Company thoroughly monitors its brands and intellectual property, protecting their use before the competent bodies and/or applying for patents where necessary.

Environmental and food quality risk. The Group's environmental policy is based on the principle of ongoing compliance with legislation. Accordingly, it has designed, developed and put into place an environmental management and food safety system that is UNE-EN-ISO 14001:2004 and UNE-EN-ISO 9001:2000 standard compliant and certified at most of its production centers in Europe, the US and Canada. In 2008, the pre-cooked meals plants of San Juan de Aznalfarache and Jerez obtained ISO 9001:2000 certification.

The Group also has a food quality and safety system in place that meets the requirements of the UNE-EN-ISO 17025 standard, endorsed by ENAC for the Spanish subsidiaries. Many of the subsidiaries are Certified Organic Producers. In food safety, the Group has reported no incidents and is still drawing up an HACCP (Hazard Analysis and Critical Control Point) system that meets the requirements of both Spanish and European Union legislation. IFS (International Food Security) certificates have been issued for the majority of the Group's handling processes.

Certain initiatives are also underway at the Group aimed at reducing atmospheric gas and waste emissions, improving water quality and reducing sewage waste, and enhancing energy and hydric efficiency, as well as programs to recycle physical waste, such as paper, aluminum and other materials. Finally, we would highlight some quality-enhancing initiatives carried out by the North American subsidiaries, such as the GMP (Good Manufacturing Practices) and the HAACP (Hazard Analysis and Critical Control Policy).

The Company provides appropriate and continuing education on food safety, and work safety and hygiene regulations. Similarly, quality controls are performed by the Group's own and third-party laboratories of its products and production materials.

Finally, the Group has taken out insurance policies to cover the potential risks related to food safety.

Supply risk. Ebro Puleva's business relies on the supply of raw materials, such as rice, durum and milk. There is a risk that it will not procure sufficient raw material of the quality that meets the Company's standards at an appropriate price. As a result of this risk, the Company has adopted a two-pronged strategy:

- to diversify its supply sources, setting up operations in the main producing markets where this business affords a competitive advantage; and
- to enter into long-term sourcing or cooperation agreements with producers considered relevant for the business.

Customer concentration risk and Credit risk. While the end customers of the Company's products are individual consumers, sales are made to a small number of customers, including large retail chains. The risks arising from this are twofold: 1) the potential loss of product references and 2) potential credit problems of direct customers.

The Group's policy rests on differentiating its products through innovation and its customer-based focus, backed by leading brands that enable it to find its own niche in distribution lines and among other industrial customers. In addition, with respect to credit risk the Group's policy has always been conservative. It has risk committees that regularly assess the situation, open positions and the automatic alerts placed in the systems, which have historically led to low default rates. The commercial and collection management departments also work together, and based on the credit ratings assigned by the credit insurance companies that operate with the Group, there are insurance policies that ultimately provide guarantees.

The Group is not exposed to significant concentration of credit risk.

Excess capacity risk. The consumer goods sector is exposed to potential excesses in installed capacity, which become particularly evident during the low points in business cycles. The best way to address this type of risk is through a strategy of ongoing product innovation and differentiation, earmarking 3.6% of revenue for advertising spend and investing heavily in R&D&I. The Group also endeavors to adapt and upgrade the structure of production, abandoning assets that are not considered efficient enough (e.g. the Herto plant or the León plant previously) and investing in new plants (Memphis) or production lines.

Risks specific to the Ebro Puleva Group

Risks related to productive assets. The Company's main assets have limited exposure to natural disasters, such as earthquakes or floods. In addition, all Group companies have insurance policies for all their assets, investments, and inventories.

Country risk. The company conducts business in some countries considered developing countries. Accordingly, certain investments are exposed to the typical risks of these countries, such as potential political changes that could affect market conditions, restrictions to capital movements, nationalization of assets or currency devaluation. Ebro Puleva has limited operations in these countries, mostly in the form of the positions to optimize supply (basically rice). Because of these potential contingencies, the Company has elected to diversify risks via operations in Europe, North and South America, Asia (Thailand and India) and Africa (Morocco and Egypt).

Risk related to the Group's growth strategy. In line with its strategy of becoming the leader in meal solutions, the Group could make certain acquisitions. These acquisitions could have negative implications if the Group fails to fully integrate the companies, brands and processes acquired. Ebro Puleva has a series of procedures for minimizing acquisition risk. The main ones are:

- Due diligence with renowned firms.
- Negotiation of the final price based on a risk analysis.
- Application for guarantees until litigation is resolved or the liability is clarified.
- Deferred payment or bank guarantee in case of potential contingencies.

In addition, certain investment alternatives (e.g. internal growth) pose a risk if the expected level of success is not achieved. As a result of these risks, a risk analysis is performed for all investment projects before any decisions are made to assess their economic and strategic viability. Investment decisions are made by the appropriate body based on a series of predefined limits. The main projects (i.e. over 2 million euros) require approval by the Board of Directors.

Foreign currency risk. Ebro Puleva, S.A. hedges transactions that could be subject to foreign currency risks either via financial derivatives or natural hedges through loan financing with cash flows generated in the same currency (see section on Financial Risks below).

Technological risk. The Group, through its biotech and R&D subsidiaries Puleva Biotech, Española de I+D and Crecerpal (Panzani subgroup), supports its main business lines by facilitating product and process development and innovation so they can leverage the commercial launch on the food market of new functional foods, such as Omega 3, and become a benchmark in biotechnology and innovation.

In line with the Group's philosophy, Puleva Biotech recently acquired Exxentia (see Note 5), which should help it expand and conduct new research projects, as well as broaden its existing product offering.

Labor risks. This relates to both attracting human resources and limiting labor risks. Accordingly, the company encourages both personal incentive and remuneration schemes for its main managers linked to results and the improvement in working conditions.

There is a series of protocols to prevent potential claims, including evacuation plans, first aid, etc. There are also specific programs designed to enhance the work environment and maximize protection levels, such as training courses for Group companies and the purchase of material and installations so employees can work properly.

Financial risk management and financial instruments

The Group's principal financial instruments comprise bank loans, overdrafts, capital instruments, cash and short-term deposits. The Group also has other financial assets and liabilities, such as trade receivables and trade payables. The Group enters into derivative transactions, including principally forward currency contracts and occasionally interest-rates options, swaps and combinations of the two. The purpose is to hedge the interest rate and foreign currency risks arising from the Group's operations and its sources of finance.

The accounting policies followed to measure these financial instruments are described in Note 3.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk, risk of changes in the fair value of equity instruments and credit risk.

The Board of Directors reviews and adopts policies for managing each of these risks, as summarized below.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

The Group's policy is to manage borrowing costs using a combination of fixed and floating rates. The Group's policy is to minimize its exposure to this risk and therefore it closely monitors fluctuations in interest rates with the help of external experts. When necessary, the Group enters into interest rate derivatives. These derivative or structured instruments are designed to hedge the underlying debt obligations.

The French subsidiary, Panzani, has entered into two combined interest rate options: a cap with knock-out call and a floor with knock-in put, with notional amounts of 15 and 35 million euros, respectively.

Note 28 provides information on the Group's financial instruments exposed to interest rate risk.

Foreign currency risk

The ultimate goal of the risk management policy is to offset (at least partially) the potential declines in the value of assets denominated in foreign currency (i.e. other than the euro) by savings on the falls in value of the liabilities in these currencies.

As a result of significant investment operations in the United States, the Group's balance sheet can be affected significantly by movements in the USD/EUR exchange rate.

The Group seeks to mitigate the effect of its structural currency exposure by borrowing in US dollars. Its entire investment in the US is hedged in this manner.

Included under other loans at December 31, 2008 (2007) are the two loans for a total of 630 (630) million US dollars (see Note 22) designated as hedges of net investments in US subsidiaries and used to hedge the Group's foreign currency risks arising from these investments. Gains or losses on the translation of this loan to euros are recognized in equity to offset any gain or loss on the translation of the net investments in the subsidiaries.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating segment in currencies other than the unit's functional currency. With large transactions, the Group requires all operating segments to use forward currency contracts to eliminate foreign currency risk. The forward currency contracts must be in the same currency as the hedged item.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to match the terms of the hedged item in order to maximize hedge effectiveness.

Certain companies in the rice (Herba, S&B Herba and Euryza) and pasta (Panzani) businesses have forward exchange contracts (exchange insurance) to limit the exposure of their commercial transactions. These contracts have been arranged to limit foreign currency risk, but have not been classified as hedges.

Note 28 provides information on the Group's financial instruments exposed to foreign currency risk.

Liquidity risk

The Group's objective is to match the maturity profile of its debts to its ability to generate cash flow to settle these liabilities. For this, it maintains a balance between continuity of funding and flexibility through the use of revolving credit policies, bank loans with grace periods to adapt them to the return on the related assets, and forward purchase contracts.

7. ENVIRONMENTAL ISSUES

Note 29 provides information regarding the environment.

8. EVENTS AFTER THE BALANCE SHEET DATE

Except for the matter explained below, no significant events occurred between the balance sheet date and the date of preparation of these consolidated annual financial statements.

At its meeting of March 25, 2009, the Board of Directors proposed the following appropriation of 2008 results for approval by shareholders in their general meeting:

a) Profit in 2008 of the Ebro Puleva Group allows for the payment, as in previous years, of an ordinary cash dividend charged to unrestricted reserves of 0.36 euros per share, in four quarterly payments of 0.09 euros each, on April 2, July 2, October 2 and December 22, 2009, for a total amount of 55,391 thousand euros.

b) Separately, subject to the success of the sale of the sugar business (Azucarera Ebro, S.L. and some subsidiaries) and taking into account the expected returns on the sale (see Notes 7 and 31), the board proposes the payment of an extraordinary dividend comprising:

   b.1) an extraordinary dividend in cash with a charge to unrestricted reserves of 0.36 euro per share (in addition to the ordinary dividend) in three payments of 0.12 euros each in 2009 coinciding with the last three payments of the ordinary dividend (July 2, October 2, and December 22), for a total amount of 55,391 thousand euros.

   b.2) an extraordinary dividend in kind entailing the delivery of treasury shares up to the amount of the share premium (34,334 thousand euros) at an estimated exchange ratio, assuming a price of 9 euros per share, of 1 new share for every 40 existing shares. This would mean the delivery of approximately 3.8 million shares (representing around 2.5% of share capital). The ratio will be determined at the Board of Directors meeting immediately prior to the General Shareholders Meeting based on the trading price the day before. Delivery of the extraordinary dividend in kind would be made in the first few days of May 2009.

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9. ARTICLE 116 BIS OF THE SECURITIES MARKET LAW (data refer solely to the Ebro Puleva, S.A. parent company as the quoted company subject to this law).

Article 116 bis of the Securities Market Law, under the text of Law 6/2007, of April 12, requires companies whose securities are listed to present shareholders in their annual general meeting a report explaining the items covered in this article that must be disclosed in the management report for 2008.

a) The structure of capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents.

Share capital amounts to 92,319,235.20 euros and consists of 153,865,392 fully subscribed and paid bearer shares with a nominal value of 0.60 euros each, represented by book entries. All shares are of the same class and series.

The shares comprising share capital are considered transferable securities and subject to the regulations governing the Securities Market.

b) Any restrictions on the transfer of securities.

There are no restrictions on the transfer of securities.

c) Significant direct and indirect shareholdings.

Name or company name of shareholder	No. of direct voting rights	No. of indirect voting rights (*)	% of total voting rights
BESTINVER GESTIÓN, S.A., S.G.I.C.	0	6,242,154	4.057
CASA GRANDE DE CARTAGENA, S.L.	9,475,145	0	6.158
CAJA DE AHORROS DE SALAMANCA Y SORIA	9,247,898	0	6.010
HISPAFOODS INVEST, S.L.	10,346,192	0	6.724
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	13,262,722	10,346,192	15.344
INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	7,750,000	0	5.037
LOLLAND, S.A.	0	9,475,145	6.158
SOCIEDAD ANÓNIMA DAMM	0	7,710,000	5.011
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	12,995,941	8.446

Significant indirect shareholdings are through:

Name or company name of direct owner of the shareholding	No. of direct voting rights	% of total voting rights
BESTINVER BOLSA, F.I. (Bestinver Gestión, S.A., S.G.I.C.)	2,471,863	1.607
SOIXA S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	1,871,184	1.216
BESTINFOND, F.I. (Bestinver Gestión, S.A., S.G.I.C.)	1,060,693	0.690
BESTINVER MIXTO, F.I.	549,196	0.357

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Name or company name of direct owner of the shareholding	No. of direct voting rights	% of total voting rights
(Bestinver Gestión, S.A., S.G.I.C.)		
BESTINVER BESTVALUE, S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	196,515	0.128
TEXRENTA INVERSIONES S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	53,986	0.035
LOUPRI INVERSIONES S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	14,429	0.009
DIVALSA DE INVERSIONES S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	9,310	0.006
ACCIONES, QUPONES Y OBLIGACIONES SEGOVIANAS, S.A., S.I.M.C.A.V. (Bestinver Gestión, S.A., S.G.I.C.)	7,171	0.005
LINKER INVERSIONES, S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	5,303	0.003
JORICK INVESTMENT, S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	2,504	0.002
HISPAFOODS INVEST, S.L. (Instituto Hispánico del Arroz, S.A.)	10,346,192	6.724
CASA GRANDE DE CARTAGENA, S.L. (Lolland, S.A.)	9,475,145	6.158
CORPORACIÓN ECONÓMICA DAMM, S.A. (Sociedad Anónima Damm)	7,710,000	5.011
ALIMENTOS Y ACEITES, S.A. (Sociedad Estatal de Participaciones Industriales)	12,995,941	8.446

As the shareholdings indicated are at December 31, 2008, it is hereby expressly noted that on February 10, 2009, after the close of 2008, Bestinver Gestión, S.A., S.G.I.I.C. publicly notified through the Spanish Securities Exchange Commission that its stake had decreased to below 3% (to 2.995%). Accordingly, it is no longer considered a significant shareholder of Ebro Puleva, S.A.

d) Any restrictions on voting rights.

There are no restrictions on voting rights.

e) Agreements between shareholders.

The Company has not been notified of any agreements between shareholders.

f) The rules governing the appointment and replacement of board members and the amendment of the articles of association.

The appointment and replacement of Board Members are regulated by the Corporate Bylaws (articles 19 and 20) and the Board Regulations (articles 21, 23 and 24).

The Board of Directors shall be composed of at least seven and at most fifteen members. The General Meeting is in charge of determining the composition, as well as the appointment and separation of Directors. The board currently comprises 14 Directors.

Directorships may be waived, canceled or reappointed and are for a term of four years. When their tenure expires, Directors may be reappointed one or more times for terms of equal duration.

The appointment of Board members expires when, after expiry of their tenure, the next General Meeting has been held or the legal period for holding the Meeting to approve the financial statements of the preceding year has elapsed.

If during the term of appointment there are vacancies, the board may provisionally appoint among shareholders the people to hold the post until the first General Meeting thereafter is held.

The candidates proposed by the Board for appointment or reappointment as Directors shall be of recognized standing and have adequate experience and expertise to perform their duties.

These proposals shall be made taking into account the existence of three types of director: (i) Executive; (ii) Non-Executive, who fall into two classes: those who are on the Board at the request of shareholders with significant stakes in the capital and those who may be considered independent according to applicable laws and regulations or the prevailing recommendations on good corporate governance; and (iii) those who do not fit into either of the above categories.

The distribution of the number of Directors among the types mentioned above shall be adjusted from time to time to the operating requirements and real structure of the company's shareholding body, on the basis of the ratio of capital held by controlling shareholders to capital held by institutional investors and minority shareholders.

In any case, any initiative taken by the Board in respect of its members shall be without prejudice to the sovereign power of the General Meeting of Shareholders to appoint and remove Directors, and any exercise by shareholders of their right to proportional representation.

Directors shall step down and tender their resignation in the following cases:

- When they are affected by one of the cases of incompatibility or disqualification established in Law, the Bylaws or these Regulations.
- When they step down from the executive post to which their appointment as Director was linked, when the shareholder they represent sells its entire shareholding or reduces it to a level that requires a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment no longer exist.
- When the Board, subject to a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted on his or her obligations or that there are reasons of corporate interest for demanding his or her resignation.

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.

Directors who give up their post before their tenure expires, through resignation or otherwise, should explain their reasons to all other members of the board. Irrespective of whether such resignation is filed as a significant event, the move for the same must be explained by the Company in the Annual Corporate Governance Report.

When the Board makes decisions about which a director has expressed reservations and he or she resigns, an explanation setting out their reasons should be provided under the terms mentioned in the preceding paragraph.

With regard to amendments of the corporate bylaws, there are no procedures or requirements other than those provided for by law with the exception of the stricter-than-standard quorum requirements for attendance at the generating meeting, which article 12 of the Bylaws stipulates at sixty per cent of the subscribed voting capital on first call and thirty per cent on second call, the same quorum for voting as included in the revised text of Spanish Corporation Law.

g) The powers of Board members and, in particular, the power to issue or buy back shares

Executive directors Antonio Hernández Callejas and Jaime Carbó Fernández have been granted the following powers:

1) To represent the company and sign on its behalf in all types of transactions, businesses and contracts comprising its corporate purpose. To enter into all types of works, service or supply contracts with the European Union, the Spanish central, regional, provincial, island or local governments and, in general, any public or private individual or company via public tender, auction, direct adjudication or any type of arrangement permitted by Law, presenting and signing the related proposals, accepting any projects awarded, performing any acts and signing any public or private documents required or suitable for their approval, compliance and settlement.

These powers shall be exercised jointly by two legal representatives when the amount of the transaction, business or contract exceeds 50,000 euros.

2) To plan, organize, oversee and control the performance of the company and all its businesses, workplaces and installations, reporting to the Chairman of the Board of Directors and proposing any amendments deemed appropriate regarding the organization of the company.

These powers may be exercised jointly and severally.

3) To sell, purchase, swap, replace, assign and dispose of the ownership or all types of assets, including properties and ownership interests, and to provide guarantees to subsidiaries or third parties. To set up and form part of other companies and acquire shares or ownership interests. To accept and appoint corporate positions in other companies and entities.

These powers shall be exercised jointly by two legal representatives.

4) To stipulate, set up, accept, modify, withdraw and cancel provisional or definitive guarantees, deposits and sureties at any public or private entity, including the Spanish Government Depository (Caja General de Depósitos) and the Bank of Spain.
These powers may be exercised jointly and severally.

5) Banking powers:

a) To open, use, settle and cancel current savings or loan accounts at any bank, including the Bank of Spain, or any other credit and savings banks, signing for these purposes as many documents as required or suitable, and to take out or withdraw from them through checks, money orders, drafts or transfers.

b) To arrange, execute and underwrite loans, signing as many private and public documents as necessary and reporting to the Board of Directors of the exercise of these powers at its first meeting thereafter.

These powers shall be exercised jointly by two legal representatives.

6) To issue, accept, collect, pay, endorse, contest, discount, guarantee and negotiate commercial or financial bills of exchange, promissory notes, checks, and other drafts and bills. To undertake and fix the terms of endorsements, certificate discounts and all kinds of commercial paper, together with orders to pay drawn on the Treasury, banks, savings institutions and other entities at which the Company holds securities, bills, cash or any other form of assets.

The powers to issue, accept and order payment shall be exercised jointly by two legal representatives.

7) To demand, collect and receive all money due to be credited or paid to the Company in cash, bills or any other type of payment by individuals, Banks or any other Entity, by the European Union, the Spanish state, regional, provincial, island or local governments and, in general, any public or private Entity. To give and receive receipts and vouchers and to fix and settle account balances. To determine the method of payment of amounts owed by the Company, grant extensions and set due dates and amounts.

To accept all kinds of personal guarantees and liens from debtors, including mortgages, movable and immovable collateral, transferred and registered pledges, along with agreements, clauses and terms that it deems appropriate and to cancel them once the amounts or credits under guarantee have been received.

These powers may be exercised jointly and severally by any of the Company’s legal representatives.

8) To make any type of payments, taking any step necessary to comply with all the Company’s obligations and to demand the necessary payment receipts and vouchers.

These powers shall be exercised jointly by two legal representatives when the amount of the payments exceeds 50,000 euros.

9) To represent the Company before third parties and any type of Government Authority, Chambers, Commissions or other, Committees, Associations, mutual Insurance Companies, Registries, Delegations, offices and Premises of the European Union, the Spanish state, regional, Provincial, island or local governments and other Spanish or foreign administrative, governmental or other centers or bodies, at any level or jurisdiction, or appoint an individual to represent the Company in this capacity. To exercise the rights and interests that, as appropriate, correspond to the Company. To execute inquiries and suits. To file any pertinent proceedings, requesting the data, copies or documents, and lodging prior or ex facto complaints, and lodging any type of legal appeals. To withdraw from proceedings, claims and appeals at any stage of the process, abide by or enforce any definitive rulings. To protest or file proceedings and certified notices or of other kind. To request reliable certificates, testimonies and copies of interest of the Company.

These powers may be exercised jointly and severally.

10) To appear and represent the Company before Criminal and Civil Courts, Prosecutors, Juries and other appellate, labor or other bodies in any jurisdiction and at all levels, both Spanish and of any other country or international organization, entering into any legal relationships deemed appropriate and complying in particular, solely by signing an administrative appeal, with the requirements provided under article 45.2,d) of Law 29/1998, dated July 13.

To grant and revoke powers in favor of attorneys and lawyers.

To exercise all types of pleas and claims, oppose any type of appeals against any procedures or appeals, either as plaintiff or defendant or in any other capacity. To file any type of ordinary or extraordinary claim or appeal, including appeals to the Supreme Court and appeals for judicial review. To withdraw any claims, proceedings, lawsuits and judicial reviews at any stage of the process. To testify in court as a legal representative of the Company and, as so required, ratify their testimony personally and expressly. To reach settlements and to submit any matters of interest to the Company to arbitration. To abide by or enforce any definitive legal rulings.

To represent the Company and participate on its behalf in all types of payments moratorium, bankruptcy, acquittance procedures, creditor agreements or winding up under the supervision of the court, certifying the Company's credit items, obtaining guarantees and accepting their award as payment, granting or rejecting reductions or extensions. To appoint, accept and excuse bankruptcy receivers, Administrators, Experts and Adjustors, and propose and reject the recommendations made by them in their respective assessments. To compromise, agree on terms, acquittances and settlements covered by the collective labor agreement and sign them, following the matters through all procedures until abidance by or enforcement of the definitive judgments.

To choose the location and abide by express or implied jurisdictions.

These powers may be exercised jointly and severally.

11) To execute, with respect to management, the resolutions adopted by the Board of Directors or its Executive Committee subject to a report by the Nomination and Remuneration Committee; and, regarding company staff, hire, relocate, fine, suspend and fire employees, set wages, salaries and other emoluments of any Company employee; award termination benefits and, in general, decide on any matters related to personnel of the company. To appoint and remove proxies and agents.

These powers may be exercised jointly and severally.

12) To abide by and enforce the resolutions adopted at the General Shareholders' Meeting, by the Board of Directors, its Executive Committee or the Chief Executive Officer, issuing, as appropriate, any public deeds or other legally required public or private documents for this purpose.

These powers may be exercised jointly and severally.

13) To replace and/or grant to third parties, all or in part, the powers attributed to them, as well as remove powers in full or in part, including those granted previously, issuing the related public or private documents, and reporting the exercise of this power to the Board of Directors at its next meeting thereafter.
These powers must be exercised jointly, with the additional requirement of at least three legal representatives.

14) To attend and represent the Company at the General Meetings of shareholders and/or partners of all Ebro Puleva Group companies, and to pass as many resolutions as necessary without limitation.

These powers may be exercised jointly or separately.

Finally, neither Antonio Hernández Callejas, nor Jaime Carbó Fernández or any other Director or manager has been granted powers to issue or buy back shares.

h) Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company. This exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements.

There are no agreements of this type.

i) Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

In 2006, the Chairman, Mr. Antonio Hernández Callejas notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit equivalent to two years' total gross annual remuneration.

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what they would have normally received under prevailing Employment Legislation in Spain.

As for other managers of Ebro Puleva, S.A. the contracts of three managers include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one to three years' annual remuneration.

In other cases of dismissal through no fault on the part of the employee, the indemnity contemplated in prevailing Employment Legislation in Spain shall be applied.

10. ANNUAL CORPORATE GOVERNANCE REPORT

In accordance with prevailing legislation, this section of the consolidated management report includes the Annual Corporate Governance Report for 2008 of Ebro Puleva, S.A. as required by the National Securities Commission (the CNMV).